AUDITING YOUR ANNUAL GIVING OPERATIONS

#AItraining

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LEARNING OUTCOME

After participating...

...you will be able to objectively measure the success of your annual giving program.

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AGENDA

- Evaluating your core annual giving operations
- Assessing the effectiveness of your annual giving vehicles
- Making smart investments in your annual giving operations
- Case study: Using your audit to guide planning and goal setting

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EVALUATING YOUR CORE ANNUAL GIVING OPERATIONS

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EVALUATING YOUR CORE PROGRAMS

#1 PROBLEM IDENTIFIED IN ANNUAL GIVING PROGRAMS

- Too much work, too little time
- Focus on execution, lack of attention to planning, strategy and programmatic objectives

EVALUATING YOUR CORE PROGRAMS

- Evolutionary versus revolutionary change
- Consistent, incremental change is a laudable and rarely attained goal

GOLD STANDARD

- Consistent, long-term increases in KPI's
- Solid brand established
- Clear and compelling case for support
- Demonstrable pipeline
- Consistent personnel – low turnover
- Exceptional stewardship

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EVALUATING YOUR CORE PROGRAMS
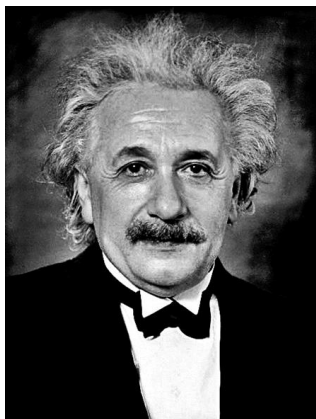
Einstein's definition of insanity:

"Doing the same thing over again and expecting a different result"

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RESOURCE

Overall Lifetime Giving Trends

Source: Target Analytics

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ANNUALLY

- Evaluate your program as if you were a consultant
  - Assess your programs
    - SWOT
    - Individual program assessments
  - Assess your resources
    - Human resources
    - Technological resources

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ANNUALLY

- Do you have what you need to achieve your goals/desired results?
  - If not, what is needed?
    - How can you make your case for support for additional resources?
    - Consider pilot programs

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DEVELOP AN ANNUAL GIVING SCORECARD

Results:	Rating	Goal	Actual	Notes
Donor count				
Total Dollars				
Retention rate				
Reactivation rate				
Acquisition				
Upgrades				
Leadership donors				
Programs:				
Phone				
Direct Mail				
E-solicitations				
Social Media				
Website				
Leadership Giving				
Reunions				
Frontline				
Regional				
Stewardship				

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ANNUAL GIVING SCORECARD

ON A SCALE OF 1-10 EVALUATE DIRECT MAIL

- Results from the past 5 years
- Up/down
  – Donors
  – Dollars
  – Average gift
  – Cost per dollar raised
  – Response rate by segment
  – Testing – what did you learn

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ESTABLISH A CORE SET OF KEY PERFORMANCE INDICATORS

- Which went up?
- Which went down?
- Can you answer why?
  – Reality is that outside factors influence our numbers
  – Know what is in your control and be able to demonstrate the impact of your decisions/strategy

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ANNUAL GIVING SCORECARD

PROGRAMS TO EVALUATE

- Leadership annual giving
- Parent's programs
- Reunion giving
- Student philanthropy
- Senior/graduating class gift
- Website
- E-philanthropy

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ANNUAL GIVING SCORECARD

PROGRAMS TO EVALUATE

- Faculty/staff giving
- Recognition societies
- Recurring giving program
- Regional efforts
- Reporting infrastructure
- Social media/crowdfunding/days of giving

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LEADERSHIP ANNUAL GIVING

HOW EFFECTIVELY ARE YOU USING YOUR LEADERSHIP ANNUAL GIVING PROGRAM TO MOVE DONORS TOWARD A MAJOR GIFT SOLICITATION?

- % of leadership donors personally solicited for an upgraded leadership annual gift
- %/# of leadership donors personally solicited for a major gift
- Leadership donors selected for upgraded/major asks over the coming year
- What % of leadership donors have a defined giving priority

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DEMONSTRATE THE IMPACT OF ANNUAL GIVING

IDENTIFY WHERE YOUR MAJOR GIFTS CAME FROM

Do an analysis on some (or all) major gift commitments to your institution:

- What level did they begin giving?
- How many years did they give before their major gift?
- What % of years did they give before they gave their major gift?

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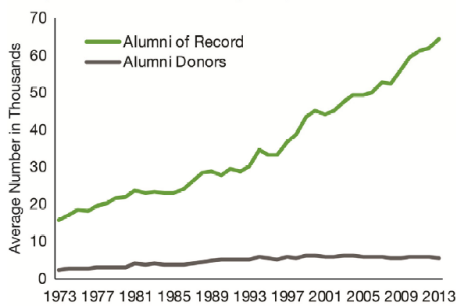
QUANTITATIVE GOALS

- The basics
  - Dollars
  - Donors
    - Retention
    - Reactivation
    - Acquisition
- Next level:
  - Donor migration (upgrades/downgrades)
  - Retention/reactivation by donor loyalty
  - Leadership giving

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PARTICIPATION AS A GOAL?

Components of Alumni Participation, 1973–2013

Alumni of Record
Alumni Donors

Source: Council for Aid to Education, 2014

Alumni Participation, 1973–2013

Source: Council for Aid to Education, 2014

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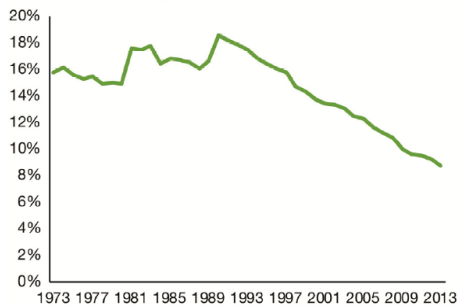
COMPREHENSIVE OVERVIEW

Active Donor Giving Trends (Detail)

			Median		
	2010	2011	2012	2013	2014
CY Active Alumni	9,089	11,269	15,981	11,313	11,258
CY Participation Rate	16%	15%	13%	20%	18%
CY Revenue per Alum	$106	$110	$92	$158	$165
CY Donors	2,052	2,143	2,249	2,420	2,464
CY Revenue	$1,798K	$1,929K	$2,004K	$2,275K	$2,095K
CY Revenue per Donor	$833	$915	$888	$867	$940
CY Average Gift	$780	$832	$810	$803	$783
CY Gifts per Donor	1.1	1.1	1.1	1.1	1.2
Overall Donor Retention Rate	58.0%	56.9%	57.9%	59.9%	57.6%
Overall Donor Reactivation Rate (1-5 Yrs Lapsed)	17.7%	17.1%	16.8%	17.9%	16.3%
% of CY Donors Who Are New	17.8%	17.3%	16.1%	14.6%	14.1%
% of CY Donors Who Are Retained	56.2%	55.5%	55.8%	58.0%	58.4%
% of CY Donors Who Are Reactivated	27.6%	26.7%	24.5%	27.0%	24.4%

CY = current year (the year indicated in each column). Median percentages will not always add to 100%.

Source: Target Analytics

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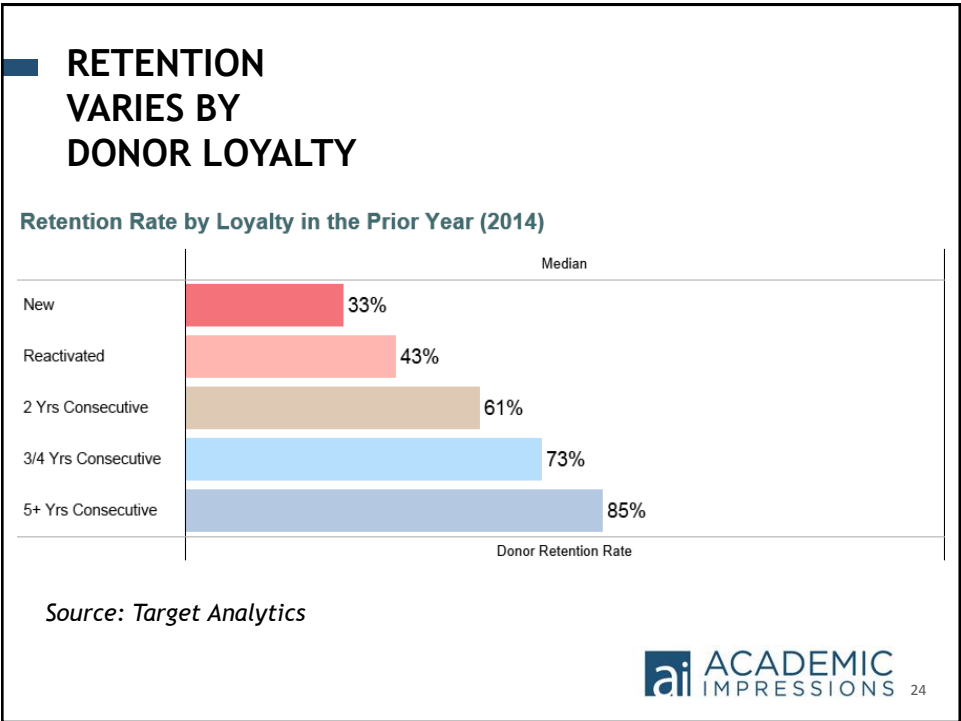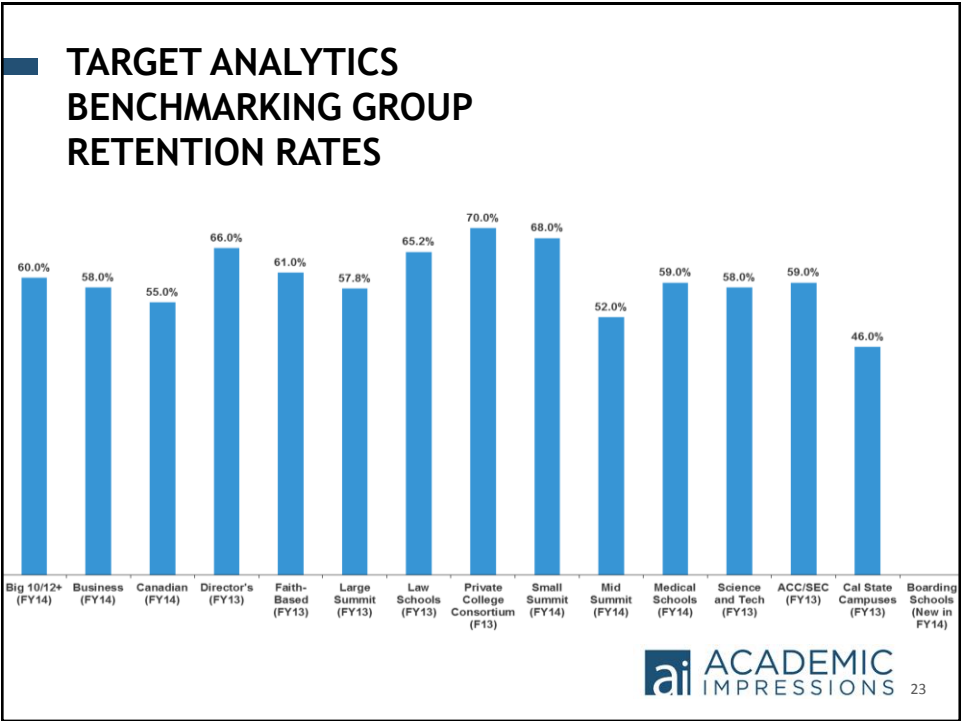
RETENTION RATE

- What is your retention rate?
- Growing/declining/stable?
- Why does it matter?
- What can you do about it?

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TARGET ANALYTICS BENCHMARKING GROUP RETENTION RATES

RETENTION VARIES BY DONOR LOYALTY

Retention Rate by Loyalty in the Prior Year (2014)

Source: Target Analytics

REACTIVATION

Lapsed Donor Reactivation Rate Trends by the Number of Years the Donor Has Been Lapsed
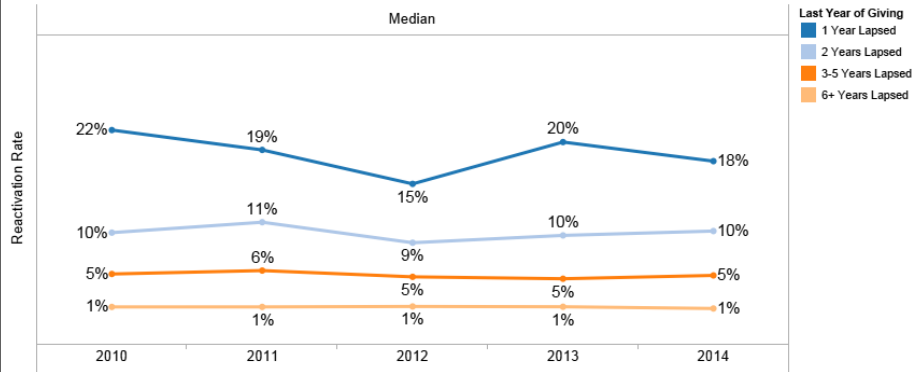
Includes only donors who last gave in 2012 and earlier.

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QUALITATIVE GOALS

- How effective is your annual giving program as a communications tool?
- Is your stewardship program "best in class"?
- How effectively are you partnering with internal constituents?
  - Alumni Relations
  - Advancement Services
  - Major Gifts

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QUALITATIVE GOALS

QUESTIONS TO ANSWER ANNUALLY

- How can we more effectively steward our donors?
- Did we effectively execute our plan last year?
  - If not, what needs to change to improve execution?

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QUALITATIVE GOALS

QUESTIONS TO ANSWER ANNUALLY

- Do we have effective partnerships with our internal constituents? What can be done this year to improve/strengthen those relationships?
- How has our case for support evolved over the past year?
- Have we maximized the impact that annual fund has as a communications tool? If not, what can we improve on?

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**QUALITATIVE
GOALS**

- Reporting infrastructure
- Lessons learned – what did you test/learn this year?
- Culture of philanthropy
- Is your case for support compelling?
  - Are you communicating different messages to different demographic groups?

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**CASE FOR
SUPPORT**

- Does your case for support articulate the unique contributions of your institution?
  - How do your students, faculty and programs contribute beyond the confines of your campus?
  - Can you articulate specific impacts made possible through philanthropy?
  - Are you actively developing what your case for support it is, and what it should be moving forward?

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REPORTING INFRASTRUCTURE
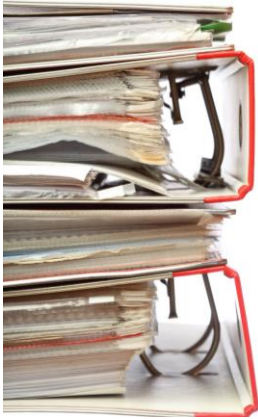
- Do you have reports that allow you to assess your efforts?
- Are they consistent/accurate/dependable?

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RESOURCE

Comprehensive Annual Giving Audit

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PROACTIVE OR REACTIVE?

- Can you articulate how your actions have increased performance/knowledge?
  - What did you change to achieve different results?
  - What did you learn?
  - What worked, what didn't?

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? QUESTIONS

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ASSESSING THE EFFECTIVENESS OF YOUR ANNUAL GIVING VEHICLES

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SOLICITATION MIX IS CHANGING

Active Donor and Revenue Comparison by Source (2014)

Median

	% of Donors by Source	% of Revenue by Source
Mail	30%	17%
Paid Caller	13%	3%
Volunteer Caller	22%	11%
Peer Solicitation	1%	1%
Staff Solicitation	1%	3%
Web / Digital	34%	21%
Events	4%	1%
Publications	0%	0%
Memorial / Honoraria	0%	0%
White Mail / Phone	13%	51%
Other	3%	6%

	Donors	Revenue
	2,464	$2,094,648

Median percentages may not add to 100%. Percent of Donors by Source may add to more than 100% if a donor gave to more than one source in the current year.

Source: Target Analytics

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RESOURCE

5-Year Analysis by Giving Source

Source: Target Analytics

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RESOURCE

Direct Mail Evaluation

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DIRECT MAIL

HISTORICAL DATA COMPARING 1-5 YEAR RESULTS FOR:

- Cash in
- Average gift
- Total # of gifts
- Cost per dollar raised
  - LYBUNT
  - SYBUNT
  - Non-donor
- % of donors upgrading, downgrading and static for renewals and reactivations
- Testing – what have we learned this year?

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PHONE PROGRAMS

HISTORICAL DATA COMPARING 1-5 YEAR RESULTS FOR:

- Cash in
- Average gift
- Total # of gifts
- Total # of pledges
- Average pledge
- Pledge fulfillment rate
- Credit card rate
- Total contacts
- Attempts per decision
  - LYBUNT
  - SYBUNT
  - NON DONOR
- % of donors upgrading, downgrading and static for renewals and reactivations

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E-SOLICITATIONS

HISTORICAL DATA COMPARING 1-5 YEAR RESULTS FOR:

- Gifts made
- Average gift
- # of gifts
- # of e-solicitations sent
  - To what audiences
  - Response rates
- Open rates
- Click through rate
- Tests conducted and lessons learned

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STEWARDSHIP

- Stewardship plan exists and is being followed
- Stewardship touches are scattered effectively throughout the course of the year, not just after the gift is made
- Stewardship communications effectively demonstrate impact of giving and the institution

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TRACKING STEWARDSHIP

Recognition	USD Staff Member	Timeframe
Tax receipt	Advancement Services	Within 48 hours
Thank you letter	Dean Stephen Ferruolo	Within 1 week
Holiday card	Brian Daugherty	Every November
Hand-written thank you card	Student Worker	Within 1 week
Stewardship phone call	Brian Daugherty	Within 1 month
3/6/9 month communications of interest	Brian Daugherty	3/6/9 months
Donor Honor Roll	Annual Giving	Annually
Name displayed in Warren Hall	Whitney Sharpe	Annually
Invitation to the Torero Basketball Night	Annual Giving	Spring
Invitation to the Old Globe Event	Annual Giving	Fall
Invitation to the Twilight Blues Event	Annual Giving	Spring
Special Communications from the University	Many	
Quarterly MFS e-newsletter	Whitney Sharpe	Quarterly
USD School of Law Website - listing	Whitney Sharpe/Communications Dept.	Annually
USD President's Club Online Honor Roll Listing	UR-Annual Giving	Annually

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RESOURCE

Sample Stewardship Letters

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DAYS OF GIVING

- You don't have to be like Columbia
- What are your goals?

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DAYS OF GIVING

- Success is about more than money
  - Major gifts secured (challenge gifts)
  - New donors
  - Class agents-volunteer solicitations
  - Online ambassadors
    - Posts & Reposts
  - Participation goals
  - Infrastructure established for future campaigns

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CROWDFUNDING

- Did our project make its goal?
  - How did we communicate the impact of this investment?
  - How have we stewarded the donors?

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CROWDFUNDING

- If your project didn't make goal?
  - How will the money be utilized?
  - Why didn't it succeed?
    - Lack of buy in from volunteer leaders?
    - Case for support wasn't compelling?

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PERSONAL SOLICITATIONS

Leadership Gift Officer Metrics:	Goal	Points	Results	Points
Size of portfolio:				
% in cultivation				
% in solicitation				
% in stewardship				
Moves tracking:				
Prospects moved into portfolio				
Prospects moved out of portfolio				
Prospects moved to new stage				
Goals:				
Contacts	180	30		
Leadership gift solicitations:	100	30		
Retained	60			
New/reactivated	40			
Upgraded	10			
Major gift solicitations above $XX	10	20		
Yield rate				
Major gift prospects identified	20	10		
100% of prospect pool solicited for leadership gift		5		
Donor profiles	20	5		

Contacts @ 15 per month

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MAKING SMART INVESTMENTS IN YOUR ANNUAL GIVING OPERATIONS

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TREND ANALYSIS

- What results do you need to achieve:
  - Reach current levels
    - Dollars
    - Donors
  - Increase giving by 5%
    - Dollars
    - Donors

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EXAMPLE

Alumni breakdown:		
Current donors	1,000	
Lapsed 1-5	500	
Lapsed 5+	1,000	
Non donors	5,000	

To achieve 1,000 donors:		To achieve 1,050 donors:	
Retention @ 60%	600	Retention @ 63%	630
Reactivation:		Reactivation:	
Lapsed 1-5 @ 15%	75	Lapsed 1-5 @ 17%	85
Lapsed 5+ @ 2%	20	Lapsed 5+ @ 3%	30
Non donor acquisition	305	Non donor acquisition	305
Total:	1,000	Total:	1,050

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**BASIC
ANALYSIS**

- Consider what a 1% increase in donor retention would do for your program
  - What additional investments would you need to make to increase donor retention by 1, 3 or 5%?
- Same exercise for donor reactivation

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RESOURCE

Consistent, Small Growth – a Demonstration

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COST PER DOLLAR RAISED

ROI Analysis:
Retention @ .20
Lapsed:
1-5 year lapsed @ .40
5+ lapsed @ 1.25
Acquisition @ 1.65

*not meant to be industry averages

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ROI

- Consider the long-term value of a donor:
  - 500 first time donors @ $100 average gift = $50,000
  - 2nd year retention @ 20% = 100 donors with $125 average gift = $12,500
  - 3rd year retention @ 60% = 60 donors at $150 average gift = $9,000

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DETERMINING THE CAPACITY OF YOUR TEAM

- Creating an environment where staff can excel
  - Key strategic questions:
  - What are the most effective investments we can make in human and technological resources?

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? QUESTIONS

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CASE STUDY: USING YOUR AUDIT TO GUIDE PLANNING AND GOAL SETTING

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ROLLING STONE UNIVERSITY

Rolling Stone University has an annual giving program that has seen mixed results in their donor counts with a steep decline in donors last fiscal year. However, they have risen steadily in revenue over the last 4 years.

Retention rates and donor reactivation rates reached their 5 year low points last fiscal year to coincide with their lowest donor count. After reviewing the following slide with some KPI's outlined, what are some of the areas you would look into in assessing this program and what recommendations would you make to strengthen their program?

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Total Donor Trends by Year

The number of donors declined 16% from 2013 to 2014, reaching a 6-year low in 2014.

Total Revenue Trends by Year

Despite the decline in donors, revenue grew consistently from 2011 to 2014.
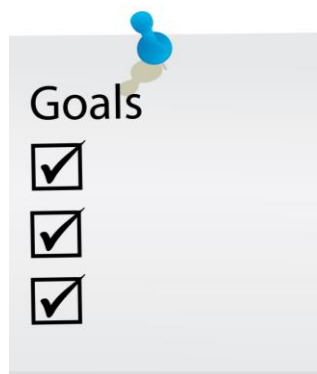
Revenue in 2014 set a 6-year peak at over $2.1 million.

Revenue per donor increased 27% from 2013 to 2014, largely driven by an increased average gift. The number of gifts per donor increased by 1%.

Key Indicator Trends

	2009	2010	2011	2012	2013	2014	09-14 Change	13-14 Change	09-14 Trend
CY Donors	5,381	5,821	5,331	5,623	5,575	4,710	-12.5%	-15.5%	
CY Revenue	$1,678,297	$1,646,757	$1,739,274	$1,883,390	$1,980,238	$2,115,506	26.1%	6.8%	
CY Gifts	5,955	6,400	6,025	6,416	6,465	5,510	-7.5%	-14.8%	
CY Revenue per Donor	$311.89	$282.90	$326.26	$334.94	$355.20	$449.15	44.0%	26.5%	
CY Average Gift	$281.83	$257.31	$288.68	$293.55	$306.30	$383.94	36.2%	25.3%	
CY Gifts per Donor	1.11	1.10	1.13	1.14	1.16	1.17	5.7%	0.9%	
Overall Donor Retention Rate	52.7%	62.5%	60.8%	64.3%	60.7%	53.5%	1.5%	-11.9%	
Overall Revenue Retention Rate	55.9%	63.1%	74.4%	70.8%	75.7%	69.1%	23.6%	-8.7%	
Donor Reactivation Rate (1-5 Years Lapsed)	13.9%	17.3%	13.3%	14.4%	13.4%	11.6%	-16.8%	-13.2%	

Source: Target Analytics

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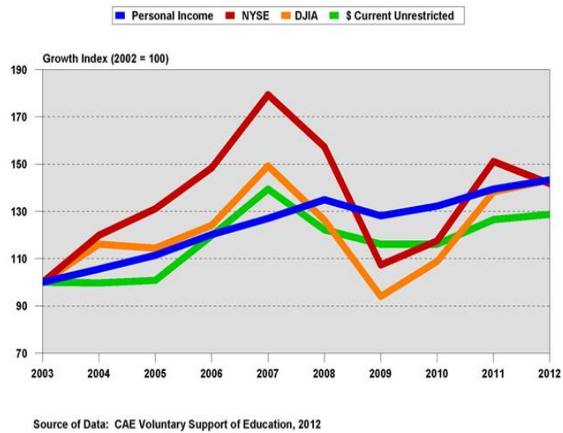## GOALS

- Aren't arbitrary
- SMART goals
- Must be based on your data/historical performance
- Realistic and stretch goals

Goals
☑
☑
☑

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GOALS

50 Selected Private Research and Doctoral Universities
$ Current Unrestricted Gifts versus Leading Financial Indicators

■ Personal Income ■ NYSE ■ DJIA ■ $ Current Unrestricted

Growth Index (2002 = 100)

- Understand what is in your control and what isn't
- Evolution versus revolution in goals

Source of Data: CAE Voluntary Support of Education, 2012

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FACT

- Few schools are successful at increasing donor retention, reactivation and acquisition in the same year

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WHAT DOES LEADERSHIP WANT?

- Success stories
- Any challenges or potential surprises
- Increased efficiency/effectiveness

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DON'T FORGET LONG TERM GOALS

LONG TERM GOALS

- Personnel
- Technology
- Programs
- Aspirational

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💬 **CHAT**

What are your long range goals? Are you looking at your annual giving program beyond a single-year timeframe?

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HAVE WE INCLUDED GOALS OUTSIDE OF DONORS & DOLLARS?

WHAT ARE YOUR GOALS, BEYOND RAISING MORE MONEY? ARE THEY CLEAR? CAN YOU TRACK THEM?

- Communications/donor and prospect education
- Pipeline
- Succession planning
- Management/mentoring

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DATA DRIVES STRATEGY

- First – do you have the data you need
- Second – do something with it!

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INCREMENTAL CHANGE & ADDITIONAL INVESTMENTS

RETENTION/REACTIVATION:

- What would a 1% increase in these rates mean for your program in terms of dollars and donors?
- What additional investments would need to be made to increase retention these figures?
- What do you consider to be your optimal rate for these metrics?
- What needs to change for you to reach that target?

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QUALITATIVE MEASURES

- Annual Fund is a proactive force for change – is it?
- What did you do differently this year?
- What did you learn?
- Silo smasher -- how did you work to involve other departments with your team this year?

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STRENGTHS & WEAKNESSES

- Use your annual giving scorecard
- Strengths/high scoring program areas:
  - Are there challenges to maintaining these areas as strengths
  - What investments/changes can you make to build on these strengths

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🔑 TAKEAWAYS

- Both qualitative and quantitative efforts should be assessed
- Evaluating how you got to where you are is as important as knowing where you are
- Plan, implement, assess - REPEAT

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❓ QUESTIONS

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EVALUATION

Thank you!

Please remember to complete the event evaluation.
Your comments will help us continually improve the
quality of our programs.

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