Andrew Olsen: Hey, this is Andrew Olsen, host of the Rainmaker Fundraising Podcast, and I am super excited to be here today with someone who I think is one of the most brilliant minds in our industry, especially when it comes to monthly giving. I'm here with Erica Waasdorp, President of Direct Solution and author of Monthly Giving: The Sleeping Giant. Erica, welcome.

Erica Waasdorp: Thanks, Andrew. It's so nice to be here.

Andrew Olsen: So great to finally ... We've spent so much time online trading emails and insights, and you've contributed to my most recent book, but I think this is the first time we've been able to have a face-to-face individual conversation. So it's great to finally see you and be able to connect and before we get into the content, I just want to ask ... Take a few seconds, tell us a little bit about yourself and about your firm.

Erica Waasdorp: Okay. So what you may or may not know, Andrew, is that I actually am Dutch originally, so I moved to the states 26 years ago. I'm a direct response educated person, if you will. So, I started at a Reader's Digest in Amsterdam a long, long, long, long time ago, before cell phones, before even computers were a thing, right? So, a really long time ago and I got the bug there because it's so great that you can measure things, you can analyze things, right?

 And then I worked for publishing firms and then when I moved to this country, marrying an American, I started working for an international animal organization, and I took on the monthly giving program. So, it was not really a hard move because I was already working on sort of what we call continuity programs, loyalty programs in the publishing world so it was a very natural progression. And there, I took on growing their program from four to six countries, so lots of [inaudible 00:01:57] stuff. And, again, this was in the days before email, before Facebook, before social media. That didn't exist, right? It was all direct mail, it was all telemarketing, and direct response television was starting to come up a little bit. Face-to-face was also not yet developed. So, that was in the early ages of monthly giving. So, I ran their monthly giving program and then I started seeing that there was a lot of interest in it, but a lot of organizations were not yet doing monthly giving and there certainly wasn't much written on it.

 So I was at a conference in 2010, the Bridge Conference, and they had a bookstore, in those days when they had bookstores at conferences, and I'm trying to age myself here a little bit, but ... and I was looking at it, I was like, "Wow, there's a lot on major gifts. There's a lot on annual fund stuff, but there's actually nothing on monthly giving." So that's when I decided to write the book, Monthly Giving: The Sleeping Giant. So there'd been a couple of books, Friends for Life with Ken Burnett, and Harvey McKinnon wrote The Hidden Gold, but those had been written a number of years before that. So there was no book written in the US on that topic so I wrote it and and that came out late 2012.

Andrew Olsen: That's awesome how quickly-

Erica Waasdorp: And since then I've really become sort of the monthly donor evangelist, if you will. And the good news is that so much has changed, it's just amazing. Even in the couple of years since the book was published email, Facebook, online giving pages, everything is indeed focused on making monthly gifts, making monthly or recurring gifts. So it's become a lot easier.

Andrew Olsen: Yeah. It seems like not only has it become easier, but the focus on monthly giving for most organizations has become a much more critical priority. Would you agree?

Erica Waasdorp: Yes, absolutely. Yes. Yeah.

Andrew Olsen: So before we go any further, I do want to say I'm on your website, which is an adirectsolution.com, you've got a ton of different content and really valuable resources for folks, right?

Erica Waasdorp: Yeah. Yeah, one of the things, for example, that's really helpful if you're in the process of starting, it's called a monthly donor roadmap. Just download it and just follow the steps, and you've got everything you need really to get started and then there's lots of templates, online forms, thank you letters. Again, it's all air because I'm really passionate about obviously helping as many organizations as possible to to get started on it.

Andrew Olsen: That's awesome. So I want to ask you again, you were so gracious and contributed a really important chapter to my most recent book, The 101 Biggest Mistakes Non-Profits Make and How We Can Avoid Them. You talked about two specific things in your chapter related to monthly giving. You said that one of the biggest mistakes that organizations make is they don't invest in the prep work for monthly giving success. What do you mean by that?

Erica Waasdorp: So what I see a lot of organizations do is they do this start, stop, start, stop. So they're saying today, "Oh, we want to do more with monthly giving," and they get started on it. So they might create their giving page and they might create an email, but then they get pulled away because they got to do an event, or they get pulled away because Giving Tuesday comes up, or whatever else it is, or a board member calls, or they have to have major gift meetings. So, again, fundraisers are busy, right? So what happens is they do something and then they don't complete everything so then they don't have the time to send the thank you letter, to create the thank you emails, to really think through and say, "Hey, what am I going to do once I have these monthly donors? How can I recognize them? Should I include them in the event's invitations? Should I make sure that they are coded in a different way so that I can actually send a special email to them once they join as a monthly donor? What do I do to flag them in the database?"

 So people are still going all over like, "I want to do the marketing. I want to start. What's my next Facebook message," and what have you, but they don't take a little bit of time to say, "Let's make sure that we have all the I's dotted and the T's crossed." Because if they do that, if they just take a couple of more minutes and it really doesn't have to take a lot of time to say, "Hey, what do I need to have everything ready to go the minute somebody walks in the door who makes a recurring gift?" Then you don't have to do this [inaudible 00:06:49] because you're like, "Oh, yeah. If somebody comes in, 'Hey, here's the thank you letters,' all done, can get it out in the mail the next day, right?

 So that's what I mean by not just thinking through the prep work because people are busy so they want to start promoting it right away. But then you might have the situation where, oh now somebody comes in, "Oh, I've got to take a thank you letter, but geez, you know what, we've got this big event coming up on Friday." So the thank you letter doesn't go out for next week. So now you've not optimize that monthly donor experience because of it, right?

Andrew Olsen: Yep. So would you say the same thing about setting up things like credit card expiration notifications and those sorts of things? How important are those things?

Erica Waasdorp: Oh, they're very important. Absolutely, absolutely. So, again, the more you can do, and that's all the resources are all there, right? So it's just [inaudible 00:07:45], there's a monthly donor retention playbook. You can literally take that and create your own email, and your own letter and your own phone script of what to do when a credit card expires.

Andrew Olsen: Oh, that's awesome.

Erica Waasdorp: Yeah. So it's all of that. So, if you just think through like, "Okay, if I get credit card folks, what happens if that card expires? How do I follow up? Who's going to do it?" Again, just think that through. And I always say it doesn't have to take a lot of time upfront, even if it's like one hour a week or one hour a day. Obviously the more time you can focus on it up front the shorter the timeframe is that you can actually start promoting it, right?

Andrew Olsen: Yep, that makes sense. So the other mistake that you talk about organizations making, which surprises me given how expensive donor acquisition is, and getting new donors and how challenging retention is these days, is you say there are still organizations who just aren't even asking for monthly gifts.

Erica Waasdorp: Right, right. Absolutely. Yeah, they're not, they're not. So many organizations are not asking and I'm not sure exactly what the reason is because, again, the tools are there, right? S if you were dependent on just direct mail and telemarketing, then I would say yeah, you have reasons because those are more expensive tools. But now you have your emails, you have your online giving pages, your databases are already there, and they all accommodate for monthly gift, right? But you have to look at it and think where are your opportunities to ask, right? So I still see organizations that they say, "Oh, whoa. This is great. I've got this monthly donor page." And then you're looking at their website, it's like, "Where can I find it? Because I don't see it," right?

 So some of them it's like if you create it, make sure that you have a link from your website from your homepage to go there, right? And some organizations don't even have the recurring giving option on their online pages. So, again, monthly giving is not something that's a one shot deal. You have to sort of start planting those seeds on an ongoing basis, right? So just look at the opportunities. So many newsletters don't talk about monthly giving at all, so put a little blurb in there, right? Every email newsletter, talk about monthly gifts, right? And sometimes it can be as simple as building ... I have an organization that said, "Well, they're doing a lot of emails." So I said, "Well how about putting and asking every PS?" Well, they've done that in their chipping away and bringing new monthly donors and just by doing that. So there's lots of opportunities there and they're just not giving donors the opportunity to give.

Andrew Olsen: Yeah, I think, it's one of those things kind of like legacy giving, right? Where you're not necessarily going to get thousands of donors to do it tomorrow, but it can really build longterm revenue for an organization over time. And maybe that's one of the reasons why some organizations don't do it or don't focus on it because it doesn't give that feeling of immediate payoff, but it really, I think-

Erica Waasdorp: Yeah, it is long term.

Andrew Olsen: Yeah, it really is a big mistake not to do it that way. So one other thing I'm curious about, I hear a lot of organizations, and I've said these words myself based on programs that we've run for clients before, but a lot of folks say direct mail is a terrible way to get monthly donors or it's maybe the most expensive proposition other than direct response television. Talk to me about what you're seeing in the mail and, A, is it working for anybody for a monthly gift conversion or acquisition and, B, what are some of the top ways that people can do it better?

Erica Waasdorp: Okay. Well, again, what I always say is every monthly giving plan is tailor made because every organization uses different channels and has a different number of donors, and emails, and Facebook, and social media context and what have you, right? So that's obviously a big part of it. So in other words, if you are an organization that doesn't do much direct mail to begin with because you historically brought in your donors through digital, then direct mail for monthly giving is probably not the way to go. But if you're an organization that does consistently send letters to donors, there is definitely a spot for direct mail, right, and there's a couple of ways you can do it.

 One way is to say, "Look," ... and it depends a little bit on how many times you're communicating with your donors via direct mail as an overall strategy, right? So in other words, say you're mailing monthly to your donors now, some of the bigger guys are mailing monthly. You can say, "Okay, well how about sending a targeted version of the donor appeal with the monthly giving ask in it and see how that does." So rather than sending 50,000 pieces, you might be sending 5,000 pieces to a targeted group of donors you can then try to convert. So it's not as separate appeal at that point, it's just a version, right? So you will still get monthly gifts and you get one time gifts as well. So that's one.

 One of the other techniques that a lot of organizations have started doing, it's almost become sort of next best practice, is having a tick box on every donor appeal. Just having tick-box, "Make this a monthly gift," on the front of your appeal reply form, right? And, again, you can test it or you can say, "I'm just happy getting some of the people giving monthly as a result of it," right? And, again, it depends on your type of organization. But I see especially some environmental organizations, they're again chipping away at it. One of my clients, they had eight new sustainers from their most recent appeal just by having that little tick box on there, right? So it more than pays for itself if you remember that the average monthly gift right now is between 24 and $36 a month.

Andrew Olsen: And the average retention rate is in the 80s or better, right?

Erica Waasdorp: In the 80s, 90 if you know ... Again, especially if you can get somebody to give by electronic funds transfer, it goes up to the mid-nineties.

Andrew Olsen: Wow, okay.

Erica Waasdorp: So direct mail and then I have organizations that send out special appeals, just, again, targeted. You've got to target it, so you don't want to send it to your zero to 24 months just as a goal. But you just say, "Let's look at anybody who's already made multiple gifts this past year. Let's look at anybody ..." And you're looking typically at those donors who are giving less than $250, right? So let's look at those people. Let's look at people who've already given my credit card. And, again, I mean I see that people who have already given by credit card and you're asking them to give monthly by credit card, that response rate will go up, right? And I've seen that consistently in the mail and as well as with telemarketing as well. So that's a good indicator of potential for monthly giving. Right? They're already comfortable giving that way.

Andrew Olsen: Yeah, that makes a lot of sense.

Erica Waasdorp: Yeah, so there's definitely room for direct mail, right? And, again, it all depends on what you're doing. And if you're an organization that, for example, sends thank you letters with asks in it, and a lot of the bigger organizations do that ,well consider making that a monthly giving ask. And I've seen this work especially well in some of the religious organizations. So every thank you letter to existing donors and even to new donors, the first they thank you letter would go out and invites them to join the monthly giving program.

Andrew Olsen: That makes a lot of sense.

Erica Waasdorp: And you're already sending the letter, so what do you got to lose by by making that a monthly giving ask, right?

Andrew Olsen: For sure. So I want to stay on the the mail side for just a second and get your perspective on something. So there are a couple of organizations that I've seen, a couple of direct response agencies in particular that I will not name, and some organizations, non-profits, that have taken in the last couple of years to telling donors that if they become a monthly sustainer, they promise they'll "never send them anything again".

Erica Waasdorp: Oh, I know. Yeah.

Andrew Olsen: And it sort of makes me go crazy because, in my perspective, these are people who are raising their hands and saying, "I want to be your best friend," right? Not just, "I want to be an occasional supporter, but I want to be right in it with you." And so to see an organization say, "We'll just stop communicating with you," it seems like the value proposition just got kicked off a cliff right there. Talk to me about your point of view on that.

Erica Waasdorp: Yeah, yeah. So I know I would never recommend that, right? Definitely never, ever recommend that. So, again, if you look at like the recent donorCentric Sustainer Benchmarking Summit study, it shows that on average six percent of monthly donors make at least one extra gift a year, okay, so that's six percent. 12% of monthly donors is interested and doesn't upgrade, right? So you have to consider would you want to lose out on six percent of extra revenue from those folks, right? And, again, depending upon what type of organization you are, some organizations are seeing that their monthly donors are their most responsive group and they can make an extra gift every time, right? And I think you see the successful organizations who have big monthly donor programs, they will not promise that they're not going to get any mail.

 Obviously, if a donor says, "I really don't want it," that's a different story, right? You have to honor the donor request, right? So six percent is really good, but you have to look at your overall communication plan, right? So one of the things that I actually tried with the animal organization, and it was a pretty eye-opening survey, is once somebody became a monthly donor, we sent them a survey asking them how often would they like to hear from us? And we said quarterly, half yearly or monthly, right? And we were expecting everybody to say half yearly ... and, sorry, there was a yearly option as well. But a lot of people actually ticked the box monthly, they wanted to continue to hear from US monthly. And, again, animal people love hearing and reading stories of animals all the time so maybe they are a little bit different, but it was just definitely an eye opening survey.

 So ask your donors what they would like to see, right? So that's a very easy thing. When you call them to say thank you or when you send them an email to say thank you, maybe ask how often would they like to hear from you. But definitely, again, look at the number of times that you're sending an appeal to your donors now and then include them in a personal note, or make a laser versioning saying thank you for their monthly gift, but here is a special story I'd like to share with you. Just something like that, that just indicates that you know that they're already giving monthly, but you give them an other opportunity to make an extra gift and they're not going to be offended, right, because you're saying thank you for being a monthly donor. But why not given the opportunity to make an extra gift because they care so much about you, to your point there, one of your biggest friends, right?

 So I think you would deprive your donor from the opportunity to make that happen, right? But, again, if you're sending monthly mailings, maybe look at those mailings that you know your monthly donors will definitely want to receive on a little bit of a meal diet, if you will, and maybe go six times a year instead of 12.

Andrew Olsen: Yeah, for sure.

Erica Waasdorp: And make sure that you mail them the calendar and the membership card and all of those things that are very, very special.

Andrew Olsen: Yeah, big matching opportunities and things like that.

Erica Waasdorp: Yes, absolutely.

Andrew Olsen: I've got two organizations that we work with, one of them is a large organization that has a large sustainer file and they generate a million dollars of additional revenue through those extra asks every year. And then I've got another smaller organization that we work with and they don't generate as much money because the scale is different, but they'd get like a 22% response from their sustainers when they mail them an extra appeal. It's off the charts high compared to everybody else in the file.

Erica Waasdorp: Yeah, absolutely. Yeah, so you're just not doing yourself any favor. Now, again, if you're an environment organization and you're very digital and all of that, then that might might be a little bit different.

Andrew Olsen: Yeah, that makes sense. So let's talk about stewardship for a second. You mentioned early on in our conversation about making sure you have thank you letter templates set up and things like that, but what are some things that you see organizations doing that are really successful in not the solicitation side, but in the deeper engagement and relationship building side with sustainer programs?

Erica Waasdorp: Yeah, that's a great question. So if organizations can do it, if you already ... And, again, I'm all for like keeping things simple and saying, "What is your organization already doing that you may be able to tap into?" A lot of organizations might have a major gift program or a mid level program, right? Where they're doing, say, a donor call or a conference call with the Executive Director or a program person in the field. So those are a couple of things so invite them to those things, right? You're already doing it, it's just an extra group that you can invite, right? So it's a way for donors to get a gauge. So that's one thing.

 Video is always great. It's all about what's a surprise, what can we do that may be a little bit surprising? And, again, you may already be doing a thank you video from the Executive Director, or the CEO, or somebody in the program area that you can use to say to thank you to the monthly donors without having to do a lot of tweaking to it or what have you. So video calls are great and there's a couple of companies that can make that really, really personal, right? And we see that some people in the stewardship area, especially the bigger universities and whatever, you can learn a lot from them. And then it's thank you cards, again, updates from the field, things that are unexpected that you say, "Wow." One of my other clients is a small animal charity and they sent this note it's like, "Fred is walking." Just kind of a little something wow. I've made that happen as a monthly goal.

 So, yeah. So basically sending the thank you letter out in the mail, no matter how somebody came in, is crucial. So that first time when somebody joins, make sure that you get something out in the mail that they can hold on to that has your email address, your phone number, the contact person and it tells them basically what they can expect, that they're going to get a tax receipt in January, that they aren't going to get monthly thank you letters per se because they really don't want that, they don't need that. But they're going to get other things, that you continue to keep them up to date on what's happening in your organization and how their gifts are making an impact. And I say definitely if you have a printed newsletter, make sure that they're part of that, include them in that, absolutely. They're going to want to read what you're doing.

Andrew Olsen: And do you recommend a specific version of that?

Erica Waasdorp: Yeah. So it depends on the size of the sustainer program because it's a little bit more expensive, right? So if you have a substantial sustainer program and you can make a special version that's just aimed at the monthly donors, that's great. But if you don't, just send them the regular version of your newsletter and even though that will still have a message about becoming a sustainer in it, but you can word it in such a way that people, even if they've just become a sustainer, are saying, "Yes, I'm already a sustainer." It's kind of like that ... what do they call it again? Cognitive ... I can't remember what it's called, something cognitive something. And it's one of those things where again, hey, I just bought a silver RAV4, right? And all of a sudden, all you're seeing is silver-

Andrew Olsen: Oh, sure.

Erica Waasdorp: Right?

Andrew Olsen: Yeah.

Erica Waasdorp: That's kind of what that is. It's like, "Oh, wow. Yeah, I'm already a monthly donor and I'm already doing this. I feel good about that," right? So I think if you have a program that maybe is like 10,000 sustainers, you might say maybe I need to do a special version, but if you don't have the resources to do that, don't go crazy coming up with something. So, again, you can throw in a laser version with maybe a handwritten note on it or something like that that makes it look a little bit more personal.

Andrew Olsen: Great. So talk to me a little bit about upgrading sustainers. You said that donorCentric's report on monthly giving said that 12% of sustainers are willing to upgrade. What have you found to be the most effective couple of ways to get a sustainer to upgrade?

Erica Waasdorp: Right, so obviously if you can come up with amounts of, "Hey, we've been able to help so many," animals or children or whatever the clients you serve, right, "But everything's gotten more expensive." Or, "Hey, we want to feed so many more people." So if you can come up with a specific amount that it's increased, people will understand that stuff gets more expensive, right? So that's a good approach to say, "Hey, I'm sending an email to my existing sustainers who have been giving for at least six months or more," right? So you don't want to go back to people who just join, right, because that would be too greedy, I find that too greedy. I'd gotten a thank you letter from one big organization at one point, and they had the audacity to say, "Oh, well, your $10 a month is not good enough. I want you to upgrade to $18 a month right away," right? Well, they didn't-

Andrew Olsen: Right, but still.

Erica Waasdorp: ... but it was like ... So that's just too greedy. I was like, "Okay, well I'm getting ready to call them and say, 'Cancel this,'" right? So no, but you want to go to people who have been giving for a while that are comfortable with your organization and then send them an email, make a version of the direct mail letter asking them to upgrade in that appeal. So usually January is a good time to do that, but look at what ... And a calendar mailing might be a good time to do that as well. So it's a targeted version. So those ar just a couple of opportunities to upgrade.

Andrew Olsen: Do you have organizations or have you seen organizations that are successful in getting folks to upgrade with telephone engagement?

Erica Waasdorp: Yes, yes. Yeah, absolutely. Yeah. So telemarketing is still ... I know it doesn't necessarily work for every organization, but it's still a very successful way to get new sustainers, especially if you do it in combination of a mail and email approach where that telemarketing is just that extra push that might need and say, "Oh, I've seen it. Yeah, yeah. I was thinking about it and I'm going to do it." And the same applies for for upgrades as well. So if you sent them a mailing, if you sent them an email and now do an upgrade call to say, "Would you like to increase your monthly gift. That definitely works, yep.

 And then another thing that some organizations are now doing, it's not really an upgrade, but in a way it is an upgrade because it increases their retention and it does away with those pesky credit card expiration dates, so they're trying to convert their sustainers to give via EFT, electronic funds transfer, ACH. So, again, that's not really an upgrade, but it is because you're going to keep them a lot longer.

Andrew Olsen: And do you see that organizations are having a pretty good level of success in getting folks to sign up through ACH?

Erica Waasdorp: Yeah, again, it's something that's in this country is still a little new, but it is growing. And I was talking to a public TV Director of Development recently and they are very successful, they have what they call a switch campaign and they have really made that their focus. And, again, they are very, very successful and really growing their EFT sustainers. So it just helps with a lot of the backend as well. And as you know, once you get somebody's bank account information, again, that retention rate goes up. People don't usually change bank accounts more than every 14 years or something like that.

Andrew Olsen: Yeah. So before we started recording this podcast, you said something that really peaked my interest. You said that you've recently done some work around engaging sustainers through donor-advised funds. I am so curious about that and tapping into to DAFs is something that we're increasingly trying to get organizations to do. So I'd love to hear what you're seeing there and what you're doing in that space.

Erica Waasdorp: Yeah, I really haven't done a lot yet, but I've been, but I actually started my own DAF this year and I was amazed that you only need $5,000. I thought it was you to have a lot of money and it's like, "No. Okay, I can do that," right, so [inaudible 00:32:12]. And then it's very easy to set up a recurring gift through your donor-advised fund. But the way it acts, it's not an automatic system like when somebody comes to your website and signs up to become a sustainer, right, they get charged every month and whatever, and you see exactly what they're doing and who they are, right? When somebody gives a recurring gift through donor-advised fund, it's almost as if they're just setting it up through their online checking, right?

 So the organization gets a check every month on the same day, right? And they may not know that you have set up a recurring gift. So it's a different process, if you will, that people will have to start being on the lookout for. Sometimes organizations see, "Oh, I see the same donor sending in checks every month," but they're not set up in their system as a sustainer. It's, again, technically a different process and the donor is in control, right? So that's the key, right? So you can invite donors to set up a recurring gift through their donor-advised fund, but the donor will always be in control, right? And if they don't want to tell you, or if they don't want to tell you where they are they can even do that. But again, with the growth I see in donor-advised funds and the tax deductibility of it, I could see that that will grow.

Andrew Olsen: Yeah, I think you're right about that. So we have time for just one more question and that is just super concrete, if there are organizations right now, kind of like the ones we've talked about who really aren't doing anything, what are the top, say, two things that you would recommend that an organization do to just start moving the ball forward with monthly donors?

Erica Waasdorp: Yeah, great question. So definitely check to make sure that your online page is setup to accept recurring gifts, right, and most likely they are, but also create what I call like a monthly only page. So where a donor can only sign up to give monthly and then make that the page that people link to. So put it in your e-news, right? So every e-news that you send it out, have a little blurb about monthly giving, right? And ideally, if you already have some monthly donors, maybe start with your board, start with some volunteers, right? Start with staff, get a couple of people on board that are giving monthly and then get a quote from them and use that quote in your e-news with a link to that monthly only page, right? So that it's very clear, "Oh, you want me to sign up, you want me to give monthly," right? So that's one thing that I definitely recommend you do. So start with that low hanging fruit, right, and then take it from there.

Andrew Olsen: Yep, that's awesome. Thank you so much for being here. Thanks for sharing with us. And all of our listeners, again, go out to Amazon or to adirectsolution.com and grab a copy of Erica's book, Monthly Giving: The Sleeping Giant, and then also jump over to her site and grab all the free resources she has there. Erica, what's the best way for people to get in touch with you?

Erica Waasdorp: So the best way is you can send me an email at Erica, E-R-I-C-A, @adirectsolution.com.

Andrew Olsen: Awesome.

Erica Waasdorp: Yeah, and I'm very responsive on the emails.

Andrew Olsen: Very cool. Thank you again for being here.

Erica Waasdorp: Awesome. Thanks, Andrew. Have a great day.

Andrew Olsen: Yeah, you too.