

FUNDRAISING FORUM

The ABCs of taxes in the non-profit sector



Many charities don't realise – or understand – the benefits of being registered as a public benefit organisation. Hoosen Agjee explains.

In our many years working with the NPO sector, we have identified that a significant number of organisations are still unaware of the specific tax benefits available to them,' says Hoosen Agjee, Managing Director of Turning Point Consultants (TPC) and author of *Tax Benefits for the Non-Profit Sector* and *A Guide to the New Companies Act and Non-Profit Organisations*.

In fact, he adds, 'there's a common misconception that an exemption from Income Tax and certain rates are perhaps the only benefits available to the sector'.

Agjee said 'all is not lost for NPOs who haven't been tax efficient in the past'. TPC has designed a system tailored specifically for such organisations, measuring the quantitative impact of such inefficiencies, and more importantly focusing on practical solutions to remedy this. With many organisations experiencing significant reductions in donor funding, these savings and recoveries have also opened up an additional recurring income stream for NPOs.

When Agjee published his first book, *Tax Benefits for the Non Profit Sector*, in August 2002, the general comments received from NPOs included:

- What has tax got to do with NPOs?
- As an NPO we are exempt from taxes – we don't pay taxes.
- We have an NPO number therefore we can access all the tax-benefits.
- As we are a Section 21 company we can issue our donors tax deductible certificates.

'These comments couldn't be further from the truth,' he said.

What is a Non-Profit Organisation (NPO)?

A NPO is any entity (whether formally registered or not) which carries out activities in a non-profit manner. This means that any surplus or gains that the NPO makes will not be distributed to any individual, member or trustee of the organisation but shall be for the benefit of such organisation.

NPO activities could relate to social, religious, educational, welfare and the list goes on. The fundamental

requirement is that the NPO should not promote the economic interest of any individual or employee.

Therefore most or all organisations may be regarded as NPOs if they meet these criteria.

What are the benefits of a NPO number?

The NPO Act regulates NPOs in South Africa. Once a NPO meets the requirements of the NPO Act, it may apply to the Department of Social Development and on qualification, the organisation will be issued with an NPO number which results in the following benefits:

- Public recognition;
- Promotes good standing;
- Transparency and accountability in activities; and
- Promotes access to government and corporate funding.

However, there are no tax benefits from having an NPO number.

Unlocking tax benefits

Our Government, recognising that NPOs play a significant role in society, has designed specific tax benefits and exemptions to assist NPOs in meeting their objectives. Their principal aim is to ensure monies that are required to provide goods and services, which are generally for the benefit of the poor and needy, are not trapped as a tax cost.

Obtaining a tax exemption

The Income Tax Act defines the types of activities that an NPO can undertake before it is granted a tax-exempt status. In addition, the NPOs founding documents must comply with the requirements of the Act. NPOs that meet these requirements can take advantage of the tax benefits to reduce their tax burden and obtain other benefits.

Obtaining a Tax exemption is not automatic. An application must be made to the South African Revenue Service (SARS) who, on review, will grant the NPO a tax exemption status.

Once tax exemption is approved by SARS, the NPO obtains a Public Benefit Organisation (PBO) status.

Who can access tax benefits?

To access the tax and other benefits,

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Extraordinary experiences ... for the rest of us

Simone Joyaux calls them 'extraordinary experiences'. It's a phrase she adopted into the fundraising profession from some other deep thinker whose special study is customer satisfaction. Tom Ahern reports.

Extraordinary experiences are those unusual, eye-opening, 'ah-ha!' personal experiences that draw your donor deeper into your organisation.

They can be anything.

Sometimes they're just a few moments long. A board member surprises a new donor with a phone call saying 'thank you' for that first gift. Maybe a little conversation ensues.

Sometimes, though, they are unforgettable 'sense memories.'

Sense memories are those that linger because you have personally touched, heard, seen, smelled, or tasted something remarkable. Sense memories can (science says) last a lifetime.

- A zoo offers its donors a well-supervised chance to feed wild animals.
- A fundraiser for a charity that aids immigrants brings her donors along to the airport to greet new refugees. If there's a child arriving, the donor gets a teddy bear to offer as a welcome.
- A hospital conducting research on Alzheimer's invites donors to watch a surgeon probe the brain of a cadaver, looking for clues.
- A museum director leads the way into climate-controlled vaults where restoration work is done ... and hands the donor a perfectly balanced 2,000-year-old sword that feels alive ... and murderous.
- Supporters of a women's fund attending the annual gala watch a deeply moving little documentary of a single mom's painful but successful struggle to reinvent herself. The room goes black. A spotlight strikes the podium – and there's the star of the documentary herself, offering donors her personal thanks. Tears flow. Cheque books open.

All true instances, incidentally.

Reach

The only problem with extraordinary experiences is this: they reach so few people.

Audience penetration is likely to be by the onesies and twosies. For every donor that does enjoy an extraordinary experience with your organisation, there are probably dozens, maybe thousands, who never get the chance.

To the rescue: the humble charity newsletter.

Your newsletter is the single best way I know to deliver extraordinary experiences

into every donor's home on a regular basis.

One of Adrian Sargeant's seven principles that lead to highly loyal donors is this: 'Donors are learning. You're taking them on a journey'.

Fundraisers used to talk about 'educating the donor.' By which they meant turning outsiders into insiders.

If you banged on long enough, the theory went – pounding statistics into donors' thick skulls – then eventually they would see the problem the way staff saw the problem and begin forking over more money.

It made sense, in a cartoon Neanderthal sort of way: you get the girl, not by wooing her ... but by knocking her unconscious with your intellectual club.

It didn't have a prayer of working, of course; as any respectable psychologist will attest. Educators, here is what your donor wished to scream in your face: 'I do not want to go to your school. If you think passing a test

on a charity is some kind of pleasure, think again. I will bloody well 'educate' myself, thank you. And, by the way, your statistics are a big, smelly bore'.

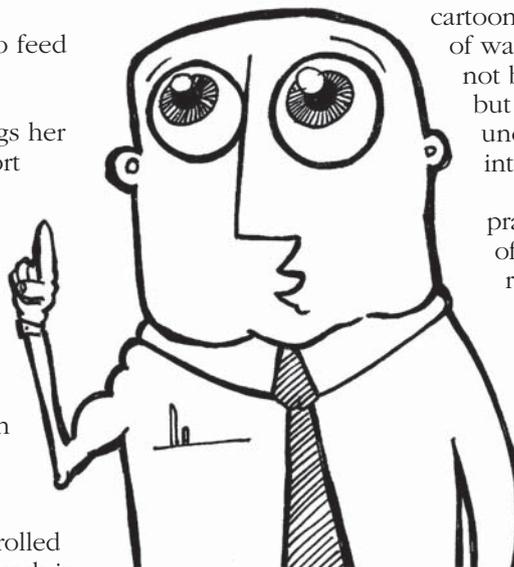
Today, we call the 'getting to know you' process by a kinder, gentler name: 'cultivation.' Of course, the ultimate goal is still the same, despite the name change: 'More money, please'.

But the change isn't just cosmetic. True cultivation really is different. Much nicer. Less imperious. Organisations deliver fewer lectures. They put away the charts and graphs. They tell more stories.

They focus on delivering emotional gratification to their donors (at least, the most successful do).

Savvy organisations flatter the donor. Savvy organisations tell their donors how important they are. And – key point – savvy organisations are totally sincere in their flattery. Because donors are desperately important in the non-profit world. They are your investors. They are your fuel.

And their continued loyalty is the real reason for your newsletter. ■



MILESTONE THINKING

On-target observations in brief

Speak from the heart. Sometimes, a sincere message that gets to the point is more convincing than any other approach. Write your letter as though you were having a conversation with someone.

With acknowledgement to
Successful Fundraising
May 2012, Volume XX, No.5

For today's donors, organisations that are looking at long-term solutions that can result in 'generational change' and 'breaking the cycle' are powerful themes that actually move people to act.

With acknowledgement to
The Chronicle of Philanthropy
22 March 2012

Charity is injurious unless it helps the recipient to become independent of it.
J.D. Rockefeller

The top fundraiser needs diplomatic skills, political savvy, and the ability to play an active role in shaping organisational policies that promote growth and advance the mission.

With acknowledgement to
The Chronicle of Philanthropy
22 March 2012

Tell your potential donor about the opportunity to be a hero by making (whatever) possible. That's the simple, basic, and yes, professional way to build rapport, not destroy it.

With acknowledgement to
The Non Profit Times
15 April 2012

Donors don't give to your organisation. They give through your organisation.

With acknowledgement to
Tom Ahern in
The Mercifully Brief Real World Guide to ... Raising More Money With Newsletters Than You Ever Thought Possible.

Year 1, Gift 2 is pivotal: Donors who make a second gift in their first year are on average twice as likely to make a gift the following year. Keep sending out thank-you notes and information to continue this relationship.

With acknowledgement to
Rick Christ in
Donor Stewardship:
Making Virtual Friends For Life
www.thenonproffitimes.com

PHILANTHROPY IN FOCUS



Grade 9 pupils from Thomas More College teach conversational English and craft skills to primary school children in the Embo community as part of the school's Outreach programme.

Reaching out through education

The Thomas More Education Trust in Kloof, KwaZulu-Natal, was established by Thomas More College in 2009. In keeping with the school's tradition of helping the less fortunate, the Trust is committed to 'giving and serving others freely'.

With the support of donors and the pupils of Thomas More College, the Trust invests 75% of its income in empowering and educating previously disadvantaged individuals by awarding bursaries to children and teacher interns.

Outreach is a 'whole-school project', with each phase or grade having an Outreach assignment, which vary from year-long activities to annual projects.

Outreach ensures that the Thomas More College community assists the less fortunate, and brings pupils into contact with the reality of life for the majority of people.

Pupils in the nearby Valley of a Thousand Hills and neighbouring rural townships are transported to the school where they are mentored in various activities from ball skills and crafts to computer literacy by Thomas More College pupils. The children are offered a simple, healthy snack before returning to their communities.

Where there's a need, short-term financial assistance is provided to existing pupils at the College. The Trust reaches out to those who need it most – and lives by its belief that 'education is far more than a luxury; it's a responsibility that society is accountable for'.

Contact Karen Colvin on (031) 764 8685 or 083 231 9734, email trustinfo@tmeducationtrust.co.za or visit www.tmeducationtrust.co.za ■
(Readers are invited to submit photographs, together with a brief overview of their organisation's work, for inclusion in this regular feature.)

FUNDRAISING FORUM

Fundraising Forum is a regular newsletter dedicated to the enhancement of management, fundraising techniques and the promotion of community service, welfare and not-for-profit organisations of all kinds.

It is published by Downes Murray International and is downloadable for free, to anyone with an interest in the growth and improvement of the non-profit sector and those served by it. In addition to regular features written by Downes Murray International staff, there are extracts from international fundraising publications which are reprinted with acknowledgement to the publishers.

We welcome submissions for publication from all writers involved in not-for-profit work. Visit www.dmi.co.za

The ABCs of taxes in the non-profit sector (continued)

Continued from page 1

the NPO has to be classified as a PBO and must undertake Public Benefit Activities (PBAs).

What is a PBO?

A PBO is any welfare, religious or cultural body, private school, bursary fund, charitable body, charitable trust or sporting body approved by SARS.

The PBO can be structured either as a non-profit company (commonly known as a section 21 company), a trust or an association of persons.

What are Public Benefit Activities (PBAs)?

SARS has defined different fields of activities that a PBO can undertake for it to qualify for tax exemption. These activities are known as PBAs and are classified under:

- Welfare and humanitarian
- Religion, belief or philosophy
- Cultural
- Health care
- Education and development
- Land and housing
- Conservation, environment and animal welfare
- Research and consumer rights
- Sport
- Provision of funds to other PBOs

Tax benefits to donors

Donors also benefit when donating to a PBO compared to any other organisation. By donating to a tax-exempt PBO, the donor may achieve, amongst others, the following tax benefits:

- 20% Donations tax
- 20% Estate duty
- 10 – 14% capital gains tax

To further incentivise donors to donate towards certain PBAs, Government has also introduced additional tax savings to donors.

Where a donor donates cash or in kind to PBOs, which are conducting certain PBAs, the donor will also achieve income tax savings by claiming a deduction of the donation against their taxable income.

Claiming tax deductions from SARS

Where donors have made donations to those PBO's limited to conducting PBA's under the following categories:

- Welfare and humanitarian
- Health care
- Education and development
- Land and housing
- Conservation
- Environment and animal welfare

they obtain income tax benefits because they can be issued with tax deduction



receipts from that PBO (known as an 18A certificate). The donors may then use these receipts to claim their donations as tax deductible expenses from SARS in their annual income tax returns.

It is therefore of vital importance that PBOs, apply for 18A status from SARS so that donors may be offered this benefit.

PBA's of a religious or cultural nature (such as art galleries and museums), and sport and recreational bodies do not qualify for an 18A status from SARS and consequently cannot issue 18A receipts for these donations.

Who can claim and how much can be claimed?

All donors, whether an individual such as a salaried employee, a company or close corporation, can claim this deduction from SARS. The claim is however limited to 10% of the donor's taxable income. The donation can be in the form of cash or in-kind (e.g. a supermarket may donate groceries and still qualify for this tax benefit).

Donors prefer tax-exempt charities

There are thousands of NPOs all competing to get their share of donor funding. A tax-exempt PBO stands a better chance of getting donor funding than one that doesn't have this status. Tax exemption is a win-win situation for both donor and recipient because:

- The donor gets the satisfaction that, where an organisation is tax-exempt, every cent of the donation reaches the targeted beneficiary instead of it being earmarked for taxes and duties.
- The organisation's expenditure is reduced by the tax saved and it can use the savings for its activities.
- The donor achieves income tax benefits on donations made to section 18A PBO's.

Turning Point Consultants (TPC) began as a consultancy practice established more than 25 years ago.

As a multi-disciplinary firm, TPC offers a comprehensive and seamless tax recovery and related consultancy service tailored specifically to meet clients' needs while delivering value added benefits for the NPO sector. Contact Reza Amra CA(SA) on 083 282 8786 or 031 208 2458. Email reza@tpcsa.co.za ■

Multi-channel push: Driving mail donors to give via the Web

Kim Haywood, vice-president of direct response fundraising at New York charity, March Of Dimes (MoD), views transferring direct mail donors to give online as the 'holy grail'. Yet, the actual practice of driving donors online has produced only a 1% response rate.

'That's being generous,' she said. 'Internet giving constantly comes in with the highest value donors. Online donors tend to give a greater number of gifts and a higher average gift.'

Although the value of adding donors to the online realm has been well documented, the practice of converting donors has been less successful.

Targeting younger donors might seem like a worthwhile tactic, but many rarely open direct mail appeals. Older prospects, on the other hand, might be direct mail champions, but when it comes to donating online could have security concerns.

According to a survey prepared by Dunham+Company called *A National Survey of the Impact of Offline Communications on Online Donations*, people older than 60 are exactly the donors who organisations should be targeting.

Almost one-quarter (24%) of people older than 60 indicated they had donated online because of a letter mailed to them, compared with 13% of donors younger than 40 and 11% of donors between 40 and 59 years old.

When asked their preferred method of giving after receiving a fundraising letter in the mail, 37% of those surveyed said they'd respond using the charity's website.

More than half of donors (53%) younger than 40 preferred giving via the charity's website, whereas 34% of donors aged between 40 and 59 donated online and just 18% of donors 60 and older gave online.

For MoD, Haywood has taken the traditional route of including the website URL on mail pieces. Haywood said giving the option to contribute online should help over time.

Increased donor value

'Across our direct mail we see a depression of giving online when we place the URL on the front of the package,' said Haywood. 'When we move to the back of the piece we get a better response.'

MoD has found that getting donors to cross over to another channel produces a 103% increase in donor value.

'We don't want to keep people in silos,' Haywood said. 'We want to move people to give through multiple channels. We have to get better at driving these donors to additional channels of Internet giving.'

Katy Dubina, online marketing account

manager at CDR Fundraising Group, in Maryland, said the key to success is being consistent with donors.

'It's kind of like training your donors to see they can make additional gifts online,' she explained. 'I had one client where in the first couple of mail pieces we'd see two to four gifts online, but over the course of the year we saw a double-digit rise' in revenue.

QR codes

Unique URLs are not the only way to get donors rummaging around your website. Quick Response (QR) codes can be placed on the outside of mail packages, leading donors to videos, pictures or multimedia presentations on how an organisation is using contributions.

But, Dubina said she advises clients that by tying together the website and direct mail copy, people might be more at ease contributing online.

MoD has tried easing people into donating online, by trying more engagement strategies. One campaign had direct mail donors vote for their favourite front label graphic.

'People were breaking down the doors,' remembers Haywood, 'but it was nice to see engagement on our website.'

'Getting donors to your website needs to be the priority,' said Dubina. 'The website gives you the power to use tools besides your words. Put a video or photographs on the landing page. It's all about the donor experience. If someone is going online, you should be trying to get information about them in addition to a donation.'

At WBEZ Chicago Public Radio, Nathan Biggs, membership and marketing coordinator, tries to drive donors online by placing a unique URL address on direct mail packages sent to members.

'We have a membership pool of about 65 000,' said Biggs. 'So far, about 45% of those donors have contributed online. We want these donors to be part of our online presence. Not only can you visit our website to donate, but you can additionally read our content.'

WBEZ sends 12 direct mail member renewal packages annually. Biggs said they cut down acquisition mailings by 50% two years ago and the last acquisition mailing was in early 2011.

The package sent to members includes a brief, one-page ask with a decal displaying 'Donate online at www.bez.org/renew.' The web address brings donors to a page where the only function is to facilitate online donations.

'It's much cheaper to process donations online,' said Biggs. 'Using the unique URL makes it much easier to track donors who are going online. The landing page

The value of adding donors to the online realm has been well documented, but the practice of converting donors has been less successful.

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With acknowledgement to
The NonProfit Times
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15 March 2012
Visit www.nptimes.com

Legacy gifts: an opportunity to diversify, and grow, local support

The exodus of international donors from South Africa compels non-profit organisations to diversify their funding sources and to increase support from locals. This report was compiled by Inyathelo – The South African Institute for Advancement.

Recently, Inyathelo hosted a workshop of funding strategies for individual giving and building reserves as part of a three-year capacity building programme it is currently implementing with five human rights organisations.

The aim of the Atlantic Philanthropies Human Rights Organisations' Sustainability Programme is to enhance the advancement, development and fundraising operations of the participating organisations.

At the workshop, advancement practitioners discussed some of the strategies they use to fundraise through bequest programmes.

The discussions revealed that charitable bequests from individuals are an important resource. A charitable bequest (also called a legacy gift) is a gift of personal property bequeathed to charity.

Relationship

It usually occurs in cases where the donor has a long-standing relationship with the beneficiary organisation. There are, however, examples in South Africa of donors who have bequeathed a gift to charities they'd had little direct contact with. These examples usually relate to high profile organisations with a reputation for excellence, built up over many years through a strategically thought out communications plan.

Generally though, securing bequests is a process that takes time and is rarely achieved through a simple visit or written appeal.

Bequests are not a new concept to South Africa. Some of the great institutions of Cape Town were founded on bequests; including participants at the workshop: Stellenbosch University and the Children's Hospital Trust – a fundraising arm of Red Cross Children's Hospital.

Exact figures cannot be obtained in South Africa but, at the workshop, advancement practitioners who actively market bequest programmes spoke of a definite opportunity.

Hugo Steyn, Bequests Co-ordinator at Stellenbosch University (a 93-year-old institution with 127 000 active addresses for alumni/ friends/ donors), shared that in 2010, bequests totalled 10% of the total donated funds raised for that year. The university employs full time staff to focus solely on growing bequest gifts from this group.

Liz Linsell, Head of Legacies at the Children's Hospital Trust (CHT), shared the following practical steps she undertook when establishing CHT's legacy programme:

- Analyse the database for prospects and any legacy gifts received.

- Establish contact by phone or visit to get to know potential donors. Update their personal information and make them feel special and connected to your organisation.
- Research and adapt best practice of other organisations with legacy programmes.
- Develop and implement a legacy programme marketing and communications strategy.
- Continuously identify and cultivate new prospects and maintain relationships.
- Be mindful of language used in communications in order to limit or to avoid insensitive language relating to the mortality of individual donors.
- Maintain an up-to-date, comprehensive database.

The most recently available data shows that non-profits in Great Britain received £2 billion in charitable bequests in 2007/2008, an average two percent year-on-year increase since 2000/2001.

But there is potential for further growth, according to Remember a Charity, a UK-based organisation that strives to grow the legacy market. '74% of people in the UK support a charity in their lifetime, yet only 7% leave a charitable gift in their will.

'A 4% upward change in behaviour would reap a further £1 billion for good causes every year.' In the United States approximately one in five estates claimed a deduction for charitable bequests in 2009. And in 2010, charitable bequests amounted to \$22.83 billion, an 18.8% increase from the previous year.

Effort and planning

It costs a donor almost nothing to support a non-profit through a bequest and the impact is long lasting. But it takes effort and planning to promote bequests to donors. Start now! Get the buy in of the board and start a bequest recognition society. This can offer the donors special benefits in various forms.

Simple promotional material can be produced to introduce the bequest recognition society and to allow advancement practitioners to start having meaningful conversations with prospective donors.

The key is to create a culture of legacy giving in the organisation. The concept of attracting legacies to the organisation needs to be regarded as normal. The bequest or legacy recognition society must become an integral part of the culture of the organisation and messaging about leaving a legacy gift to the organisation should be widespread. ■

Visit

www.inyathelo.org.za

Tweeting for a better world

In the rush to go social, many non-profits are failing to think through their strategy, define their target audience, match online tactics to real world goals or consider how they might measure success and learn from failure.

Too many organisations end up validating the observation of YouTube guru Chris Pirillo that, 'Twitter is a great place to tell the world what you're thinking before you've thought about it'.

As Misiek Piskorski, an associate professor at Harvard University, recently wrote in the Harvard Business Review, private sector companies perform poorly in social media when they merely broadcast commercial messages or seek customer feedback. Real returns come from devising social strategies that help people create or enhance relationships.

Therefore, the great opportunity for non-profits in the social media world is deeper engagement with their audience, their community.

What can such an engaged community do for you? Recruit new allies, strengthen allegiance among existing ones, raise money, spread the message – all of which, done right, can lower the cost of outreach. The payoff can be powerful.

Recognising the need to build the social media capacity of non-profits, the *Rita Allen Foundation* began a pilot project last spring with The Bridgespan Group to help six smaller-sized non-profit grantees plan effective social media strategies.

Several key elements that any organisation needs to get right if it wants to use social media effectively were identified.

Among the most important lessons, especially for smaller non-profits just getting started in social media, are:

Link tweets to targets

Your social media goals should not only support organisations goals, such as fundraising or collaboration, but also play to social media's strengths: encouraging authentic interaction through conversation with the audience.

Consider the example of Educators 4 Excellence (E4E), an organisation founded and run entirely by teachers, which seeks to provide an independent voice for educators in advocating for policies that support student achievement.

E4E is explicitly working to 'build a movement', something to which social media ought to be well suited. It chose two social media goals that support its overall organisational goal: (1) increasing membership, and (2) activating and engaging members.

One of E4E's signature activities is holding events at which educators can listen to speakers and talk with fellow educators about issues that affect them and their

students. It seemed only natural, then, that social media could serve to extend and expand these peer-to-peer discussions about education reform into the on-line world. But it turned out that the candor that was possible in face-to-face groups was much harder to achieve online, where anyone could be listening in. E4E has refocused on using Facebook and Twitter to build attendance at its in-person meetings, and to keep people engaged between meetings.

Define who and what

Are you seeking to engage your entire set of stakeholders (volunteers, donors, programme participants, alumni, the targets of your advocacy work) or a subset of these? And what do you want this community to do to achieve your social media goal?

Green City Force (GCF), a service corps in New York City that prepares young people from low-income backgrounds for sustainable careers, defined its social media audience as alumni, and its long-term social media goal as outreach that increases the number of alumni who get post-program support.

GCF began the social media planning project thinking that what it needed was a Facebook presence to stay connected to alumni corps members.

In the course of interviewing and surveying alumni, it soon realised that to deliver on its commitment to the urban youth who had graduated from its programme, and to measure longer-term outcomes, it needed a wider array of tactics, both online and 'real world'.

GCF will create individualised plans for alumni engagement, knowing that for many participants, though not for all, social media will be the best tool.

Other key elements of non-profit social media strategy are:

Deciding what to measure – both online metrics, such as how many people viewed your video or retweeted you, and real world ones, such as the number of people motivated to attend an event or help you raise money, and allocating resources to get the job done, with most social media tools already built, just waiting for you to use them, ongoing costs are largely driven by staff time.

Above all, social media work lends itself to experimentation and learning through doing.

Experiment with different elements, have more posts that end with something that allows interaction than those that do not (e.g., a question to answer, a poll to take), and see what works and what doesn't for your audience.

Do your best to understand how people are reacting to these changes, not only online but in the real world.

Anyone who wants to do social media well has to commit to one thing above all – listening. Not just at the outset, but all along the way. ■



You've got to get out there, or so non-profits are told. 'There' is the world of social media: Facebook, YouTube, Twitter, and the ever-expanding array of web-based and mobile technologies that turn mobile communications into an interactive dialogue.

With acknowledgement to
The NonProfit Times
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1 March 2012
Visit www.nptimes.com

Multi-channel push: Driving mail donors to give via the Web (continued)

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these donors visit is very similar to our main web page. You want to make sure donors feel safe about contributing online.'

Since beginning the campaign in February 2010, WBEZ has collected more than \$15 000 from direct mail donors going online. The average gift was \$150.

If WBEZ receives no response from a direct mail appeal, either through the mail or email, the donor is sent an email appeal after eight weeks, directing them to another unique URL.

'Our direct mail definitely started to change when we began encouraging donors to contribute online,' said Biggs. 'The direct mail is now designed for a younger audience. We try for little clutter and no more than one page.'

Starting at the same time, WBEZ collects on average \$100 000 a year from these e-renewals. There is a 25% open rate on the emails and an average gift of \$25.

Working with smaller non-profits, Mark Jacobson, Senior Vice President at Newport Creative in Massachusetts, said

that he advises clients to execute 'direct mail campaigns adjacent to online programs'.

'Clients need to look at the bottom line before and after they institute these measures', said Jacobson. 'An integrated online approach is helping retention. That's where the tangible returns are. Everyone wants a silver bullet, but there is none when it comes to integrating campaigns like this,' he said.

Jacobson said, 'many non-profits use unique URLs similar to WBEZ and MoD. However, in dealing with health organisations, hospitals are more able to customise landing pages based on what interests the donor. We try to bring in as much personalisation as possible'.

'I say don't mail to anyone under 65,' said Jacobson. 'Your cost per dollar raised is going to be very small but we've found that people who are responsive on direct mail are also responsive to giving online. I have clients who say they want to mail to younger people, but I still feel that people giving online from direct mail are insomniac seniors.' ■

Put your donor retention plan in writing

It's much easier and more cost-effective to retain an existing donor than to recruit a new one.

That's why it's important to have a written donor retention plan and to recognise that retention efforts begin the moment someone makes a gift.

Some of the elements of a written retention plan include:

- **Timely gift acknowledgement:** Let donors know their gifts are noticed and appreciated. Thank them within hours of their gift and make the acknowledgement as personal as possible.

- **Strong incentives to build a habit of giving.** Make it attractive to contribute at least once a year. Offer gift level benefits. Recognise donors – and consecutive years of giving – as often as and in as many ways as possible.
- **Justification for continued gifts.** Personalise how their gifts are making a difference, how their absence would leave a hole. Vary the ways of demonstrating the importance of their gifts. *Successful Fund Raising, June 2012, Volume XX, No.6.* ■

"Reprinted with acknowledgement to ..."

Fundraising Forum prides itself on keeping South African fundraisers right up-to-date with developing attitudes, trends and techniques, both here and overseas. We are grateful to the following international publications, which are regularly quoted and highly recommended:

- **Successful Fund Raising**, PO Box 4528, Sioux City, Iowa, 51104, USA, (12 issues per annum \$159) website: www.stevensoninc.com
- **The NonProfit Times**, 190 Tamarack Circle, Skillman, NJ08558, USA, (\$129 per annum) website: www.nptimes.com
- **The Chronicle of Philanthropy**, PO Box 1989, Marion, Ohio, 43306, USA, (24 issues – per annum at \$95) website: <http://philanthropy.com>
 - **Successful Direct Mail, Telephone and Online Fundraising.** Subscribe for free at www.malwarwick.com/newsletter
 - **Ahern E-News.** Subscribe for free at www.AhernComm.com

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DOWNES MURRAY
INTERNATIONAL

Downes Murray International are fundraising consultants, working with non-profit and non-government organisations of all kinds, to increase their fundraising effectiveness.

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In addition, Downes Murray International has close links with a number of fundraising consultancies across the globe, and represents DVA Navion International Consultancy in Africa, enabling us to keep a finger on the pulse of international trends and techniques. For more information, contact us:

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