



Accelerating Portfolio Churn

Part Three of the New Frontiers in Pipeline Development
Webconference Series

Advancement Forum

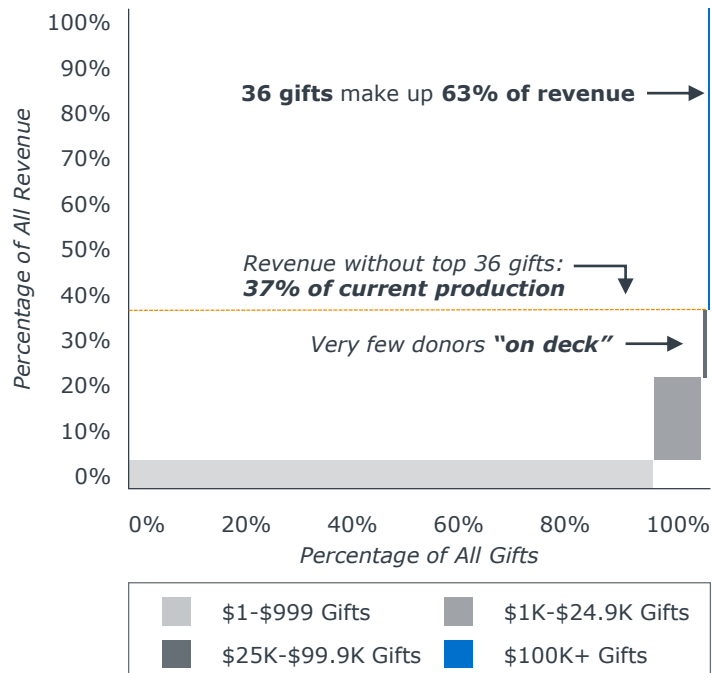


An Unstable Center of Gravity

Overreliance on Top of Giving Pyramid Creates Unsustainability Risk

Success Rests on Needle-Thin Donor Segment

Revenue and Gifts by Gift Level, 2014-2016 Average



Our Shrinking Island

"Relative revenue stability may be masking the significance of the underlying trend: nonprofits are receiving roughly the same amount of money from fewer and fewer donors each year. This is a strategy that may allow organizations to meet their revenue goals in the short term, but **may not be sustainable over the long term.**"

Target Analytics
donorCentrics Report, 2015

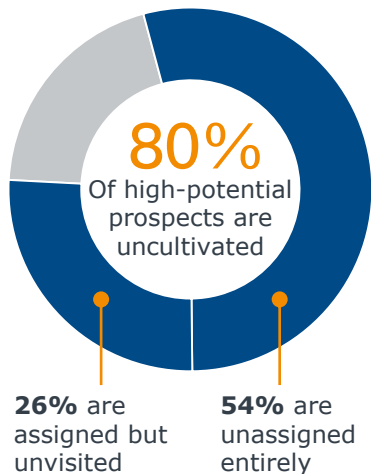
Source: EAB Advancement Investment and Performance Initiative, 2014-2016; Flannery H, et al., "donorCentrics Index," Target Analytics (2015), <https://www.blackbaud.com/files/resources/target-index-results-summary-q4-2015.pdf>; Advancement Forum interviews and analysis.

An Alarming Oversight

Data Analysis Reveals That High-Potential Individuals Often Go Ignored

Most Major Gift Prospects Are Overlooked

Reeher LLC, 2013



Poor Pipeline Penetration Leads to Millions in Lost Revenue

Advancement Investment and Performance Initiative, 2014-2016¹

Capacity Tier	Identified Prospects	Current Gifts in Tier	Minimum Untapped Capacity ²
\$100K-\$499.9K	2,235	28	\$13,958,143
\$500K-\$999.9K	220	4	\$4,766,141
\$1M-\$9.9M	179	4	\$9,546,403
\$10M+	16	0	\$10,000,000
Total	2,650	36	\$38,270,687

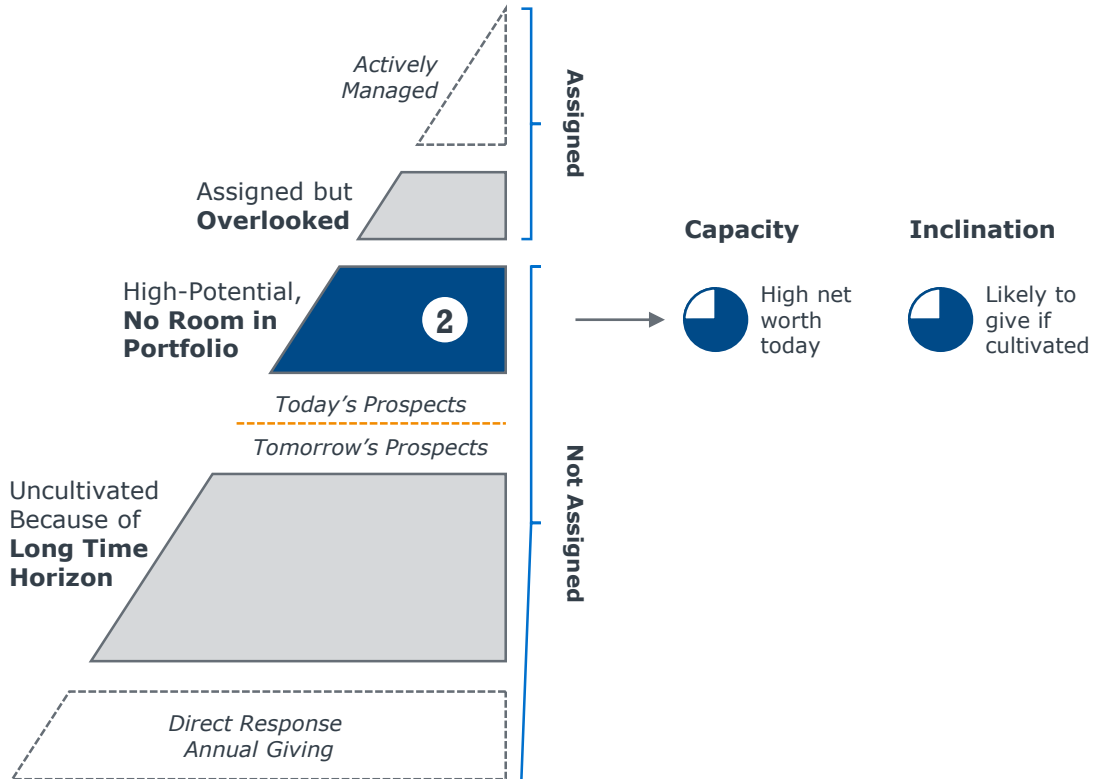
The median institution receives \$100K+ gifts from just **1.4% of its identified prospects**

1) Data presented in this table represent medians.

2) Minimum untapped capacity is calculated based on the revenue that would result if 5% of identified suspects—96 additional donors—gave a gift equal to the average gift for that tier. For example, the average gift between \$100K-\$499.9K is \$172,096. If 5% of all prospects rated \$100K-\$499.9K gave \$172,096, the institution would receive an additional \$13,948,143.

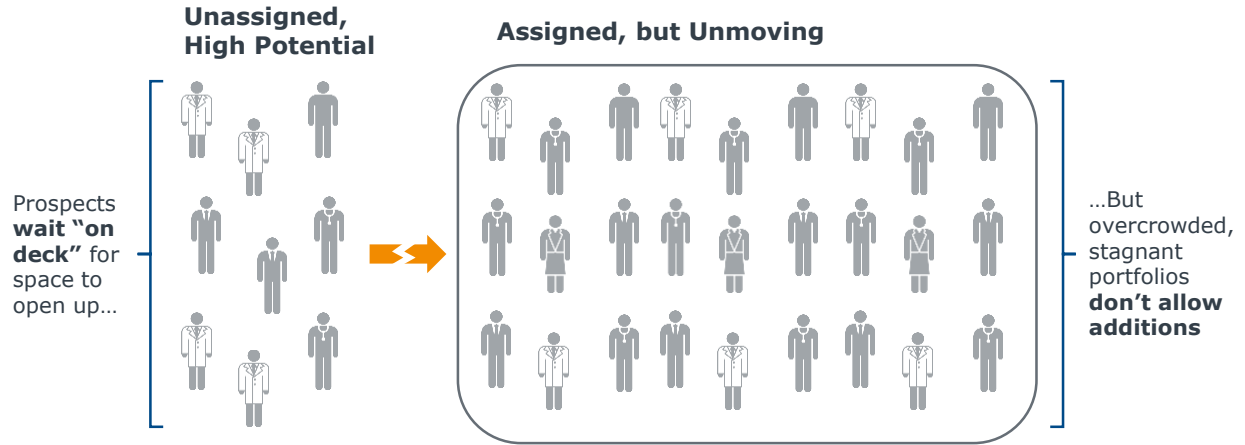
Flying Under the Radar

Legions of Prospects Should Be Assigned but Aren't



Bottlenecks in the Pipeline

Stagnant Portfolios Impede Efforts to Capitalize on Discovery Gains



Portfolio Age Nearly Matches Average MGO Tenure

3.2 Average number of years prospects have been assigned at three EAB member institutions

3.5 Average number of years central major gift officers have been employed at their institution

Expanding Coverage Is Just the Start

Current Prospect Management Strategy Limits Pipeline Development



Increased Outreach

MGOs reach out to more uncontacted, unvisited prospects



Few Disqualifications

Slow rate of disqualification limits further discovery



Missed Cultivation Opportunities

One-off visits don't lead to cultivation strategy



Long Time Horizon to Ask

Good prospects visited for years, never approaching ask

Slow Portfolio Churn Constrains Growth



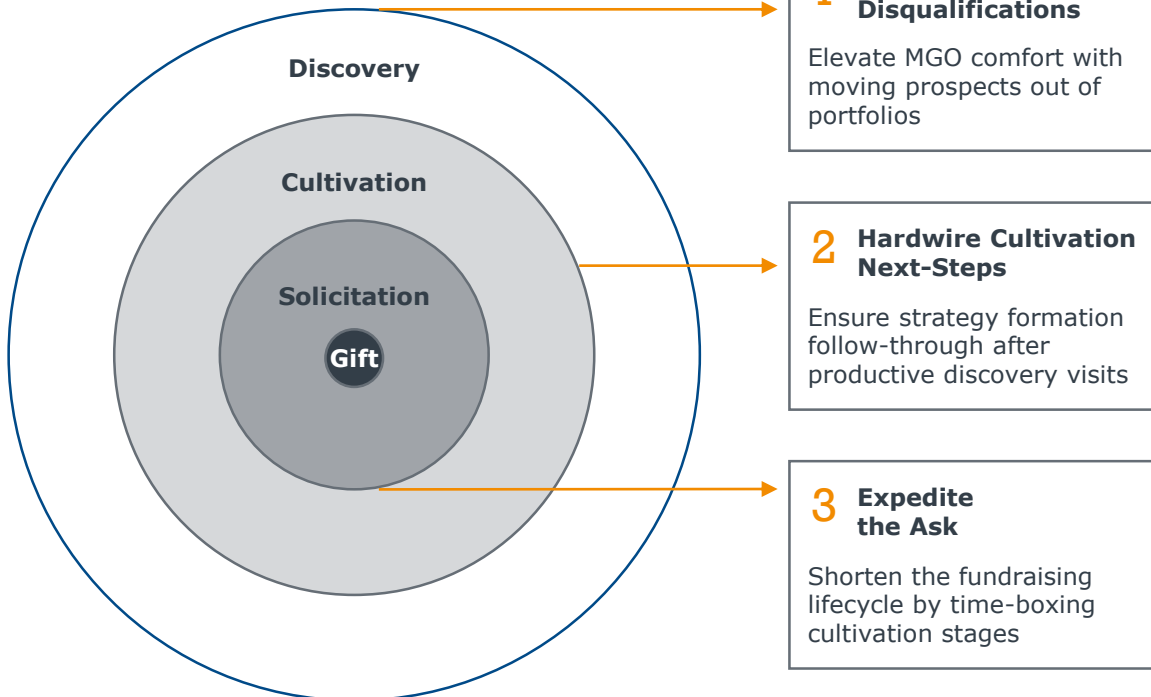
"We got our gift officers to start seeing more of their portfolios, but there was so little follow-through it was almost like it didn't matter. They'd find people to take visits, and they'd hit their visit goals, but the **wheels were spinning and we weren't going anywhere**. We weren't working through who we had and moving onto the next best opportunity."

*Associate Vice President for Development
Private Master's University*

Accelerating Portfolio Churn

Expediting Prospect Movement to Expand Pipeline Coverage

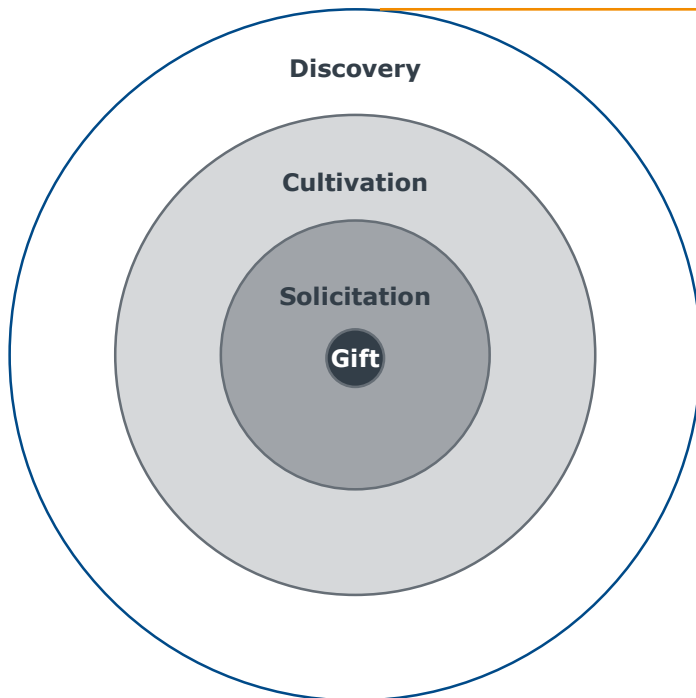
Jane Q. Fundraiser's Portfolio



Accelerating Portfolio Churn

Expediting Prospect Movement to Expand Pipeline Coverage

Jane Q. Fundraiser's Portfolio



1 Destigmatize Disqualifications

Elevate MGO comfort with moving prospects out of portfolios

2 Hardwire Cultivation Next-Steps

Ensure strategy formation follow-through after productive discovery visits

3 Expedite the Ask

Shorten the fundraising lifecycle by time-boxing cultivation stages

A Significant Reluctance to Disqualify

MGOs Hold Onto Discovery Prospects, Even Without Active Management

Four Root Causes of Slow Disqualifications



Endless Optimism

“Our MGOs just keep thinking, **‘One more try, one more try.’** They’re optimistic but it ends up cluttering the portfolio.”



Fear of Prospect Neglect

“We got a surprise \$15,000 gift—it turns they got dropped when an MGO left, and **we forgot about them.**”



The “Endowment Effect”

“If I tried to give them the same people as new leads, they wouldn’t care—**but they can’t let them go.**”



Portfolio Territorialism

“Our fundraisers may not have ever contacted their prospects, but they still **think of them as ‘theirs.’**”


Setting a Standard for “Reasonable Attempts”

New Metric Clarifies When MGOs Should Let Prospects Go

George Washington University Persistently Contacts Discovery Prospects



*"MGOs must make **two attempts** through **two channels** for **four consecutive quarters**."*

- 
- **Winter:** Email followed by phone call
 - **Spring:** Commencement invitation and email
 - **Summer:** Call and internal strategy meeting
 - **Fall:** Letter and email



If still unresponsive, **prospect is removed from portfolio**, coded “not a prospect now,” and reviewed in the future

A Tenacious Approach to Pipeline Outreach

Multiple Channels...



...With Multiple Asks...



... And Multiple Plans



Minimizing the Fear of Disqualification

Reasonable Attempt Criteria Overcomes MGO Hesitation

More Movement Into—and Out of—the Pipeline

3,200

Qualification **contact attempts** of managed prospects last year

23%

Increase in **disqualifications**



Growth in number of prospects **in cultivation**



Increase in number of prospects **in solicitation**

Focus Shifts to Best Prospects

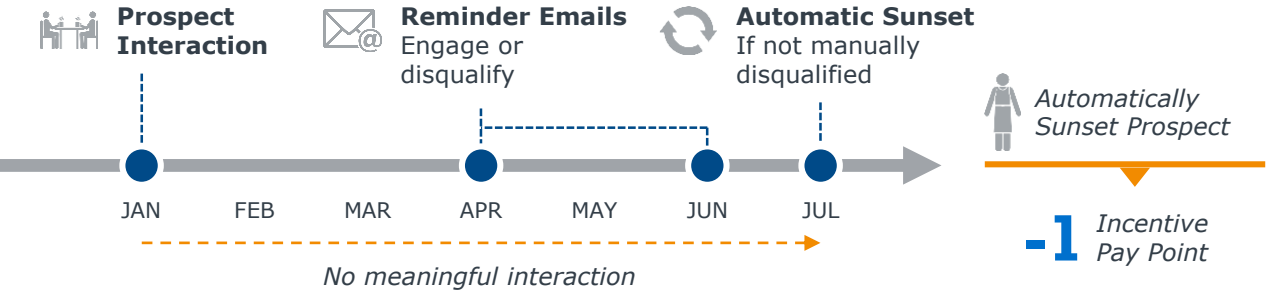
“The ‘reasonable attempts’ criteria allow us to **help MGOs move to better prospects by quantifying unresponsiveness**. Rather than continuing to hold high-capacity prospects who show no interest in meeting with us in their portfolios, fundraisers can focus on higher-inclination prospects. Though these prospects may have lower immediate capacity, they are more willing to engage and therefore may ultimately give more over time. As a result, we are seeing numbers in the cultivation and solicitation stages increase.”

*Anne Dean
Director, Research & Relationship Management
George Washington University*

A Forcing Function for Portfolio Maintenance

MGOs Who Don't Disqualify Put Incentive Pay at Risk

Colorado State University's Automatic Sunsetting System



The Consequences of Inaction

“One unit lost 30 points in the first year of the program, which knocked them out of the incentive program. People noticed that. **That changed behavior quickly.**”

*Rudy Garcia
Senior Associate Vice President for Advancement Operations
Colorado State University*



Skyrocketing Performance

Diligent Pipeline Management Supports Huge Top-Line Growth

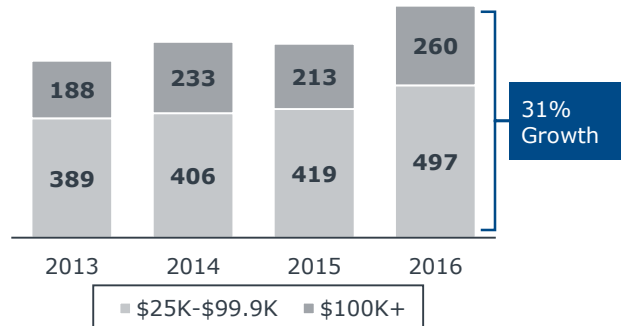
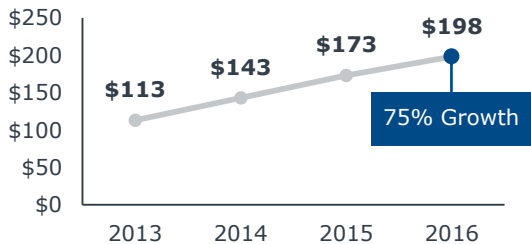
Faster Portfolio Churn Promotes Fresh Pipeline

Pipeline Metric	2015	2017	2-Year Change
Sunset Automatically	209	31	-85.2%
Dropped Manually	1,893	2,498	32.0%
Total Unassignments	2,102	2,529	20.3%

Monumental Fundraising Growth at Colorado State

Total Fundraising Production (in Millions), FY2013-FY2016¹

Number of \$25K+ Gifts, FY2013-FY2016



1) Fundraising production is defined as the full face value of new gifts and pledges.

Focusing on Handoffs, Not Disqualifications

Discovery Officers Take On Outreach to the Unresponsive

MGO Discovery Outreach



Contact Attempt



Radio Silence



Typical Institution



Persist Unproductively

Keep reaching out, despite opportunity cost of keeping prospect



Give Up and Disqualify

Move prospect out of portfolio, even though they might respond soon

Northern Kentucky University



Refer to Discovery Officer

Discovery officer **continues with outreach**, aiming to qualify most difficult, least responsive prospects

A Portrait of the Discovery Officer

Staff of three discovery fundraisers focus on the pipeline:

- **Large portfolio** (200+ prospects)
- **High-volume outreach** (100 contacts/month)
- **High visit goals** (20/month)
- **Low response rate** (20% v. MGOs' 50%)

A High-Efficiency Discovery Machine

Discovery Officers Break Through to Unresponsive Prospects

Persistent Outreach Brings Visits at Northern Kentucky University

3,600+ Pipeline prospects receive contact attempts annually

720 Average total annual visits with pipeline prospects

Streamlining Pipeline Development

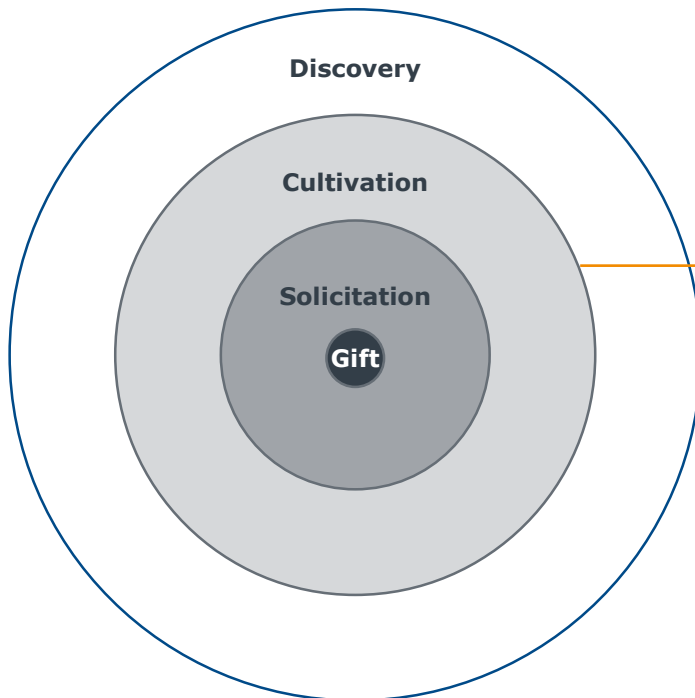
“There’s a math equation I use to justify the budget for discovery officers. We have 65,000 alumni of record, and I figure that 10% of them can make a major gift. That’s 6,500 alumni. When I first arrived here, we had four gift officers managing 450 people. **At that rate, it would take me 17 years to get to everyone.** Our discovery officers help us move more quickly through all our potential donors.”

*Eric Gentry
Vice President of University Advancement
Northern Kentucky University*

Accelerating Portfolio Churn

Expediting Prospect Movement to Expand Pipeline Coverage

Jane Q. Fundraiser's Portfolio



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Ensure strategy formation follow-through after productive discovery visits

3 Expedite the Ask

Shorten the fundraising lifecycle by time-boxing cultivation stages

Visits Without Cultivation?

Few Institutions Enforce Follow-Through

“In many cases, managers don’t require fundraisers to have a **formal plan to solicit every prospect in their respective portfolios**. Indeed, I’ve come across only a small handful of organizations that require fundraisers to codify a formal solicitation strategy for each assigned prospect. Yet this should be the fundamental *purpose* of assignment.”

David Lively
Senior Associate Vice President
of Alumni Relations and Development
Northwestern University

Rewarding the Move to Cultivation

Stage Change Metrics Shift Focus from Visits to Strategy



Getting Stuck in Qualification

“My colleague Eric Rosario, the then Senior Director of Prospect Development and Leadership Gifts, and I realized that the portfolios had become too heavily weighted with prospects in qualification, and these prospects were not moving quickly enough. We had cases of prospects taking a visit every year, letting the fundraiser buy them lunch, but not increasing their giving. **We needed to move more prospects into cultivation.**”

*Michael Wesley, Director of Prospect Development & Strategic Research
Ithaca College*

Ithaca College’s Stage Change Metrics



Deemphasize Visit Count

Downplay one-off visits that do not meaningfully advance cultivation



Reward Moves into Cultivation

Track number of prospects who move from “qualification” to “cultivation” in donor management system



Have we built a **cultivation strategy**?



Have we set an expected **ask date**?



Have we secured **follow-up visits**?



Have we engaged **campus partners**?

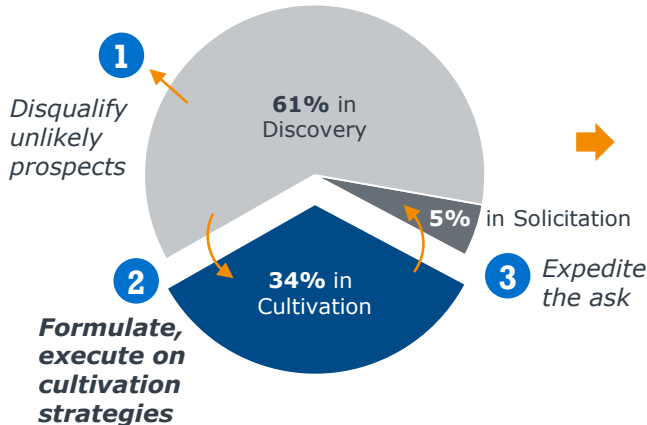
A Seismic Shift in Portfolio Composition

Ithaca Engineers Metric System to Realign Center of Gravity to Cultivation

Current State

Few Prospects Moving to Cultivation

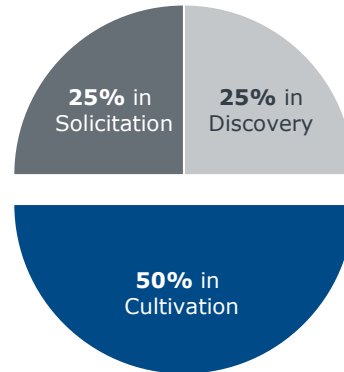
Average FY2016 Portfolio Composition



Next Year's Goal

More Activity Leading to Cultivation

Intended FY2018 Portfolio Composition



Measuring Follow-Through

Pipeline Metrics Include Cultivation Planning

USC Gift Officers Evaluated on Moving Prospects Through Pipeline

MGO Metrics and Goal Setting

- ❑ **Prospects with a Strategy**
(75% of Portfolio)
 - ❑ **Prospects Rated by Fundraiser**
(75% of Portfolio)
-
- ❑ Prospects Qualified or Disqualified
(30 Moves)
 - ❑ Substantive Visits
(120 Visits)
 - ❑ Proposals Funded
(\$1M Raised; 12 Proposals)

“

Incentivize Portfolio Planning

“We looked at the behaviors we wanted to encourage—**do our MGOs know, and have a plan for, their portfolios?** That point became our strategy metric.”

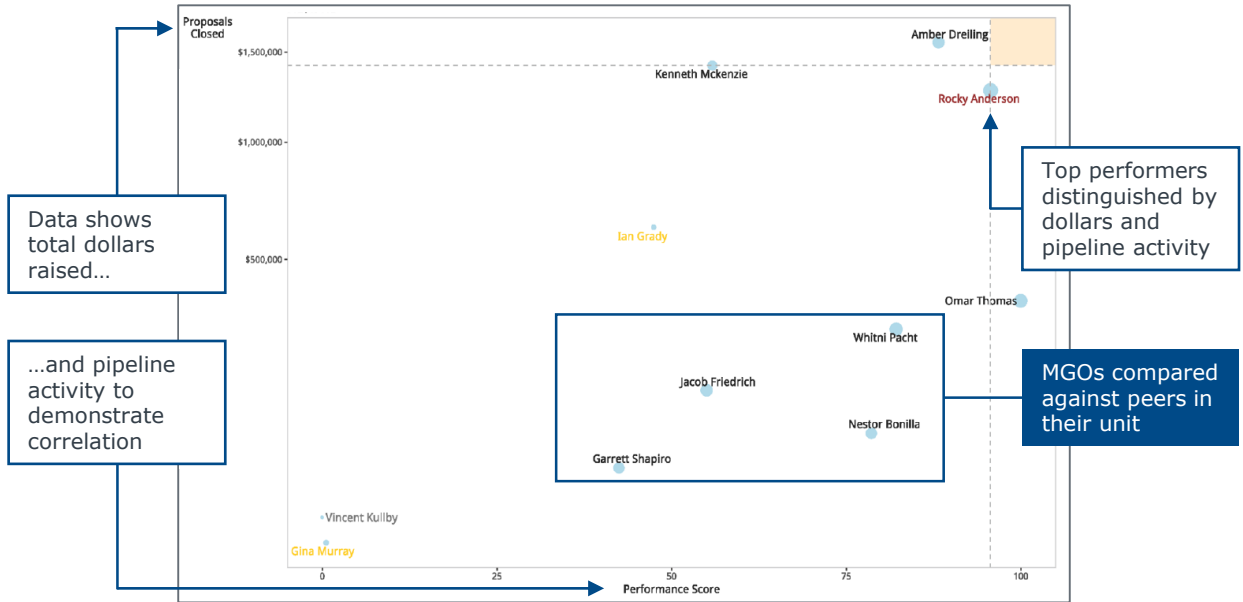
*Ashutosh Nandeshwar
Assistant Vice President, Relationship
Management and Data Sciences
University of Southern California*

”

Engineering Productive Competition

Monthly Performance Email Drives MGO Activity

USC Circulates MGO's Pipeline Activity Tracker for All in Unit to See



19%

Three-month increase in number of **strategies** logged by MGOs¹

33%

Three-month increase in **fundraiser-assigned ratings**

1) February 2017 to May 2017.

Hard to Budget Time for Cultivation Planning

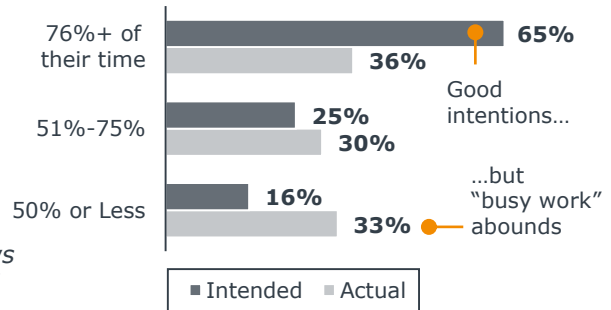
MGOs Reinvent the Wheel with Each New Strategy, Limiting Reach

A Lot of Pre-Cultivation Work...



...And Less Time Than Ever to Do It

MGOs' Intended and Actual Time Dedicated to Frontline Fundraising, 2014



“Our MGOs told us they were **spending too much time coordinating and planning**, and it was taking up the time they could spend with donors.”

Ed Magro
Executive Director of Development
Bryant University

The One-Step Cultivation Shop

Comprehensive Manual Makes Strategy Planning Easy

Marquette University's "Activate Your Prospects" Guide

21-page manual aggregates existing cultivation opportunities for MGOs to plug into



Provides Fuel for Brainstorming

Overabundance of ideas minimizes strategy "writers block"



Speeds Up MGO Onboarding

Improves knowledge of institutional opportunities



Improves Triage Process

Departmental contacts listed for all opportunities



Easy Access on the Go

Busy fundraisers can find prospect opportunities remotely

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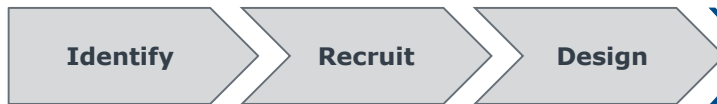
ADMISSIONS	4
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Comparative Advantage in Cultivation

Stewardship Puts Pieces in Place That MGOs Tap For On-Demand Cultivation

Bryant University's Division of Labor in Prospect Moves

Stewardship Director's Responsibilities



Find current cultivation opportunities

Bring faculty and students onboard

Develop the menu of options

MGO's Responsibilities



Extend invitations to prospects

Join prospect on day of engagement

Planning delegated to non-frontline staff

MGO focuses on donor interactions

Intended Outcomes from Streamlining Cultivation



Campus Visits

Decrease in planning time increases donor touches



Close Rates

Quality-controlled cultivation improves outcomes



Time to Solicitation

Expedited planning eliminates solicitation lag time

Beyond “Visit or Nothing”

Donors and MGOs Seek New Model for Lighter-Lift Cultivation

Donors Busier Than Ever

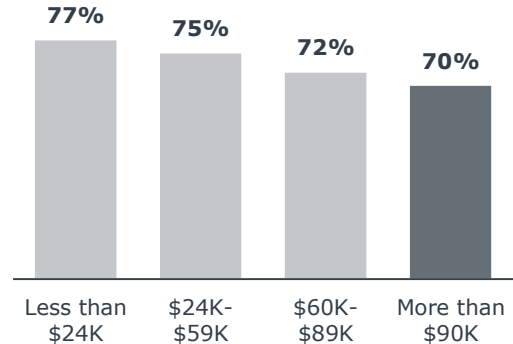
“I’m struggling with my old-school, die-hard, ‘there’s nothing like a face-to-face visit’ mentality. Because the reality today is that **people are busier than ever, and getting a face-to-face visit is more difficult.** I’m wondering if we can use remote interactions more effectively to build relationships.”

*Jeff Shilling
Associate Vice Chancellor, Philanthropy
University of California, Santa Cruz*



Cash-Rich, Time-Poor

% of Respondents with Enough Time to Accomplish Daily Goals, Gallup 2011



MGOs Look for Ways to Do More, Too

52% Of MGOs say they **don’t have enough time** to get it all done

50% Of MGOs say their **visit-or-nothing** qualification model constrains fundraising

What Gets Measured Gets Done

Initiating the Shift to Emphasizing Prospect Interactions

UC Santa Cruz Shifts Focus to Meaningful Interactions



In-Person Visits

- Coffee meetings
- Donor dinners
- Meetings with academic partners



Advances Key Relationships



"One-Way" Outreach

- Event invitations
- Follow-ups on university news
- Personal letters



Increases Activity



"Two-Way" Exchanges

- Skype meetings
- Phone calls
- Email conversations



Ensures Quality

Rolling Out the New Model to MGOs

1

Emphasize in manager check-ins

2

Consider during evaluations

3

Next Step:
Hardwire metrics

Easing the Path to Scalable Cultivation

UC Santa Cruz Equips MGOs to Expand Outreach to Overlooked Portfolio

Putting Content at MGOs' Fingertips



Expand **marketing/communications** team



Set **UCSC website** as MGO home page



Highlight content that is popular and effective



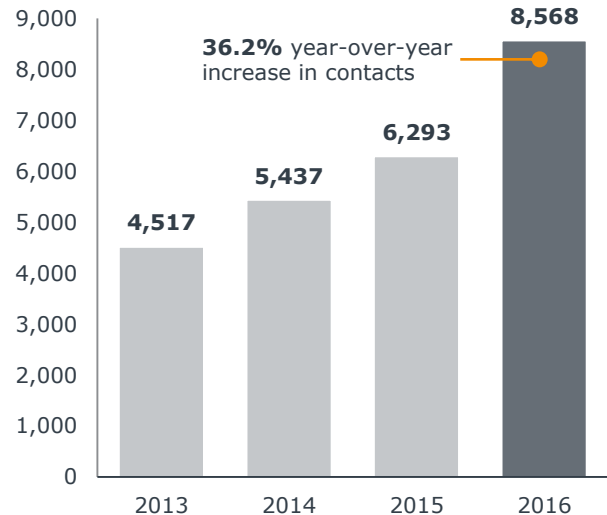
Invite **content experts** to address team



Encourage 2 hours/month at **talks, lectures, tours**

A Big Uptick in Outreach

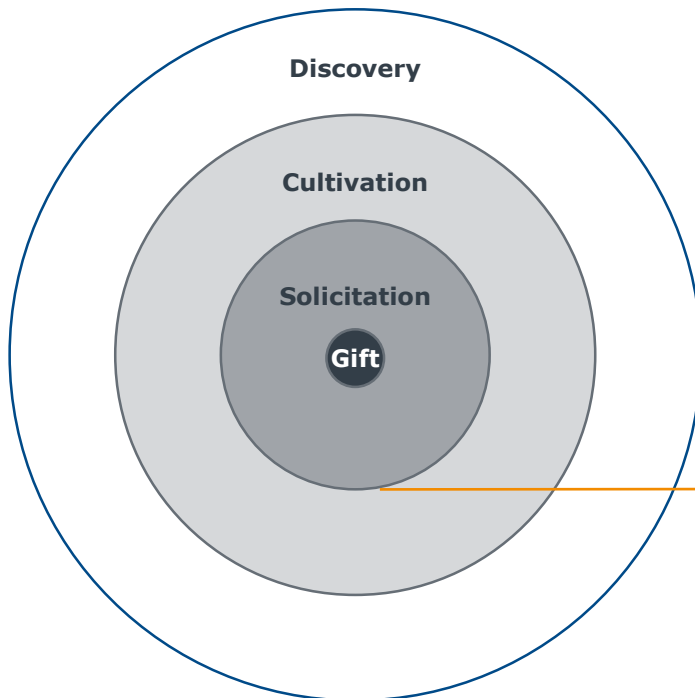
Number of Contacts, 2013-2016



Accelerating Portfolio Churn

Expediting Prospect Movement to Expand Pipeline Coverage

Jane Q. Fundraiser's Portfolio



1 Destigmatize Disqualifications

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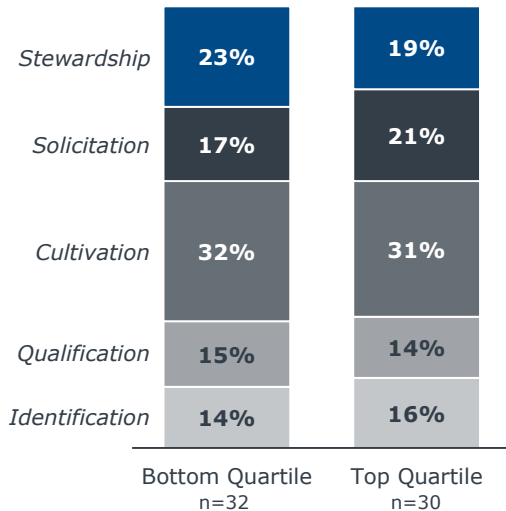
Shorten the fundraising lifecycle by time-boxing cultivation stages

Too Long in Cultivation?

Shorter Timelines and Fewer Moves Characterize Highest Performers

Time Allocated Equally...

Average Percentage of Time per Relationship Stage¹



...But Overall Shorter Timeframe

Average Number of Visits per Ask

Top Quartile

n=14 fundraisers



Bottom Quartile

n=26 fundraisers



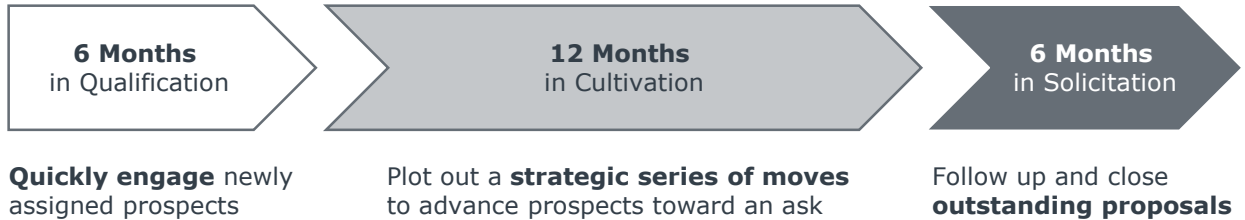
1) Due to individual stage calculations, percentages may not always add up to 100%.

Hardwiring Fast-Paced Solicitations

Speeding Up Cultivation Timeline to Drive Activity

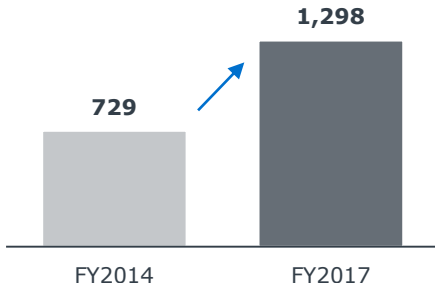
University of Chicago Holds Firm on Timelines

Accelerating Prospects to the Ask

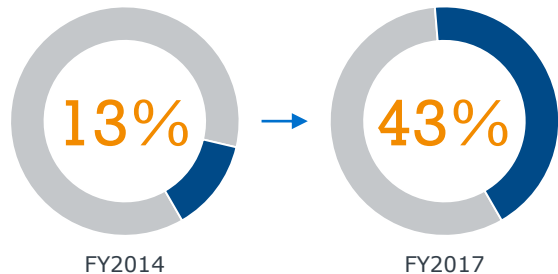


Not Just Faster—More and Better, Too

Number of \$100K+ Asks



Percentage of Prospects Asked at Capacity



Expedited Ask Strategy Shifts Sights to Pipeline

Previously Unsolicited Prospects Attract New Attention

Engaging the Overlooked Pipeline

Prospects Currently Being Cultivated and Solicited



\$100K Prospects

MGOs previously spent significant time with lower-level prospects



High-Net-Worth Parents

Shorter lead-up to major gifts makes them attractive prospects



“Colder” Alumni and Friends

Fundraisers aim beyond the donor pool already close to the University



Making the Most of Our Opportunities

“We have a small alumni population in comparison to many of our fundraising peers. The way we look at it, we can’t afford to ignore any opportunities. So our vice president said you have to **get in front of as many people as possible** and find out if they’re willing to give.”

*Kimberly Priebe, Senior Director, Prospect Management and Decision Support
University of Chicago*

Identifying Prospects for Expedited Gifts

Fast-Track Analysis Finds Best Leads for Final Campaign Sprint

With Clock Ticking, USC Uncovers Campaign Pyramid Gap

Prospect Strategy Three Years Before Campaign End

Gift Level	Number of Gifts Required	Number of Prospects Needed	Number of Prospects Rated
\$250,000,000	2	6	39
\$100,000,000	7	21	74
\$75,000,000	5	15	29
\$50,000,000	6	18	33
\$25,000,000	9	45	50
\$10,000,000	15	136	164
\$5,000,000	61	183	175
\$2,500,000	195	585	185
\$1,000,000	1,000	4,000	1,458
\$500,000	1,109	4,436	2,534
\$250,000	1,490	5,960	8,789
\$100,000	1,800	7,200	34,157
\$50,000	2,750	11,000	5,804
\$25,000	4,500	18,000	232,703
Subtotal	12,975	51,605	286,194
Up to \$25,000	Many	Many	127,850
Campaign Total	12,975	51,605	414,044

Too few major gift prospects

Plenty of prospects here, but **too little time** for broad discovery

Flagging the Best Prospects for Short-Term Cultivation

A Focus on Those Who Will Give Quickly



Prioritization Strategies



Code in Database

Apply USC 3000 tag for easy identification and tracking



Call Out in Activity Trackers

Prospect management documents add filterable USC 3000 column



Emphasize in Check-Ins

Managers drive accountability for fast-track leads

Accelerating Portfolio Churn

Synthesizing Today's Discussion



Key Components

Common Characteristics of Successful Portfolio Churn Strategies

Embrace of Disqualifications

Advancement leaders signal the importance of knowing who our prospects aren't

Strategic Deployment of Metrics

MGOs are evaluated based on pipeline progression, not just activity

MGO Support Resources

Cultivation guides, staff support, and tech tools help MGOs focus on fundraising

A "New Normal" for Ask Timelines

Long, drawn-out cultivation becomes the exception, not the rule



Should You Focus Here?

Diagnostic Questions to Prioritize Practice Implementation

1. Have most prospects gone more than three years without major gift asks?

2. Do MGOs meet with prospects without developing a cultivation strategy?

3. Do more than 40% of prospects have no intended ask date?

4. Are MGOs being assigned fewer than 20 new, unqualified prospects annually?

5. Are most MGOs making fewer than 15 asks annually?
