


Metrics, ROI, and Improving the Bottom Line: A How-To Guide to Demonstrating the Impact of Donor Relations

Cheryl Lintner

Assistant Director of Donor Relations

RWJ Health System

A black silhouette of a city skyline, including several prominent skyscrapers, spans the top of the slide. The skyline is set against a white background.

6th Annual New York City Regional Conference
March 11, 2016

What Do Donor Relations Metrics Look Like?

Donor Relations Goals

- (1) Engage donors so they give again...and again....and again
- (2) Engage donors so they increase their giving

A black silhouette of the New York City skyline is positioned at the top of the slide, spanning the width of the page. It includes recognizable buildings like the Empire State Building.

6th Annual New York City Regional Conference
March 11, 2016

Causation vs. Correlation

Metrics: A How-To Guide

Phase I: Defining the Tools Used for Measurement

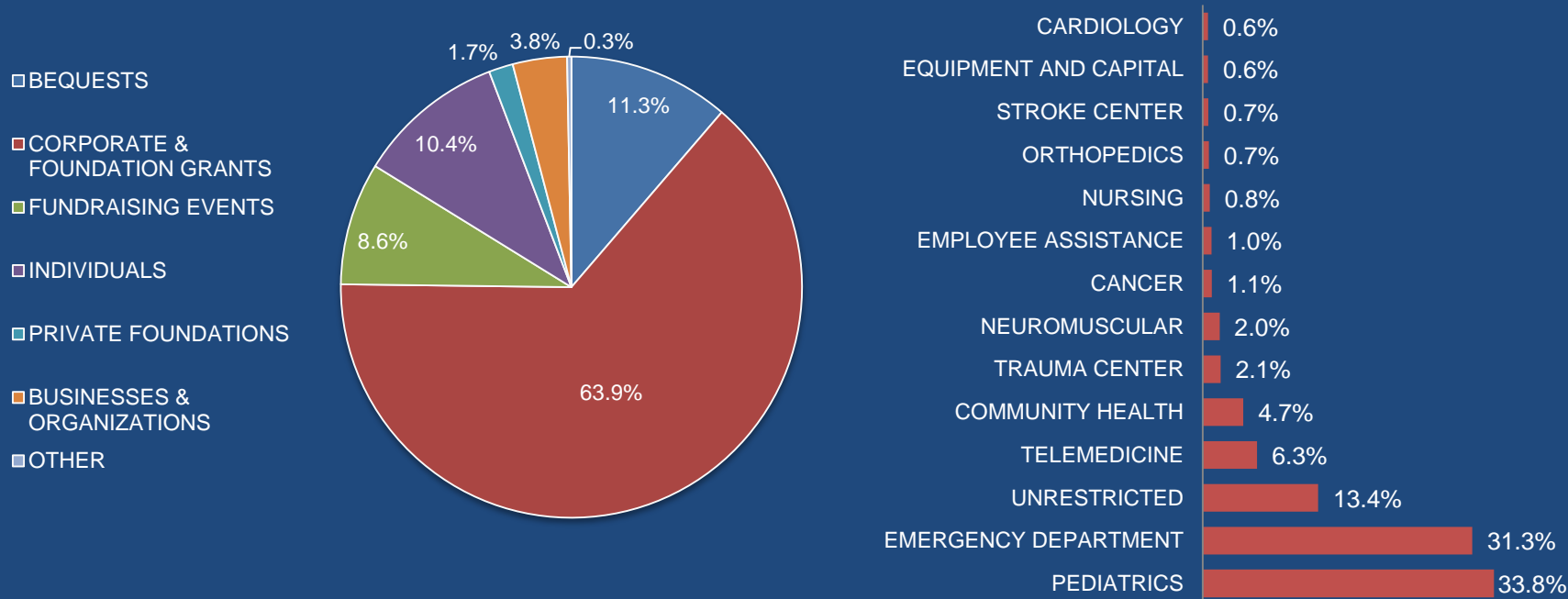
Phase II: Using Metrics to Measure the Effectiveness of your Tools

Phase III: Turning your Metrics into a Quantifiable Return on Investment

Phase IV: Continuing to Improve the Bottom Line

Phase V: Showing Results

Know Your Donors



Phase I: Define Your Tools



Tools = YOUR ACTIONS



Metrics gauge donor response
= OUTCOMES

Phase II: Measure the Effectiveness of Your Tools

Donor Retention

Increased Giving

Long-Term Donor Loyalty

Let's say you have 1,000 donors...



And 400 of them gave again...



**And 300 of those retained donors were engaged by a
Donor Relations action prior to that gift...**



Back to our example with 40% retention



**These retained donors received your impact report
and then made that next gift...**



These retained donors received your honor roll and then made that next gift...



Timing is Everything



Phase II: Measure the Effectiveness of Your Tools

Donor Retention

Increased Giving

Long-Term Donor Loyalty

Phase III: Quantify Return on Investment

How much did you spend on your tools?

What were the total subsequent dollars gained from donors engaged by those touches?

Donor Lifetime Value (LTV)

Let's say attrition (loss of donors) is 60%, and your average donation is \$120 per year...



\$200 lifetime giving



\$80,000 lifetime giving

How does retention affect LTV?

Let's say attrition (loss of donors) is only 55%, and your average donation is \$120 per year...



\$218 lifetime giving



\$87,200 lifetime giving

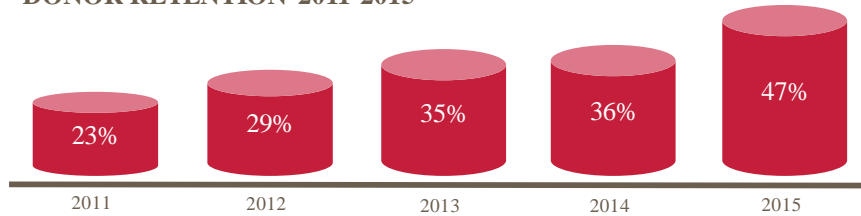
Phase IV: Improve the Bottom Line

Look at *how* you package Donor
Relations actions

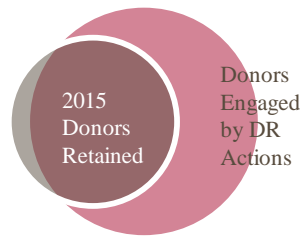
Phase V: Show Results

Here's what it might look like...

DONOR RETENTION 2011-2015



Donor Retention is calculated as the percent of donors retained from one year to the next. Retention rates over 3-year and 5-year spans are dramatically lower. For example, 3-year retention in 2015 was 25% and 5-year retention was 13%. The preceding 3-year retention rate was slightly higher at 26%. However, the preceding 5-year retention rate was only 7%, suggesting the 2015 increase represents a longer term upward trend.



Upon closer analysis of retained donors, the data reveal that **89%** of those retained donors were engaged by Donor Relations actions prior to making that next gift. This suggests a positive correlation between Donor Relations actions and donor retention.

DONOR RELATIONS ACTIONS BY TYPE

Grouping specific Donor Relations actions by type allows us to analyze the impact of different types of donor engagement on donor retention.

APPRECIATION	RECOGNITION	STEWARDSHIP	EVENTS
2,589 Total Actions	302 Total Actions	28,408 Total Actions	18 Total Actions
71% of All Donors Retained	18% of All Donors Retained	78% of All Donors Retained	1% of All Donors Retained

RETAINED DONOR LIFETIME VALUE



Donor Lifetime Value (LTV) is calculated by dividing the average annual donation by the attrition rate (donors lost). As retention increases, so does a donor's lifetime value. For example, the 2015 retention rate and LTV both increased significantly from 3 years ago, which reflected a retention rate of 29% and LTV of \$5,317.

INCREASED GIVING

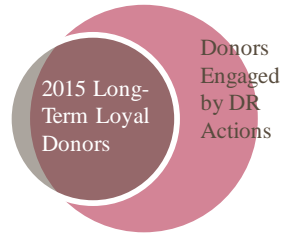
26% of donors increased their gift from the prior year



In 2015, 247 donors increased their giving from the prior year. This figure excludes new donors, and it represents 26% of all donors retained. Moreover, in looking closely at that group of donors with increased giving, we see that nearly **88%** of them had been engaged by Donor Relations actions during the year.



LONG-TERM DONOR LOYALTY



Long-term donor loyalty is defined as donors who have continued to give to the organization for five or more years consecutively. Although the retention of these donors is below the 1-year and 3-year retention rates, in 2015 **92%** of our long-term loyal donors had been engaged by Donor Relations actions prior to making that next gift.

SPECIFIC PROJECT ANALYSIS

This approach allows us to examine the effectiveness of specific projects. For example, in 2015 we produced a stewardship report **Your RWJ New Brunswick Impact**. The retention data reveal that of the overall group of donors retained, **76%** had received this communication prior to making their next gift.

PRINT AND EMAIL

49% of responding group



PRINT ONLY

36% of responding group




EMAIL ONLY

15% of responding group



Problems & Challenges

- To count or not to count
- Data integrity and reliability
- Effect of annual giving/direct mail solicitations
- Factoring in gift officer solicitations
- Top-down or bottom-up?

A black silhouette of a city skyline, including the Empire State Building, spans the top of the slide.

6th Annual New York City Regional Conference
March 11, 2016

THANK YOU!

Cheryl Lintner
Assistant Director of Donor Relations
RWJ Health System
Cheryl.Lintner@rwjuh.edu