

Science behind the Art: ROI for Frontline Fundraisers

Carrie Collins, JD

One of the hallmarks of our profession is the abundance of data. Fundraisers have a metric to track virtually every facet of our operations. We utilize dashboards, spreadsheets, databases, and graphs to chart our progress among our staff, to the institution's leadership, and to its governing body. We are awash with information, statistics, and the possibility of creating myriad additional measurements. How, then, does one even begin to determine which information is relevant when attempting to report the return on investment (ROI) for frontline fundraisers? Why do we even need to report this information? What is the best way to present the data—regardless of the picture it paints?

Throughout my fundraising career, and as a result of my love of spreadsheets, I have refined a concise method for tracking and reporting the ROI for frontline fundraisers. Regardless of the size or composition of your institution or your staff, there are likely to be segments of this method that will be applicable to your situation.

Why?

Perhaps the primary question to answer is why. Why do we need to report this information? Doesn't turning the performance of our institutions' key relationship-builders into a cold, stark measurement such as "return on investment" denigrate the art of our profession? Is it not enough to see that we are hitting our goals (assuming that we are)? While I do not seek to settle the age-old debate that rages regarding whether fundraising is an art or a science, I do believe that this data is critical to a highly functioning fundraising operation.

In an economy of ever-shrinking budgets, whether your work supports a private or public institution, we must all continuously strive to do more with fewer resources. When you do wish to make a case for increased salary or operational dollars, this measurement can be critical to persuading the leadership to make a decision in your favor. By demonstrating that your frontline fundraisers are closing gifts in amounts much larger than it costs to employ them, you lend credence to the adage that you must spend money to raise money. While this certainly doesn't account for the individual performances of your superstars, a well-documented ROI buttresses your leadership abilities and knack for identifying new talent who can duplicate your staff's success.

As an attorney married to a litigator, I am all too aware of the litigious nature of today's society. Another reason to utilize this ROI measurement is to effectuate and support adverse employment decisions. While an argument about "credit" and other vagaries could arise during the course of a suit filed by a disgruntled former gift officer, ROI demonstrates that the former employee simply wasn't raising enough money to cover the cost of his/her employment. Even in a state that holds dear the notion of at-will employment, this information can support your decision.

Governing boards of educational institutions often have an eclectic mix of experts in business, finance, and other industries. Entrepreneurs are also making more frequent appearances on these boards. Creating an ROI report will translate fundraising performance data into a format that many business leaders can readily understand. While they might have difficulty grasping the nuances between "soft credit" and "solicitor credit," they are quite comfortable with information presented in such a fashion.

An ROI report may open the door to greater and more meaningful conversations about the fundraising work in which you and your team are engaged.

What?

Now armed with the rationale for this report, we turn to the key components that would comprise it. In my fundraising experience, I have found the following metrics to be the most relevant in determining a gift officer's success:

- Number of personal visits
- Percentage of unique visits
- Proposals submitted
- Number of gifts closed
- Amount of gifts closed
- Assists/shared credit
- Multiple of total compensation

Number of personal visits: Whether these occur on your campus or on the prospect's turf, personal visits are a key element in measuring fundraising success. There are several qualifiers that you can incorporate to refine and further define this metric, including:

- Meeting with an alumnus and his spouse counts as only one visit.
- A group meeting with several alumni will only be captured as individual visits with each attendee if the gift officer engages in a meaningful fundraising discussion with each member of the group.
- Unless the gift officer has a meaningful conversation, and actually moves the gift discussion forward, chats held with prospects at events should not be counted as personal visits.
- Phone call or video exchanges can be counted as personal visits, but only if the prospect insists on having the conversation over the phone/video.

A major gift officer at an institution of higher education may have the following as a visit goal: personal visits with major prospects: 120 to 150

Percentage of unique visits: An increased emphasis on visits can tempt certain gift officers to meet this metric by having multiple visits with the same prospect. Incorporating a metric for the percentage of unique visits can address this. This percentage is "calculated by dividing the number of prospects visited by the number of visits made."¹ For example, if a gift officer visited 93 prospects, but made 140 visits, his/her visits are 70% unique.

Research from Eduventures® has found that gift officers generated the most dollars, i.e., were the most productive, when they sustained a 50% unique visit percentage. My experience has shown that gift officers are most successful when that percentage is closer to 75%. You can further adjust the specific percentage according to the number of prospects in each stage of the gift cycle. The unique visit percentage should be much higher for the segment of prospects in the qualification stage.²

¹ Eduventures®, "Trends in Managing Development Operations," CASE District VIII conference presentation, Vancouver, Canada, slide 14 (February 25, 2011).

² *Id.*

Proposals submitted: Gift officers who are having substantive discussions with prospects should be well positioned to issue proposals/solicitations on a consistent basis. A tiered approach works well for this type of metric, i.e., the goals can be adjusted based upon the level of prospects to which the gift officer is assigned. For example, a junior gift officer should be submitting proposals for gifts between \$5,000 to \$25,000, while a senior major gift officer should be expected to issue proposals for no less than \$25,000 (or whatever gift levels work best for your institution). Further tiers can be created for each specific level of gift officer, and a major gift officer's proposal goals might look like this:

Proposals:

- \$25,000 to \$100,000: 10 to 15
- \$100,000 or greater: 4 to 7

What constitutes a proposal can vary depending upon the amount being solicited. A \$5,000 ask by a junior gift officer is unlikely to require a full written proposal; a pledge card may be quite sufficient. This ask, however, should be counted as a solicitation against his/her proposal goal and should be entered into whatever system you are utilizing for tracking this information. Proposals can also take the form of letters, one-page gift agreements, or other writings; the form isn't important, rather, what matters is that there is documentation that a gift officer asked a specific donor for a specific amount to support a particular program.

Number of gifts closed: Upon first blush, this may not appear to be a particularly relevant metric, and if it is used, it's not usually seen as the most important. However, this factor can be crucial if you have a gift officer who had one fantastic gift closure and now supposes she can rest on her laurels for the remainder of the year. The hypothetical major gift officer that we've been tracking throughout this article could have the following closure goals to meet:

Gift commitments/closures:

- \$25,000 to \$100,000: 7 to 10
- \$100,000 or greater: 2 to 3

Amount of gifts closed: This is the metric where your frontline fundraisers must show you the money. A gift officer operating with the aforementioned goals should be expected to raise a total of \$500,000 in new gifts and pledges during the year. This amount includes all monies that were donated as a direct result of the gift officer's efforts, which may include gifts that were less than the proposal threshold for which she received credit. In other words, if the gift officer solicited and closed a \$10,000 gift, she would not receive credit for the solicitation or count it as one of the gift commitments required, but the monies would count toward her \$500,000 total.

Furthermore, unless the position is designed specifically to raise planned giving commitments, in which case the total goal raised should be higher, a major gift officer's total gifts and pledges should be for outright dollars. Any planned gifts that she closes can be considered above and beyond the base goal of \$500,000—the "icing on the cake."

Shared credit/"assists": Many of the best solicitations occur in teams, as the fundraisers can work together to identify the prospect's passion and tailor a solicitation to most appeal to that passion. When two or more fundraisers work in tandem to successfully solicit and close a gift, it is appropriate to

provide shared credit or an "assist." It's not necessary, nor would I argue appropriate, to quantify the number of assists that frontline fundraisers make. Certainly, there should be far more individual solicitations than assists, but recognizing teamwork will make fundraisers far less likely to hoard or poach prospects.

Who?

For whom should these metrics be developed? Much of the "who" depends on the size and structure of your staff. I've developed metrics for any position on my staff that has a portfolio of prospects—major gifts officer, annual giving director and assistant director, corporate and foundation relations directors, etc. You can adjust these performance expectations within the various departments if you have staff with stratified responsibilities. While visit numbers are often the same, the dollars to be closed can vary greatly depending on the size and wealth of the portfolio.

Additionally, it's important to set clear and concise expectations for portfolio and budget management, as those factors are integral to success. Examples for individual metrics and guidance for prospect and budget management are listed below.

- Major Gifts Officer
 - Personal visits with major prospects: 120 to 150
 - Maintain at least 75% visit “uniqueness”
 - Solicitations/proposals:
 - \$25,000 to \$100,000: 10 to 15
 - \$100,000 or greater: 4 to 7
 - Gift commitments/closures:
 - \$25,000 to \$100,000: 7 to 10
 - \$100,000 or greater: 2 to 3
 - New gifts and pledges:
 - \$500,000
- Director, Corporate and Foundation Relations
 - Personal visits with foundation contacts: 50 to 60
 - Solicitations/proposals:
 - \$25,000 or greater: 15 to 25
 - Gift commitments/closures:
 - \$25,000 or greater: 7 to 10
 - New gifts and pledges:
 - \$500,000
- Director, Annual Giving
 - Personal visits with major prospects: 50 to 60
 - Maintain at least 75% visit “uniqueness”
 - Solicitations/proposals:
 - \$1,000 to \$10,000: 24 to 36
 - \$10,000 to \$25,000: 24 to 36
 - Gift commitments/closures:
 - \$1,000 to \$10,000: 10 to 15

- \$10,000 to \$25,000: 7 to 10
 - New gifts and pledges:
 - \$100,000
- Assistant Director, Annual Giving
 - Personal visits with major prospects: 50 to 60
 - Maintain at least 75% visit “uniqueness”
 - Solicitations/proposals:
 - \$500 to \$1,000: 24 to 36
 - \$1,000 to \$10,000: 24 to 36
 - Gift commitments/closures:
 - \$500 to \$1,000: 10 to 15
 - \$1,000 to \$10,000: 7 to 10
 - New gifts and pledges:
 - \$50,000
- Portfolio Management
 - Strategic approach to portfolio penetration: organize time in and out of office to maximize involvement with assigned prospects; focus on scheduling qualification meetings with maximum number of assigned prospects; limit time in office
 - Contact report processing: submit for entry in compliance with stated guidelines; provide detailed account of interaction; minimize superfluous information; advise of recommended capacity rating changes; include research information
 - Proposal preparation and submission: prepared and sent in compliance with stated guidelines
- Budget Management
 - Efficiency of travel and entertainment: adherence to University and Institutional Advancement policies; maximize time focused on prospect visits
 - Expense reporting and reconciliation: trip-related expense reports submitted in compliance with stated guidelines

When?

While most organizations have a formal process for annual performance evaluations (queue groans here), it is valuable to conduct assessments of frontline fundraisers more frequently. Yes, it is additional work during critical time periods throughout the year, but it provides an opportunity for you to bestow your wisdom upon your gift officers and to guide them back on a path to success. Further, should your fundraiser be in jeopardy of not meeting the performance expectations set for her, this exercise will help you to document the lackluster performance and create a record for a future employment decision, should one become necessary.

I recommend conducting evaluations on a quarterly basis after the close of the quarter; thus, I do mine on or about January 15, April 15, July 15, and then the annual evaluation, which is usually in September. I utilize the same form for each individual and replicate that form at each quarterly evaluation. There are no surprises then about what information is being provided or in what fashion.

Where?

Every fundraiser has his/her favorite database or software for recording actions, gifts, and generating reports. If you are satisfied with your system, and it has the requisite capabilities, then certainly you should utilize the system that your organization has purchased and in which you, or someone in your office, is presumably proficient.

Smaller shops, or those for whom the database is merely a gift processing system, can look to Microsoft Excel (or a similar product) to create a tracking spreadsheet. (I can feel my director of advancement services shuddering as I type this.) In my experience, there are certain advantages to using a spreadsheet. Most database systems are not equipped to track solicitation assists; when two gift officers visit the same prospect, you don't want them each to enter an action report of the visit, but you do want them both to receive "credit" for engaging in the cultivation efforts; and a spreadsheet allows the user to very easily make notes about certain gifts.

The actual system used is far less important than entering, tracking, and being able to generate a report from the data. Whatever method works for you, just make certain that you use it.

How?

Now that you are armed with the who, what, where, when, and why of determining ROI for frontline fundraisers, the looming question of "how?" remains. How do you present this information in a clear and concise format? The spreadsheet attached as Appendix A provides an illustrative example of how the ROI for various frontline fundraisers might be calculated. All metrics are measured and reported on a quarterly basis; the sheet represents one quarter of performance.

Most of the metrics that were addressed at the beginning of this article are listed on the sheet, with both the quarterly goals/measures and then the individual's actual performance for that quarter. While the actual ROI calculation does not utilize these particular numbers, it is important to include them to provide context to the individual's performance. A gift officer with a high number of proposals but a low yield rate could indicate that the individual is engaging in "ambush" proposals, i.e., issuing proposals before prospects are ready to receive them, or that she is not conducting adequate follow up.

Of note, the "cost of employment" is calculated as gross salary plus fringe benefits (utilize the percentage used by your institution; 33% is used here) plus a travel and hospitality allowance of \$15,000 per person. Thus, while you might be paying a major gifts officer \$115,000 in salary, the total cost of employment for that individual is closer to \$170,000 (or \$42,000 per quarter). If you provide fewer funds for travel and hospitality, you can adjust the figure; if you haven't been including that variable in your calculation, you are underestimating how much money your institution is spending to ensure that your frontline fundraisers are, in fact, on the front lines.

The actual ROI calculation is determined by dividing the dollars raised by the cost of employment. The gift officer who raises \$125,000 in a quarter with a cost of employment of \$42,000 has an ROI of 297%.

The ROI will seem extremely high in certain cases, but given what you are likely to be paying for outstanding major gifts officers, and how much you expect that they will raise in commitments, this is not unusual. Moreover, although the ROI for a particular gift officer might be 297% per quarter, if the quarterly measures show that the ROI should be 297%, then you know that this individual is performing at the level that is expected of her.

Once you have determined the metrics to fit your particular office and staff, you can begin to discuss them internally—demonstrating to the frontline fundraisers that they will be held to these standards. If you seek to do this in the middle of a fiscal year, I recommend that you prepare a document of performance expectations for each fundraiser, with the metrics clearly stated and have that individual review, agree, and sign the document. I do, however, more strongly recommend that you discuss this with your fundraisers over the course of a few months leading up to an annual evaluation. When the evaluation is conducted, you can incorporate these performance expectations into the evaluation. If you have gift officers who do not believe that they can be successful, or do not wish to work under such metrics, then you will have provided them with time to secure another opportunity.

As you formalize the metrics, and incorporate them into annual evaluations, you can then begin to track the data and measure your staff's performance. It is advisable to inform your governing board that you are embarking on such an endeavor and secure, if not their approval, at least their tacit understanding, that the days of quantifiable metrics for fundraisers are here to stay. As data is compiled, you will be able to configure the ROI spreadsheet to match your particular needs and can share it with your board for review and discussion.

Science behind the art

Great fundraisers understand the art of the ask—how to cultivate, when to solicit, and for what purpose. Truly effective development officers are gifted listeners and can match the donors' passions with the institution's needs. We are all driven to use data in our profession, whether it's to determine who our best prospects are or whether a particular messaging point was effective in a direct mail solicitation. An ROI report is a helpful tool to measure whether our fundraisers are taking best advantage of the data—the science—that is available to them to better perfect their art.

**Carrie Collins, JD, is the Vice President of Institutional Advancement at University of the Sciences in Philadelphia. A special thank you is given to James G. Miller, Associate Vice President for Development and Alumni Relations at Duquesne University in Pittsburgh, Pa., for his innovation in developing this model.*

APPENDIX A

ROI Summary

Metrics	Annual Giving	Major Gift Officers	Corporate & Foundation Relations
Average number of visits	11.00	22.67	15.00
Average number of proposals submitted	5.00	4.00	5.00
Average number of proposals closed	3.00	1.00	1.00
Average Yield percentage	62%	46%	20%
Average dollars raised	\$9,300	\$188,333	\$100,000
Average cost of employment (by quarter)	\$10,625	\$42,082	\$27,249
Average net dollars raised	(\$1,325)	\$146,251	\$72,751
Average return on investment percentage	80%	448%	367%

Annual Giving

METRICS	Director: Quarterly Measures	Director: Actual	Ass't Dir: Quarterly Measures	Assistant Director: Actual	AVERAGE
Visits	15	11	15	11	11
Proposals submitted	18	7	18	3	5
Proposals closed	6	4	6	2	3
Yield percentage	33.33%	57.14%	33.33%	66.67%	61.90%
Dollars raised	\$25,000	\$4,100	\$12,500	\$14,500	\$9,300.00
Cost of employment (assuming 50% of time spent engaged in frontline fundraising)	\$13,625	\$13,625	\$7,625	\$7,625	\$10,624.75
Net dollars raised	\$11,375	(\$9,525)	\$4,875	\$6,875	(\$1,324.75)
Return on investment percentage	183.49%	-30.09%	163.94%	190.17%	80.04%

Major Giving

METRICS	MGO: Quarterly Measures	MGO1: Actual	MGO2: Actual	MGO3: Actual	AVERAGE
Visits	38	24	16	40	26.67
Proposals submitted	6	4	3	5	4.00
Proposals closed	3	1	1	4	2.00
Yield percentage	50.00%	25.00%	33.33%	80.00%	46.11%
Dollars raised	\$125,000	\$100,000	\$340,000	\$125,000	\$188,333.33
Cost of employment (assuming 100% of time spent engaged in frontline fundraising)	\$42,082	\$42,082	\$42,082	\$42,082	\$42,082.38
Net dollars raised	\$82,918	\$57,918	\$297,918	\$82,918	\$146,250.96
Return on investment percentage	297.04%	237.63%	807.94%	297.04%	447.53%

Corporations and Foundations

METRICS	Director: Quarterly Measures	Director: Actual
Visits	15	15
Proposals submitted	6	5
Proposals closed	3	1
Yield percentage	50.00%	20.00%
Dollars raised	\$125,000	\$100,000
Cost of employment (assuming 100% of time spent engaged in frontline fundraising)	\$27,249	\$27,249
Net dollars raised	\$97,751	\$72,751
Return on investment percentage	458.73%	366.98%