
Shaping the Future:

Fundraising Evaluation to Build Capacity & Involvement

BY JUDY LEVINE

Brooklynites for Responsible Progress had finally closed its Spring Fundraising Drive. Although development director Maria Romo was happy with the results, she was also relieved that she was done with her frequent emails to the staff and board exhorting them to keep up their efforts. But Maria had one last activity to undertake: the campaign evaluation. Although she knew the total BRP had raised, she'd had trouble sorting out how much each activity had brought in and what had contributed to the campaign's success. Moreover, she needed to report to a funder on how the development assistant position they had funded had helped BRP bring in more funds.

Fundraising evaluation is the final stage of any fundraising effort and the one most often overlooked. But done properly, it's not just about what happened. The information unearthed can provide valuable groundwork for what's to come. Getting a clear picture of how you brought in what you did — and of the internal and external factors that worked both for and against you — can help you set better goals that will result not only in increased dollars raised but also in a healthier, more sustainable path to raising those dollars. And when structured correctly, fundraising evaluation can engage others inside your agency and out in thinking through your development strategy.

Especially in the kind of uncharted economic conditions we're in now, it is critical to have a full and accurate understanding of exactly where your dollars come from. You can't afford to waste efforts on fundraising activities simply because they've always returned in the past. In times like these, we simply don't have the resources to guess wrong.

WHO

At first, Maria thought she could do the evaluation with her development assistant and grantwriter at her weekly development department meeting. But she realized she should also involve the executive director. And what about the organizers who'd helped with the garden party fundraiser? Or the child care division staff who'd helped the parents organize a raffle? And there was also board involvement — some board members had hosted a house party, and one had accompanied Maria on visits to major donor prospects. And what about the phone-a-thon volunteers? And the funder who'd given the grant to hire the development assistant? Would it help their relationship if that funder felt more involved in the process?

When fundraising evaluation is looked at as a tool to strengthen your fundraising program rather than simply as an information-gathering process, the question of whom to involve becomes more complex. Because this year's fundraising evaluation is the beginning of next year's fundraising planning, you want to heed the adage, "Ownership begets responsibility." In other words, getting people involved in figuring out what happened, and why, is more likely to lead to their feeling responsible for carrying out fundraising efforts in the future, and is a first step to getting them involved in fundraising without asking them (yet) to ask for money.

Consider involving the following groups (in addition to development staff) in your fundraising evaluation:

- **Program staff.** The process of educating program staff as to what fundraising is really about (relationship-building) can help them see how the contacts they make for the organization can be brought to the fundraising process as well.

- **Board members.** How often have we asked board members to help us and then forgotten to tell them about the results of their help? This is a great opportunity to stroke active board members while showing less active ones what their peers' engagement has led to.

- **Volunteers.** Engaging individuals who are key to your fundraising efforts in analyzing the reasons for last year's success is a great, low-key way to line up assistance moving forward.

- **Donors.** A key fundraising precept is to ask your friends to lead you to their friends. The same rings true for donors — you want them to get so involved that they become askers on your behalf. Involving them in your fundraising evaluation gets more than just unvarnished information from the horse's mouth — it gets you a cadre of folks invested in seeing that your fundraising efforts succeed.

- **Other organizational "friends."** Consider involving your pro bono graphic designer, or a prospect for your board. There's no reason not to ask around for advice — both for the helpful advice you might get and for the relationship-building bonus of this process. Sometimes, asking someone who's not in the inner circle will get you closer to what you need to know to reach new donor markets.

• **Colleagues.** Sure, you don't want to let the organization across the street in on confidential donor info; on the other hand, if there's a colleague or two who have always been helpful when you asked for their advice, why not ask them to lend their expertise and help you figure out how you could strengthen your efforts going forward? You might even get a new donor or asker out of it!

Aside from making sure to keep confidential information (about donors or internal organizational issues) private, there's nothing to be lost and much to be gained by asking as many people as you can for strategic thinking and advice. Sometimes getting a fresh perspective from people who aren't as close to the work as your development staff can generate new and unexpected ideas and opportunities for growth.

Results of Annual Gala: Fundraising and Visibility

| Primary Objective: Net \$100,000 from past and new individual donors & corporate donors | Results | What Happened? | Comments |
|---|----------|---|---|
| Lead Corporate Tables — Honoree Driven (2 X \$7,500 = \$15,000) | \$15,000 | Honoree brought an entire table of health care industry big wigs | |
| Corporate Tables — Honoree Driven (1 X \$5,000 = \$5,000) | \$0 | Bank of Brooklyn didn't come in | Phone Central may consider a grant, rather than a table; HAP will fund our block festival instead; Community Electric not increasing its grant |
| Corporate Tables — Staff Driven (3 X \$5,000 = \$15,000) | \$5,000 | HAP, Community Electric, Phone Central going through regulatory changes and decreasing contributions this year | Thank them publicly |
| Corporate Tables — Board Driven (2 X \$5,000 = \$10,000) | \$15,000 | Sue Holliday, Marisa Lancia went above and beyond | |
| Individual Dinner Ticket — Honoree Driven (15 X \$500 = \$7,500) | \$5,500 | Close | Send a package of materials to those who contributed but didn't come |
| Individual Dinner Ticket — Staff Driven (30 X \$500 = \$15,000) | \$6,000 | Doesn't include Marisa's 10 tickets sold | Gave company a recognition vehicle for services donations |
| Individual Dinner Ticket — Board Driven (15 X \$500 = \$7,500) | \$13,350 | Board members made great strides since last year | Issue with auction planning/venue, not sure we showcased them right; start online two weeks out? |
| Party Patron (70 X 150 = \$10,500) | \$6,520 | People under 30 not in charge of their calendars so ended up not able to come and were not able to sell 10 tickets; Justin tried to get a number of folks to attend, some couldn't make it that night but might another time. | Is it worth setting up a committee? What should we tell them to do? Is this younger group a phantom group? |
| General Contributions (non-attendees) (\$5,000) | \$14,860 | Many used it to make annual contributions or they gave in response to board members asking | Send a package of materials to those who contributed, but didn't come |
| General Contributions (Board driven) | \$2,000 | Became a vehicle for board asking — people are going to give once | |
| Journal (\$10,000) | \$8,000 | Income from Journal ads down due to downturn in economy | Gave company a recognition vehicle for services donations |
| Auction (\$10,000) | \$7,045 | Response not great - due to placement at event | Issue with auction planning/venue, not sure we showcased them right; start online two weeks out? |
| General Admission Tickets | \$1,460 | | |
| Secondary Objectives: | | What Happened? | Comments |
| Re-build the agency's donor base with mid-level professionals | | Made a good start; brought in a lot of people we'd been looking to interest | |
| Increase the number of people who are giving at \$250 and above | | A few new ones (most have given before); Stacey brought in a lot of one-time folks; we took a big step forward in getting attention from international big wigs | Said they loved the agency, are interested in international cultural exchange; are there other things we do with/get from them? Go through the list with Maria. |
| Grow the number of Ambassadors (young friends under 30 giving \$50-\$100) | | Group with Jack Starr's table, after-party payers | Could they become Ambassadors if they were engaged? |
| Increase the number of people who are raising funds for us | | Several after party hosts bought and distributed tickets; benefit committee members bought but did not necessarily ask | Had more people out there soliciting on the past; Stacey L was also a major go-getter. Need team leader for Ambassador group of younger givers. |
| Involve board members in fundraising | | New board members were engaged and did what they could | Orientation for board members would be helpful; need to continue with board recruitment |
| Identify new board prospects | | Folks that Marisa met at her table; ask others | Ask Stacey about people she sent; also Sue Holliday; Jack Starr — people who were at a table were new people |
| Showcase the organization's accomplishments | | This went really well. | International work — ground ourselves in NYC while having an impact in the rest of the world. |
| Get the message out regarding the agency's international work | | Honoring Stacey highlighted our partnership with our Brazilian sister city; it empowered us to go further afield in fundraising as well as generating local support | Follow-up with Brazilian Ambassador |

WHAT

Maria gathered her evaluation team: development staff, the executive director, a senior organizer, a long-time volunteer, the chair of the board fundraising committee, and one of their most committed individual donors. The funder who had supported the development staff hire was flattered to be asked but declined. However, she said she'd be interested in meeting with Maria to discuss the results and talk about how to help BRP move ahead. Maria's next step was to pull the information together that could help the team make the assessment as growth-oriented as possible.

As in any program evaluation, the most important measure is progress made toward your fundraising goals. What had you expected to accomplish? What happened in line with your expectations? What came out differently, and why? Consider environmental factors such as changes in the economic and/or political climate as well as internal factors such as changes in board composition, staffing, and so on. This framework could look something like the chart below, which was put together to analyze the results from BRP's annual gala that had a corporate honoree heading up the ticket and donation drive.

A chart that measures progress against well-set goals can help organizations think institutionally instead of episodically about fundraising. In other words, it can help answer the question, "How do we as an organization strengthen our financial stability and future viability, regardless of economic conditions?" This chart can also supply clear marching orders for the development program — an opportunity-based follow-up plan is easy to draft from the information in the Comments column.

CYCLES OF DONOR DEVELOPMENT

It can also be helpful to use the evaluation process to study your agency's development function through the lens of the cycle of acquiring donors and building relationships with them. This approach can help you identify institutional factors that are slowing your fundraising efforts — and give you the information you need to start fixing them.

Here are some questions to ask for each phase:

Identification Phase

- Who is helping you find people?
- How many new prospects are being brought in — and at what level (high-middle-low)?
- Are you reaching new markets (new groups/individuals)?
- How successful were you in reaching the people you had targeted?

Cultivation Phase

- How many mid-level and major donors did you move up?
- How did cultivating new donor prospects pay off in receiving new gifts?

Solicitation Phase

- How much was raised — in total, but also broken down in various ways:
 - Donation size
 - Frequency of gift
 - Solicitation activity
 - Donor base longevity (how long have donors stayed?)
 - Number & percentage of donors increasing their gifts
 - High/middle/low-end growth
 - Donors' organizational contact
 - How much staff time it took to get gifts
 - The board's role in getting gifts
 - Ratio of requests to gifts

Recognition Phase (donor stewardship)

- Are donors being brought closer to the organization?
- Are there other opportunities for relationship-building?

Capacity-building/Indirect goals

- Look at your development program's range
 - Do you have high, mid, and low-level donors?
 - Do you have a sufficiently diverse age range of donors? Other relevant demographic spreads?
 - Do you have donors and prospects at all phases of the development cycle?
 - Are there particular training/expertise needs to build up your solicitor base?
 - Are your board members and other volunteers participating sufficiently in fundraising? Can improving their participation increase your results?
 - Given your budget, do you have enough development staff? Can others (such as program staff) take on some development work?
 - Are your systems and infrastructure (website and database) supporting your fundraising, or is your fundraising working in spite of them?

Costs to raise a dollar for each activity

- Are your costs-to-dollar-raised for each fundraising activity reasonable in light of how long you have been engaged in each activity?

To figure out your costs to raise a dollar, add to your total direct costs (postage, paper, lunch, etc.) the proportion of paid staff time dedicated to that activity (or the cost of the actual number of hours, if your staff tracks their time accurately). Here's an industry-standard chart of what different development activities should cost once you've got them up and running:

Reasonable Fundraising Cost per Dollar Raised Guidelines

| Category of Fundraising Activity | Reasonable Cost per Dollar Raised |
|--|---|
| New-donor acquisition | Up to \$1.50 |
| Special Events | Up to \$0.50 |
| Donor renewal up to \$100 to \$250 gifts | Up to \$0.25 |
| Major gifts and capital campaigns | Up to \$0.15 |
| Planned giving | Up to \$0.15 (after 4–7 years of losses!) |
| Corporate & foundation grant seeking | Up to \$0.20 |

Note: The cost effectiveness of a particular fundraising activity should not be measured based on its first year's cost/income ratio, as many new fundraising activities require greater first-year investments.

TOOLS

A number of tools can help you get accurate and comprehensive information to feed into your evaluation process.

Surveys

There's no need to limit the information you can gather to the experiences of the people you can get in the room. At BRP, Maria developed an online survey that she sent to other staff and board members and also asked a few key donors for their input.

Asking donors for their ideas on how to reach people just like them is both flattering to the donor and a low-sell way to keep in touch. This survey should take place in a one-to-one conversation, perhaps in tandem with a brief phone update on the programmatic progress your organization is making, and, of course, with thanks to the donor for being part of making that progress happen.

To prepare to talk with a dozen of her most loyal donors, Maria developed a script for a 15-minute phone interview. The survey sought to gauge the donors' understanding of the group in order to give a sense of how successful BRP's donor cultivation has been. It also gave Maria a way to begin to discuss donors' willingness to get involved in BRP's development efforts. The survey is at right.

Maria set out to survey 12 donors plus 3 individuals they'd been cultivating and 3 board members. She was able to connect with 12 of the 18, and learned some valuable information: two of the donors were willing to host house parties and one had connections to a foundation she'd wanted to approach. She also learned that BRP's annual appeal had arrived too late for two of the donors to make a meaningful gift last year and that although people had enjoyed BRP's annual gala, they'd felt unsure of what the impact of their support would be. With these rich responses, Maria's time on the phone had definitely been worth the effort!

Analyze Trends

Both internal and external trends can affect your fundraising success. For example, current economic conditions will certainly have an impact on individual giving, as people feel more uncertain about their personal financial situations. Likewise, if there's a major organizational change, such as a new executive director, individual giving may drop during the transition and you'll want to track

whether the opportunity to "meet the new director" will re-inspire long-time donors and bring in new sources.

Spreadsheets

As best you can, put all this information into a spreadsheet so you can analyze the strengths and challenges of your development program. We've already looked at Maria's spreadsheet analysis by goals of BRP's annual

Stakeholder Survey

BROOKLYNITES FOR RESPONSIBLE PROGRESS

I am calling on the suggestion of Janet Rodriguez of Brooklynites for Responsible Progress (BRP). My name is _____. BRP is undertaking a comprehensive assessment of its friend and fundraising efforts so that we can continue to grow and support the changing needs of our community. Janet and the board felt that you play such an important role in their efforts that your input would be invaluable.

Do you have 15 minutes to answer some questions about your support of BRP? Please be honest even if your views might be unpopular. The more information we have, the better the assessment will be.

Why did you give to BRP the first time?

Did someone ask you to? Who?

Why have you continued to give to BRP?

What other fundraising activities for BRP have you participated in?

Have you invited people to an event?

Have you asked a colleague or friend for a donation?

What compelled you to do this?

Do you feel connected to BRP?

Do you feel you have a stake in the growth of BRP?

Do you feel a part of their mission and work?

If no, why not?

If yes, what helped you feel connected?

Was there one particular event or person that helped foster that feeling?

How would you describe BRP's mission and programs?

Do you feel you have a full understanding of BRP's mission?
Its programs?

If no, would you like to learn more about BRP's mission and/or programs?
How would you like to learn more about it?

If yes, how did you learn about it?

Through contact with staff or volunteers?

Through their materials?

At an event?

Would you be willing to do other things to support BRP?

What kinds of things?

Hold a house party?

Talk to your colleagues or friends about the organization?

Send out invitations or annual appeal letters?

Ask 3–5 friends to sponsor or attend an event?

Reach out to corporations or businesses for in-kind or monetary donations?

Conclusion: Thank you for your time. As soon as we have completed interviewing other key people, we will use your answers to analyze BRP's efforts so that we can continue and increase our impact.

Assessment of BRP's Individual Donor Base (Abbreviated)

GOAL: \$35,000 | TOTAL RAISED: \$36,800 | TOTAL DIRECT COSTS: \$2,500 | TOTAL NET: \$34,300

| INDIVIDUAL GIVING | FY08 | FY 07 | FY 06 | AGENCY CONTACT | Solicitation Approach | NOTES |
|-----------------------------------|----------|----------|----------|----------------|-----------------------|---|
| \$10,000 – \$25,000 Donors | | | | | | |
| Janet Smith | \$15,000 | \$25,000 | | Nancy | 1-1 ask | knows a Board Member; daughter is social worker |
| Jonathan and Lillian Burns | \$5,000 | \$10,000 | \$10,000 | Jorge | 1-1 ask | knows the founder; Lillian is ill |
| \$1,000 – \$9,000 Donors | | | | | | |
| Edgar Garcia | \$2,500 | | | Jessica | 1-1 ask | knows a Board Member; interested in education |
| Norma and Jose Marcos | \$1,000 | \$1,000 | \$500 | Jessica, Jorge | house party | knows a Board Member; also knows founder |
| Harold Matteson | \$1,000 | \$500 | \$100 | Jorge | house party | moved into neighborhood in 2006 |
| \$250 – \$1,000 Donors | | | | | | |
| Gabi Byrne | \$500 | | | Jessica | 1-1 ask | Board contact |
| Mark Penderson | \$500 | \$250 | | Nancy | Mail | Board contact |
| Beth Orion | \$250 | \$250 | \$100 | Nancy | house party | Board contact |
| Bernard Score | \$250 | | | | Mail | ? Find out! |
| Under \$250 Donors | | | | | | |
| Bob Odens | \$100 | \$100 | \$100 | Harold | mail appeal | Board contact |
| Edward Soren | \$100 | \$100 | \$100 | Jessica | mail appeal | Board contact |
| Sanford Nelson | \$75 | \$75 | | | mail appeal | |
| Deanne Walden | \$50 | \$50 | | | mail appeal | |

ABBREVIATED DONOR LIST TOTALS:

- Number of Donors: 20
- Number of Renewals: 15
- Number of Lapsed: 5 (on separate sheet)
- Gift Range: \$25 - \$15,000
- Number of New Donors: 5
- Number of Upgrades: 3
- Median gift: \$200

event; below is the beginning of her assessment of BRP's individual giving base by donor level.

All of these charts take the total amount raised and breaks it down to an idea of what could be done — with a scalpel, not a cleaver — to increase return. As a result, instead of forecasting a general increase (or decrease) of 10% in annual fund revenue, these charts give Maria the information to identify which board members to ask to step up their efforts, which donors would be worth a personal visit, and even what type of list BRP's annual appeal should use this year to reach out to new prospects.

WHEN

Once Maria saw how much useful information could be gathered through evaluating BRP's fundraising efforts, she wondered how often she should go through this process.

Although a once-a-year, full-blown goals-against-actuals assessment is invaluable, it's also time consuming. So it's helpful to develop a shorter process to use periodically, perhaps quarterly, that gives you more information than simply counting "how much is coming in" on a total basis. That way you have the chance to adjust your strategies

to correct for unforeseen circumstances, strengthen low-returning efforts, and/or put more resources into what's proving to be most successful. But don't forget that sometimes you need to give an activity a chance to see where it can lead before imposing course corrections.

A FEW THOUGHTS TO SUM UP

- **Evaluate and monitor against your original and revised goals.** Often, we moderate our initial goals during the campaign. You'll want to look at both the initial goals and how you changed direction as the campaign went on, and why, to get a clear sense not only of your performance but also how the environment changed.

- **Identify mistaken assumptions.** In that vein, the purpose of evaluation is not only to measure what you've accomplished, but also to build your department's skill at assessing results. After all, your organization should be counting on — and spending against — your fundraising income. So the more accurate your projections can be, the higher your organization's comfort level will be with doing just that.

- **Involve planners and implementers.** You need as much information from as many angles as possible to help you shape the most effective development activities. The

Multi-Year Big-Picture Assessment of Annual Year-End Appeal

| Year | Type of Appeal | Target Population | Numbers Sent | Numbers Donating | Response Rate | Total Revenues | Total Expenses | Net Income |
|------|---|--|--------------|------------------|---------------|----------------|----------------|------------|
| 2007 | 3-page letter with donation envelope | Board & staff referrals plus previous donors | 2,100 | 85 | 10.00% | \$4,330 | \$1,233 | \$3,097 |
| 2006 | One page, double-sided letter mailed Christmas week | Rented list of donors to a sister organization in the community | 6,100 | 71 | .90% | \$1,437 | \$2,418 | (\$981) |
| 2005 | Green page 3 part of newsletter | Newsletter distribution list | 2,200 | 29 | 1.32% | \$610 | \$450 | \$160 |
| 2004 | Special letter inserted into newsletter | Newsletter distribution list | 2,000 | 46 | 2.30% | \$1,065 | \$429 | \$636 |
| 2003 | Special Care Appeal | About 50% new prospects from Charlotte's list and 50% donors and members | 3,000 | 65 | 2.17% | \$2,100 | \$3,300 | (\$1,200) |

more someone is part of designing your development program, the more they'll be committed at the "above and beyond" level to carrying it out.

- **Meet with donors, participants, staff members.** Fundraising evaluation is a process of inclusion. If you're putting all this effort in — make sure it is as valuable as possible!

- Write down your findings and thoughts. Fundraising evaluation is an opportunity to share the knowledge of how your organization's development function works — and should work. There's always the "you-could-be-hit-by-a-bus" scenario — or you could simply be hoping to share the expertise in order to decentralize the responsibility. In any case, human memory is fallible, so record the results of your evaluation process so the information lives in your organization — and not just in your brain.

Above is a multi-year big-picture assessment of BRP's annual year-end appeal. As you can see, BRP has changed directions on its appeal mailing several times in the past five years. Creating this chart allowed Maria to recognize what had been most successful so that she could build on

past efforts instead of casting about blindly for a new approach every December.

*With the economic capacity of Maria's donor base changing rapidly, her decision to undertake a full-blown fundraising evaluation proved prescient. She was able to identify donors who'd been under-giving and to see exactly who had brought the money in. When she was asked to cut her department's spending, she was able to pinpoint which efforts to drop and which were critical to maintaining BRP's immediate or long-term fundraising health. While no process in and of itself can completely inoculate nonprofits against economic downturns, a fuller understanding of where your money is coming from — and why — is a critical tool for survivability, nowadays and every day. **GF***

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