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The Give and Take of Donor Relations: Investigating the Role Communicators Play in Successful Donor Giving Relationships

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Abstract

Businesses use sponsorships to engage a variety of stakeholder groups. How the spending of these sponsorship dollars is connected to the company strategy and measured has been widely researched from the perspective of the sponsoring business. Communications managers in not-for-profits and charities also need to understand how the organizations who sponsor them can benefit from the use of PR and communications to deliver a more valuable funding relationship and build lasing partnerships. This paper explores how the Executive Directors for not-for-profits and charities structure their donor communications in the Canadian agricultural sector. From the review of the literature and the interviews, three Best Management Practices are made.

Keywords: sponsorship, not-for-profit, charities, communications management, public relations, donor communications, best management practices

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Background

While the terms *sponsorships* and *donations* describe giving activity and are both used in corporate social responsibility programming, it is worth noting the terms are different. For tax purposes, the Canadian Revenue Agency identifies sponsorship as different from a charitable donation because the transaction is in return for advertising or promotion of its brand, products, or services (Carter, 2011).

Businesses use sponsorships to support a variety of stakeholder groups and business purposes. Canadian researchers Hall, Easwaramoorthy, and Sandler (2007) list the top corporate uses of sponsorship as reputation management, supporting communities, social license to operate, overall business strategy support, and employee engagement.

What is not well understood in Canada is the importance that not-for-profits and charities should place on their donors' ability to effectively leverage corporate donations or sponsorships through public relations activities.

Communications managers with not-for-profits and charities need to understand how their donors can use PR and communications to leverage corporate donations and deliver a valuable funding partnership to their donors. In fact, the need for effective communications between grantees and donors can be central to a continuing partnership.

A study by the Center for Effective Philanthropy shows that foundation staff are the most influential factor in the corporate donor experience (Buteau & Buchanan, 2013). The same study notes that sponsorships should guide program goals between the donor and grantee, recognizing that one party possesses resources the other needs. From a public relations perspective, this finding could be matched with the theory that the grantee also offers something the donor needs: a corporate reputation ally.

For the donor to leverage the impact of their gift to strengthen the donor's reputational value, grantee communicators will first need to understand the business's objectives. With this in mind, this study interviewed Executive Directors at grantee organizations to determine their appreciation for the role of communications within corporate donor relations.

Literature Review

Freeman (2004) gives a broad explanation of stakeholders through the lens of management as "a group of individuals (that) could affect the firm" (p. 229). Sponsorships and donations are two tactics that can influence stakeholders, helping the firm achieve its business objectives.

Studies point to the need for research to fully understand how donors can be attracted and retained (Waters, 2008; Prendergast & Chan, 2013). From a marketing perspective, it is known that customer perception can be enhanced by effective communication, thereby improving overall relationship satisfaction (Suprenant & Solomon, 1987).

Yeon, Choi, and Kiousis (2005) looked at U.S. not-for-profit websites as a communications and public relations tool specifically for donor relations and media. They found that donors, not media, were the key focus of websites with significant content dedicated to donor relations.

This donor-directed content was almost exclusively receiver-controlled and featured two-way communications tools, demonstrating that the largest 100 U.S. not-for-profits saw donors as their most important publics. For this reason, the study pointed to the individuals responsible for fundraising as taking on the majority of the public relations and communications duties.

This conclusion was echoed by Cutlip, Center, and Broom (2000) who found that not-for-profits are trailing in their use of professional public relations practices.

Bolduc, Buchanan, and Huang (2004) performed a large-scale survey of 3,200 not-for-profit grantees to identify variables they felt affected donor satisfaction. The three main areas were interaction with staff, clarity of communication, and expertise in the field of work. It was evident that donors who effectively communicated their goals and strategies for the funding relationship had greater satisfaction with the funding relationship.

Research Focus

For the donor-grantee relationship to reach its potential, the communication representative of the grantee organization should play a key role in building donor satisfaction. Communications is often viewed as a cost centre, but the literature indicates that in the case of donor-grantee relationships, good communications can actually be a profit centre.

Five Executive Directors were selected from the Canadian agricultural sector for their organization's charitable status, having a communications professional on staff, and having fundraising and program staff. Their organizations ranged in size from having as few as five staff members to as many as thirty-five. They all had a similar donor base of corporate sponsors and government grants. Some were national in scope, while others were regional or provincial.

Individual interviews were conducted to explore how charitable organizations structure their communications resources and support their funders through the use of communications tactics.

Results

Each of the five organizations selected offer a focused set of missions and goals, ranging from addressing hunger in Canada to reducing hunger in developing countries, and from training agriculture industry leaders to teaching children where their food comes from. The first question explored the organization's stakeholders and why the Executive Director felt they were important. Even with their diverse mandates, each Executive Director included donors on his/her list of important stakeholders. Additional stakeholders included member associations and one's volunteer base.

The second question asked how the organization interacts with these stakeholders. When examining interactions with donors, common themes expressed were that personal contact with the larger supporters was important along with regular communications updates. These include newsletters, e-news updates, annual reports, personal letters of thanks, and recognition events.

Participant 5 said,

> The most successful tool in that face to face meeting is telling the story of what we do and using visuals, telling the stories of the impact we are making with young people, and connecting that to the donor. (personal communication)

Participant 1 said,

> People do not give to budgets; people give to people and to causes. Hunger is a cause that people can identify with, so you have find ways to tell good stories about how their dollars are doing well in this world. It is about telling a good story that connects people to the cause and then finding them a way to participate. (personal communication)

When inquiring about stakeholder interactions, a common trend developed when participants were asked what donor outreach tools were the most successful. Face to face interactions were the most effective for all of the interviewees and "are key to building invaluable relationships" according to Participant 2 (personal communication).

The sixth and seventh question asked who on the organization's team took the lead on communicating with donors and building that relationship. Because fundraising staff, communications staff, and the Executive Director were the consistent responses, the follow-up question of how communications and fundraising staff are structured in the organization became relevant. Participant 2 puts staff from both the fund development team and communications team in charge of communicating with our donors, but they reported that it is the fund development team who are "responsible for directly stewarding the donors and ensuring they understand the impact of their giving" (personal communication). Staff are structured so that the fund development and communications teams are not under the same directors in the staff of 15 full time equivalent employees. For Organization 4, there is a manager whose role is split between communications and relationship building and is supported by the Executive Director at all funder meetings. Participant 3 has changed the culture of the organization to make fundraising part of each of the staff member's responsibility, whether it be finding new donors or supporting at a fundraising event. Participant 5 does all the communicating with the donors personally but does have staff that support communications tools behind the scene, such as the website, newsletters, and reports. In total, there are five staff reporting to Participant 5, two of whom are in communications roles.

When looking specifically at communication tools for building funding partnerships, Participant 4 noted that there should be seven to eleven touch points with a sponsor per year, which includes thank you notes sent with copies of materials that featured a sponsor recognition and follow up on every sponsored event. Participant 3 prepares a personalized PowerPoint deck that is shared during an in-person meeting and can be forwarded more broadly in an organization. Organization 2 uses discovery meetings to find a common way of communicating which is then summarized in writing to clarify the relationship expectations. For Participant 1, communication tools are tailored to the funder, because the large government grants they capture require results-based reporting. This same funding requires communication outreach with politicians, so they can receive recognition in their constituencies. It was noted that donor stakeholders received a variety of communications, which are changing with new technology.

Concluding Best Practices

Explore donor requirements for communications and reporting before offering a contract. *Use the agreement to clearly outline the expectations for communications between the charity and the donor.*

All of the interviewed organizations had a strong program for fostering personal relationships with potential donors and maintaining that connection thereafter.

Using a variety of tactics to strengthen the relationships between the charity and its donor stakeholders reinforces the merits of the sponsorship (Hall, Lasby, Gumulka, & Tryon, 2006). Professional fundraiser Jose vanHerpt (2013) reinforced this concept by putting the onus on the charity to ensure donors feel connected with the organization. She suggests grantees should measure donor satisfaction, be in regular communication, and engage beyond the financial transaction.

Donor satisfaction is embedded in both effective communication and engagement beyond writing a sponsorship cheque. *Find creative ways to bring donors closer to the charity's mission by making them part of the outcome.*

Philanthropic studies show that charitable relationships can be imbalanced when one party possesses resources the other needs. Buteau & Buchanan (2013) note that from a public relations perspective, this imbalance is counteracted when the charity can offer a boost to corporate reputation.

In Canada, studies have shown that larger companies do a better job of aligning their giving with their corporate objectives than do smaller companies (Hall, et al., 2007). Sponsorships should be chosen for their connection to what the company stands for (Freeman, 1984). For this reason, fundraisers should understand their donor's business to support effective communications and help donors leverage reputational value.

Using public relations practice to communicate the alignment of a sponsorship with corporate reputation can be achieved through managed interactions with publics (Ledingham & Bruning, 1998).

Donors seeking a giving relationship to align with their business beliefs and build their corporate reputation can benefit from a charity that supports effective public relations practice. *Include meaningful public outreach opportunities in the sponsorship agreement that enhance both parties' reputation and gaols.*

Interviews with the Executive Directors revealed a strong appreciation for the role of communications within corporate donor relations regardless of their size or mandate. None of the interviewees saw communications as a cost to their organization, but rather an essential tool in building donor relations. The Executive Directors further identified a lack of communications resources as limiting their ability to effectively support donor relationships.

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