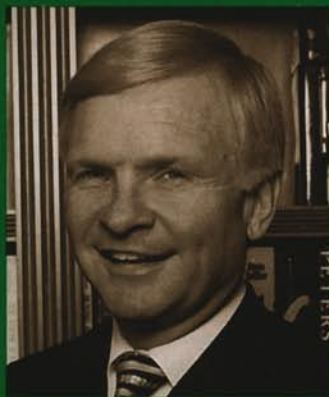


# DON'T BE PENNY WISE & DOLLAR FOOLISH

*Using Common Sense  
to Select Your Direct Mail  
Fund Raising Agency*



**"If you gave some  
guy a nickel  
and he parlayed  
it into a dime  
for you,  
you might be  
pretty happy.  
But what if you gave  
me a dime and I  
parleyed it into a  
dollar for you?  
Would  
you complain?"**



by Bruce W. Eberle,  
Founder & President of  
Fund Raising Strategies, Inc.

*What do you want out of your direct  
mail fund raising program?*

Lots of money to spend on your  
projects, programs, or campaign – right?

So you look for a fund raising agency  
whose fees are the lowest, so that you can  
keep more of the money that's raised.  
That's the right approach isn't it?

Just a minute. Not so fast. Are you sure  
that will maximize net dollars for your  
organization?

The truth is that if you follow that  
approach you are going to avoid the best  
talent and fall short of your goal nine  
times out of ten, probably even ninety-  
nine times out of a hundred.

I know, I know...you're thinking, "Eberle is  
in the fund raising business. He has his  
own agency. So he's going to tell me to pay  
more in fees just so he can make more  
money."

Well, I understand your skepticism. But,  
if you want to make certain that you aren't  
being "penny wise and dollar foolish," please  
keep reading...

To begin with, your focus should  
be on finding a fund raising agency  
that will *raise the most money* for your  
projects and programs, i.e., the most  
*net* dollars. And that does not neces-  
sarily mean finding a fund raiser  
with the lowest fees.

Think of it this way: If you gave  
some guy a nickel and he parlayed it  
into a dime for you, you might be  
pretty happy. But what if you gave  
me a dime and I parlayed it into a  
dollar for you? Would you complain that I  
charged you a dime while the other guy  
wanted only a nickel?

I think you know the answer to that  
question.

*Continued on the inside...*



**"Unless there is fire in the heart, you won't find passion in the copy."**



**"The key to any direct mail fund raising program is the talent & commitment of the copywriter working on your account."**

When all is said and done, you and I both know that one of the lessons of life is that you get what you pay for. Just how often do you find that the best product is the least expensive? Or as Mark Twain said, "There ain't no such thing as a free lunch."

*Let me tell you about two true-life stories to illustrate my point.*

In 1979, I was approached by a former summer employee who had a personal interest in advancing the space program of the United States. Together with a number of friends, he had established a non-profit corporation whose goal was to encourage continued space exploration.

At his request, I prepared a proposal for him with projections of what his new organization might expect from a direct mail fund raising program. Frankly, I wasn't altogether certain we could be successful working for an organization with no track record and with a constituency that was hard to define in terms of prospective lists.

Nevertheless, I made the proposal to him and his compatriots. After deliberation and some negotiation, an agreement was reached and we began efforts to raise funds for this new group.

The project was assigned to a senior copy writer who was not only extremely skilled, but was also innovative in helping launch new groups such as this one. As an added bonus, the copy writer also had a personal interest in space issues and continued space exploration.

It was this latter fact that was the deciding factor in putting him on the account. For when all is said and done, no amount of professionalism can substitute for personal passion! And that is one of the keys to selecting the right fund raising agency for your project. Unless there is fire in the heart, you won't find passion in the copy. And without passion, your chances for suc-

cess are greatly diminished.

*But back to the story...*

Thanks to the hard work and sound research conducted by our list company, we were able to unearth an entirely new universe of names to which our new client could mail.

Subscriber lists from aerospace publications, together with space enthusiasts and donors concerned with national defense, provided a rich and large universe for our client's mailing program.

I'm happy to say that this list universe - coupled with truly innovative fund appeals - resulted in an exceptionally successful direct mail fund raising campaign.

Much to my surprise and pleasure, during the first year, the fund raising effort exceeded my original projections for net income by 25%.

After just twelve months, the fund raising effort was so successful that my client had outpaced a much older group which had included among its founders non other than Werner Von Braun! Negotiations were even underway to merge the two groups. But it was not to be.

After the first twelve months - before our agreement was expired - my client came to me and wanted to renegotiate the agreement. I was stunned. Although we had done quite well for his organization, he asked me to substantially reduce our fee.

Even though he had only worked in our offices one summer, I was disappointed that he didn't fully appreciate the incredible success we had achieved. Against great odds we had completed a successful launch of a major direct mail fund raising campaign.

He was surprised when I declined to reduce my fee. It wasn't out of anger or greed or pride that I declined. It was simply that I knew we had to charge the fee we did to keep the best copywriters in our employ.

*The key to any direct mail fund raising program is the talent and commitment of the copywriter working on your account.*

And good direct mail copywriters are few and far between. For that reason, the good ones command a high salary. In our case, we pay our copywriters commensurate to the success they achieve on behalf of their client... so I'm glad to tell you that they are well paid.

Because I declined to lower my fee below our standard rate, my former employee decided to take his business elsewhere. In fact, he took his account to a small, one person shop and, according to what I have since been told, did succeed in cutting his fee in half.

End of story, right? He made more net for his projects and programs because of his lower fee, right?

I'm afraid not.

Within twelve months the organization went out of business. Worse yet, a large number of bills went unpaid.

It was a golden opportunity missed. Of course, the potential merger with the other space group fell through.

Why did the direct mail fund raising program fail? Simple. My friend was "penny wise and dollar foolish." He thought he could get something for nothing.

*In direct mail fund raising there is a fine line between success and failure.*

Just one-half of one percent more or less in response rate determines the difference between a roaring success and a dismal failure.

Unfortunately my friend learned the hard way that you can't get the best copywriters at bargain basement prices. You just can't.

It doesn't work anywhere else in life, why should it work when selecting a fund raising agency?

Sad to say, during the past two decades there have been many more examples of a good group going down the tubes because they were "penny wise and dollar foolish."

I have received many calls from groups saying that they were going to change fund raising agencies because they thought they were paying too much to their current agency.

My first reaction is to ask how successful their fund raising program has been. Often the agency has been extremely successful, sometimes against all odds.

When that is the case, my advice to the organization is straightforward. I tell them to stick with their current agency. Unfortunately, when they ignore my advice, they usually pay the price. In such cases, it's hard to feel sorry for the organization. They simply threw success overboard.

There's a rule of thumb for determining whether an agency is indeed overcharging.

*One more example and then I'll tell you how you can judge whether an agency is indeed charging too much.*

A friend I have known for a number of years came to me with a request that I raise funds for a very difficult defense case. Although the man he wanted to help was in the right, the news media had reported a different story. I was very doubtful we could succeed. Nevertheless, based on our friendship, we conducted a test mailing. Lo and behold it was an incredible success, netting a dollar per name mailed on the test mailing! Based on those results, we were able to create one of the most successful direct mail fund raising programs I have ever been associated with.



**"There's a rule of thumb for determining whether an agency is indeed overcharging."**



**"Just one half of one percent more or less in response rate determines the difference between a roaring success and a dismal failure."**

My friend decided that there were other men and women facing similar situations, so he decided to set up a permanent organization to assist them. I proffered our standard agreement to him, but much to my surprise he insisted that we not only cut our fee in half, but also make other drastic alterations. I withdrew my proposal. Again, I knew I couldn't do the job he wanted under the terms he proposed.

Well, to make a long story short, he tried two agencies with dramatically lower fees. They were a bust. But the story has a happy ending. My friend got the message. He came back to our agency and today his organization does a wonderful job of assisting men and women in need.

*The moral of the story is:  
You get what you pay for. I can't  
say it any simpler than that.*

Of course we're not the only good direct mail fund raising agency. I'm probably biased - but I truly think we are the best (It's my understanding that no other agency even comes close to the net income per name mailed average we generate for our clients). In any event, there are four or five really good direct mail fund raising organizations from which to choose.

But if you go to one of these groups you'll find that you will pay approximately the same

amount for their services. You shouldn't be surprised. Don't you always pay about the same amount for services and products of similar quality in a competitive market?

Yes, you can find lower prices and you can pay less. But if the end result is less net income

or worse yet, a deficit, then you've really wound up losing money! Pretty obvious isn't it?

Now about that rule of thumb I mentioned. Consider this:

A high-quality, professional direct mail fund raising agency should

charge a fee in the neighborhood of 15% of the total cost of the direct mail fund raising program. It might be a little bit more or a little bit less, but that is in the right ball park.

*By way of comparison,  
you might look at your fund raising  
agency as an advertising agency.*

And that's really what it is - only instead of selling a product, it is raising funds for you through the medium of direct mail.

What do most ad agencies charge? The answer is anywhere from 15% to 25% of the total cost of the advertising campaign.

Don't expect to pay any less if you want a fund raising agency that can deliver the results you want. That's the best advice I can give.

∞  
**"Yes, you can find  
lower prices and you can  
pay less, but if the result is  
less income or worse yet,  
a deficit, what is the  
wise choice."**



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