

WISE GIVING™

GUIDE

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Charity Mail Excess? Success?





A Publication of the
BBB Wise Giving Alliance

The *BBB Wise Giving Guide* is published quarterly to help donors make more informed giving decisions. This guide includes a compilation of the latest evaluation conclusions completed by the BBB Wise Giving Alliance.

If you would like to see a particular topic discussed in this guide, please email suggestions to give@council.bbb.org or write to us at the address below.

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president's MESSAGE

At the Alliance we hear constantly from you about direct mail. We hear your frustration with duplicate mailings, lack of respect for privacy requests and thank you's that seem just excuses for more appeals.

Our cover article offers pointers for managing that mail and maybe even making your giving more effective. I hope you'll also take from the article an idea of how direct mail works and why, even in the face of donor criticism, charities often find it effective to mail frequently. I hope you'll be interested, too, however, to see how donors are influencing charities' communications with them.

Because direct mail has been, on the whole, such a widely accepted and successful method of raising support for decades, it alarms me when charities that use it are wasteful and wholly deaf to the voices of donors. It also worries me that this still essential form of fund raising, even when well managed, may be losing some of its power, posing threats to the future of charitable work.

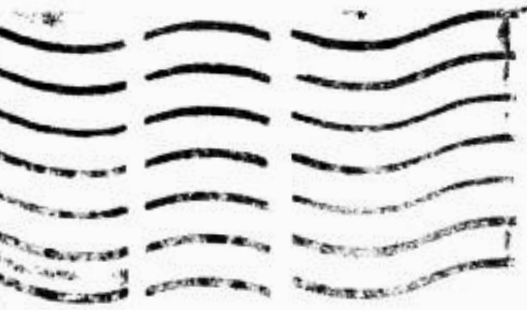
I raise this point because we're hearing that giving patterns are changing, that there are fewer new donors. The statistics are drawn largely from data on direct mail results. There's also worry (and speculation) that younger generations don't have their parents' and grandparents' commitment to supporting charity.

Whatever the case, you can do enormous good by encouraging your younger friends and family members to make giving part of their lives. That's a tradition we need to cultivate. As long as the impulse to give is strong, I'm confident that charities and donors will together find mutually agreeable ways to communicate. In the search, your voice matters.



H. Art Taylor, *President*





Charity Mail Excess? Success?

Bring up the subject of charity mail, and the language hints of war. “I’m bombarded.” “I’ve been hit by a barrage.” But once they recover, millions of Americans sit down and write checks to charities that mail to them. If they did not, thousands of charities could not continue the work they do.

In truth, the success of direct mail over at least five decades is strong evidence that people aren’t opposed to *all* the appeals that hit their mailbox. They just want only the ones they’re interested in. Charities want much the same thing—to raise support, not hackles, by reaching only people with potential interest in their aims and accomplishments.

Matching cause and contributor with every mailing, however, is beyond even the most sophisticated fund raiser. Still, responsible charities seek to refine their methods and better pinpoint their targets—though that’s by no means evident to every recipient.

While there’s no quick fix for all the mail you see as a problem, there are steps you can take to better manage that mail and increase the effectiveness of your giving at the same time. They’re outlined below in answers to your most frequently asked questions, suggestions for planning ahead, and reasons why the mail keeps coming. Finally, we’ll look at trends that are worrying many charity mailers—and should concern us all.

“How can I get my name off mailing lists?”

Try one or more of the following:

Weigh Opt-out Offers

Many charities, but not all, share the names of their donors, compiled on lists, with other organizations. “Sharing” can mean exchange, rental or, very rarely, sale

of the list. Any charity that shares its names should protect donors’ privacy by offering the option of having their names removed from shared lists. To meet Alliance standards, charities must make that offer to their donors at least once a year. Seize the opportunity if you wish! Whatever decision you make is up to you; the important point is that it’s your choice.

Years ago, many charities viewed “opt out” with apprehension, fearing mass defections from a potential source of additional revenue. While some are still fearful, most have found that donors don’t usually ask to be excluded from lists, especially when a charity explains that sharing names will help it “find others to support our cause just as you do.”

Go Straight to the Source

You needn’t wait to be asked what you want. Contact individual charities, in writing, if you want to restrict the use of your name. Fund raisers tell us that most charities maintain in-house “suppression” lists of donors who have done so. Enclose the label from the appeal with your request, so the charity knows exactly what addressee to add to its list.

Register with the DMA Mail Preference Service

This service of the Direct Marketing Association (DMA) may help reduce the amount of both non-profit and commercial mail you receive. Once you register,

your name goes onto a “do-not-mail” file that is used by certain direct mail marketing firms to eliminate names from their mailing lists. Since not all mailers use the service, your unwanted mail will be reduced but not eliminated.

To register, go to www.dmachoice.org, the DMA web site. Online registration requires a credit card number to verify name and address; no charge will be made. The registration form can also be completed online, then mailed in with a check or money order for \$1.00.

The DMA recently refined its listing so that instead of having to reject mailings from all DMA members, registrants can specify individual charities they don't want to hear from.

But if you're serious about reducing your mail, don't shoot yourself in the foot. One fund raising consultant reported that when his grandmother complained about all the appeals she got, he registered her, with her approval, with the Mail Preference Service. When he next saw her, she was again deep in piles of requests. Why? She just couldn't resist responding to virtually every appeal that still reached her, effectively enrolling herself in solicitations everlasting.

Help the Charity Follow Your Wishes

If you write to a charity to request that it not mail to you, be sure to send the return card that came with the appeal, so that the charity can readily identify you. If you write to eliminate duplicate appeals (those with slight variations in your name or address), send all the labels, with their variations.

A charity's appeal envelope on which you've written “delete my name” or “return to sender” and put in the mailbox will not reach the charity unless you add postage, since the non-profit mailing rates that charities use won't pay for returns.

Is Success Guaranteed?

No. In even the best-intentioned charities, employees can make mistakes. Computer programs can't always handle highly specialized requests. And unless you live in a cocoon, your name is constantly being added to mailing lists.

Charities should be responsive to donor requests, however. If you have a complaint about how yours have been handled by a national charity, let the Alliance know, in writing (e-mail or snail mail) and we will relay it to the charity. To meet Alliance standard 20, charities must respond and act on complaints we bring to their attention.

“How can I give with assurance and purpose?”

You can fight solicitations you don't want, but you can also pre-plan, establishing a procedure for handling solicitations and, beyond that, thinking about your giving on a grand scale, not in dollars but in direction.



Resolve to Investigate

“I’m ordinarily cautious about new appeals, but then I got one—about cats—and somehow I couldn’t resist, and sent something. Afterwards, I was uneasy. I really knew nothing about the charity and wondered if I’d wasted my money.”

At just such times, when you’re strongly drawn to a cause touchingly presented in the letter in your hand, as this woman was, it’s useful to remind yourself that a good cause doesn’t necessarily mean a good charity. Your donation goes to an organization made up of men and women who may or may not have the commitment to ethics, efficiency and effectiveness you think that cause deserves.

So pause and look further before you give. Sources of information abound. If you’re reading this Guide, you’re accustomed to checking out national charities unfamiliar to you. For local charities, contact your local Better Business Bureau. Most states also have charity regulators, usually in the office of the state attorney general, who can help, often with online resources.

Focus Your Giving

If you’re inclined to send off ten dollars or so to each of twenty or thirty charities a year, be aware that this practice can increase the appeals you get. You may want to inform the charity at the time of your gift that you don’t want your name shared with other charities.

Larger gifts to fewer organizations working on a similar problem may have more effect than multiple smaller gifts to many. As noted below, larger gifts to fewer groups may also cut down on the volume of solicitations you receive. On the other hand, it’s important to recognize that some charities depend on thousands or even millions of small donations, and that for many people, those donations are the most practical way to give.

If you’re ready for the long view, setting giving goals in advance can save you multiple small decisions. Practice triage. You can’t aid every charity. Focus on what you care about most. Given the infinity of needs, it’s not easy, but it’s doable. How much do you want to give to charity in a year? Where, of all the causes that stir your heart, do you want to put money or time? Which organizations are doing what, specifically, to further that cause? Which are transparent and accountable?

Once you’ve become pro-active, forearmed with firm purpose and sound information, you need feel no guilt about discarding (for recycling, of course) the mail appeals that are outside your plan (though you’re likely to allow for the unforeseen). Rest assured that no charity expects everyone it solicits to respond.

Charity Mail Appeals — Means and Ends

Those, then, are steps that you can take. But if you’re like most donors, you have questions about the whole direct mail business.

How does my name get on lists?

By making a purchase, subscribing to a magazine, asking for free samples, filling out a warranty or making a donation you join a group of people that someone will be interested in reaching. The connections aren’t always



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obvious: a list of subscribers to a magazine for cigar fans proved valuable to a national health organization that dealt with cardio-pulmonary problems, according to *The NonProfit Times* (May 15, 2007). Go figure.

How does a name go from charity to charity?

Today it's fairly common knowledge that lists of donors' names are a commodity that can be exchanged with or rented to other charities. If that practice weren't familiar, donors would be mystified by "opt out" offers. The routes of list traffic, however, are not always direct or easily traceable. Generally, charities deal with list brokers who help them identify, and then access, lists of names with a good potential for drawing responses.

That may mean casting a wide net. A charity focused on children's leukemia might initially seek lists of those who had donated or otherwise shown interest in leukemia, then on those who'd reacted positively to children's issues, then maybe to those who gave to cancer or even to other diseases. All along there are usually tests, small mailings made to find out not only how each list "works" for the sending charity but how well particular formats or messages perform.

Lists usually rent for one-time use, for about \$95 to \$110 per 1,000 names. The actual cost per name is higher because not every name on the original list will be used. The acquiring charity will want to eliminate the names of its own donors, delete duplicate names and make other "selects." People who have given a certain amount within the last year, or who are in an age range the charity knows is particularly receptive to its appeals are other common "selects." Responsible charities use all the data they can get to make sure they focus their mail on the audience likely to be most responsive.

With that in mind, it's useful to remember that

every donation is interpreted by the charity as an expression of interest in its work. If you give without thought or commitment, or from guilt about the free trinket you kept, the charity won't know. It will hear your response as a cheer for its cause.

Finally, take note. Charities that allow their donors to opt out will presumably delete those names from the lists they rent or exchange. But here's an interesting sidelight: names of higher-end givers—those of \$100 or more, say, are rarely shared. Those names are precious, and the charity that attracts them will want to keep them for itself. Give bigger gifts, and you may get less mail.

Why so much mail?

Put simply, successful mail campaigns mean life or death for thousands of charities. Direct mail is their pre-eminent source of revenue. It requires constant attention. New givers must be acquired so that an organization can sustain itself and grow, and present givers must be persuaded to renew their support. Acquisition and renewal are thus the major purposes of most charities' mailings. Many charities also solicit "lapsed" donors, those who gave earlier but haven't done so recently.

Acquisition mailings may consist of hundreds of thousands or millions of letters. Disabled American Veterans (DAV), with about 7.5 million active donors, mails 64 million pieces a year. Of these, 30 million are for acquisition, to help replace the million-plus donors lost annually through attrition. DAV reports that the acquisition mailings draw responses from about 3–4% of those who receive them. Charities often have a lower rate of response, and some acquisition mailings cost more to send than they raise.

While many people remain cool to acquisition mail, they really heat up when they do donate—and quickly get requests for more support. “I don’t understand why my \$25 gift brings four follow-up requests,” they tell us.

Fund raisers say those follow-ups are necessary and effective; DAV reports that in response to its six renewal mailings, about 16% of recipients, overall, give again. That’s a striking difference from acquisition results of 3–4%.

On the whole, charities work from these maxims of fund raising:

- People don’t give unless they’re asked; and
- Those who have given are the ones most likely to give again. (The more recent the last gift, the better chance of another.)

The maxims, however, leave charities with lots of latitude as to how widely and how often they mail.

Who’s in control?

“Please mail to me only once a year.” Many donors tell us they make this request. Sometimes it works.

Even with good will at the charity end, donors’ requests can’t always be easily accommodated. Once-a-year mailings can be difficult to program. Errors are made. Some fund raisers are ambivalent about mailing only once: they know that the single mailing can arrive during a vacation or for some other reason be overlooked. Some hold that donors who are mailed to only once a year lose interest.

Responsible charities are concerned about serving their donors, but how to do it isn’t always apparent. If a mailing brings a strong positive response overall, with only a few complaints, how much weight should the mailer give to the small minority?

And potential givers don’t always do what they say they will. Donors are inclined to say that they’ll respond more favorably to fewer appeals than many, for example—but not do so. In one charity’s experiment, some donors were sent four renewal mailings a year and others were sent 10. Renewal rates were significantly higher in the 10-mailings group.

Aren’t all these mailings a waste of money?

“Have repeatedly asked to be removed from [charity’s] mailing lists...They continue to send me expensive brochures which have now far surpassed the money I once contributed....”

Donors have sincere concerns about waste. So do responsible charities, but while donors see nothing but waste in the appeals they don’t want, charities look at broader outcomes of their mailings, including:

- how many people give in response;
- the average dollar amount of all gifts that result from the mailing; and
- the percentage of first-time givers who, when solicited again, give again.



Proposals were made in 15 or so state legislatures last year to establish “Do Not Mail” lists that exclude consumers from commercial mailings, similar to the Do Not Call registry that allows individuals to avoid commercial sales calls. None of the proposals became law, but new ones are being considered.

Charities are not generally included in the Do Not Call registry, although paid fund raisers must honor a request that they not call again for a specific charity. Charities would also be excluded from any Do Not Mail list, but opponents of such a list say that charities could lose out anyway. They’d be indirectly affected if many of the consumer name lists they use to find donors were no longer available to them and diminished mail volume led to higher postage rates.

Results are going to differ not only from mailing to mailing and charity to charity, but in how a charity defines success. One charity may be satisfied with a level of return on its outlay that another would consider unacceptably low.

For donors, a broad annual figure is useful: the total cost of a charity's fund raising efforts as a percentage of total contributions raised. To meet the Alliance's standard 9, that percentage, absent extenuating circumstances, should be no more than 35%.

Yes, waste happens. When the Alliance receives inquiries from prisoners who have received charity appeals, for example, there's strong suspicion that the soliciting charity is not rigorously screening its mailing lists for the best prospects. Many charities could tighten up their mail programs.

Responsible charities test mailings in relatively small quantities before they invest in large ones. The lists, the contents of the "package" and even mailing dates are analyzed for effectiveness. "Lots of work went into making you the recipient of a letter. It wasn't random. You got the appeal for a reason," says Joe Manes, senior vice president at A.B. Data, a direct marketing consulting firm.

Still, no charity mails with the aim of William Tell. A charity may carefully define its "demographic" (the age, income level, giving history or other descriptive of its likely supporters), but happily, in the big picture, a demographic isn't made up of clones. The differences among us continue to make direct mail a gamble.

You've come a long way, Donor

Is all this discussion old hat? Over twenty years ago, the Philanthropic Advisory Service, one of our predecessor organizations, published an article about direct mail that included some of the complaints echoed in this issue. Five years ago, the BBB Wise Giving Guide had a similar piece.

What we report in this issue may sound like the same old story, but it's not. Here are signs of change:

- "Donor service" has become a catch-phrase and, to some degree, a reality. Earlier donors could often only protest powerlessly as charities themselves often

The differences among us continue to make direct mail a gamble.

seemed unable to control the vast mailing programs they put in motion. Today there's fine tuning: charities are finding ways to accommodate their supporters' preferences.

CARE USA, for example, sends postage-paid return forms to its donors that say, "We want YOU to control when and how you hear from us," and offer such options as "Please contact me only in times of crisis," or "I would like to receive occasional updates..." or "I don't want to receive any mail from CARE";

- Technology has improved and speeded up the removal of duplicate names from lists and sharpened the focus on target audiences;
- The opportunity to opt out of name exchange is widely offered; and
- Donors have learned much about the kinds of information to look for and where to find it. The Internet has become a much-used resource.

Charity Revenue Up, Donors Down?

Despite these developments, and certainly for reasons besides frustration with unwanted mail, fund raising patterns are shifting. Recent surveys, largely based on direct mail giving, by Target Analysis Group (a Cambridge, Mass., consulting company), show that while more money is being contributed to charities, it's coming from fewer donors.

That is, acquisition mailings aren't attracting new givers as they have in the past, but renewal mailings are bringing in enough money to offset, for the moment, the decrease in new givers. The change isn't seismic but it's persistent, according to the survey, and the trend is echoed by other studies. If the donor pool continues to shrink, charities' survival will be severely threatened.

Should we conclude that direct mail is generally becoming less effective? Not across the board. The

Target survey reported a jump in new donors to the animal welfare organizations it studied. DAV says its direct mail contributions in 2007 hit a record level, topping a record set in 2006. CARE says it continues to have strong, predictable results from direct mail fund raising. These groups are not alone.

But many charities are anxious about the future, especially about what's happening—or maybe will happen—to givers. Some of their worries:

- The largest, most dependable sector of the giving public is age 60 or so and over. Will their steady giving habits continue with the next generation, which seemingly does not share them?
- Donors have changed. They have new expectations of charities, like prompt acknowledgment of their gifts and assurance of charities' effectiveness. Are they being turned off when their expectations aren't met?
- Donors face many appeals. Are they overwhelmed, and giving up? Indeed, the creation of new charities has outpaced the rate of charity giving. Since 2001, charitable giving has risen 12% and the number of charities 23%, according to Independent Sector, a Washington coalition of foundations and charities.

What Next?

Is direct mail headed for the dead letter office? No way. It remains the dominant revenue source for most charities that solicit broadly. It's still effective. It's less intrusive and generally far less expensive than a phone call. Unlike the Internet, it comes to the individual. It offers the chance for reflective choice. As a Guide reader, in fact, you're almost certainly responsive, selectively, to mail appeals.

One day there may be ways of enlisting public support for charity on the same scale that direct mail now does, but that day isn't tomorrow. In the meantime, tossing away every appeal unopened may vent frustration but eventually undermines charities' ability to function.

So save your blood pressure. Pick and choose. Let charities know what you think, and expect to be listened to. Forgive, perhaps, an occasional slip-up. Look for appeal letters that tell you what you want and need to know. Check with an outside source when necessary. Then answer, generously. ■

“Fourteen grocery bags”



That's what it took to hold the solicitations received by one Pennsylvania citizen in less than a year, reports Tracy McCurdy, Director of Pennsylvania's Bureau of Charitable Organizations.

As part of the Bureau's work to promote informed charitable giving and pursue fraudulent solicitation in Pennsylvania, its investigators may pick up and examine collections of mail appeals offered by the individuals who received them. A central purpose is to determine whether the charities that are required to register with the Bureau before soliciting the public have done so.

“How do I get off mailing lists?” is a frequent question from callers to her office, says McCurdy. The Bureau, which has registration and financial information on over 10,000 actively soliciting charities, encourages individuals to contact charities directly to ask for removal of their names from any contact lists maintained by a solicitor or the organization for which he or she is soliciting.

Many other states offer similar assistance to donors, with toll-free telephone hotlines, websites that include tips on charitable giving and searchable databases of registered charities. (For a list of state regulatory links, click on the Resource Library option on the bbb.org/charity website.) The benefit goes both ways: questions from those who contact these state offices may help officials identify matters that need further investigation.