Benchmarking and Evaluation

There is a significant body of knowledge available on benchmarking and evaluation techniques to help organizations set realistic goals and to determine how they are doing.

A **benchmark** is a standard by which something can be measured or judged.
- Example: Canada Revenue Agency reports the overall average cost of all charities is 26 cents to raise $1.00.

Evaluation is a process that attempts to determine as systematically and objectively as possible the relevance, effectiveness, and impact of activities in the light of their objectives.
- Example: Did the appeal raise more net revenue; acquire, renew or upgrade donors; increase the organization's profile and/or build relationships?

Why Benchmark?
- Supports better decision making
- Effective stewardship of donors' investment
- Commitment to continuous improvement
- Donors want to know, according to the 2004 Survey by the Muttart Foundation:
  - 79 percent of those polled said they wanted more information about fundraising costs
  - 29 percent said charities are doing a good or excellent job providing such information
  - 30 percent said charities were doing a poor job

Getting Started
- Decide what you are going to measure
- Gather data from previous years
- Set goals to measure against for each solicitation strategy (way you raise money)
- Be aware of industry standards for cost per dollar raised

Chart F outlines cost ratios developed by James M. Greenfield[1] that are widely used by professional development staff.

Chart F – Fundraising Cost Ratios

Method	Cost to raise $1.00
Mailers (mass)	$1.25 to $1.50
Gaming, lotteries	50¢ to 80¢
Special Events	50¢
Memberships	30¢ to 80¢
Mailers (direct)	20¢ to 50¢
Legacy (Planned) Gifts	20¢ to 30¢
Tributes	20¢ to 25¢
Grantsmanship	20¢
Major Gifts (face-to-face)	10¢ to 20¢

Basic data to collect for each solicitation strategy (appeal)
- **Solicitations** = Total # of solicitations made
- **Participation** = Total # of donors responding with gifts to the solicitation
- **Income** = Gross contributions
- **Expense** = All costs for this solicitation

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[1] Greenfield, James M., Fund-Raising Cost Effectiveness A Self-Assessment Workbook, John Wiley & Sons Canada Ltd., Etobicoke, ON 1996

Participation rates
- Acquisition (percentage of new donors)
- Attrition (percentage of donors who did not renew)
- Retention (percentage of donors who gave again)

Net income – subtract expenses from income received
- All direct expenses, i.e. printing of solicitation brochure
- Indirect expenses, i.e. office supplies
- Staff time
- Portion of overhead costs

Cost of fundraising – divide expenses by income received and multiply by 100 for percentage
- $4,000 / $10,000 x 100 = 40%
- It cost 40 cents to raise $1.00
- How does that compare to industry standards in Chart F

Average gift size - divide revenue received by the number of participants
- $10,000 / 143 participants = $70
- $10,000 / 212 participants = $47
- $10,000 / 540 participants = $19

Average cost per gift – divide expenses by number of participants
- $4,000 / 143 participants = $57
- $4,000 / 212 participants = $19
- $4,000 / 540 participants = $7

Upgrading
- Percentage of donors who increased their gifts from the prior year – 5 percent gave more than last time
- Average size of the upgrade – $25 more

Effectiveness of rating (intersection of linkage, ability and interest)
- Percentage of donors who gave the requested gift amount
- 20 percent – ask amounts likely too high
- 60 percent – ask amounts reasonable
- 95 percent – ask amounts likely too low

Compare performance to pre-established goals
Chart G shows the example of a special event. The organizing committee established clear objectives for the event to do better than previous years. The follow-up evaluation indicates that the event was a success on many levels and the group has tangible evidence that its efforts paid off. This information is the basis from which to start planning for the next time.

Chart G – Sample Evaluation Chart

Objective	Actual
Attract 25 new people to the event	30 new people; event sold out
Increase attendees involvement with organization – 2 new people make a donation within six months	5 new people made a donation within six months 1 person with experience raising money expressed interest in volunteering for the organization
Enhance organization's profile through positive publicity – two feature stories	Feature story in daily and weekly newspaper, and follow-up photos after event
Raise 10% more net revenue than last year	Net revenue up 20% through $5 increase in ticket price and reduced expenses through sponsorship and volunteer help
Secure one new sponsor to cover some costs	New sponsor covered all printing and advertising costs
Reduce staff time by recruiting 5 new volunteers	Recruited 4 new volunteers

Compare your performance to industry standards

Compare apples to apples:

- Revenue – reporting gross or net revenue? What does revenue include – cash, pledges, gifts-in-kind?
- Expenses – report direct costs and indirect costs
- Staff time
- Consider value of volunteer support required, especially if your event could not run without volunteers. The Knowledge Development website at kdc-cdc.ca includes a Volunteer Value Calculator, an online tool to help you calculate the economic value of the volunteers at your organization.

Performance of volunteer solicitors for Major Gifts (face-to-face asks)

- # of solicitations made compared to # assigned
- # of gifts received compared to # of solicitations made
- Match between amount asked for and gift made
- # of donors who increased their gift compared to gifts made

Fund Development Plan – Putting it all Together

You can be building your fund development plan as you work your way through this manual. The plan is a combination of your fundraising and communication (marketing and public relations) strategies. This plan is for internal use to guide the activities of the board and staff. It should be reported upon in part at each board meeting with a full update quarterly. It takes a significant amount of time to develop the first fund development plan; however, it will only need updating in future years. Granting foundations may be interested in receiving a copy of your plan as part of your proposal.

Elements of the Plan
* **Executive Summary** – Write it last and try for a one page synopsis that provides a good overview if someone only reads the summary.
* **About your land trust** – Short history and background of how and when your land trust was established.
* **Competition** – What is happening in your sector and with other organizations trying to raise money in the same market, i.e. major capital campaigns, events, mailers, etc.?
* **Situation analysis** – What is happening with your organization that will help or hinder your ability to raise money, i.e. new organization, no track record in raising money, committed volunteers, etc.?
* **Geographic scope** – What area does your land trust serve?
* **Community support** – Data and anecdotal information about past support from individuals, granting foundations, businesses and corporations on which to base specific objectives (refer to information gathered in the 'Are You Ready to Start a Fund Development Program?' questionnaire).
* **Demographics** – What are the demographics in your area, i.e. young families with lots of responsibilities, baby boomers, affluent retirees?
* **Giving trends** – What is happening in the world of philanthropy? Who is giving to what? Refer to the Appendix F for the Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations and Appendix L for the Profile of Environmental Nonprofit & Voluntary Organizations in Canada.
* **Economic climate** – What is happening with businesses and corporations in your area that may affect your ability to raise money? Local economic development offices usually have helpful information available.
* **Past performance** – Information about your organization's successes and challenges with raising money, i.e. membership increased or decreased, number and value of grants, net revenue from special events, etc. Three to five years of data is recommended so that you can identify trends in your own activities.
* **Objectives for the year** – Develop objectives based on past performance. What do you want to improve and accomplish?
  Objectives should be SMART – **S**pecific, **M**easurable, **A**chievable, **R**elevant and a **T**arget.
* **Communication** – Identify key publics (stakeholders) with whom it is important to communicate. Identify key messages that need to be shared with all publics and then specific messages for certain stakeholders. Describe how you are going to communicate with them and when, i.e. presentations, website, newsletter, media coverage, advertising, correspondence, displays, personal contact, brochures, annual report, events, etc.
* **Types of prospects** – Who do you plan to solicit, i.e. individuals, corporations, small businesses, service clubs, granting foundations? How are you going to acquire new donors (acquisition)? How are you going to get donors to give another gift (renewal)? How are you going to get donors to give a larger gift (upgrade)?
* **Strategies –** identify a strategy for each type of prospect, i.e. face-to-face asks for affluent retirees, mailer to members other than the affluent retirees, etc. What appeals are you going to use and how much are you going to raise from each appeal?
* **Donor and Volunteer Recognition/Stewardship** – include how you are going to recognize donors and volunteers, and how you will continue to develop those relationships.

- **Timetable** or cycle for at least one year.
- **Budget** for each strategy and activity.
- **Action plan** with responsibilities assigned to individuals or committees.

Chart H outlines a typical action plan.

Chart H – Action Plan

Timing	Prospect Type	Solicitation Strategy	Resources Required	Budget	Responsibility	Status	Results
Monthly	Individuals	Website – add new information	Dynamic content Access to technology Online pledge form Internet service provider				
Ongoing	Individuals	Tributes: In Memory	Memorial cards Relationship with funeral homes Ads to list names monthly				
Jan. – March	Corporations	Sponsorship	Sponsorship package Recognition certificates				
February	Individuals who made gifts of $25 or more	Direct Mail	Package: letter, brochure, envelope and pledge form Mailing list Mail house Postage				
Feb. – April	Individuals	Major gifts	Trained volunteers Brochures Prospect list Time for training, prospect review, make calls, follow-up				
Sept. – Nov.	Service Clubs	Presentations	Speakers Presentation material				
October	Individuals who made gifts of $25 or more	Direct Mail	Package: letter, brochure, envelope and pledge form Mailing list Mail house Postage and pledge form				