



Chapter 16

# Fundraising Fitness: Achieving Quantitative Results in Fundraising

By Randy Fox

## Introduction:

In recent years there has been increasing emphasis on quantifying fundraising results, and much of this emphasis has been positive—while not forgetting to balance these results against the qualitative results that cannot be easily measured. Approximately a decade ago the Fundraising Effective Project (FEP) was initiated and was received enthusiastically by the astute professionals in the field. Building on this foundation, PSI began its own version of FEP, as is explained below.

Understanding the parameters of quantifying fundraising results, while not forgetting the human being who is served by the organization and its fundraising efforts, can be most beneficial for ensuring maximum outcomes. We encourage all leaders to read the exciting explanation below.

## Here's Some Really Good News for Adventist Fundraisers

Any size organization raising money can now do a self-assessment, and accurately measure the health of their fundraising program, using the PSI Fundraising Fitness Test.

This new performance tool will benefit every client PSI serves, better than anything else we have offered in the last 25 years. It has been received with equal enthusiasm by seasoned fundraisers in charge of large healthcare development programs, and by one- person-shop upstarts.

## Fundraising Fitness Test Overview

The Fundraising Fitness Test is an amazingly simple, but extraordinarily powerful Excel based assessment tool, that uses performance analytics, to measure the impact of donor engagement and improvement initiatives.

Using just 3 standard data points (Exhibit A) and a series of macros, programmed with complex algorithms, it quickly produces easy-to-read reports (Exhibits B, C, D & E) measuring donor loyalty, net growth (calculated by subtracting losses from gains for donors and dollars), which compare two, three, and six years side by side on one page.

Professional fundraisers unanimously agree that the reports provide actionable information. The results are divided into 5 giving ranges and 5 donor categories: new, recaptured, upgraded,

downgraded and lapsed, which reveals how well each fundraising program is really doing. To improve fundraising productivity, make small incremental adjustments and re-run the Fundraising Fitness Test again each month to track your progress.

### Five Reasons You Should Begin Using it Now

Donor Retention has been poor nationwide for years, and its dropping! According to the 2014 Fundraising Effectiveness Survey, 57 of 100 repeat donors were lost, 105 new donors were lost for every 100 gained, and \$96 dollars were lost for every 100 gained. An attrition rate of 60%, left unchecked, will shrink a donor base of 1,000 to just 10 donors within 5 years! Even if you happen to be raising more money than last year, it's not good enough to look just at gross donations, because losses of donors and dollars frequently erase gains.

### Finally, Useful Fundraising Performance Reports – Easy As 1-2-3

Thanks to Bill Levis, a brilliant longtime friend of Dr. Lilya Wagner since the late 1980's, who used his computer programming skills and extensive research about the intricacies and dynamics of fundraising and philanthropy to approach the fundraising effectiveness problem from an entirely new angle, PSI now has a far more practical way to analyze development program performance.

The *Fundraising Fitness Test* works like magic! All you do is export the Donor Identification number, the Date the gift was received, and Amount of the gift. Then Copy and Paste 3 fields into the first worksheet, and activate the macros which automatically create all the reports for you.

### How to Use the 80/20 Rule to Your Favor by Working Smarter

The *Fundraising Fitness Test* measures YOUR potential against YOUR past and YOUR current reality, rather than relying on assumed comps. It exposes what needs fixing, so you can focus your finite resources of time and money, where you'll get the highest ROI.

Dr. Adrian Sargeant, one of the Top 10 most-influential people in fundraising, says, “A 10% improvement in retention, can double the lifetime value of your donor database!

The Fundraising Fitness Test can help you improve both donor retention and acquisition. The reports clearly illustrate that development initiatives cannot be sustained financially without major gifts, no matter how many small donors you have. Success requires spending time identifying, and building relationships with major gift prospects—and then asking, and thanking them for major gifts.

Use the Growth-in-Giving calculator to project realistic goals which are based upon YOUR relationships with YOUR donors, and their giving history to YOUR nonprofit, and with economic challenges that may be unique to YOUR region. Then run the reports monthly (ideally) or quarterly (at a minimum) to track the impact of incremental adjustments to solicitation activities, and use your progress to justify increasing your fundraising budget to help increase institutional fundraising capacity!

Numerous studies prove that significantly more money can be raised by hiring more seasoned full-time development professionals, actively pursuing prospects, so having adequate staff to solicit



prospects and improve retention rates, is one of the wisest investments any nonprofit could possibly make. Unfortunately, many organizations persist in focusing on efficiency rather than effectiveness.

### Ten Advantages of a Spreadsheet Based Tool

It is Easy, Free, Fast & Informative, so it will have a significant impact--if used regularly (just like exercise)—hence the name *Fitness Test*!

It uses software already installed on the majority of computers, and most people already have some experience using spreadsheets.

It's easier and more helpful than complex donor software queries.

And, the program and data files can be emailed, so we can assist anyone, anywhere there is an internet connection, with running the reports and interpreting the results (Exhibits F & G).

### Proof of Improvement is in the Net Gain

In 2012, under Bill Levis's direction, PSI conducted a very successful pilot project that involved customizing the *Fundraising Fitness Test* for a client. The very next year they raised a whopping \$270,000 more dollars than ever before (net, not gross)—mainly because it was easy to use! They analyzed subsets of development program data and fine-tuned their strategy monthly to maximize effectiveness.

The incredible results of PSI's very first test case proved that the Fundraising Fitness Test has the capacity to help Adventist institutions increase philanthropic support, by improving donor and dollar gain/loss ratios, better than any other resource we know of.

Kristin Priest, former associate director at PSI, was thrilled that the reports finally enabled Adventist institutions to truly compare apples with apples, for the first time in PSI's history, because it uses standardized data.

She says, “The Fundraising Fitness Test provides deeper insight into the health of development programs better than anything else I have used, which helps me gauge the institutional capacity to raise more money, so I can provide actionable advice.”

Michael Brown, who replaced Kristin, is also knowledgeable on how to utilize this new PSI resource to improve fundraising performance. PSI now requires academies participating in the MAP program to submit gift-transaction data (on a confidential basis), to establish a baseline that can be extracted annually to track growth, and also to illustrate that their financial investment, provided through PSI, was a wise investment.

### The Adventist Church is Still a Leader in Philanthropic Initiatives

The Fundraising Fitness Test is also impressing and impacting professional fundraisers outside the Adventist Church. Following its introduction in a professional trade journal, it was downloaded 800 times in just 90 days! The YMCA is now following PSI's lead.



Many Leaders in the nonprofit sector believe this brilliantly simple approach to analytics, has the potential to completely change how performance data are generated and used.

### Even Seasoned Fundraisers are Surprised by What They Learn

The *Fundraising Fitness Test* exposes the truth in ways that cannot be ignored (like standing on a scale) about the root problem—things even expert fundraisers are sometimes unaware of. Two

Examples are: a consultant in charge of National nonprofit campaign was stunned when he realized it was “hemorrhaging money;” A seasoned development officer who trains fundraisers how to improve their development programs, was shocked to discover that 1,200 donors had been lost under her direction!

Using the *Fundraising Fitness Test* regularly will dramatically reduce the chances that your nonprofit will suffer three common causes why major gift programs frequently lose significant revenue from one-time mid-level donors who do not repeat or upgrade their gifts: One-time mid- level donors are neglected because the development staff are so busy with 80 percent of donors who provide barely 20 percent of the financial support, not subtracting losses from gain, and lumping all fundraising efforts together.

### Small Steps Can Bring Positive Lasting Change to Your Efforts

Once you see hard data that clearly illustrates no advancement program can be sustained just by gifts in the \$250 and under range, regardless of how many donors you may have, it becomes easier to focus on the much smaller (and more manageable) number of your donor base that provides more than 80% of your support.

The first step is focus on improving donor retention, because it takes dramatically less time and money to retain an existing donor than it does to gain a new donor. But, it is interesting to note that as important as donor retention is, new donor acquisition is the key distinguishing characteristic of the 500 fastest growing nonprofits. So you must do both to succeed.

Strive to inspire your prospects go give sacrificially with visionary projects, rather than making the common mistake of relying on the obvious need (lack of money). And remember to thank them often, and communicate the difference their support is making.

### How Do I Obtain the Fundraising Fitness Test

You can obtain the *Fundraising Fitness Test* by visiting PSI’s website [philanthropicservice.com](http://philanthropicservice.com), click the staff tab, and send an email to Randy Fox.

While you are on PSI’s website be sure to watch the podcast of a webinar on the Fundraising Fitness Test to see screen shots and a 20 minute step-by step demo of

how it works. There are also many other resources on our website.

### What if I Need Help Generating my Reports

PSI uses GoToMeeting to train clients on how to use the Fundraising Fitness Test, or you can just email your gift-transaction data to Randy, and he can run the reports and email them back to you.