



Donor Value Mapping®

An Interview with Larry Johnston, Ph.D.
President, McConkey/Johnston, Inc.



Larry Johnston is president of McConkey/Johnston International, a consulting firm that works with nonprofit organizations across North America and around the world. Larry has served the non-profit sector for more than 35 years, equipping hundreds of charitable and nonprofit organizations in areas of fund-raising, management, marketing and organizational development. In this article, Jeff McLinden interviews Larry Johnston about Donor Value Mapping®, a breakthrough process recently developed to help organizations make major strides towards more effective fundraising.

Jeff: What, exactly, is Donor Value Mapping®?

Larry: In the nonprofit world organizations live or die depending upon their ability to create sustaining relationships with their donors. Donor Value Mapping® is a leading edge process designed to identify the most important “drivers” of donor satisfaction. Guided by this knowledge, organizations can more effectively manage their donor communications and fundraising strategies and programs.

Q: How was Donor Value Mapping® developed?

A: As a firm, M/J has always advocated donor relationship management. But Donor Value Mapping® was developed through the research I did for my doctoral dissertation. The research took several years and included over 1,200 major donors and investors supporting five very diverse Christian organizations.

Q: Why is Donor Value Mapping® important?

A: Donor Value Mapping® is a very powerful tool for organizations interested in more effective donor relations and fundraising. Most development officers have little or no hard, empirical data on what *really* drives donor satisfaction for their organizations, and, as a result, their donor bases often “hemorrhage” unnecessarily. Dissatisfied donors discontinue their support and most organizations never know what hit them.

Q: You mention donor “satisfaction.” Beyond the obvious, why is that important?

A: Donor satisfaction is crucial because of its impact on donor retention. Because savvy development professionals are interested in the economic lifetime value (LTV) of their donors, they need to know what constitutes value *for* their donors. Value *for* the donor largely determines the value *of* the donor. The higher the satisfaction of donors, the greater the loyalty. The greater the loyalty, the higher the donor retention rates. The greater the retention rates, the more valuable donors will be to an organization. The whole process is what we call Donor Value Management®.

Organizations need to know what constitutes value *for* their donors. Value *for* the donor largely determines the value *of* the donor. The higher the satisfaction of donors, the greater the loyalty.

Q: What kind of research does Donor Value Mapping® entail?

A: Much depends upon the individual organization, but typically it entails both qualitative and quantitative research. Qualitative research includes focus groups and/or in-depth interviews. The results of this research with an organization’s donors is then used to develop mail surveys to provide hard, quantitative data that have a variety of practical and beneficial applications to fundraising.

Q: Aren't focus groups or interviews enough?

A: Not really. While clearly helpful, they can't provide the "key driver analysis" that defines which factors the organization should concentrate on if it really wants to maximize donor loyalty and retention.

Q: What, exactly, is a "key driver analysis"?

A: A key driver analysis utilizes a number of research techniques to identify the factors that are most important (in other words "key") to donor satisfaction and loyalty. It recognizes that while dozens of factors may influence donor loyalty, a relative few are likely "key." This analysis provides development staff with a laser focus on the factors that are most critical to manage if donor loyalty is to be maximized.

Q: Sounds interesting, but aren't most donors really motivated by the same things?

A: Actually, the idea that donors in general are motivated by the same things is a dangerous myth. Donors vary significantly in their motivations, and the failure to understand this can be very costly to an organization. Even when some of the same motivational factors are at work with donors, these vary *within* organizations as well as *across* organizations. My research clearly shows that even when identical factors motivate different donors, they rarely enjoy the same "ranking" in terms of motivational impact.

The idea that donors in general are motivated by the same things is a dangerous myth. Donors vary significantly in their motivations, and the failure to understand this can be very costly to an organization.

Q: Does Donor Value Mapping® provide only "composite" profiles of donors or does it work with individual donors as well?

A: When donors "self-identify" – that is, they choose not to respond to surveys anonymously – valuable, information-rich profiles can be developed on those individual donors as well as larger donor segments or the donorbase as a whole. For organizations with adequate databases, this means that highly valuable information from surveys regarding donor motivations can be appended to individual donor records. This sets the stage for far more effective database relationship marketing.

Q: You mention a mail survey, but aren't telephone surveys more effective?

A: Telephone surveys have a number of advantages, but they don't work well as tools for a key driver analysis. The techniques used for a key driver analysis are simply too complex to be handled effectively by phone.

Q: But aren't mail response rates typically very low?

A: Yes, that's true. Mail survey responses are often very low, but that is frequently a function of the target audience and the survey methodology. Major donor response rates to Donor Value Mapping® have exceeded 66%, with some segments of major investors surpassing 80% response.

Q: You've emphasized donor retention several times but not donor acquisition. Why?

A: Obviously, donor acquisition is important, even vital for most organizations. But many organizations spend tens of thousands, hundreds of thousands, or even millions of dollars in donor acquisition without knowing how to keep those donors once they're on board. If you look below the surface, they're really engaging in a "spray and pray" approach. Get new donors on board and then "spray" them with enough appeals and, sooner or later, the thinking goes, the organization will raise some money. In my book, that translates not only to poor stewardship, but rather primitive fundraising. Organizations may have gotten by with that approach in the past, but it will be much harder to justify in the future.

Many organizations spend tens of thousands, hundreds of thousands, or even millions of dollars in donor acquisition without knowing how to keep those donors once they're on board.

Q: Although many organizations wouldn't think of it in these terms, money spent on donor acquisition in many cases is unnecessary. They're having to spend disproportionately to acquire new donors that wouldn't be as necessary if they were simply more effective in keeping the donors they already have.

A: Exactly. Clearly, new donor acquisition is important to almost every organization, especially those that want to grow. But it can cost more than ten times to get a new donor

what it costs to keep a current donor. And most new donors aren't as valuable to the organization as the donors it is losing. It's the old proverb that says, "Win new friends but keep the old, the first are silver, the latter gold." Many organizations might require five new donors to equal one older donor, and when donors are "bailing" because the organization hasn't created sufficient value for them, that's just not real smart.

Q: You mention "creating" value. That would be a radical concept for many nonprofits.

A: You're right. But it's a concept that organizations had better start to embrace. These days, it's not enough to just "do your thing" and hope that what you do appeals to a sufficient number of donors. From my vantage point, organizational leaders in general and development staff in particular had better know what constitutes value for an organization's donors and then strategically, intentionally, proactively create value for those donors by focusing on key satisfaction drivers.

Q: Which is what Donor Value Mapping® is all about.

A: Correct. But it's important to understand that "mapping" is just the first critical step in Donor Value Management®. We're very interested in knowing what drives donor value, but also in decisively *managing* that knowledge to improve fundraising practices. What makes Donor Value Mapping® a leading edge process is that it's designed to ultimately help organizations to convert their development operations into what might be called "strategic value delivery systems." It's all about having complete confidence that you can scratch donors where they itch...and, thus, significantly enhance the value of their relationship with you. And I'm talking about how *they* see the relationship. After all, that's what really counts.

Donor Value Mapping® is a leading edge process designed to help organizations convert their development operations into what might be called "strategic value delivery systems."

Q: Could Donor Value Mapping® benefit any organization, regardless of size?

A: Absolutely. Insights from Donor Value Mapping® can help almost any organization to be more effective. Larger organizations are more likely to have the human and technological resources to convert the findings into practices like database relationship market-

ing. But smaller organizations can gain valuable insights that can significantly improve their major donor efforts, too.

Q: How long does the Donor Value Mapping® research process take?

A: Typically about 120 days, although the timeframe can be shortened if the organization chooses to forego the qualitative research phase. That's an option that makes sense for some organizations. Time spent designing the mail survey, mailing the survey, data entry and conducting multiple statistical analyses are tasks that shouldn't be rushed.

Q: What should an organization do that is interested in Donor Value Mapping®?

A: Simply call or e-mail McConkey/Johnston to let us know of their interest and we can begin to explore how Donor Value Mapping® could benefit their organization.

If you are interested in discussing your organization's needs, or how Donor Value Mapping® can help your fund raising efforts, please contact McConkey/Johnston at the address below.

McConkey•Johnston international

P.O. Box 370

Woodland park, CO 80866-0370

719 / 687-3455 www.mcconkey-johnston.com