Epic Donor Communications: How to Inspire and Engage Your Donors

By Joe Garecht and Vanessa Chase

Class #3: Creating Annual Reports and Stewardship Reports that Actually Get Read
Introduction

Welcome to Week #3 of Epic Donor Communications - How to Inspire & Engage Your Donors!

In our e-course thus far we have covered the basics of donor communications, including why communicating with our donors matter, how to communicate more and the 7 fundamental principles of donor communications. In week two week looked at how we can implement the 7 fundamental principles in newsletters, which is one example of the types of communications we can create.

This week we are going to continue to build our toolkit for epic donor communications by learning about annual reports and stewardship reports.

We’ll start by looking at what each of these reports entails, discuss why they are an essential part of your communications plan and then look at a tactical step-by-step plan for creating each.

This week’s objectives and outcomes:

- Understand what an annual report is and why it is important
- Understand what a stewardship report is and why it is important
- Identify the key components of an annual report
- Identify the key components of a stewardship report
- Have a process for putting together an annual report and/or stewardship report
- Look at examples of annual reports and stewardship reports

Annual Reports 101

Definition

An annual report is a document that a non-profit produces each year that outlines the organization’s activities from the previous year and provides the readers with a vision for the future.

This is just one of many ways that a non-profit can show accountability and transparency to its donors, community members, volunteers and other stakeholders. Annual reports will vary in length from organization to organization, and that will depend on the content of the report. It’s best to be consistent with the content of the annual report as it will create continuity year over year for your readers.

Additionally, it is important to think about your annual report’s audience. Since we’re
talking about donor communications in this e-course, we know our audience is our donors. But our donor base can be very broad and diverse. It’s a good exercise to get to know your donors further. In the Resource Guide at the end of this module you’ll find a worksheet to help you create an audience profile.

**Who Should Create It**

An annual report can be produced entirely in-house or it can be outsourced to a graphic designer and a print shop.

If you’re producing your annual report in-house, it’s important to decide who should be involved in creating it. After all, we don’t want too many cooks in the kitchen! From the outset, you must decide who will be the point person (or people). A small non-profit may not have a communications or creative services team, in which case someone from Development will have to be responsible for the annual report. The most important thing is to decide who the responsibility lies with and what the approval process is. Get it down on paper to have a clear understanding up the path to success.

**Components**

The content of annual reports can vary from organization to organization. But there are a few “ever-green” components that every annual report must have as we work towards establishing transparency and accountability.

- Always include some financial information; revenues and expenditures at the very least. The three or four major revenue categories and six or seven major expenditure categories may be sufficient information to demonstrate financial accountability. Consider conveying this information in a “pie chart” format – two circles with their sections depicting revenues sources and major expenditure areas.

- A list of your board of directors, including officers of the board and key staff members.

- A short message from the chair of the board, which discusses governance and strategic issues.

- The Executive Director’s report on operations.

- Highlight your organization’s mission statement, objectives and a statement about your organization’s core values.

- Report on high level program results, which communication impact.
Those are the basics of annual reports that will lay the foundation for the rest of what we will learn.

Next we’ll take a look at stewardship reports.

**Stewardship Reports 101**

**Definition**

I find that there’s no greater word that strikes fear into the hearts of fundraisers everywhere than the word “retention.” Most non-profits know that they have an issue with donor retention, but what are we actively doing to fix the problem? After all actions speak far louder than words.

Stewardship really is the key to keeping your donors happy and loyal year over year. The type of stewardship you provide might vary based on the donor’s gift amount. For example major donors, stewardship can be a much more involved process that includes reporting, site visits and follow up meetings. Where as annual level donor may receive a yearly report and a thank you phone call. But regardless of which segment of donors we are talking about, there’s a secret to truly effective and great donor stewardship.

One of our goals is to keep our donors happy and loyal. In the process, we want to deepen the relationship by showing accountability, transparency and appreciation. One of the best ways to do this is to provide our donors with a follow up report after they have made a gift to show how it has been used. This requires us to go beyond the usual acknowledgement and receipting that we might provide.

A follow up report, or stewardship report, is a report that shows the donor how the gift was used as well as outcomes and impact from the gift.

**Who Should Create It**

Much like the annual report, a stewardship report can be produced entirely in-house or it can be outsourced to a graphic designer and a print shop. I find that since the stakes are a bit lower for a stewardship report, you can usually produce it in-house more easily than an annual report.

The key is to develop a process for producing the stewardship report. This requires you to determine who will be writing the copy, doing the layout, printing and mailing. Additionally, noting anyone who is a part of the approval process. Although it might seem cumbersome, it is
important to put this process down on paper so that you can easily replicate the process each time you want to create a stewardship report.

**Components**

Here are a few of the “ever-green” components that every stewardship report must have.

- **Metrics from the project** - what metrics did you supply the donor with in closing the gift? If this is applicable from your original proposal, track these down as well as the final numbers.

- **Financials** - It’s helpful to provide the donor with a budget break down of how their gift was used. You’ll likely need to get this information from the programs person who used the gift or accounting.

- **Stories/Testimonials/Quotes** - Everyone loves a good story, right? Stewardship reports are the perfect place to include them. Two or three sentences that touch on impact is good, but it’s even better to collect a paragraph or two that you can include in the report. If possible, see if you can use the person’s photo.

- **Impact of the gift - who, what, where, how** - “Because of your support, we were able to. . .” Report back the specifics of what your organization was able to do with that gift.

- **A thank you** - This might go without saying, but your stewardship report must include a thank you.

Thus far we’ve look at the basics of annual reports and stewardship reports - two key types of donor communications that help you build rapport and establish trust with donors. Before we move into discussing the more tactical aspects of producing both of these communications, I think it’s important for us to talk about why our donors even care about this and how we can do an even better job of reporting impact.

**Do Our Donors Really Care About This Stuff?**

Providing your donors with a stewardship report is an important part of the fundraising cycle and relationship building process. In fact, I would say that stewardship is the most important part to building up the donor’s trust and confidence in the organization, which can lead to loyalty over the years.

There are millions of non-profits out there and donors can choose where to invest their dollars. A factor in their decision to make subsequent gifts is their experience with the
organization. Lucky for us, we can very easily improve a donor’s philanthropic experience with our non-profit.

To think more about a donor’s philanthropic experience, I want to suggest a model for understanding this. It’s known as The Transformational Infinity Loop, which was created by Kay Sprinkel Grace and Alan Wendorff.

As you can see in the image above, evaluation of the investment (and I would also suggest, evaluation of the experience) is an on-going process and the mechanism by which the relationship grows. And in growing the relationship, our goal is to secure an additional gift and so on. Keep this in mind as we talk about stewardship reporting.

**What Does Impact Mean?**

As you saw in the Transformation Infinity Loop, one of the driving forces of moves management is this constant feedback loop of communicating the donors impact. But impact is a kind of obtuse word. What does it even mean? More importantly what do we mean when we tell donors that they are having an impact on the cause? I bring this up because I think this is a really important thing to consider before we ever begin diving into the writing process.
So let me ask you - what metrics do you track and share with donors? Write your answer in the space below:

**Vanity Metrics versus Impact Metrics**

I would challenge you to ask yourself if these are vanity metrics or true impact metrics. By that I mean, are these metrics reflective of the tangible strides your organization is taking towards realizing your mission and vision. This is a challenging thing to reflect on, but I think it’s worthwhile to consider because at the end of the day we do want to accurately represent that impact that our donors are a part of.

I want to illustrate what I’m talking about a bit further. We’ll look at Union Gospel Mission here in Vancouver.

Their mission is - “Demonstrating the love of Christ, Union Gospel Mission is determined to transform communities by overcoming poverty, homelessness and addiction - one life at a time.” The essence of this is all about eliminating poverty, homelessness and addiction in Vancouver’s Downtown Eastside.

We are looking for tangible metric that demonstrates that they are working towards eliminating poverty, homelessness and addiction, what kind of metrics do you think we’d want to report?

UGM’s main metric that is reported to donor is the number of meals that they serve through their community meals program. Now, does this really reflect active strides towards their mission? Not really. It’s an impressive number and it certainly shows that they do good work in the community. But again, it’s not really aligned with what their mission is suggesting they do.

I’ve shown you this example and talked about impact at such length because it’s a pitfall that I want to help you avoid. It is food for thought as we move into the tactical portion of this
Creating an Annual Report From Scratch

We’ve already looked at the basics of an annual report and now it’s time for us to dive in to consider how to put it together. We’re going to cover the entire process from beginning to end. At the end of this section you’ll find a worksheet that you can use to map out your process and help you get organized.

Timeline

When it comes to publishing your annual report, you’ll probably want to pick a date that corresponds with your fiscal year. For instance if your fiscal year runs July 1 to June 30, you may want to publish your annual report in September or October. Alternatively if your organization holds an annual general meeting, you may want your annual report to be completed in time for that.

Since non-profits are not legally required to produce an annual report, the publishing date is really up to your organization. You may want to pick a date that works with the ebb and flow of big projects or campaigns that you work on annually. For instance, I would not recommend trying to publish your annual report in December because you’ll already be very busy with year-end fundraising.

Once you decide on a publishing date, start to put together an execution timeline.
Typically, it can take anywhere from 1 to 2 months to put together an annual report. This will depend on the size of your organization, how much information you want to include and how much time you have in your schedule to do the work. Begin by setting a start date for your work and then establish a couple of important timeline milestones. These might include:

- Collecting the information you need
- Writing the first draft of the copy
- Editing the draft
- Completing the layout
- Circulating a copy for approval

These milestones should be determined by your process, which we are going to look at next.

**Process**

Here’s a general overview of the process of putting together an annual report. Your process might vary based on what you choose to include in your report.

- Set delivery date
- Determine the theme or overarching message for your report’s content
- Determine what specific content you need to support that message, such as
  - Message from the President
  - Message from the Board Chair
  - Program achievements
  - Financials
- Decide who will write which pieces of content
  - Connect with the required people
  - Set expectations and deadlines for other people who are contributing content
- Draft first copy of the annual report
- Proofread, edit and revise
- Find pictures and other graphics that you want to include
- Format the layout
- Proofread
- Final approval from necessary stakeholders
- Pull donor data for the mailing
- Print the report
- Print envelopes or mailing labels
- Mail annual reports
Layout & Assembly

The visual design and layout of your report are just as important as the words that are written on the pages. As we all know, not everyone is going to read every word in the annual report. To make sure that those delinquent skimmers get the important information, we want to use the layout and design to our advantage. Here are a few tips to keep in mind:

- Make use of headlines and subheadlines
- Use pictures and captions below those pictures
- Use bullet points to convey quick facts
- Try creating an infographic to represent data in a more digestible way

If your organization is working with an graphic designer then you probably don’t need to worry about the layout of your report too much. But if you’re doing everything in-house, the good news is that you don’t need to be a graphic design wiz to create something that looks very polished.

What’s the easiest way to format and layout an annual report? No, it’s not Microsoft Word.

Powerpoint! Yes, the presentation software that we all love to hate. The brilliance of Powerpoint is that it is incredibly easy to layout an annual report. There are lots of great features in Powerpoint that make it way easier to format an annual report compared to using Word.

Check out the Resources Guide at the end of this module for some preformatted Powerpoint templates that you can use for your annual report.

Assessment

No communications project would be complete without a bit of assessment! You can choose to set metrics for your project’s success ahead of time or you can do some internal reflection on the project’s success. The later could take the form of a simple team huddle to look at this year’s report compared to last year’s report. You could also take stock of any donor feedback you receive after the report is sent out.

Regardless of which method you choose, I would encourage you to conduct some kind of assessment or reflection as a learning opportunity.
Annual Report Worksheet

Date our report will be published:___________________________________________________

Date that we need to start working on our annual report: ___________________________

Important Timeline Milestones:
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

Document Your Process:
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

What will we use to layout our annual report?
______________________________________________________________________________

How will our annual report be printed?
______________________________________________________________________________
Creating a Stewardship Report From Scratch

Earlier in this week’s lesson we looked at the basics of a stewardship report. Now it’s time to dive deeper into how to create a stewardship report. Much like the annual report, we’ll look at the timeline, process, assembly and assessment.

To support your implementation efforts, you’ll find a stewardship report worksheet later in this module.

Timeline

It’s great to be able to send out at least one stewardship report each year. It serves as an additional measure of accountability and transparency like your annual report. Not many organizations provide this to their donors, which can really make your organization stand out above the rest.

There are a few things to think about as you put together your timeline for creating your stewardship report. First - what do you want to report on? If your organization runs a big annual campaign for specific project or program, that might be a good option. Maybe you ran a special appeal last year and want to report on that. The choice is up to you.

The second thing to think about is timing and we have to think about this from two standpoints. There does have to be some time between making the gift and sending out the stewardship report because you’ll need metrics from the program/project/service to report on. The other side of the coin is timing consideration of other appeals and communications that are going out. After all, we don’t want our stewardship report to get lost in the shuffle. Thus we need to look for an ideal window to send it.

Once you decide on a publishing date, start to put together an execution timeline. Typically, it can take anywhere from 3 weeks to 2 months to put together a stewardship report. Begin by setting a start date for your work and then establish a couple of important timeline
milestones. These might include:

- Deciding what program/project/service you will report on
- Collecting the information you need
- Writing the first draft of the copy
- Editing the draft
- Completing the layout
- Circulating a copy for approval
- Sharing the report with donors

These milestones should be determined by your process, which we are going to look at next.

**Process**

- **Step 1 - Understand what your donor want to hear**

  If you are the relationship manager, you know the donor best. Think about what they’ve cared about or responded to in past appeals or reports. This will give you some insights for writing the next one. You might have some notes about this in the donor’s record, which is a good place to do a bit of research.

  If you are a staff writer, work collaboratively with the relationship manager to ascertain this information. Make sure that you explain to the relationship manager that this information is imperative for you to write the best report possible.

  A few good starting points to consider are:
  > Do they care about numbers
  > Do they want to hear from programs staff
  > Do they have an interest in knowing their impact’s relationship to the larger landscape of the problem
  > Something else?

  In this step, it is important to ask a lot of questions and make inferences based on what you know.

- **Step 2 - Create a Project Brief**

  Project briefs are often used by creative agencies and regardless of whether or not you are working with many other people on a particular project, a brief can help keep you on point for particular project. This is the second step in the process of putting together our stewardship report.
As we start to think about what information to include in the stewardship report, one thing to consider is your organization’s stewardship policies for different giving levels. If you haven’t thought about the different levels of stewardship that you offer donors, start by thinking about the range of major gifts you receive. Then decide on maybe two or three different stewardship levels. For those higher levels, you’ll probably want to provide them with more stewardship or something a bit more special.

Essentially the way this brief is laid out, it will give you structure for your report without having to do too much additional work. It is a great exercise to do just to think through your project in the planning process.

Some essential components of the brief are:
- Donor segment:
- Program/Project/Service to be featured:
- Send Date:
- Key Staff Involved + Roles:
- External Stakeholders Involved + Roles:
- Notes about the Donor Segment:
- Core Message:
- Relevant metrics:
- Featured story/testimonial:
- Financials:
- Impact of the gift - who, what, where, how:

**Step 3 - Collect the information you need**

Based on the points in the brief that we’ve just talked about, you may have noticed that there is some information in there that you’ll need to collect. 5 pieces to be exact, and these are the meat of your stewardship report.

- **Metrics from the project** - what metrics did you supply the donor with in closing the gift? If this is applicable from your original proposal, track these down as well as the final numbers.

  ○ **Financials** - It’s helpful to provide the donor with a budget break down of how their gift was used. You’ll likely need to get this information from the programs person who used the gift or accounting.

  ○ **Stories/Testimonials/Quotes** - Everyone loves a good story, right? Stewardship reports are the perfect place to include them. Two or three sentences that touch on impact is good, but it’s even better to collect a
paragraph or two that you can include in the report. If possible, see if you can use the person’s photo.

- **Impact of the gift - who, what, where, how** - “Because of your support, we were able to. . .” Report back the specifics of what your organization was able to do with that gift.

- **A thank you** - This might go without saying, but your stewardship report must include a thank you.

### Step 4 - Draft Your Report

We are moving right along into step four of our process, which is to begin drafting your report. Up to this point you will have collected a lot of information that will be included in the stewardship report. But before you begin writing, I would encourage you to think about the format of your report.

Is it a one page letter? Will it be a 2 to 5 page report? Something else?

The format matters because it will inform exactly how much writing you need to do and how to structure your information.

### Step 5 - Finalizing Your Report

We are on the fifth and final step to assembling your report. When you reach this point, you’ve nearly crossed the finish line so hang in there and keep at it! At this point, you created a brief, collected the required information and drafted your copy.

As we move into the finishing touches, there are two things for us to do - edit and format. Let’s talk about editing first.

Start by editing it yourself. Once you’ve finished the report, I recommend leaving it for a day before you come back to edit it. When you return to edit, read it outloud. This will give you a better sense of the flow and help you smooth out the language. I also find that this is the best way to pick up on grammar or spelling mishaps.

In addition to yourself, have someone else edit the stewardship report. Fresh eyes will do wonders. In asking for feedback from this person, the biggest things you’ll want to know are - is the message clear and is the report easy to read?
**Layout & Assembly**

The format is really important because it will help organize your information and make it easier to read. Additionally, choosing great visuals such as pictures, infographics, or highlighted quotes can enhance the overall quality of the report. Here are a few tips to help you with formatting and the visuals of your report:

- Use high quality pictures
- Highlight quotes in boxes
- Integrate color wisely
- Make sure it’s all on brand
- Include your logo if you are not printing it on letterhead

See the Resources Guide at the end of this module for additional resources for formatting your stewardship report.

**Assessment**

Just as with our annual report, we’ll want to take some time after delivering our stewardship report to assess the project and its outcomes. This can be measured in a number of ways including feedback from donors or lifts in giving after the report has been sent. The later can be a slightly more difficult thing to infer, but you can set up queries or reports in your database to look changes to the recipients’ giving.

*(Continued after worksheet on next page)*
Stewardship Report Worksheet

Date our report will be published:
___________________________________________________

Date that we need to start working on our stewardship report: _______________________

Important Timeline Milestones:

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

Document Your Process:

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

What will we use to layout our stewardship report?
______________________________________________________________________________

______________________________________________________________________________
How will our stewardship report be printed?

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

Assessment & Reflection Notes:

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

**Become the Best Copywriter on the Block**

I know that one of the big challenges folks face in creating annual and stewardship reports is actually *writing* them. Writing is a funny thing. A lot of people will say that they are not good writers. But the fact is that writing copy is more of a science than an art. You don’t need to write poetically or use flowery language. In fact, that can sometimes hinder our audience’s understanding of our message.

To help you along in the process, I want to offer up a couple pointers on writing inspiring and effective copy.

- Always write with your audience in mind.
- Veer on the side of simple, not complex.
- Focus on making your audience feel something. Emotions are a powerful tool.
- Spend time crafting great headlines and strong lead sentences. If skimmed, this is what will be read.
- Avoid “weasel words.” When writing headlines, subheads and body copy, don't use words that avoid a direct command, aka weasel words. These include *may, maybe, hope, wish, try, but, could, perhaps* and *strive*. Convey the simple truth.
- Write like you speak. If you freeze up when you get to your keyboard, shutdown your
computer and try this instead. Pull out your phone and turn the speech recorder on. Now, just start talking about your organization. Don’t censor yourself. Just say what comes to mind as you reflect on the year. I find that speaking out loud sometimes helps me to capture a more natural voice and form my thoughts more easily. After you’ve talked for 5 minutes or so, you may find that you’re warmed up and read to start typing. Alternatively you can just transcribe what you’ve written.

**Conclusion**

Wow - we’ve covered a lot of information this week! I hope that you have learned a few new tips and tricks for annual and stewardship reports. These are just two examples of the many types of communications that we are learning about during this e-course. But what I’d like to reiterate about annual and stewardship reports is that they play a key role in providing donors with accountability and that leads to growing the relationship.

As you know, an important part of the fundraising cycle is demonstrating accountability through stewardship. That means that sometimes we have to say more than just thank you. It requires us to roll up our sleeves and convey *impact* to donors.

Next week I’ve got another exciting lesson in store - storytelling! It’s a communications technique that you can apply to *any* of your donor communications. Stay tuned!

**Questions?**

Remember, we are here to help! If at any time you have questions about what you are learning, you can e-mail them to me [vanessa@thestorytellingnonprofit.com](mailto:vanessa@thestorytellingnonprofit.com) or to Joe at [joe@thefundraisingauthority.com](mailto:joe@thefundraisingauthority.com) and we’ll be glad to answer.

**Resource Guide**

**Design**

[H bipot e-book templates](https://www.hubspot.com/) - these might be for e-books, but you can easily repurpose them for report layout. Plus, it’s a free download!

[4 page and 2 page annual report templates](https://www.nonprofitmarketingguide.com/) via NonprofitMarketingGuide.com

[Canva.com](https://www.canva.com) - a free online graphic design website where you can create amazing infographics and other visual pieces for your reports.
Extra Credit Reading

**Accountable Reporting for Non-Profit Organizations** - written by the Canadian Institute of Chartered Accountants, this will give you some food for thought from the financial perspective.

**Improved Annual Reporting by Non-Profit Organizations** - produced by Chartered Accountants of Canada, this is a great document to share with senior managers or your board.

**Audience Persona Worksheet**

"COMMUNICATION LEADS TO COMMUNITY, THAT IS, TO UNDERSTANDING, INTIMACY AND MUTUAL VALUING."

ROLLO MAY