

Charities engage in a variety of fundraising techniques and of obvious benefit, for their consistent and predictable nature, is to receive donations through direct debit and payroll giving. However, as donors switch jobs, addresses and banks with increasing frequency, charities need to carefully monitor these changes if they want to avoid losing their valuable donors.

As with most aspects of fundraising, the more staff and resources an organisation has, the more likely it is to effectively track its donors. But keeping track of payroll giving supporters is by no means an impossible task for smaller organisations looking to maintain their funding base; but it is a matter of putting in the effort.

It is worth noting that while people using direct debit to donate sometimes switch to payroll giving, Tina Steele, payroll giving project manager for the Institute of Fundraising, says it tends to work the other way. When employees leave a company their payroll gift is

## Keeping donors on the payroll

stopped, at which point they can be approached by the charity and asked to begin a direct debit; but that, of course, means the charity has to be aware of the circumstances of that particular donor in the first place.

A spokesman for Christian Aid confirmed that it is unusual for donors to switch from direct debit to payroll giving, "as they tend to be separate groups. Traditionally, many charities have assumed payroll givers are less warm, in that they have not responded to mailshots etc, but have been persuaded to give via a face to face 'sell' and have chosen charities from a list."

With a high turnover job market, it's tough for charities to retain their payroll givers, and unfortunately, adds Steele, few companies automatically invite new employees to join a payroll scheme. "Even if they have a scheme in place, it's not part and parcel of the induction process. The majority of employees tell us that when they join a new company they aren't invited to continue to be payroll givers."

But this doesn't mean these donors are a lost

Though a valuable source of funding, payroll giving runs the risk of lost donors if those donors leave their current employer. Charities, however, can mitigate against this through a combination of diligence, database management and the all important 'dispersement statement'. Vivien Schweitzer finds out what is involved

cause once they switch jobs. Charities can avoid losing track of these payroll givers by keeping better track of them from the beginning. For a negligible fee (usually less than £15 a year) non-profits can obtain a list of their payroll donors from the agencies who deal with payroll giving. These 'dispersement statements' list donors and the amount they gave that month.

Bill Lane, director of Southwest Charitable Giving, one of the UK's largest payroll giving agencies, explains that if a new payroll donor appears on the list, he writes to the charity concerned to inform them, and provides the donor's home or company address, and the amount of the donation. Lane says he would then expect the charity to write and thank the new donor.

Confusion may arise when a donor stops giving, as the agencies aren't informed why. Lane says that the onus is then on the charity to write to the donor and ask why the payroll gift was cancelled and ask them to contribute by an alternative method, such as direct debit. "It's their donor, so they must nurture them," he says.

example, it's likely they will also be lax with payroll giving. But if charities are prepared to get the dispersement statements from the agencies then they will have the information."

She points out that often payroll giving, not direct debit, is the donor's first introduction to a charity. They might then leave the job and begin a direct debit. Seventy per cent of donors in the UK, she says, are recruited by professional fundraising organisations who approach staff in the workplace. But once those donors leave the payroll giving scheme, it can be difficult to sign them back up, especially if their new employer is not committed to encouraging payroll giving.

Blindcare has a single database of donors, and the charity monitors every new donor to check if they've had dealings with them before; whether at another job or another address. Donors will then receive an appropriate 'returner' or new donor thank you letter. This, explains Lupton, "gives the donor reassurance that they won't be contacted twice".

But not all charities are necessarily so careful, and the potential for confusion is multiplied by the fact that payroll giving agencies use different dispersement statements. Efforts were underway last year to standardise a format for all agencies, but the process has stalled, says Lane. He points out that even if a standardised dispersement form were instigated, problems could still arise because charities use different databases, and many of the payroll agencies operate with customised systems and varying distribution mechanisms.

Karen England, manager of Childlife, says she is surprised that some charities are careless with their payroll giving information. "It's administratively fiddly [to monitor], but it's not difficult. Our database alerts us when donors stop giving or change methods, and we take note of it." However, the subtleties of payroll giving can confuse even the best database, points out England. The ability of a good database to be predictive is thrown by the fact that the agencies take a small administration fee. So the pledge

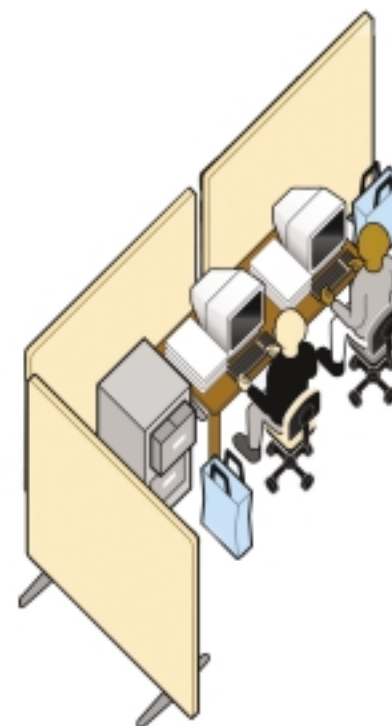
that the donor makes isn't the same as what the charity receives. And a donor may give weekly, but the agency may pay monthly, for example.

"So it doesn't tally up," adds England. "Our procedures to import the [Payroll Giving] payments had to be amended. With other methods, such as direct debit and standing orders, the database lets us know if the donor has missed a payment. It doesn't with payroll giving. This can be because the employer hasn't processed the payroll quickly enough for the agency run. It's tricky because payroll gifts are handled by outside organisations and they all process it slightly differently, so you have to have different import procedures; most databases like simple things."

All this means that many charities struggle at a basic administrative level to find a system they can work with, requiring them to be extremely careful with their data.

One solution would be to make payroll giving portable, so that employees could automatically set up a Payroll Giving scheme at their new employer, but this is not currently the case.

In the meantime, in the face of high employee turnover, donor bank switching, and frequent address changes, it is essential that charities maintain a good database, which could help to facilitate an industry move towards a uniform dispersement statement. Before that happens though, charities should still ensure they obtain dispersement statements as they currently exist, maximising the information within – if they want to minimise their chances of losing valuable donors.



The problem of high payroll donor turnover is compounded by the high turnover in charity administration, which means that new charity employees are unsure about the origins of donations. "Sometimes the charity doesn't realise that money is from the payroll agency," explains Steele, "but we are working with the agencies to ensure that the charities clearly understand where their money is coming from. It's just a question of communication."

The payroll giving agencies don't automatically give out dispersement statements either; they are only legally required to pass on money within a set period of time. But it is very simple and cost effective for charities to obtain them; it really comes down to whether or not they can be bothered. Juliet Lupton, manager of Blindcare and chairman of the Institute of Fundraising Special Interest Group on Payroll Giving, says the problems with tracking donors aren't particular to payroll giving.

"Some charities do a good job with their donors, and some don't. If you think every donor is important, no matter the source, you will manage them well. But if people are lax with direct mail, for

