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FUNDRAISING

## Stop Treating Donors Like ATMs: Here's How

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Fundraising solicitations drop into my inbox every day. I usually ignore them, but one caught my eye recently, and not for a good reason. The subject line read, “The reason we have to send so many fundraising emails.” I was

intrigued and began reading. It wasn't until the third paragraph that I found out the answer: They send so many emails because "only 1 percent of our readers ever make a donation, and that's a problem."

Ah, the problem is that we, the readers and potential donors, aren't contributing enough to your organization. This means that they, the nonprofit, are *required* to send a barrage of fundraising emails to us. Shame on us for not responding well to these hectoring, hyperbolic "The sky is falling" emails!

Of course, the shame really belongs to the consultants who continue to use a 60-year-old playbook dating back to the dawn of direct mail. At the core of this model is the idea of constantly asking for donations, expecting a low initial response, and then living off the renewals from donors for years to come. Maybe this worked decades ago, but it certainly doesn't today. Sending emails is cheap, but the cost of continuing to work this way is very high, as evidenced by the "leaky bucket" problem.

### The 'Leaky Bucket' Problem

Let's say an organization acquires 100 new donors in year one. Only 24 of those original supporters will give again the next year. But the nonprofit needs 100 donors to survive, so it asks, asks, asks and spends, spends, spends until it gets 76 more, with one-time donors flying out of the bucket at a head-spinning rate. Rinse and repeat in an annual cycle of desperation.

This leaky bucket creates an annual cycle of panic, which in turn justifies the transactional approach to fundraising centered on asking, asking, asking... and asking again for donations. This is not just an organizational problem, but a sector-wide problem: 20 percent fewer people give to charity today than in 2000. Plus, the pressure created by the leaky bucket contributes to sky-high burnout rates among development professionals.

### The Solution: Relational Fundraising

Transactional fundraising is a choice, not a necessity. And there is an alternative: relational fundraising at all levels. At Every.org, a nonprofit that provides a free online fundraising platform for charities, we are seeing evidence of successful relational fundraising — people and nonprofits focused on building strong relationships with donors.

For example, Zig Software Foundation is extremely [transparent](#) with donors about its expenses. The organization is also explicit about its need to increase the number of donors who give monthly. Its recent [campaign](#) has raised more than \$22,000 now, plus \$40,000 in the future from monthly sustainers.

Relational fundraising at your nonprofit might include having board members send handwritten [thank-you notes](#), asking supporters to [share their stories](#) online about why they give and how it feels, [creating local circles](#) of donors that organize fundraising activities to support your cause using tools and guidance from [Philanthropy Together](#), and talking, talking, talking with donors and those who stopped giving to learn more about their priorities, interests, and ideas.

Nonprofits also need to become much better storytellers about the purpose and impact of their work, not just sharing their laundry list of activities with donors. We have the technology and opportunity to do something we've never done before: talk to every single donor as if we were having a cup of coffee with them.

Here are three steps that can help you get off the hamster wheel of transactional fundraising and move toward a relationship-based approach.

**Take the “human test.”** Look at all your fundraising practices through the eyes of a donor. How would you feel about getting email after email like the ones you are sending? How do the 97 percent of people who tuned you out feel about your requests? (You need to ask them.) Where and how are you engaging your donors as smart, creative, problem-solving people who can help advance your mission?

**Use A.I. to reduce the workload.** While generative A.I. tools like ChatGPT and Microsoft's Co-Pilot aren't magic wands, they can save staff enormous amounts of time. For example, they can help draft or edit donor communications and create content for websites or social media. A.I. in products like Microsoft Office is increasingly helping users find data and manage workflow, and fundraising tools like Gravyty and iWave can help draft appeals and do prospect research, respectively. Such tools are coming out at a furious pace. You need to get educated about how to use A.I. carefully and well, and how it can enhance fundraising while always being supervised by staff.

**Remake your board agenda.** If you keep measuring the same things, you will continue to do the same work. Most board meetings are centered on the organization's current financial position, but focusing on money in the door right now reinforces the transactional fundraising habits that lead to one-time gifts.

Here are a few questions boards need to be asking:

- What is the true cost of fundraising? Boards need to carefully examine the amount spent to acquire new donors (generally a money-losing proposition), plus the cost of losing new donors almost immediately, *plus* the reputational cost of haranguing donors by mail and email.
- How are we making donors feel about their contributions? (You can only know this by asking them if they feel joyful when they give or like an ATM machine.)
- How can we get out of the hub-and-spoke model of one-way communication with donors and create a flat network where some of our supporters become ambassadors and encourage their family and friends to become donors too?

Moving to a different kind of fundraising model, one that is likely more aligned with organizational values like equity and treating people well, requires commitment, practice, and resilience. Making progress on these steps is a good way to start — so you can permanently fix the leaky bucket.

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