Best Practice in Donor Recognition

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Comments To: **bestpractices@advserv.org (please include the Name of Practice, above, in the subject line)**

Description of Practice:

Donor Recognition is any action or item used by an organization to express appreciation to or for those who provide philanthropic support to the organization.

Donor recognition is a celebration of the organization's relationship to a particular donor and to philanthropy in general. It is as much about the role philanthropy plays in the success of the organization's mission as it is about expressing gratitude to the donor.

The scope of "donor recognition" is broad. Recognition can mean a letter; an event; items given to donors as tokens of appreciation; or any variety of donor listings, including formal naming of spaces, programs, faculty positions, endowed funds, research funds, fellowships, and scholarships.

Ultimately, donor recognition should seek to offer three important things to the donor audience: access, information and recognition (either public or private).

Prospective Users of Practice:

- CEO
- Chief Development Officers
- Major Gift Officers
- Special Events staff
- Donor Relations staff
- Gift Administrators
- Business Office
- Facilities or Grounds staff

Issue Addressed:

1. Need to publicly celebrate donors and their generosity to an organization.
2. Further educate the public on the important role philanthropy plays in supporting an organization's mission.
3. Engaging existing donors to help motivate them to give again and to entice new donors to your organization's cause.
4. Contributes to fostering an institutional culture of philanthropy.

Desired Outcome:

All donor recognition should perform the following functions:

1. Communicate the critical relationship between philanthropic support and the organization's ability to meet its mission.
2. Represent the voice of the organization with specificity and authenticity.
3. Acknowledge the specific nature of the giving from the donor or group of donors listed.
4. Accurately identify the donor or donors.

In addition, donor recognition should be offered in proportion to the donor's generosity.

Process:

Strategy:

Most donor recognition happens at the tactical level. Donor recognition is most effective when it is clearly aligned with larger organizational strategy. Strategies are typically aligned with a larger vision that affects all organizational planning, not just fundraising efforts. These institutional strategies are the basis for donor recognition strategy, tactics and the activities carried out over time. Written strategy and policy is essential to a

collective understanding of what an organization offers for recognition, and it helps manage donor expectations. Examples of written recognition policies can be found in the references provided.

Tactics:

With strategic goals established, it is easier to identify and apply the most appropriate type of donor recognition for the level of contribution made by the donor. Any tactical choice should align with pre-determined institutional goals. Below is a sample list of recognition tactics.

1) Recognition (Private)
    a. Acknowledgment Tactics – Personal letter, phone call, email
    b. Appreciation Events – Meeting with key constituents directly benefiting from the donor's generosity, personalized
    c. Appreciation Gifts – Small personalized gifts, photos, remembrances or tokens of thanks, remaining mindful of IRS regulations for quid pro quo and insubstantial benefit/low cost calendar year allowances (https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-contributions-quid-pro-quo-contributions)

2) Recognition (Public)
    a. Appreciation Events – Multiple donors, larger audience, general and more public recognition
    b. Giving Societies/Gift Clubs
    c. Membership Programs
    d. Honor Roll
    e. Awards
    f. Plaques and Certificates
    g. Press Release/Gift Announcement
    h. Photos and Testimonials
    i. Sponsorship Opportunities – Note inherent differences between recognition and endorsement and your institution's definitions of both; sponsorships often offer substantial marketing benefits, possibly affecting the rules of taxation as they pertain to unrelated business income tax.

3) Naming Opportunities
    a. Donor Signage – Donor Walls, Plaques and Wayfinding
    b. Facilities Naming – Named Buildings, Spaces, Virtual Environments
    c. Programmatic Naming – Named Endowed or Outright Funds, Programs, Faculty Positions, Scholarships, Fellowships, Internships, et al.)

Process and Procedures:

1) It is important to have written policies and procedures that detail the how and why your organization is recognizing donors. These policies and procedures need to be communicated across the organization so equity in recognition can be achieved across your organization. Further incorporating a named spaces policy that details giving levels and expectations for signage standards should be adopted. Capturing any direct promises made to the donors, including specific benefits to be received, can help us keep our promises to our donors and set realistic and achievable expectations.

2) Documenting expectations for the donor is also important and can be incorporated into gift documentation or naming agreements based on your institution's practices.

3) Individualized Stewardship Plans – Many organizations have plans for their top donors that can encompass many recognition tactics in addition to other engagement, donor relations and stewardship efforts. These can be great tools for organizations to provide personalized recognition opportunities for your most generous supporters while working within the existing organizational recognition framework.

Delivering on Promises

You have developed a strategy and identified the tactics to support that strategy. You have written policies and procedures that help frame the execution of your approved tactics. To then deliver on your donor promises, it is important to keep in mind that your organization needs to have the resources (staff, time, monetary, etc.) to follow through on your strategy in a timely manner. In addition, proper accountability among all involved parties enhances overall implementation success. Whether it's using your database or task management software to assign actions or simply having a gatekeeper on the stewardship team that reviews recognition plans (similar to a gift agreement process review) to ensure that your organization can fulfill any promises made will help your recognition program be successful.

Tips:

1) Strategy is not static; it will change over time, but at a slower rate than tactics. Tactics should be adjusted to fit the audience and the goals of the initiative.
2) Respect a donor's wishes related to anonymity or lack of interest in being recognized publicly.
3) Proof naming conventions with the donor(s) before going to print. A mistake can be costly on many levels.

4) Recognition can be a costly endeavor; budget accordingly. Further, be mindful of where recognition budgets live and who has spending authority. Signage costs may be built into capital project budgets or remain in development or campaign-specific budgets according to your institution's policies. Events often live in unique budgets or line items. Make sure to clearly define policies about final recognition sign off to ensure that all donor expectations for recognition are met and budget managers understand any promises made to the donor.

5) Campaign Recognition – Campaigns provide a unique backdrop in which to recognize donors. Campaign recognition should be considered in the context of an entire recognition strategy and follow the same principles for expected outcome and return on investment. It should not replace your recognition program but be additive to your existing program. Campaigns place more emphasis on recognition, examples include lead donor recognition in case statements, campaign newsletters focused on donor impact, and campaign reports profiling the major campaign donors. Successful campaign recognition should have a written strategy and policy to help manage donor expectations based on gift levels.

ADRP/AASP Recommendation:

Creating a successful donor recognition program starts with understanding that recognition is about saying thank you in ways that celebrate your donors while highlighting your organization's mission. All donor recognition is a balance between the needs, goals and resources of the organization and the effort to thank and further engage a donor. Recognition is elevated above a random assortment of activities or an imitation of what other organizations are doing when it delivers a message that honors the individuality of the donor and the role they play in accomplishing the organization's mission. Donor recognition moves from being an obligation to a donor-centric, organization-specific celebration of philanthropy.

References:

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