

How Many Donors Can You Expect to Renew Their Gifts?

What's the average donor retention rate?
Is there a way to increase it?



Q What is the industry standard for retaining new donors? We found that only about a quarter of last year's new donors renewed this year! Is something terribly wrong?

A I'm not aware of any "industry standard" for this benchmark, but I can tell you without hesitation that you're far from alone in retaining just one out of four of your newly-acquired donors. In my experience, first-year renewal rates of 25 to 35% seem to be the rule rather than the exception. I know of other cases in which that rate might be as high as 50 to 60%, but those are very unusual circumstances.

However, that begs the question. More to the point, ask yourself what you're doing to encourage second gifts. Are you sending warm, personal thank-you's to donors within a few days of receiving their gifts? Are you sending new-donor welcome packages shortly after acknowledging first gifts, explaining all the ways that donors can help your organization? Are you allowing your donors to express their preferences about how many – and what kind of – communications you send them? When you thank donors for their gifts, or in subsequent communications, are you

explaining exactly how their funds were used to advance your mission?

None of those steps will guarantee a higher first-year renewal rate in the short run. But, taken together over the long term, you'll find that rate climbing steadily higher.

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Also see these articles at NonprofitWorld.org:

How to Write a Fundraising Letter (Vol. 29, No. 5)

Accelerating Fundraising through Social Media
(Vol. 28, No. 3)

Beyond the Single E-Mail Message: Running Effective E-Mail Campaigns (Vol. 23, No. 3)

Ten Ways to Improve Your Fundraising by Next Week
(Vol. 34, No. 4)

Can You Change Bank Signatories?

Is it OK for a nonprofit leader to make changes at the bank without the board's approval?

Q May the president of a nonprofit change the signatories on the bank accounts without getting a new board resolution?

A It probably depends on the reason for the change. Most bank resolutions provide that certain officers have authority to sign checks and take other actions on behalf of the organization. Therefore, if the treasurer is authorized to sign and the old treasurer is replaced by a new individual, the president can change the signatory as a ministerial matter because it's in keeping with the original resolution.

On the other hand, if the president decides that it would be nice to have an assistant treasurer also empowered to sign,

but that was not included in the original resolution, the board would have to agree on a new resolution to authorize the change.

It would be very unusual for a board to give the president blanket authority to determine the individuals who could sign on behalf of the organization, and it wouldn't be a good idea. The board is ultimately responsible for the finances and ought to keep control over the identity of those who can spend the organization's money.

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