Integrating Principles of Donor Relations

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The key to developing a consistent stream of philanthropic support rests in building relationships. Once a donor gives to an organization, they are much more likely to donate again if they feel a sense of connection to the organization and its mission. Retaining current donors is highly valuable, especially when considering potential lifetime contributions (Sargeant 2001). Donor engagement, allowing donors to feel connected year after year, is vital to retention and requires significant time and effort.

This chapter integrates principles of donor relations and considers their importance to operating a successful fundraising program. This chapter will help readers:

• Identify key features of donor relations
• Recognize the role of expressing gratitude in donor relations
• Understand the concept of stewardship and how it applies to different kinds of gifts
• Appreciate transparency and accountability and the organization’s responsibility for building trust
• Apply chapter principles during times of crisis
• Consider donor relations and diversity, equity, and inclusion

What is Donor Relations?

According to the Association of Donor Relations Professionals (ADRP), donor relations is “the comprehensive effort of any nonprofit that seeks philanthropic support to ensure that donors experience high-quality interactions with the organization to foster long-term engagement and investment” (ADRP.net). This effort can take place at many points in the fundraising cycle.

When thinking about engaging donors and prospective donors to give generously in support of

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an organization’s work, the focus may be primarily on presenting the programs, initiatives, and projects that best support the mission. Experience and research have shown that implementing intentional strategies that also carefully take the donor into consideration can help create a rich culture of donor engagement and is essential to increasing gifts over time. The way fundraisers and organizations acknowledge, manage, recognize, and report gifts can go a long way in building a robust culture of giving.

**Gift Acknowledgement**

The first aspect of donor relations is gift acknowledgement. How an organization responds to a gift affects the donor’s sense of whether the gift is truly valued. From a donor’s perspective, components of an efficient gift acknowledgement include timeliness, the inclusion of tax receipt language, and meaningful expressions of gratitude.

Generally, a gift should be acknowledged and receipted within 48 hours of acceptance. Traditionally, this is done through signed, hard-copy letters sent via mail. However, for gifts made online many giving platforms ask donors to opt-in to receive a gift acknowledgement and receipt via email. It is important to remember that the donor who gives online may sometimes want a hard-copy receipt for tax purposes. Therefore, asking how they would like to receive their gift receipt can be useful.

It is also important to affirm the amount of the gift with language that addresses Internal Revenue Service requirements, such as: “(Nonprofit name) is a 501(c)(3) nonprofit organization. Your contribution is tax-deductible to the extent allowed by law. No goods or services were provided in exchange for your financial donation.” In addition to these standard practices, organizations that acknowledge gifts with high levels of effectiveness will engage other personalized gift acknowledgement strategies, such as visiting with donors to express gratitude.
on behalf of the organization, engaging volunteers in the acknowledgement process (e.g., through thankathon calling sessions and handwritten notes) and sending special acknowledgements for gifts that show a personalized level of stewardship. Taking the time to handwrite a thank you note or make a quick phone call to the donor shows a culture of care and that an organization is efficient.

In addition to letters, notes, calls, and emails, gifts can be acknowledged with brief, personalized videos. There are software platforms available for this, or fundraisers could also record a brief, personalized video using a webcam or smartphone and then email the video to the donor. A survey by Google found that more than half of donors who saw a video about a nonprofit went on to donate (Gross 2013).

Moreover, gifts can be acknowledged, and gratitude expressed, by anyone who knows the donor or who has benefited from the donor’s gift. This can include board members, staff members, volunteers, other donors, and, when appropriate, program participants (such as students thanking donors for funding scholarships). This also means that a gift can be acknowledged, and gratitude expressed, more than once. If multiple people reach out to the donor during the year, this can keep the organization at the forefront in the donor’s mind.

**Expressing Gratitude**

Expressing gratitude is an essential aspect of donor relations. However, as obvious as this may sound, fundraisers often fall short of thanking donors effectively, if at all (Craver 2017). Researchers have found that people underestimate the positive impacts their expressions of gratitude have on other people, and this can prevent them from expressing gratitude (Kumar and Epley 2018). This is unfortunate, as expressing gratitude can have important downstream consequences on a donor’s future relationship and involvement with the nonprofit organization.
Research reveals the importance of expressing gratitude for charitable gifts. For example, several studies have found that thanking a person for performing a desirable behavior in the past makes them more likely to do so in the future (e.g., Clark, Northrop, and Barkshire 1988; Grant and Gino 2010; Panagopoulos 2011). A handwritten “Thanks!” from a restaurant server on customers’ checks leads to higher tips (Rind and Bordia 1995). In addition, a research study examining university fundraisers who solicited alumni donations over the phone found that those fundraisers who were thanked by their supervisor ended up making more calls over the next month compared with those who were not (Grant and Gino 2010).

However, it is important to note that not all studies have revealed benefits from expressing gratitude (e.g., Samek and Longfield 2019), suggesting there may be characteristics of gratitude expressions or the contexts in which they are delivered that make them more (or less) effective. For example, whether a “thank you” seems sincere can affect how it affects a recipient, and gratitude expressions can even backfire if they appear to be driven by ulterior motives (Dwyer 2015). Therefore, when thanking donors, fundraisers should try to avoid immediately asking for another gift and avoid using expressions like “thank you in advance for your gift.” Expressions of thanks that stand on their own, apart from further requests, will likely be seen as more sincere expressions of gratefulness.

In addition, expressions of thanks can involve a “self-oriented” aspect (getting something that the nonprofit wanted) as well as an “other-oriented” aspect (because of the donor’s actions). Research suggests that other-oriented gratitude, praising the benefactor, more effectively fosters donor relationships than emphasizing the gift’s benefit to the recipient (Algoe, Kurtz, and Hilaire 2016). This also appears to hold for a donor’s future giving behavior (Dwyer and Vaz 2020). Other-oriented gratitude expressions appear to be more effective because they are seen as more
responsive to the donor’s needs and have been referred to as a way of “putting you in thank you”. Examples include statements such as, “You went out of your way to support us,” “This shows what a generous person you are,” and “We think you’re great!”

Interestingly, recent work also finds that a single expression of gratitude can influence not only the person toward whom it was directed, it can also have ripple effects throughout social networks, organizations, and communities. Simply witnessing an expression of thanks from one person to another also promotes helping and relationship-building actions from the person who witnesses the expression of gratitude (Algoe, Dwyer, Younge, and Oveis 2020). Here, the effect of expressed gratitude again appears to be driven by its other-praising elements, which bolster perceptions of the expresser’s responsiveness.

Consequently, there may be added benefits of expressing one’s gratitude to donors in public, as opposed to (or in addition to) private settings. Public donor recognition activities may help draw new donors toward the organization. Examples of these activities include social gatherings to recognize donors, which could take place either in person or online, and using traditional and social media platforms to thank donors.

**Stewardship and Donor Relations**

Beyond expressing gratitude to donors, organizations have a responsibility to be good stewards of their gifts by using them as they intended and updating donors on the impact. Stewardship involves “… being responsible for something valuable on behalf of someone who has entered it into our care” (Conway 2003, 432). As the team behind the Qgiv (2021) fundraising platform states, “ultimately, stewardship is about meeting a donor’s gift intentions and expectations within the parameters of your organization to create a long-term, mutually beneficial relationship.”
Nevertheless, when it comes to fundraising, the word stewardship is not perfect. After all, we do not really steward people—we steward resources. However, many today apply the concept of stewardship to donors. Donor relations activities that fall within this broader definition of stewardship include the following:

- Calling donors to create personal connections through conversation.
- Providing opportunities for supporters to get involved in other ways besides their charitable giving.
- Finding creative ways to remain engaged with donors without always asking for the next gift.

Reporting to the donor how their gift was used to further the organization’s mission is a key aspect of stewardship. This is true of both unrestricted and restricted gifts. Those who make unrestricted gifts deserve stewardship of their gifts, just as do those whose gifts have more parameters. Both types of donors have a right to hear from the organization how their gifts were used or how they made a difference per the Association of Fundraising Professionals’ (AFP) Donor Bill of Rights. Organizations today receive a lower percentage of gifts unrestricted than they did a decade ago, perhaps because these gifts were not stewarded as well.

All donors and all gifts are important. Therefore, donors who make smaller gifts should be viewed as being special to the nonprofit, like the donors who make larger gifts. This applies to donors whose small unrestricted gifts help pay for everyday operational expenses and to donors whose larger gifts are restricted to a specific purpose.

It is always critically important to carefully construct the language of fundraising appeals and gift forms to be clear to donors about how their funds could be used. When donors make restricted gifts, organizations agree to act as trustees to carry out the purposes for which the gifts were solicited or for which the gifts were intended. There is no minimum financial amount for
following donor intent. Fundraisers have a shared ethical obligation with other leaders within the nonprofit to make sure that the donor’s intentions are honored. But this is more than an ethical obligation; it is a legal one and one with important ramifications for the public trust.

**Transparency, Accountability, and Trust**

Serious regard for the public trust is the soul of stewardship (Conway 2003). Nonprofit organizations build and maintain trust in their role as servants to the public good by remaining true to their philanthropic missions and their donors’ intentions. As Tempel and Seiler (2016) wrote, “trust is the stock and trade of philanthropy” (431), explaining the adage that fundraising happens at the speed of trust.

Psychologists have even suggested that trust “may be the single most important ingredient for the development and maintenance of happy, well-functioning relationships” (Simpson 2007, 264). Research has found that trust is a central feature of thriving relationships (e.g., Kim et al. 2015; Rempel, Holmes, and Zanna 1985) and is related to whether and how much people give (Light 2008).

Unfortunately, trust in nonprofits, as in many other social institutions, is lower than it used to be (Edelman Trust Barometer 2020). However, there are mechanisms through which fundraisers and nonprofits can combat this negativity. Transparency and accountability are two key ways of fostering trust among donors.

Transparency and accountability are two distinct but related principles that are essential to the fundraising process. The principle of transparency involves being open and clear about one’s actions. Fundraisers should demonstrate to donors and potential donors that they have nothing to hide.
The principle of accountability emphasizes the importance of taking responsibility for one’s actions. Whereas transparency involves being open about what you are doing, accountability involves doing what you are supposed to and behaving in accordance with expectations.

Accountability and transparency are intimately connected. While transparency promotes openness and honesty, accountability involves justifying why specific decisions were made and actions were taken, or not taken (Brown 2015). The organization needs to explain how it operates and how the money is used.

In the past, donors were more likely to trust that an organization would use a gift wisely, efficiently, and following the mission of the nonprofit. Today, financial transparency is very important to donors. “There are more nonprofits than ever, which means there is more competition for donations. To complicate matters further, donors are more informed and savvier than ever. They know good fundraising, and they are cautious givers. Donors have access to more information, thanks to the internet, and are becoming more sophisticated givers” (Forbes 2020).

Additionally, high net worth donors report they would give more if they were confident that their donations were having the desired impact (Indiana University Lilly Family School of Philanthropy 2014; Tempel and Seiler 2016). Thus, greater transparency and accountability can help unlock future giving.

Donor Relations in Times of Crisis

Lessons learned about stewardship during a crisis can inform donor relations for future challenges such as natural disasters, power grid failures, economic downturns, and other forms of
During the Covid-19 pandemic, for example, an updated plan for donor relations became essential for fundraisers to engage donors and prospective supporters virtually.

Fundraisers typically view face-to-face interactions as an ideal way to connect with donors, but the pandemic rendered these meetings impossible and then problematic. As a result, fundraisers and donors alike embraced virtual visits, video calls, and live-streaming events as ways to meaningfully connect across the country and the world. The “Zoom call” has since become a popular way to conduct personal visits and is expected to remain a useful tool for fundraisers.

How might fundraisers shape a donor engagement strategy in such a rapidly changing environment? Lessons learned from prior situations can be used to be more responsive in any crisis. Here are four ways to get started (Hilsner-Wise 2020):

• **Show care.** Check in with donors to see how they are doing. Proactively communicating with donors, without asking for a gift, can help maintain or even enhance connections with them in what may be challenging times in their lives.

• **Enlist leaders to communicate with donors.** What is the president’s or executive director’s perspective on the crisis, and how do they plan to move forward? Donors will appreciate hearing directly from an organization’s leaders. Options can include small sessions with donors and friends, tailored messages for major donors, and invitations for supporters to share their feedback and insights with leaders. Updates on the organization’s short-term response and information about adaptations to long-term plans are two ways of supplying reassurance.

• **Emphasize the nonprofit’s expertise.** Provide data and stories illustrating how donors’ gifts support programs, services, and research, particularly that are relevant to the crisis. Highlight
organizational expertise and staff knowledge, and how it enables informed decision-making and responsiveness to beneficiaries’ needs.

- *Use virtual tools to keep donors engaged.* Keeping true to the culture of the organization, use technology to communicate with donors in ways that are feasible for them. Host a webinar to spotlight those working on the organization’s mission; present organizational circumstances, accomplishments, and requests for support. Share photos and videos, as appropriate for the organizational mission and clients, so that donors can see the organization’s efforts for themselves, even if from a distance.

**Diversity, Equity, and Inclusion**

Considerations of diversity, equity, and inclusion are imperative, especially during a crisis. Listening to diverse voices and perspectives is essential in providing insights into problems and considering a wide range of possible solutions. Crises and other widespread societal events can also have differing consequences for different communities, which presents challenges and opportunities for donor relations. It becomes all the more important for fundraisers to understand how members of various communities might be affected by social circumstances, which in turn may impact how they give, or why they might not, how these dynamics might change in response to different events, and how to interact with supporters appropriately.

In addition, practical solutions to ease the burden of stressful times on vulnerable groups include fostering a culture of inclusion that avoids marginalizing or stigmatizing group members, communicating in ways that are reassuring to donors, and encouraging donors and potential donors to ask questions of the organization. It is also important to maintain a clear and consistent
message in the face of these challenges. Inclusive leadership requires proactive communication, as well as flexibility and transparency (YW Boston 2020).

Fundraisers need to be intentional about stewarding donors with different backgrounds and be aware of cultural differences associated with communication and relationship building. Other chapters in this book provide insights (see Chapter 8, chapters in Section 6) into various groups of donors, with the caveat that it is best to understand donors’ preferences individually, as feasible. Communicating to donors about intentional steps taken to ensure diversity, equity, and inclusion can be significant within an overall approach to donor relations. Transparency on these complex topics can help fundraisers build and deepen trust with donors while increasing the level of credibility and stability that donors perceive in the nonprofit.

Conclusion

Donors are becoming more sophisticated and more informed every day. The activities and processes that form a high-functioning donor relations program enable appropriate responses to donor expectations and rights. Beyond thanking and recognizing donors, managing gifts, and reporting back, the ultimate goal of a donor relations program is to strengthen the role and perceived value of giving and deepen the relationship between the donor and organization. To achieve this, donor relations must be viewed as an organizational priority and stewardship of donor funds must be recognized as an ethical and legal mandate.

As Kay Sprinkle Grace (2020), one of the first faculty members at The Fund Raising School, and recipient of the Association of Fundraising Professionals’ 2020 Global Fundraising Professional of the Year Award, noted, “Our durability is based on our responses to the ever-changing needs and interests of our communities and the growing aspirations of our donors.” Doing this work well highlights the importance of donors and of giving to beneficiaries while
serving as the first step toward unlocking future gifts. In the end, making the effort to engage donors meaningfully and with dignity is the most promising cultivation exercise fundraisers can perform.

**Discussion Questions**

1. Discuss the role of expressing gratitude in donor relations.
2. What is the difference between donor relations and stewardship?
3. How can fundraisers cultivate trust?
4. What is the role of donor relations in time of crisis? How can donors be engaged during difficult times?

**Application Exercises**

1. Use a smartphone to record a thank you video to a hypothetical donor, and practice sending that brief video via email.
2. Write a personalized thank you note that is other-focused (focused on the donor) as opposed to self-focused (focused on the nonprofit).
3. Describe in detail three donor stewardship activities that can be implemented or expanded by a nonprofit organization you are familiar with.
Bibliography


