

Vital Signs Analysis 101

A guide to reading donor trends extracted from an Amergent Vital Signs Analysis™

A White Paper
by Amergent's
Analytical Experts



Introduction

Amergent's dedication to strategic fundraising services for our clients led us to develop a suite of analysis tools that allow us to observe donor trends and develop fundraising strategies for each of our clients' unique programs. Our mantra is "Donor focused, data driven."

Vital Signs is unique because it is designed specifically to stabilize and grow our clients' programs. It is designed by fundraisers for fundraisers. It's actionable, because we never provide analysis without a plan of action, based on the results. It is designed to provide you multiple strategic solutions (options) to achieve your goals.

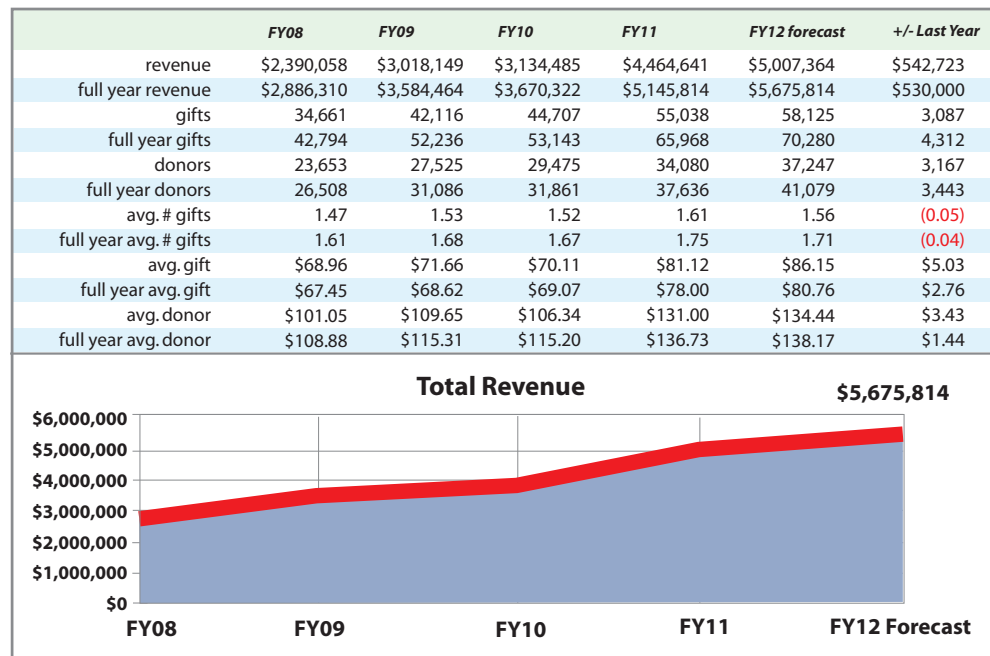
We'll show you what's working well and give recommendations on how to leverage those strengths. We'll also show you the trends that need to be turned around, along with strategies to do just that.

Using actionable analysis is what we do every day. Doing this gives our clients the best of both worlds – sophisticated analysis and seasoned strategy. In a fundraising world that is getting more and more challenging to navigate, it's the only way to go.

The following six charts, and the recommendations that flow from them, show just a sampling of the 50+ charts and spreadsheets we will review in a full Vital Signs Analysis.



Chart 1: Year-to-date Comparison



Note: 'Revenue / gifts / donors / avg. # gifts / avg. donor' above represents 'year-to-date'

This view shows the results of the fiscal year to date and gives the following information:

- How much revenue, gifts, donors, etc., accumulated year-to-date
- How much revenue, gifts, donors, etc., accumulated at the same time last year
- How much revenue, gifts, donors, etc., accumulated at the same time in previous 3 years
- What the full-year outcome was from all those years

Sure, revenue is increasing nicely. But we looked more closely at these numbers and observed:

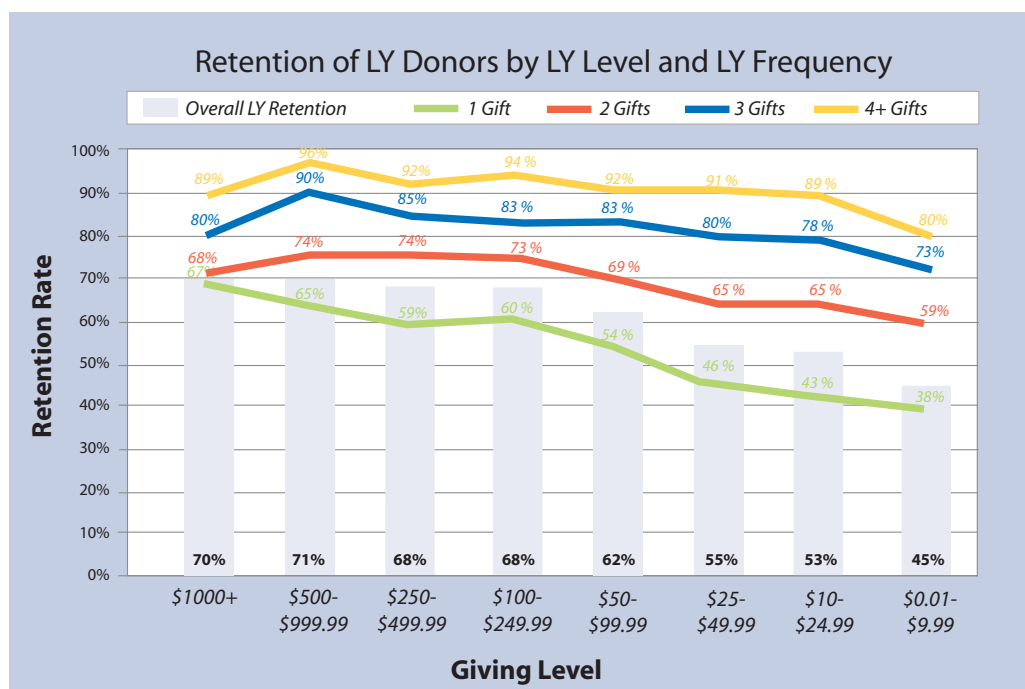
- Virtually all the growth in revenue is coming from an increase in the number of donors – up 9% over last year and a full 29% growth in the past two years.
- Average gift size was up a modest 3.5% over last year, and was almost completely erased by a 2+% drop in the number of gifts per donor.

From this we recommend some strategies:

- Continue the successful new donor acquisition efforts that have increased the number of donors.
- Seek to increase the average number of gifts per donor. That might mean adding a mailing or two to the schedule, or changing the selections of donors for each mailing. Maybe more cross-channel efforts – web and/or phone – will help increase the number of gifts. (We'll dig into the donor giving and ask questions until we determine which of these efforts to recommend.)
- The potential: If this organization can get to 2.0 gifts per donor (not uncommon in their market segment), they would have added \$1.6 million in revenue in FY12 – without adding a single additional donor! (And, experience tells us, that would also increase the retention of those FY12 donors in future years!)



Chart 2: Donor Retention Based on Gift Frequency and Amount



This chart shows which donors are most likely to give “for another consecutive year” based on the prior year’s annual giving level (*columns*) AND number of gifts (*lines*).

From this client’s donor trends we are able to observe the following:

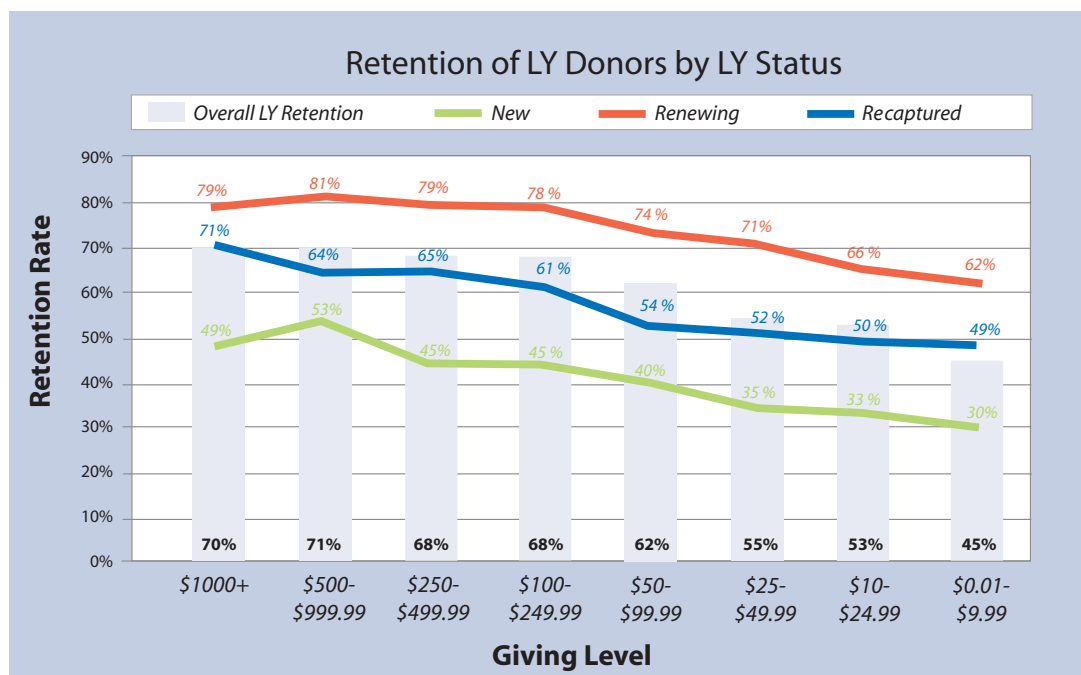
- As is typical, those who give higher amounts annually have higher retention rates in future years.
 - Example 1: Those donors who gave \$100+ renewed at rates between 68% and 71%.
 - Example 2: Those donors who gave less than \$50 renewed at rates of 55% or less.
- Donors who are willing and able to make multiple gifts renew at higher rates.
 - Example 1: Those donors who made 4+ gifts renewed at rates of 80% - 96%; the amount of giving seems to make less difference among committed donors.
 - Example 2: Among single gift donors, the amount of giving matters: only 38% of single gift donors under \$10 renewed, while 67% of those who made a single gift of over \$1,000 renewed.

Recommendations for this client might include:

- Send new donors an appeal similar to the one that generate the initial gift – maybe that’s the only theme that matters to them. Getting a second gift, even a small one, increases retention significantly (about 20 percentage points for <\$100 donors).
- Test the ask array in each appeal to get donors to the next threshold in giving, since higher gift amounts generate more money this year AND next.
- Determine what lists and offers are generating those <\$10 gifts, and change the mix to get more gifts of \$10 or more.



Chart 3: Donor Retention Based on Donor Segment



This alternate view of the last chart shows donor retention based on number of years of consecutive giving.

- Green line represents new donors (acquired in the prior year)
- Red line represents renewed donors (have given for at least 2 consecutive years)
- Blue line represents lapsed recaptured donors (recaptured in the prior year)

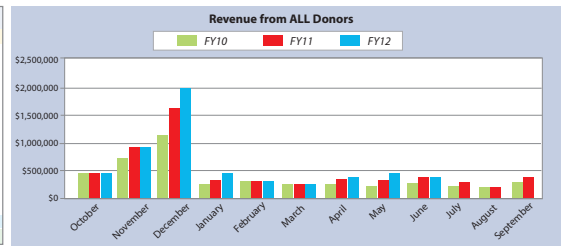
From this donor giving we were able to observe the following:

- New donors with a larger initial gift are more likely to renew than new donors who just “tip” (see how green line declines along with gift amount).
 - o Getting new donors to give for a 2nd consecutive year is difficult but essential: it doubles retention rate among smaller dollar donors and increases retention by 60% among higher dollar donors.
 - o Renewing Recaptured lapsed donors isn’t as difficult as renewing new donors (see red line). A reactivated lapsed donor will more likely give in the in the next year than a new donor within the same annual giving level.
- \$10 donors (tippers) not only give less money, they also renew at unacceptably low rates. We might recommend omitting <\$10 donors from rented lists and/or increasing the ask string among lower dollar donors from \$8/\$15/\$25 to \$15/\$25/\$30.
- The Holy Grail of fundraising is to inspire friends for life; we measure that by donors willing to give year after year. But even the best programs can’t renew every donor (see red line). **That’s why continued acquisition of new donors is essential to every fundraising program.**

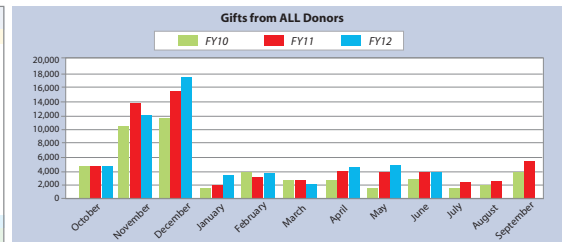


Charts 4 & 5: Income and Gift Generation by Month

Revenue from ALL Donors							
Month	FY08	FY09	FY10	FY11	FY12 ytd	+/- Last year	4Yr Avg
October	\$207,254	\$222,568	\$272,684	\$288,629	\$314,303	\$25,674	\$247,784
November	\$460,898	\$469,816	\$596,792	\$882,363	\$861,896	(\$20,467)	\$602,467
December	\$831,492	\$1,169,394	\$1,151,662	\$1,662,537	\$1,980,313	\$317,775	\$1,203,771
January	\$153,952	\$159,215	\$151,099	\$207,662	\$287,538	\$79,876	\$167,982
February	\$142,650	\$217,675	\$237,478	\$242,356	\$243,642	\$1,306	\$210,035
March	\$126,994	\$208,915	\$198,146	\$211,666	\$231,075	\$19,410	\$186,430
April	\$157,931	\$233,434	\$220,531	\$347,406	\$370,754	\$23,348	\$239,826
May	\$99,457	\$124,510	\$98,298	\$320,660	\$425,351	\$104,692	\$160,731
June	\$209,430	\$212,622	\$207,795	\$301,383	\$292,491	(\$8,891)	\$232,808
July	\$133,003	\$152,011	\$121,528	\$181,256	\$0	\$0	\$146,949
August	\$98,159	\$89,403	\$159,379	\$197,756	\$0	\$0	\$136,174
September	\$265,090	\$324,902	\$254,930	\$302,161	\$0	\$0	\$286,771
TOTAL	\$2,886,310	\$3,584,464	\$3,670,322	\$5,145,814	\$5,007,364		\$3,821,727
YTD Subtotal	\$2,390,058	\$3,018,149	\$3,134,485	\$4,464,641	\$5,007,364	\$542,723	\$3,251,833



Gifts from ALL Donors							
Month	FY08	FY09	FY10	FY11	FY12 ytd	+/- Last year	4Yr Avg
October	3,461	3,722	4,607	4,842	4,849	7	4,158
November	8,330	8,412	10,942	13,484	12,278	(1,206)	10,292
December	9,847	13,586	12,411	15,387	17,199	1,812	12,808
January	2,224	1,893	1,833	2,346	3,336	990	2,074
February	2,505	3,624	4,212	3,750	3,830	80	3,523
March	1,219	2,759	2,742	2,960	2,515	(445)	2,420
April	2,262	3,193	3,204	4,031	4,736	705	3,173
May	1,839	2,030	1,483	4,169	5,227	1,058	2,380
June	2,974	2,897	3,273	4,070	4,156	86	3,304
July	1,774	2,471	1,779	2,683	0	0	2,177
August	1,522	1,248	2,335	2,628	0	0	1,933
September	4,837	6,401	4,322	5,619	0	0	5,295
TOTAL	42,794	52,236	53,143	65,968	58,125		53,535
YTD Subtotal	34,661	42,116	44,707	55,038	58,125	3,087	44,131



These charts show:

- Actual gifts and revenue in all prior months
- What still needs to be generated the rest of the fiscal year
- Every donor category (other charts show these donor trends by new/renewed/recaptured segments)

From this donor giving we observe the following:

- More than half (55%) of last year's revenue came in during the first three months of the year. While the fall quarter is always big in fundraising, it looks like there are many opportunities in the other nine months to get second gifts from holiday donors.
- Plan some strong mailings in April and May – two good fundraising months in this client's market segment – to get more gifts from the same donors.
- Schedule acquisition for September and October, so more new donors are on board for the big wave of November and December.

By conducting a Vital Signs Analysis before the program year is complete, including reviewing these charts, you get to observe, make decisions and take steps necessary to rectify any concerns. Even six months into the year, most clients can see where they will end up and what they can expect to raise in the next fiscal year, before that year's budget request needs to be submitted. This allows fine tuning of tactics near the end of the fiscal year, as well as more accurate planning for next year.



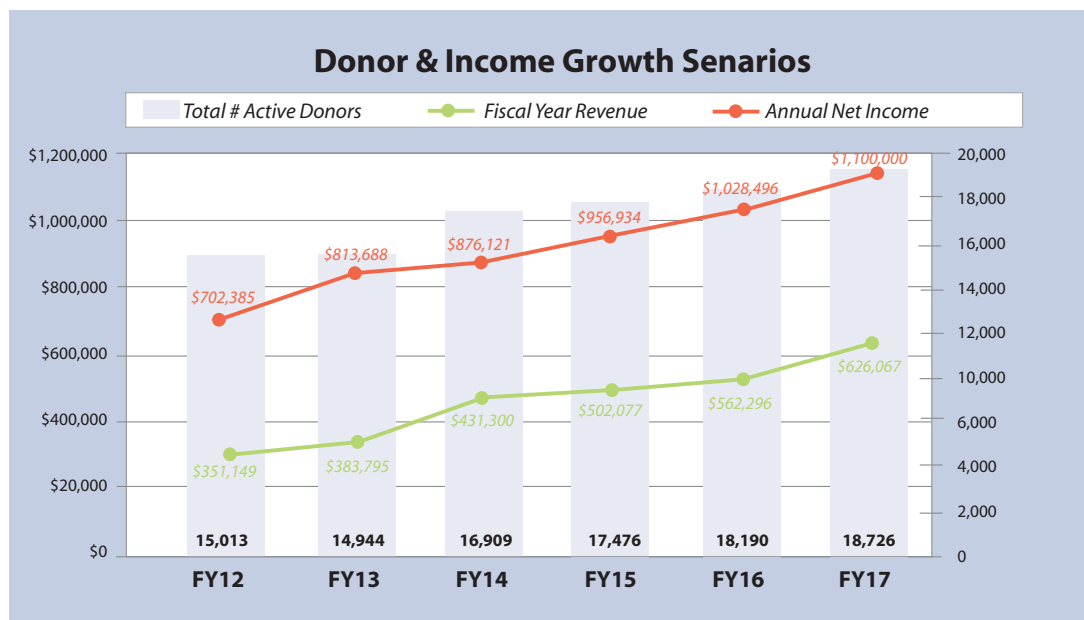
Where are you going? You'll know, with our Growth Model

One of the companions to the Vital Signs Analysis is our Growth Model projection tool. The Growth Model tool utilizes your current donor trends to forecast up to ten years of program results. Upon review of your program's donor giving, your account team will work with you to build a long-term plan that will set you on the best course for growth. Using a multi-faceted approach, the growth model is customized using your own program's historical metrics and assumptions that are input into the model.

The Growth Model projection process also takes into account trends for each donor segment (renewing and lapsed donor categories), as well as acquisition performance. Costs are also factored into the model so that you can determine the optimal ROI for your program, whether you are trying to build your donor base or manage your ROI. Your account team takes into consideration the current trends of your program when building the model to put forth achievable goals.

The tool is user-friendly and flexible, which easily allows for the creation of multiple projection models. As you vary the assumptions and goals, you can calculate and display graphically the results of the model. An example is shown below:

Chart 6: Growth Model



The views selected in the charts above are only a sampling of what Vital Signs has to offer your organization. To more specifically discuss your concerns, contact a member of Amergent's client services team to schedule a personal conversation. Our agency clients typically conduct a Vital Signs Analysis at mid-year and just after year-end. Our Portfolio database clients can run these any time they like! Many nonprofits with another agency, or who do their own fundraising, still seek a Vital Signs Analysis at least annually, to help them in their planning.

