40 YEARS OF IMPACT

THE ALFORD GROUP™

Unleash Your Hidden Fundraising Superpower

September 2019

Mariah Fosnight, MBA
Client Service Associate

Jennifer Shin, CFRE
Consultant

Overview & Key Takeaways

- Introductions
- High-level data/overview
- 3 measures of fundraising effectiveness
- Group discussion
- Retention rate
- Group discussion
- Growth in giving
- Q & A

About Us

Jennifer Shin, CFRE
Consultant

Prior to consulting: fundraiser for social service agency and public library foundation

Favorite superhero: Elastigirl/Mrs. Incredible

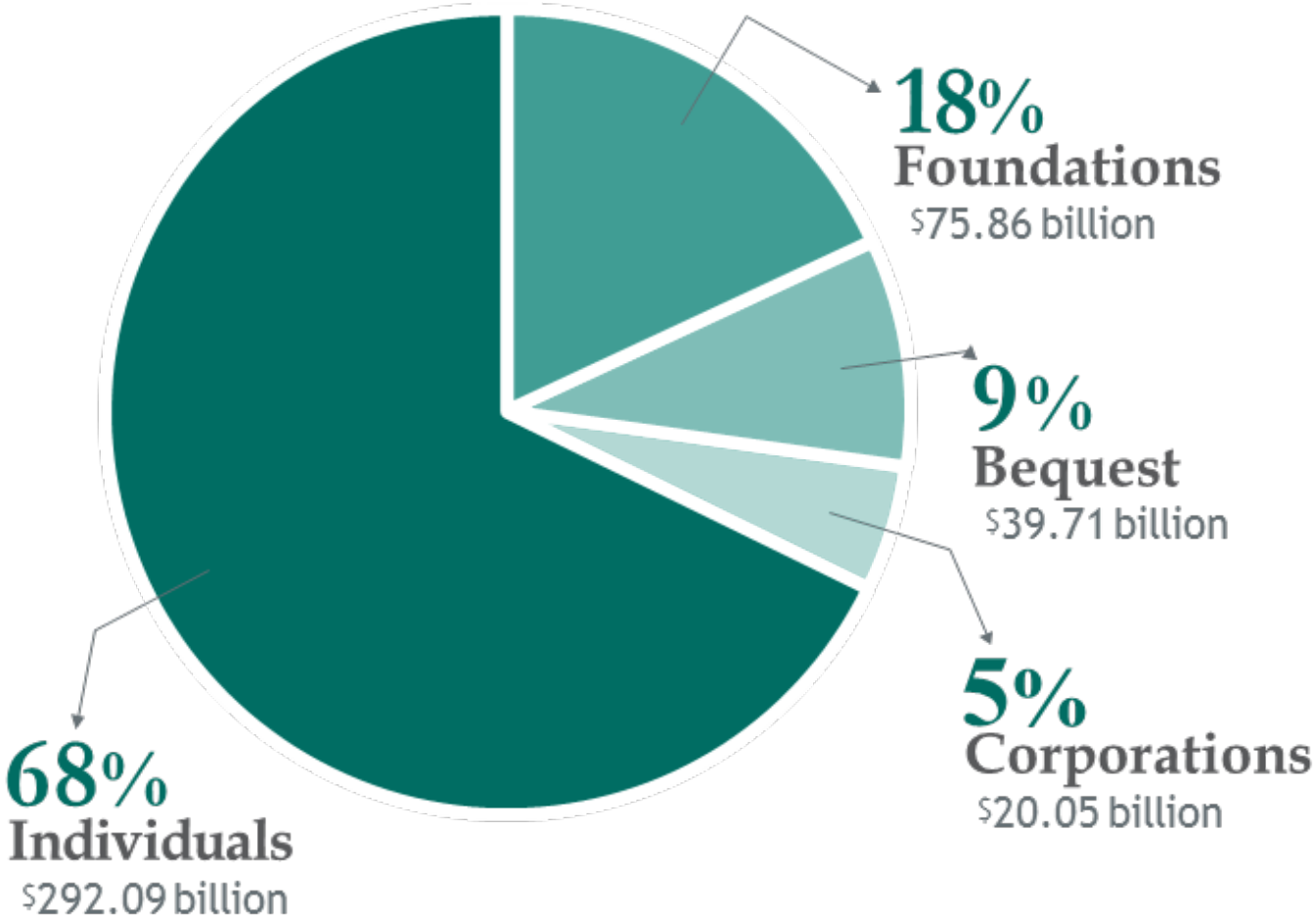
Mariah Fosnight, MBA
Client Service Associate

Prior to consulting: community foundation development and donor services, for-profit recruiting

Favorite superhero: Spider-Man

Investments in effective fundraising strategies should be made not despite our need to fund our missions and work, but because of it.

2018 Source of Contributions



Source: Giving USA: The Annual Report on Philanthropy for the year 2018 (2019). Chicago: Giving USA Foundation.

Total Fundraising Net

DEFINITION

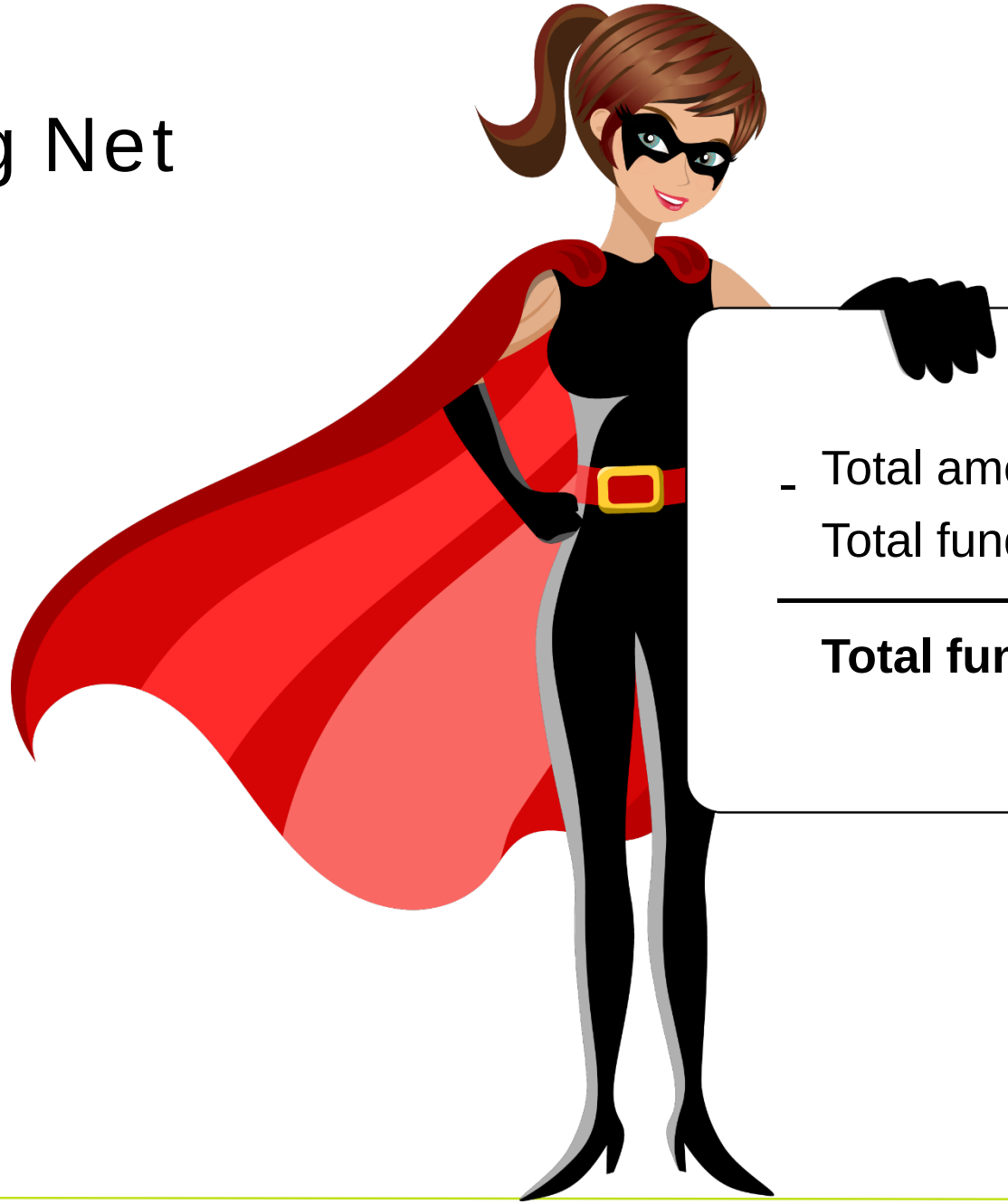
the funds available to spend on your mission as a result of fundraising efforts

USE

to indicate if your efforts are enough to fund your work

EXAMPLE

If you raised **$1,000,000** and you spent **$200,000** on staff and other expenses to do it, your total fundraising net is **$800,000**.



Total amount raised

\- Total fundraising expenses

Total fundraising net

Dependency Quotient

DEFINITION

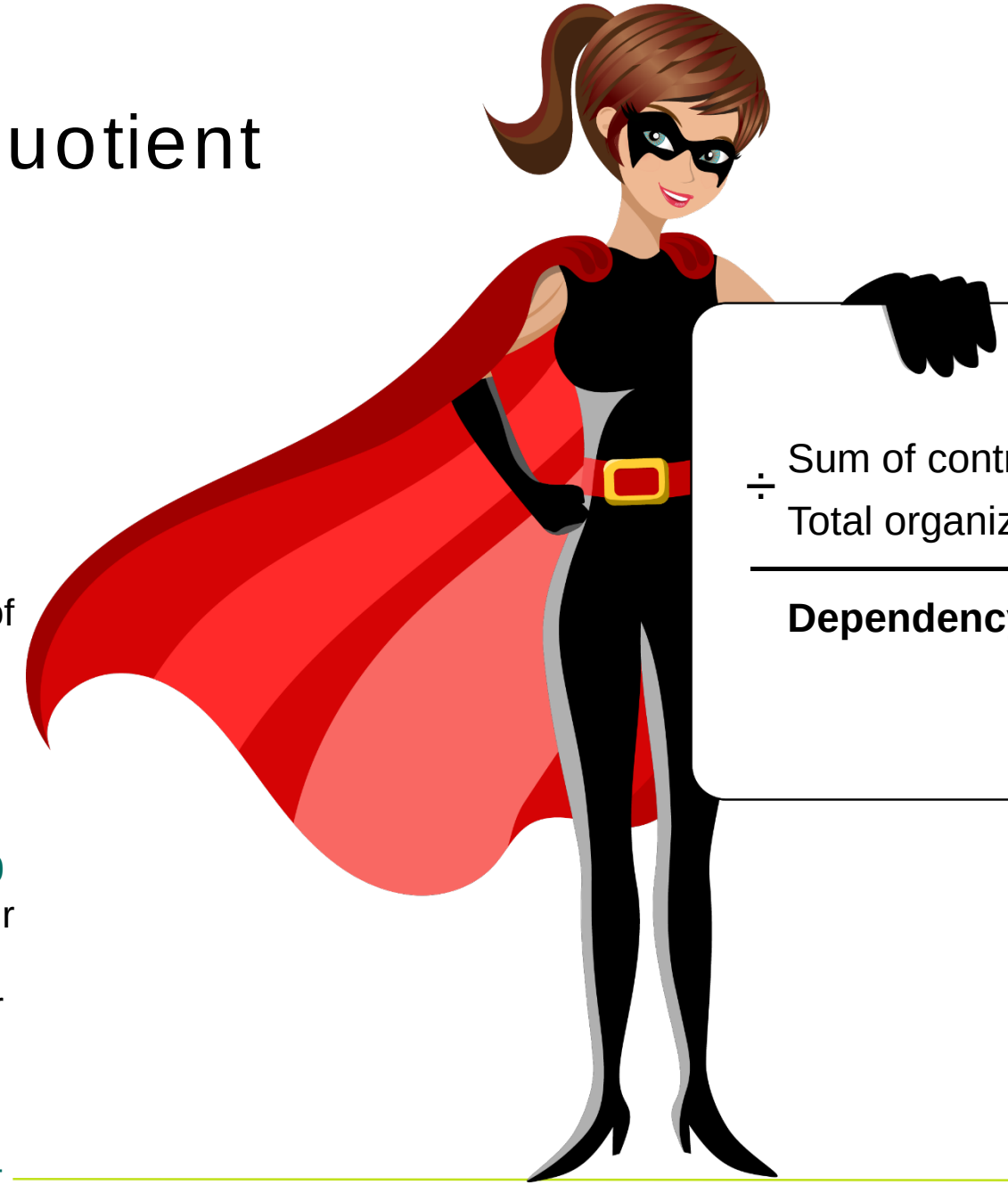
extent to which an organization is dependent on its top 5 donors to fund its work

USE

to understand how vulnerable the organization could be in the face of changed priorities among its top 5 donors or funders

EXAMPLE

top 5 donors contributed **$250,000** over the past three years, and your total expenditures over the same period were **$1,000,000**, then your Dependency Quotient is **25%**.



Sum of contributions from top donors
÷
Total organizational expenditures

Dependency quotient

Cost of Fundraising

DEFINITION

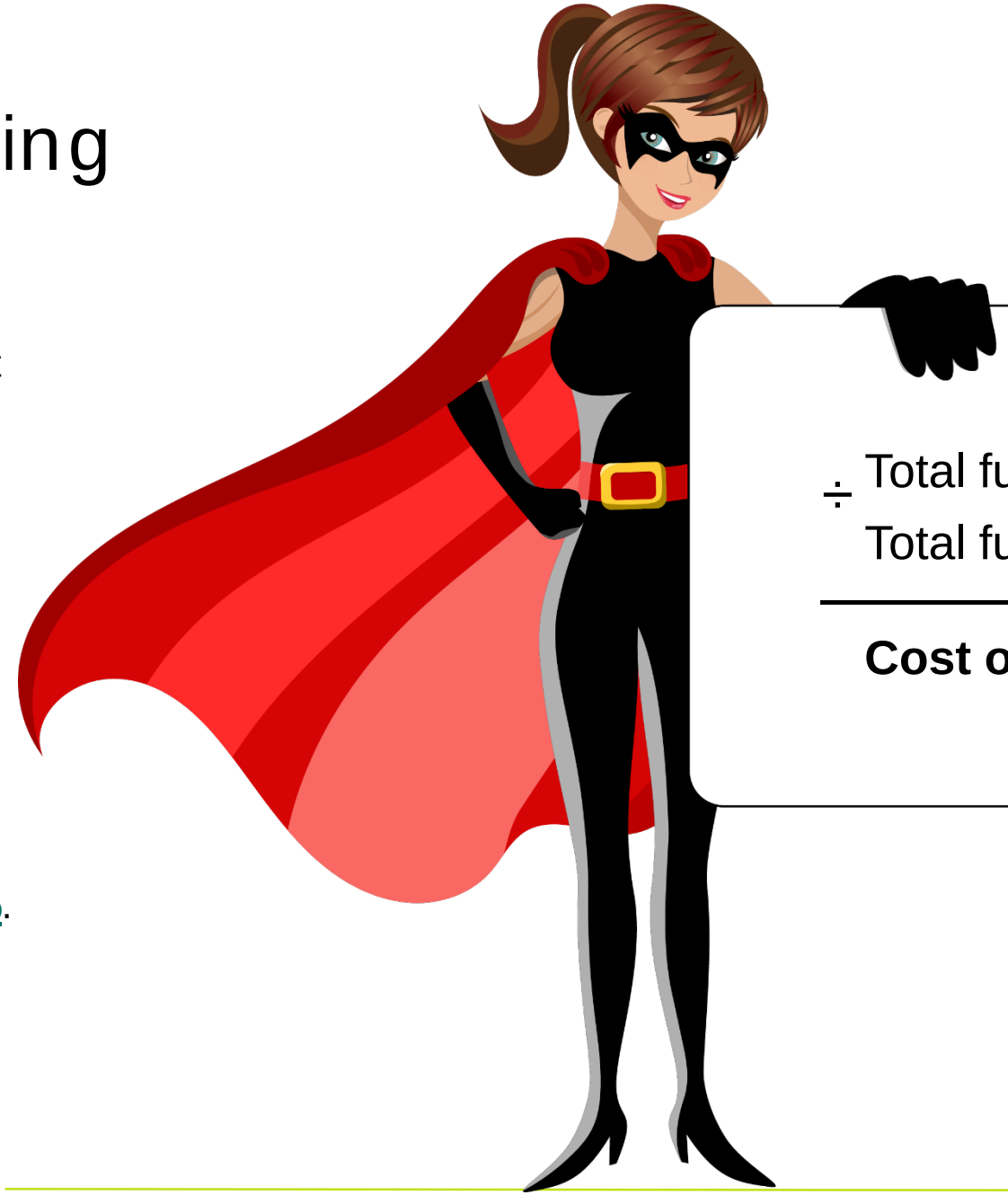
average amount that it costs to net one dollar

USE

to measure the overall fundraising efficiency and rate of return on the organization's fundraising efforts

EXAMPLE

your total fundraising expenses of **$50,000** divided by your total fundraising net of **$100,000** is **50%**.



÷ Total fundraising expenses
Total fundraising net

Cost of fundraising

Fundraising Effectiveness

Enough Money to Fund Programs
(Total Fundraising Net)

+

Responsible Balance of Risk & Reward
(Dependency Quotient & Cost of Fundraising)

=

Healthy Fundraising Program

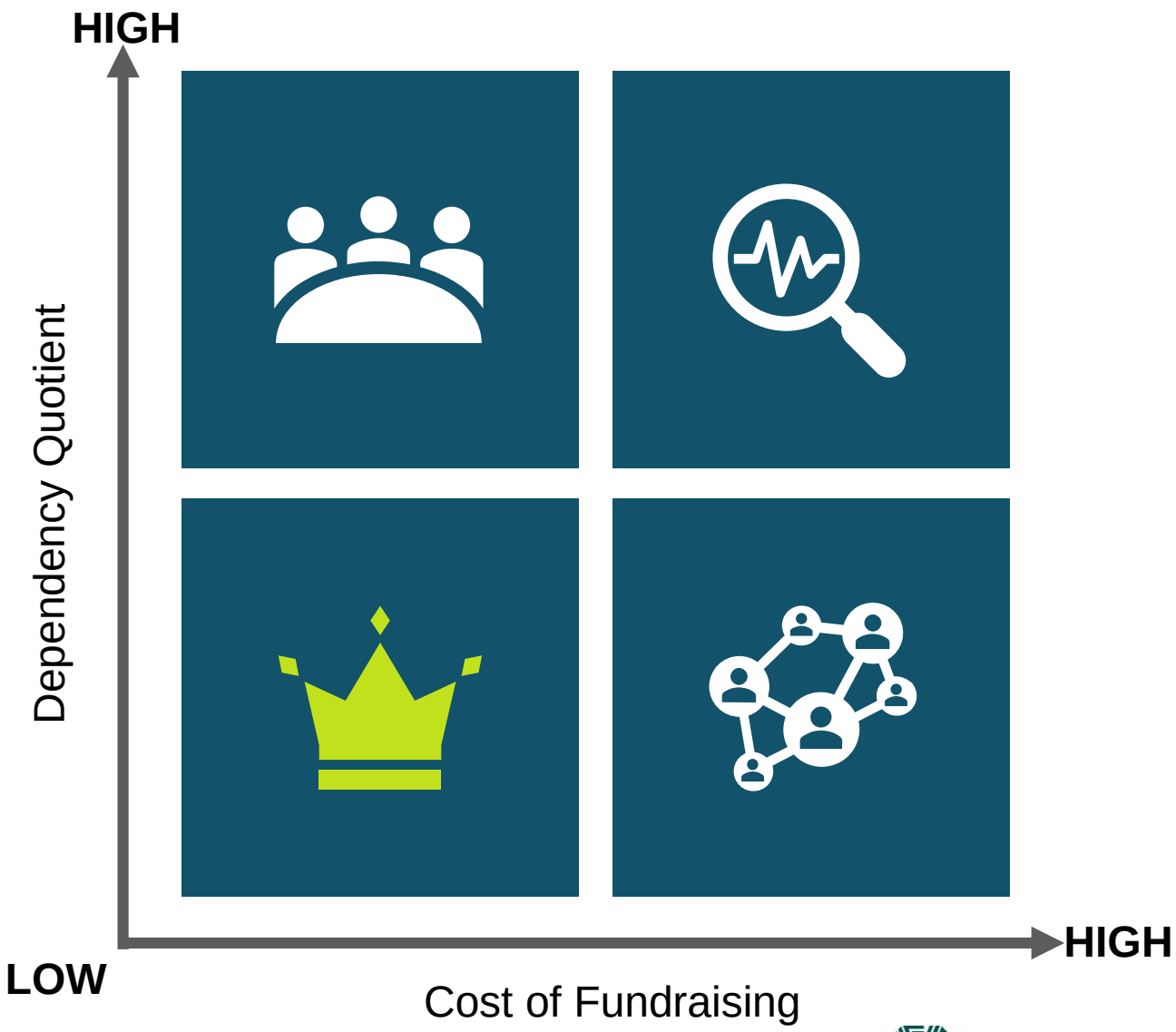
Discussion

In what ways are you leveraging opportunities to encourage donors to engage more deeply with us through your major gifts and annual programs?

If one or several of your top sources went away, what would be the impact on your programs? Do you have a safety net that would enable you to continue doing your work?

Are you strategically investing in fundraising programs that you anticipate yielding a high return? What types of fundraising programs are these?

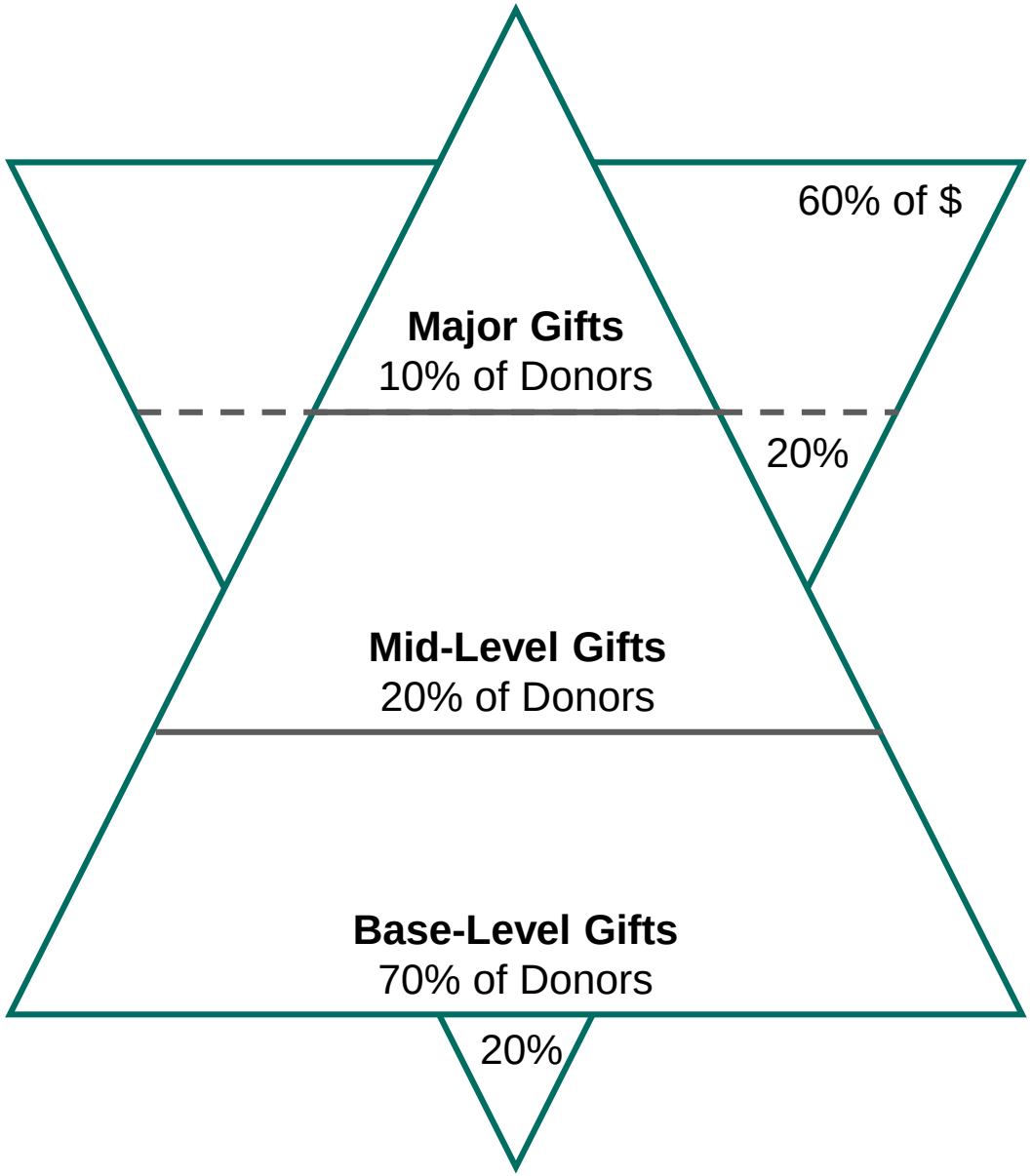
Are your staffing levels sustainable? In what ways could your development staffing structure differ to avoid burnout?



Balancing Risk & Reward

Source: Understanding & Evaluating Your Fundraising Strategy (2017).

Profile of the Annual Fund



Retention Rate

DEFINITION

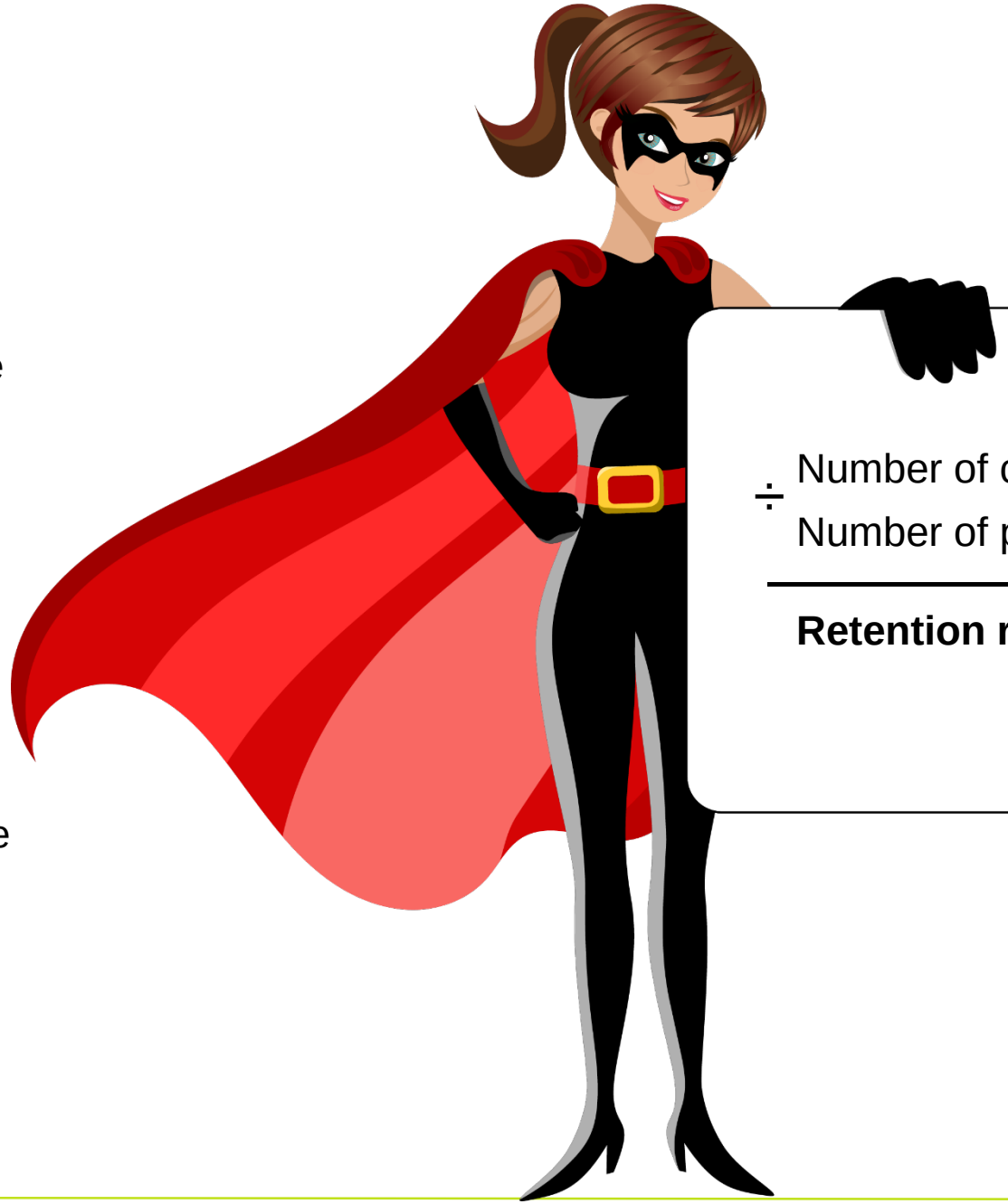
percentage of donors who continue to give to your organization

USE

to inform donor stewardship strategies and plan cultivation strategies

EXAMPLE

2017 number of donors in database is **1,000** and donors remaining in 2018 from that same pool is **400**. Your retention rate is **40%**.



÷ Number of current year repeat donors
Number of previous year donors

Retention rate

Why do your donors continue to give to your organization?

Why Donors Keep Giving

- Donor perceives organization to be effective
- Donor knows what to expect with each interaction
- Donor receives a timely thank you
- Donor receives opportunities to make views known
- Donor feels like they're part of an important cause
- Donor feels his or her involvement is appreciated
- Donor receives info showing who is being helped

Why do your lapsed donors stop giving to your organization?

Why Donors Stop Giving

- Could no longer afford (54%)
- Others are more deserving (36%)
- Poor service or communication (18%)
- Death (16%)
- Never got thanked for donating (13%)
- No memory of supporting (9%)
- No info on how monies were used (8%)
- Thought charity did not need them (5%)

Source: Managing Donor Defection (2002). Dr. Adrian Sargeant.

Fundraising, Number of Donors Plunging

FUNDRAISING EFFECTIVENESS project

Discussion

1. In what ways have you experienced a drop or an increase in revenue and number of donors (who typically give in the first half of the year) so far in 2019?
2. Do you expect the donors who have not yet given this year to make gifts at year end?
3. Based on your experience, why do you think donor retention rates have rapidly decreased in 2019 YTD compared to the same time frame in 2018?
4. How can we mitigate the impact?

Growth in Giving Analysis

DEFINITION

measure that reveals revenue gains and losses among retained and lapsed donors

USE

to identify donor groups and inform you of their impact on your overall revenue

FORMULAS

Total revenue from **new donors**
+ Total revenue from returning donors who **increased** their gift
Total Gains

Total revenue from **lapsed donors**
+ Total revenue from returning donors who **decreased** their gift
Total Losses

Growth in Giving Analysis (example)

	FY16	FY17	FY18
Total Revenue	$966,345	$1,179,568	$1,281,789
GAINS (New donors and increases in giving)	$379,029	$525,407	$545,677
LOSSES (Loss in lapsed donors and decreases in giving)	($147,671)	($213,223)	($443,456)
NET GAIN	$231,358	$213,223	$102,221

Q&A

THE ALFORD GROUP™

Thank You!

Jennifer Shin, CFRE
jshin@alford.com

Mariah Fosnight, MBA
mfosnight@alford.com

Facebook.com/thealfordgroup

@thealfordgroup

linkedin.com/company/thealfordgroup