

# Points of Practice.

Periodic Essays on Emerging Philanthropic Trends and Practices

## Major Gift Metrics that Matter

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Four years ago, I shared the findings of my BWF nation-wide survey of the utilization of major gift performance metrics in an article entitled, *By the Numbers*, (CASE Currents, March 2006, pp. 25-32). The article prompted much discussion in individual programs and at conferences across the country. Today, considerations have shifted from “What are others doing?” to “Which metrics do we employ to maximize performance in our program?”

Conversations have moved beyond the “art and science” of fundraising dichotomy and acknowledge that artful fundraising and intelligent management are both informed and enhanced by the strategic utilization of data that matters. Talented, creative managers and major gift officers must know how to employ performance metrics and organizational data effectively to realize more fully their institution’s philanthropic potential and aspirations.

### Rules of Thumb?

- 1** Gift officers should conduct an average of between twelve and fifteen face-to-face visits per month.
- 2** Gift officers should visit approximately 50 percent of their portfolio each year.
- 3** Approximately one-third of a gift officer’s portfolio should be in the solicitation stage.
- 4** A full-time major gift officer should raise \$1 million per year on average.

### What We’ve Learned

Expectations vary widely and are more often applied as “guidelines” and “in spirit only” rather than “strictly and to the letter.”

The practice of utilizing performance metrics is widening among major gift programs as indicated in the 2009 BWF survey of healthcare programs. The survey further revealed a convergence of vocabulary, priorities, and practices related to the key performance metrics across philanthropic sectors.

Yet, both 2005 and 2009 surveys substantiated that the long-standing “Rules of Thumb” for major gift officers are essentially points of departure rather than reflections of widespread and rigorous practice.

In a significant number of programs, actual expectations vary depending on the major gift officer’s level of experience, length of tenure with the institution, prospect portfolio, and assigned territory.

Expectations and practice also vary depending on the maturity of an institution’s philanthropic culture, the sophistication and funding of its development operation, and the context of its current philanthropic priorities. For example, an institution with a modest campaign history and a more limited knowledge of its top prospect pool that is ramping up for a campaign may place a greater emphasis on metrics related to prospect discovery and qualification than solicitations and dollars raised.

Finally, field research, including performance data gathered in multiple feasibility studies, suggests that actual performance falls far short of the rules of thumb in many institutions.

## Examples of a Few Rules of Thumb

**Gift officers should conduct an average of between twelve and fifteen face-to-face visits per month.**

The face-to-face visit is valued as the gold standard of prospect cultivation and engagement. Expectations and practice, however, vary substantially. Stated practices among survey respondents cluster around the following four expectations: 120, 150, 180, and 210 per year. Programs that track contacts usually want between 80 and 90 percent to be in the form of face-to-face visits.

Interestingly, actual performance across all types of institutions and organizations tends to fall well short of the “rule.” One recent survey found that nearly 70 percent of gift officers completed 10 visits or fewer each month. The overall average was 7.3 visits per month. High performers conducted an average of 8.3 visits monthly.

**Gift officers should visit approximately 50 percent of their portfolio each year (e.g., a major gift officer would visit 75 individuals annually in a portfolio of 150 prospects).**

Few survey respondents fulfill this expectation. The actual percentage of portfolios visited each

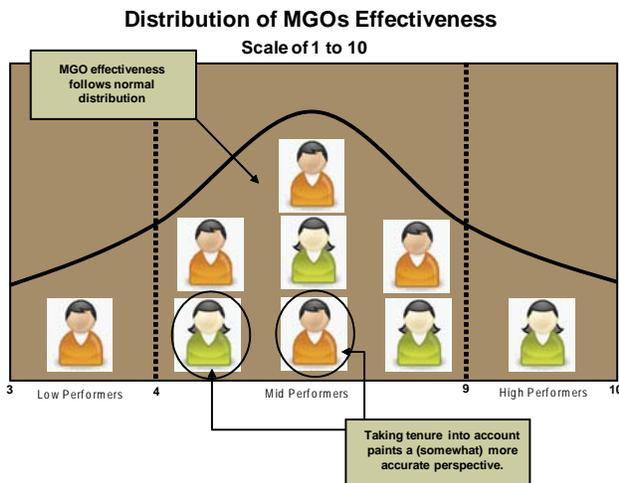
year depends on the number of prospects being solicited. The greater the number of solicitations, the more limited a gift officer’s reach, and the fewer individual prospects visited. A few programs have established the expectation that every assigned prospect must be visited once every three years.

**Approximately one-third of a gift officer’s portfolio should be in the solicitation stage.**

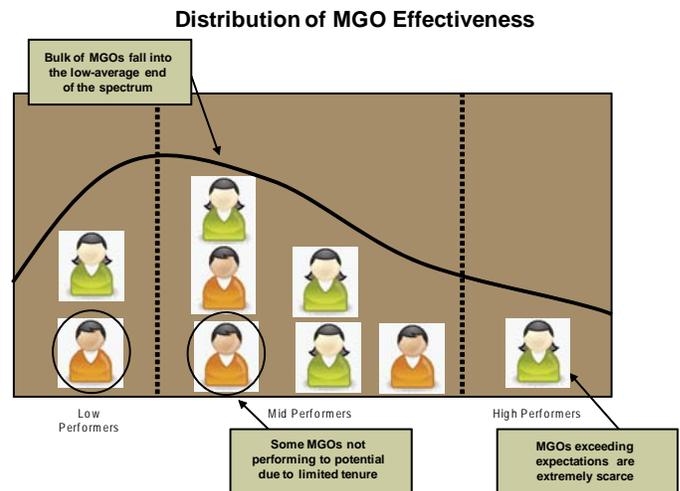
Few respondents actually track this metric. If one discounts outstanding or open solicitations, applying this rule of thumb could mean up to 50 solicitations annually in a portfolio of 150 gift prospects, or between 4 and 5 major gift requests per month.

If, as approximately two-thirds of the respondents believe, three to four face-to-face visits per year represents the optimal number for prospects in active solicitation, fifty prospects in active solicitation would require between 150 and 200 visits. Given the required investment of time in cultivation, pre-solicitation, solicitation, negotiation, and closing, most respondents aim for between 24 and 30 solicitations annually, or between two and three monthly.

### Expected Performance Distribution



### Recent Field Survey Findings



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## A full-time major gift officer should raise \$1 million per year on average.

Only 25 percent of the 2005 and the 2009 respondents practiced a gift expectation of between \$1.0 million to \$1.5 million. Nearly 60 percent of the 2009 respondents indicated an expectation of between \$0.5 million and \$1.0 million. Another 25 percent of the 2005 respondents indicated their expectations for dollars raised was driven by the makeup of the major gift officer's portfolio.

Here, again, a substantial minority based annual performance expectations on the gift officer's level of experience, length of service with the institution, and portfolio potential.

## What This Means to Your Program

It is clear that the metrics used to measure performance and the methods of performance management vary widely.

Nonetheless, nearly 80 percent of the respondents indicated that establishing the correct level of ambition through clearly stated performance expectations and standards was essential and important for stimulating performance and achieving fundraising success.

The key is to define a set of performance metrics that enables your institution to fulfill its charitable aspirations and that address the three essential components of any successful major gift program including the following:

- **Potential:** A clear understanding of the giving potential of your constituents and stakeholders.
- **Strategies:** Plans supported by management practices that effectively drive results.
- **Execution:** A bias toward competent, objective-driven, and timely action and activity.

Keep it simple, as research suggests that gift officers that were more focused on fewer metrics—whether prospecting activities, solicitations, or dollars raised—outperformed those professionals with equally weighted or mixed measurement models. In short,

## 3 Essential Elements

- 1 Potential:** A clear understanding of the giving potential of your constituents and stakeholders.
- 2 Strategies:** Plans supported by management practices that effectively drive results.
- 3 Execution:** A bias toward competent, objective-driven, and timely action and activity.

focusing on fewer but essential metrics results in increased productivity across a wide range of activities.

## Choosing Metrics that Matter

**Potential:** All managed or assigned prospects should have a philanthropic capacity and connectivity rating.

Thanks to wealth screening, the application of sophisticated data-mining and prospect modeling methodologies, and proactive research, an institution should be able to rank order all of your constituents by:

- **Philanthropic Capacity:** both for lifetime giving to all charities and for lifetime giving to your institution by six-, seven-, and eight-figure gift ranges.
- **Connectivity:** reflecting the perceived degree of relationship with your institution, the campaign, and/or philanthropic priority as either:
  - Highly Connected
  - Connected
  - Somewhat Connected
  - Modestly Connected

These improvements in the science of fundraising will enable institutions to populate a matrix that cross-references capacity and connectivity.

### Sample Major Donors Rank

99% of current major donors rank in the top 25% of the model; 81% rank in the top 5% of the model.

Major Giving Rank Label	Major Donor	Not Major Donor
0 Lower 50%	0	52,340
1 Top 50%	3	25,692
2 Top 25%	24	15,629
3 Top 10%	34	5,185
4 Top 5%	26	2,506
5 Top 2.5%	45	1,572
6 Top 1%	44	480
7 Top 0.5%	56	202
8 Top 0.25%	45	109
9 Top 0.1%	47	58
<b>Total</b>	<b>324</b>	<b>103,773</b>

**Opportunity:** 849 individuals who are not major donors scoring in top 1% (red outlines).

### Sample Research Unassigned and Assigned Names with Major Gift Officers

Major Giving Model Rank	Not Assigned a Prospect Manager	Assigned a Prospect Manager
0 Lower 50%	52,179	161
1 Top 50%	25,498	197
2 Top 25%	15,320	333
3 Top 10%	4,942	277
4 Top 5%	2,319	213
5 Top 2.5%	1,372	245
6 Top 1%	380	144
7 Top 0.5%	135	123
8 Top 0.25%	37	117
9 Top 0.1%	18	87

**Opportunity:** Research unassigned names with high major gift scores. Review assigned names with low major gift scores.

Fundraising potential will be optimized by focusing on highly connected, connected, and somewhat connected prospects with a mid- to high-level capacity rating. A consistent and focused review of prospects with significant potential that are unassigned as well as prospects of lower potential that are assigned will support active and flexible management of portfolios and ensure that gift professionals are spending their time on the best prospective donors.

#### Strategies: Performance Planning and Prospect Management

The art and science of fundraising are unified through the process of performance planning and prospect management.

#### Performance Plans

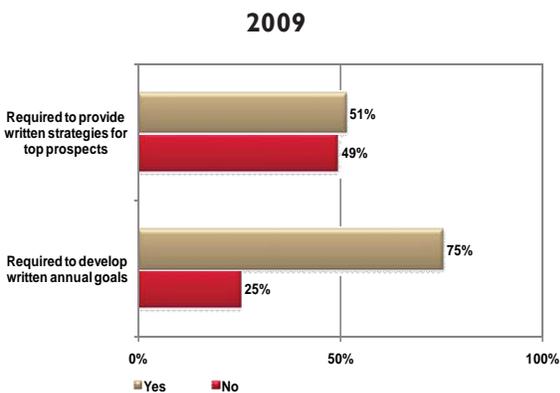
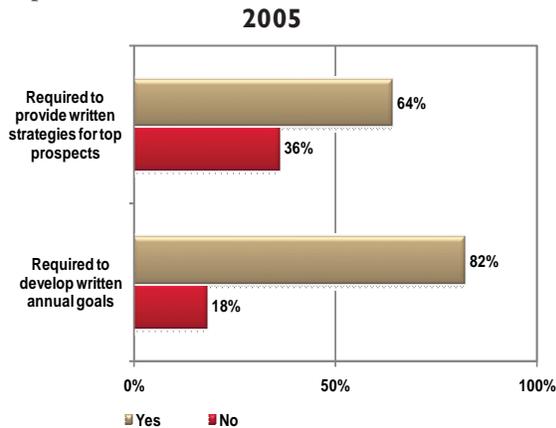
Every major gift officer should have a written performance plan that provides fiscal year fundraising and engagement goals and that is

endorsed by their supervisor/s. The plan should incorporate the following:

- A projection of total dollars raised and face-to-face visits completed.
- A total of specific solicitations projected by quarter over a 24-month period to demonstrate a viable pipeline of prospects.
- A list of specific cultivation and stewardship events and activities.
- An accounting of specific campus liaison responsibilities.
- Professional development goals and activities.

Written strategies for each gift officer's top 25 to 50 prospects with specific initiatives, specific persons to be involved in each task including internal partners and external volunteers, and specific target dates for each purposeful action should be required and documented as such in the system.

Again, actual practice varies. One 2005 survey respondent, for example, required major gift officers to craft written strategies for their entire portfolio with more detailed strategies for their top fifty. A principal gifts officer should provide detailed written strategies for each assigned prospect.



Written plans are effective management tools because they:

- Clarify and focus thinking.
- Establish context and framework for action.
- Become the basis for performance planning.
- Provide content for ongoing dialogue.
- Empower major gift officers.
- Facilitate the manager's effectiveness.

Evolve more readily into next year's plan or the multi-year plan for a campaign.

### Prospect Management

Active prospect management is critical to success because it maintains focus and enables timely adjustments in strategies in the dynamic context of major gift work.

Monthly prospect review sessions supported and informed by consistent tracking reports reflecting performance metrics are essential. These exchanges should be supplemented by weekly, informal conversations and by more formal quarterly assessments and adjustments between the supervisor and the major gift officer.

Additionally, annual reviews should specifically assess the previous year's projections and activities and serve as a foundation for next year's plan.

### Execution

#### Visits, Solicitations, Ask Amounts, Dollars Raised, Prospects Qualified, etc.

Planning is a waste of time without purposeful execution. Fundraising is a business with a bias toward action and results supported by a myriad of data points and statistics.

The key is to choose and sustain performance metrics that best align with the current context of your institution's strategic directions, values, and desired outcomes.

In some highly complex institutional fundraising environments where wide variations exist in talent, experience, prospect pools, regional or unit assignments, and philanthropic culture, it is likely more effective to measure and manage individual gift officers using a customized set of metrics that track both inputs and outputs.

#### Inputs: Face-to-Face Visits, Proposals Made, Time in Cultivation, etc.

Inputs are metrics that tell us how hard we are working and how focused we are. They are also useful for building confidence and/or reassuring our presidents, trustees, and institutional colleagues that we are performing at levels high enough to produce the desired results.

Those that matter most among potential inputs are face-to-face visits and the number of major gift

proposals made. The number selected for each depends on your institutional context and, at times, required travel and constituent outreach budgets.

Another way of setting the level of expectation related to inputs is to assume, after accounting for vacation time and administrative work time, that a full-time major gift officer has between 16 and 20 weeks, or between 80 and 100 days, per year to devote to prospect cultivation and engagement. How many of those days and weeks is the gift officer out of the office working directly and personally with prospects or facilitating such contacts by cultivation partners?

A little tracked metric worth elevating is the time a prospect spends in cultivation. Most programs have a gift officer who has a portfolio filled with prospects in a state of perpetual cultivation that never get solicited. In every campaign there is a group of prospects that annually appear on the campaign prospect list languishing in cultivation. The time in cultivation metric would serve as a red flag of inaction and a barometer of the efficiency with which prospects move from discovery through cultivation to the actual solicitation. Prospects who fail to be engaged to the point of solicitation should be evaluated and potentially reassigned.

**Outputs: Results and Outcomes that Drive Success**

Outputs measure effectiveness and the return on investment. Outputs most frequently tracked are total dollars raised, the number of gifts closed, and the number of new major prospects qualified.

Of course, the metric that matters most is total dollars raised. However, the target for a fiscal year should be determined by the gift officer’s tenure in their current position, the length of service with the institution, their major gift fundraising experience, and the composition of her/his portfolio.

Gift officers new to the position and the institution should expect total dollars raised to increase substantially by their third year, even if they have inherited a well-developed portfolio of cultivated prospects.

The yield rate is a metric that merits wider attention and application. Employed by Bentz Whaley Flessner’s data-mining and prospect modeling services, the yield rate is essentially a fundamental measure of a gift officer’s performance calculated against the potential in their portfolio. The rate is calculated by measuring the amount a gift officer raises over a multi- year versus the capacity represented in their portfolio. Capacity is broadly defined as the amount a prospect can give over a five-year pledge.

	Last Five Years Individual Giving	Last Five Years Non Individual Giving	Total Last Five Years	Portfolio Capacity		Last Five Years Individual Yield
Mgr 1	\$1,863,527	\$0	\$1,863,527	\$22,290,274		8.4%
Mgr 2	\$479,593	\$0	\$479,593	\$25,229,202		1.9%
Mgr 3	\$6,815,207	\$0	\$6,815,207	\$118,304,998		5.8%
Mgr 4	\$33,035	\$0	\$33,035	\$10,201,650		0.3%
Mgr 5	\$766,616	\$0	\$766,616	\$49,130,895		1.6%
Mgr 6	\$12,554,192	\$180,200	\$12,734,392	\$62,036,615		20.2%
Mgr 7	\$3,038,098	\$0	\$3,038,098	\$41,655,000		7.3%
Mgr 8	\$96,785	\$0	\$96,785	\$8,216,150		1.2%
Mgr 9	\$10,812,270	\$0	\$10,812,270	\$114,079,350		9.5%
Mgr 10	\$513,398	\$0	\$513,398	\$25,665,475		2.0%
Mgr 11	\$59,420	\$4,582,992	\$4,642,412	\$15,855,756		0.4%
Mgr 12	\$585,487	\$0	\$585,487	\$16,034,646		3.7%
Mgr 13	\$7,162,859	\$122,500	\$7,285,359	\$178,136,418		4.0%
Mgr 14	\$1,534,379	\$665,955	\$2,200,334	\$88,672,350		1.7%
Mgr 15	\$272,355	\$0	\$272,355	\$32,760,105		0.8%
Total	\$46,587,220	\$5,551,647	\$52,138,867	\$808,268,883	Team Avg	5.8%

A yield rate for an individual gift officer is valuable because it provides insight related to the gift officer's effectiveness at making and closing asks for significant gifts. As mentioned earlier, data collected from numerous institutions indicates that the yield rate improves significantly in a gift officer's third year in a given position assuming purposeful and appropriately vigorous activity. Because the metric rates a gift officer's productivity against his or her own portfolio, it provides an apple-to-apples comparison that elevates high performers, identifies potentially strong performers, and exposes low performers.

A yield rate can also be calculated for an entire institution. For example, if all assigned individuals at a given institution gave \$100 million over a five-year period, and their total capacity was \$2 billion, the yield would be five percent.

An institutional yield rate opens the door to strategy and portfolio adjustments designed to increase the the total dollars raised. Moreover, it informs how large the suspect and prospect pools actually need to be to produce the desired results.

### Conclusion

Current practice related to performance metrics and methods of performance management offers considerable latitude. The rules of thumb discussed here are merely points of practice and points of departure. To an important degree, performance metrics are situational and should be determined by institutional context. Once determined, it is advised that metrics be sustained over the life of a campaign to focus expectations and to allow for contextual tracking, management, and communications on progress.

The management challenge is to define a highly focused set of clearly stated and consistently monitored performance metrics that focus, promote, and track activity and results meaningful to advancing your program's mission, strategic direction, and values. Setting the right expectations based on your known philanthropic potential combined with sound strategies and purposeful implementation will support both goals and projections.

*This sample university yielded 5.8% on the portfolio capacity of the currently assigned individual prospects. Small increases in yield could result in raising \$130 million over the next 5 years.*

Yield	Currently Assigned Individual Portfolio Capacity	Assigned Individual Giving Next Five Years	All Other Giving Next Five Years	Estimated Total Giving Next Five Years
Historical Yield: 5.8%	\$808,268,883	\$46,587,220	\$40,090,990	\$86,678,210
6.8%	\$808,268,883	\$54,669,909	\$40,090,990	\$94,760,899
7.8%	\$808,268,883	\$62,752,598	\$40,090,990	\$102,843,588
8.8%	\$808,268,883	\$70,835,287	\$40,090,990	\$110,926,277
Industry Target: 11%	\$808,268,883	\$88,909,577	\$40,090,990	\$129,000,567

*Portfolio assignment based purely on capacity is not a realistic prospect management strategy. This table shows scenarios applying the historical yield of assigned prospects (5.8%) to different portfolios which are "blended" with currently assigned individuals and those from the wealth optimized list. This scenario shows the benefits of some moderate to significant portfolio reassignment on overall dollars raised.*

	Individual Portfolio Capacity	Individual Portfolio Giving Next Five Years	All Other Giving Next Five years	Estimated Total Giving Next Five Years
Currently Assigned Portfolio	\$808,268,883	\$46,587,220	\$40,090,990	\$86,678,210
Blended: 80% Current/20% Optimized	\$887,395,763	\$51,147,957	\$40,090,990	\$91,238,947
Blended: 60% Current/40% Optimized	\$966,522,644	\$55,708,694	\$40,090,990	\$95,799,683
Blended: 40% Current/60% Optimized	\$1,045,649,525	\$60,269,430	\$40,090,990	\$100,360,420
Blended: 20% Current/80% Optimized	\$1,124,776,406	\$64,830,167	\$40,090,990	\$104,921,156
Wealth Optimized Portfolio	\$1,203,903,287	\$69,390,903	\$40,090,990	\$109,481,893



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## The Firm Welcomes...

**Margaret Sughrue Carlson, Ph.D.** is a senior associate in the Minneapolis office of Bentz Whaley Flessner. Prior to joining the firm, Dr. Carlson was the chief executive officer of the University of Minnesota Alumni Association and the associate vice president of the University for twenty-five years; she was the longest-serving alumni director in the Big Ten.

Dr. Carlson has been recognized for her contributions to the University of Minnesota, including M Club Hall of Fame Distinguished Achievement Award; President's Outstanding Achievement Award; College of Education and Human Development, Distinguished Alumni Award; College of Human Ecology "Centennial 100" Award.

Dr. Carlson earned her Ph.D. from the University of Minnesota in 1983 and her BS and MS degrees from Kansas State University.

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Prior to joining the firm, Ms. Hansen served as vice president for seminary relations for Luther Seminary and executive director of the Luther Seminary Foundation in St. Paul, Minnesota, and was a client of Bentz Whaley Flessner for 17 years. Prior to that, she held the position of vice president for institutional advancement at Midland Lutheran College in Fremont, Nebraska.

Ms. Hansen has led numerous successful fundraising campaigns, including the largest ever conducted at a theological school at the time. She is a frequent speaker for the Association of Theological Schools, the Association of Lutheran Development Executives, the Minnesota Planned Giving Conference and a consultant to In Trust. In 2007, Ms. Hansen was the recipient of the Association of Lutheran Development Executive's Virgil Anderson Award in recognition of her career achievements as a fundraiser. She is a graduate of St. Olaf College in Northfield, Minnesota, and attended graduate school at the University of Iowa.