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Monthly Giving Can Add Up to Robust and Steady Revenue for Charities

By Sandy Asirvatham

Even though she saw right through it, the pitch still grabbed Gail Perry.

Ms. Perry, a fundraising consultant, is a longtime supporter of WUNC, her local public radio station in Chapel Hill, N.C. One day she heard the station promote a daily drawing to give away trips to Paris, London, and other exotic locales.

The catch: Although anyone could enter, only people who agreed to give a set sum monthly were automatically entered in every drawing.

Lured by the chance to win a fancy vacation, Ms. Perry decided to take the monthly option. Her first impulse was to divide her usual annual gift by 12 months.

"But I was too embarrassed to consider doing just $5 or $10 a month," she says, "so I did $20. And all of a sudden I was giving them more money a year than I ever had before."

Long-Term Benefits

That basic math is a key reason charities push supporters to give once a month or at other regular intervals simply by authorizing a regular credit-card payment or bank withdrawal.

But although monthly donor appeals have long been popular in Canada and Europe, the approach has yet to take off as strongly in the United States.

One reason is that fundraisers, and the consultants and the vendors that charities hire, often don't see much personal or financial benefit in pushing the idea.

Nonetheless, those U.S. charities that embrace monthly giving say it has become an especially crucial tactic in the bad economy.

At Mercy Corps, an international relief and development group, a robust monthly giving program has helped the organization support programs that reduce poverty in developing countries.

Partners in Mercy, the Mercy Corps monthly giving program, began in 1979 when a donor asked the founder to send 12 preaddressed envelopes at the beginning of each year, says Annalise Briggs, who now manages the program.

Monthly giving grew steadily over the years, but as the economy tightened and government aid budgets shrank, Mercy Corps made a more deliberate effort to press the idea, says Ms. Briggs.

Last year, the organization received $17.3-million from what it calls "grass-roots" supporters—individuals who are not major donors. Of that, monthly donors, who make up 9 percent of those grass-roots contributors, gave $5.1-million, or nearly 30 percent of the group's total grass-roots support.

“Our executive team has really seen the value in the long-term growth of our monthly giving program to help us help even more people,” she says. “As government grants get reduced year after year, there’s even more need for private and unrestricted revenue.”

Additional Gifts

Regina Yaeger, director of development at WUNC, the public radio station that hooked Ms. Perry, says that monthly giving is an idea that can quickly catch fire once donors hear about it.

“We have not had to do a pledge drive over a weekend since we’ve started seeing so many people convert” to monthly donation, she says.

Instead, WUNC runs recordings of such donors saying, “I’m happy to have helped make this weekend pledge-drive free.”

Once charities have lured monthly donors, it’s easier to ask them for other types of support, says Rosemary Oliver, a fundraising director at Amnesty International Canada.

Her group has about 32,000 monthly donors who last year gave a total of $7.7-million of the $11.3-million raised, or about 67 percent. Perhaps just as important, about two-thirds of the people who have made pledges to her organization in their wills are monthly donors.

Long-Term Loyalty

Monthly donors also have another attractive characteristic: They are often more loyal and willing to ride out rocky times with the charity they support, says Harvey McKinnon, a fundraising consultant in Vancouver, British Columbia, and author of *Hidden Gold*, a book that shows how to woo monthly donors.

“I’m on about eight monthly giving programs personally,” one of them for 34 years, says Mr. McKinnon. “Occasionally [a charity I support] does something that makes me unhappy, and if I were giving single gifts I’d probably drop off their list.”

But he’s never gotten around to canceling a monthly donation, he says, and has always eventually become satisfied again with the organization’s operation and mission.

Other donors apparently respond the same way, and that may increase their giving in the long run. Mr. McKinnon says that in his long-term studies, he’s found that monthly donors tend to give 5 percent to 25 percent more over their lifetimes compared with other supporters.

One group he’s tracked, the Vancouver Island Marmot Recovery Foundation, a small animal-rescue group, has 1,400 monthly donors out of a total of 9,000. Ninety-two percent of those monthly donors don’t quit giving.

“Nobody is dropping off that list unless they die,” Mr. McKinnon says.

But his perspective is based on the long term, and many charities encourage fundraisers to focus more on quarterly and annual results than lifetime giving records.

Even Mr. McKinnon acknowledges that getting to the point where big numbers of donors are giving monthly can be a slow haul. Generally, fewer than 20 percent of a charity’s single-gift donors can be persuaded to make monthly gifts, he says.

“And even getting up there takes time, so you might go from 5 to 7 to 9 percent over three years,” Mr. McKinnon adds.

Organizations may have to accept giving up some revenue now to achieve substantial future growth, says Ms. Briggs of Mercy Corps.

“There’s a basic cash-flow challenge,” she says. “You might be able to get a single gift of $120 tomorrow, or you might get more than $120, but it will be over the next 18 months.”

This kind of long-term strategic thinking can be a major cultural shift for many nonprofits, she notes: “It’s a different metric of success.”

Efficient Fundraising

As a newer organization, Friends of the High Line, which supports a park in New York City, wasn’t so burdened with conventional wisdom, says Sanaya Kaufman, the group’s individual giving director.

The charity, founded in 1999, has received several major grants and also counts on annual events, so seeking monthly donors is “still a very small part” of the group’s overall emphasis, says Ms. Kaufman.

But she is already seeing the benefit of sending out fewer appeals and being able to tell donors that their money is going to programs rather than administration.

“It’s an efficient way to give, and it provides us financial security,” she says.

Staff Resistance

Meanwhile, charities in Europe and Canada have more fully integrated monthly giving into their fundraising efforts, says Mr. McKinnon.

Sometimes, he says, U.S. organizations’ own staffs and consultants block the path to more monthly giving.

Direct-mail vendors for large organizations won’t always support conversions to monthly giving, he says, because they may end up sending out fewer pieces a year and earning lower fees.

In other cases, nonprofit organizations give their in-house fundraisers incentives that reward only short-term gains, making monthly giving a tough sell.

“I did a contract for a large PBS station, and the internal staff didn’t want me to, quote, 'touch their donors,’” Mr. McKinnon says.

In the case of one fundraising manager, he says, “if 10 percent of her single-gift donors were converted to monthly, her particular portfolio would shrink. So she saw that as a problem for her career, as opposed to it being important to keep the station on the air and build donor loyalty.”

Or, suggests Ms. Oliver, of Amnesty International Canada, American charities may simply be clinging to their comfort zone.

Compared with fundraisers who work in other countries, says Ms. Oliver, “Americans are way ahead of the game on major gifts and legacies. There are a whole bunch of things in our sector where clearly Americans know how to do it better, but monthly giving isn’t one of those.”