

Donor Recruitment or Donor Development?

by Elizabeth Simpson, *do good Consulting*, Group Dynamics & Teambuilding Specialist

Originally published in *Doing Good*, the e-newsletter of *do good Consulting*, November 2007,
<http://www.dogoodconsulting.org/newsletter/November2007DoingGood.html>

It is common for successful non-profits to raise \$1 for every \$0.20 they spend on fundraising. But fundraisers who focus too much time recruiting new donors over developing existing donors can actually experience financial losses.

How much time should you be spending on each to maximize your results?

- Successful fundraisers typically spend 80% of their effort working with and cultivating their existing supporters. Why? The return is often \$5 for every \$1 spent.
- Successful fundraisers spend only about 20% of their time and effort on trying to create new donor relationships, which are generally undertaken at an initial loss of \$0.50-\$0.70 per dollar spent.
- Donor recruitment strategies work in the long term, but a strong ratio of donor recruitment to donor development must be maintained so organizations can operate and be successful in the short term.

A good fundraising ratio:

80% of your time = cultivating existing donors
Return: 5:1

20% of your time = bringing in new donors
Return: a loss short term

The lesson? While it is important to ensure your database and member base are constantly growing, it must not be done at the expense of developing your current donors. It is crucial to identify when to focus your time and energy on your existing donors and when it is strategically appropriate to branch out to find new supporters. Balance your time in a 80-20 ratio, and you will likely be pleased with the results!

Contact *do good Consulting* at 217-778-1687 or dogood@dogoodconsulting.org for more information on creating fundraising plans, donor development strategies, and what your next fundraising steps should be!