You … and Metrics

Which Picture Best Describes Your Prominent View of Metrics?
Create an environment where failure is a possibility

The Challenge of Data

The Challenge

• Data Rich ... Information Poor
• We know its important
• But we place it in the “I’ll get to it when I have a moment” box
Data, Data and more Data

How do you Organize Your Data?

Finance Data  Communication Data
Fundraising Data  Program Data

Do you Know What Your Goals Are?

It’s impossible to define metrics without goals:
- Increasing Net Income
- Increasing # of Moves
- Increasing Attendance
- Enhancing Donor Retention
Find the Right Metrics for You

How well do your metrics tie to your goals?
How easy are they to interpret?
How hard are they to create?
The Reality

Without the clear picture that metrics and measurement can bring into focus, planning and target setting is based on wetting your finger to test the wind, and day-to-day activities that run their course without the benefit of a clear sight line to chart and monitor progress.

So What is a Metric Anyway?

Metric
A Definition

A mathematical function that associates a real nonnegative number analogous to distance with each pair of elements in a set such that the number is zero only if the two elements are identical, the number is the same regardless of the order in which the two elements are taken, and the number associated with one pair of elements plus that associated with one member of the pair and a third element is equal to or greater than the number associated with the other member of the pair and the third element.

Source: Merriam-Webster Dictionary
http://www.merriam-webster.com/dictionary/metric
**Metric**

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**Another Definition**

“Standards of measurement by which efficiency, performance, progress, or quality of a plan, process, or product can be assessed”

Source: BusinessDictionary.com

**Metrics**

**As a Target**

- Numerical metrics make it particularly easy to use it as a communications tool.
- It’s often much easier to tell people a scale and a number than explaining a much more complicated goal.
Metrics
As a Measure of Performance

• With an established number in place it is easier for managers to use that measure to track how quickly people doing the work move towards the goal.
• Many link these numbers to individual performance targets.

Metrics
As Best Practice

• Using metrics both as a target and a measure of performance results in an unintended side effect – an implication that a metric is the best method of working towards the goal.
• When an independent party measures someone else using a numerical target, it motivates the person doing the work to meet the established number. Since they are only measured on performance to this metric, they do all that they can to achieve that particular metric.

So, Why do we Need Metrics?

• Metrics are used to drive effectiveness in fundraising and help organizations focus their people and resources on what’s important.
• The range of metrics that you can employ vary from those that are mandatory – for legal, safety or contractual purposes – to those that track increases in efficiency, reductions in complaints, greater profits and better savings.
… and

- Metrics reflect and support the various strategies for all aspects of the organization, including finance, marketing, competition, standards, or customer requirements and expectations.
- They indicate the priorities of the company and provide a window on performance, ethos and ambition.

… and

- Ultimately, metrics will help tell the organization:
  - Where it has been
  - Where it is heading
  - Whether something is going wrong
  - When the organization reaches its target
**Benefits of Metrics**

- Keep metrics simple. Defining a metric is similar to telling a joke – if you have to spend too much time explaining it then it will not work.
- Team members need to understand the metric, how they can influence it and what is expected of them.

**Benefits of Metrics**

- Good metrics will:
  - Drive the strategy and direction of fundraising
  - Provide focus for fundraising team members
  - Help make decisions effective
  - Drives employee performance
  - Change and evolve with the organization
  - Reduces stress
  - Alerts to problems ahead of time

**Types of Metrics**
1. Fundraising Metrics
   - Dollar Amounts
   - Number of People
   - Change over time
   - Comparing different groups

2. Program Metrics

3. Finance Metrics

4. Communication Metrics

**Fundraising Metrics**

Start with the Nuts & Bolts

- Amount raised
- Spread of donation sizes
- Average Donation size
- Number of donors
- How are they giving
- Renewal rate
Fundraising Metrics

Look at the Trends

- LYBUNT and SYBUNT
- Multi-Year Trends
- Prospect Pipeline Categories
- Pledges

Fundraising Metrics

Basic Measures

- Three basic measures are useful starting points:
  - Industry benchmarks per program
  - Lead indicators – those metrics that when tracked ensure that you’re heading in the right direction and are staying the course
  - Lag indicators – backwards looking metrics that tell you where you have been and if you are tracking in the right direction

Examples

- Benchmarks
- Lead Indicators
- Lag Indicators
## Metric Types

### 2. Program Metrics

- Program metrics are where non-financial metrics come into their own. In fact, as predictors of income they may play the more important role.
- Identifying and tracking performance metrics for individual programs (and individual staff) can seem overwhelming.
Program Metrics

- Look to Your Program Evaluation Data
- Consider any outcomes or logic model work you’ve done:
  - Grant proposals
  - Case-for-Support preparation

Logic Models

SOURCE: My Environmental Education Evaluation Resource Assistant (MEERA)

Metric Types

3. Finance Metrics

- Are you able to cover your costs?
- How much money are you making?
- Profit vs Loss
- Net vs Gross
- Budget vs Actual
- ROI vs CPDR
Finance Metrics
Profit & Loss

• Consider tracking profit and loss for particular programs

Finance Metrics
Budget vs Actual vs Projected

• Consider tracking the % difference between budget and actual for key line items

• Some organizations also track a 'projected' figure

Finance Metrics
Return on Investment (ROI)

\[
\text{Return on Investment (ROI)} = \frac{\text{Gain from the Investment} - \text{Cost of the Investment}}{\text{Cost of the Investment}}
\]

• Example 1: A fundraising event generates $84,000 in revenue. The cost of the event is $77,000. The resulting ROI is \(\frac{84,000 - 77,000}{77,000} = 9\%\).

• Example 2: Your Board approves $95K for a new major gifts officer and related expenses. The officer raises $250K the first year. The resulting ROI is \(\frac{250,000 - 95,000}{95,000} = 163\%\).
Finance Metrics
Cost Per Dollar Raised (CPDR)

Cost per Dollar Raised (CPDR) = \frac{\text{Program Cost}}{\text{Total Program Revenues}}

- **Example 1**: A fundraising event generates $84,000 in revenue. The cost of the event is $77,000. The resulting CPDR is $77/$84 = 91 cents to raise a dollar.

- **Example 2**: Your Board approves $95K for a new major gifts officer salary and related expenses. The officer raises $250K the first year. The CPDR is $95/$250 = 38 cents to raise a dollar.

Which Statement is more Compelling

- “Every dollar invested into raising money for healthcare provides a return of 163% to help improve the community.”

  or

- “We only spend 38 cents of your gift to fund our operations.”

Metric Types
4. Communication Metrics

- Sometimes our goal is to spread a message rather than raise money.
Communication Metrics

Visitors

• How many people are seeing your information?

Facebook Views
Website Page Views
Email Open Rate

Communication Metrics

Followers

• How many have chosen to stay in touch with you?

RSS Subscribers
Facebook Friends
Twitter Followers

Communication Metrics

Engagement

• How many are choosing to get involved in the conversation?
  o Via Comments
  o Via Retweets
  o Via Email Clicks
  o Via Website Referrals
Communication Metrics

Conversation

Do your communications lead to real-world support?

- Greater # of Attendees
- Greater # of Event Volunteers
- Increased Revenue

Implementation

How to Implement Metrics

The following five steps cover the basics for setting up organizational or process metrics:

1. Define the metrics
2. Secure buy-in from senior management and leadership
3. Understand what data is needed and how to collect it
4. Measure and share the results
5. Implement “continual” improvement
1. Define the Metric

- All metrics should be clearly defined so that an organization can benchmark its success.
  - Keep metrics understandable (SMART Goals)
  - The Achievable step in this model is particularly important. There's no point setting targets that cannot be achieved, as people will feel defeated even before they begin.
- A word of warning: Set metrics carefully, or they could damage the organization. Metrics should not encourage employees to take negative actions.

2. Secure Buy-In

- Successful implementation of any new metric requires the approval and interest of leadership - they have to lead the culture change from the top.
- Using new metrics to measure performance is a change that may attract resistance from across the organization, so high-level endorsement and open communication is needed to get everyone on board.

3. Collect the Necessary Data

- If a metric is set, it’s important to generate the data you need.
- Metrics need to be reliable and provide the same answer no matter who calculates it.
- Metrics need to be standardized, with data being collected in exactly the same way.
- Fudging metrics benefits no one. To deliver real progress, everyone involved with the metric needs to be completely honest.
4. Measure & Share Results

• Use metrics to learn from others.
• Measure and record results.
• Never hesitate to contact other people in the organization and ask how they are progressing.
• Set up regular meetings to review progress, share experiences and successes, and discuss problems (e.g. PMC).

5. Continual Improvement

• When implementing metrics, don’t forget to revisit and revise them from time to time.
• Make sure the metrics still measures what it was intended to measure. After all, if the metrics are out of date, then what is the purpose of retaining them?
• The aim of a setting metrics is to improve fundraising, so set targets that challenge the process. It will provide more value than focusing on something that is easily achievable or is already being achieved.

Seven Principle Uses of Metrics


1. Informing investment decisions that grow your capacity to raise more money;
2. Individual performance management and tracking that ensures each member of the team is focused on and achieving personal and organizational goals;
3. Program performance metrics that allow managers to assess, evaluate and improve outcomes as part of a best practice continuous improvement cycle.
4. Data capture for more targeted, high impact program outcomes;
5. Issues identification and problem solving whether program or people focused;
6. Improving organizational efficiencies; and, most importantly
7. Measuring and reporting on donor impact.
Board Reporting

- Consider providing a report card to the board
- It should be simple and policy focused. The goal is to ensure “heads in and hands out” at the board table. Such high-level indicators should include:
  - Funds raised (new money including new cash gifts and pledges);
  - Funds received (new cash plus pledge installments);
  - Progress against annual targets (expressed as a %) including value and # of gifts;
  - # and value of proposals pending (i.e., outstanding asks);
  - # and value of bequest expectancies and gifts in probate;
  - Highlight of achievements including individual program outcomes;
  - Issues and Risks (trends, risk and/or events documented); and
  - Decision/s required including gift acceptance and Namings that requires board approval.

Exercise
Conclusion

• Understand your own ‘metrics style’
• Understand the goals you want to measure
• Understand the four types of metrics
• Understand how to implement your metrics
• Understand the key uses of metrics
• Understand the importance of meeting regularly to review metrics .... and
• Put it to use