Improving Major Giving on the Margin: What to Expect from Adding an Officer

Actionable Insight for Advancement Leaders

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Reeher provides software services to help leading universities improve their fundraising performance. To find out more about Reeher, please visit **www.reeher.net**

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The Power of Marginal Thinking?

There is little question that gift officers make vital contributions to the overall advancement program. Their interactions and relationships with constituents help raise awareness of the institution's mission, fund specific projects and achieve broader goals. Gift officers help potential donors find the connections and projects that interest them, with the goal of providing a meaningful way for those donors to give back. Officers are also essential in stewardship and maintaining ongoing relationships.

When it comes time to build or expand a major giving team, the prevailing challenges for executives that lead major giving teams are often more management questions than mission questions. When does it make sense to add a gift officer? How many officers are enough? How can managers set goals and gauge success?

It's not uncommon for institutions to have a rule of thumb that the average dollars raised for an officer is at least $1 Million per year, so officers are added "on the margin" to aim for some incremental increase in dollars raised. It's not hard to see that setting expectations based on an average target can be misleading, since a newly added officer is an outlier and often below average gifts in terms of the dollars raised at the beginning of his or her tenure at an institution. This brings a challenge of setting realistic goals and practical plans for investing in officers.

In this report, we'll look at real data collected with permission from institutions that use the Reeher Platform's shared system to measure gift officer impact and maximize results. As we consider how much value the addition of a gift officer provides to their advancement program, having a common set of metrics, standard definitions and an even playing field of prospects is critical to having meaningful insight that can be applied within any college or university.

This report contains extracts and observations from a Reeher Vista Research Report, *Measuring the Value of a Gift Officer,* which was provided to all Reeher Platform customers at the annual Vista Executive Conference as a part of Reeher's ongoing research to provide its customers with meaningful analysis. The colleges and universities that are part of this group represent a wide set of institutions, including public and private, an array of number of constituents, and programs raising $5 Million in private donations per year up to those raising well over $100 Million.

Not All Prospects are Created Equal

Before thinking about the internal resources to add to improve major giving, let's review the sources of those significant gifts. Reeher has developed a framework for analyzing an organization's major gifts, which places every donation into one of three categories based on their origin and future expectations: Bluebird, Pipeline or Evergreen. Although every institution has different constituents with unique characteristics, each receives major gifts from these three sources.

Definitions for these three sources are as follows:

Bluebirds:	Gifts that arrive "ready to donate" but weren't necessarily identified by previous prospect research and hadn't been courted by a gift officer.

Pipeline:	Prospects in the Pipeline group often come from detailed research and are assigned to gift officers. The majority of major gift fundraising efforts and expenses are aimed at this group.

Evergreen:	Major donors that make repeated, predictable commitments. Moving donors from the Pipeline group to the Evergreen category comes from good stewardship.

These groups each see your institution differently and they also react differently to increased investment and efforts to reach them. Knowing where to invest to improve your chances of getting donations from each of these groups enables you to make confident decisions in adding staff, assigning prospects and setting expectations.

As officers are hired on the margin, consider what this means for prospects:

- **Evergreens** are managed by current officers, with long-term strong relationships, which means there are few, if any, available for new officers
- Since **Bluebird** prospects are by definition unknown and unpredictable, adding new gift officers will not increase gifts from this set of donors
- New officers can add considerable value by doing discovery and building relationships with **Pipeline** prospects

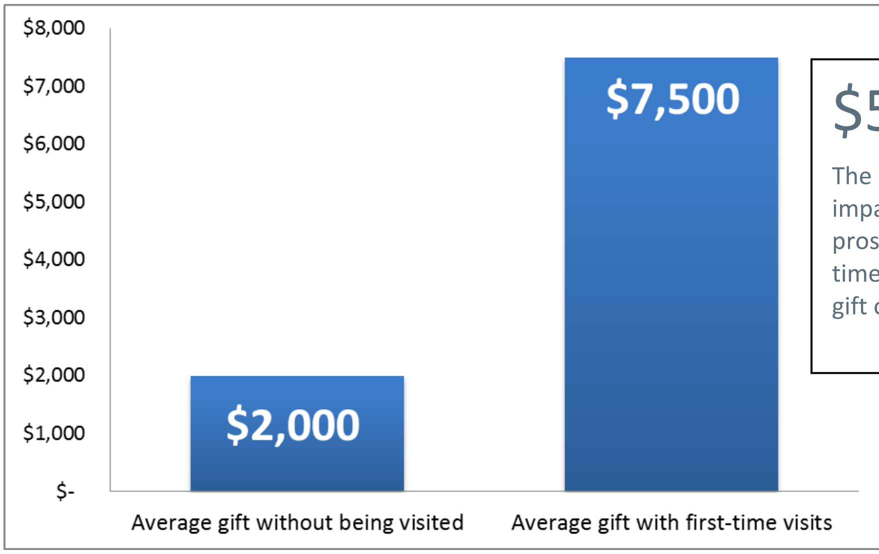
Since the value of additional gift officers comes from Pipeline activities, the importance of identifying the best possible prospects, a disciplined approach to making contact, doing discovery and generating proposals. In turn, having tools in place to help officers maximize their efforts is critical. Too often, the expectations of an additional officer are based on the average result, which leads officers to spending time with any available Evergreens rather than the lower yield Pipeline prospects.

The Giving Multiplier: The Effect of New Assignments and Visits

In order to determine the effect of adding a gift officer to the team, we need to isolate a set of key metrics to get a clearer picture of their expected impact.

First, we'll consider the average commitments for the last five fiscal years. But rather than looking at all gifts in this timeframe, let's consider only those constituents who have been visited for the first time in the last three years. This allows us to look at the average commitment values before an officer visited them, and then compare that to results after contact has been made by an officer.* This change in giving shows us how the addition of that officer and their contacts add value to a relationship. This analysis provides compelling insight.

Prior to being visited, these constituents were donating approximately $2,000 per year. Over the next three years in which they were visited by a gift officer, the average commitment increased to roughly $7,500. The difference between these two averages, the period *without* visits ($2,000) and the period *with* visits ($7,500) is $5,500. This difference tells us that for the prospects studied, adding a gift officer to a relationship increases the average commitment value by $5,500 within the first three years of a prospect being visited.



$5,500

The average impact on a prospect of a first-time visit from a gift officer.

While the above represents the average dollar impact across a diverse set of colleges and universities using the Reeher Platform, every school has its own *Giving Multiplier*. The ***Giving Multiplier*** is an estimate of the increase that adding an officer and visits has on lifting the average commitment level once a prospect is visited. The multiplier is calculated by dividing the average gift after visits by the average gift before being visited by an officer. In our research, the average Giving Multiplier is 3.75, determined by comparing the average amount given in the two fiscal years prior to being visited ($2,000) and the average amount given in the last two fiscal years ($7,500) when the constituent was visited.

* This group includes constituents that were scored with the Major Giving Expected Value model. Limiting this analysis to those constituents with a Major Giving Expected Value score assures that only the solicitable pool of individual records is included and excludes the impact of corporation and foundation giving.

The Multiplier can be applied to your own pre-visit giving amount to better understand what to expect once a new officer is assigned to a new relationship. For example, if the average gift in the first two fiscal periods prior to being visited is $1,000, then you can expect that on average, assigning an officer in the next three year period will result in an giving increasing to $3,750 in that time period. If new prospect assignments are not increasing their average commitment by 3.75 in the first three years, then you may need to evaluate the quality of the prospect assignments or the execution in your officers' solicitations. This helps set expectations for the overall portfolio for new officers and their assigned prospects.

Measuring the Work: Visit and Proposal Analysis

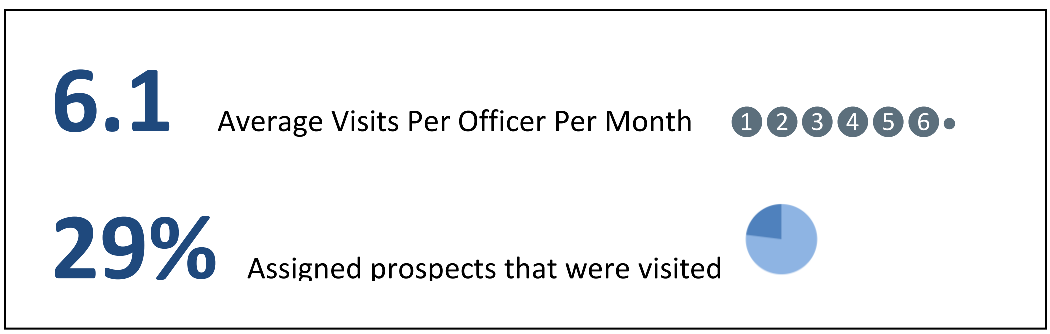
Officers create measurable value through making visits and closing proposals. Adding officers means an increase in this activity and consequently the value generated. As a result, an institution often sets goals for the number of visits they expect their gift officers to make as well as how many proposals will be created throughout a given time period.

To evaluate how much work goes into moving a major gift prospect through the pipeline, activities need to be isolated to determine what really matters. For the purpose of this analysis, a "full-time" gift officer is defined as any officer carrying at least 100 prospects. While this definition varies by institution, for the purposes of this analysis, a clear cut-off is important.

When observing this group of "full-time" gift officers, the meaningful and measured activities vary significantly.

In this study, the average number of officer visits per institution varied quite a bit, but the average number of visits per officer for fiscal year 2012 was 73, or 6.1 per month. Across all customers included in the analysis, on average, officers visited 29 percent of the assigned prospects in their portfolios.

Officer Visits and Portfolio Reach



Beyond measuring the number of visits and percent of a portfolio a gift officer is able to visit, effective officer management includes being able to evaluate what kinds of prospects are being visited. Visits come from three sources: soliciting existing relationships, cultivating developing relationships, and seeking out new relationships.

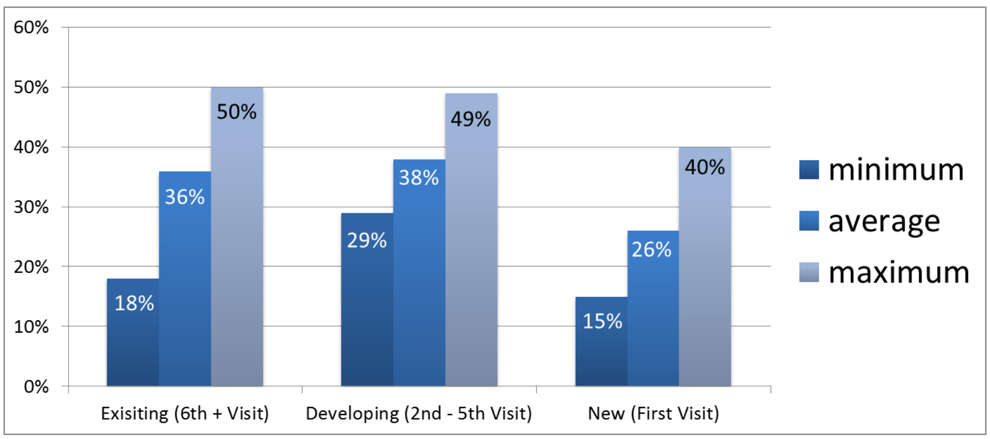
When looking at what types of prospects were being visited for each participating institution, the distribution falls among three categories. For uniformity, we define these groups as follows:

- **New Relationships**: Prospects receiving their first visit ever. Example: a newly identified and assigned prospect.
- **Developing Relationships:** Prospects receiving their second to fifth visit. Example: a prospect who had been visited up to 4 times at any point before 2012.
- **Existing Relationships:** Prospects receiving their 6th or more visit. Example: a prospect who has been consistently visited in the past and visited in 2012.

There tends to be a fairly even distribution for visits among these three types. Twenty-six percent of the visits were allocated to new relationships, 38 percent to developing relationships and the remaining 36 percent were with existing relationships.

Looking closer at the distribution of visits over these categories, it is clear that different institutions and groups of gift officers have widely different approaches to visiting these types of relationships.

Percentage of Visits by Relationship Category



What is the right mix of visits in each of the above categories?

Each type of prospect is important, and diversity is essential for strong portfolios. The kind of prospects that an officer should be spending their time with can often be evaluated by thinking about their portfolio type and their tenure in the role. For example, established officers who have been working with their prospects for many years are likely managing mostly evergreen relationships, while newer officers are likely managing relationships that require heavy cultivation and investment. The goals and performance metrics for these officers will look very different, and may need to be adjusted based on their different portfolio types.

Conclusion

Changes in prospects, donors, technology and management methods have ushered in a new era of gift officer management. Compound these changes with the need to maximize effectiveness while controlling costs, and the challenges of sustained improvement in major giving results may seem daunting. However, data-driven insight and new best practices provide even seasoned executives with the proven methods to apply to improve their results.

As you make choices about investments in people, tools, data and service to help you improve fundraising, a shared management system will help you make confident, informed decisions that drive better results, faster than alternatives. Components of the Reeher Platform are aligned with improving officer performance and fundraising results:

Targeter and Expected Value Index Predictions
Gift Officers, Prospect Research and Management and Major Giving Leaders use the user-friendly Targeter query tools and custom-built predictions to find the best prospects. Targeter is also used to plan officer travel, build the business case for adding new officers and much more.

Officer Performance Dashboard
Major Giving executives use the views in the Officer Performance Dashboard to manage the portfolios and activities of officers. Each view is designed specifically to maximize officer efficiency and improve results.

Proposal and Contact Dashboard
Major Gift officers and executives use the Proposal and Contact Dashboard to manage the gift pipeline, forecast results, and allocate prospects based on real up-to-date performance metrics.

Push Reporting
Officers and their managers can schedule user-friendly Push Reporting functionality in the Platform to automatically email update related to moves management, portfolio updates and critical activities like proposals or substantive contacts.

iPhone Application
The Reeher Mobile application gives officers even more flexibility in viewing their prospects and portfolio, all in their pocket, updated every day.

Vista Benchmarking and the Reeher Community
Subscribing to the Reeher Platform is much more than just a set of software tools. Each institutions gets access to a powerful peer network of fellow higher education advancement leaders, which includes Vista benchmarking, working groups focused on solving in-depth challenges and updated research on topics important to university fundraising.

Using the Reeher Platform's shared management system helps leaders at colleges and universities make sound decisions about adding new officers and maximize the value each officer provides. Assigning the best possible mix of prospects, motivating officers to take the best course of action and constantly evaluating results will help you build a confident path for major giving success. The Platform can be in place for your entire staff in eight weeks, giving you the fast track to better results.

Reeher provides a shared management system to help universities improve their fundraising performance. To find out more about Reeher, please visit **www.reeher.net**

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