Measuring More Than Money
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How do we commonly measure fundraising success? Mostly money. Things like:
Total dollars raised. Making goal.
But this session is different. This session won’t focus on measuring money.
Welcome, instead, to measures other than money. It’s time for change. It’s time to innovate.
Fundraisers (and their NGOs) need to define measures like donor satisfaction, quality of relationships, retention rates – and so much more.
Attend this workshop only if you’re interested in breaking tradition and embracing change. Together, we’ll talk about things like:
• Convincing your boss and board that money isn’t everything
• Defining the impact of measures other than money
• Measuring from the donor and client points of view
• And whatever else we can think of in the time we have!

Enough about MONEY!
Without other measures, money won’t even happen!
Introduction

1. As you think about measuring, consider the following:
   a. From Jim Collins, *Good to Great* and *Good to Great and the Social Sectors*:
      - “A great organization is one that delivers superior performance and makes a distinctive impact over a long period of time.”
      - “In business, money is both an input (a resource for achieving greatness) and an output (a measure of greatness). In the social sectors, money is only an input, and not a measure of greatness.”
   b. From *The Big Moo*, by the Group of 33, edited by Seth Godin:
      - “In a metric-minded organization, it’s very tempting to focus on things that are easy to measure instead of those things that are important to measure.” (*The Big Moo*, by the Group of 33)
      - “Numbers-based innovations are easy to sell…but numbers-based innovations are rarely home runs. They rarely cause people to look back in awe at the amazing thing they’ve done. It’s the emotional stuff – the stuff that some smart people don’t think will work – that you need to be part of.” (*The Big Moo*)

2. Measuring is really hard work
   a. Why bother? How does it add value?
   b. What has to be in place to measure and use results meaningfully?
      - Information management system: Are you using a computer or 3x5 cards?
      - People committed to doing the measuring.
      - People committed to reviewing results and talking about trends and implications.
   c. What do you measure right now in your organization – and I’m not just talking about fundraising? How do you do the measuring?

3. But let’s step back and start at the very beginning
   a. What are the basic principles of fund development? *See handout, pages 5 - 6.*
   b. Respect and use these principles. Make sure your board and boss and other staff colleagues accept and understand and use.
   c. And keep this in mind:
      - Lousy fundraising doesn’t produce much money.
      - Measure more than money and you’ll raise more money.
      - Fundraising isn’t about money. It’s about donor hopes, dreams and aspirations.
   d. Knowing enough about fundraising to know what to measure
What gets measured gets done

1. Planning to measure
   a. What makes a measure useful – or not?
   b. Not all measures are actionable or actually measurable. Nonetheless, some of these might produce important conversations and changes in your organization.
   c. Measuring that which is hard to measure
      • Qualitative versus quantitative measures
      • Assembling evidence to track your progress

2. Making meaning
   a. Clarify terminology.
   b. Measures are different than benchmarks.
   c. Prepare reports and identify trends and implications.
   d. Consistently measure, monitor progress, and intervene.
   e. What kinds of reports do you compile? How do you talk about trends and implications?

3. Exploring what to measure. Use these questions to stimulate conversation and learning. Then decide and try it.
   a. What will you measure? Why does that measure matter? How will you use the data?
   b. What are the most important philanthropy and fund development measures for your organization?
   c. How do these measures relate to your organization’s values, mission, vision, and strategic plan?
   d. How will you use the information to take future action?
   e. How will the information help you improve your strategies and tactics?
   f. How will the information help your board and staff understand what is most important?
   g. How will you use both qualitative and quantitative measures?

4. Tiny sidebar: What criteria do you use to determine your fundraising strategies?
   a. Pick your strategies carefully! Evaluate their usefulness using a rating of 1 to 5 with 5 being high.
   b. Define the primary purpose of the strategy, e.g., produce money or nurture relationships. Then use the various criteria on the bottom of page 8.
Measuring and monitoring

1. How do you evaluate the effectiveness of your fundraising program? What do you measure? What is most measurable in fundraising?
   a. The obvious: money
   b. Another obvious: various rates, e.g., retention, acquisition, upgrades
   c. But what else? Relationship building? Donor satisfaction?
   d. See handout, pages 7 – 8.

2. Defining how you will measure: tactics to gather the information
   a. Examining your database
   b. Conducting focus groups and interviews
   c. Using surveys

3. Analyzing and interpreting results...and making change
   a. Is everything “reportable”?
   b. Is everything a dashboard?
   c. Who analyzes trends and projects implications?
   d. Who talks about trends and their implications?
   e. Who decides what to do about anything?
   f. Who cares?

I’m developing these materials during the aftermath of the US election. My comments here are not political...or at least not Political. My comments are moral and ethical, embracing democracy and equity. [And equity is vastly different than equality.]

• What is our vision for the nonprofit sector and our communities? How do we measure that?
• What is our vision for philanthropy, voluntary action for the common good? How do we measure that?
• How do we define the relationship between money and mission, democracy and philanthropy? And how do we measure this?
• What is power? Might there be any value to measuring power – in community, amongst donors, in fundraising? And if there were any value, how would we even measure power?
All staff and board members need to understand and embrace these principles

Basic Principles of Fund Development
Build understanding and ownership of these principles

Philanthropy means voluntary action for the common good. Fund development is the essential partner of philanthropy. Fund development makes philanthropy possible by bringing together a particular cause and the prospects and donors who are willing to invest in the cause. The goal is to acquire donors of time and money who stay with the charity. This is done through the process of relationship building. With the donor at the center, fund development nurtures loyalty and lifetime value, thus facilitating philanthropy. You know if your relationship building works because your retention rates rise and the lifetime value of your donors and volunteers increases. (From Keep Your Donors: The Guide to Better Communications and Stronger Relationships.)

So what does this mean in practical terms? Here are some basics:

1. First, understand some basic distinctions:
   a. Predisposed: An individual, business, or some other entity whose interests and actions suggest a possible inclination or susceptibility towards your organization’s cause / mission. (“Suspect” is more common terminology. But who wants to hear anyone referred to in such a pejorative manner?)
   b. Prospect: An individual, business, or some other entity that has demonstrated an interest in your cause / organization. The individual has raised his / her hand by buying your services or asking to join the mailing list or... In some manner, in some way, the individual, business or entity has raised its hand signaling interest in your cause and your organization.
   c. Donor: An individual, business, or some other entity that has given a gift of time or money or service to your organization.

2. Nurture a culture of philanthropy in your organization. It’s the right attitude that matters as much as anything. Culture refers to the personality / attitude of your organization. A culture of philanthropy means that everyone accepts and celebrates the beauty of philanthropy and donors, no matter the type or size of gift.

3. Build a donor-centered organization. Focus on the donor or prospective donor. “It’s not what your organization is selling, it’s what I’m buying that counts. I’m interested in my interests, my motivations and my aspirations. Match those and then I’ll give to you. Otherwise, leave me alone!”

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1 Robert L. Payton. Payton was the first professor of philanthropics in the U.S. and former head of the Center on Philanthropy at Indiana University / Purdue University in Indianapolis.

2 See the Donor Centric Pledge in Keep Your Donors and in the Free Download Library at www.simonejoyaux.com. Donor-centered is like customer-centered.
• Don’t universalize your own passion. Not everyone is interested in your cause, no matter how convincing you are. Do not try to convince them! That’s offensive. Instead, find those who share your passion.

4. **Loyalty** is the holy grail of fundraising – just like loyalty is the holy grail of any business. Here’s my equation: Loyalty = Donor-centered organization + Relationship-Building Program (donor-centered communications + extraordinary experiences.)

**And what are the key drivers of loyalty lifetime value (LTV)?** Trust, commitment, engagement, and satisfaction. [From Adrian Sargeant’s research. Adrian is the world’s leading academic fundraising researcher.]

   a. Donors are aware of consequences: Believing that “someone might be hurt if I don’t give.”
   b. Your organization’s service quality is good. “Do you anticipate questions, promptly thank donors? Are you easy to work with? Do you value your customers?”
   c. They trust you.
   d. They share your beliefs.
   e. You’ve established a personal link: You give the donor credit.
   f. They’re learning: Are you taking them on a journey?
   g. Multiple engagements: Every two-way interaction significantly improves donor retention.

5. Giving is an emotional act, not a financial transaction. Your organization is the means by which donors live out their own interests and aspirations. (See the separate handout, “Emotions” for more detail.)

   a. Neuroscience and psychological research document that all human decisions are triggered emotions. Then rationale steps in. “The essential difference between emotion and reason is that emotion leads to action, while reason leads to conclusions.” (Neurologist Donald B. Calne, Canada)
   b. Research from the direct mail industry says that people give in response to one or more of 7 emotions: greed, guilt, anger, fear, flattery, exclusivity, and salvation. People move from one emotion – e.g., anger – to hope, by using your agency as the means to make change. Tom Ahern refers to this partnering of emotions as “twin sets.”
   c. Threat of loss is more motivating than the promise of gain. [Robert Cialdini, PhD]

6. Engage **volunteers**, including board members and others. Make sure your staff effectively enables volunteers to participate in this meaningful work of identifying, cultivating, and soliciting. (See my separate handout about enabling. And read Strategic Fund Development, 3rd edition for lots of details about the enabling concept.)

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3 Thanks, in part, to MRIs, we now have the field of neuroscience. We can see how the brain works.

4 See research by Drs. Bechara and Damasio, described in Tom Ahern’s books on donor communications. [www.aherncomm.com](http://www.aherncomm.com). By the way, psychologist W. Gerrod Parrott identifies many more than 7 emotions. Read all about emotions in *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, by Joyaux and Ahern.
7. **Don't trespass** on personal and professional relationships. Instead, use connections to identify those who might be predisposed to your cause. If you cannot qualify them as prospects (and it’s their choice!), leave them alone.

8. Effective fund development is like permission marketing⁵; people opt in or opt out. “Permission marketing is the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them…treating people with respect is the best way to earn their attention. Permission doesn’t have to be formal but it has to be obvious.” (From Seth Godin’s book and blog)

9. More **visibility** does not produce more contributions. Everyone focuses on his / her own interests. Your agency can be more and more visible – but if I’m not interested, I’m not paying attention. And I sure won’t send money. Just ask Simone about the NCAA basketball championship and the World Cup! (Or read about these experiences in *Keep Your Donors.*)
   - a. It’s okay if someone doesn’t know who your agency is or what it does. Tell them, if they’re interested. That’s identifying the predisposed.
   - b. Do not solicit someone unless you know for sure that the person knows about your agency.
   - c. Where do you need to be visible? Among your current donors, because you want to build their loyalty. Absence does not make the heart grow fonder – it’s out of sight and out of mind!

10. **You** have to give first. *(You means each board member, the CEO and development officers, and fundraising volunteers.)* Why? Because you cannot represent an agency or cause without demonstrating your own financial and volunteer investment.

11. **Why do most people give?** Because they’re asked. It’s that simple. But only ask those who are interested. Ask the right prospect for the right amount at the right time for the right project in the right way with the right solicitor.

12. Build an **individual giving program.** Each year, individuals give the largest portion of philanthropic gifts in North America. What about elsewhere? And individuals are more loyal donors than foundations or corporations.

13. Fund development is a **process and a profession.** The profession is founded on ethical principles and standards⁶, based on a well-researched body of knowledge⁷, and protects

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⁵ Term introduced by Seth Godin in his 1999 book *Permission Marketing.* Godin contrasts permission marketing to interruption marketing, the traditional advertising / marketing approach. You know, the billboards and glitzy ads - and sending me a newsletter that I didn’t ask for.

Identify the predisposed – those you suspect might have interests similar to your cause / organization – and introduce yourself (personally is usually best, e.g., through a cultivation gathering or one-on-one). Then, if the person (or corporation or foundation) expresses interest, that gives you permission.

Godin observes: “Rather than simply interrupting a television show with a commercial or barging into the consumer’s life with an unaccounted phone call or letter [or in fundraising, the newsletter or a solicitation], tomorrow’s marketer [and top notch fundraiser] will first try to gain the consumer’s consent to participate in the selling process.” [Bracketed comments are mine, not implied by Godin.]

⁶ See the Donor Bill of Rights and the AFP Code of Ethical Principles and Standards of Professional Practice at [www.afpnet.org](http://www.afpnet.org).
the public through voluntary certification of professionals. Personal opinion – without the body of knowledge – doesn’t and shouldn’t count for much.

14. Most **fund development problems** are actually not fund development problems. Most problems relate to other areas of operation. Fix the real problem. (Read *Choosing your road* in the Free Download Library on my website.)

15. A **balanced funding mix** of solicitation strategies and donor sources ensures stability and credibility. Whenever possible, the best way to solicit a gift is through face-to-face solicitation.

16. And by the way, **how do people in the U.S. define a good person?** There are 9 key descriptors: Kind. Caring. Compassionate. Helpful. Friendly. Fair. Hard-working. Generous. Honest. (From Jen Shang’s research. Jen is the world’s first philanthropic psychologist. Check out her work.)

Examine these basic principles. Which ones would you measure….and how and why?

How about those you wouldn’t measure? Why?

And how will you explain any and all of this to your boss and your board?

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7 See the Test Content Outline at CFRE International ([www.cfre.org](http://www.cfre.org)), the baseline certification for fundraisers worldwide.
What does your organization measure?

Measuring in general

The most effective organizations regularly evaluate things like:
1. Organization relevancy and mission – results (qualitative) not so much the numbers
2. Alignment of programs and services with mission and values
3. Quality of programs and services
4. Board and individual board member performance
5. Performance of each staff person, of teams, and of operations in general
6. Financial performance
7. Communications and marketing
8. Fund development performance including ROI and relationship building

Measures for fund development

Measures versus benchmarks
Measures are the things you plan to evaluate, e.g., donor retention rates, donor satisfaction, etc. Define your measures for multiple years – and keep adding more as you add the capacity to evaluate.

Benchmarks are the “target” or “goal” for a particular measure for a particular year. For example, the measure is donor retention; the benchmark for the particular specific year is 75%.


ROI (Return on Investment) and the fundraising numbers
1. Donor retention, attrition, and acquisition rates, for example: retention trends after first gift; year-on-year retention rates.
2. Total $ raised and average gift size
3. # of donors and # of donors who give multiple gifts/year
4. % of donors who increase their gifts and frequency of donor upgrades
5. % of donors who decrease their gifts
6. Participation rates of board members and other volunteers in fund development activities
7. Application of well-established research and practice in fund development and donor communications; consistent use of the body of knowledge

Measures too often ignored
1. Staff and board member behaviors that demonstrate a culture of philanthropy
2. Diversity of prospects and donors reflective of a diverse community
3. Donor-centered fund development program
4. Satisfaction trends of fundraising volunteers, donors, event participants, etc.
5. Customer satisfaction with the organization as a whole
6. Donor satisfaction with service to donors
7. Donor loyalty trends (active loyalty versus passive loyalty)
8. And, drumroll please: lifetime value (LTV) – the most important measure
Charitable giving measures that reflect donor loyalty
1. Donor retention rate
2. Adherence to Adrian Sargeant’s 7 key drivers of donor loyalty
3. Rate of transition from first-time donor to regular donor
4. Percent of donors who increase their gift size and / or number of gifts per year
5. Size of gift compared to your estimation of donor’s level of interest and commitment
6. See Adrian Sargeant’s measures
   • And so many more! But are we measuring the right stuff?

Measuring relationship building (stewardship – and maybe more than stewardship?) from the donor’s perspective
1. Satisfaction with your organization’s execution of its mission and the progress made on your mission
2. Satisfaction with your organization’s customer service (and not just from the development office!) Just look at Sargeant’s research about donor loyalty.
3. Satisfaction with your thank-you process and your recognition program
4. Satisfaction with the quality of conversations they have with you
5. Satisfaction with your organization’s communications
6. Degree to which their personal values align with your organization’s values (essential for what a donor considers a large gift)
7. How often the donor refers others to your organization
8. How many times the organization has been pleasantly surprised by the organization’s creativity and ingenuity.
   • And so many more! Seems to me we fundraisers are especially weak in this area.

Measuring what your organization does to nurture relationships
1. Breadth and depth of information in your files, with an emphasis on interests and disinterests, motivations and aspirations
2. Diversity, regularity, and frequency of organization contacts with prospects and most especially with donors
3. Level of personalization in communications and cultivation
4. Effectiveness of cultivation at fundraising events
5. Effectiveness of communications strategies and content
   • And so many more! Seems to me we fundraisers are pretty weak in this area.

P.S. What criteria do you use to determine your strategies for fund development?
Define the primary purpose of the strategy, e.g., generate income or nurture relationships.
Examine the strategy to determine if it is really worth doing. Consider the criteria below. Rate them as 1 to 5 with 5 being high. (Note: Total numeric rating does not indicate higher worth.)
1. Mission alignment
2. Financial cost (direct and indirect)
3. Prospective net profit
4. Relationship building
5. Institutional capacity to do the work
6. Institutional capability to do the work
7. Staff and volunteer workloads
8. Risk analysis
9. Opportunity cost
10. Conversion opportunities
How will you measure this? But wait! How will you even explain that this is a valuable concept and meaningful and...? And then how will you measure this?

What do equity or equality or... mean to your fundraising office and your NGO?
Is this a measure that matters in philanthropy? In the nonprofit sector?

How or why – yes or no?

And how would we / could we measure it if there were any value?