Leveraging Penetration Rates within the Call Center

It is that time of the year when accountability and final results reign supreme. Our leadership and constituent groups want to know where the results will end up at fiscal year end. As a result, we head into the final quarter of the fiscal year faced with extrapolating results and making numerous decisions that will impact these results and ultimately the perceptions of our respective programs. Obviously, our calling programs possess the greatest opportunity for us to quickly forecast the future and close the gap on previous year’s results.

Our first focus will be on the art of extrapolating data based upon recent giving behavior and remaining prospects to forecast results. Prior to delving into the formula dynamics, however, there is an important definition to understand… that of penetration rate. Many programs make the mistake of focusing too much on contact rates. While important, when it comes to being held accountable and forecasting, the better measure is that of penetration rate (what percentage of numbers did you go through or “retire”?). This includes completes (pledges & refusals) as well as numbers that are “retired” (bad numbers & fax machines).

We can control penetration rate much more readily than we can the contact rate. The latter can be severely impacted by bad numbers and ability to contact tough audiences (docs & lawyers). Penetration rate on the other hand is solely focused on data and the ability to get through the data, good or bad.

It is time to extrapolate an example. Let’s assume that you are in the midst of calling a donor group and you want to get a handle on what your total revenue will be. The key figures we want to identify and sample data are noted below:

1) **Penetration Rate**: What is the percentage of numbers you’ve gone through for the respective segment? The percentage you’ve gone through will include completes as well as wrong numbers, and re-assigned numbers.

   37%
2) **Penetration Rate Goal:** What is the percentage of numbers you hope to go through given your specific timeframe?

    75%

3) **Total Dollars Pledged:** What is the total dollars, including expected Matching Gifts, raised to date for the respective segment?

    $16,482

Taking these three basic figures above, we use the formula below to establish the Estimated Total Revenue that can be expected:

\[
\text{Total Dollars Pledged ÷ Penetration Rate} \times \text{Penetration Rate Goal} = \text{Estimated Total Revenue}
\]

\[
\frac{16,482}{37} \times 75 = 33,410
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Basically, we are determining the amount pledged per one percentage point penetration. We do not need to take into account contact rate, average gift, or pledge percentage as the formula takes these categories into account naturally. The only variable (which is very controllable) is our ability to conduct enough calling sessions to go through the numbers. Now depending on where this Estimated Total Revenue falls in relation to previous year results, we can either increase the Penetration Rate Goal or lessen it to move on to other segments. It is quick, easy and accurate. The one caveat to this is that we can only apply this logic to unique segments and not the aggregate. In an aggregate model, if we call donors first, our Estimated Total Revenue will appear higher when in fact our non-donor calling will bring the realized total revenue far below the ETR.

While that covers the basic usage of this strategy, the second focus comes in historically tracking and monitoring the Penetration Rates for all our segments. We track by segment our ending Penetration Rate as this will assist in determining goals for the next annual giving cycle. As calling programs mature, the focus shifts to maximizing resources and squeezing in more calls. While the areas of average gift and pledge percentage will also be a focus, we will maintain the ability to increase effort more successfully than those first two areas.
As a general rule, the more recent the donor group, the higher the Penetration Rate goal, and vice versa. Over time, all Penetration Rates will rise as the program matures. Once the rates are at a point where they can not be increased, our focus will shift wholesale to average gift and pledge percentage.

What makes use of the Penetration Rates such a phenomenal tool is the ability to utilize these numbers in the calling assignment and the annual reporting processes, particularly for programs that support a constituent based model as opposed to an aggregate general College/University Fund. The key figures to know with various constituent groups are their results of the previous year. Using these individual constituent results and the penetration rates we can ensure that the majority, if not all, of the segments see increases over the previous year’s results.

While we want to ensure equity in the penetration rates for our varied segments, we must do so with an eye towards the past. When making your calling assignments compare the current year-to-date results to the final of last year. If we are behind, we obviously keep calling, knowing that the segment may end up with a higher penetration rate. This is good as it will work into our favor down the road. If we are ahead of last year’s results, we stop calling, no matter the penetration rate. This will allow us to focus on the under-performing segments. This comes together at the end of the fiscal year.

It is important that we report the average penetration rate for all the like-segments across the constituent groups. By following the calling assignment strategy noted above we will be able to sit across from the constituent group and take one of two tacts:

1) If the call revenue results are down as compared to the previous year, our penetration rates will likely be HIGHER than the average Penetration Rate; thus conveying the message that we went above and beyond to reach the previous year’s results.

2) If the call revenue results are up as compared to the previous year, our penetration rates will likely be LOWER than the average Penetration Rate; with the message conveyed here being that while the Penetration Rate is lower than the average, the results were still improved over the previous year.
These strategies help to create win-win situations from a perspective standpoint. For those that are down, extra effort is demonstrated with those that have achieved their goal not caring so much about the penetration rates due to having reached their respective goal.

In the end, it is important that annual giving be judged not only on results but also on effort. Use of the Penetration Rate allows for an analytical tracking of effort and while providing the ability to strategically assign resources. AFI