

The Donor Cycle

The competition for philanthropic gifts, and a donor's reason for giving, require a more complex and multifaceted balance. Advancement professionals need deeper insights into what motivates donors and prospects to give. Develop effective strategies to engage and bring them closer to your institution.¹ Donors are vital for securing your school's stability and success, and your relationships with them must be conducted with care and understanding. The Donor Cycle is a strategic approach to moving the donor into a closer relationship to the school. It is a sequence of processes and practices involved in establishing and renewing the connection of donors and their values with the school and its mission.²

There have been many interpretations of the "Donor Cycle" in fundraising literature. This article focuses on ISM's particular interpretation for private-independent schools.



This Donor Cycle graphic represents the stages involved in developing relationships with your donors. Each stage accompanies a series of actions to strengthen the relationship and the donor's commitment over time.

The center of the circle represents the fundamental basis for the relationship between the school and the donor. Donors give according to their values, and the school's mission defines the purposes for which donations will be used. The central objective of the donor cycle is to discover where the donor's values and the school's mission align. This alignment is the key to successful development efforts.

The cycle is a powerful fundraising tool that helps to create a culture of philanthropy and lays the foundation for all fundraising efforts. It also guides the team in personalized engagements with the top 5%–20% of your donors who give 80%–95%

of philanthropic gifts to annual and major giving campaigns.

The Donor Cycle guides you to:

- move prospects and donors through the stages and increase their commitment and investment;
- evaluate existing prospects and donors at each stage of their involvement; and
- motivate them to increase their giving as you invite them to participate in your annual, capital, endowment, and planned giving programs.

Escorting your donors and prospects through the stages of the Donor Cycle—Identify, Engage, Evaluate, Solicit, Recognize, and Steward—strengthens your relationship with them, and deepens their identification with the school. The process demonstrates to your constituents how their values and interests align with your school's mission, inspiring them to give. Knowing where each donor and prospect is in the cycle allows you to assess what resonates with each individual.

While shown sequentially in the cycle, all of these stages are mutually supportive. The strategies of each stage are often applicable to other stages in the cycle (e.g., engagement informs solicitation, recognition and stewardship enhance engagement, and evaluation is ongoing).

Let's consider each stage of the cycle in sequence.

Identify: The assessment of each prospect is the entry point of the Donor Cycle, where you discover potential donors and seek to identify their interests, values, and connection with your school's mission. Begin the process by tracking new applicant families in cooperation with the Admission Office, and by collaborating with others at the school (e.g., School Head, Trustees, Business Office staff) to identify potential donors.

After donors have been through the cycle and the process begins anew, *reassess* your existing donor base. Focus on consistent and loyal donors, and those who have increased their giving over time. Develop strategies for further engagement with each donor.

Engage: Often called "cultivation," this phase involves enhancing relationships with donors, engaging prospects to bring them closer to your school, and strengthening their alignment with your mission and values.³ Involve individuals in the life of your school, educating them about institutional needs. Activities can include individual meetings, invitations to events, campus tours of existing and proposed projects, and volunteer opportunities.

Evaluate: The purpose of evaluating your donors and prospects is to deepen your understanding of their interests, values, and philanthropic inclinations. Sometimes described as donor "qualification," this involves conducting research to identify your prospects' areas of involvement and interest in your school, community standing, financial resources, and giving history. Personal contact is an essential part of this discovery process, often involving meeting with the prospective donors not to ask for a contribution, but to enhance your appreciation of their values and

discover opportunities for them to support your school. Improved awareness of your donors' interests enables you to develop individualized engagement and solicitation plans for your leadership donors, and identify particular points of alignment between their interests and the school's development objectives.

Solicit: This stage involves many strategies, tailored to the individual donor or prospect. Regardless of strategy, when done well, inviting investment is not a "sales" exchange but rather an exchange of values. Individuals feel that their gifts are natural extensions of their goals and interests, and that they have been invited to participate because you know them well. Solicitation strategies range from traditional direct-mail communications and online giving to face-to-face visits. Always provide in-person solicitations for major donors and prospects. Create solicitation teams that pair volunteer and professional leaders to promote peer-to-peer engagement and solicitation.⁴

Recognize: Recognizing your donors means showing appreciation and honoring their generosity. This stage of the cycle, often neglected, is critical to the sequencing of your development process. All gifts should be immediately acknowledged. Your gift policies should include specific practices for thanking and honoring donors, which may be differentiated by giving level. Communicate how their contributions make a difference in the life of your school and assure them that their gifts are used as intended. Top-notch recognition is integral to stewardship, the next stage in the cycle.

Steward: At the heart of development, stewardship is more than a practice—it's an attitude. It is your school's philosophical commitment to the *value and importance* of donors, as well as their gifts. Donors contribute more than money. Their gifts symbolize their belief in your school's *values, purpose, and importance*. Keep your donors connected, solidify their long-term relationship to your school, and validate their commitments to give.⁵

To sustain relationships, start the cycle over with a

re-identification of your donors, reassessing their values and giving history. Examine their connections with the school, furthering aligning their values and interests with your school's values and mission.

The Donor Cycle concentrates on the most important element of fundraising—building lasting relationships with people who are energized and motivated by your school's mission. Future *I&P* articles will address implementing this strategy and applying it to all types of campaigns—annual, capital/endowment, and major gift programs—elaborating on each cycle stage with specific "how-to" detail.

Sustainable success in fundraising is not achieved by carrying out quick searches for a single donor or a small group that might contribute to a one-time effort. The Donor Cycle shows that it takes time to move from identifying to soliciting your donors. It is not a series of events, but a process through which you build ongoing relationships. The other members of your Advancement Team—in admission and marketing communications—are your partners in identifying, engaging, evaluating, recognizing, and stewarding donors.

The time that you devote to all stages of the cycle—from understanding and engaging your donors to recognizing their efforts and stewarding the relationship—sustains a close connection with the school that leads to continued philanthropic support. Each time donors move through the cycle, you enhance their alignment with your mission and deepen their commitment. They become lifetime members of your community. [I&P](#)

¹ See "21st Century Schools: The ISM Advancement Model," *Ideas & Perspectives*, 37-6-25.
² Two of ISM's 18 Stability Markers address development and fundraising. *Consistent Donor Cultivation* covers continuity and best practices in managing relationships with actual or potential donors, i.e., the Donor Cycle. *Development Office Management* speaks to ways to systematize data and support all stages of the donor cycle. See "The ISM Stability Markers: The Fourth Iteration," *I&P*, 39-8-29.
³ See "Assessing Your Development Operations: How Do You Score?" *I&P*, 41-1-1.
⁴ "Driving Annual Fund Success Through Your Volunteer Cabinet," *I&P*, 39-15-57.
⁵ See "Money Follows Performance—When Validated," *I&P*, 32-12-50.