Fundraiser Metrics & Portfolio Optimization

David Lively, Senior Associate Vice President & Campaign Manager
Today’s agenda

- Performance Metrics
- Portfolio Optimization
- Case Studies
  - DePaul University
  - Northwestern University
What are Metrics?

Metrics [me-triks]

 Metrics are numbers that provide important information about a process under question. They tell you accurate measurements about how the process is functioning and provide the basis for you to suggest improvements.

 Metrics are used to drive improvements and help businesses focus their people and resources on what’s important.
On Metrics...
why measure?

- What gets measured gets done
- What gets measured and fed back gets done well
- What gets rewarded gets repeated
Metrics in Major Gift Fundraising

- Creates a transparent system of accountability
- Focuses fundraisers on closing gifts—making us more purposeful in our daily work
- Improves management of fundraiser portfolios
- Clearly defines success and provides a roadmap for advancement
- Blends qualitative with quantitative results
- Offers a clear picture of success, ROI, and impact
- Provides a system for making change at your institution
First... a brief note about “visits”
Visits often serve as a proxy for Fundraiser productivity. They are used as the “effort measure,” as a trusted NU colleague recently put it.

“(This) was my main problem with it. So if you didn’t raise any money, your boss could say, ‘oh but you were out there hustling so I can’t fault you. Keep doing that.’ Which didn’t teach anyone anything and went hand-in-hand with being a ‘non-profit measure.’ For folks like me it was nonsense because I wanted to be measured on real stuff and I hated having an out.”
Also...Fundraising is Expensive
*(in other words, what’s your ROI?)*

<table>
<thead>
<tr>
<th>Major Gift Fundraiser Expenses:</th>
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<tbody>
<tr>
<td>Salary</td>
<td>$________</td>
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<tr>
<td>Benefits (~28% of salary, or more)</td>
<td>$________</td>
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<tr>
<td>Budget (travel, entertainment, etc.)</td>
<td>$________</td>
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<tr>
<td>Supplies (computer, phone, letterhead, etc.)</td>
<td>$________</td>
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<tr>
<td>Research (% of prospect research/mgmt. staff, etc.)</td>
<td>$________</td>
</tr>
<tr>
<td>Database (% of license/staff support, etc.)</td>
<td>$________</td>
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<tr>
<td>Space (office space, etc.)</td>
<td>$________</td>
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<tr>
<td>Other misc. expenses</td>
<td>$________</td>
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<td>Training (CASE, etc.)</td>
<td>$________</td>
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<tr>
<td>Opportunity Costs (i.e. how else could $ be used?)</td>
<td>$________</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>$________</td>
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</table>
What to Measure

The Primary Goal: Raise more gifts now
We will measure relevant major gift fundraiser activities that directly relate to soliciting and booking new major gift commitments.

These activities include (but are not limited to):
- Number of new major gifts/commitments
- Number of major gift solicitations
- Dollars raised in new major gifts/commitments

A Secondary Goal: Identify/Qualify New Prospects
We will measure activities that directly relate to identifying, qualifying, and cultivating new major gift prospects, who will be solicited in future fiscal years. (Build the pipeline for the future.)

These activities include (but are not limited to):
- Number of Qualification calls
- Number of (Face-to-face) Visits
Collaboration
Encourage fundraisers to collaborate on solicitations.

These activities include (but are not limited to):
- Proposal/solicitation assists
- Joint calls
- Shared strategies/multiple solicitations
- Implementing high-touch engagement across campus (e.g. reunion chairs, visiting committees, etc.)
Portfolio Optimization

First a poll...

What’s your portfolio size?
- 150+?
- 100-149?
- 50-99?
- Fewer than 50?
Too big to succeed?

A few numbers to consider...

- Typical number of years in a campaign: 7
- Total number of business days in a year: ~220-230
- Average number of “true major gift asks” per year: 10-15 (or approx. 1-1.25 a month)
  - Put another way, one ask every 15-22 business days
- Average number of prospects* in a portfolio: 125

* According to a recent Bentz Whaley Flessner study
A Little Portfolio Logic...

- If a fundraiser manages a portfolio of 125 prospects and makes 10 major gift asks a year, it will take 12.5 years to solicit everyone in her portfolio
  - That’s 5.5 years longer than the average comprehensive capital campaign
  - Even at a robust average of 15 asks a year, that’s 8.3 years
  - Moreover, does she really know which prospects she’ll likely solicit 7 years from now? 6 Years? 5 years? (Hint...no!)

- Moreover...with approx. 220 business days in a year, a fundraiser must meet with at least one prospect every other day to visit and substantively engage all 125 prospects
Recommendation: Reduce Portfolio Size

- Optimal size: approx. 40 or fewer (depending on other duties, etc.)

The Benefits

- Prioritize the entire prospective donor pool
- Focus fundraisers on a manageable list of top prospects, each of which will have a substantive and clearly articulated strategy
- Minimize uncooperative, territorial behavior between fundraisers as there will necessarily be many more qualified donor prospects from which to choose (when they are not idle in another fundraiser’s massive portfolio)
- Increase the aggregate number of solicitations annually as all fundraisers will be forced to make decisions about—and take actions with—the prospects to whom they are assigned
- Eliminate excessive slack (i.e. inefficiencies), especially at the top of the prospect pool
The Typical Fundraiser Portfolio: Identifying Portfolio Slack

- Prospects Not Solicited with No Strategy or Solicitation Plan (Group D)
- Prospects Not Solicited but with Substantive Solicitation Strategies for Next Fiscal Year (Group C)
- Solicitations Declined in Current Fiscal Year (Group B)
- Gifts and Pledges in Current Fiscal Year (Group A)
Redistribution of Portfolio Slack

Purple: Assigned Prospects without no substantive solicitation strategies and little or no current engagement activity (Group D, approximately 85+ prospects)

Blue: Assigned Prospects with substantive solicitation strategies and current engagement activities (Groups A-C, approximately 40 prospects)

NB: Unattended prospects (purple) should be made available to fundraisers down the hierarchy, allowing more fundraisers access to top prospects.

*Diagram assumes each fundraiser carries a portfolio of 125+ prospects
### Managing the Portfolio: The Prospect Map

#### 2017 Fundraiser Proposal Strategies and Projected Solicitation Activity

<table>
<thead>
<tr>
<th>Name</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
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</table>
| Prospect D | Build up to ask - tasks/strategies | Ask Date: 3/1/17  
Ask Amt: $500K  
Program: Financial Aid | Projected Negotiation | Projected Negotiation | Projected Negotiation | **Projected Close Date: 7/1/13** | Stewardship | Stewardship |
| Prospect E | Build up to ask - tasks/strategies | Ask Date: 3/13/17  
Ask Amt: $1M  
Program: A&S | Projected Negotiation | Projected Negotiation | **Projected Close Date: 6/1/13** | Stewardship | Stewardship | Stewardship |
| Prospect H | Build up to ask - tasks/strategies | Ask Date: 3/28/17  
Ask Amt: $750K  
Program: A&S | Projected Negotiation | Projected Negotiation | **Projected Close Date: 7/15/13** | Stewardship | Stewardship | Stewardship |
| Prospect K | Build up to ask - tasks/strategies | Build up to ask - tasks/strategies | Ask Date: 4/5/17  
Ask Amt: $250K  
Program: Engineering | **Projected Close Date: 5/1/13** | Stewardship | Stewardship | Stewardship | Stewardship |
| Prospect C | Build up to ask - tasks/strategies | Build up to ask - tasks/strategies | Build up to ask - tasks/strategies | Ask Date: 5/13/17  
Ask Amt: $1M  
Program: A&S | Projected Negotiation | **Projected Close Date: 7/6/13** | Stewardship | Stewardship |
| Prospect F | Build up to ask - tasks/strategies | Build up to ask - tasks/strategies | Build up to ask - tasks/strategies | Ask Date: 5/31/17  
Ask Amt: $5M  
Program: Athletics | Projected Negotiation | Projected Negotiation | **Projected Close Date: 8/31/13** | Stewardship |
Case study: DePaul University

AWARENESS: Generating awareness of the need for change
- The current system is not working

MOBILIZATION: Enlisting resources and stakeholders to undertake change
- Identification of best practices:
  - U. of Washington: “Top 25”
- Buy-in from Advancement leadership

PILOTTING: Preliminary testing of new possibilities
- Pilot run with business school for six months; full implementation 7/1/06 (Q1)

FULL SCALE IMPLEMENTATION: Adopting fundamental, far-reaching reform
- Implementation of Accountabilities Grid
- Implementation of Top 20/Next 50 portfolio system
- FY2007-2011 results
# DePaul University Major Gift Summary: FY1989 - FY2011 Number of Gifts and Pledges of $25K+

**FY07 Q1:** Full Implementation of new goals & accountabilities system

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<td>42</td>
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<td>56</td>
<td>65</td>
<td>73</td>
<td>44</td>
<td>56</td>
<td>53</td>
<td>50</td>
<td>48</td>
<td>40</td>
<td>36</td>
<td>49</td>
<td>89</td>
<td>67</td>
<td>82</td>
<td>90</td>
<td>150</td>
<td>139</td>
<td>118</td>
<td>162</td>
<td>184</td>
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FY1989 - FY2011 data shows a significant increase in the number of gifts and pledges of $25K+ after the implementation of new goals and accountabilities in FY07 Q1.
DePaul University Major Gift Summary:
FY1989 - FY2011 Gift/Pledge Dollars of $25K+

FY07 Q1: Full Implementation of new goals & accountabilities system
Case study: Northwestern University

AWARENESS: Generating awareness of the need for change
- Program Assessment, FY12 (February 2012)

MOBILIZATION: Enlisting resources and stakeholders to undertake change
- Review current/historical activity:
- Buy-in from leadership
- Build consensus among gift officers on all central teams
- Lay out ideas and plans middle of FY12 (May 2012)

FULL SCALE IMPLEMENTATION: Adopting fundamental, far-reaching reform
- Implementation of Metrics for all central gift officers beginning FY13 (Sept. 2012)
- Implementation of Metrics for Law and Kellogg in FY14
- Reduce portfolio size for Schools/Programs team, beginning mid-FY13 and completed in spring FY14
Northwestern University
Program Assessment & Campaign Needs

Program Assessment (as of Feb. 2012):
- Decent Major Gift activity
- Steady growth in recent years
- Large pool of unassigned rated/evaluated prospects
- Significant Portfolio slack (avg. size 115 prospects)
- Influx of new fundraisers
- High number of unqualified but rated prospects in discovery

Campaign Needs:
- Increase productivity of current fundraisers (i.e. increase rate of solicitation and volume of gifts)
- Significantly increase major gift outcomes in campaign
  - Need ~50% increase in gifts of $100K
  - Need ~65% increase in gifts of $1M+
- Grow major gift totals (from individual donors) from ~$80M-$120M to $200M-$300M+
Fundraising Significantly Below Capacity

- Few incentives to raise major gifts
- Performance metrics distorted activity toward visits alone versus fundraising; individual performance (i.e. raising major gifts) suffered as a result
- Lack of awareness across teams that fundraising performance was mediocre

Significant Portfolio Slack Across all NU Teams (as of Feb 2012)

- 45% of all assigned prospects rated $1M+ had not been visited since September 2009 (if at all)
- 55% of all assigned prospects rated $100K-$999K had not been visited since September 2009 (if at all)
- The typical portfolio for major gift (MG) fundraisers in FY12 included approx. 115 prospects
- In FY11 MG fundraisers contacted on average just 40 of their assigned prospects, or 35% of their portfolio

*In short, 65% of our very best prospects were effectively unmanaged in large, stagnant portfolios*
Conclusions:

- Fundraisers were *more focused on getting visits* than making solicitations and raising major gifts.
- Fundraiser portfolios were much too large to manage effectively, and as a result *we were not prioritizing our best prospects to be solicited*.
- Fundraisers had no incentive to release idle prospects back into the open pool for others to solicit.
- *Subsequently, nearly half of our top prospects lay fallow*.

Solutions:

- Implement new Accountabilities Grid with weighted scorecard in FY13.
- Reduce average portfolios to ~40-50 so that fundraisers may better prioritize their activity.
# The NU Accountabilities Grid

**Does not matter which unit a gift supports**

<table>
<thead>
<tr>
<th>Position</th>
<th>Associate Vice President</th>
<th>Executive Director of Development</th>
<th>Senior Director of Development</th>
<th>Director of Development</th>
<th>Senior Associate Director of Development</th>
<th>Associate Director of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Responsibilities</strong></td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Number of Major Commitments ($100K+)**</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Number of Solicitations ($100K+)**</td>
<td>9</td>
<td>10</td>
<td>14</td>
<td>16</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Dollars Raised (Commitments of $100K+)**</td>
<td>$15M</td>
<td>$7.5M</td>
<td>$5M</td>
<td>$6M</td>
<td>$4M</td>
<td>$5M</td>
</tr>
<tr>
<td>Qualification Visits (Subset of Overall Visits)</td>
<td>15</td>
<td>20</td>
<td>20</td>
<td>25</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Visits (face-to-face)</td>
<td>30</td>
<td>70</td>
<td>70</td>
<td>80</td>
<td>70</td>
<td>80</td>
</tr>
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</table>
# The Scorecard

<table>
<thead>
<tr>
<th>Score Card</th>
<th>Number of Major Commitments</th>
<th>Number of Solicitations</th>
<th>Dollars Raised</th>
<th>Number of Qualifications</th>
<th>Visits</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>200% or more of Goal</td>
<td>91</td>
<td>50</td>
<td>36</td>
<td>13</td>
<td>10</td>
<td>200</td>
</tr>
<tr>
<td>175-199% of Goal</td>
<td>80</td>
<td>47</td>
<td>34</td>
<td>12</td>
<td>9</td>
<td>182</td>
</tr>
<tr>
<td>150-174% of Goal</td>
<td>71</td>
<td>40</td>
<td>29</td>
<td>11</td>
<td>8</td>
<td>159</td>
</tr>
<tr>
<td>125-149% of Goal</td>
<td>62</td>
<td>34</td>
<td>25</td>
<td>10</td>
<td>7</td>
<td>138</td>
</tr>
<tr>
<td>101-124% of Goal</td>
<td>53</td>
<td>28</td>
<td>20</td>
<td>9</td>
<td>6</td>
<td>116</td>
</tr>
<tr>
<td>100% (Achieve Goal)</td>
<td>44</td>
<td>25</td>
<td>18</td>
<td>8</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>75-99% of Goal</td>
<td>36</td>
<td>22</td>
<td>16</td>
<td>7</td>
<td>4</td>
<td>85</td>
</tr>
<tr>
<td>50-74% of Goal</td>
<td>27</td>
<td>16</td>
<td>11</td>
<td>5</td>
<td>3</td>
<td>62</td>
</tr>
<tr>
<td>25-49% of Goal</td>
<td>18</td>
<td>9</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>38</td>
</tr>
<tr>
<td>1-24% of Goal</td>
<td>10</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>0% (No Activity)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<thead>
<tr>
<th>Secondary Solicitations (Proposal Assists)</th>
<th>TOTALS</th>
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<tbody>
<tr>
<td>&gt;10 asks</td>
<td>20</td>
</tr>
<tr>
<td>8-9 asks</td>
<td>14</td>
</tr>
<tr>
<td>6-7 asks</td>
<td>10</td>
</tr>
<tr>
<td>3-5 asks</td>
<td>6</td>
</tr>
<tr>
<td>1-2 asks</td>
<td>4</td>
</tr>
<tr>
<td>No Activity</td>
<td>0</td>
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</table>
Major Gift Solicitations of Individuals of $100K+: FY12-FY17

Full Implementation of Metrics and Portfolio Management System in FY13
Major Gift Activity ($100K+) from Individuals: FY06-FY17

Number of Major Gifts from Individuals

Major Gift $ from Individuals

Full Implementation of Metrics In FY13
Central Major Gift Teams:
Fundraising Highlights: FY14 vs. FY12

Recurring Activity for our Central Major Gift Officers (20 fundraisers with more than one year in position in schools/programs & regional teams)

...or “Same Store Sales”

Compared with FY12 activity, these same fundraisers in FY14...

- Increased the number of solicitations by 170% (178 vs. 66)
- Increased the number of $100K+ gifts by 211% (84 vs. 27)
- Increased $ from major gifts by 595% ($124.7M vs. $17.9M)

Additional Highlights in FY14:

- 9 of 15 Schools/Programs at NU raised a record number of major gifts from individual donors in FY14
- 8 of 15 Schools/Programs at NU raised a record amount of major gift dollars from individual donors in FY14
Lessons Learned: what’s working?

- Goals that are too high create anxiety, goals too low don’t motivate.
- Clearly defined goals improved morale among fundraisers.
- Became more purposeful in our work and in time-management.
- Established less territorial behavior among fundraisers.
- Improved tools for managers (through transparency and consistency).
- Requires managers to address varying levels of performance and expectations.
- Buy-in that solicitation activity can and should be increased.
- Focused fundraisers on closing gifts.
- Encouraged fundraisers to follow a gift to closure regardless which unit it supports, creating a more cohesive team.
Q&A

david.lively@northwestern.edu