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How to Use Data to Improve Your Fundraising

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THE CHRONICLE OF PHILANTHROPY®

How to Use Data to Improve Your Fundraising

How a University Used Data Analytics to Improve Fundraising — and You Can, Too

By BRENNEN JENSEN

ISTOCK

At the University of Iowa's Center for Advancement, more than 70 staff members raise money for a sprawling university system that includes 10 colleges, a statewide academic medical center, athletics programs, a performing-arts center, a museum, and more.

Created in 2017 when the University of Iowa Foundation merged with the University of Iowa Alumni Association, the center consolidates the university's efforts to get friends and supporters to give and get involved. Before the organizations joined forces, foundation leaders suspected they could better use data analytics to inform their development strategies. A fundraising consultant hired in 2016 confirmed those suspicions. "Our data analysis was a little disjointed and not strategic," says the center's prospect-management associate director, Janet Weimar.

Last September, the center created a data-analytics team (four new hires, nine people from in-house), led by numbers-cruncher Brad Cunningham, who came from the for-profit world. After unearthing little-used collections of data, the team helped revamp the university's prospect-management and research strategies.

Though fundraisers held fewer visits with donors in the first six months of the new approach, the average gift size increased. The team's analysis — and real-world experience — show that overall revenue growth depends more on gift size than on the number of donor visits. In other words, quality trumps quantity.

Among the team's recommendations:

Optimize fundraiser portfolios to be "smaller but smarter." Before he started higher-education fundraising, Cunningham, the center's vice president of data analytics, read *Managing Major Gift Fundraisers: A Contrarian's Guide.* The author, David Lively, is a development officer at Northwestern University who believes most fundraisers' portfolios are too large.

At the University of Iowa, some development professionals were managing as many as 120 donors or prospects. "Trying to keep track of that many people is beyond out-of-control," Weimar acknowledges. To get a handle on the workload, the team first analyzed five years of giving data (focusing on gifts between $50,000 and $5 million) and catalogued individuals in one of three ways: "qualified," "actively cultivated and solicited," and those being stewarded for gifts already made. They determined that there was a lot of deadwood on the lists and culled about 1,700 names. Some fundraisers' portfolios shrank by two-thirds.

Find and exploit untapped "data goldmines." The university's 1,800-seat Hancher Auditorium hosts Broadway shows, dance recitals, orchestral concerts, and lectures, yet years of ticket-sales data had never been analyzed.

Cunningham and his team sorted several years' worth of sales data, categorizing ticket buyers by number of performances attended and the amount spent. For example: Did they pay more for front-row seats versus in the balcony?

Many of those who frequently bought premium tickets also gave generously to fundraising efforts. "This ticket data was really somewhat of a lead indicator of how much somebody was giving," Cunningham says.

The team's analysis — and real-world experience — show that overall revenue growth depends more on gift size than on the number of donor visits. In other words, quality trumps quantity.

As a result, some names were added to prospect lists, and some were dropped. Now, as the team interacts with various university entities, he says, they look for people "sitting on an Excel spreadsheet" or any other untapped source of information on public engagement with the university.

Reward revenue results, not activity, for a "less gameable" approach. "Our previous system [for evaluating fundraiser performance] was really based on activity versus productivity," says Weimar. "The new system was intended to build some consistency and create baselines and metrics related to productivity versus activity."

The approach, which uses data analysis to assign revenue targets to fundraisers, no longer rewards staff based merely on activity. "We took away some of the things that were completely gameable," Weimar says. "Someone could say, 'I had 400 contacts last year,' but if they're calling people who are clearly not at home during the day and counting it as a contact, then that's a way to game the system."

Develop a "talent pyramid" so the right fundraisers are seeking the right gifts. Conventional wisdom suggests that senior fundraising staff should pursue the largest gifts. The new metrics-based system formalizes this alignment creating a five-level "talent pyramid."

At the base of the pyramid, associate directors pursue gifts of up to $50,000. At its tip, vice presidents focus on gifts between $1 and $5 million. "We didn't just draw these numbers out of the wind," says Cunningham. "We were actually looking at historical success rates."

Build flexibility into the pyramid. Each job title within the five-tier pyramid includes five different goal levels. The levels allow for variables such as tenure and whether someone fundraises full time or also has academic or managerial duties. The approach accommodates temporary adjustments, such as family leave or other personal issues.

Maintain a collaborative atmosphere, but eliminate the "clown car" effect on a large gift. No fundraiser is an island, and raising money is a collaborative activity. But the university's new fundraiser-evaluation metrics more clearly define everyone's primary responsibilities and goals.

"Everyone is provided with a lane they should swim in," Cunningham says. Getting credit for a "secondary solicitation" is downplayed but not eliminated. That change has less to do with hard-and-fast rules and more to do with a "culture shift." It's designed to prevent multiple fundraisers from "attaching their names" to a large gift outside their area of focus, he says, especially when they only sat in on a few meetings or took the odd phone call.

"We wanted to be thoughtful about how we define primary and secondary solicitors so that we could maintain a team culture and also make sure that people were focused on the right solicitation," Weimar says.

"If a fundraiser is talking to a donor and they find out that that donor actually doesn't even want to give to their area, they want to give to something else, we want them to park the car. They get out of the car and let the right fundraiser drive that car," she says.

"Some were managing as many as 120 donors or prospects. 'Trying to keep track of that many people is beyond out-of-control.'"

"This is a brand-new thing for us. Yes, you have worked with the donor and have moved to qualify the donor and moved them toward a solicitation. But at the point at which it becomes clear that they're not going to be driving the solicitation, we want them to move on to the ones that they should be working on."

Always show and tell. Changes such as these require a lot of meetings. A lot of them. When driving a "culture shift," in which data informs development strategies, it is best to keep staff informed throughout the process. Make sure at meetings that you both show and tell staff members what's being developed and considered, says Weimar

"You always will want to go to meetings with something staff can react to," Cunningham says. "It doesn't matter if it's not perfect. Just giving them something to react to is a good way to start a conversation."

Weimar agrees: "Yes, it's all about being incremental. At every meeting, we should walk away with something incremental that we can build upon and get into a cycle of testing and learning from each other."

UNIVERSITY OF WATERLOO

The University of Waterloo invites early-career alumni who are founders of companies to pledge to make a gift when their businesses turn a profit.

How to Identify Donors With the Greatest Potential to Give

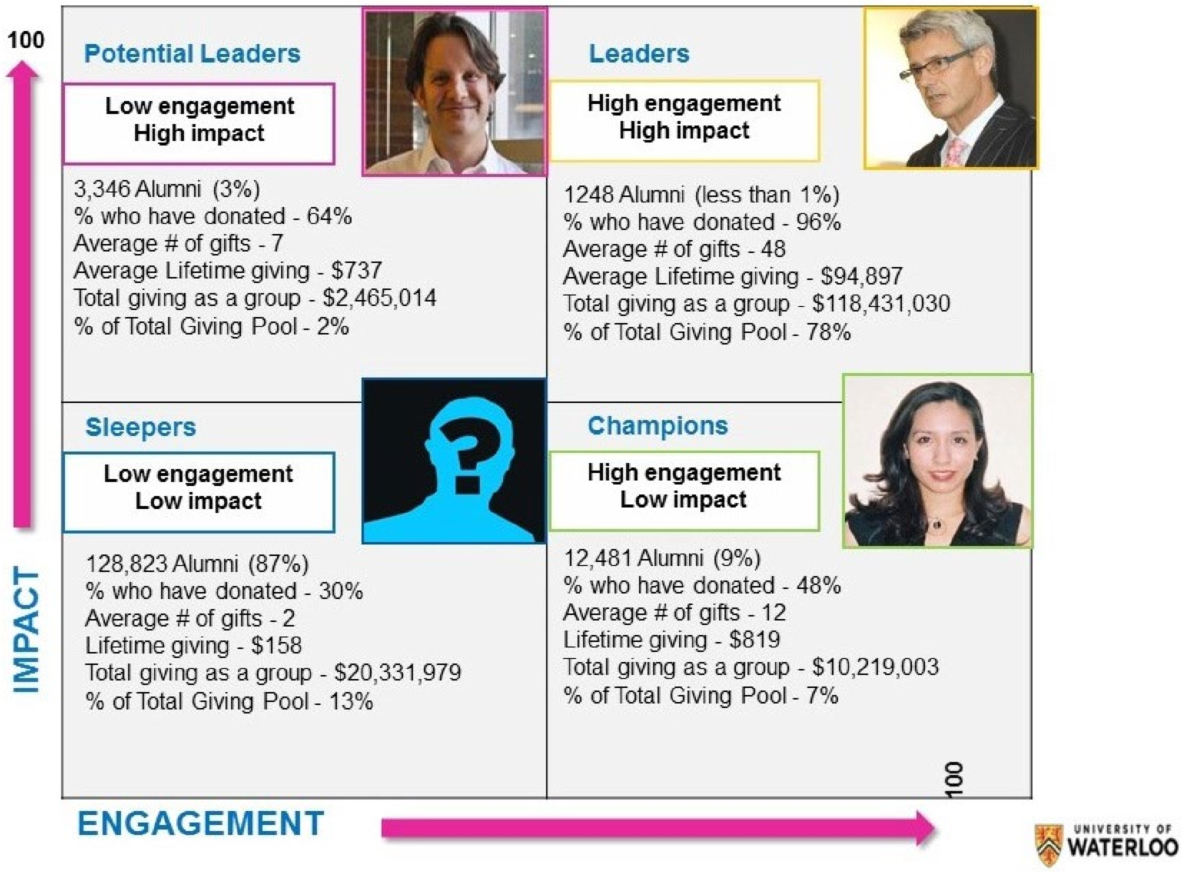
By LISA SCHOHL

Many nonprofits track donor engagement and analyze wealth, but few look at these variables together. That could leave large sums of money on the table, says Jason Coolman, associate vice president for development and alumni relations at the University of Waterloo in Canada.

As part of his master's degree coursework a decade ago, Coolman created a formula for measuring how connected Waterloo alumni felt to the university and how much they could give. This information allows the college's fundraisers to identify supporters with the greatest willingness and capacity to give — and cultivate them rather than taking a scattershot approach.

PRIORITIZING CERTAIN RELATIONSHIPS

Around 80 percent of Waterloo's giving comes from less than 1 percent of its donors,



Coolman says. But traditionally the college spent more time soliciting the other 99 percent — via direct mail, email, social media, and other fundraising channels — than working to strengthen ties with alumni who could give the most.

Coolman's research suggested that was a costly mistake. Using data, he created a two-by-two grid to group alumni into quadrants. The horizontal axis represents their involvement with the university, and the vertical axis represents their wealth. (See illustration.) Both of the top groups had above-average wealth; what set them apart was how connected they felt to the institution. Alumni in the top-right quadrant, labeled "leaders," were highly engaged and had above-average wealth, which often led to greater giving. Coolman describes "leaders" as having "high engagement and high impact."

A second group of wealthy individuals who are less engaged are labeled "potential leaders." Coolman and his team conducted interviews with alumni in each group to figure out how to maximize giving among them. It turns out that both groups of wealthy supporters wanted things such as highly personalized treatment and to understand how their giving made a difference. However, the "potential leaders" had not yet received this attention and therefore weren't giving as much as they could.

"On average, the leaders are giving almost $100,000, and the potential leaders are giving under $800," Coolman says. "They're giving, but we're leaving $99,000 on the table for each one of those people because we haven't made it highly personal and highly engaging."

You can't control people's ability to give, Coolman adds, "but we do control how we move relationships forward." And that's the value of this model, he says. Based on the research, Waterloo revamped its strategy to focus on moving as many people as possible from the left side of the chart to the right — toward a stronger connection with the institution — especially those at the top, who represent the biggest opportunities.

It's still important to pay attention to smaller donors, Coolman says, because those who aren't wealthy today may become big contributors in the future. But the college now invests more resources in building personal relationships with those making "mega gifts," he says, and those who have the money to become major supporters but have not yet received priority treatment from Waterloo.

"There's a huge risk and reward on that top-end group," Coolman says, since much of your success depends on a small number of donors. "But the reward is so great that it's worth focusing on it."

Although Waterloo hasn't been immune to the larger trend of declining donors, he adds, this shift has helped the college increase the number of high-dollar donors and raise more money overall.

CREATING A MODEL USING YOUR OWN DATA

You don't need an expensive database or huge staff to adapt this approach to your organization, Coolman says.

Start by asking yourself who are your most connected donors and how have you engaged them. Waterloo quantified engagement by sending alumni a survey that asked whether each person would recommend the college to others or if they wanted to get more involved.

Roughly 10,000 people responded; the fundraisers scored each individual's interest in giving on a scale from zero to 100 based on their answers. The team then compared the respondents' behavior with the actions of alumni who didn't participate in the survey. Nonrespondents whose behaviors matched respondents received comparable scores.

If you can't do a survey, Coolman says, use the data you have. For instance, if certain donors have shared lots of personal information with you, such as their physical mailing address, number of children, and job title, that shows they're more engaged than those who have only provided an email. Develop a scoring system based on the value of supporters' actions to your organization. Group supporters according to their scores, and label them based on their level of engagement.

You'll next need to gauge your donors' giving capacity, which Waterloo did by analyzing alumni data and external sources, such as tax filings, home values, and other assets, to assign wealth scores. You also could hire an outside expert to help you screen and assess your supporters' affluence.

Once you've assembled data or scores on wealth and involvement, "Then, basically, when you look at those two points plotted together, it tells you which of these four quadrants that person is in," Coolman says.

MAXIMIZING RESULTS

When you know where your supporters fall in the model, Coolman says, you can prioritize your fundraising efforts. Here are a few more tips Coolman recommends to help you raise more money.

Assign staff members to work on your top and bottom groups separately. Ideally, you should allocate 50 percent of staff time to efforts geared toward smaller donors. The other half should be spent building personal relationships with those whose wealth places them in the top 1 to 5 percent of supporters. Small nonprofits can do this, too, Coolman says.

"If you added one person [to your staff] who did the very personalized stuff, if they were to convert one gift at $50,000, that is like a thousand $50 gifts," he says. "It would be very hard to get a thousand $50 gifts." Therefore, this targeted approach is likely to boost revenue overall.

Start small. Don't overhaul your strategy from one day to the next, Coolman says. "I think you want to make it a slow and incremental change over time." Set your fundraising goal, and work toward it over five to 10 years.

Give wealthy donors personalized treatment, such as one-on-one meetings or phone calls instead of letters or emails.

Connect wealthy donors to your leaders or to an influential peer. For example, enlist major donors with a high profile to help with outreach to your potential big contributors. This shows your top supporters that they matter to your organization.

Demonstrate the impact of big gifts above and beyond the information you share with smaller donors. For example, send photos and statements from those who have benefitted directly from these supporters' gift, and find a customized way to say thanks.

Track the results of your strategy so you can assess whether it's working and prove the return on your investment in this approach.

How to Streamline the Evaluation of Potential Donors

By MICHAEL THEIS

When Anthony Villescas became director of prospect development at the University of California at San Francisco in 2017, he found major-gift officers and analysts using many ways to assess a donor's potential to give. "Everyone kind of has their own way of doing things, and it depends on the analyst you are sitting down with to evaluate [a donor] what the end result is going to be," he says.

With no standardized approach to identifying donors with the greatest potential to give, UCSF major-gift fundraisers faced a bloated list of prospective donors. The team of about 50 frontline fundraisers and 10 data analysts managed a list of more than 8,000 people. Nearly half of them had not been contacted in a year. Data was available for each donor, but fundraisers couldn't easily make use of it.

AN ALGORITHM AND A SCORE

Of course, we want fundraisers "to focus their energies on the ones most likely to give to us," says Villescas. To help them do that, he created an algorithm that employs a specific set of data to calculate the potential of each donor or prospective donor. It's an algorithm of sorts that spits out a single value, which he dubs the "Major Gift Inclination Score," or MGI. It ranks potential donors on their propensity and capacity to make a gift of more than $100,000.

As he applied the algorithm to UCSF's pool of prospective donors, Villescas culled low-scoring individuals from the list and divided those who remained into four tiers based on their likelihood to make a donation within the next year. The top tier includes those whose MGI score is in the top 30 percent of the pool.

By 2018, Villescas says, fundraisers' portfolios had shrunk by 35 percent. The number of prospects in the most promising tier had increased by 20 percent, and the number of people deemed able to give $1 million or more had increased by 5 percent. Plus, fundraisers had been in touch with 89 percent of active prospects in the previous six months.

Villescas's method also includes a fifth tier that evaluates companies and organizations, such as foundations.

HOW TO USE THIS APPROACH

First of all, you need data. The university had been collecting data on prospects for years. UCSF tracks information such as frequency of donations, age, total lifetime contributions to other charitable causes, a WealthEngine "gift-capacity score," institutional programs of interest, even the distance between the potential donor's home and the UCSF campus, among other information.

Use the data you have, says Villescas, and use data that's relevant to your organization's goals when you create a standardized approach for your entire team.

Periodically review the list to prevent "portfolio bloat." Within each tier are categories "keep," "review," and "remove." For example, donors stay in tier one if they:

- have given at least $25,000
- have given within the previous three years
- have talked with a fundraiser in the previous six months
- have one of the following "philanthropic affinity" ratings: "most likely to give," "likely to give," or "inclined to give."

All the conditions must be met for someone to stay in tier one. Prospects are moved to a lower category if they've not given to the university in the previous five years or if there's been no contact with the prospect in the previous year.

Villescas also sets conditions for names to be removed from the lists altogether.

Download the methodology to see all of the conditions for each tier.

The overall approach helps major-gift fundraisers focus on individuals and organizations most likely to make a major gift.

Blueprints for the Future

By NICOLE WALLACE

Fundraising analytics is a nascent field, and ideas that analysts noodle around with today could become the cutting-edge approaches of tomorrow. Here are two still largely on the drawing board:

TEXT ANALYSIS

So far, fundraisers have focused mostly on numeric data, like contributions and income. Michael Pawlus is trying to unlock insights hidden in the reams of words his institution collects and generates.

Grand Valley State University in Allendale, Mich., where he serves as assistant director for prospect research and development, annually surveys its graduates. Among the questions: Who at the university had an impact on you?

Mr. Pawlus extracted the answers and tabulated who was named most — valuable knowledge the development office could use to build ties with young supporters, he says. The professors and staff named in the survey resonate with those alumni and could be featured in communications. The university could also raise money to name scholarships after popular campus figures.

MICHAEL PAWLUS

Until now, Grand Valley State hasn't thought to put the survey answers to work in this way, which surprises Mr. Pawlus. "I can't believe so many people are spilling their hearts out about how much this university meant to them," he says, "and we're not trying to leverage that at all."

Another rich vein of information he is trying to tap: fundraiser reports detailing interactions with potential donors.

Academics have analyzed common English words and matched them with emotions, noting whether they're generally used to convey positive or negative thoughts. Mr. Pawlus built a word cloud from fundraiser reports and checked the most frequently used words against a database of word-emotion connotations. Though he couldn't clearly gauge the tenor of fundraiser-donor relationships, he thinks there's useful information in such analyses. For example, a word cloud made from reports of visits with donors could help new fundraisers get an overview of the contributors' interests and previous discussions with gift officers.

IDENTIFYING GIVING PATTERNS

Many fundraisers rely on rules of thumb to predict what donors will do. For example: Supporters who give small amounts faithfully over many years are prime candidates for planned giving.

Whether or not these maxims are always true, there are patterns to how donors give. And some fundraisers hope to use data to reveal the patterns they don't see. One strategy: Identify donors who are clustered on a similar giving trajectory.

"We have algorithms that will create those clusters for us better than anybody could," says Jennifer MacCormack, associate director for advancement analytics at the University of Washington. The university has started work to determine the groupings. Later, fundraisers will create personas for each segment to help tailor solicitations to each group.

"There is a difference in the way someone who might be a donor for 20 years is going to respond to a communication versus someone who has just started giving in the past five years," says Ms. MacCormack. "They're not the same donors."

Memorial Sloan Kettering Cancer Center has a similar plan to identify donors' common giving pathways. Once analysts map out those routes, they should be able to predict each donor's path and how much each person is likely to give over time, says Kate Chamberlin, the hospital's director of development analytics and process.

With that information, she says, Memorial Sloan Kettering can develop programs to encourage people who are on a track toward making large gifts. Fundraisers also hope to figure out ways to identify people who have changed course.

Says Ms. Chamberlin: "Maybe we really, really should be sending this person information about planned giving, because they're just suddenly saying, 'Hey, count me in.'"

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It's Time to Get the Most Out of Your Data

We're ready to discuss your needs and how Acuity can help move you closer to your goals—or even set new, more ambitious ones. Contact us at 317.215.2400 to schedule a meeting to learn how Acuity can benefit your organization.

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