BWF Client Partner Series

*Josh Birkholz and Jason Boley*

#BWFClientPartner Series

- Welcome! We are glad you have joined us.

- Use the Q&A Feature to ask questions.

- Any unanswered questions will be addressed individually after the webinar.

- Share your thoughts with us by using **#bwfwebinar.**

- For technical challenges, support is available by emailing bwf@bwf.com.

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Defining Organizational ROI While Facing Budget Constraints

Josh Birkholz and Jason Boley

Agenda
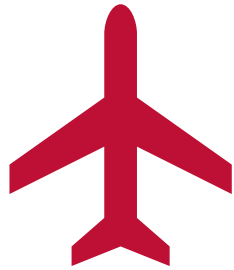
1. Reducing Drag in the Face of Headwinds

Philanthropic Environment

How Programs are Adjusting

Understanding ROI

2. Considerations for Philanthropy Operations

Operational Considerations

Calculating ROI
   ROI Example: Gift Processing

Reducing Drag in the Face of Headwinds

March 15–April 15

Nationally

- Work-from-home

- Emotional adaptation

- Market-selling

Philanthropy

- Digital relationships

- Urgent-need gift priorities

- Event fundraising disrupted

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April 15–Today

Nationally

- Semblance of "routine"

- Focused on recovery

- Market buying

Philanthropy

- Sector variability

- Early recovery indicators

- Organizational budget headwinds

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In the face of headwinds.

- Hiring freezes.
- Salary cuts or freezes.
- Staff reductions, more often in non-revenue areas.
- Evaluating long-term budget implications.
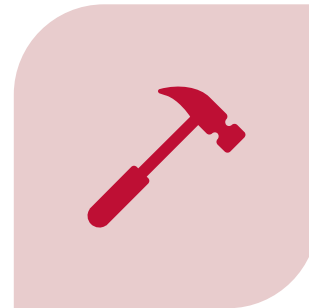- Development generally classified as a revenue recovery area.

Shifting Gift Priorities: *Maintain and Recover*

EMERGENCY FUNDS

OUTRIGHT VS ENDOWED

PROGRAM/FACILITY ADAPTATION

UNRESTRICTED

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Focus on Organizational ROI

Easier Case to Make

- Classifying development as essential/revenue generating.
- The value of frontline fundraisers.
- The importance of unrestricted support generation.

Harder Case to Make

- Classifying all parts of development as essential.
- The value of supporting infrastructure.
- Operational continuity.

Align Each Program Area to:

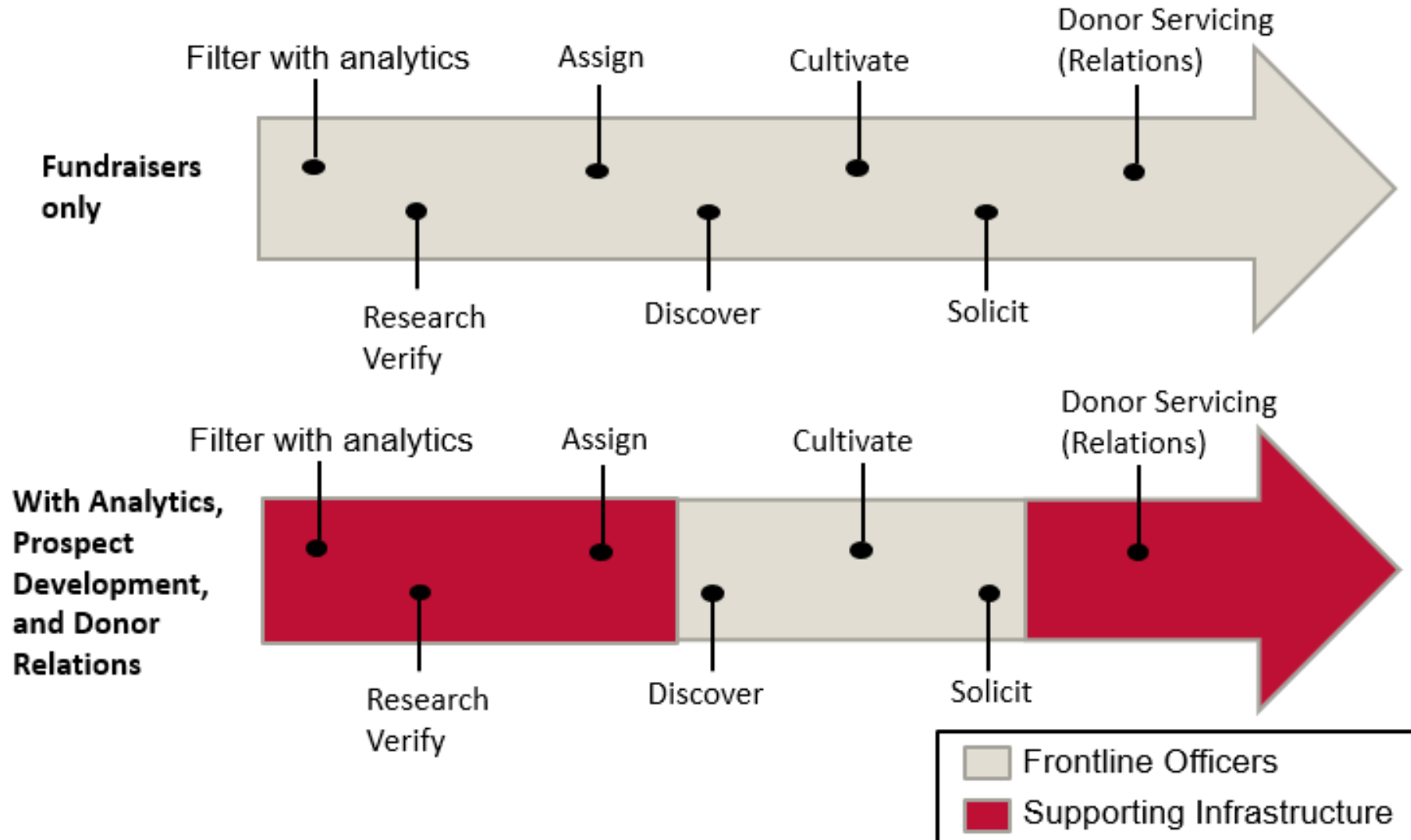| Revenue returns	Risk management	Continuity	Versatility and adaptability	Outsourcing opportunities
▪ Emergency funds. ▪ Recovery. ▪ Long-term.	▪ Risks to revenue if this doesn't happen. ▪ Distraction to revenue generating activities.	▪ How will we recover without this?	▪ What other activities can these staff members do?	▪ Where could we outsource for gap-filling?

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Lowest-Cost Biller Concept for Officer-Enablement

Fundraisers only

Filter with analytics · Research Verify · Assign · Discover · Cultivate · Solicit · Donor Servicing (Relations)

With Analytics, Prospect Development, and Donor Relations

Filter with analytics · Research Verify · Assign · Discover · Cultivate · Solicit · Donor Servicing (Relations)

Legend:
- Frontline Officers
- Supporting Infrastructure

Distribute if it can be done:

- *Cheaper* by someone else.

- *Better* at the same price.

- *At scale* with defined processes.

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Connect Tasks to Revenue Returns
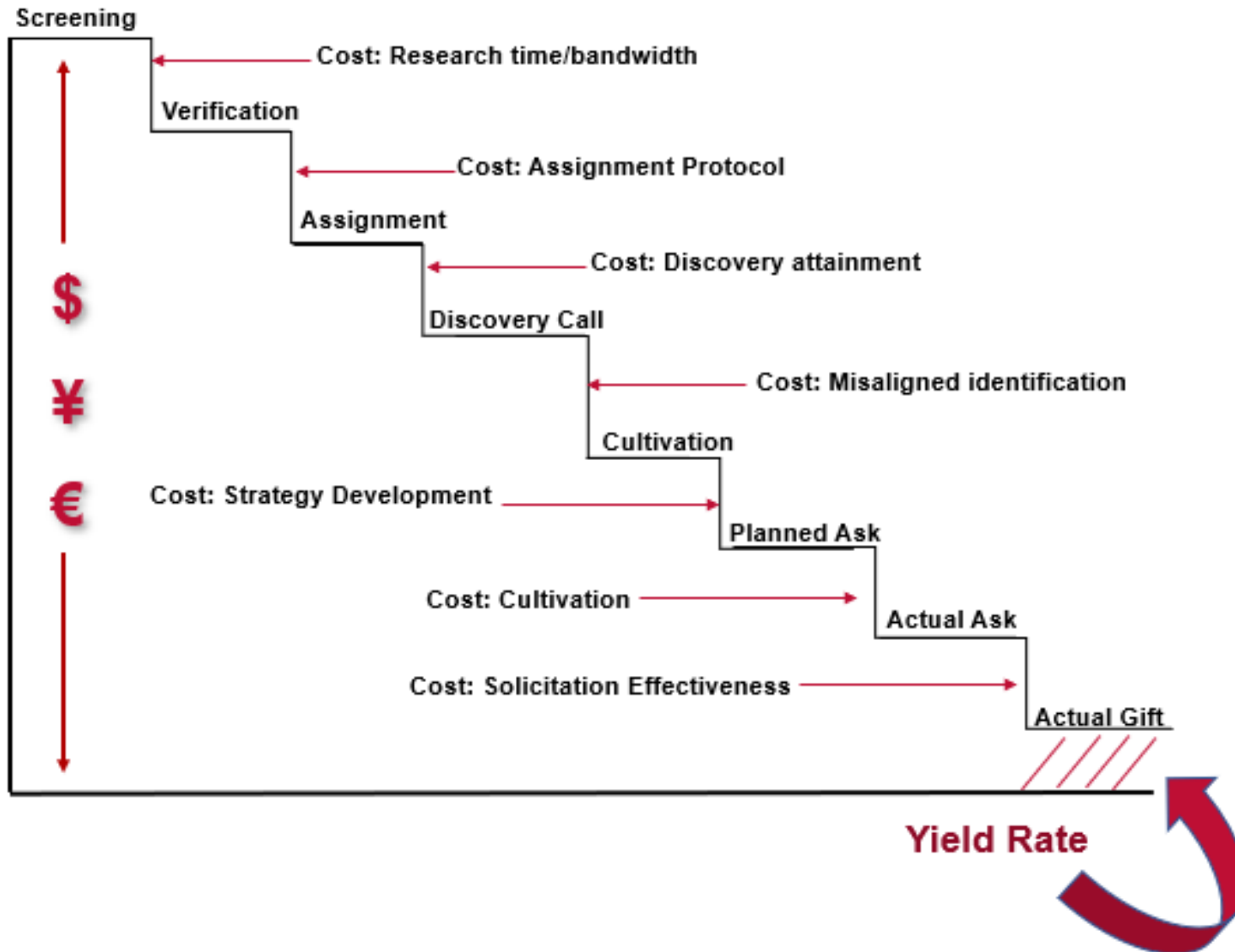
- **Data Acquisition**
- **File Management**
- **Analytics Filtering**
- **Research Verification**
- **Assignment Management**
- **Prospect Management**
- **Discovery**
- **Fundraising**

Devote Resources to Recovery Innovations

- **Digital tools for major gift officers.**

- **Virtual events and meet-ups.**

- **Student digital teams.**

- **Increased video production.**

- **"Deputizing" staff for increased research and donor relations.**

Considerations for Philanthropy Operations

Anecdotes

Anecdotes are commonly used to instigate projects but are not a good way to justify project ROI.

- VIP gets upset.

- Donations are logged incorrectly.

- Direct mail is too expensive.
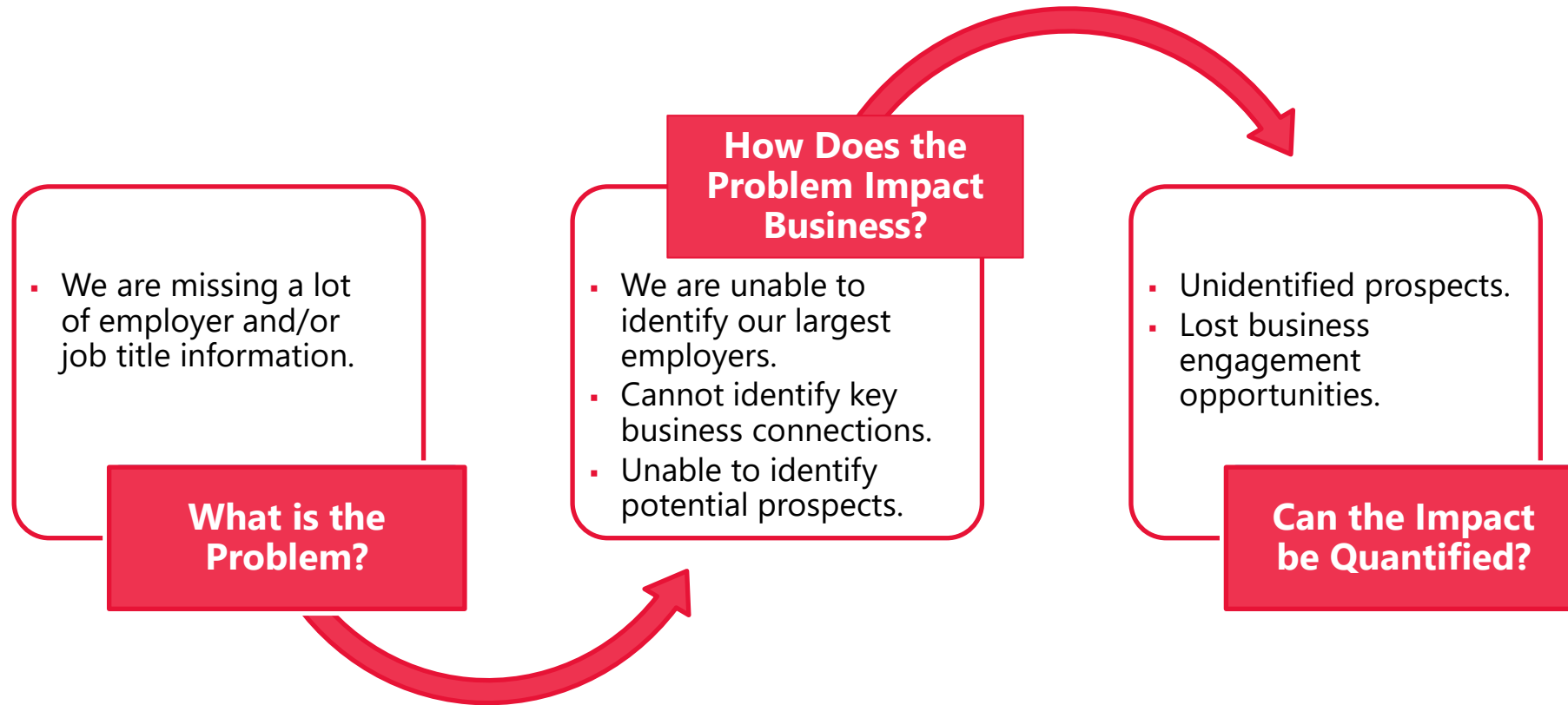
- Troubles logging into online services.

Many times nothing is wrong until something goes catastrophically wrong—then it's much harder to fix the problem.

Considerations by Operational Area

Gift Processing	Prospect Development	Stewardship	Information Technology
▪ Critical organization gateway. ▪ Reactionary. ▪ Highly standardized but must remain personal. ▪ May encompass customer service. ▪ Outsourcing possible.	▪ Processes highly defined. ▪ Impact on fundraising cycle visible. ▪ Highly dependent on vendor tools. ▪ Outsourcing possible.	▪ Directly impacts donor retention. ▪ Can consume infinite resources. ▪ ROI difficult to quantify. ▪ Difficult to outsource.	▪ Highly technical processes can be difficult to translate to management. ▪ Often considered as overall cost rather than aggregation of strategic initiatives.

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Sample Project ROI Assessment

What is the Problem?

- We are missing a lot of employer and/or job title information.

How Does the Problem Impact Business?

- We are unable to identify our largest employers.
- Cannot identify key business connections.
- Unable to identify potential prospects.

Can the Impact be Quantified?

- Unidentified prospects.
- Lost business engagement opportunities.

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Calculating Return-on-Investment

- Assess the institutional benefit.

- Assess the cost to mitigate.

- ROI = estimated benefit minus mitigation cost.

(Benefit-Cost = ROI)

ROI—Hard Numbers

Sample: Revenue Per Subscriber

Annual revenue attributed to email marketing: $1,000,000

Number of valid, deliverable subscribers: 25,000

Annual email RPS ($1,000,000/25,000) = $40

In this example, on average each email list member produces $40 in revenue per year.

Read more: http://www.marketingprofs.com/articles/2014/24419/determining-subscriber-value-whats-an-email-list-member-worth#ixzz3chbVnz00

ROI Drives Prioritization

Problem	Issue	Solution	Impact Cost	Mitigation Cost	Potential ROI
Missing Wealth Information	Cannot identify prospects.	Wealth screening.	$1,000,000 in lost opportunities.	$75,000	$925,000
Incorrect Gift Entry	Staff poorly trained and making mistakes.	Increased training.	$500,000 in lost opportunity via one VIP.	Outsourced training at $15,000.	$485,000

Tangible versus Intangible Expenses—CRM Conversion
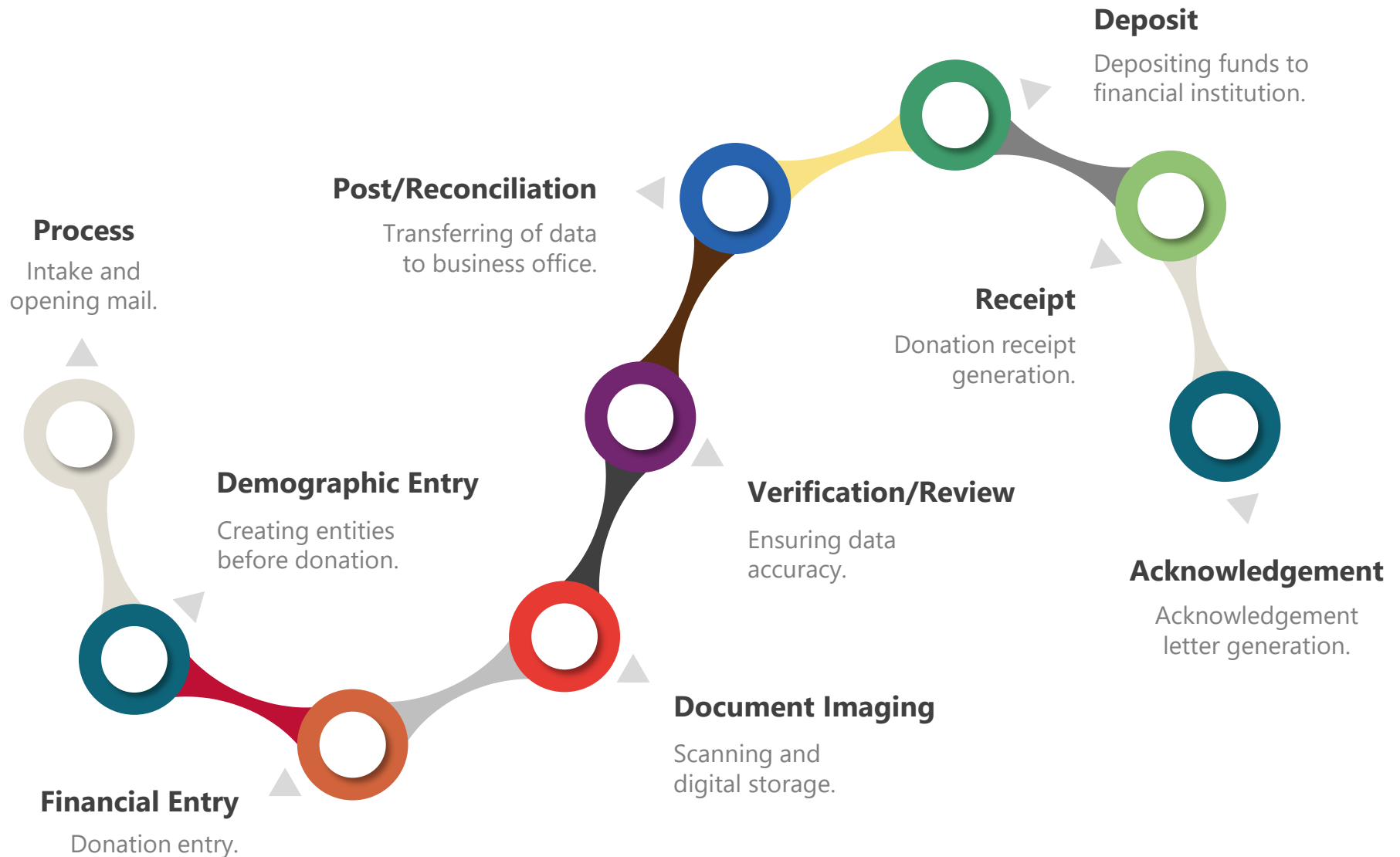
Tangible Expenses/Benefits

- Licensing Fees

- Labor

- Server administration

- Security compliance

- Authentication

Intangible Expenses/Benefits

- User experience

- Touchpoint tracking/ improved communication

- Improved data integrity tools

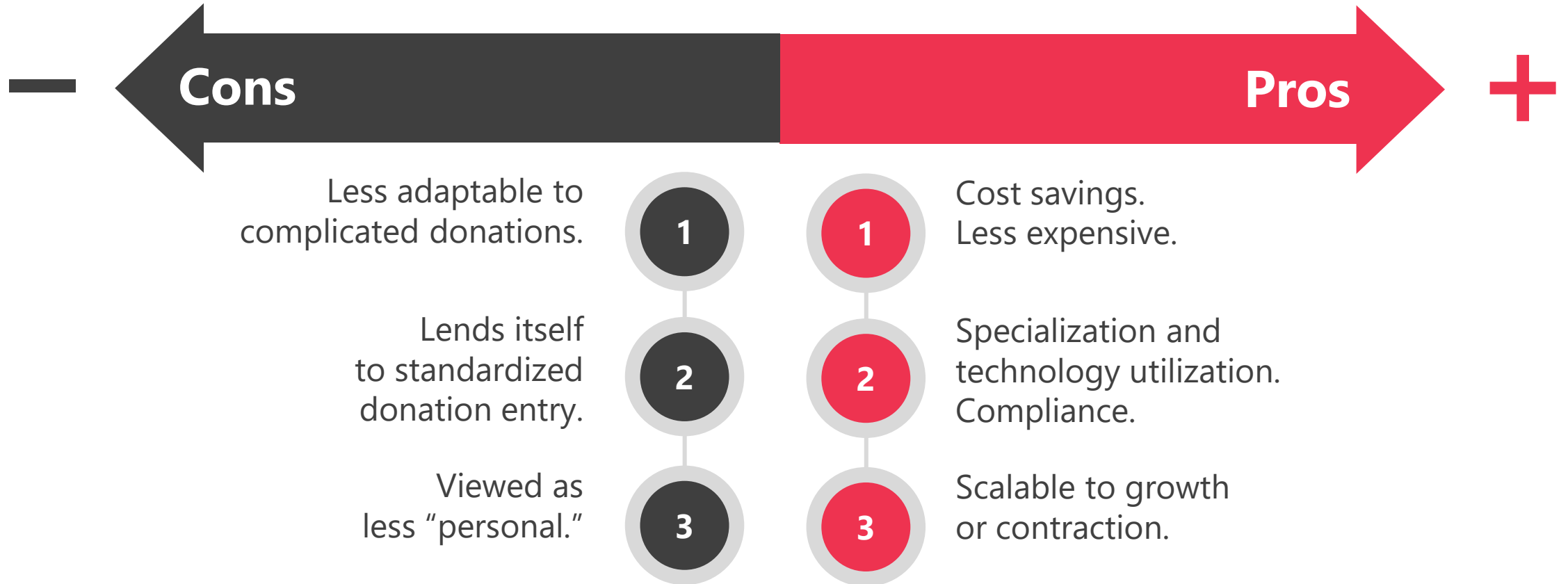- Retraining existing staff

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Gift Processing Cost Sample Breakdown

Process	Assumption	Cost Analysis
In-house Processing	FTE $35,000 per year Average 50 daily 261 working days (13,050)	$2.68 per donation
Outsourced	Assumed average $1.25 per processed donation	$1.25 per donation $16,312.50 per year
Potential Cost Saving		**$18,687.50**

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Gift Processing Considerations

Cons ← | → **Pros**

Cons

1. Less adaptable to complicated donations.

2. Lends itself to standardized donation entry.

3. Viewed as less "personal."

Pros

1. Cost savings. Less expensive.

2. Specialization and technology utilization. Compliance.

3. Scalable to growth or contraction.

Questions?

Additional Resources Found At:

Bwf.com/CurrentResources