

# Evaluating Your Individual Donor Program

BY STEPHANIE ROTH

The following three stories illustrate the importance of evaluation as a tool in developing a healthy fundraising program for your organization.

## Group X

Group X has been raising money from individual donors for several years. At the end of every year they send a fundraising appeal to their mailing list of approximately 2,000 names. For the past three years, they have received 250 to 300 donations from that mailing. They don't know if the same people give each year; they also don't know if the rest of the people on their list (as many as 1,700 each year) are even interested in continuing to hear from them. They maintain their list in a database program that is not a specialized fundraising database, and they don't have an easy way to document the giving history of their donors.

Because they'd like to expand their donor program and increase the amount they raise from current donors, they realize that they need better systems of tracking their contributions and a way to analyze patterns of giving over time.

## Group Y

Group Y has spent the past five years systematically building an individual donor base. They ask their donors for money three or four times a year, including a year-end mail appeal, two special appeals, and an invitation to their annual dinner. They make an effort once a year to meet with each major donor (defined as someone giving at least \$1,000 a year).

When Group Y recently faced a budget crisis brought on by cuts in their foundation funding, they decided to increase their efforts to expand their major donor program.

For the first time, they completed an analysis of the trends in numbers and sizes of gifts they were receiving. They discovered that, while they received gifts ranging from \$15 to \$10,000, the numbers of donors at each giving level (\$15–\$99, \$100–\$249, \$250–\$499, and so on), was a surprise. They had lots of people giving less than \$100,

several people giving \$1,000 or more, but only a handful of donors giving between \$100 and \$1,000.

By evaluating their donor giving patterns in this way, they were able to identify the middle range of donors (those giving \$100–\$1,000) as the group most neglected in their fundraising activities and thus the group with the most potential for expansion.

## Group Z

At Group Z, Daniel, the new development director, was frustrated by the lack of board involvement in the organization's major donor program. Half of the board members refused to do any face-to-face asks and most of the major donor solicitations were carried out by the executive director, with only a few made by board and other staff members. Bringing his concerns to the executive director, Daniel learned that the board had actually improved significantly over the past several years. Five years earlier, the only major gifts the group received came by chance in response to their annual mail appeal. No one ever met with any donors and the board did not participate in fundraising at all — nor were they expected to.

Now, after many fits and starts, cajoling, training and encouraging the board, half of the board is actively participating in the annual major donor campaign, and a few more board members join in every year.

## THE VALUE OF EVALUATION

These three examples illustrate how evaluation can help you know whether or not your fundraising program is doing what you want and need it to do. Evaluation tells you how close you came to accomplishing your goals and gives you guidelines for developing next year's fundraising plan.

Group X had neither fundraising goals nor a way to find out how well their donor program was working. Group Y learned where their greatest opportunity for growth lay. (In fact, many groups find a gap in their individual giving program in the \$500 to \$1,500 range, as this is often the most neglected group of donors. This is partly

because donors giving more than \$1,500 are given a lot of personal attention for their significant donations; donors giving less than \$500 probably don't expect a lot of personal attention, and continue giving if you merely communicate with them every so often about how the work is going and ask them to give on a regular basis. With just a little more effort and more personalized approaches to the under-\$500 donors, more of them would probably increase their giving over time and move into the \$500–\$1,500 category.) At Group Z, by discovering how far the board had come over the past several years, the development director was able to appreciate the progress they had made and rethink how to work more effectively with them.

Thorough evaluation of your fundraising activities will help you answer the following broad questions about your fundraising program:

- *What is the best way to use limited resources of money and time to increase the money we're raising from one year to the next?*
- *How can we maximize the involvement of the broadest range of people (staff, board, and volunteers) in fundraising activities and integrate fundraising with the rest of our organization's work?*
- *How can we build a diverse funding base to ensure the health and sustainability of our organization?*

It is most helpful to evaluate both the "hard," or quantitative, outcomes that you can count — such as the response rate from a direct mail appeal, how much money you raised (after expenses) from a special event, how many donors renewed their support, and how many increased their gifts — and the "soft," or qualitative, outcomes. Qualitative measures include how many and in what way board members were involved in fundraising for the organization, what kinds of relationships you've been able to build with donors, and how fundraising is perceived in the organization (for example, as a thankless task or an important part of how an organization's mission is fulfilled).

## DEFINING SUCCESS

In order to know if your fundraising activities are successful, you need to know what your goals were to begin with. Using strictly financial criteria, if you raised \$100,000 last year but your goal was to raise twice that, then you weren't particularly successful. But if your goal was to raise \$80,000, then clearly you had success by the measure of the amount of money raised.

There are other goals you want to set in both "hard" and "soft" terms and then evaluate. These include the following:

- Increase in number of donors
- Renewal by existing donors (ideally, you want 65 percent of your total donor base to renew their support from one year to the next)

- Increase in number of major gifts
- Participation of broad cross section of board, staff and volunteers in fundraising
- Greater visibility for your organization and its work in your community
- Tracking of donor information that allows you to analyze who's giving at what levels over time and eventually to have a donor base represented by the numbers on the Donor Pyramid: 10 percent of your donors give 60 percent of the income you raise from individuals; 20 percent of your donors give the next 20 percent of that income; and 70 percent of your donors give 20 percent of that income (see illustration).

## WHAT TO EVALUATE

The answers to the following detailed questions will provide the foundation of your evaluation. From these, you will be able to determine if you've met the broader goals described in this article.

### Questions about donors and money raised

**1. New Donors:** How many new donors did your organization acquire in the past year? How many had you planned to acquire? What specific strategies did you use to get those new donors?

**2. Current Donors:** Of the donors who gave in the previous year, what percent renewed their gift? What did you do to keep your current donors? How many solicitations did most donors receive in the course of the year?

**3. Upgrading Donors:** What did you do to move donors into higher dollar amounts so that they made a commitment that was at a significant giving level for them? How many donors were solicited for a major gift?

**4. Amount Raised:** What is the total amount you raised from individual donors this year?

**5. Levels of Giving:** How many donors do you now have at the following levels of giving?

Less than \$50

\$50–\$99

\$100–\$249

\$250–\$499

\$500–\$999

\$1,000–\$2,500

More than \$2,500

**6. Contact:** In what ways did you keep in touch with your donors over the past year? (This could include sending them newsletters or updates, inviting them to be part of a fundraising team, inviting them to participate in the organization's work in other ways, and so on.)

## Questions about board, staff, and volunteer roles in fundraising

7. **Board:** How many board members were involved in at least one fundraising activity? What specific activities did they participate in? What opportunities did you provide to increase the fundraising skills of board members?

8. **Volunteers:** How did you recruit and use volunteers? What did you do to support and encourage their involvement in fundraising?

9. **Staff:** What did you do to get staff members to integrate fundraising into their program or administrative work? What opportunities did you provide to increase the fundraising skills of staff members? How did you assure the best use of the fundraising staff's time?

10. **Giving:** Did all board, staff, and leaders make a gift to your organization that is significant to them? What did you do to encourage giving from all the constituencies of your organization?

## Questions about systems and infrastructure

11. **What kind of database do you use for fundraising?** Is it easy to record and retrieve information? Are you able to produce reports that give you the information you need about your donors and the results of all your fundraising activities? Is adequate staff time allocated to keeping your database up to date? (See related article in this issue.)

12. **If you have a website, does it include a way to make donations online?**

## Successes and Challenges

13. **What did you do to celebrate your fundraising successes and tackle your continuing challenges?**

## Outcomes of specific strategies

14. **For each fundraising strategy completed during the past year, answer the following questions** (see sample chart).

- How many people did you ask (or invite)?
- What was the response (number of gifts and percent of people asked)?
- How much money did you raise (gross and net)?
- How many new donors did you acquire?
- Who in the organization was involved in this activity (staff, board, volunteers)?
- What worked and what didn't?

15. **Once the chart is filled in, ask yourselves one last question regarding each of these strategies: In what other ways did your organization benefit from this activity?** For example, did it gain publicity for your organization, provide education on fundraising for members, provide an opportunity to get to know and involve donors more?

## SAMPLE EVALUATION CHART

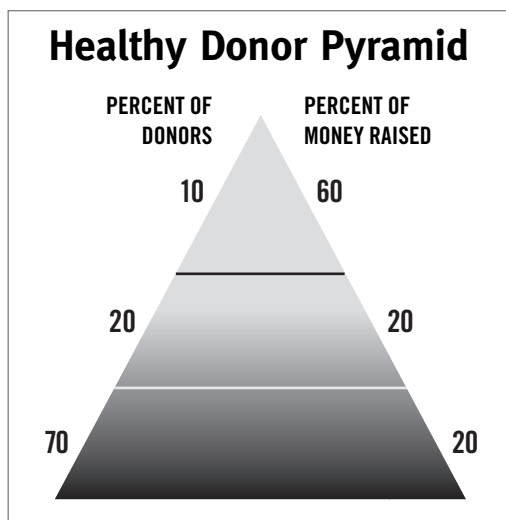
The chart shows an evaluation of the fundraising activities of one organization. They currently raise about 25 percent of their annual budget from individuals; the rest comes from foundations. Their goal is to increase the proportion raised from individuals to 50 percent over the next five years. A chart like this is easy to do and will give staff and board a bird's-eye view of the kind of information you need to generate in order to evaluate your fundraising program.

You will need to add more detail in order to fully assess the effectiveness of a particular strategy or fundraising effort. For example, in the section on "Direct Mail to New

Prospects," you would evaluate the results of each list you mailed to, as well as any changes you made in the package (envelope, letter, reply device, inserts) since your last mailing. On the major donor campaign, you would want to incorporate feedback from members of the solicitation committee and from the donors you met with, and identify ways to get more people involved or give solicitors more support to be able to complete their asks.

## WHEN TO EVALUATE

Take time after each activity is completed to evaluate it. In the case of an activity that involved a team of people, such as a major donor campaign or a special event, bring the team together to celebrate the success of the activity, discuss the results, and identify areas to improve upon for the next year. Keep written records of all your evaluations. Once a year, when you are making your fundraising plans for the coming year, review all the evaluations done during the year and add any other information that was not covered there. These written reports will also be useful for tracking your fundraising progress over several years and in orienting future staff and volunteers.



## USING THE RESULTS OF YOUR EVALUATION TO PLAN

The results of your evaluation should inform the plan for your next set of fundraising activities. If you have done a thorough job of evaluating your past year's activities, when you are putting together a fundraising plan for

the next year you will have a much clearer idea of how much money you can realistically raise, how much it will cost you, and how many donors will respond to a given strategy and at what levels of giving. **GFI**

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### Evaluation Chart

STRATEGY	NUMBER OF PROSPECTS ASKED	RESPONSE: PERCENT AND NUMBER	AMOUNT RAISED (GROSS AND NET)	WHO PARTICIPATED AND HOW MANY (STAFF, VOLUNTEERS, BOARD)	WHAT WORKED AND WHAT DIDN'T (DID WE ACCOMPLISH OUR GOALS?)
Direct Mail to New Prospects (Acquisition)	Two mailings; total of 5,000 letters sent	1.2%, 60 new donors	Gross: \$2,100 (average gift: \$35) Expenses: \$3,000 Net: -\$900	Development Associate, with assistance from Development Director	Rate of response was slightly better than we expected. Planned this strategy as an investment to bring in new donors, so didn't expect to have a net profit at this point.
Mail Appeals to Current Donors (under \$250)	500 donors each asked twice during year	55% on renewal letter; 15% on special appeal	Gross: \$18,000 Expenses: \$750 Net: \$17,250	2 staff & 5 board members helped with mailing	First time that board members added personal notes to some of the letters. Hope they will get more comfortable doing phone calls and donor visits in the next campaign.
Phone Solicitations to Current Donors & Qualified New Prospects (to ask for gifts between \$100 and \$250)	100 donors who give between \$100 and \$250 were called as a follow-up to personalized letters	Reached 30, left messages with 50 others; a total of 40 sent in a contribution	Gross: \$7,200 Expenses: None beyond phoning costs and staff time	Ran it as a phone bank over several evenings; 3 staff, 2 board members & 2 volunteers participated	Because it's hard to reach people by phone, we always do this over several nights. The first year we only reached 15% of our donors; by adding several nights, we've gradually increased the total number reached. Received more gifts at higher amounts than with just a letter.
Personal Asks for Major Gifts (\$250 & Up)	65 (40 were current donors, some at less than \$250; 25 were new prospects)	30 gave \$250 or more; 8 gave less than \$250	Gross: \$25,000 Expenses: \$500 (some meals, local travel & long distance calls) Net: \$24,500	ED and DD did most of the asks, 2 board members participated and one of them brought in a \$5,000 gift.	Still working on getting more board members and other volunteers to work on major donor campaign. Too many of the donors have a relationship only with the ED.
Annual Dinner	750 invitations sent to current and recently lapsed donors, 100 to new prospects	200 people attended event, 40 sent in \$ but didn't attend	Gross: \$22,700 Expenses: \$10,200 Net: \$12,500 (Includes ad book income of \$2,500)	Dinner committee of 5 volunteers, 2 board members & 1 staff person	Hoped to get 250 people to the dinner and gross \$30,000. Two problems: bad weather that night affected turnout, and we didn't get as many high-dollar sponsorships as hoped.
House Parties 1) Judith 2) Panya & Suzy 3) Miguel	Number of Invitations Sent: 1) 38 2) 85 3) 60	Number attended: 1) 15 2) 32 3) 28	Net Income: 1) \$1,100 2) \$750 3) \$2,500	Who was host? 1) Board Member 2) Former Staff 3) Longtime donor	Had planned to have 5 house parties during the year, pulled off 3; successful in getting a donor to do one. Financial goal was \$1,500 per party. Panya and Suzy's party had largest turnout, but pitch was weak and contributions lower than expected. Need better prep with hosts in the future.