

Leveraging Benchmarks to Make the Case for Investment

Initial Findings from the Advancement Investment and
Performance Initiative

Thank You to Our Pilot Cohort Members

Participating Institutions from Spring and Summer 2016

Research Universities

Auburn University
Colorado School of Mines
Colorado State University
Miami University
Michigan Technological University
The New School
Robert Morris University
Rutgers University
Southern Methodist University
Tulane University
University of California-Santa Cruz
University of Cincinnati
University of Louisville

University of New Hampshire
University of North Dakota
University of the Pacific
University of Vermont
Western University

Master's Universities

Central Washington University
College of Charleston
Elon University
Lock Haven University
Missouri State University
Northern Kentucky University
Notre Dame de Namur University
Providence College
SUNY College at Brockport

Baccalaureate Colleges

Fort Lewis College
Manhattanville College

Special Focus Institutions

South Dakota School of Mines and Technology

Members Prove Eager for Benchmarks

EAB Topic Poll and Special Session Show Need for Data

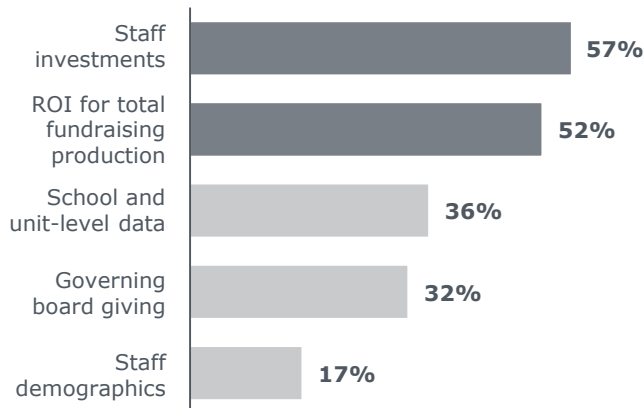
Benchmarking Highest Member Priority

"What would you like EAB's help with in the coming year?"



Seeking Insight on Costs and ROI

"What types of benchmarks would be most useful to you and your leadership team?"



Three Years of R&D

Iterative Development Approach Applied to Benchmarking Initiative

The Road to Launch

Literature Review

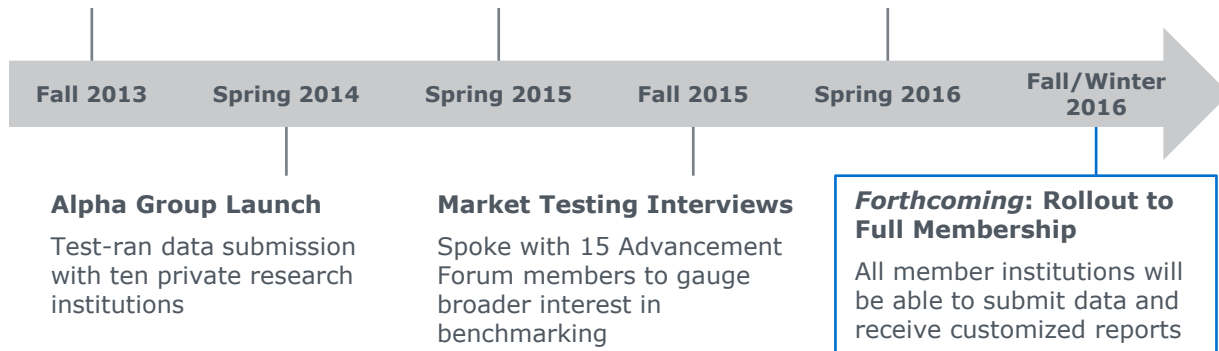
Reviewed findings and protocols from other established benchmarking initiatives

Final Data Definition

Worked with small cohort of CAOs to finalize fundraising production and investment data specifications

Expansion into Pilot Cohort

Recruited 20 public, 9 private, and 1 Canadian institution to submit data for preliminary comparisons



Other Benchmarking Services Fall Short

Labor-Intensive Efforts Often Yield Sparse Insight



No Information on Investments and ROI

- Investment portion is voluntary, leading to “free rider” problem and minimal participation
- Performance data outside of investment context obscures more than it clarifies

Cohorts Compiled Only from Traditional Peers



- Many benchmarking initiatives undertaken among conferences and historic peer cohorts
- Peer cohorts often focus on academic peers, excluding institutions with similar fundraising operations



Apples-to-Kumquats Comparisons

- Lack of rigorous definitions results in incomparable data points
- Little insight into whether other institutions’ performance holds insight for your shop

Data Collection Too Time-Consuming



- Overwhelming array of data points requested requires full-time FTE to collect data
- Submission requires buy-in and participation from countless academic and other units

Translating Insight into Action

Providing the Tools to Advocate for More Advancement Resources

The Guiding Principles of Our Research Framework

Focus on Fundraising Production and ROI

We will focus on data regarding revenue production, including both cash and pledge commitments, and **will require inclusion of expenses**

Fairness of Comparisons

We account for the uncontrollable variations between advancement shops by creating **nuanced peer cohorts** based on a variety of meaningful characteristics

Quality of Data

Our rigorous definitions ensure that **each dollar of revenue and expense is consistently reported**, resulting in accurate comparisons across institutions



Quantity of Data

We collect a limited number of meaningful metrics that actually inform strategy and **balance the burden and effort** of data submission

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

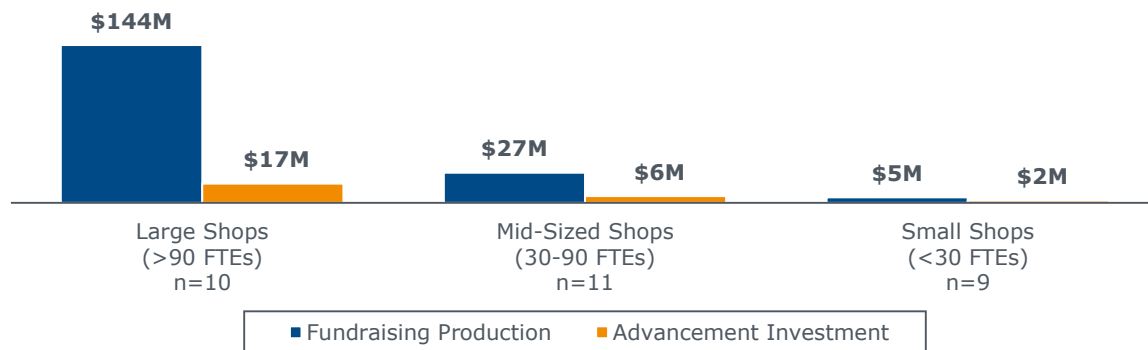
- ▶ Fundraising production focuses on the **total face value of gifts** to show how well an advancement shop is performing given current investments

Advancement ROI Increases with Shop Size

As FTE Counts Grow, Funds Raised Per Dollar Spent Climbs

Median Fundraising Production and Advancement Investment by Shop Size

n=30



What Is the Return on \$1 of Investment?

\$8.24
Large Shops

\$4.47
Mid-Sized Shops

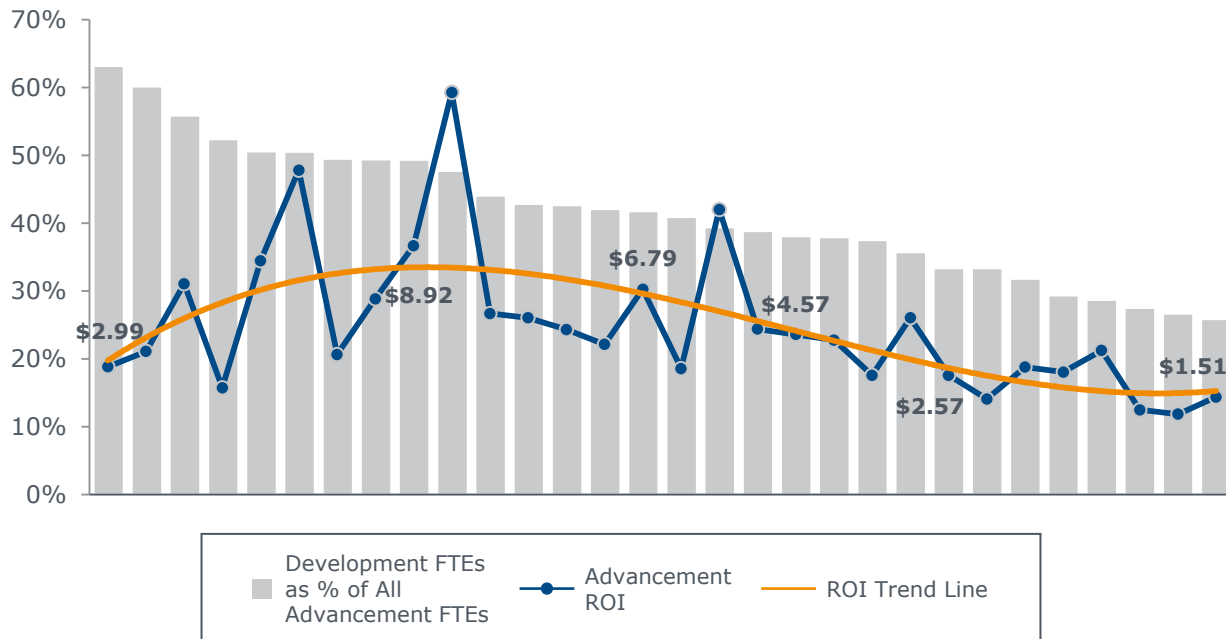
\$2.51
Small Shops

Investing in Development Brings Higher ROI

Yet Overinvestment May Result in Diminishing Returns

Development Staff as a Percentage of Advancement FTEs, and Advancement ROI

n=30

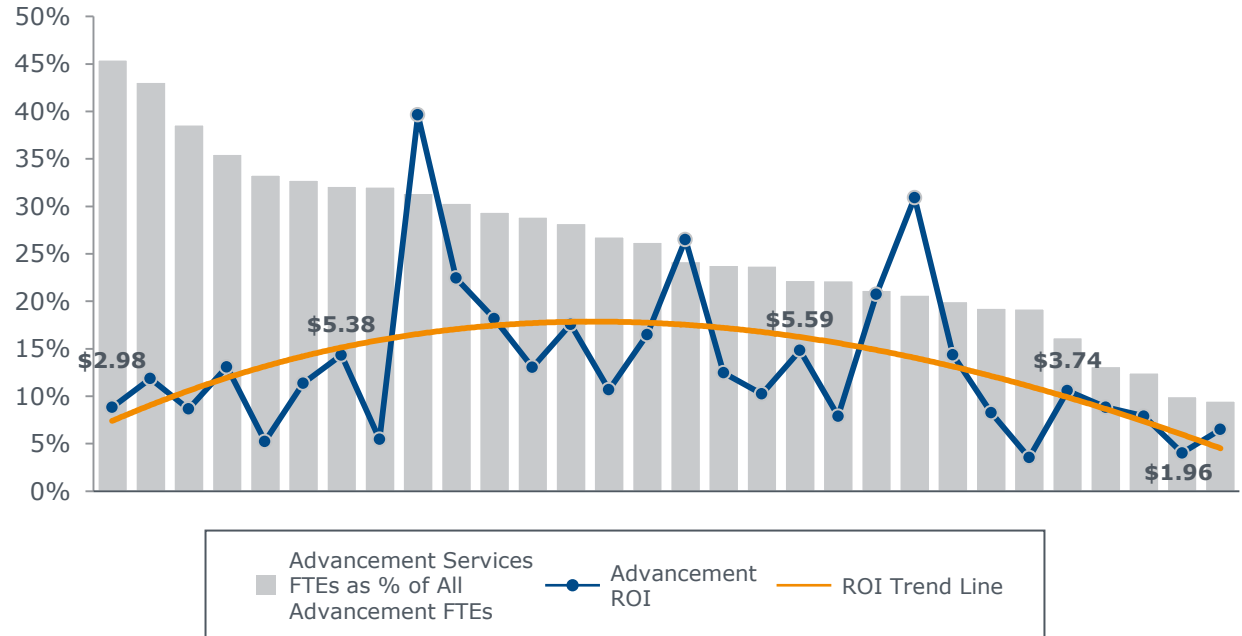


Source: Advancement Investment and Performance Initiative data; Advancement Forum interviews and analysis.

Advancement Services Best in Moderation

"Goldilocks" Levels of Advancement Services Staff Maximize Value

Advancement Services Staff as a Percentage of Advancement FTEs, and Advancement ROI

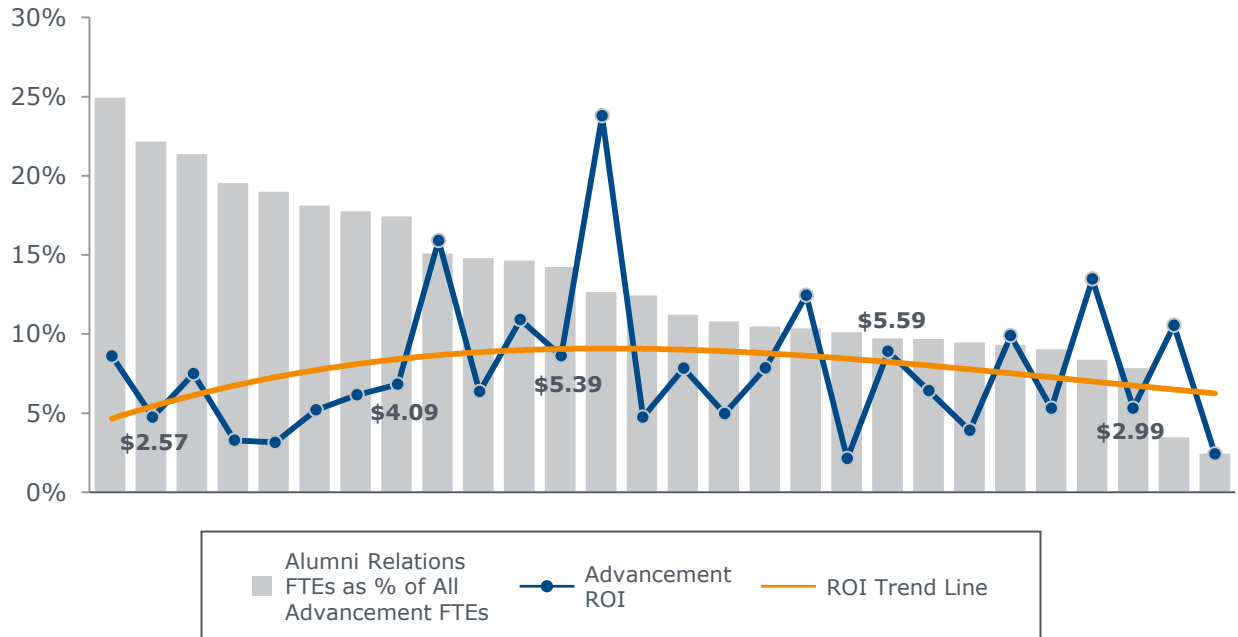
 $n=30$ 

Little Marginal Benefit in Alumni Relations

Engagement Investments Not Immediately Reflected in ROI

Alumni Relations Staff as a Percentage of Advancement FTE, and Advancement ROI

$n=28$

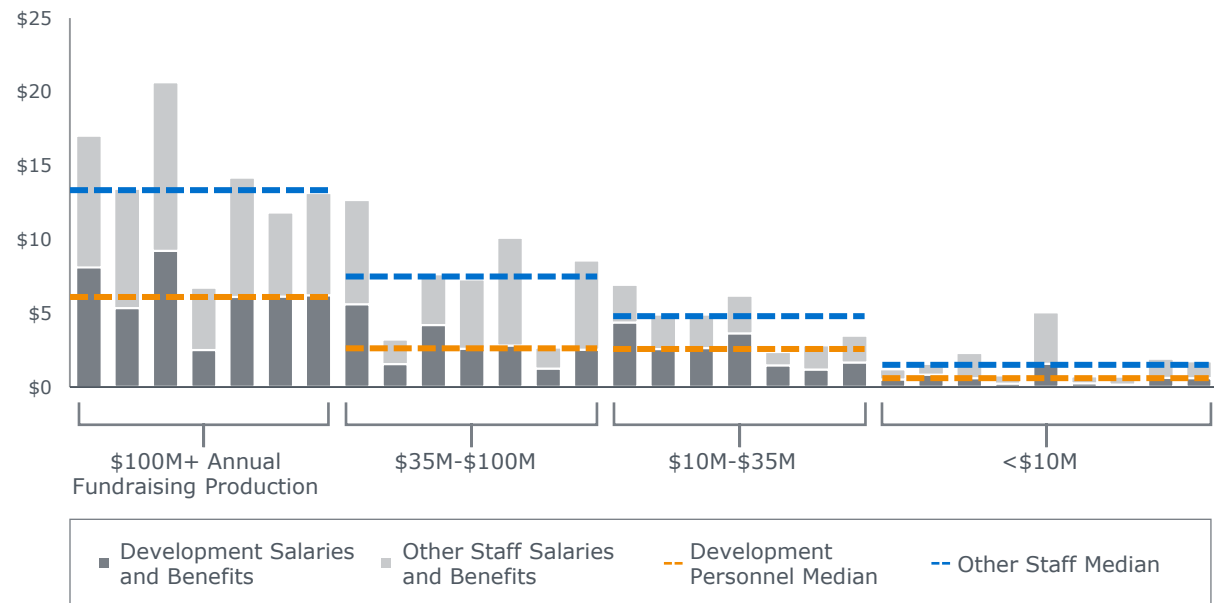


Fundraising Tracks with Personnel Investments

Spending on Development and Other Staff Critical for Revenue Growth

Personnel Spending by Total Fundraising Production (in Millions)

$n=30$



Personnel Spending Medians for Development and Other Advancement Staff by Total Fundraising Production

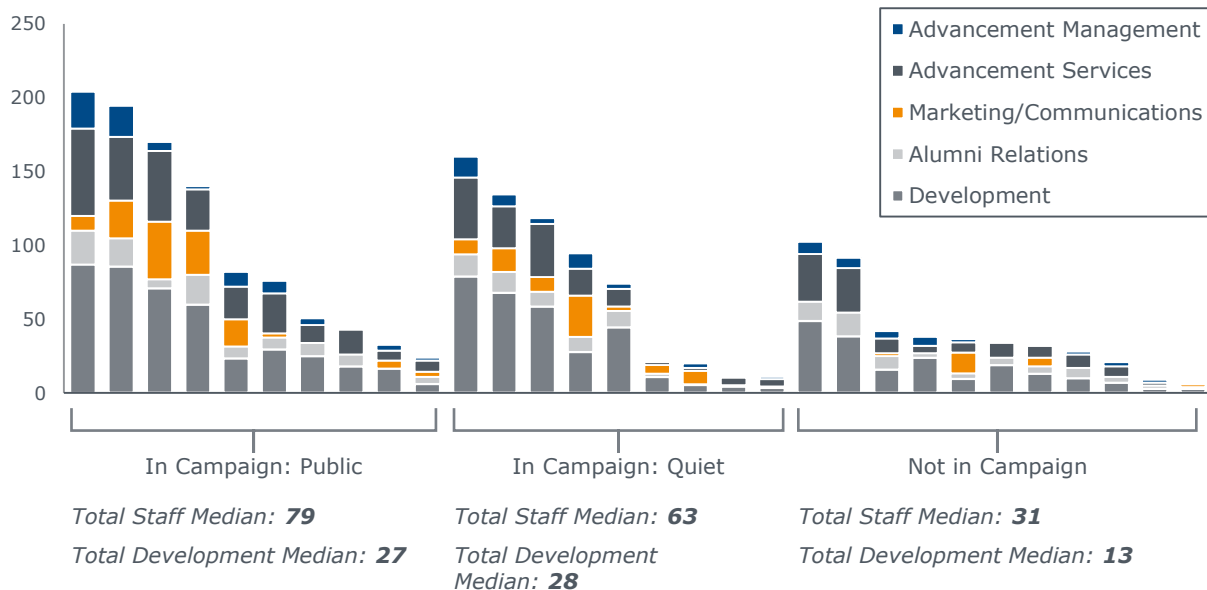
	\$100M+	\$35M-\$100M	\$10M-\$35M	<\$10M
Development Median	\$6,132,060	\$2,619,341	\$2,583,857	\$616,313
Other Staff Median	\$8,049,981	\$4,670,554	\$2,243,559	\$716,403
Ratio of Development to Other Staff Spending	\$0.76 to \$1	\$0.56 to \$1	\$1.16 to \$1	\$0.86 to \$1

Campaign Launches Double Staff

But Shift from Quiet to Public Phase Has Minimal Impact on FTE Count

FTE Counts and Roles by Campaign Phase

n=30



Median Staffing Levels by Advancement Function for Various Campaign Stages

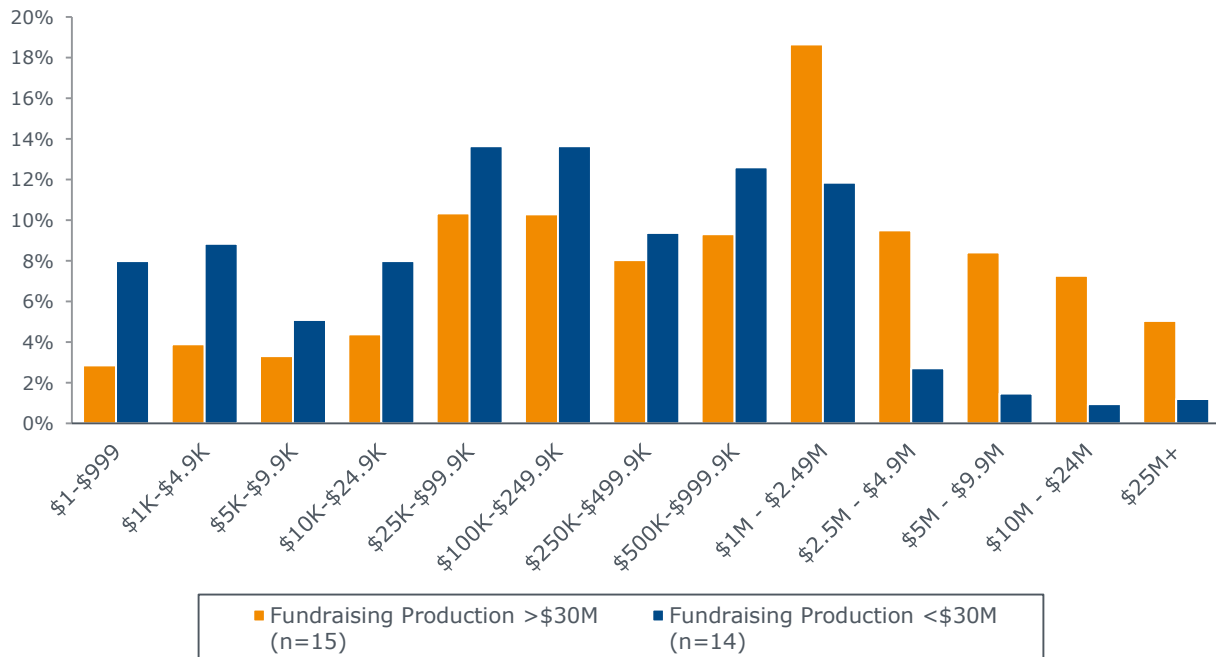
	In Campaign: Public	In Campaign: Quiet	Not In Campaign
Advancement Management	5	4	3
Advancement Services	25	12	8
Marketing/Communications	14	9	2
Alumni Relations	8	10	5
Development	27	28	13

Succeeding with Different Giving Levels

Fundraising Production Gains Follow Major Gift Success

Average Percentage of Fundraising Revenue from Various Gift Bands

n=29

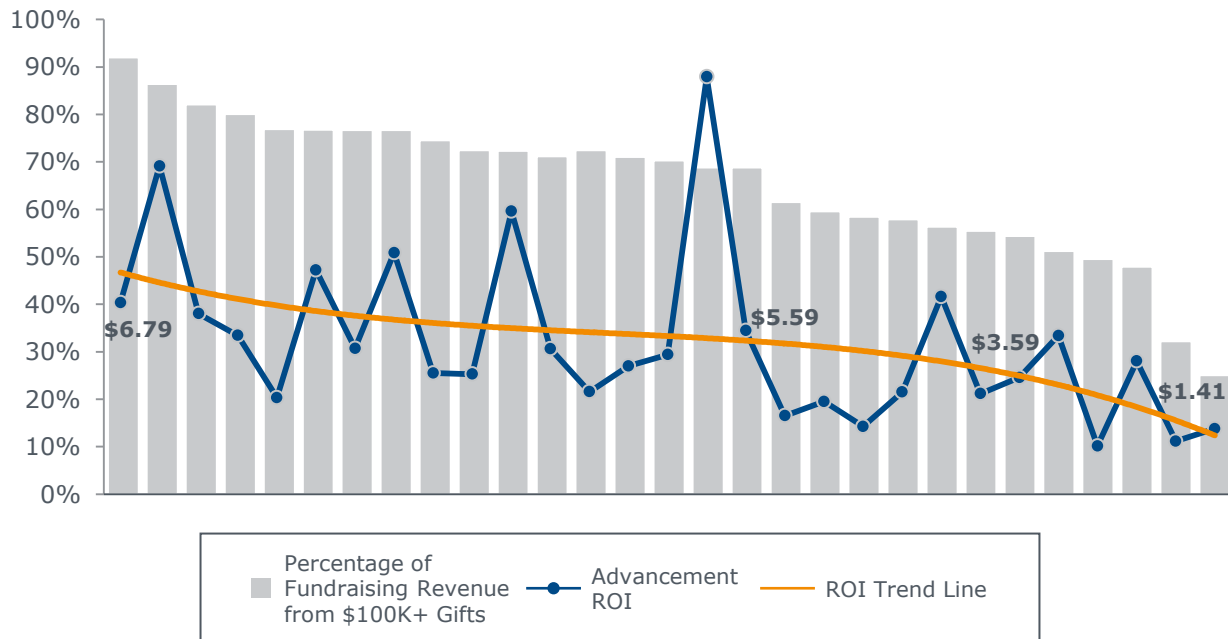


ROI Tied Closely to Major Gift Performance

\$100K+ Gifts Drive Success

Percentage of Fundraising Revenue from \$100K+ Gifts, and Advancement ROI

n=29



Supporting Strategic Goals with Data

Using Benchmarks to Position Advancement for Success

Three Ways to Deploy Benchmarking Data

1 Making the Case For Additional Investment

"My board thinks we're underperforming compared to peers. That's just not the case."

"Our President thinks we can hit higher fundraising goals without added investment."

2 Identifying Operational Inefficiencies

"What part of my advancement shop isn't bringing as big returns as it could?"

"I've heard from above that I have to do more with less, but I don't know what to cut."

3 Prioritizing Potential Growth Areas

"Beyond major gifts, I just don't know where in the gift pyramid we should be focusing."

"We have some leeway to add FTEs next year, but I don't know where they'll be most useful."

How Else Would You Use This Data?

- Setting short- and long-term divisional strategy
- Making the case for advancement to deans
- Integrating data into gift proposals
- Determining team-wide fundraising goals
- Empowering leadership team to propose new ideas
- Discussing performance at leadership retreats

Delivering Our Findings in a Variety of Formats

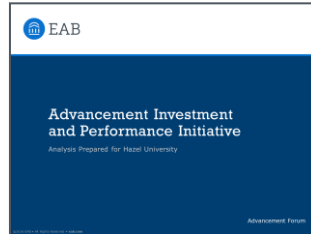
The Medium Is the Message with Benchmarking Data

Customized White Paper Reports



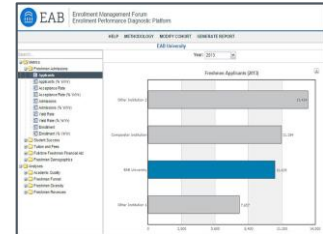
- PDF format
- Explanatory text accompanies charts and graphs

Board-Ready Presentation Slides



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

Online Analysis Tool



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

Leveraging Benchmarks to Make the Case for Investment

Initial Findings from the Advancement Investment and
Performance Initiative