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The Real Value of Direct Mail

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The traditional (and frankly easy) way to evaluate a direct-mail fundraising program is to determine net revenue and the number of donors you keep, gain and lose. A mature and well-managed program invests in acquisition, ends the year with more donors and, if really good, achieves an overall higher average gift to boot. Results are evaluated annually or semiannually to inform the next budget cycle strategy. If this is your approach to valuing your mail program, you will be challenged to sell greater investment in the program to your boss … especially these days.

We encourage taking a longer, more detailed and sophisticated view of direct-mail value. While everything above is obviously important, you need to acknowledge that the “unexpected” windfalls, such as significant bequests, are often from longtime $25 direct-mail donors. These are the ultimate rewards from a regular mail-solicitation program that keeps your mission and need for philanthropy in front of your low-profile and often obscure donors and stakeholders.

Assuming that gifts like these are rarely direct-mail-driven ignores a striking reality: Your donor file contains wealthy people who give you money regularly. Even billionaires write $100 checks! The size of their gifts might not elevate them to your attention, but it is your job to find those high-net-worth donors hiding in your file and to do something about them.

Stories abound about the gift officer who picked up the phone to thank a donor for his/her large mail gift or loyal giving and ended up with a new friend, a larger donor and sometimes a new major donor. As consultants, it is our job is to ask key questions: Should the $2.5 million gift made by a $1,000 direct-mail donor five years after her initial $25 response to an acquisition letter be “credited” to direct mail? What about the $1 million campaign gift from a donor referred to your group by one of your low-dollar mail donors? And what about those bequests?

The correct answer is “YES!” And be careful to credit these gifts to the organization as a whole — to all the programs that touched the donor. You’ll achieve greater success when all development folks come out of their silos and take a collaborative view on performance. And in this context, direct mail undeniably sets up and contributes to major- and planned-giving success!

A properly integrated development office identifies these targeted mail donors through wealth screening and has the staff to make personal contact with them and plumb the potential to elevate them to greater generosity and involvement. The annual-giving officers are central to feeding the major-gift pipeline, and the direct-mail program gives them “grist for the mill”.

If your in-house mail program is not growing net revenue and increasing the pool of active donors from year to year, you should consider bringing in an expert to help turn things around. Whether you hire a dedicated staff specialist or an experienced direct-response consultant, you need someone who can look beyond the typical metrics that define mediocrity, and offer integrated wisdom and technique to ensure that direct mail becomes an effective and productive incubator for your major- and planned-gift donor portfolio.

And here’s the silver lining: You can now re-task and retrain the annual-giving staff (formerly assigned to direct mail) to take personal engagement to the next level, meet with prospective major donors and ask for larger gifts. This is why we call it “development” and not simply “fundraising.”

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