

Four reasons why measuring your fundraising performance can help you raise more money for your cause

by Redina Kolaneci

Senior Fundraising & Stewardship Consultant

McConkey • Johnston international • UK

“What would it take for our charity to fundraise successfully in these tough times? How can we cut mailing costs and still generate sufficient income?”

Whenever I am asked these questions by clients or at training events, my answer is always the same: you can fundraise successfully for your cause, even in recession, by doing three things:

1. *Measuring your fundraising performance* – running a battery of reports that offer you vital insights about the impact of your fundraising activities and giving trends of your charity’s supporters.
2. *Doing intelligent database segmentation* – dividing your database into different groups based on: recency, frequency and amount of donations and approaching each group differently.
3. *Producing outstanding fundraising packages* – inviting donors in warm, personalised and compelling ways to partner with your charity and make a difference in the world.

In this paper I will outline four reasons why measuring your fundraising performance can help your charity cut mailing costs, strengthen relationships with supporters, retain donors and much more.

1. Measuring your fundraising performance can help you identify the strengths and weaknesses of your current fundraising activities.

Many charities carry out several fundraising activities in the course of the year including: fundraising appeals, new donor acquisition campaigns, fundraising events, major donor appeals, legacy campaigns, email campaigns, etc.

And most fundraisers doing these activities tend to measure only two things: how much money they got from each activity and how many donors gave.

Few fundraisers are prepared to drill deeper into the data by asking the right questions and generating the fundraising reports that can show them which fundraising activities recruited more new donors, larger donations or, which activities brought in more donors with a greater lifetime value than others, etc.

But, those who do measure the performance of their fundraising activities often reap better results from their future fundraising activities.

Case Studies

For example, having calculated the Return on Investment (ROI) of all their fundraising and non-fundraising (e.g. newsletters, educational materials, etc) packages mailed to the database in the last three years a seasoned fundraiser noted that their charity's bi-annual newsletter was the best vehicle for converting contacts from the database into first time givers.

So, the charity increased the frequency of its newsletter from twice a year to four times a year and strengthened the fundraising ask in it. The result - in the last 18 months this charity has seen a steady increase in the number of the first time givers through this communication tool.

On another occasion, a charity began to measure regularly the financial contributions from new donors coming from different sources. Four years ago they were investing in getting new donors at exhibitions, church based events, inserts in the Christian press, donors introducing the charity to a friend, offering a free book in return for a modest donation and radio advertising, etc.

Today, they are investing only in three of new donor acquisition activities described above. Why? – Because they have discovered that these three activities produce the majority of donors who are likely to give again and again to this charity.

2. Fundraising reports can help you realise how much donor attrition or downgraded giving is costing your charity and motivate you to do something about it.

In other words, fundraising reports that measure fundraising performance can enable you and others in your charity to find out how much money your charity is losing through donor attrition and gift downgrades. Also, to find out how many donors have stopped giving or are giving less than they did last year.

Case Study

A recent analysis of a client's donor files through our **Fundraising Fitness Test** revealed that in 2007 for every £5 received from renewing and new donors the

charity lost £3 from lapsed and downgrading donors. This means that their net gain was only £2!

We also noted that for every 3 donors that the charity was bringing in through new donor acquisition activities – 2 donors were leaving the charity taking with them valuable contributions they could have made. So, in reality the charity was only acquiring 1 rather than 3 donors and the real cost of acquisition (including the value of the lapsed donors) was much higher than the initial ROI of new donor acquisition activities.

In my opinion, successful fundraisers are constantly measuring new donor acquisition efforts, as well as donor attrition and downgrades. In addition to this, they are doing something by way of donor reactivation and upgrading mailings to reduce the number of lapsed and downgrading donors.

3. Measuring your donors' responses to your cause can help you target untapped potential for increasing overall income.

If you are looking to meet your fundraising targets and don't have money to invest in new donor acquisition here is something you might consider doing.

How about sending a special mailing to those donors who have given to your charity most frequently or, who have contributed more recently or, who have made significant gift to your cause.

The question is: do you know who these people are? When did you last analyse your donor file by recency, frequency and highest previous gift?

By doing a basic analysis of your donor file using the above mentioned criteria you are likely to identify the prime prospects for a gift right now. These donors have demonstrated through their giving patterns that they are interested in what you are doing and that they like supporting your work. They are your charity's best friends and most likely to respond to your call for help.

Case Study

Six months ago, we performed *a recency, frequency and amount analysis* on a client's donor file using the following criteria: recency – donors who had given in the last 14 months, frequency - donors who had made two gifts or more, amount – donors who had given £50 or more in the last 14 months.

We identified 270 donors fitting these criteria and targeted them with a special mailing inviting them to become regular supporters of this charity by donating £10 or more on a monthly basis. 170 donors accepted the invitation to join the regular giving programme donating on average £12 a month. This means that in six months' time this charity would have generated over £24,000 from these donors plus Gift Aid where applicable.

In this case a small investment in fundraising reports and in a regular giving package is delivering significant results for this year and several years to come.

4. Measuring fundraising performance can help you be a good steward of your charity's limited fundraising resources.

All fundraising reports can help you allocate your limited fundraising budget wisely and improve your fundraising performance.

Sometimes charities like to mail non-givers or previous donors long after they have stopped giving or, lost interest in the charity work in the hope that somehow they will give again. Often that is not the case.

And, if you need more convincing then track the behaviour of long term non-givers or past givers to your charity. You will soon realise that you are probably currently mailing hundreds even thousands of people who joined your mailing list say five or six years ago and have never given to your charity. You also might be mailing similar numbers of people who made a gift say five years ago and haven't given since.

In my opinion, continuing to mail these people frequently is a waste of your time and of precious fundraising resources. They are lost to your cause! So, as a rule of thumb you might want to stop mailing people who have not given in the last 36 months.

But, you can break this rule if you have developed a new fundraising package you are planning to use in new donor acquisition. You might want to send this package to your lapsed donors and non-givers from the database. Also, you could try calling lapsed donors on the phone to persuade them to renew their support to your cause.

Finally, you should measure the impact of these fundraising activities that break the rules and ensure that you are investing strategically in donor relationships that have potential to grow and flourish.

To measure your charity's fundraising performance why not take our Fundraising Fitness Test. For more information call Redina Kolaneci on: 0777 558 2696 or email: redina@mcconkey-johnston.co.uk