



Stroke patient acquires new heart beat

F&P edition: [November 2008: Australasian Fundraiser of the Year](#)

Written by [Mark Vivian; Jo Burrows](#)

Stroke Foundation of New Zealand Chief Executive Officer Mark Vivian recounts how aggressive direct mail acquisition saved an organisation from a seemingly terminal condition. Jo Burrows was there offering life support!

A Failing Organisation

In July 2006 the situation was dire for the Stroke Foundation of New Zealand. The organisation was trading at a loss, current liabilities exceeded current assets, and two major sponsors had walked. As the new CEO I was faced with a significant challenge. We downsized staff and programs, obsessed about cash flow, and hunted for new revenue generation options.

New Donors the Life-giving Drip

One of the options considered was growing donation income through acquiring new donors by direct mail. Typically direct mail donor acquisition is an investment in future revenue and is not expected to make a profit while growing the donor base. My organisation had no reserves and no time to invest in growth for future revenue expansion. So, could it work for us?

While we had a database of 14,500 people, only 4,000 of these were active donors. Modeling of direct mail donor acquisition scenarios indicated that success was possible.

A revamped appeal letter and small gift was mailed to the 4,000 active donors, and an acquisition test pack including a small gift was mailed to 10,000 new households. In order to commit to a large acquisition program, the acquisition component needed to at least break even, and the combined appeal had to exceed the projected net profit based on previous appeals.

This initial mailing proved very successful and the acquisition part surpassed the modeled "good-case" scenario. Furthermore, the combined appeal results were significantly higher compared to previous ones.

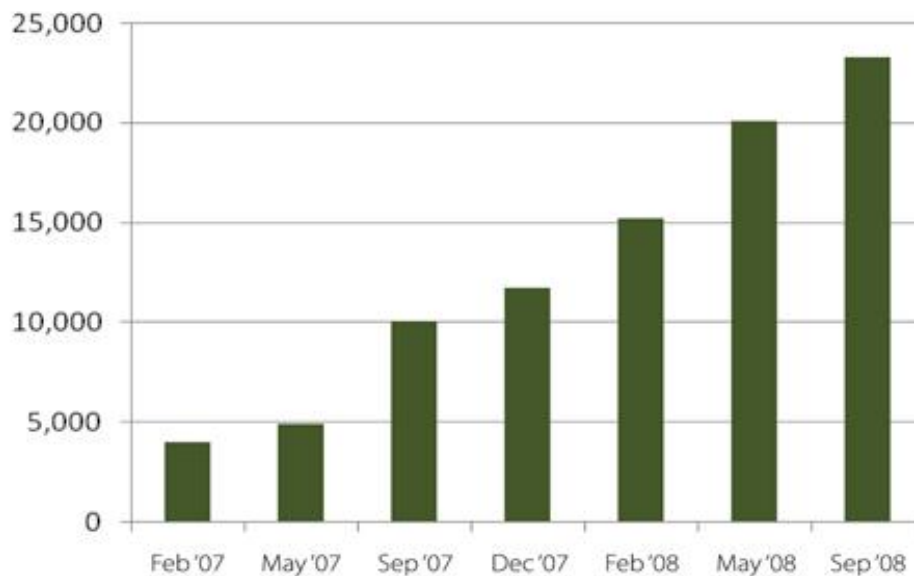
A larger (25,000) acquisition appeal was rolled out concurrently with another to existing donors. Again results were impressive. The original 10,500 non-donors sitting in the database were included, but they responded at a rate less than the cold acquisition rate and were subsequently scrubbed from future mailings.

We committed to an aggressive acquisition program of four mailings a year to 100,000 people each time (in combination with an appeal to active donors). After three successful mailings this was increased to 150,000 acquisition packs per quarter.

Results

Over the course of seven acquisition appeals between February 2007 and September 2008 the number of donors increased from 4,000 to 23,000 (see Table 1). Importantly, each acquisition appeal returned a net profit, and the combined appeal results exceeded target income calculated on previous existing donor appeals.

Table 1: Donor Growth – February 2007 to September 2008



The response rates to the acquisition mailings ranged from 2.4% to 4.2%, with the average being 3.6%. The average response rate for existing donors was 19.3% (with a range of 14.9% to 28.5%).

Across the seven appeals newly acquired donors made an average gift of \$27.73 while for existing donors the equivalent figure was \$30.76.

Two years ago donations were less than 30% of annual revenue, now they contribute 66%. Our financial future has improved considerably in just 18 months - the balance sheet is now in a healthy position and the operating budget has tripled. But best of all we've increased staffing and expanded services.

Key Factors for Success

Cost control has been critical to the success of the acquisition program, and until recently appeals were printed and mailed from Melbourne as New Zealand companies were unable to better Australian prices, even allowing for freight costs and exchange rates.

Also the size of our campaigns has enabled volume discounts to be achieved and these are aggressively managed.

More significant however have been the quality of the appeal letter matching the target demographic, and the inclusion of both a complimentary gift and stroke prevention material in the appeal packs.

Table 2: Average Donation - Acquisition vs Existing Donors

Appeal	Acquisition Donors	Existing Donors
December 2006	\$24.88	\$29.25
February 2007	\$28.07	\$32.35
May 2007	\$29.50	\$30.45
September 2007	\$28.47	\$30.23
December 2007	\$25.00	\$30.88
February 2008	\$30.00	\$30.37
May 2008	\$28.22	\$31.78

With around 600,000 packs mailed annually the foundation is possibly the most prolific exponent of direct mail acquisition of any charity in New Zealand. And on the back of the substantial pool of new donors has been a recent focus on renewing gifts and upgrading supporters to become monthly givers.

While the direct mail appeal program has proved rewarding, it has demanded an enormous focus within the organisation and introduced very significant pressures. There is no doubt it has also been the major catalyst for growth and development of the foundation over the past 18 months.

***Mark Vivian** is the chief executive officer at the Stroke Foundation of New Zealand and **Jo Burrows** is a fundraising and marketing consultant helping not for profit organisations in Australia and New Zealand.*