

# Doing the Right Things the Right Way

BY DERRIS KRAUSE

Peter Drucker, one of the best-known and most widely influential thinkers and writers on the subject of management theory and practice, once said, “Efficiency is doing the thing right. Effectiveness is doing the right thing.” Does that apply to your fundraising as well?

To find out, one fundraiser, Derris Krause, decided to try the AFP Fundraising Effectiveness Project (FEP) and Growth in Giving Initiative (GiG) tools.

## In the Beginning

I first became aware of the FEP (<http://afpfep.org>) about eight years ago after reading an article published in a professional philanthropy journal. The opportunity to compare the fundraising results of the international humanitarian organization I was working for as a major gifts officer with similar organizations was attractive. However, my efforts to enroll in the project and upload data were unsuccessful. The lack of easy access to technical support within my own organization and at FEP was difficult and proved to be a barrier to entry.

## Try Again

My next encounter with the FEP and the broader GiG was in 2013, when I was working for a religious television network as a marketing and fundraising executive. The organization’s fundraising director had a close association with the staff at PSI (Philanthropic Service for Institutions)/Adventist (an FEP advocate since 2006 and GiG founding partner organization since 2013), who voluntarily serve on the GiG steering committee. PSI introduced us to the FEP Fundraising Fitness Test (FFT, <http://afpfep.org/tools>), which the associate director was using with clients to measure performance, as it produced cutting-edge analytics that were needed to understand the health of each fundraising program.

## Some Challenges in the Process

Working together with Bill Levis, an affiliated scholar in the Center for Nonprofits and Philanthropy at the Urban Institute and manager of the FEP, and Randy Fox at PSI, my colleague ran three of our data points—donor ID number, gift date and amount—through the early

iterations of the FFT. Initially, it took hours for the beta Excel-based version to process our giving history through older computers without much processing power. Sometimes, the program would just stop processing because of too much data, hidden codes in .xls files, inconsistent donor ID numbers containing hyphens and alpha-numeric characters and “gifts” with zero dollars.

However, I did not give up.

## An Eye-Opening Moment

When the macros finished and the series of reports were populated with my data, the results were amazing. For the first time, I could see our fundraising performance teased out among five giving-level demographics. For each level, acquisition, attrition and retention rates were quickly apparent and easily comparable with the preceding year as well as industry norms. Although the indicators were extended even further to identify very granular



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details, my use of the information typically focused on big-picture fundraising trends within the organization.

### You Get Only What You Measure

I was invited by PSI to participate in a three-day workshop with 25 veteran fundraisers to review more than 150 performance indicators that were calculated from just three inputs any organization has for every gift ever received. Our assignment was to develop a “Top Actionable Indicators” summary report of just those indicators that could be affected by investing more budget and full-time equivalent (FTE) employee time. The report then could be used monthly to track progress and refine strategies for program segments as often as appeal responses were coded and posted in the database.

During this process, I discovered that several indicators and multiyear trends I typically use were missing. A few days later, I was delighted to learn that my own custom reports and favorite indicators had been added to the Fundraising Fitness Test, making it easier for me to generate my usual reports. As a bonus, I automatically received the other reports (seven in all).

### Proof of Concept Pilot Project

For nearly two years, PSI worked closely with the religious television network, using the FFT as the basis of a pilot program to take our organization to a higher level of fundraising performance. Based upon Pareto’s Principle, which illustrates that 20 percent of invested input is responsible for 80 percent of the results obtained (the 80/20 rule), and the Growth in Giving calculator’s many “what if” scenarios, we formulated a strategy that was our best option to reallocate limited FTE time to developing deeper relationships with major donors.

The new strategy included outsourcing the labor-intensive, direct-response fundraising for base and midlevel donors. During that pilot, significant total revenue increases were documented with the FEP Fundraising Fitness Test reporting tools, which confirmed that devoting more FTE time to a small segment of our donor base was a strategy that provided much greater revenue.

### Useful Tools for Any Organization

Several months ago, I accepted a call to work as a major gifts officer at a not-for-profit contemporary Christian music station in Washington, D.C., and I am now using the executable version of the FFT that is much easier to use and produces reports in seconds instead of hours. And it is still free! I am also using other FEP analytics tools to


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establish a baseline from which to increase support from major donors and identify retention, acquisition and attrition trends. Armed with these tools, our organization continues to make wise decisions—based upon real data—as we develop fundraising strategies for this small but valuable segment of our supporters.

Because of the ease of use and insightful information the tools provide, executive leaders and other fundraising colleagues at the radio station have similarly begun using the FEP Fitness Test to analyze fundraising performance at all giving levels and adjust strategic plans accordingly.

### Putting Data to Work

I am grateful to the many individuals and organizations that have contributed to the availability and success of the tools developed by the Fundraising Effectiveness Project, as well as each of my employers who have so readily embraced the use of these great resources, including the Adventist Development and Relief Agency, Hope Channel Inc. and WGTS 91.9.

“Many fundraisers who understand Drucker’s point and who have methodically used the amazing array of free FEP performance analytics tools over time have achieved dramatic improvements in retention, acquisition, upgrade and reactivation ratios,” says Fox, FEP Fundraising Fitness Test manager. “Because of the ability to instantly generate standardized benchmarks, displayed in multiple reports containing hundreds of decision-useful metrics—from just three universally common data points—many leading fundraising consultants believe this approach has already begun to revolutionize the way nonprofit data is collected and used.” 

*Derris Krause is a major gifts officer for WGTS 91.9, a not-for-profit contemporary Christian music radio station covering the Washington, D.C., metro area. Prior to joining WGTS 91.9, he held administrative, marketing and fundraising positions with a global Christian television network and an international development and relief agency.*

## So, What Do You Think of the FEP Fundraising Fitness Test?

By Cathlene Williams, Ph.D., and Randy Fox

In collaboration with PSI/Adventist, the AFP Fundraising Effectiveness Project (FEP) has developed a free tool that you can use to measure and evaluate your fundraising programs (gains - losses = net gain) using a set of more than 150 performance indicators divided into five donor-giving levels.

Using sophisticated algorithms and just three generic data fields exported from your donor database—donor ID number, gift date and amount—you can quickly generate a series of informative reports (comparing any two 12-month periods, plus a six-year trend line) filled with useful metrics and core analytics that enable any organization to fully understand the health of its fundraising programs.

### What Users Have to Say About the Fitness Test

A first-time survey of Fundraising Fitness Test (FFT) users, including consultants to nonprofits, in July 2016 revealed overwhelming praise, surprising insights and many new opportunities to raise more money. Different organizations implemented many creative strategies, and with sufficient time, consistent monitoring and continual strategy refinements, all resulted in substantial performance improvements.

To the survey question “What do you like most about the Fundraising Fitness Test?” respondents said the following:

- Very easy to use
- Downloadable template with very specific instructions for people without database managers
- The video on the website is a great resource.
- Ten times simpler than exporting reports using complex queries in our donor software
- I can run it myself and have immediate results.
- The capability to run reports quickly and strategize every month
- Having a fact-based picture of my fundraising performance helped me be aware of key trends.
- Lots of output for minimal input/setup
- Faster and less complicated than most analytical tools
- Can compare data from many years
- Wide range of reports
- Provides a wealth of metrics to evaluate the fundraising effectiveness of our clients, no matter what donor software they are using or how advanced they are in using it
- Helps us prioritize and focus on relationship-building strategies
- Helps track progress in meeting goals
- I like the gift ranges. That approach exposed many anomalies I was unaware of.
- How it reshaped the way I thought of fundraising outcomes
- The flexibility is very helpful. We ran reports for our annual fund and for our Catholic schools campaign, which helped us to understand differences in our efforts and make the best decisions for each.
- It provided a quick confirmation of prior time-consuming analytics, solidifying the need to re-evaluate our programs.
- Standardized benchmarks that can be generated from a handful of common fields
- It is a tremendous service, particularly for small to midsize charities
- There's nothing else like it.
- Boards and staff are able to grasp the crucial data immediately.
- Reports are more complex than database reports and offer many more statistics. They are tremendously helpful in identifying areas of focus and creating strategies for improvement.
- I forgot to remove the column headings and another anomaly from my export file, but the new executable FFT tool produced a text file indicating exactly where the errors were. Love it!
- I submitted my custom financial report, and now it's embedded in the FFT. It's divided into five gift ranges and also spans six years. In one easy step, I get my favorite report plus six bonus reports.

When asked the survey question “What surprised you most about using the Fundraising Fitness Test?” respondents replied:

- Availability online, free of charge
- How little time and effort it requires
- The speed with which these reports are processed
- Three inputs, so simple to use. Other tools require running multiple reports to get this much output.
- How flexible it is. We remove deceased donors and estate gifts to ensure that we compare only repeatable giving. We also segment data by program to compare the performance of each one.
- Discovered one fundraising effort was performing poorly compared with other areas of fundraising
- It gives you data that is difficult to produce from even the most advanced donor databases.
- That the program is able to track individual donors over a specific period of time and give real data about giving trends
- My client’s campaign is hemorrhaging!
- Number of monthly donors. Frequency of donations was not thought about before.

Respondents also answered the question “What specific actions did you take based on trends revealed in the reports?” and many answers revealed that their actions resulted in improved fundraising performance.

- Switched up fundraising programs immediately, and set new records for two consecutive years
- FEP reports will be critical to framing the business case for change.
- It helped build a case for hiring an additional fundraiser, so we hired an annual fund manager.
- We regularly review upcoming gifts to ensure they are resecured rather than allowing them to become LYBUNTS (last year but not this year). We have been using the Fundraising Fitness Test annually for three years, and last year our number of donors grew 45 percent, number of gifts grew 78 percent, average gift grew \$56 and donations grew 53 percent.
- We began segmenting our solicitation groups more carefully and contacting them more often—more touches to retain them, sometimes just on social media. We also started thanking in-kind donors via public recognition on social media. We just had our best year yet in total dollars, but the surprise was where

it’s coming from. And we’ve reduced our year one dollar losses at the higher giving levels.

- I segment communications. Special attention is given to new and recaptured donors. We are currently strategizing on how to re-engage lapsed donors. There have been many instances of lapsed donors reconnecting and making new gifts after receiving customized communications.
- We have increased our appeal strategy to have a greater number of touches for appeals to our donors. As a result, we have seen our donor retention increase significantly.
- We revisited our leadership giving program, committing to engaging with these donors in a deeper way. We began a quarterly newsletter specifically for them. We also invited named scholarship donors to attend graduations to let them know they are an important part of students’ success. We are seeing improved performance in terms of number of gifts and the engagement of benefactors. In the future, we hope to see improvement in donor retention and upgraded gift amounts.
- I made a presentation to senior staff and the board that led to budget modifications and changes in tactics for direct-mail programs: enhanced recapture strategies, enhanced stewardship and cultivation strategies and more customized handling of our current donors. Our fundraising performance has absolutely improved in many different ways as a result.
- We exclude planned gifts, then sort the three columns simultaneously to identify other anomalies. For instance, some clients book their gifts in kind at \$0 or \$1, which inflates their donor count and decreases the size of their annual gift. Other clients reverse gifts posted in error, resulting in negative gift values. We correct these before running the reports.
- We just recently ran the FFT and shared results with members of a group of board and staff focusing on individual donors. We are still working to develop strategies to improve donor retention, encourage larger or more frequent donations from existing donors and increase the number of monthly donors—all things we should be able to track with the reports.
- We spent time studying segments of program data and revising our annual fund strategies.

- We helped our clients identify low retention rates and recommended strategies to strengthen donor relationships and improve gift renewal. We also identified situations where organizations have a stagnant and aging donor base. They have respectable retention rates but are not adding enough new donors to offset those who are no longer able to give or have passed away. In these cases, we make recommendations that bring focus to both acquisition and donor retention.
- Our organization devoted more efforts to stewardship of our first-time, consecutive-year and major donors to better keep these groups engaged for the long term.

### Doing the Same Things You've Always Done but Expecting Different Results Is Unproductive at Best

Since retention rates have been flat or declining nationwide for at least five consecutive years, consistent increases occurring at numerous nonprofits that are all using this tool certainly suggest that the Fundraising Fitness Test has the capacity to change this negative trend line.

A strong 25 percent survey response rate is also indicative of how dramatically different this tool is than the costly, time-consuming (and moderately effective) methods traditionally available to fundraisers. As one respondent stated, "Measurement is key to fundraising success. There is no excuse for not measuring numbers and being accountable. The Fitness Test allows us to identify what is not working well so we can grow and improve. It keeps us on track."

### Time to Get Started: Advice on How to Use the Fitness Test Reports

The amount of information generated surprises most users initially. The best way to wade slowly into the pool of information is to save and print a

copy of your *Top Actionable Indicators*. These top indicators can be affected by investing more budget and FTE time in specific areas to improve performance. If there are indicators that are flat or drop in one or more gift ranges from one time period to the next (e.g., lower donor retention rates for those in the midlevel gift range), midlevel donors may need more time and attention from your staff.

The Planning to Keep Your Donors Workshop offered by AFP through its chapters can assist you with analyzing your reports. Donor software providers and fundraising consultants also can help you. For more information, visit [www.afpnet.org](http://www.afpnet.org), select "Professional Development," then "Courses" and "AFP Planning to Keep Your Donors Workshop" ([www.afpnet.org/Professional/content.cfm?ItemNumber=12593](http://www.afpnet.org/Professional/content.cfm?ItemNumber=12593)).

To begin using the Fundraising Fitness Test to improve performance at your own organization, go to <http://afpfep.org/tools>. National fundraising statistics in the Fitness Test format for use in comparative analysis are available in the Reports tab.

If you want to try the newer, faster, executable version, send an email request to [fep@afpnet.org](mailto:fep@afpnet.org).

Finally, but not least, Erik J. Daubert, MBA, ACFRE, is the chair of the Growth in Giving Initiative and the Fundraising Effectiveness Project. For questions about the work or to become more involved, please feel free to contact him at [daubert.erik@gmail.com](mailto:daubert.erik@gmail.com).

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