

# Major gift metrics that matter

By Thomas W. Grabau

While the metrics used to measure development performance vary widely, clearly stated goals are essential. And thoughtful analysis of the metrics—with the flexibility to alter the program in response—can yield substantially more dollars raised.

In recent years conversations among development professionals have moved beyond the “art and science” dichotomy. Experts now acknowledge that artful fundraising and intelligent management are both informed and enhanced by the strategic utilization of data that matters. Talented, creative managers and major gift officers must know how to employ performance metrics and organizational data effectively to realize more fully their institutions’ philanthropic potential and aspirations.

*Actual performance falls far short of the rules of thumb in many institutions.*

## What we’ve learned

Expectations vary widely and are more often applied as “guidelines” and “in spirit only” rather than “strictly” and “to the letter.”

The use of performance metrics is increasing among major gift programs. Yet the longstanding “rules of thumb” for major gift officers are essentially points of departure rather than

reflections of widespread and rigorous practice. In a significant number of programs, actual expectations vary depending on the major gift officer’s level of experience, length of tenure with the institution, prospect portfolio, and assigned territory.

Expectations and practice also vary depending on the maturity of an institution’s philanthropic culture, the sophistication and funding of its development operation, and the context of its current philanthropic priorities. For example, when ramping up for a campaign, an institution with a modest campaign history and a more limited knowledge of its top prospect pool may place a greater emphasis on metrics related to prospect discovery and qualification than on solicitations and dollars raised.

Finally, field research, including performance data gathered in multiple feasibility studies, suggests that actual performance falls far short of the rules of thumb in many institutions.

## What this means to your program

Clearly, the metrics used to measure performance and the methods of performance management vary widely.

Nonetheless, nearly 80 percent of the respondents indicated that establishing the correct level of ambition through clearly stated performance expectations and standards was essential for stimulating performance and achieving fundraising success.

The key is to define a set of performance metrics that enables your institution to fulfill its charitable aspirations and that addresses the three essential components of any successful major gift program. (See “3 Essential Elements.”)

Keep it simple. Research suggests that gift officers who were more focused on fewer metrics—whether prospecting activities, solicitations, or dollars raised—outperformed those professionals with equally weighted or mixed

# Rethinking the old rules of thumb

## Old Rule #1

**Gift officers should conduct an average of between twelve and fifteen face-to-face visits per month.**

The face-to-face visit is valued as the gold standard of prospect cultivation and engagement. Expectations and practice, however, vary substantially. Stated practices among survey respondents cluster around the following four expectations: 120, 150, 180, and 210 per year. Programs that track contacts usually want between 80 and 90 percent to be in the form of face-to-face visits.

Interestingly, actual performance across all types of institutions and organizations tends to fall well short of the “rule.” One recent survey found that nearly 70 percent of gift officers completed ten visits or fewer each month. The overall average was slightly more than seven (7.3) visits per month. High performers conducted an average of slightly more than eight (8.3) visits monthly.

## Old Rule #2

**Gift officers should visit approximately 50 percent of their portfolio each year (e.g., a major gift officer would visit seventy-five individuals annually in a portfolio of 150 prospects).**

Few survey respondents fulfill this expectation. The actual percentage of portfolios visited each year depends on the number of prospects being solicited. The greater the number of solicitations, the more limited a gift officer’s reach and the fewer individual prospects visited. A few programs have established the expectation that every assigned prospect must be visited once every three years.

## Old Rule #3

**Approximately one-third of a gift officer’s portfolio should be in the solicitation stage.**

Few respondents track this metric. If one discounts outstanding or open solicitations, applying this rule of thumb could mean as many as fifty solicitations annually in a portfolio of 150 gift prospects, or between four and five major gift requests a month.

If, as approximately two-thirds of the respondents believe, three to four face-to-face visits a year represent the optimal number for prospects in active solicitation, fifty prospects in active solicitation would require between 150 and 200 visits. Given the required investment of time in cultivation, presolicitation, solicitation, negotiation, and closing, most respondents aim for between twenty-four and thirty solicitations annually, or between two and three monthly.

## Old Rule #4

**A full-time major gift officer should raise \$1 million per year on average.**

Only 25 percent of the survey respondents practiced a gift expectation of between \$1 million and \$1.5 million. Nearly 60 percent of the 2009 respondents indicated an expectation of between \$0.5 million and \$1 million. Another 25 percent of the 2005 respondents indicated their expectations for dollars raised was driven by the makeup of the major gift officer’s portfolio.

Here, again, a substantial minority based annual performance expectations on the gift officer’s level of experience, length of service with the institution, and portfolio potential.

### 3 Essential Elements

- 1 **Potential:** A clear understanding of the giving potential of your constituents and stakeholders.
- 2 **Strategies:** Plans supported by management practices that effectively drive results.
- 3 **Execution:** A bias toward competent, objective-driven, and timely action and activity.

measurement models. In short, focusing on fewer but essential metrics results in increased productivity across a wide range of activities.

#### Choosing metrics that matter

**Potential:** *All managed or assigned prospects should have a philanthropic capacity and connectivity rating.*

Thanks to wealth screening, the application of sophisticated data-mining and prospect-modeling methodologies, and proactive research, an institution should be able to rank order all of its constituents in one of these two ways:

- ♦ philanthropic capacity—both for lifetime giving to all charities and for lifetime giving to your institution by six-, seven-, and eight-figure gift ranges
- ♦ connectivity—reflecting the perceived degree of relationship with your institution, the campaign, and/or philanthropic priority as either *highly connected*, *connected*, *somewhat connected*, or *modestly connected*

*Focusing on fewer but essential metrics results in increased productivity across a wide range of activities.*

These improvements in the science of fundraising will enable institutions to populate a matrix that cross-references capacity and connectivity.

Fundraising potential will be optimized by focusing on highly connected, connected, and somewhat connected prospects with a mid- to high-level capacity rating. A consistent and focused review of prospects with significant

potential that are unassigned as well as prospects of lower potential that are assigned will support active and flexible management of portfolios and ensure that gift professionals are spending their time on the best prospective donors.

#### **Strategies: Performance planning and prospect management**

The art and science of fundraising are unified through the process of performance planning and prospect management.

**Performance plans.** Every major gift officer should have a written performance plan that provides fiscal-year fundraising and engagement goals and that is endorsed by his or her supervisor. The plan should incorporate

- ♦ a projection of total dollars raised and face-to-face visits completed;
- ♦ a total of specific solicitations projected by quarter over a twenty-four-month period to demonstrate a viable pipeline of prospects;
- ♦ a list of specific cultivation and stewardship events and activities;
- ♦ an accounting of specific campus liaison responsibilities; and
- ♦ professional development goals and activities.

Written strategies for each gift officer's top twenty-five to fifty prospects—with specific initiatives, specific persons to be involved in each task, including internal partners and external volunteers, and specific target dates for each purposeful action—should be required and documented as such in the system.

Again, actual practice varies. Major gift officers might craft written strategies for their entire portfolio with more detailed strategies for their top fifty prospects. A principal gifts officer should provide detailed written strategies for each assigned prospect.

Written plans are effective management tools because they

- ♦ clarify and focus thinking;
- ♦ establish context and framework for action;
- ♦ become the basis for performance planning;
- ♦ provide content for ongoing dialogue;
- ♦ empower major gift officers;
- ♦ facilitate the manager's effectiveness; and
- ♦ evolve more readily into next year's plan or the multiyear plan for a campaign.

**Prospect management.** Active prospect management is critical to success because it maintains focus and enables timely adjustments in strategies in the dynamic context of major gift work.

Monthly prospect review sessions, supported and informed by consistent tracking reports reflecting performance metrics, are essential. These exchanges should be supplemented by weekly, informal conversations and by more formal quarterly assessments and adjustments between the supervisor and the major gift officer.

Additionally, annual reviews should specifically assess the previous year's projections and activities and serve as a foundation for next year's plan.

### **Execution**

*Visits, solicitations, ask amounts, dollars raised, prospects qualified, etc.* Planning is a waste of time without purposeful execution. Fundraising is a business with a bias toward action and results supported by myriad data points and statistics.

The key is to choose and sustain performance metrics that best align with the current context of your institution's strategic directions, values, and desired outcomes.

In some highly complex institutional fundraising environments where wide variations exist in talent, experience, prospect pools, regional or unit assignments, and philanthropic culture, it is likely more effective to measure and manage individual gift officers using a customized set of metrics that track both inputs and outputs.

*Inputs: Face-to-face visits, proposals made, time in cultivation, etc.* Inputs are metrics that tell us how hard we are working and how focused we are. They are also useful for building confidence and/or reassuring our presidents, trustees, and institutional colleagues that we are performing at levels high enough to produce the desired results.

Those that matter most among potential inputs are face-to-face visits and the number of

major gift proposals made. The number selected for each depends on your institutional context and, at times, required travel and constituent outreach budgets.

*A consistent and focused review of prospects with significant potential that are unassigned as well as prospects of lower potential that are assigned will support active and flexible management of portfolios and ensure that gift professionals are spending their time on the best prospective donors.*

Another way of setting the level of expectation related to inputs is to assume, after accounting for vacation time and administrative work time, that a full-time major gift officer has between sixteen and twenty weeks, or between eighty and one hundred days, a year to devote to prospect cultivation and engagement. How many of those days and weeks is the gift officer out of the office working directly and personally with prospects or facilitating such contacts by cultivation partners?

A little tracked metric worth elevating is the time a prospect spends in cultivation. Most programs have a gift officer who has a portfolio filled with prospects in a state of perpetual cultivation that never get solicited. In every campaign there is a group of prospects that annually appear on the campaign prospect list languishing in cultivation. The time in cultivation metric would serve as a red flag of inaction and a barometer of the efficiency with which prospects move from discovery through cultivation to the actual solicitation. Prospects who fail to be engaged to the point of solicitation should be evaluated and potentially reassigned.

	Last Five Years Individual Giving	Last Five Years Non Individual Giving	Total Last Five Years	Portfolio Capacity	Last Five Years Individual Yield
<b>Manager 1</b>	\$1,863,527	\$0	\$1,863,527	\$22,290,274	8.4%
<b>Manager 2</b>	\$479,593	\$0	\$479,593	\$25,229,202	1.9%
<b>Manager 3</b>	\$6,815,207	\$0	\$6,815,207	\$118,304,998	5.8%
<b>Manager 4</b>	\$33,035	\$0	\$33,035	\$10,201,650	0.3%
<b>Manager 5</b>	\$766,616	\$0	\$766,616	\$49,130,895	1.6%
				<b>Team Average</b>	4.4%



Currently Assigned Individual Portfolio Capacity	Yield	Assigned Individual Giving Next Five Years	All Other Giving Next Five Years	Estimated Total Giving Next Five Years
\$8,082,689	5.8%	\$468,796	\$400,910	\$869,706
\$8,082,689	6.8%	\$549,623	\$400,910	\$950,533
\$8,082,689	7.8%	\$630,450	\$400,910	\$1,031,360
\$8,082,689	8.8%	\$711,277	\$400,910	\$1,112,187
\$8,082,689	11.0%	\$889,096	\$400,910	\$1,290,006

This sample university yielded 5.8 percent on the portfolio capacity of the currently assigned individual prospects. Small increases in yield could result in raising \$1.3 million over the next five years.

**Outputs: Results and outcomes that drive success.** Outputs measure effectiveness and the return on investment. Outputs most frequently tracked are total dollars raised, the number of gifts closed, and the number of new major prospects qualified.

Of course, the metric that matters most is total dollars raised. However, the target for a fiscal year should be determined by the gift officer's tenure in the position, length of service with the institution, major gift fundraising experience, and composition of his or her portfolio.

Gift officers new to the position and the institution should expect total dollars raised to increase substantially by their third year, even if they have inherited well-developed portfolios of cultivated prospects.

The yield rate is a metric that merits wider attention and application. It is essentially a fundamental measure of a gift officer's performance calculated against the potential in his or her portfolio. The rate is calculated by measuring the amount a gift officer raises over a multiyear period versus the capacity represented in his or her portfolio. Capacity is broadly defined as the amount a prospect can give over a five-year pledge.

A yield rate for an individual gift officer is valuable because it provides insight related to the gift officer's effectiveness at making and closing asks for significant gifts. As mentioned earlier, data collected from numerous institutions indicates that the yield rate improves significantly in a gift officer's third year in a given position, assuming purposeful and appropriately vigorous activity. Because the metric rates a gift officer's productivity against his or her own portfolio, it provides an apples-to-apples comparison that elevates high performers, identifies potentially strong performers, and exposes low performers.

A yield rate can also be calculated for an entire institution. For example, if all assigned individuals at a given institution were to give \$100 million over a five-year period, and their total capacity were \$2 billion, the yield would be 5 percent.

An institutional yield rate opens the door to strategy and

portfolio adjustments designed to increase the total dollars raised. Moreover, it informs how large the suspect and prospect pools actually need to be to produce the desired results.

## Conclusion

Current practice related to performance metrics and methods of performance management offers considerable latitude. The rules of thumb discussed here are merely points of practice and points of departure.

To an important degree, performance metrics are situational and should be determined by institutional context. Once determined, it is advised that metrics be sustained over the life of a campaign to focus expectations and to allow for contextual tracking, management, and communications on progress.

The management challenge is to define a highly focused set of clearly stated and consistently monitored performance metrics that focus, promote, and track activity and results meaningful to advancing your program's mission, strategic direction, and values. Setting the right expectations, based on your known philanthropic potential combined with sound strategies and purposeful implementation, will support both goals and projections. ♦

*Thomas W. Grabau is a consultant at Bentz Whaley Flessner (BWF) with more than thirty years of institutional advancement experience. This article was adapted from a 2010 article Grabau based on two nationwide surveys of major gifts officers conducted by BWF in 2005 and 2009.*

