

WEBINAR

*Data-Driven Fundraising:
Mastering Metrics to Optimize Your
Program*



integral

On the Phone



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About Avalon



Since 1997, Avalon has partnered with progressive nonprofits and campaigns to raise millions of dollars to achieve their visions. We have helped small organizations grow and leading organizations reach new heights, and we've won awards for our groundbreaking work along the way.



About Integral

The idea that sparked Integral and continues to support our relationships with clients is simple and straightforward – deliver strategic services based on a strong analytical foundation that results in high-value, measurable outcomes. Our job is to develop data-driven strategies for sustained growth.



What We Want to Cover

- *Key views to use to measure upfront fiscal year, program, and campaign performance*
- *Specific upfront metrics relevant to reporting, like response rate, average gift, revenue per thousand mailed, and more*
- *Helpful donor-level metrics to review on a rolling and annual basis, like retention rate, donor value, and more*
- *Special reports to take your program to the next level, like: Overall return on investment; Return on investment by acquisition list; Matchback reporting for acquisition by channel*



Analytics

The key to maximizing value and sustained growth is getting the right information to the right people at the right time

Data and Decision-making Expectations

74%

- Has access to useful data improved your ability to deepen your bond with your most valuable constituents over last year?

67%

- To what extent do you believe that access to smart data has helped improve your ability to innovate over last year?

61%

- To what extent do you believe that senior management expects you to make more data driven solutions over the next 12-24 months?

82%

- To what extent do you believe that leveraging data to gain a deeper understanding of your most important customers has allowed you to grow/find more?

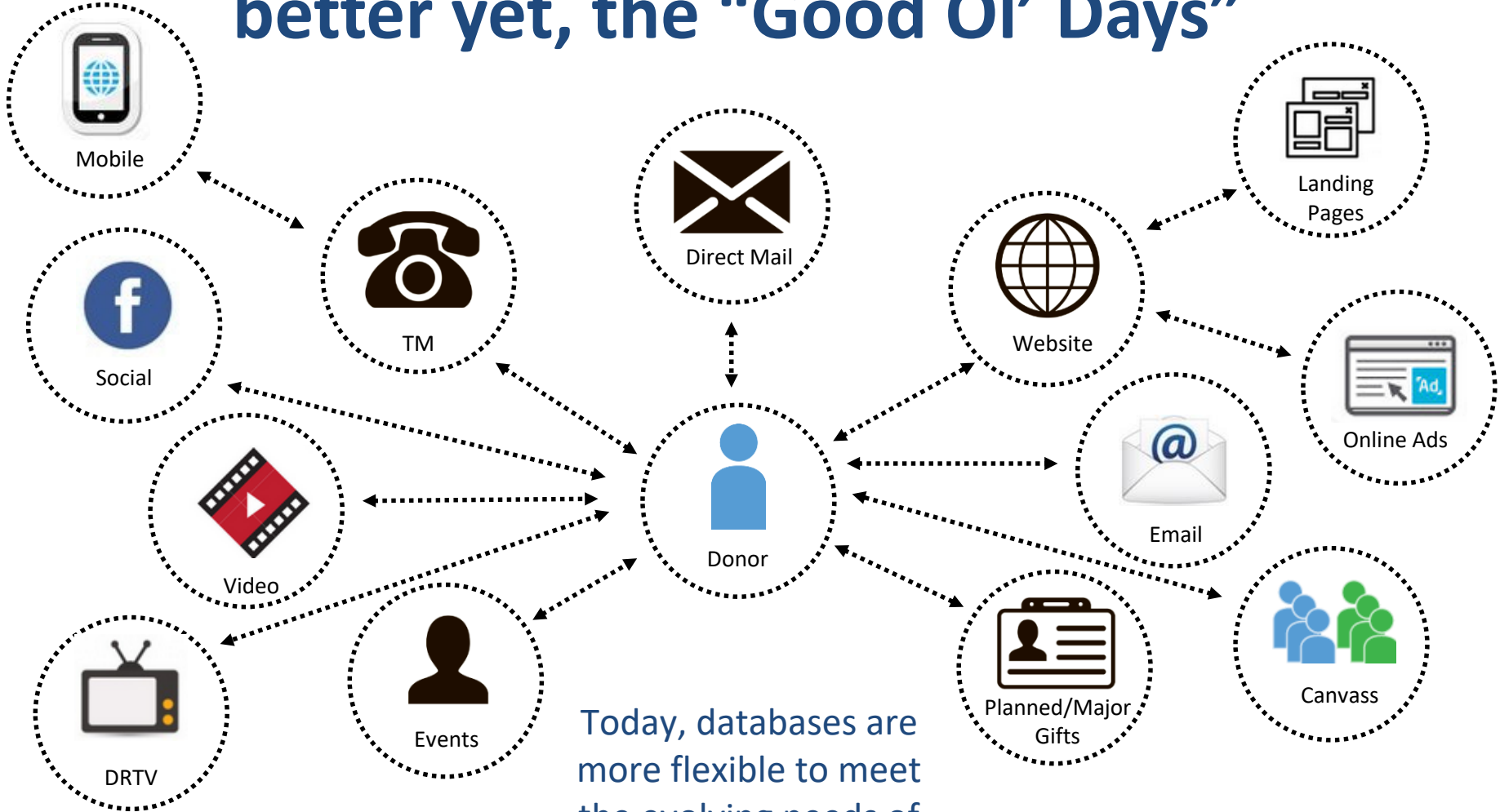
Source: Fall 2016 MIT and SAS Institute Study - Updated

The “copycat” fundraising era is over, and it is imperative to articulate your unique position.

- The types of data collected and metrics that are important to your organizations are no longer the same even within the same verticals.
- Today’s leading organizations are leveraging their data to build new relationships, develop more dynamic segmentation strategies, and seeking new opportunities for growth.

“What is important to our organization?”

Data and gift sources: The Old Model...or better yet, the “Good Ol’ Days”



Today, databases are more flexible to meet the evolving needs of organizations

A small, fluffy white dog with brown patches on its ears and face is sitting on a dark blue rug in a hallway. The dog is looking directly at the camera with large, dark eyes. The hallway has light-colored wooden flooring on the left and a white door with a silver handle on the right. The entire image is overlaid with a semi-transparent dark blue filter.

Big or Smart?

What are we trying to do with all this data?

Insight...

- into what levers you need to pull to grow – to make better decisions and create better business models.

Improve...

- current tactics through innovative testing and/or segmentation.

Increase...

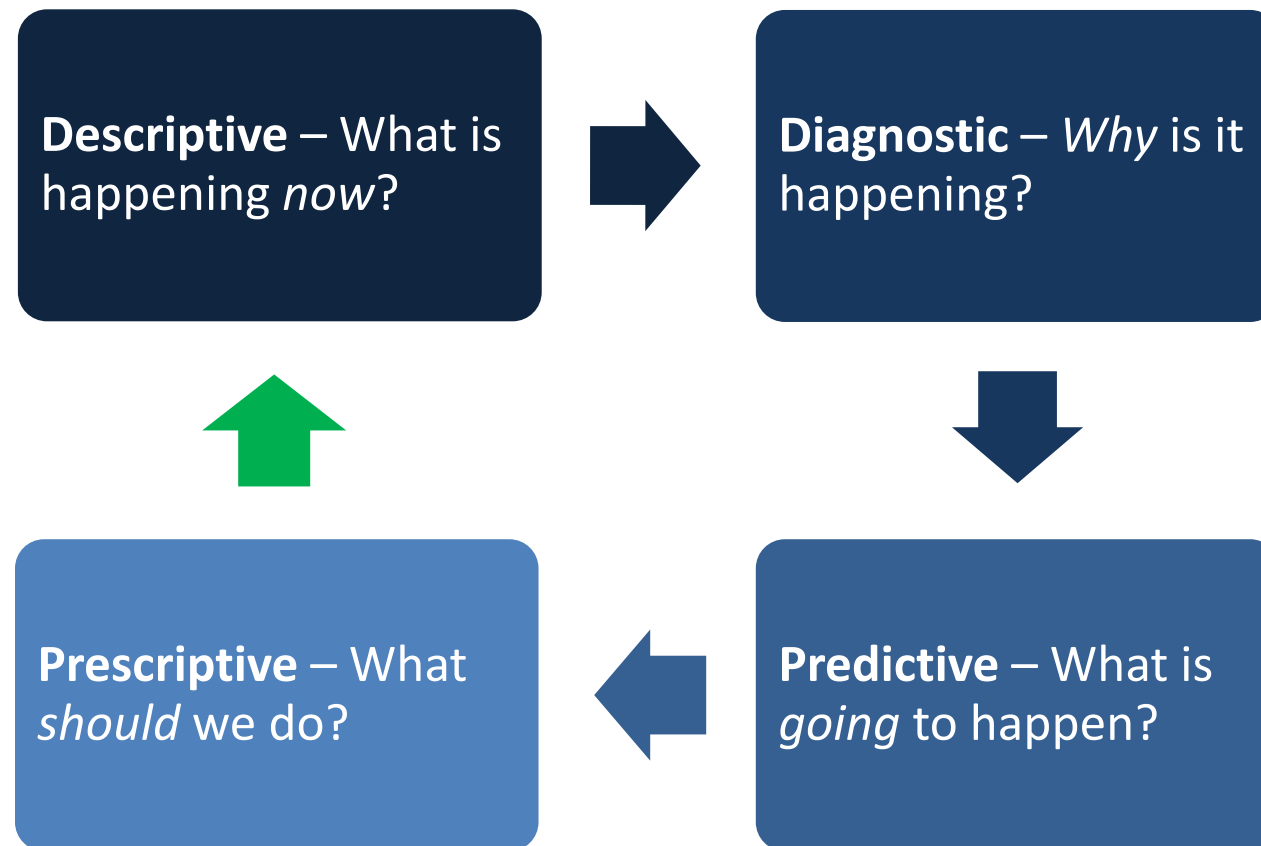
- your reach to new audiences and deeper ties with current supporters.

Invest...

- more effectively in order to manage risk, budgets, forecasts, communications.

Value in Your Analytics - DDPP

4 types of data that need to be utilized in strategic decision-making:



Analytics – Many types

- **Benchmarking** – *How do I compare to other organizations?*
- **Program/Campaign** – *Which campaign brought in the most new donors?*
- **Performance Indicator** – *What is driving increases or decreases in revenue?*
- **Investments Analytics** – *Which channel brings in the highest valued donor?*
- **Segmentation** – *What segments worked for our test?*
- **Communication Analytics** – *How do I best convert online leads?*
- **Channel Analytics** – *How do you leverage Online media for growth?*



Understanding the Metrics

Some Measures of Success

Basics

- Revenue – Gross/Net
- Response Rates/Average Gifts
- Net Per Donor
- Retention
- ROI (Return on Investment)
- Donor Value
- Conversion Rates
- Upgrading/ Downgrading

How do you calculate the basics?

Gross Revenue

Cash revenue in a set period of time

- Reviewed by segment, campaign, program, and fiscal year

Net Revenue

Gross revenue minus expense

- Expenses typically include direct costs for campaigns (less typical: overhead costs like database fees, caging, etc.)

Response Rate

Number of gifts divided by quantity mailed

- 1,500 gifts divided by 50,000 quantity mailed = 3% response rate
- Top indicator of campaign engagement level

Average Gift

Gross revenue divided by number of gifts

- \$52,500 in gross revenue divided by 1,500 gifts = \$35 average gift
- Top indicator of campaign commitment

More basic calculations

Gross Revenue per Thousand Mailed

Gross revenue divided by quantity mailed multiplied by 1,000.

- \$52,500 revenue divided by 50,000 quantity mailed * 1,000 = \$1,050 rev/m
- Allows equalized revenue comparison with differing quantities. Useful for overall productivity of appeals.

Net Revenue per Thousand Mailed

Net revenue (gross revenue-overall expense) divided by quantity mailed multiplied by 1,000.

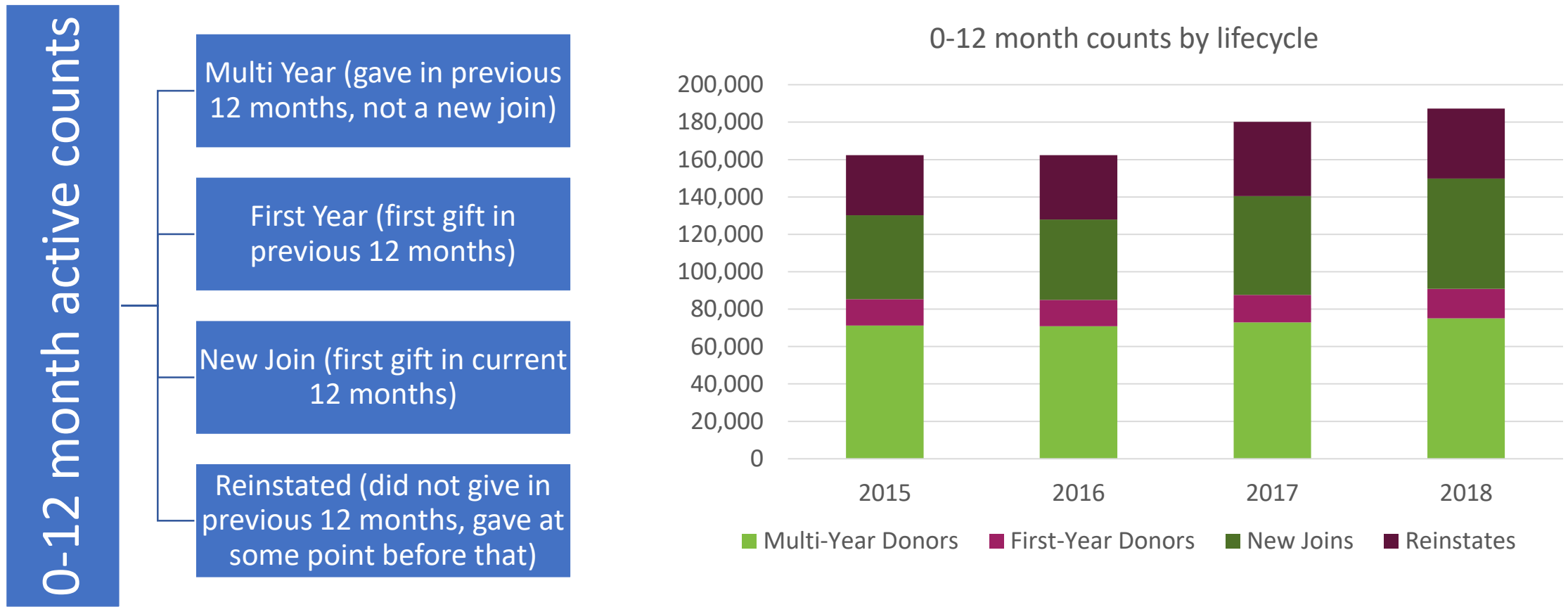
- \$52,500 revenue minus \$15,000 expense = \$37,500 net revenue. Divided by 50,000 quantity mailed * 1,000 = \$750 net rev/m

Net Revenue Per Donor

Net revenue divided by donors (number of gifts)

- \$20,000 gross revenue - \$40,000 cost = -\$20,000 net revenue divided by 1000 donors = -\$20 net revenue per donor.
- Most useful as a measurement of acquisition productivity (often a net loss)

Anticipating overall file trends and understanding file composition (active donor counts by lifecycle)



With Average gift and revenue per lifecycle category to inform future trends – for example, average gift of new joins is a key predictor of future value.

RETENTION...*One of the most vital KPIs for any successful program*

Defining retention

- Percentage of donors that return to give another gift in a specific timeframe (typically 0-12 months)

Lifecycle has a significant impact

- Measure the retention of new joins separately from multi-year members

Overall retention

- Considers both retained new joins and multi-year members, and influenced by the ratio of each

First-year, Multi-Year, and Overall Retention (0-12 months)

First-Year Retention

- *FY members from current year/new joins from previous year*
- Critical to understand behavior of new join cohort

Multi-Year Retention

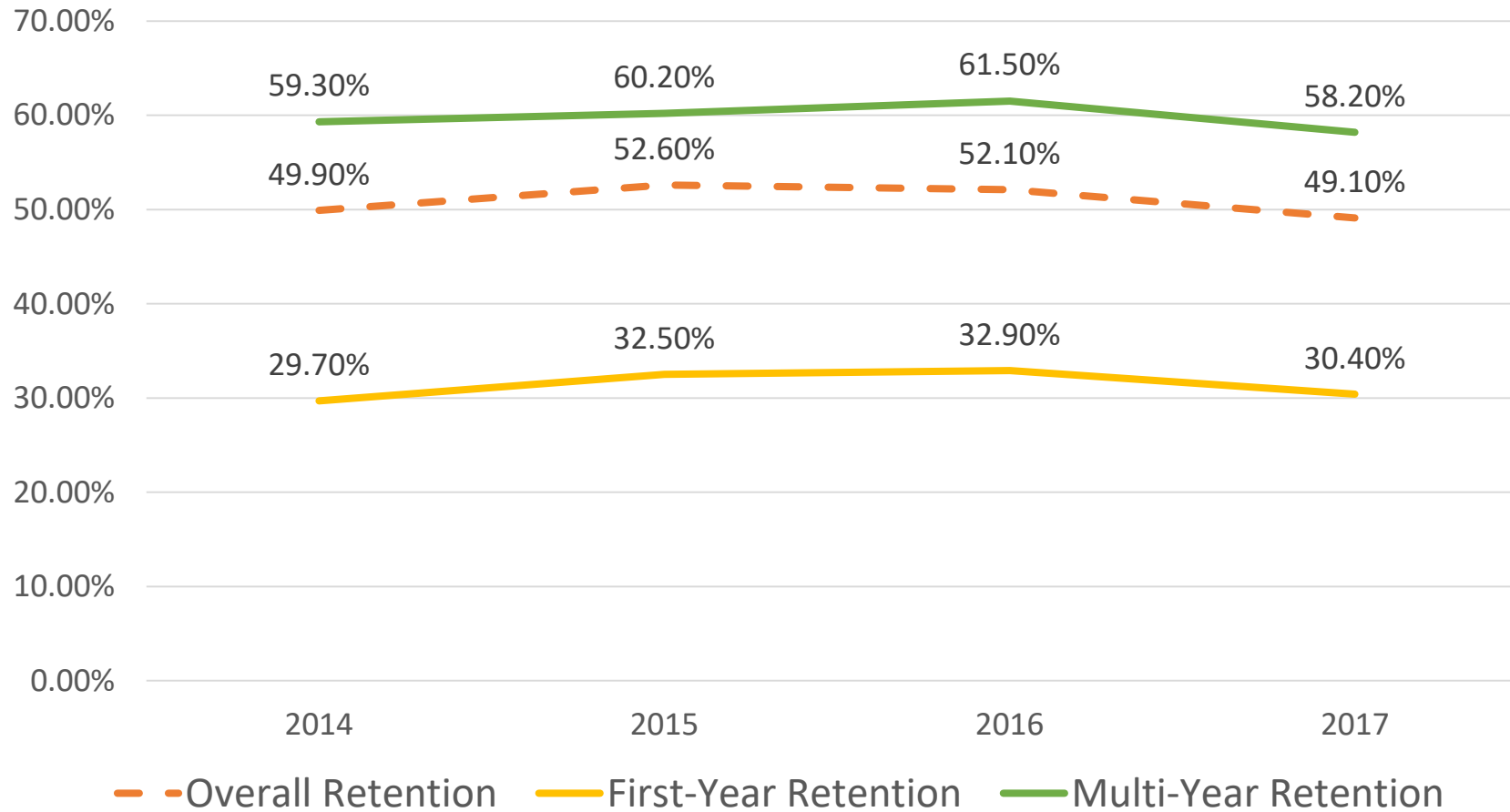
- *MY members in current year/MY, FY, and reinstate in prior year*
- Break into consecutive years for more insight

Overall Retention

- *MY, FY, reinstate in current year/MY, FY, reinstate, and new in prior year*
- Influenced by quantity – ie overall retention could decline with large influxes of new joins

Visualizing Retention

Sample Retention Metrics



Current industry averages are 45.5% for overall retention, 23% for new donor (first-year) retention, and 60% for multi-year retention. *How do you compare?*

Source: 2018 Fundraising Effectiveness Project

Calculating Donor Value

Why is donor value important?

- Measure of overall productivity of program at the donor level
- Allows comparison of many attributes (join level, channel, list, and many more); insight into strategy changes to drive value
- Considers both retention and income for overall amount attributed to an individual over time
- Upfront performance can be deceiving (volume \neq value)

How do we calculate donor value?

- Can calculate with or without initial gift
- Donor value = average subsequent giving per individual over time
- Example = 1,000 new joins produce \$12,000 in additional revenue in Year 1 = year 1 value is \$12 per join.

Are you using these “Must-have” reports to optimize your program?

Fiscal Year to budget

Overall Year over Year trends

- Key for program management
- Understanding impact of strategic changes
- Nitty gritty details of segment performance, testing, etc.

Program YOY comparisons

Campaign reports

Annual Health of File Review

Quarterly Pulse of File

- Key views for leadership
- Understand impact of strategic changes
- **Essential to understanding your program at the highest level for the “why” behind overall revenue trends, and to provide the backbone for your program’s strategic plan.**

Advanced Measures of Success

Next Level

- Investment Level Metrics
- Matchback
- Multi-channel views
- Net LTV – DRR
- Engagement - Retargeting
- Sustainer Views
- Pathway to Value Metrics

“Orgs Manage What They Measure”

- Define what productivity means to you and your organization or your client
- Make sure the metrics are thought out and action oriented
- Capture benchmarks and set sustainable goals
- Ensure there are processes in place to get the data you need

Watch out!

Unintended Analytical Biases – some may have an interest in a test working.

Manage what you Measure – be sure actions are in tune with KPIs.

Lack of Data or Experience hinders Insight – who is setting up and who is reviewing?

Always be skeptical!

Ask Us Anything



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Thank You
From Durango & DC

