Charity collectors keeping the lot

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Some donations to charity go straight to fundraisers. Photo / Thinkstock

A private company which collects money door-to-door for some of our best-known charities keeps the entire first year's takings from some donors.

The Appco Group's own documents contain a pricing schedule of charges for collecting door-to-door for its charity clients, including WWF and Barnardo's. It shows that if donors agree to pay $20 a month, APPCO takes 100 per cent in the first year – all $240.

Face-to-face marketing has developed as a growth area in New Zealand. Members of the Professional Fundraising Association collected $28 million from 44,000 people last year.

APPCO's "tiered fee model" earns it a lower percentage for higher donations: when donors sign up to give $30 a month, it keeps $306 (85 per cent) of the first year's $360; at the $60-a-month level, it keeps $504 (70 per cent) of the $720 donated.

The Professional Fundraising Association stipulates that the cost of signing up a new donor should not be more than 20 per cent of the average rate of donation.

Fundraising Institute of New Zealand chief executive James Austin said Appco's fee schedule was designed on the basis that most people who signed up to charities gave for five years. The company's 100 per cent take in the first year was within the rules on the basis donors stayed for five years.

"That's very legitimate and very accurate," he said. "Most people still have this belief charities should be voluntary and no one should be paid to be a fundraiser, that people shouldn't be paid to ask for money. It is a total bloody nonsense."

Appco Group's NZ manager Sarah Ibbs refused to be interviewed about its charges. In a written statement, she said professional fundraising gave charities an effective "return on investment" and donors stayed for a number of years. “It is public knowledge that Appco is paid and so are the fundraisers.”

The Appco documents also set out a schedule of fees for managing a “regular giving database”. It told charities it could pull in $1,719,000 a year if it signed up 5000 donors.

After that, it would charge a “marketing fee … needed per year to maintain the donor base” of $244,715.

Barnardo’s doesn’t mention Appco on its website, refused an interview about the company and would not reveal how much it paid it for fundraising. Acting chief executive Niamh Lawless said in a statement: “We pay a one-off, flat fee to Appco for face-to-face fundraising, leaving the majority of the funds raised to go to supporting service delivery.”

She said the longer donors stayed with the charity, the more cost-effective fundraising was.

WWF NZ director Chris Howe said the charity did pay according to the schedule but did not use any money from donors to do so; a foundation had specifically granted money to pay the costs of professional fundraisers and money was ring-fenced for that purpose.

Save The Children chief executive Liz Gibbs said the charity had stopped using Appco Group three years ago and switched to Aida. Its website stated where collectors would be visiting.

“Part of the reason we work with them is because the cost is so much lower,” she said of the shift.

Securing donors ‘like a dance’

The body charged with overseeing high standards in fundraising has invited speakers who teach charities and companies psychological triggers to help get donors to its next conference in May.

These speakers use case studies involving fictional people, like a wealthy partner of a law firm dubbed “Bill Berk”.

Another, called “Jonathan Bing”, is tipped to a fundraiser as a possible target because “Jon is loaded”.

The Fundraising Institute of New Zealand’s conference will include “masterclasses” on fundraising. One seminar last year, called the Joy of Story-Telling, said: “Fundraising fails without a good yarn.”

Others saw Australian experts discussing getting game-playing elements into fundraising.

The programme said it taught “making giving addictive to retain face-to-face and online-acquired donors”.

Presentations remain online, including the Bequest Master-class. It describes bequest-giving as having “huge unrealised potential”.

It states that the average bequest is $81,000, which might result from sparking a desire to give that many donors didn’t realise they had.

“It takes many conversations to build that spark into a fire that leads to a bequest gift.”

Conference-goers were told that securing a bequest was like a dance – “step, step, close” – and fundraisers needed to “help the donor hear the music of philanthropy”.

To be successful, fundraisers needed to understand each potential donor’s values, aspirations, needs, resources, family and advisers.

Institute chief executive James Austin said he was proud of the professional way fundraising was conducted in New Zealand and that it was “reputable”.

New Zealanders spare some change

Donations to charities leapt by a third last year to pass the billion dollar mark for the first time.

Official figures show that $1,009,109,697 was donated to more than 16,000 registered charities in the year to June 30. That was $240 per person.

The figures did not include government donations or earnings from commercial enterprises such as op shops.

Charities Commission communications manager Sandra Bennett said New Zealanders possibly gave more because of the Christchurch earthquake.

“It’s possible Christchurch donations will have had an impact in 2010 to 2011.”

According to the Charities Aid Foundation, New Zealand was fourth in the World Giving Index, which measured how much people gave money, volunteered time and helped strangers.