



Dehandschutter & Associates  
Fundraising Counsel

## Evaluating the Efficiency of Your Fundraising Department & Strategies

### Presentation to The NonProfit Financial Managers

By Griet Dehandschutter

Tuesday, November 27, 2012

---

#### #1 Measure more than money!

A donor/investor-centered fundraising philosophy assumes that donors are more important than donations. If so, your organization needs to measure more than cash. Do you measure:

- improvement of donor retention rates (last year/current year)
- improvement of average gift value among retained
- reduction in cost per dollar raised
- increase in volume of donors reactivated
- improvement in staff retention
- improvement in engagement of new donors via current volunteers
- improvement of the non-ask interaction ratio
- improvement in board engagement?

#### #2 Why do people give? People give to people who give themselves.

- How and where do you register your donor's motivation?
- Does your organization invest in a robust CRM fundraising database system?
- Does your measurement system sufficiently capture donor attributes, the various reasons why people give and how they feel?
- Do you invest in training to (optimally) use your database?
- How do your data points guide your interaction with your donors?

#### #3 If donors are more important than donations, retention and loyalty matter.

- Do you measure retention?
- What causes donors to remain loyal on a long term basis?
  1. They want to be promptly and meaningfully acknowledged. (Do you measure if your thank you letters are meaningful?)
  2. They want to know where their gift is going. Do you share this info?

3. They do not want to be asked again, before they know that their gift is being put to good use. Do you know if you are over-soliciting donors? Do you coordinate between solicitation channels and solicitors?
- Do you measure donor life span giving potential?

#### **#4 Meaningful involvement creates deeper engagement and joy!**

- Your development department is successful if it can develop multiple strategies to meaningfully involve and engage your Board and staff and volunteers. How does your organization define a quality contact or meaningful involvement? Try to write a definition for each with your organization.
- How do you measure this?
- Do you track complaints?
- Short term cash benefit might not always be the answer.

#### **#5 Does your organization have an integrated planning process?**

- Do you have a written strategic plan, fund development plan and marketing plan?
- Who is involved in these planning processes?
- Does the Development Department encourage staff and leadership to build a philanthropic culture by using these processes?

#### **#6 How are fundraising results communicated internally?**

- Does the head of development present to the Board and leadership team on a regular basis about results that matter?
- How are fundraising results reported to staff?
- What tools do you use to report? Do you have a visual dashboard? As data do not capture full picture, does your development department regularly share anecdotes?

#### **#7 How is communication with donors, prospects and friends evaluated?**

- Your website. Donors, prospects and friends will check you out online.
- Annual Report builds credibility and transparency. Format can vary.
- Donor tools: GuideStar (990 Forms +)/GreatNonProfitsAwards/Philanthropedia, CharityNavigator, GiveWell,- CharityWatch.
- Admin cost and fundraising expense ratios are much less important to donors than mission impact. Most individual donors say they care, but less than 1/3 does research (most often to validate choice).
- Do you have a visual case for support?
- Do you look at your (fundraising) communications from a donor perspective? Do you measure their effectiveness (thank you calls!) and follow best practices? (Ahern)

## **#8 When is it time to drop an activity/channel?**

- When in doubt, if you are about to eliminate an activity, put yourself in your donor's shoes. Who are you trying to reach? Who might be upset if you eliminate this activity? How critical is this constituency? Why were you undertaking this activity/strategy (direct mail campaign, golf tournament)?
- Don't look at one strategy in isolation or from a cash perspective only, but review pros and cons holistically and ideally involve several stakeholders.
- Are you tracking effectiveness before you change activity?
- Test, test, test...do you test with your donors before/after making change?

## **#9 Do you benchmark?**

- Do you know industry standards of ROI per fundraising activity (direct mail, event, telemarketing, major giving, planned giving?)
- Do you benchmark your department's performance and leadership performance vs. similar organizations in similar geography?
- Pareto principle also applies to philanthropy: >80% of gifts comes from 10 % of donors. How much time do you spent on your top 10% of donors? Who is meaningfully engaged with these donors?

## **#10 Donor-centered fundraising implies donor-centered shared leadership!**

- Fundraising success starts with engagement at the top. The success of your fundraising department cannot be assessed in isolation. How successful are they at involving volunteers (incl. Board members) and staff throughout the organization?
- What is your Board's role in development? What are their assumptions? What is your role and what are your assumptions?
- Clarity of mission and strategy, (societal) impact, quality of leadership team, and financial management, all determined by leadership team, are key reasons for giving by major donors.
- How do you and your Board learn about philanthropy? What sources do you consult? Is there a budget for training (Board) leadership in development?
- What is your current development staff turnover ratio? A hugely expensive, often overlooked cost item. Turnover is often correlated to lack of planning and leadership support.

***Become the change agent  
to support a donor/investor-centered philanthropic culture  
throughout your organization!***