

Simplify Benchmarking to Raise More Funds

Using built-in tools can make the process easier.

By Amanda Mallinger Reinartz

Benchmark:

- **a point of reference** from which measurements may be made
- **something that serves as a standard** by which others may be measured or judged
- **a standardized problem or test** that serves as a basis for evaluation or comparison

Benchmarking, analyzing, and deciding “next steps” based on your analysis of fundraising data can be intimidating. The questions are nearly endless — both for those new to benchmarking and those whose creative juices are always flowing on the topic:

- **Do benchmarks already exist?** If so, where can they be found?
- **Are the industry benchmarks applicable to your organization?** Or is it more important for you to benchmark your own performance over time? Or should you do both?
- **How should the data** be analyzed?
- **What does the analysis** mean?

Where to begin? For starters, there are some basic tasks you can perform using a fundraising and donor management database. There may even be a few new ideas for those who’ve already been benchmarking for years. While each organization is unique, here are some common methodologies that apply to all nonprofits.

Jumping Off: Set Your Goals

It’s important to think about benchmarking as part of a larger process. On its own, benchmarking has little value. In fact, one of the main reasons benchmarking fails is because it isn’t placed within a larger strategy.¹

Why, exactly, do you need to benchmark? Through benchmarking, you can gain enough fundraising data to analyze your past performance and current status. Based on that analysis, you can decide how best to move forward to accomplish your goals.

To ensure success, start by identifying measurable goals. Without a measurable goal, there’s nothing to benchmark and no reason to do it.

For many smaller organizations, it’s tempting to set a generic goal like “raise more money this year than last year.” While there’s nothing wrong with this goal, you can better identify actions if the goal is specific. An example of a specific, measurable goal is “increase the amount of giving year-over-year from repeat donors.”

¹Thomas Pyzdek, *The Handbook for Quality Management: A Complete Guide to Quality Management*, QA Publishing, L.L.C.

If you’re new to benchmarking, identify three specific goals as a starting point. If you’ve been at it awhile, review what you’ve been doing. Ask yourself if there’s a common question you have difficulty answering. If that question centers on organizational performance, here’s an opportunity to benchmark a new aspect of your fundraising efforts.

Benchmarking: Gather Your Data

Once you’ve identified your goals, it’s time to consider what information is necessary to show changes in those areas. If your goal represents a new initiative, you may not be able to gather past data. It’s important to determine ways you can report on this information to slowly establish benchmarks. If your goal is to increase the amount of giving year-over-year from repeat donors, for example, you can look to the past to gather useful benchmarks right now.

Most fundraising and donor management applications have a robust set of standard reports. Review these reports. Avoid creating your own custom reports unless you’re sure that no standard reports exist. There are several reasons:

- **Using standard reports** saves time.
- **These reports may contain useful information** you haven’t thought of.
- **With standard reports, you can easily collaborate** with others who use the same software. Such collaboration is a great way to get a picture of trends in your goal area from outside your own organization.

If you’re planning to use benchmarking as a standard part of your fundraising analysis, use applications that support scheduling and distributing your reports. Doing so will reduce your manual workload. It will also ensure that you send your stakeholders recent benchmarks on a regular basis.

Another benchmarking tool in fundraising applications is query. You’ll find query useful for gathering raw data. Many applications let you run queries using different parameter values. Thus you can gather data for different campaigns, appeals, funds, and time frames.

If you have trouble identifying which reports will suit your needs, review the documentation for the application and run a few test reports. If, after this, you still feel your needs aren’t being met, it might be time to contact the vendor. If you have a goal in mind, the software vendor can likely point you in the right direction for reporting and querying, which may require a custom report, depending on your goal.

“Gather sector-wide benchmarks that pertain to your goal.”

Analysis: What Does It Mean?

After you've gathered a set of benchmarks that measure past performance in the context of your goal, it's time to review and analyze the data. Without analysis, it can be difficult to decide what steps to take to meet your goal.

Be aware that analyzing the data may identify a need to gather additional data. This is to be expected.

For example, suppose your goal is to increase the amount of donations year-over-year from repeat donors. You may find that in some years this amount increases and in other years it decreases. You'll need to find out if there were events those years that affected the results. You'll ask yourself questions such as:

- **Was there a recession?** Were there other country-wide or global events that affected the economy, culture, or environment surrounding your organization?
- **Did you stop mailing your newsletter?** Did you start a blog? What else did you start or stop doing?
- **What other things were different this year from last?** Which of these are most likely to have made a difference in performance? Figuring out which events were significant and which weren't is an important part of the analysis.

You may also find that certain constituent segments increased giving while others decreased.

- **Which segments increased?** Why? Were your messages to them different than to other segments? Were they more engaged in your online communications? Other reasons?
- **Which segments decreased?** Why might this be?

Discovering this information is integral to the next part of the process, deciding the next step.

Another component of the analysis phase (and it extends backward to the data-gathering phase as well) is to gather sector-wide benchmarks that pertain to your goal. You may or may not decide to use this information when planning what action to take for your organization, but it's useful to have.

Evaluate for yourself the methodologies used: They're not all created equal. Some may contain flaws or use a very small source pool. That doesn't mean they can't offer useful information. Caveat disclosed, here are a few sector resources (this list is not exhaustive):

- **Association of Fundraising Professionals** (AFP) and the Urban Institute's jointly sponsored Fundraising Effectiveness Project (FEP) and its annual surveys (afpnet.org)
- **Association for Healthcare Philanthropy's** (AHP) benchmarking service²
- **Council for Advancement and Support of Education's** (CASE) benchmarking surveys and tools³
- **NTEN's** benchmarking studies (nten.org)
- **Giving USA** (aafrc.org)
- **Target Analytics** (blackbaud.com)

“Why, exactly, do you need to benchmark?”

Only you and the other stakeholders at your organization can decide whether to take actions based on internal-only benchmarks, external-only benchmarks, or some combination of the two.

Decision Time: Identify & Take the Next Step

After analyzing the data, review your goal. This may seem obvious, but you must ensure that your goal is foremost in your mind when deciding what the next steps should be.

Data analysis frequently uncovers additional aspects of your fundraising performance that you weren't expecting. This is great information, and you may very well need to develop goals for improvement based on this. But don't *accidentally* shift goals because of what your benchmarking and analysis reveal.

After identifying what steps to take, include them in your fundraising plan. Acknowledge that the process isn't over. You must continue to benchmark and analyze results. This process will help you identify whether your actions are eliciting the response you expect. Over time, you will also adjust your goals and perhaps break down and identify more narrowly focused goals.

Use Fundraising & CRM Software to Simplify Benchmarking & Analysis

Benchmarking, analysis, and process-tuning needn't be intimidating or difficult. By using the tools built into your fundraising and CRM (constituent relationship management) software, you can easily set aside a few minutes each month to review and analyze your current benchmarks. Quarterly or even yearly, you can evaluate what your actions will be to better meet your goals.

Always keep in mind that benchmarking isn't a static concept. As your goals and strategies shift, so should what you benchmark. 

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²<http://www.ahp.org/publicationandtools/performance/Pages/default.aspx>

³http://www.case.org/Samples_Research_and_Tools/Benchmarking_and_Research/CASE_Benchmarking_Toolkit.html