18 questions non profit boards should ask about

MARKETING AND FUNDRAISING

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Why we made this booklet
To help nonprofit boards ask the right questions so they can make good decisions about marketing and fundraising.

Preface

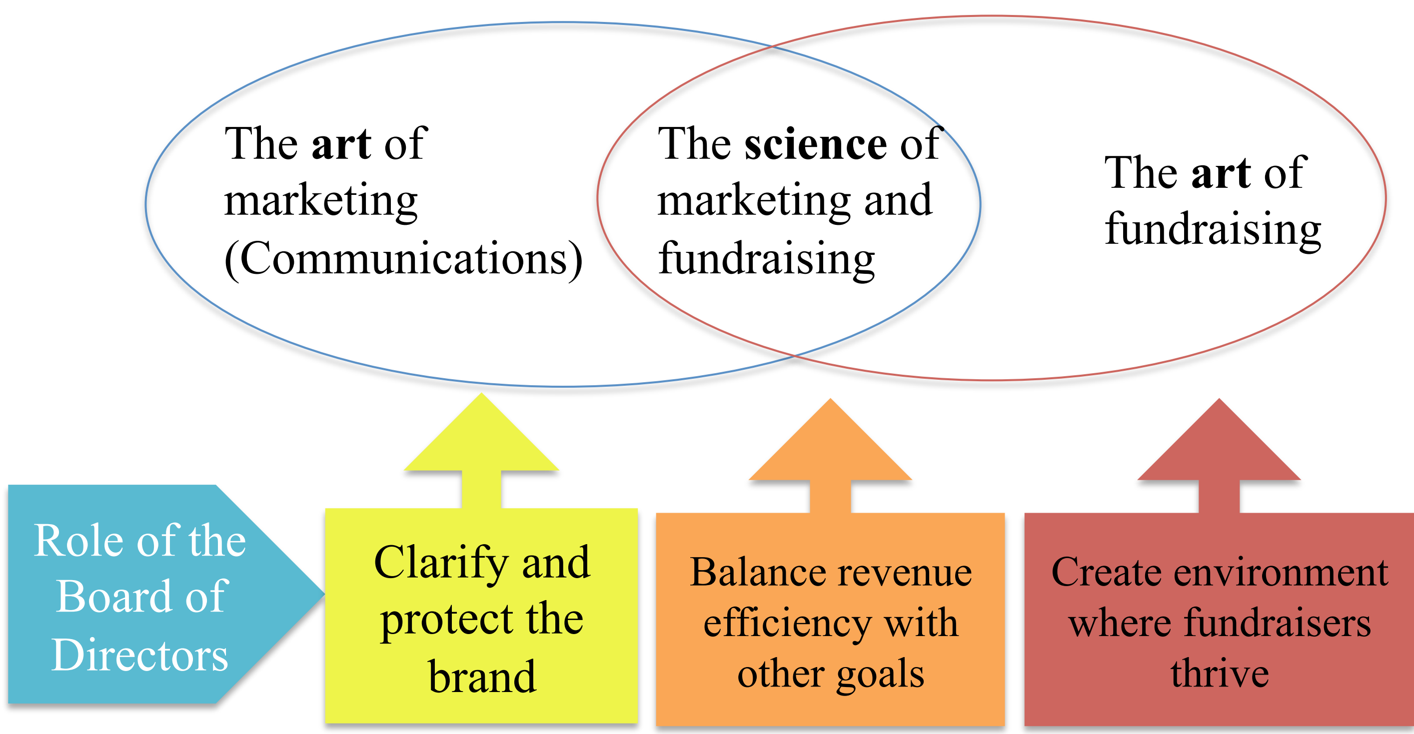
Does your Board talk more about cost containment and less about revenue generation? In a recent survey on Board performance, Board members graded themselves lowest on their role in fundraising. This e-booklet helps address this need for improvement.

Art vs Science

Historically, the not-for-profit industry focused on the artistic side of marketing and called it "communications". Why? Only one of the "4Ps" of marketing" (promotion) is common in the non-profit sector.

One purpose of this booklet is to show that there is more to marketing nonprofits: the science side of marketing. This more analytical side to marketing overlaps with an analytical side to fundraising and is summarized in the 7 questions in the first section.

The role of the Board varies with each section.



7 Questions about
Marketing and Fundraising

1 - Diversity *between* revenue streams?

2 - Improve CRA Fundraising Ratio?

3 - Cost effective revenue streams?

Revenue Efficiency Report

4 - Diversity *within* a revenue stream?

5 - Acquiring vs retaining donors?

Donor Churn Report

6 - Which projects are working or not? (large non profits)

Marketing Effectiveness Report

7 - Next year, how should staff allocate time and money?

#1 Diversity between revenue streams?

Revenue diversity reduces risk. How diversified are you?
The Revenue Efficiency Report displays the cost effectiveness of each revenue stream. Focus on the 2 revenue columns. Ask yourself:

- how diversified is our revenue between streams?
- what are the risks associated with relying on each stream?
- which revenue stream has the most room to grow?
- where do our "alternate providers" obtain their funding?
- which revenue streams are more constant vs volatile? Predictable vs unpredictable?
- are we happy with the balance between donations and operating revenue?
- are we happy with the balance between dollar donations and in-kind donations?
- what lessons did we learn last year?

Revenue Efficiency Report

Lower is better

This report shows the profitability of each audience by comparing costs and revenues. It is the *marketing equivalent to a Balance Sheet* and takes about 1 hour to prepare at year end.

	Marketing costs	Marketing Staff time		Revenue		Cost +time / revenue
Corporations		10%	$10,000	$30,000	2%	33%
Foundations		50%	$50,000	$200,000	12%	25%
Individuals $1000+		5%	$5,000	$20,000	1%	25%
Individuals <$1000	$5,000	5%	$5,000	$10,000	1%	100%
Fall event	$45,000	30%	$30,000	$90,000	5%	83%
In-kind				$350,000	21%	
Fundraising expenses	$50,000	100%	$100,000			
CRA Ratio						21%
Gov't grants				$500,000	29%	
Operating revenue				$500,000	29%	
Total				$1,700,000	100%	

#2 CRA Fundraising Ratio

#1 Diversity between streams

#3 Cost effective revenue streams

#2 How can we improve our CRA Fundraising Ratio?

The lower your ratio, the better. You can either:

- decrease the numerator by decreasing your marketing costs or marketing staff time (eg stop mailing a printed newsletter, substitute with volunteers).
- increase the denominator by increasing revenue. Stop pursuing less-efficient audiences and redirect effort to more-efficient donors.

CRA Fundraising ratio =

$$\frac{\text{fundraising costs + time}}{\text{revenue}}$$

CRA Fundraising Ratio	CRA action
<35%	no concern
35%+	evaluate
70%+	concern

#3 Which are our most cost effective revenue streams?

Some donors will be more cost effective than others. The final column in the Revenue Efficiency Report compares the costs and revenues associated with each stream. The lower, the better.

Ask yourself:

- do we have the right balance between revenue efficiency and other goals?
- how cost-effective are events?
- if we target a new revenue stream, how will it compare with existing streams?
- is the allocation of staff time appropriate ?
- do we have enough measures in place to track staff time?

Rule of thumb

Corporations	efficient	*18%
Foundations	efficient	7%
Major donors	efficient	14%
Regular donors (direct mail, email, contests, social media, ads) - acquiring new donors - renewing existing donors	 expensive efficient	 19% 5%
Events	average - expensive	19%
Government grants	efficient	9%

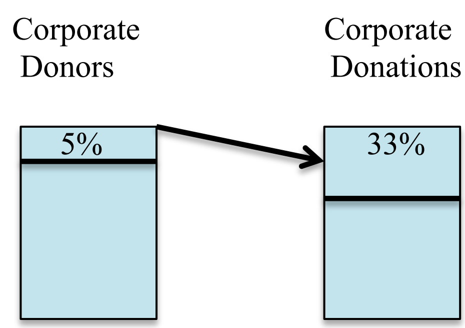
*% of total donations, "Major Gift Fundraising: Unlocking the potential of your nonprofit" Sargent, Plymouth University

#4 Diversity within a revenue stream?

What is your exposure if a major donor does not renew? How does your ratio compare to the industry rule of thumb that 88% of funds raised comes from 12% of donors?

Churn is the percentage of your donors who choose not to donate again. If you compare balances from last year end with this year end, you may not see the nuances within each revenue stream. The Donor Churn Report (see next page) displays the churn within each revenue stream. It starts with a beginning balance, which donors left, who renewed, and who are new. Ask yourself:

- how exposed are we if a major donor does not renew? In the example, 33% of corporate donations ($10,000 out of $30,000) come from 5% of the portfolio (one corporation out of 20).



- what is our definition of a major gift? Is the $1,000 threshold appropriate or should we lower it (eg to $500) to give more donors individual attention?
- do some donors have a higher "life time value", eg monthly donors with automatic withdrawals vs annual donors where it is easier to not renew? How does the tenure of a donor on our database compare to the industry average of 1 year 9 months?
- are we more successful asking corporations to donate (eg employee matching program) or to sponsor (eg logo to increase their profile)?

Donor Churn Report

This report displays the churn within each revenue stream. Inspired as the *marketing equivalent to a Cash Flow Statement*, it takes about 3 hours to prepare, at year end, on one page.

#1 Revenue diversity between streams

#5 Acquiring vs retaining donors

#4 Revenue diversity within a stream

#16 Staff targets

#15 Gaps in pipeline

	Corporations	**Foundations**	**Individuals $1,000+**	**Individuals <$1,000**
Donations - last year	$30,000	$100,000	$20,000	$10,000
Donors - last year	20	20	5	50
Not renewed #	15	1 Bi-yearly 8	2	45
Renewed #	5	11 Bi-yearly 4	3	5
New donors #	15	5	7	55
Donors - this year	20	20	10	60
Donations - this year	$30,000	$200,000	$20,000	$10,000
Top donation	$10,000	$40,000	$5,000	$500
Avge other donation	$1,000	$8,500	$1,600	$160
Renewal ratio	25%	75%	60%	10%
Staff time	10%	50%	5%	35%
Acceptance ratio	5:1	3:1	4:1	20:1
Lead time	6 months	4 months	1 year	1 month
# contacts/year	3	4	4	2
Ask cycle	1 year	1 year	3 years	1 year

Use # donors, since revenue data has more noise

Some foundations renew every 2nd year

#5 Are we better at acquiring new donors or keeping existing donors?

Donor **acquisition** means finding new money and in-kind donors. It can take 5+ contacts before a donor acts; each contact needs to be from a different source to avoid the donor tuning out.

Donor **retention** includes:
- keeping your existing money and in-kind donors
- upgrading existing donors
- converting in-kind donors into money donors

Review the Donor Churn Report. Compare the rows of lost donors vs new donors in each revenue stream. In the example, you might conclude that corporations and foundations are equally loyal. Yes, both portfolios started and ended the year with 20 donors each. But the corporate portfolio experienced major churn, while foundations where quite loyal.

- are we better at acquiring new donors or retaining existing donors?
- which donors are most loyal? Compare the renewal ratios for each stream?
- is their loyalty to our nonprofit or to our fundraising staff?
- which donors need more attention from staff? From Board members?

Why is it important to separate acquisition and retention activities?
- messages are different because the donor's knowledge of you is different.
- marketing activities are different. Retention activities focus on improving your Touch Points (see Question #10) with each audience. Acquisition activities focus on staff outreach.
- costs are different. Retention activities will be cheaper.

Why do donors leave?

54% donors could no longer afford
48% poor communication
no info on how donation used
no memory of donation
never got thanked
poor service
41% thought charity did not need them
other charities more deserving
16% death of donor

(total >100% due to multiple selections)

Role of the Board:
Balancing revenue efficiency with other goals

#6 Which fundraising activities are working and which are not?

This question applies to all non-profits. The answer for small non-profits is usually straightforward and doesn't need a report.

However, it is hard for large non-profits to evaluate their projects: usually 10+ campaigns/year, usually simultaneously, usually by different employees, usually targeting different donors.
Here is a way to review all activities together, on one page.

The Marketing Effectiveness Report tracks the flow of donors over the previous year for large non-profits. Similar to the Donor Churn report, it shows where your donors are coming from and why they are leaving. Ask yourself:

- which is the most cost effective acquisition activity? Cost effective retention activity?
- are we better at acquiring new donors or retaining the donors we have?
- is the current balance between acquisition costs and retention costs wise?
- is the current balance between acquisition staff time and retention staff time wise?
- do we have enough measures in place to track staff time?
- what activity can be cut to improve our CRA Fundraising Ratio?
- if a new activity is proposed, how will it compare with existing activities?
- do some activities attract more generous donors? More loyal donors?
- what lessons did we learn last year?

In the example on the next page, there are 3 activities in the column on the right which require a review: annual report, website and social media.

Is Media Relations an acquisition or retention activity?

It's both. A favourable article in a newspaper will get you on the radar screen of new donors. And it will remind existing donors of the work you do. It is hard to track the success of a publicity campaign and you may have to accept it as a never-answered question.

Marketing Effectiveness Report

For large non profits, this report tracks the flow of donors over the previous year displayed on a per-project basis. Inspired as the *marketing equivalent to a Cash Flow Statement*, this report shows where your donors are coming from and why they are leaving. It takes about 10 hours to prepare, at year end.

Lower is better

	Donors #	Revenue $	Revenue /donor	Marketing Costs $	Marketing staff time %	$	Cost + time / revenue
Starting donors	25,000	$4,000,000	$160	$2,000,000	100%	$2,000,000	100%
Lost donors:							
No reply	3,500						
Declined	1,500						
Total lost donors	5,000						
Renewed donors:							
Direct mail - monthly	10,000	$1,000,000	$100	$500,000	15%	$300,000	80%
Online	2,000	$500,000	$250	$25,000	10%	$200,000	45%
Newsletter - quarterly	4,000	$400,000	$100	$200,000	10%	$200,000	100%
Annual report				$25,000	5%	$100,000	high
Telemarketing	4,000	$600,000	$150	$200,000	10%	$200,000	66%
Total renewed donors	20,000	$2,500,000	$125	$950,000	50%	$1,000,000	70%
New donors:							
Direct mail – xmas	5,000	$700,000	$140	$300,000	10%	$200,000	71%
Direct mail – spring	2,000	$300,000	$150	$200,000	5%	$100,000	100%
Website	200	$50,000	$250	$50,000	5%	$100,000	300%
TV program	1,000	$400,000	$400	$350,000	5%	$100,000	113%
Direct dialogue	1,000	$150,000	$150	$150,000			100%
Social media	50	$5,000	$100		10%	$200,000	High
Donated ad space	50	$5,000	$100				Low
untagged	700	$190,000	$270				na
Total new donors	10,000	$1,800,000	$180	$1,050,000	35%	$700,000	97%
Media Relations				$50,000	15%	$300,000	
Ending donors	30,000	$4,300,000	$143	$2,050,000	100%	$2,000,000	94%

#7 Next year, how should staff allocate fundraising time and money?

Time is finite. Are staff and volunteers using their time wisely? It is easy to say what you want more of. It is hard to say what you will give up to attain that. Ask yourself:

- which audiences deserve more attention next year? Less attention?
- do we have the right balance between revenue efficiency and other goals?
- are there other reasons to pursue a less-efficient revenue source?
- what is the role of the Board member vs employee during outreach meetings?
- which Board members will volunteer?

This chart can facilitate discussion. Add the audiences from the Revenue Efficiency Report. Then add in all other audiences that need attention. Ensure that for every ↑ there is an equivalent ↓ unless the Board agrees to hire more staff.

Next year

Audience	Revenue	Staff time+$	Board time
Corporations	↑	↑	↑
Foundations	=	=	
Individuals $1000+	↑	↑	
Individuals <$1000	↓	↓	
Events	↓	↓	↓
In-kind donations	↑	↓	↑
Service recipients	na	↑	↓
Volunteers	na	↑	
Community	na	=	
Politicians	na	↓	↑
Employees	na	=	
Supporters	na	↓	

What is non profit marketing?

Similar to the for-profit sector, marketing is managing the art and science of delivering value to an audience.

How is not-profit marketing different from for-profit marketing?
Of all the for-profit industries, the marketing skills needed in the financial services and pharmaceutical industries are highly transferable to the non profit sector. This includes offering a service (vs a product), communicating using words (vs visuals) and building relationships with clients. The non profit industry typically does **not** use the following for-profit marketing skills: store layout, product displays, coupons, packaging, pricing, broadcast advertising, marketing research, competitive intelligence, new product development, channel management.
Formal marketing plans are also not typical because so many parts of the template do not apply.
For non-profits, branding is shaped less by advertising (which is the typical way to build a brand) and more by experiences received by service recipients and donors.

Marketing needs vary based on costs. Not revenue. Not cause.
Your marketing needs will be similar to other non profits who spend the same amount on fundraising (costs and staff time). Why? Fundraising costs are a proxy for staff expertise on marketing. And they are a proxy for the diversity of the revenue streams which require more marketing sophistication.
Differences in revenue are irrelevant (many non profits receive funding directly from governments).
Differences in the cause are irrelevant (the marketing deliverables are the same regardless of the content of the message).

#8 Is our message unique, clear and consistent across all audiences?

Do a promotion audit. It won't take long. Gather up a sample of every "face" to your not-for-profit including website, brochures, newsletters, donor letters, annual report.
Compare with the promotional material of similar non profits.

- is the overall look consistent? (colours, font, graphic design, use of images)
- does the look portray what we want? (youthful, established, caring)
- do we articulate why we are unique? Are our key messages clear and concise?
- is our website up-to-date? Does it act as the foundation from which all other items are copied to ensure consistency?
- is there a strong call to action?
- which donation price points have most impact?

#9 Are there gaps in our Touch Points and how much would it cost to fill the gaps?

If your Donor Churn Report shows you are not retaining your donors, map the "donor journey". It can be a tedious process for the project manager to review. But when its done, it can be humbling. It shows you how others see you. It reveals your gaps.

The project manager needs to separate each audience (and sub audience) of existing and potential donors and review every point of contact in your multi-year relationship, whether it results in a donation or not. The effect of each touch point is cumulative and it may be hard to tie a donation to a specific marketing activity.

- what are the touch points for each audience?
- is our message unique, clear and consistent?
- are there gaps? How much will it cost to fill the gaps?
- most touch points for mass marketing are automated, is this a cost effective way to experiment with different ideas?
- can we reduce the number of costly touch points (e.g. printed newsletters, annual reports) without impacting our relationship? Is there a cheaper version (eg. E-news, shorter annual reports)?
- are there differences in success? (eg. based on geography, demographic attributes, personal connection, etc)
- what is the point at which you earn the right to ask for a donation?
- what is the optimal number of solicitations before donor fatigue starts?

How do we evaluate new ideas? Make a leaderboard

Evaluate the costs and benefits of each idea and place on a leaderboard. Just like the leader board at a golf tournament displays this week's scores of the players, any idea that doesn't make the cut, can wait till next year. The final column is the Board's decision on the priority for each item, based on their answers to Question #7 "Next year, how should staff spend time and money?"

Audience	Gaps in Touch Points	Costs	Benefits	Priority
Corporate donors	Presentation kit	$500	$3000	1
Volunteers	Orientation package Annual thank you dinner	$100 $600	More volunteers	2 4
Existing donors	Direct mail renewal letter	$1000	$2000	3

Role of the Board:
Clarify and protect the brand

#10 How effective is our social media?

Once a year, review the metrics for each of your social media and determine whether the goal for each media is worth the time spent.

The one page report summarizes your digital "face". The final column is the Board's decision to increase or reduce your presence.

Social Media Scorecard

Media	Audience	Goals	Metric	Hours/ month	Change next year
Website	everyone	foundation for other media	# views	10	↑
E-news	donors	75% celebrate successes 25% fundraising	$donations from existing donors	20	=
Facebook	volunteers	75% confirm existing 25% recruit new	# more volunteers	20	=
Twitter	youth	Increase attendance in youth programs	# retweets # attendance	10	↑
Pinterest	supporters	Increase awareness	# followers	10	↓

#11
What are the risks to our brand? Is our brand protected?

Everyone has a different definition of what a brand is. Non-marketers may think a brand is the logo. Marketers think of a brand as your reputation. Your brand is the bundle of attributes that define the value you give clients and donors. Your brand is built by your website and publicity, but these are just symbols or expressions of your brand. Your brand is maintained by the performance of your front-line staff.

What are the risks to your brand?
Most controllable risks are internal.

- decisions made in a hurry
- competing visions
- new employees who want a change to make their mark
- employee turnover which reduces institutional memory
- employees who don't want change
- the opportunity cost of missing out by doing the same activities every year

How to protect our brand?
Small and mid-size non profits need

- a perfect website that is constantly updated
- all other promotional items consistent with the website (see Question #9 "Is our message clear and consistent?")
- an annual review.

Large not-for-profits have more employees and therefore more opportunities for risk. Create a formal Brand Checklist and any activity that does not fall within it needs Board approval. In addition to a Style Guide (colours and fonts), a Brand Checklist states:

- your marketing strategies (and what are **not** your marketing strategies)
- your priority audiences (see Question #7)
- key messages for those audiences
- why you are unique
- emotional and visual feel
- words that should not be included
- what you learned from previous projects

The Board can review the Brand Checklist annually to ensure compliance.

#12 Do we have the right combination of marketing generalists and specialists?

Generalists vs Specialists
A general marketer will focus on the overall marketing needs for your non profit and must know a little bit about every aspect of marketing. Typically called Brand Managers, Marketing Managers or Product Managers, general marketers are usually employees within large corporations. When a general marketer needs extra help in certain areas, they call in the specialists. Specialist marketers are experts within certain marketing fields, e.g. graphic artists and writers. Usually they are external consultants, but large non-profits may have employees performing the same functions.

Why do you need a marketing generalist?
There is always a risk in self-diagnosing your problem. You need to make sure you get what you need….. not necessarily what you originally asked for. A generalist will help you diagnose where your gaps are and either fill the gap themselves or find a specialist to fill the gap. For example, you may want "more donations" – a generalist will help you determine whether it is more efficient to approach existing donors or new donors. If you cannot afford a full time generalist, approach a for-profit marketer as a volunteer.

Risks of combining roles of marketing and fundraising
The skills sets are different. Because small and mid-size non-profits have limited staff, Boards need to understand the pressures they apply when asking staff to perform both functions. For example, gathering the information and writing a fundraising Case For Support requires the analytical and creative skills of a marketer. As well, a marketer should place the same messages on a well-crafted website. Marketers should keep the website up to date so that fundraisers can "copy and paste" sections into their Case for Support.

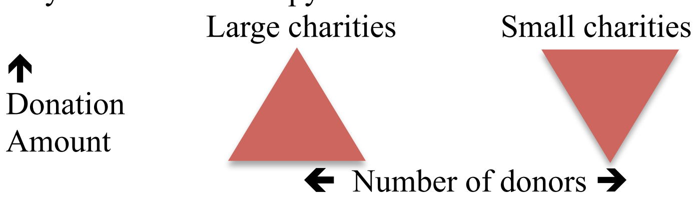
Marketing skill set	Fundraising skill set
Balance between analytical and creative	People skills: listening, building relationships
Clear thinking and clear writing	Organized to juggle a portfolio Disciplined to follow up
Fresh eyes (to see as outsiders see you)	Resilience

Role of the Board:
Create an environment where fundraisers thrive

What is fundraising?

In the for profit sector, the purchaser of a service is usually the recipient and is attracted to the features of the service. Non profits usually have an abundance of recipients who cannot pay. Fundraising means asking people to purchase a service, for which they will probably not benefit personally, by appealing to their different, intangible motivations.

What is the shape of your donor base?
The donor database for larger nonprofits will likely be a traditional pyramid where, at the top, there are fewer donors but they give larger amounts. Fundraisers work to move donors up the pyramid over a multi-year relationship. Smaller nonprofits that depend on major donors may have an inverted pyramid.



Fundraising vs philanthropy?
Two sides of the same coin. Fundraising is from the point of view of a nonprofit. Philanthropy is how a donor views their own donations.

Fundraising vs sales?
The challenges and skill set needed for fundraisers are identical to for-profit sales people.

#13 Are there gaps in the donor pipeline?

Fundraising staff will manage each donor through phases: identify, qualify, solicit and steward. Fundraisers track their portfolio of donors, through each phase into a "pipeline". The goals are predictable revenue and consistent revenue. Ask your staff if they predict any gaps.

What is your ask cycle for each donor type?
The length of ask cycle is proportional to amount donated. The number of contacts can also vary based on the amount. Smaller donors may want only 2 contacts over a 1 year ask cycle. Major donors may require 4 contacts over a 3 year ask cycle. When you are answering question #7 "Next year, how should staff allocate time and money?", check the bottom row of the Donor Churn Report which contains each ask cycle. This will help you decide which revenue streams are more efficient.

#14 What are staff fundraising targets?

Expect that each revenue stream will have its own decline ratio. For example, when targeting major donors, your staff may identify 10 *suspects* which turn into 3 *prospects* which turn into 1 *donor*. When targeting smaller donors, your staff may have to send out 20 mailings to attract 1 donor.
A typical portfolio is 100-150 donors per fundraiser. The average donor supports a charity for approximately 5 years. To calculate your staff targets, see Tips section at the end.

Why is this ratio important?
Boards need to understand why staff need
- introductions to Board member networks
- help turning prospects into donors.

#15 Are Board members expected to donate?

What are your expectations for Board members? Clearly state them in your Board recruitment process and annual commitment letter.

How to set donation levels?
One option is a specific annual amount for every member. Or a stretch gift that varies based on income. Or insist that your charity is the recipient of the largest donation from each members' personal annual giving.
Caution: it is important to maintain diversity in Board members (eg geography, stakeholder representation), which may preclude large donations. Some Board members may differentiate their volunteer time and their donations.

Why is this important?
- Board members are leaders; they lead by example.
- Some foundations require 100% Board giving as a condition for the grant.
- When approaching a major donor, a Board member's personal donation lends credibility to the ask.

Role of the Board:
Create an environment where fundraisers thrive

#16 What are other ways Board members can help?

The "ask" is only a small part of the fundraising cycle. Understand why Board members are drawn to board service (career booster, networking, new skills) and align tasks with their personal needs.
Board members can:

- make introductions within their network
- introduce ED to corporations from their business activities
- open doors outside their network
- partner with staff on a solicitation visit to general audience, a cultivation visit to a prospective donor, a stewardship visit to an existing major donor
- find speaking opportunities for the ED to present
- thank you telephone calls to major donors
- bring people to events, host small events
- name your organization in their will
- help staff calculate Donor Churn and Revenue Efficiency reports

Why is this important?
Messages from volunteer peers are more persuasive than from staff. The fundraising sub-committee is not solely responsible for fundraising - all members can play a role.

#17 Are Board members ready?

- Has every Board member practiced their elevator speech about the impact that your charity has?
- Do they have their own story about why they are passionate about your cause?
- Do they have their own story of why they enjoy volunteering with your charity?
- Do they have sample scripts to describe your projects? Do they have a supply of all printed material to hand out?

Why is this important?
Board members bring credibility to your non profit.
People give to people – major donors will want reassurance their money will be spent wisely.

#18 Are there gaps in our fundraising skill set?

The biggest challenge is time. Do staff have the time to research prospects, prepare proposals, interact with existing donors?

Do all staff know how to ask at each touch point? Do all staff know when **not** to ask – asking prematurely can result in lower donation amounts.

Tips for the Chair

The role of the Board vs the role of the sub-committee
Larger Boards, which run a Communications sub-committee, may only need to focus on marketing and fundraising during one meeting per year.

Board of Directors	Sub committee
7 questions on marketing and fundraising	All 18 questions
One meeting at year end	Every meeting

Good marketing and fundraising need the foundation of good governance, good strategy and good HR.
Is your Board ready to handle these questions? If you encounter difficulties, they may not be caused by marketing. For Boards who do not have a concrete strategy, good governance practices and fair HR policies, it may be a better use of your time to fix those foundational needs first, before spending time on marketing and fundraising.

This booklet addresses the needs of most mid-size nonprofits.

Small non profits	Mid size non profits	Large non profits
Question #1,2,3,7, 8, 15,16,17	Most questions	Question #6

How to manage Board discussions on #7 – Next year, how should staff allocate time and money?
Board member: "We need donations from more corporations".
Chair: "According to the Donor Churn report, staff are good at attracting new corporate donors. But our renewal ratio is only 25%. Because corporations need 3 contacts per year, staff should spend more time with existing corporate donors. And because the ask cycle is one ask per year, staff need a donor portfolio larger than the typical 100-150 donors. Would you be willing to accompany staff on a visit to a corporate donor?"

Board member: "We need more major donors"
Chair: "Because the acceptance ratio for major donors is 4:1, we need to introduce staff to 16 new colleagues from our own networks. Can we all commit to this?"

Tips for the ED

Select a project manager
Select an employee who understands your entire organization, is comfortable crunching numbers and has an open mind. Pick from anywhere in your organization. Not necessarily from your Fundraising department (who may have vested interests in the results). Nor from your Marketing department (who may be more creative than analytical). Consider an up-and-coming employee who deserves an introduction to the Board.

Free up their time
Expect 1 day/week over the course of 8 weeks. Monitor your project manager's time. It is enticing to spend too much time on these reports; stop when they reach a point where more information will not alter a decision.

Expect resistance
Find a way to protect your project manager from employees who will create resistance:

- long term employees who have done marketing and fundraising in the past
- senior level fundraisers who may feel threatened by making their results more transparent
- employees who are motivated by your cause and resist attempts at a business approach

How to set staff targets for next year
Step 1 – Obtain consensus from the Board on Question #7.
Step 2 – Calculate backwards through the pipeline to arrive at staff targets.

Example: To increase corporation donations from $30,000 to $40,000. You already know:
Average corporate donation = $10,000
Ratio = 5 prospects to 1 donation
Average time for a corporation to decide = 6 months
You renewal ratio for corporations = 25%

Plan of action for staff:
- keep in close contact to ensure at least 1 (of 3) corporations will renew (25% renewal ratio)
- staff must find 3 new corporations that will donate $10,000 each (replace 2 and find new 1)
- staff need to approach 15 corporate prospects to obtain 3 donations (5:1 ratio)
- staff need to start by May in order to receive 3 donations this year (6 month lead time)

Tips for the Project Manager

How do I estimate the time staff spend on each donor type?
Initially, an estimate from a supervisor is fine. You don't need time charts.

How accurate do I have to be?
Unlike audited financial statements that require a high level of accuracy, these reports are for management purposes. You don't need a new accounting system. Stop when you feel that you have enough information to make a decision and that further analysis will not change that decision.

What do I do if the data is not clean?
If the data contradicts common sense, use common sense.

What if there is a difference between CRA data and our audited statements?
Sometimes it is hard to make business decisions based on CRA data (for charities with fluctuating donations). Instead, use data from your audited statements.

Why focus on donors and not donations?
You will come to the same conclusions whether you analyze $donations or #donors. Typically, it is easier to make business decisions based on #donors because the data has less noise in it.

How to calculate acceptance ratios
Summarize activity reports from your fundraising staff. You may require a year's worth of monthly reports in order to calculate a reliable ratio.

Monthly activity report	Corporations	Foundations	Individuals $1000+	Individuals <$1000
First contact	5	3	4	20
First meeting	5	3	2	na
Follow up meetings	2	3	0	na
Declines	4	2	3	na
Acceptances	1	1	1	1
First contact : Acceptances	5:1	3:1	4:1	20:1

How to calculate renewal ratios

	Corporations	Foundations	Individuals $1000+	Individuals <$1000
Donors last year	20	20	5	50
Renewed	5	11 (Biannually 4)	3	5
Renewal ratio	25%	75%	60%	10%

About MAS Consulting

MAS is a pro bono consulting service, operating in Toronto since 1993. Completing 200+ projects per year, we help small and midsize nonprofits in governance, strategy, HR, marketing, fundraising, finance, IT, executive coaching and facilitation. As a volunteer-run charity, MAS is funded by donations from satisfied non profit clients.

Our 50+ Volunteer Consultants are professionals who want to give back using the skills we learned in our careers. Our mission is to build capacity in the non profit sector.

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