

Fundraising at the Speed of Life

Strategies for Sustainability
Through Uncertain Times



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The nation's colleges and universities raised a whopping \$43.6 billion in 2017.* Most institutions met their fundraising goals, and some were lucky enough to blow them out of the water.

Can this trend possibly continue? What will happen if the economy weakens, the stock market corrects, the tax laws change, your wealthiest donors die, or your major philanthropists change their giving priorities?

These issues and more underscore the need for a sustainable fundraising program that can withstand whatever external factors come your way. And there's no time to waste.



Lifetime Value Approach

The surest route to sustainability is to build your fundraising program around the belief that each constituent has a potential lifetime financial value. Your job is to cultivate that value over the course of a constituent's relationship with you—from freshly minted graduate to final farewell.

This may require your advancement team to change its perspective. Sustainable fundraising requires that you rely less on immediate gratification, and instead focus on fundraising at the speed of life. Like saving for retirement, it requires a long-range view where the value builds over time.

This is the start of a four-part series designed to introduce you to four strategies that will lead to sustainable fundraising. These strategies are supported by research sourced from more than 140 higher education institutions in the Blackbaud Fundraiser Performance Management™ (formerly Reeher Platform) community.

“At a moment's notice, gift officers—and their leaders—can use Blackbaud Fundraiser Performance Management to get real-time information about how they are performing against goals and metrics. This is helping us create a culture of accountability, coaching and mentorship with our gift officers.”



—Kathy Hansen,
Vice President for Institutional Advancement,
College of Saint Benedict

*Voluntary Support of Education (VSE) survey, conducted in 2017 by the Council for Aid to Education (CAE)



STRATEGY #1

Create an environment where gift officers thrive.

In commercial business, executives say that it's five times costlier to acquire a new customer than it is to retain an existing one. Could the same be true about retaining vs. replacing an employee?

The research on the cost to replace a single employee varies widely, from 20 percent of the position's annual salary to two times the annual salary. Even at the low end of the range, that's a lot of money for a fundraising organization. Factor in the soft costs associated with lost productivity during hiring and onboarding, and you've potentially put your fundraising goals at risk.

Transitions are costly.

\$647,469 average dollar change in **proposals granted (-59%)**

634 prospects, on average, per institution that were **unmanaged** at some point in the year

43.2% of the 634 prospects remain **unmanaged even after a new officer comes in**

People are an asset that appreciates. The longer they stay with an organization—mastering the systems, practices, and relationships associated with the job—the more productive they become. In higher education fundraising, tenure is critical, as it takes years for major gifts to come to fruition.



246% in Lost Opportunity

Across our higher education fundraising community, departing officers brought in nearly **2.5x** more dollars than first-year officers collected.

Signs of a Pending Departure



Drop in visit activity



Drop in proposals



Shrinking pipeline

Watch for declining gift officer performance within Blackbaud Fundraiser Performance Management, so you can intervene early to retain your employee. Average or struggling performers are twice as likely to leave in less than two years.

How to reduce gift officer churn rate and preserve fundraising momentum.

In addition to the cost associated with staff turnover, the opportunity cost of gift officers not performing well can be damaging your ability to meet your fundraising goals. A well-designed and executed talent management plan can keep your gift officers satisfied with their jobs and successful in their fundraising. Although these management activities could take some time away from your own fundraising activities, the investment in coaching and mentoring is likely to yield impressive dividends for your institution.

“For a couple of decades, I’ve watched talented new gift officers start their jobs by being thrown into the deep end of the pool. For 30 months, they try to swim and then they leave the profession. I’d argue that much of the unhealthy levels of development officer turnover is due to lack of proper onboarding.”



— Kent Stanley,
Vice President for University Advancement,
Minnesota State University, Mankato

Talent management best practices from our community of higher education fundraisers.

Dial in the focus.

- » Combine data and consensus-building to set annual goals
- » Require gift officers to create a target list of gift opportunities they expect to close
- » Involve campus partners, like a dean or coach, to help influence these gifts
- » Meet with your team, institutional leaders, and other influencers to maintain a shared focus on goals

Formalize a mentoring program.

- » Create regular check-ins with your staff via meetings and Blackbaud Fundraiser Performance Management tools
- » Bring value by giving advice, providing support, and promoting professional growth, regardless of the officer's performance level
- » Consider pairing a high performer with a new or struggling employee for peer coaching

Make time for training.

- » Choose a topic or skill that will benefit everyone
- » Include a team-building aspect
- » Create training methods that accommodate all the different ways people like to learn
- » Use training as an opportunity to show you are invested in your officers' success

Foster commitment.

- » Reward people based on their contributions and their efforts
- » Find out what gift officers value as incentives and rewards—it's not just about money
- » Create a feedback mechanism that allows you to continually assess gift officer job satisfaction

“Training is a substantial but important time investment. In a shop our size with only nine major gift officers, the training for every hire is tailored for the background of each person. I invest about 20% of my time in training/coaching new or existing gift officers. We want each major gift officer to be self-sufficient within six months.”

— Kevin Engel, Director of Development, Wheaton College

Optimize Blackbaud Fundraiser Performance Management.

- » Use predictive scores to create balanced prospect portfolios, ensuring opportunity equity among new and tenured officers
- » Encourage all gift officers to use all the tabs and mobile tools to work smarter and faster
- » Monitor short-term and long-term goals with gift officers
- » Compare gift officers with their peers (both inside and outside of your institution) and provide early intervention when coaching or training is needed

Set officer goals and benchmarks.

- » Lean on your Blackbaud Business Consultant Principal (formerly your Reeher Customer Success Manager) to provide insight from our community of higher education fundraisers
- » Go beyond dollars and donors and recognize progress made toward achieving them, including:
 - First-time visits
 - Existing prospect visits
 - New proposals
 - Contact frequency
 - Progress against forecast
- » Use Blackbaud Fundraiser Performance Management's Officer Benchmark tab to regularly assess the viability of set goals and gain insight to fine-tune your fundraising strategy

“As we bring new gift officers on, we use Blackbaud Fundraiser Performance Management to identify the most appropriate high-value prospects, whether it’s annual fund or major gift focused, to make sure they’re starting their portfolio with the best prospects possible but at a very manageable size. We keep their portfolios limited to 125–150 high-value prospects.”

”

— David Unruh,
Senior Vice President for Institutional Advancement,
Drexel University

STRATEGY #2

Connect with constituents based on their preferences.

Blackbaud research shows that the average donor gives for 4.8 years. To create a more sustainable fundraising model, institutions must increase this figure—with the goal of creating a greater number of loyal donors who give habitually over their lifetimes.

Advancement organizations shouldn't be shy about borrowing pages from the marketer's playbook. Considering the following factors can help you improve your connection with—and commitment from—your constituencies.



Attrition

Don't hesitate to use any method at your disposal to understand why typically generous alumni have reduced or suspended their giving. You need to know whether trends are emerging that need to be addressed. For example, has the school taken a political stance that has alienated alumni? Has a large local employer had layoffs? Has a constituent's view of philanthropy changed? Once you know what you are dealing with, you can deploy countermeasures—including specific programming and targeted messaging—to help reduce the attrition rate.

.....

Don't give up on donors too soon. Our research shows that 80% of your donors donate by the fourth appeal and 90% by the sixth.

.....

Retention

To increase the number of reliable, long-term donors, seek to understand your current ones. What drives these constituents to give year after year? What are the memories and emotions behind their gifts? What is the value proposition that resonates? Use your findings to inform programming that will retain these loyal donors, as well as attract similar new ones.

Proportion of Fundraising Outreach

Several years ago, an extensive study found that even appreciative alumni turn away when they feel like their alma mater “does little to reach out to [them] beyond asking for money.”* Perhaps you are indeed going to the proverbial well too many times—that can be fixed. What is more alarming is when you are providing constituents with plenty of non-fundraising touches, yet these touchpoints are not received, or just not remembered. Your team should not only question their contact information and their channel effectiveness, but also the fit, relevance, and timeliness of their programming and messages.

Personalized Marketing

In this highly digital world, constituents’ expectations have changed dramatically. They figure that since you have an association with your institution and you know something about them, you should be able to provide the information and opportunities they want, in the right way, at the right time. The lifetime value fundraising approach could reframe and fine-tune the way constituents are segmented, beyond affinity, inclination, and wealth. Outreach could be more personalized than ever before. In the meantime, explore how you can use Blackbaud Fundraiser Performance Management tools and your marketing automation solution to help you start personalizing your marketing.

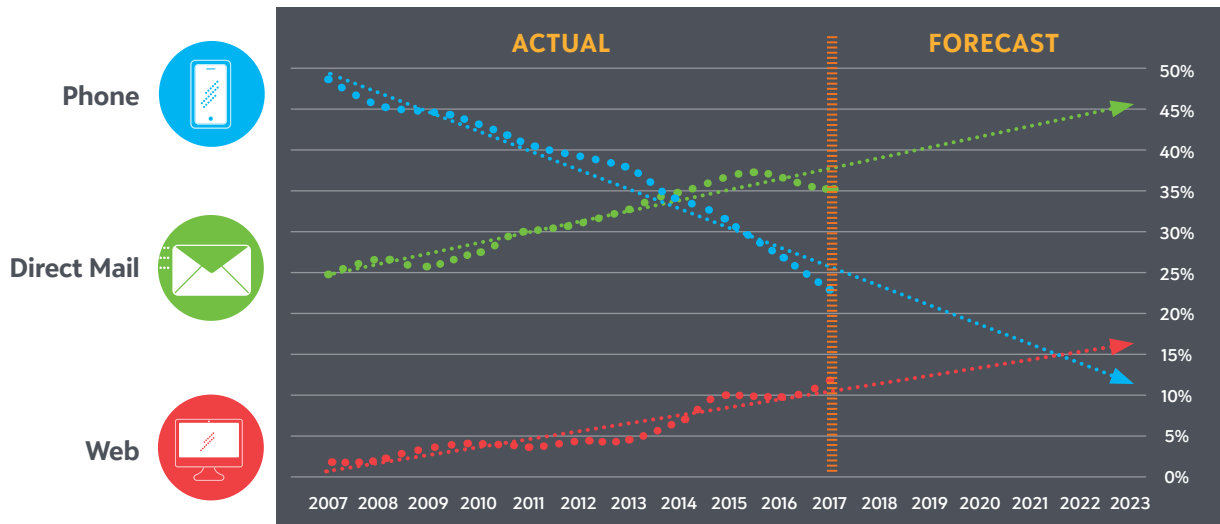
**Source: Collaborative Innovation Network for Engagement and Giving*



Giving Channels

Creating a culture of sustained philanthropy means that giving should be easy and convenient. To get the most out of your annual giving appeals, use all the channels available to you. Ten years of channel effectiveness data from our higher education fundraising community show that while channel preferences are shifting, all channels are still viable if we use them appropriately, and they will be for quite some time.

Channel Trending Over Time (Donors)



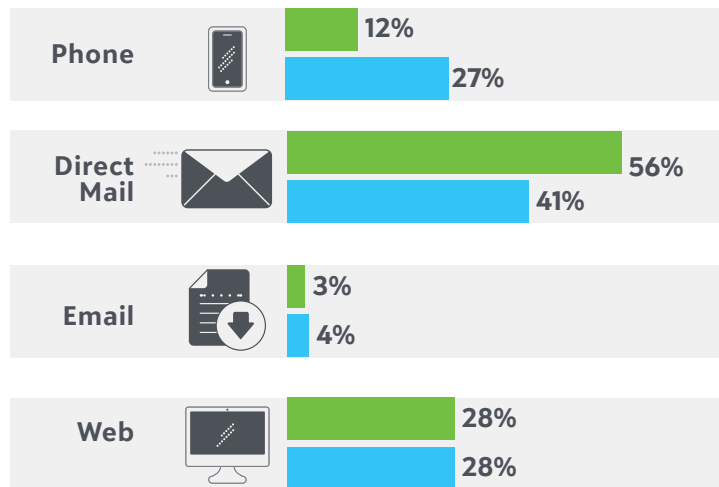
Use of the phone is decreasing as the go-to channel for giving, while direct mail is still going strong. Eventually, even online giving methods are projected to surpass the phone.

How New Technology Is Getting Personal with Annual Giving

If you're like most higher education advancement teams, your contact database is still teeming with untapped potential—both for major giving and annual giving. Specific to annual giving, new technology is combining algorithm-driven automation, predictive scoring, optimal contact interval theory, and other factors to prescribe when and how personalized outreach should occur.

Source: Reeher, powered by Blackbaud

2017: Our Higher Education Fundraising Community Percent of Dollars and Donors by Channel

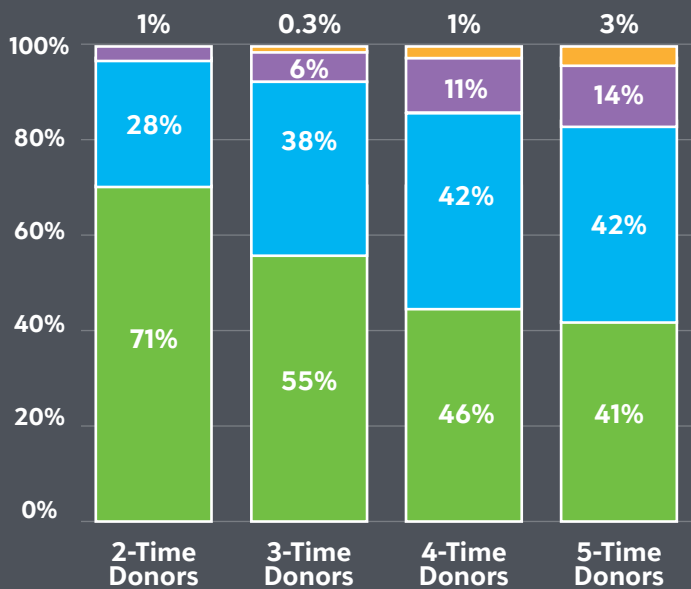


Annual giving staff should be armed with the right tools to deliver integrated, multichannel appeals that can be tracked together. This silo-busting strategy will start to show economies of scale and efficiencies from both a workload and cost perspective.

Strengthening Your Appeal with a Fresh Offer

In marketing, sales hinge on the quality of “the offer.” Similarly, donors don’t give unless they believe in what their money is buying. What are you promising constituents in return for their donations? Are your offers keeping up with the times? Do they reflect the new and different priorities of younger generations? Increasingly, donors want to believe they are not just giving to their alma mater, but also giving through the institution to create a better world. What can you do to strengthen your offers to entice more donors and keep existing ones loyal?

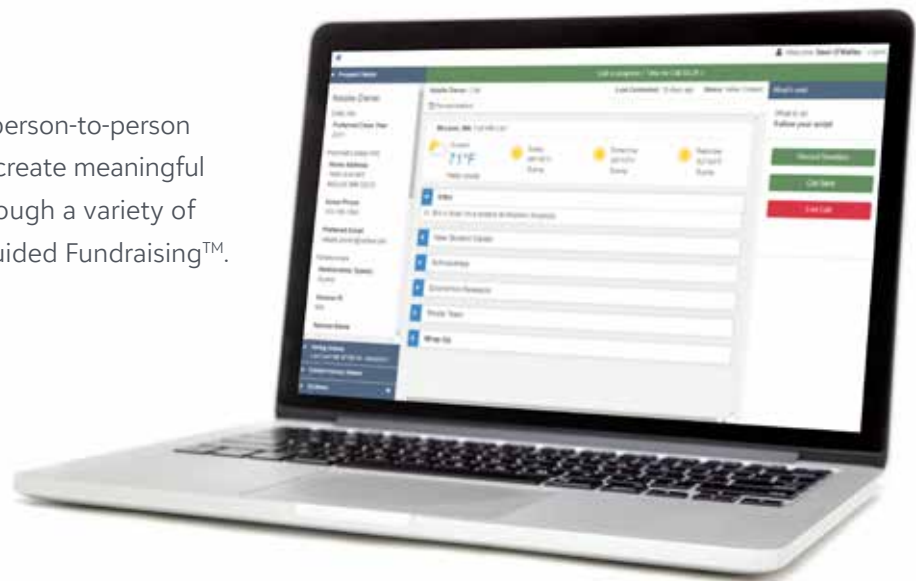
Channel Usage Among Multi-Year Donors



Donors don’t appear to be loyal to any one channel. The donors we’ve researched in our community of higher education institutions tend to start mixing channels after their second or third gift. By the time they have given four times, a fair number of donors are using three or four channels. By the time a donor has given five times, 59% of them have given through more than one channel.

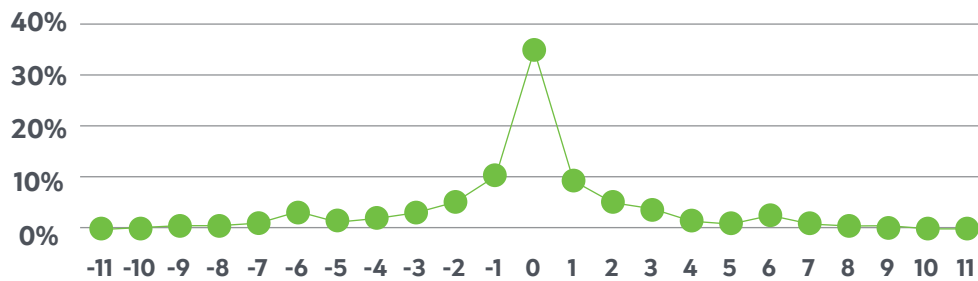


Finally, you can achieve true person-to-person fundraising—where students create meaningful connections with donors through a variety of channels—with Blackbaud Guided Fundraising™.





Donors by Anniversary Gift



Happy anniversary! Donors have a high tendency to give around the same time they gave last year. Concentrate your outreach in the **month before and after** last year’s giving date.

“The EVI and PDI scoring and the predictive modeling has really allowed us to focus our direct mail, our direct marketing efforts, our staff travel and solicitation, as well as our peer-to-peer outreach. A lot of our annual fund is driven by volunteers soliciting each other. So, using the scores and the predictive modeling, we have been able to narrow the focus and prioritize our efforts on those high-value targets. It has really paid off for us.”

—Jennifer Spisak Cameron,
Assistant Vice President for the Annual Fund, Duke University

STRATEGY #3

Deploy specialized cultivation technologies.

Trying to have a single technology solution to meet all your needs may not be the best option for data management and workflow. As more schools realize this, they are moving toward the best practice of hub-and-spoke infrastructure. With hub-and-spoke, institutions solve their outreach-specific business problems by integrating their data repositories with multiple, purpose-specific, best-of-breed tools. The resulting network of interconnected tools radiates out from a centralized information source—much like a bicycle wheel.



Your donor database is the hub.

With the hub-and-spoke infrastructure, your donor database, ERP or CRM system is the repository for information. You won't have to rely on these systems to help you with every-day fundraising workflow tasks, such as running reports, entering contact reports, managing crowdfunding initiatives, or preparing communications. Rather, the hub is surrounded by solutions specialized for these functions, creating greater efficiencies for back-office staff and the advancement team.

Spokes are specialized, database-agnostic systems.

By surrounding your existing hub with function-specific tools, not only do you gain efficiencies, allowing your organization to raise more dollars, but you also free up your advancement services team and technical teams to extract the most value from the data in your hub. There are specialized spokes that handle marketing communications, event planning, website publishing, crowdfunding, and more. Blackbaud Fundraiser Performance Management represents an example of a function-specific, database-agnostic system designed for fundraising success. Like the other spokes, it provides tools that help advancement professionals work faster and smarter—while monitoring and measuring success in real time.



Work is not disrupted by changing infrastructure.

If your institution is moving forward with an ERP or CRM replacement or upgrade, the hub-and-spoke infrastructure will help ensure that the work of functional front-line departments is not disrupted. Even though there is a conversion taking place, these independent spoke systems are unaffected. This is the most effective way to protect your organization from the loss of valuable information and productivity. In the case of frontline fundraising, hub-and-spoke eliminates the need for training on new systems, keeps fundraisers in the field, and eliminates the period in which data is lost due to lack of adoption.

What happens without a hub-and-spoke approach for fundraising?

Without access to specialized advancement tools, your institution doesn't have the daily decision-making insight needed to effectively cultivate the lifetime value of every constituent. Officers are working with information that is outdated by the time it is extracted from the database.

Of advancement staff, on average, 54% are in the back office maintaining, processing, analyzing, and providing reports for fundraisers. Only 46% are gift officers.

The hub-and-spoke infrastructure can help improve the balance of fundraisers to back-office staff, boosting fundraising results.

Hub and Spoke Benefits for Fundraisers

- » Saves time and money
 - » Frees advancement services to support more frontline fundraisers
 - » Provides instant access to information
 - » Supports consistent adoption of technology
 - » No pause in fundraising productivity during and after database conversion
-

Purdue University

Prior to implementing [Blackbaud Fundraiser Performance Management], Purdue was searching for a solution to equip frontline fundraisers with accurate, timely reporting. Despite the time-consuming work done by prospect management to compile and present information, the final reports had limitations in that they weren't self-service and were often out of date by the time they were used.

Adopting [Blackbaud Fundraiser Performance Management] helped the team save incredible amounts of time with report preparation. Now fundraisers have a centralized tool that offers self-service reporting, updated nightly.

“From the perspective of increased capabilities versus cost, [Blackbaud Fundraiser Performance Management] gave us the most benefit.”



—Jay Kahn,
Senior Associate Vice President for Advancement,
Purdue Research Foundation

STRATEGY #4

Continue your quest for efficiency.

Most advancement organizations are already operating on lean budgets after years of being asked to achieve more with less. At this point, the exercise of becoming highly efficient means carving out efficiencies from multiple processes, culminating in a powerful net effect.

Following are two efficiency drivers that all institutions should pursue, as well as recommendations specific to your institution's fundraising profile.

Major Giving: Visit More High-Potential Pipeline Prospects

What sounds like adding to your gift officer's workload is actually a reallocation of their efforts. We know that officers tend to visit too many Evergreen donors who would likely give without a visit. And we know that there are untapped high-value/high-inclination prospects in your database that still need to be assigned. Assigning and visiting the right pipeline prospects will increase the return on your gift officers' efforts.

VISIT BREAKDOWN
Pipeline prospects

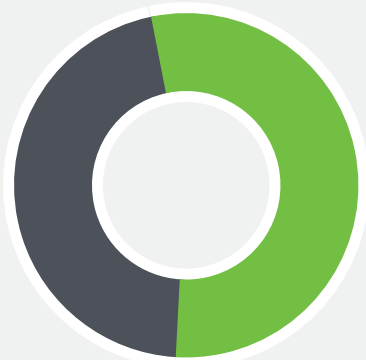
27%
Evergreen



73%
Pipeline

Visit more pipeline prospects, as many Evergreen donors will give without a visit.

NOT YET VISITED
Assigned best prospects



53%
Not Visited

Find time to visit more of your assigned best prospects, because visits lead to gifts.

> 5 YEARS USING BLACKBAUD FUNDRAISER PERFORMANCE MANAGEMENT™
Unassigned high-value prospects

47%
Unassigned

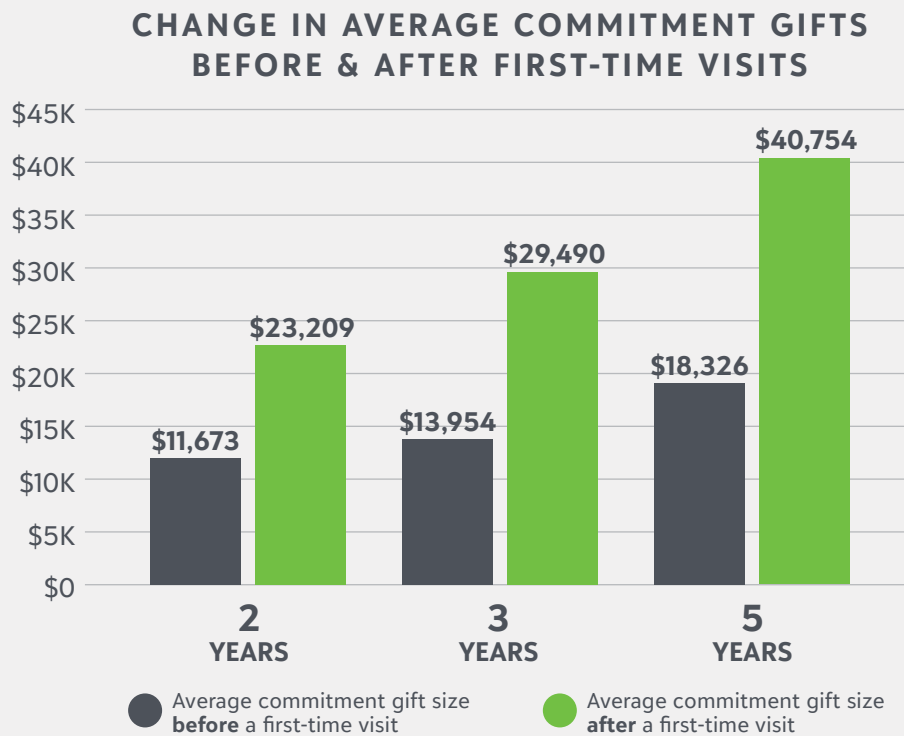


Even after five or more years using Blackbaud Fundraiser Performance Management, there are still high-value prospects that need to be assigned and visited.

Over time, a reduction in unassigned high-value prospects results in an exponential increase in first-time major donors of \$10K or more.

Based on 2017 data from our community of fundraisers, the average commitment gift two years before a first-time visit was \$11,673. Two years after a first-time visit, the average commitment gift increased to \$23,209—almost double the amount. The difference shows the potential impact of visits, which becomes even greater as time goes by.

When looking at five years before a first-time visit, the average commitment gift is \$18,326, while five years after a first-time visit, the average commitment gift is \$40,754. Not only does this help prove the benefits of net new first-time visits, but it also shows that planting seeds in the pipeline can lead to substantial rewards.



If current trends continue, Blackbaud expects the phone's effectiveness to decline by 45% over the next five years.

Annual Giving: Rethink Personal Outreach

Despite the rise of crowdfunding, events and social media-driven giving, no single channel has emerged to replace the effectiveness of a phone program when it was in its heyday. Annual giving professionals now need to consider additional factors beyond finding a new channel to efficiently replace lost phone donors.

By putting the donor experience first, annual giving teams can increase the effectiveness of their efforts with these four practices:

» **Collaborate internally.**

Deliver a cohesive message and capture donor attention regardless of outreach channel.

» **Vary appeals.**

Switch up your appeals and appeal types to help find the optimal pattern. As more of our community of higher education fundraisers track the performance of their channel sequences, best-practice patterns will emerge.

» **Focus on anniversary dates.**

Communicating most in the month before and after the donor's giving anniversary dramatically improves response rates.

» **Continue same-student contact across channels.**

Develop a relationship and personal story that encourages giving.

.....

Today's most effective donor outreach strategies are not siloed by channel as they were in the past. Teams are now striving to align their internal organization and processes around a strategy that maximizes their ability to reach donors regardless of outreach channel.

.....

Best efficiency opportunities for your profile.

Through our work within our community of higher education fundraisers, we've discovered that schools generally fall into four profiles when it comes to their fundraising challenges and how they approach them. These profiles can provide additional guidance on the fastest, easiest ways to drive efficiency. Find the profile that fits you and discover what you should be doing.

Technical Sophisticates

These institutions are early adopters of technology and have a myriad of digital tools available to automate their job tasks. To increase efficiency, team leaders should emphasize greater use of these tools, including these from Blackbaud Fundraiser Performance Management:

» **The Proposals Feature**

Create and track proposals in Activity Center without having to go into the donor database. Store all the associated documents and attachments in one easy place for follow-up.

» **Mobile Contact Reports**

File contact reports from the Blackbaud Fundraiser Performance Management mobile app right after a meeting or conversation. Link the contact report to the constituent and set automated reminders for follow-up.

» **ZIP Code® Mapping**

Use the mapping feature in Targeter to pinpoint the location of high-potential prospects and schedule visits to maximize the value of each trip.

» **Six Square Segmentation**

Rely on Blackbaud Fundraiser Performance Management scores and segmentation to prioritize and focus annual fund outreach on the segments that will achieve the highest ROI.

» **Automatic Notifications**

Set up the system to send reminders and task-related prompts even when the officer isn't logged into Blackbaud Fundraiser Performance Management.

With a high level of adoption of Blackbaud Fundraiser Performance Management tools by the front line, your institution can create more efficiency and get the best possible return on its entire infrastructure investment.

Powerhouse Fundraisers

With management teams that are already focused on cultivating lifelong donor relationships, efficiency can be gained by continuing to adopt best practices, such as the ones listed below.

» **Proactively manage talent.**

Managers should use the Blackbaud Fundraiser Performance Management Console and other tools to identify the most valuable behaviors of top performers, and then hire and train for these attributes to encourage ongoing success.

» **Frequently monitor performance.**

Efficiency goes astray when performance falls behind. Use Blackbaud tools to intervene quickly if visits, proposals, donors, dollars or other key metrics begin to slide.

» **Target appropriately.**

Use scoring and the Prospect Assignments view to ensure you are always targeting the best prospects and not wasting time and resources on the “usual suspects” who may have lost their inclination to give.

» **Leverage the insights from your peer institutions.**

Don't waste time starting from ground zero when you can get a jump start from institutions who have been there, done that.

By working with Blackbaud, you will have better insight into your advancement activities and progress. This will help you improve efficiency and effectiveness, while building the best teams possible to meet your fundraising goals.



Do-More-With-Less

Even more difficult than securing resources, do-more-with-less institutions may struggle to hire the specialized staff needed to support fundraising. To increase efficiency, these institutions should:

» **Lean on the Customer Success team.**

Blackbaud's Fundraiser Performance Management experts can provide guidance on how to best reach low-hanging fruit and improve outreach effectiveness on a shoe-string budget.

» **Use data for decision-making.**

Apply campaign data and performance history to reach the right people, with the right appeal, using the right channel, at the right time.

» **Keep pace with change.**

Insist that all staff adopt technology and let go of manual ways of doing things. Long-tenured staff should drop the phrase, "We've always done it this way."

» **Work smarter.**

Use Blackbaud Fundraiser Performance Management's digital tools to eliminate wasteful paperwork, streamline communication with constituents and team members, and stay on top of details and tasks.

Powered by the deep insight we gather from a community of higher education fundraisers, do-more-with-less institutions can demonstrate the ROI needed to make the case for investments that will further unlock donor potential and replace the dollars being lost to tuition discounts.

“Our Director of IT Services supported our [Blackbaud Fundraiser Performance Management] subscription, saying we would get so much more than if we hired one programmer. What we now have behind us is a group of great [Blackbaud] programmers whose focus is fundraising, plus the consulting services and the big peer network. She was a big advocate of us signing on.”



—Heather Pieper-Olson,
Associate Vice President for Institutional Advancement,
College of Saint Benedict



Big League Annual Giving

Big League Annual Giving institutions have a specialized direct marketing staff and a deep talent pool for creating and managing appeals. To further streamline their processes and practices, these experts should:

» **Assess channels and appeals.**

Use Blackbaud Fundraiser Performance Management's Appeals Management tab and all its metrics to inform an optimal channel-management strategy for every appeal.

» **Realize missed potential.**

Redeploy spending based on the Probability to Donate Index (PDI) and Expected Value Index (EVI) penetration tables that show which high-value/high-likelihood prospects remain untapped.

» **Streamline cross-unit collaboration.**

Use the reporting filters in Blackbaud Fundraiser Performance Management to communicate shared goals with specific schools or units and track gift officer activity.

» **Arm volunteers with best-of-breed fundraising tools.**

Empower volunteers to play a greater role in saving time for staff by providing Blackbaud Volunteer Network Fundraising™, as well as a solution that automates contact management strategy, including what to say, when to say it and which channel to use.

By taking advantage of the Blackbaud Fundraiser Performance Management annual benchmarks and participating in the development of Blackbaud's solutions for annual giving, these schools are leading the way in removing the waste and improving the rewards of the annual fund.

Strategies for Sustainability Through Uncertain Times

Conclusion

Creating a sustainable future for fundraising takes coordination from all areas of your fundraising team. You'll need to pivot to rely less on immediate gratification, and instead focus on fundraising at the speed of life. When you adopt a long-range view, donor relationships build value as they mature.

We covered four strategies to help you orient your institution towards long-term fundraising sustainability. These strategies are supported by research sourced from Blackbaud Fundraiser Performance Management's community of more than 140 higher education institutions:

- » **Strategy #1:** Create an environment where gift officers thrive.
- » **Strategy #2:** Connect with constituents based on their preferences.
- » **Strategy #3:** Deploy specialized cultivation technologies.
- » **Strategy #4:** Continue your quest for efficiency.

If you have questions about these strategies, we're here to help. Contact solutions@blackbaud.com to learn more about the products and services that will help you develop and maintain sustainable fundraising for years to come.



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Blackbaud (NASDAQ: BLKB) is the world's leading cloud software company powering social good. Serving the entire social good community—nonprofits, foundations, companies, education institutions, healthcare organizations and individual change agents—Blackbaud connects and empowers organizations to increase their impact through cloud software, services, expertise, and data intelligence. The Blackbaud portfolio is tailored to the unique needs of vertical markets, with solutions for fundraising and relationship management, marketing and engagement, financial management, grant and award management, organizational and program management, social responsibility, payment services and analytics. Serving the industry for more than three decades, Blackbaud is headquartered in Charleston, South Carolina and has operations in the United States, Australia, Canada and the United Kingdom. For more information, visit www.blackbaud.com.

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