

Benchmarking ROI in an Era of Elevated Expectations

Findings from the Advancement Investment and Performance Initiative's Inaugural Year

Jeff Martin, Senior Consultant
jmartin@eab.com

Downloading the Data Workbook

Easy Access to the Benchmarking Landing Page



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ADVANCEMENT
FORUM

Advancement Investment and Performance Initiative

Delivering an Annual Evaluation of Return on Investment, Resource Allocation, Staffing, and Structure

Benchmarks | September 7, 2017



Welcome to the Advancement Forum's benchmarking service home page.

Data collection for the Advancement Investment and Performance Initiative is currently open. The deadline to submit your data is Friday, November 17. Please forward any questions to aipi@eab.com.

Advocating for advancement investment

Today, institutions of all types and sizes are feeling pressure to cut costs. In this climate, advancement professionals seek a trusted data source to justify a known fact—you can only cut advancement expenses so far before those cuts put the ability to raise philanthropic revenue at risk.

The Advancement Forum's Advancement Investment and Performance Initiative (AIPI) provides chief advancement officers with data to systematically compare the performance of their internal operations to similar institutions and cohort averages. It is designed to provide data in three key areas currently unavailable within other benchmarking products:

- Insight into fundraising return on investment (ROI)
- Guidance for goal setting and strategy development
- Benchmarks of staffing resources necessary to achieve goals

[Download the benchmarking workbook →](#)

All the materials you need can be located at

www.eab.com/af/aipi

- Workbook download link
- Initiative overview
- FAQs

Data submission deadline is Friday, November 17

Delivering Our Findings in a Variety of Formats

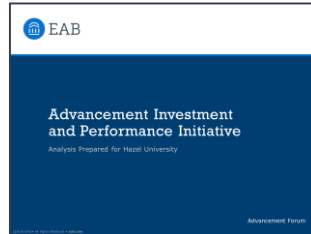
The Medium Is the Message with Benchmarking Data

Customized White Paper Reports



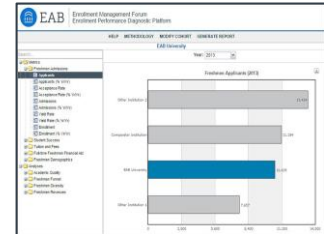
- PDF format
- Explanatory text accompanies charts and graphs

Board-Ready Presentation Slides



- PPT format
- Streamlined layout
- Formatted for inclusion in institutional documents

Forthcoming: Online Analysis Tool



- Flexible peer group parameters
- Open to entire team
- On-demand customized data pulls



Focusing on Investment and Performance

To “Cost to Raise a Dollar” and Beyond

Investment



- ▶ Financial costs and staffing levels across advancement functions

Advancement Functions

- Development
- Alumni Relations
- Advancement Services
- Marketing and Communications
- Advancement Management

Types of Investment

- Salary
- Benefits
- Operating Expenditures
- Capital Expenditures
- Staff FTEs (*with deep dive on development*)

Performance



- ▶ Total fundraising production from FY2013 through FY2015

Fundraising Production

- Total donors
- Total value of gifts

Giving Pyramid Analysis

- \$1-\$999
- \$1K-\$4.9K
- \$5K-\$9.9K
- \$10K-\$24.9K
- \$25K-\$99.9K
- \$100K-\$249K
- \$250K-\$499K
- \$500K-\$999K
- \$1M-\$2.49M
- \$2.5M-\$4.9M
- \$5M-\$9.9M
- \$10M-\$24M
- \$25M+

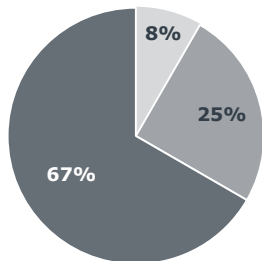
- ▶ **Comprehensive investment data** from all participating member institutions allows for “apples-to-apples” comparisons

- ▶ Fundraising production focuses on the **total face value of gifts** to show how well an advancement shop is performing given current investments

From Across the Higher Ed Landscape

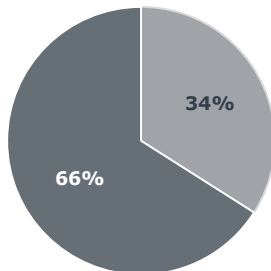
A Profile of the 85 Participating Institutions

Carnegie Classification



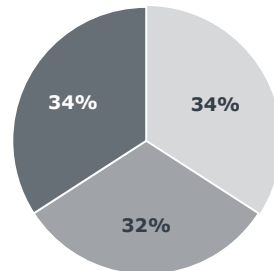
- Baccalaureate
- Master's
- Research

Institutional Control



- Private
- Public

Campaign Status



- None
- Quiet
- Public

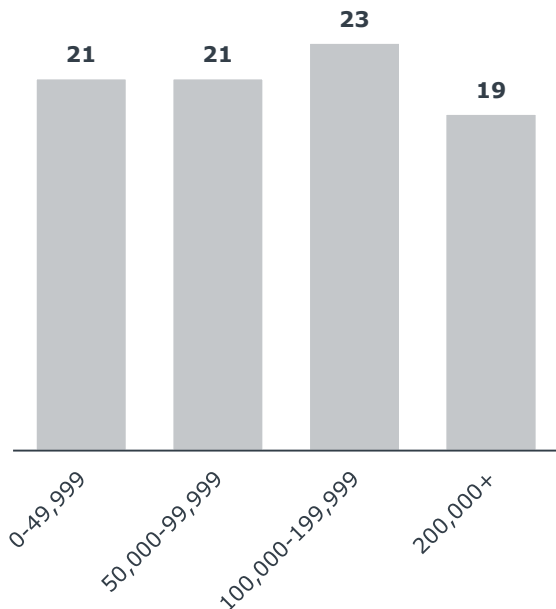


The most common institution type is a **public research university** in the **public phase** of a capital campaign (17 institutions in the cohort)

All Shapes and Sizes

Alumni of Record Totals Vary Widely, but Concentration in Four Categories

Number of Institutions in Cohort by Alumni Population Size



Benchmarks for Alumni Size

Benchmark	Total
Minimum	7,175
25 th Percentile	50,288
Median	97,929
75 th Percentile	173,447
Maximum	639,904



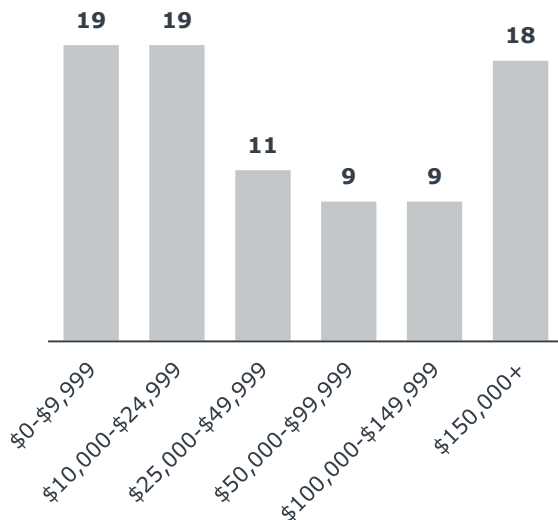
11.2 million alumni are affiliated with the 85 participating institutions

Across the Fundraising Productivity Spectrum

Making an Impact at Myriad Levels

Number of Institutions in Cohort by Total Fundraising Production

Fundraising Production Totals Listed in Thousands of Dollars



Benchmarks for Fundraising Production

Benchmark	Total
Minimum	\$1,060,728
25 th Percentile	\$10,939,858
Median	\$27,791,646
75 th Percentile	\$119,256,658
Maximum	\$621,631,965



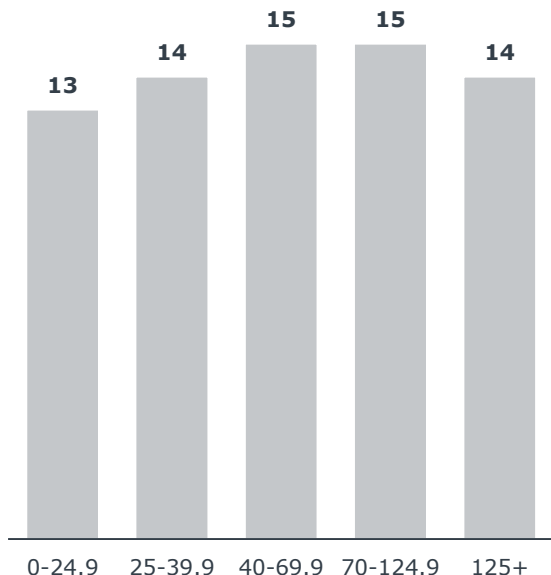
Participating institutions collectively raise **\$6.4 billion** annually

From Start-Up to Resource-Heavy

Advancement FTE Counts Range from Under 10 to Over 600

Number of Institutions by Total Advancement FTEs

FTEs Include All Advancement Functions



Benchmarks for Total FTEs

Benchmark	Total
Minimum	8.5
25 th Percentile	28.0
Median	56.0
75 th Percentile	129.4
Maximum	617.8

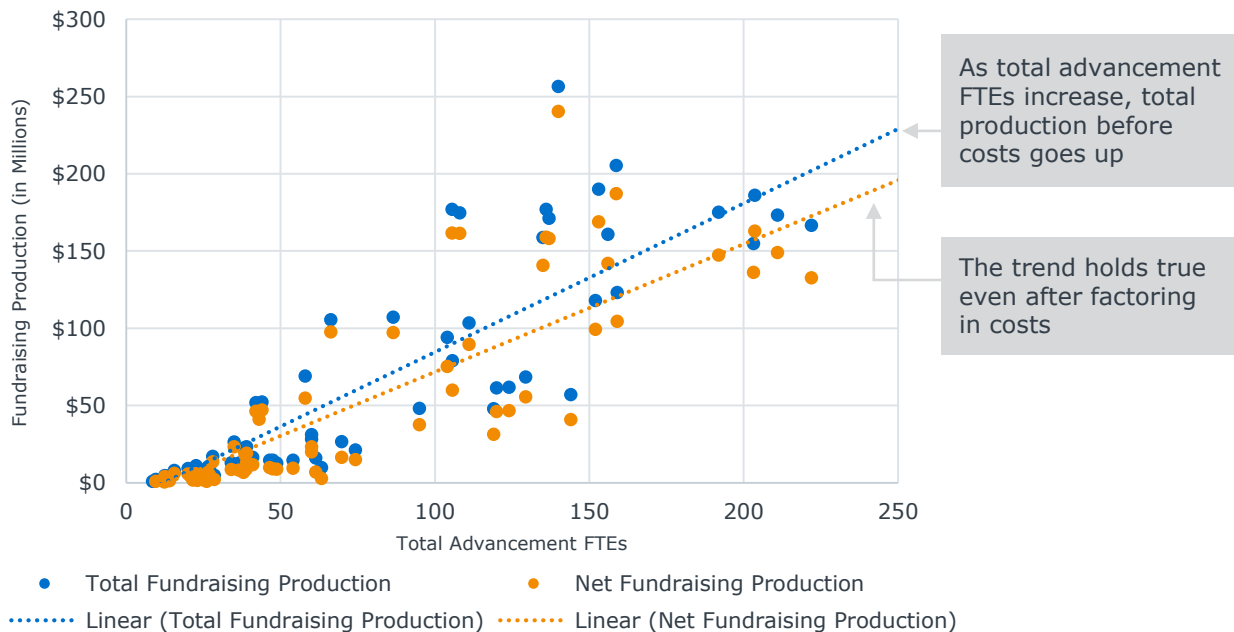
Over **7,300 advancement professionals** are employed at participating institutions



Fundraising Production Tracks with FTE Counts

Growth in Shop Size Boosts Top- and Bottom-Line Returns

Total and Net Fundraising Production by Advancement FTEs



Total Fundraising Production by Number of Advancement FTEs

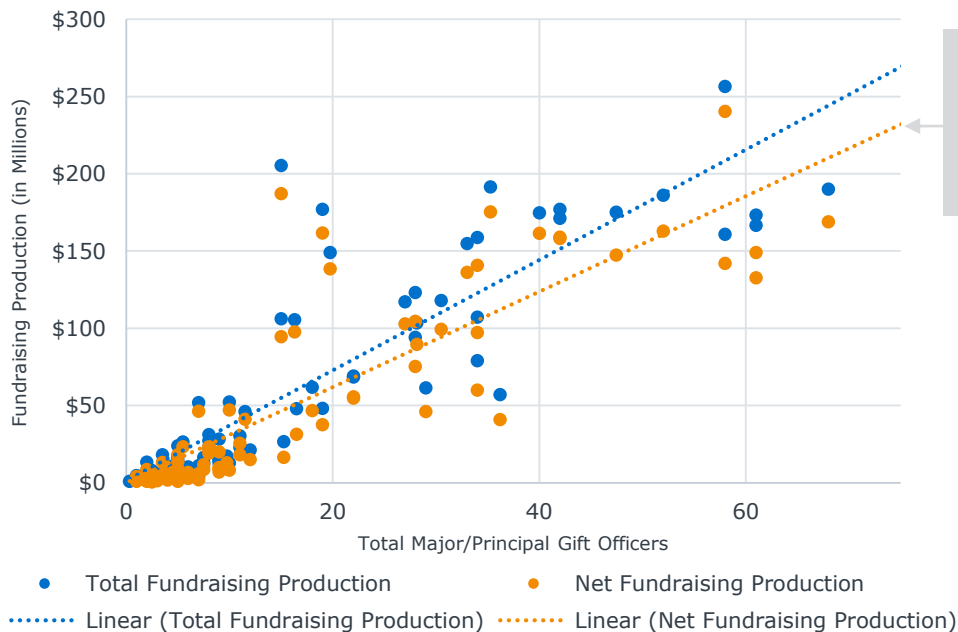
Cohort Benchmarks

Total FTE Count	25 th Fundraising Production Percentile	Fundraising Production Median	75 th Fundraising Production Percentile
0-24.9	\$2,471,308	\$4,697,330	\$7,465,292
25-39.9	\$7,988,658	\$12,898,475	\$19,370,124
40-69.9	\$14,612,024	\$26,656,640	\$51,869,140
70-139.9	\$61,538,218	\$94,227,137	\$171,249,689
140+	\$146,983,749	\$174,203,182	\$218,182,603

Development FTEs Have an Outsized Impact

Investments in Fundraising Staff, Especially MGOs, Drive High Returns

Total and Net Fundraising Production by Major/Principal Gift Officers



Fundraisers who focus on major and principal gifts bring in multiples their cost each year

Total Fundraising Production by Number of Major/Principal Gift Officers

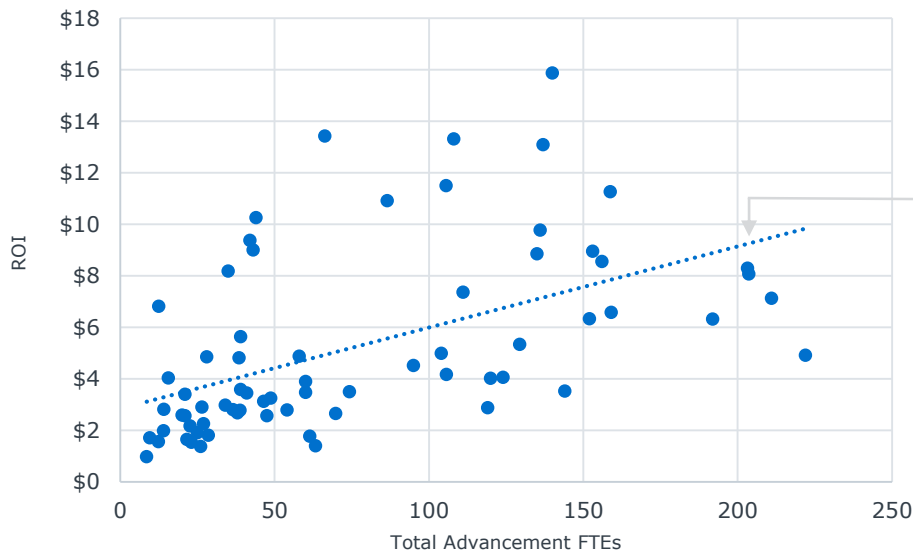
Cohort Benchmarks

Total Major/Principal Gift Officers	25 th Fundraising Production Percentile	Fundraising Production Median	75 th Fundraising Production Percentile
0-4.9	\$2,863.29	\$4,791.87	\$8,698.92
5-9.9	\$10,287.46	\$14,736.24	\$23,933.45
10-19.9	\$26,656.64	\$48,273.93	\$106,238.80
20-49.9	\$76,477.02	\$117,609.82	\$172,112.96
50+	\$168,293.92	\$188,062.24	\$432,586.04

ROI Growth Driven by Staffing Growth

Every Additional FTE Accelerates Fundraising

Return on Investment (ROI) by Advancement FTEs¹



Positive correlation between number of advancement FTEs and ROI

Additional FTEs don't just bring in more revenue; they bring it in at a faster rate

1) ROI calculated based on fundraising production before costs divided by total advancement expenditure.

ROI by Total Number of Advancement FTEs

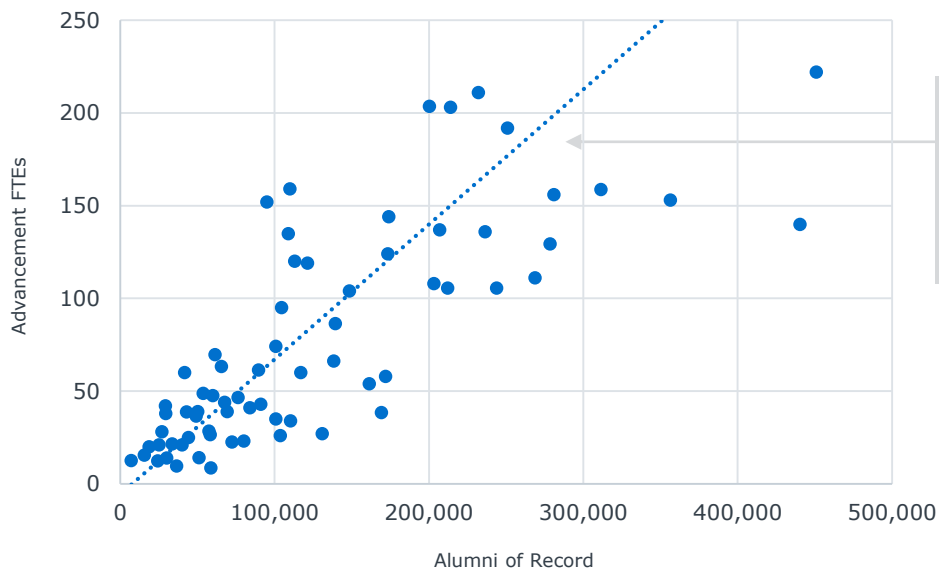
Cohort Benchmarks

Total FTE Count	25 th ROI Percentile	ROI Median	75 th ROI Percentile
0-24.9	\$1.61	\$2.17	\$3.11
25-39.9	\$2.17	\$2.86	\$4.83
40-69.9	\$2.65	\$3.45	\$9.01
70-139.9	\$4.06	\$5.34	\$10.92
140+	\$6.33	\$6.99	\$8.66

But Is Staff Size Just a Proxy for Alumni Size?

Very Strong Correlation Between Alumni of Record and Advancement FTEs

Advancement FTEs by Total Alumni of Record



Unsurprisingly, institutions with larger alumni populations have larger advancement teams

Advancement FTEs by Alumni Population Size

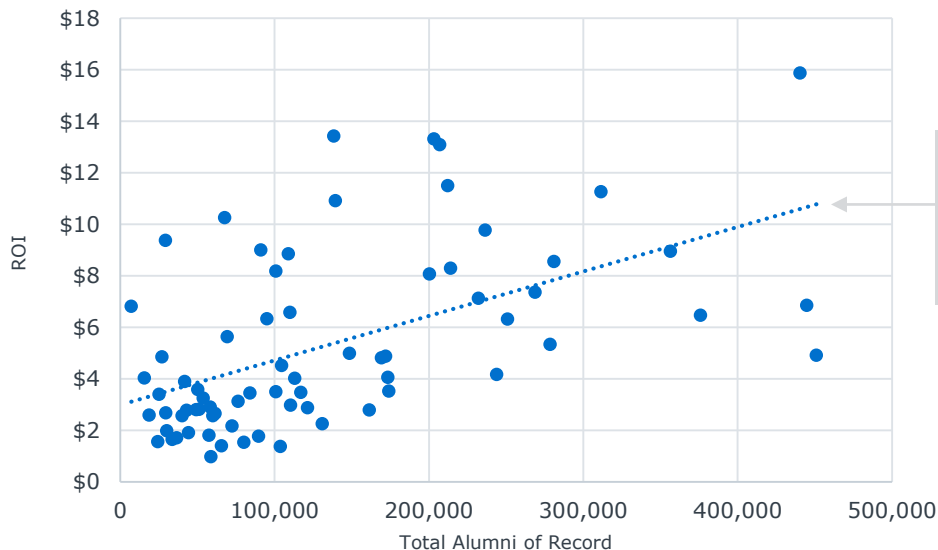
Cohort Benchmarks

Alumni Population Size	25 th Staffing Percentile	Staffing Median	75 th Staffing Percentile
0-49,999	14	21	38
50,000-99,999	26	42	52
100,000-199,999	39	74	120
200,000+	125	155	205

Size Brings Efficiency

As Alumni of Record Total Grows, So Too Does ROI

Return on Investment (ROI) by Alumni Population Size



Fundraising gets more efficient when advancement officers operate in larger prospect populations

ROI by Alumni Population Size

Cohort Benchmarks

Alumni Population Size	25 th ROI Percentile	ROI Median	75 th ROI Percentile
0-49,999	\$1.92	\$2.73	\$4.00
50,000-99,999	\$1.81	\$2.86	\$4.10
100,000-199,999	\$2.98	\$4.06	\$6.59
200,000+	\$6.43	\$8.19	\$11.33

A More Nuanced Approach

Segmenting by Size, Focusing on Top Performers



Smaller Institutions

Fewer than 100,000 Alumni of Record



High-ROI Shops

*Median ROI: **\$3.90***

These shops achieve high returns despite their often limited prospect pools



Low-ROI Shops

*Median ROI: **\$1.91***

Scale eludes many of these shops, as underinvestment in advancement complicates efforts to efficiently cultivate donors



Larger Institutions

More than 100,000 Alumni of Record



High-ROI Shops

*Median ROI: **\$8.86***

These shops capitalize on great opportunities by deploying innovative advancement strategies



Low-ROI Shops

*Median ROI: **\$4.04***

Despite comparatively high ROI within the cohort as a whole, these shops have lower ROI than their large-school peers

Increasing Prospect Coverage

Top-ROI Institutions Focus on “Staffing Density”

Advancement Staffing per 10,000 Alumni of Record

Smaller Institutions

	Top ROI	Bottom ROI
Advancement FTEs	7.8	5.6
Development FTEs	3.2	2.7
Major or Principal Gift Officers	1.4	1.0

Larger Institutions

	Top ROI	Bottom ROI
Advancement FTEs	5.8	5.0
Development FTEs	3.0	2.2
Major or Principal Gift Officers	2.0	1.2



Top-ROI institutions staff heavily across advancement—and particularly in development—in proportion to their alumni populations

Optimizing Staffing Across Functions

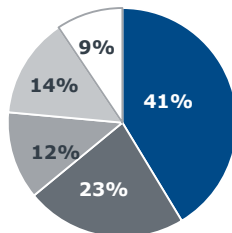
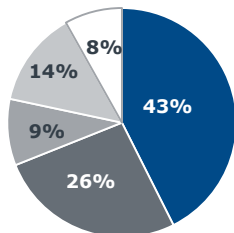
Shop Size Determines Where Marginal Investments Should Go

Percentage of FTEs Dedicated to Each Advancement Function

Smaller Institutions

Top ROI

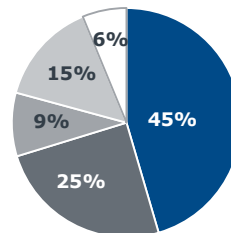
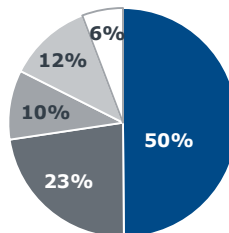
Bottom ROI



Larger Institutions

Top ROI

Bottom ROI



■ Development ■ Advancement Services ■ Marketing/Communications ■ Alumni Relations ■ Advancement Management

What Distinguishes Top-ROI Shops?

Smaller Institutions

Heavier Staffing: Development, Advancement Services

Lighter Staffing: Marketing/Communications, Advancement Management

Larger Institutions

Heavier Staffing: Development, Marketing/Communications

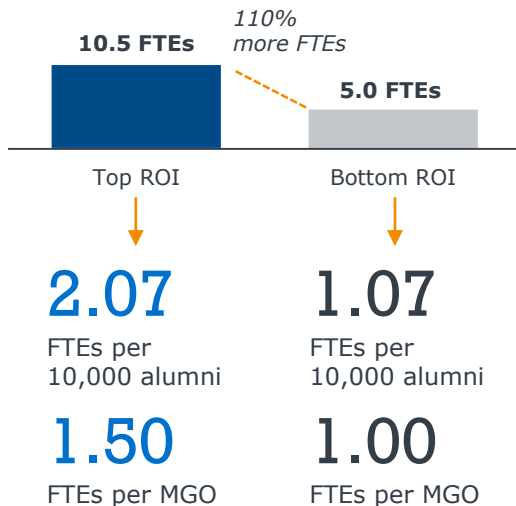
Lighter Staffing: Advancement Services, Alumni Relations

Supporting Frontline Performance

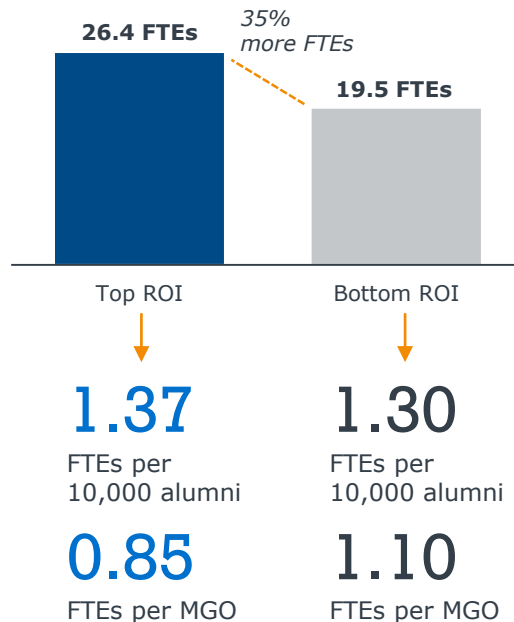
Advancement Services Key to Growing ROI

Advancement Services Staffing

Smaller Institutions



Larger Institutions

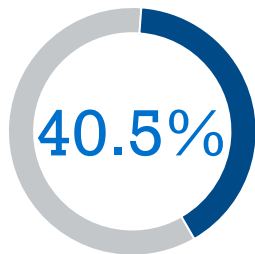


The Prospect Activation Imperative

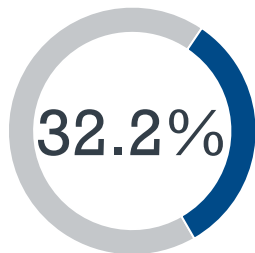
Regardless of Giving Level, Philanthropic Activity Key to ROI

Percentage of High-Net-Worth Households Giving at Any Level in Past Five Years

Smaller Institutions

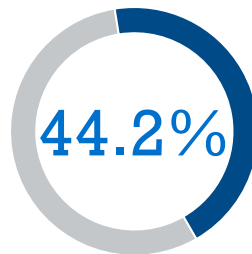


Of high-net-worth identified prospects at **top-ROI small institutions** have given in past five years

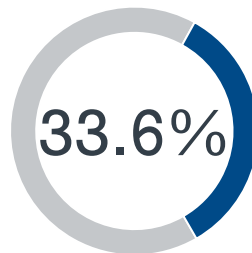


Of high-net-worth identified prospects at **bottom-ROI small institutions** have given in past five years

Larger Institutions



Of high-net-worth identified prospects at **top-ROI large institutions** have given in past five years



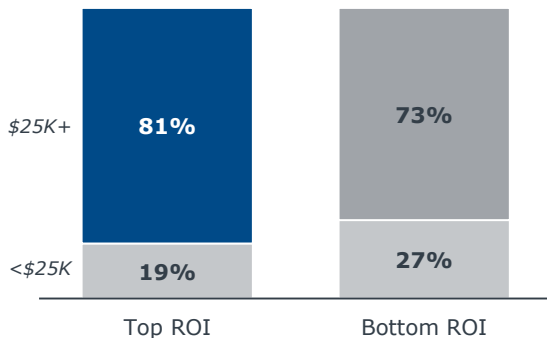
Of high-net-worth identified prospects at **bottom-ROI large institutions** have given in past five years

Success at the Top Means Success for the Shop

The Greater the Share of Revenue from \$25K+ Gifts, the Higher the ROI

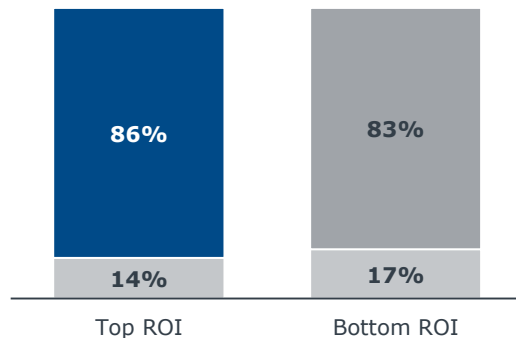
Revenue from \$25,000 Gifts as a Percentage of Total Revenue

Smaller Institutions



8% Greater share of total revenue comes from \$25K+ gifts

Larger Institutions



3% Greater share of total revenue comes from \$25K+ gifts

Major gifts are the most “efficient” fundraising revenue, requiring proportionately fewer resources to achieve immense revenue gains. Effectiveness here correlates with high ROI.



Capital Campaigns: The ROI Supercharger

Strong Determinant of High ROI is Campaign Status

Campaign Status

Smaller Institutions

Top ROI shops are highly likely to be in the public phase of a campaign:

47% Are in the **public phase** (and 24% are in the quiet phase)

Bottom ROI shops are unlikely to be in the public phase of a campaign:

18% Are in the **public phase** (and 41% are in the quiet phase)


Larger Institutions

Top ROI shops are highly likely to be in the public phase of a campaign:

53% Are in the **public phase** (and 32% are in the quiet phase)

Bottom ROI shops are unlikely to be in the public phase of a campaign:

28% Are in the **public phase** (and 33% are in the quiet phase)



Campaigns not only provide a call-to-action for donors. They also tend to bring increases in staffing that boost fundraising efficiency and yield high ROI.

Personalized Reporting for Every EAB Member



50+ Page Customized Cohort Report Offers In-Depth Analyses

Submit Data by November 17 to Receive your Personalized Benchmark Report

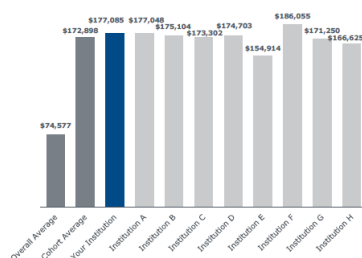
Fundraising Production and Advancement Investment

This graph explores the total fundraising production of the eight comparison institutions and your institution.

Fundraising production is defined as the full face value of new gifts and pledges. It excludes payments on past pledges.

To accurately capture each institution's typical performance (and smooth over extremes related to large gifts), the data here draw on the averages from three consecutive fiscal years (FY2014-FY2016).

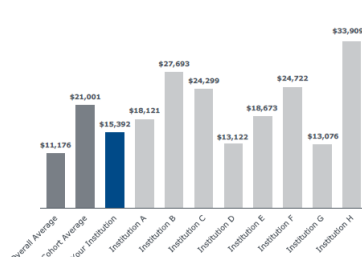
Total Fundraising Production (in Thousands)



This chart compares each institution's total advancement investment for a single fiscal year (FY2016).

Investment includes personnel expenditures (salaries and benefits), operating expenditures, and capital expenditures.

Total Advancement Investment (in Thousands)

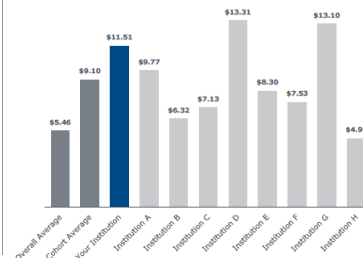


ROI and Cost to Raise a Dollar

Return on investment is defined as dollars raised per dollar of investment. It is one of the most revealing indicators of an institution's performance, rivaled only by funds raised per FTE (p. 11).

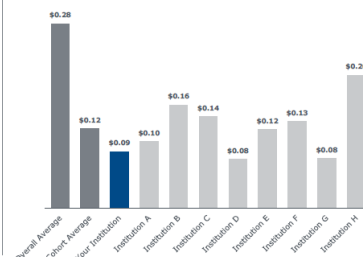
In keeping with our methodology, we use the three-year averages for fundraising production and a single year's data for investment.

Return on Investment



Cost to raise a dollar helps show the investment necessary to generate fundraising revenues. While it is a useful metric in the context of other performance indicators, advancement professionals and other institutional leaders should not fixate solely on minimizing the cost to raise a dollar. Doing so may ultimately undermine advancement revenues.

Cost to Raise a Dollar



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