



An Allegiance Group + Pursuant Resource

Fundraising Health Check

Strategic Key Performance
Indicators to Elevate Your Efforts

Contents

Introduction	3
Quantitative Health Check	5
9 KPIs to Evaluate Your Fundraising Health	6
Qualitative Health Check	9
10 Characteristics of Healthy Fundraising Programs	10
Evaluating the Health of Your Fundraising Strategy	16
Case Study Example	17
Conclusion	19
Next Steps	21
More About Allegiance Group + Pursuant	22

Introduction

In many ways, fundraising has never been more complex. But the solution is surprisingly simple: data. And not just any data — **your** data.

Let's back up.

Today's fundraisers must interact with multiple generations and cultures. There are more ways to communicate with donors than ever. There's also growing competition for donor dollars, just as fundraisers are asked to do more with less. And underpinning all this are soaring donor expectations.

These challenges face every nonprofit organization today, regardless of their size or sector.

So, when it comes to inspiring donors and creating a long-term sustainable fundraising program, how are you doing?

This can be a tricky question to answer. Evaluating your fundraising program's health is much more than comparing yourself to the Fundraising Effectiveness Project's latest industry benchmarks. Trying to interpret the trends can be overwhelming. For a clearer picture, you need to dig into your data.

But what information, exactly? After all, no generation of fundraisers has had as much data available to them. Every tech tool on the market promises an unmatched level of data. Except, interesting data points aren't necessarily **actionable** data points. And it can take some expertise to determine the difference.

At **Allegiance Group + Pursuant**, we love that our industry strives to meet (or beat) benchmarks. However, we also recognize that the relevancy of these benchmarks depends on your organization, specifically the market segment you're in, how you raise money, the size of your organization, and the types of donors you have.

Your data is what matters. LET YOUR DATA BE THE DIPLOMAT.

Our team has a saying: Let data be the diplomat. Data is objective. As you look ahead to figure out what's next, **your** data will be the most relevant data to consider as it serves as the liaison and intermediary between your donor base and your organization's mission.

So, what information do you need to determine the health of your efforts? And how can you turn that information into forward-thinking action?

You need both quantitative and qualitative data to take your fundraising pulse. In this resource, we outline some key performance indicators (KPIs) that you can use to measure health. We also unpack some common characteristics within thriving organizations so you can compare them to your fundraising programs.



Consider this your annual wellness exam. This guide will help you assess your current fundraising health and identify areas for improvement. You'll emerge more informed and ready to tackle your organization's opportunities and challenges.

Quantitative Health Check



Data can help you uncover what's happening in your organization. When you take the time to measure each of the following areas intentionally, you gain significant insight into the overall health of your fundraising program.

Rather than measuring from one campaign to the next or comparing efforts year-over-year, you can check the pulse of your year at a glance. In doing so, you'll get a clearer picture of how you're moving donors into deeper levels of commitment and giving.

9 KPIs to Evaluate Your Fundraising Health

If you're like most nonprofits, you're gathering a ton of data. But what is it actually telling you? Here are nine KPIs that can help you get a comprehensive and objective view of the health of your organization.

1. Dollars Raised

How much money are you raising each year? It's essential to monitor both how this number changes and what drives those changes. For instance, if you've had a strong year, what's behind your success? High donor growth? An investment in mid-level donors that's starting to pay off? A one-time windfall planned gift?

When you understand what's happening under the surface, you can better determine which efforts work. This can guide your planning and budgeting.

2. Number of Donors on File

The one number that should be at the top of your mind is how many active donors you have. This number should roll off your tongue. It will help you drive projections, build your budget, and ask for acquisition investments.

3. Coverage Ratio

This KPI has been gaining ground in recent years. Coverage ratio measures whether your organization is keeping up with attrition. Basically, it tells you if you're bringing in enough new donors — or reactivating enough lapsed donors — to stay ahead of those you're losing.

Use this simple equation to determine your coverage ratio:

$$\left(\begin{array}{c} \text{New} \\ \text{Donors} \end{array} \right) + \begin{array}{c} \text{Reactivated} \\ \text{Donors} \end{array} \div \begin{array}{c} \text{Lapsed} \\ \text{Donors} \end{array} = \boxed{\begin{array}{c} \text{Donor} \\ \text{Coverage Ratio} \end{array}}$$

You're healthy and growing if your coverage ratio is 100 or above. Anything below that, and you may have some challenges you need to address. At the very least, you should be able to answer why your coverage ratio has declined.

4. Acquisition

Start with the obvious questions: What does your file growth look like? How many new donors are you bringing in year-over-year?

Then, dig deeper. What do your new donors look like? Where are they giving? What are their connections to your organization? Which channels were most effective?

Surface-level acquisition numbers alone aren't actionable — they aren't enough for you to build on successes or learn from misses.

5. Retention

Your rolled-up retention number may give you a false positive or false negative. Instead, look at each of these areas separately:

- » **New donors**
- » **New continuing donors (those who give in the second year)**
- » **Key multi-year donors**
- » **Lapsed donors**
- » **Reactivated continuing donors**



A quick note about multi-year donors: don't take them for granted. This segment is most at risk of lapsing or decreasing their giving. How the needle moves with this group can mean the difference in hundreds of thousands of dollars, depending on the size of your program.

Don't let your donors lapse. If your data shows that X number of people who gave last year but unfortunately not this (often referred to as LYBUNT), consider sending them a special message. Some organizations think that's too "in the face" — it's not. People don't look at their calendars and wonder when they made their last gift.

6. Giving Frequency

What's the average number of gifts you're receiving per donor per year?

In today's subscription economy, you might miss an opportunity to increase retention, drive revenue, and improve the donor experience if you don't have a sustainer option as part of your fundraising program.

7. Average Gift

What's the average gift amount you're receiving? What's more, how does this number shift when you look at the median gift?

8. Moves Management

This involves four questions:

- » **How many donors upgraded their giving?** If you created an excellent experience for them, push that out to others.
- » **How many downgraded?** You need to figure out why that happened.
- » **How many stayed the same?** Don't panic — some donors just aren't ready to move yet.
- » **How many lapsed?** Get to work trying to bring them back.

9. Lifetime Value

This is a critical measurement. Use it to determine how much to spend on acquisition and retention. Lifetime value can also inform your moves management strategy, and it provides a way to gauge the impact of increasing both donor lifespan and average gift amount.

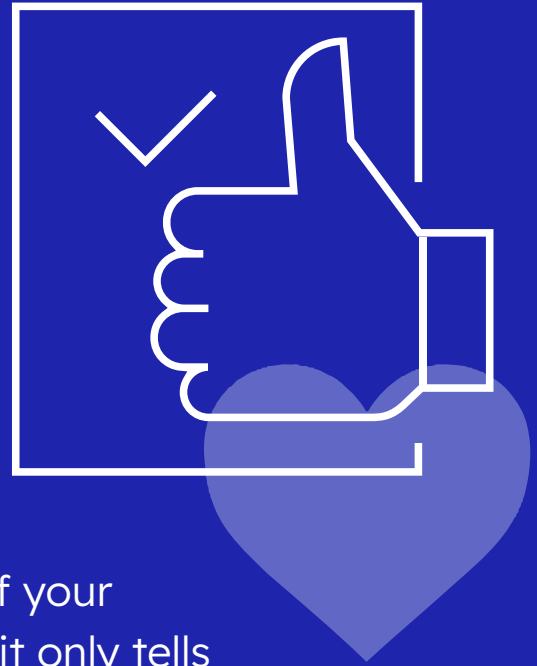
As vital as this data point is, lifetime value can be difficult for some organizations to define. How do you adequately cover the lifetime value of a donor? Use this simple formula:

Average Number of Years on File	×	Average Number of Gifts Per Year	×	Average Gift Amount	=	Lifetime Value
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Say your average donor has been on file for five years, gives an average of three gifts per year, and the average gift amount is \$25.

$$5 \times 3 = 15 \times \$25 = \$375 \text{ Lifetime Value}$$

Qualitative Health Check



Using data to understand the state of your fundraising program is essential, but it only tells one part of the story.

There's also a qualitative aspect to measuring success. Just as a healthy lifestyle requires both physical activity and good eating habits, you must make specific commitments to maintain a healthy fundraising program.

10 Characteristics of Healthy Fundraising Programs

So, what does a vibrant and thriving fundraising program look like? After working with various nonprofits across the industry, we've found 10 universal characteristics of organizations that are healthy and thriving.

1. A Commitment to Relationship Fundraising

In relationship fundraising, you build interpersonal relationships with your donors in a way that makes them feel like partners. This is much different than transactional fundraising, which focuses more on getting a specific dollar amount in the present. **Relationship fundraising actually increases a donor's value over time.**

The ability to renew and upgrade your donors depends highly on relationship fundraising. You build deeper relationships when you understand how constituents expect to be treated. This is extremely important for consistent, long-term success.

By contrast, we've found organizations focusing on transactional-based fundraising are more likely to struggle. They don't treat their constituents as members of a family and movement and, instead, only steward them when necessary.

2. A Positive, Clear, Visible Brand in the Marketplace

With so many nonprofits fighting for a piece of the fundraising pie, delivering a solid and consistent brand experience is more important than ever. **The average consumer sees hundreds of marketing messages daily, on top of the daily outreach donors receive from nonprofits. It's crucial to be transparent about the impact your organization makes and the work you do.**

In healthy organizations, there's a strong partnership between the Chief Development Officer and the Chief Marketing Officer. They work together and leverage each other's expertise to drive the brand. Fundraising efforts like mail, email, and social media double as brand-building efforts.

Meld your marketing and fundraising to create greater clarity around your organization and mission for donors who may be engaging across channels and touchpoints. Doing so will ensure your message is simple and straightforward — and donors won't have to work as hard to understand what you do.

3. A Healthy Balance of Diversified Revenue Sources

In many organizations, we see donors giving small gifts to a robust direct response program, peer-to-peer programs, or run/walk/ride campaigns. However, their mid-level and major giving tend to be an afterthought.

Just as often, we see nonprofits like higher education institutions and hospitals have strong major and even mid-level giving programs. But they neglect the pipeline of new donors that can come from that first small gift.

The healthiest organizations strike a balance with diversified revenue sources. They don't depend too heavily on just one or two programs.

Instead, they have deliberate ways to connect with both small and large donors and keep them moving up the donor pyramid.

4. A Commitment to Intentional Donor Stewardship

Healthy organizations work hard and intentionally to protect and preserve their donor relationships. They guide donors along the journey and continually reinforce the meaning, impact, and purpose of their giving.

Saying thank you to your donors is the minimum.

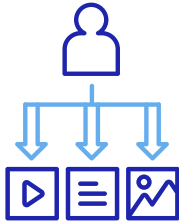
In fact, today's donors expect much more. They want to experience your brand, and that comes in the form of stewardship. More importantly, they want to see transparency around the impact you're making with their donation.

It's critical to create those stewardship and engagement touchpoints with your donors in a sincere way and on a frequent, consistent basis. And we don't just mean with major donors. You also need appropriate stewardship in your mid-level and small gift programs to keep your retention intact.

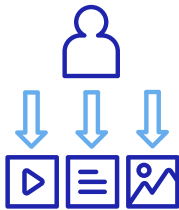


5. An Omnichannel Approach to Donor Engagement

The concept of an “omnichannel” approach has been gaining popularity in recent years. It’s often confused with similar terms like “multi-channel” and “cross-channel.” Let’s define each one.



An omnichannel campaign strategically coordinates multiple communication channels. The result is a seamless experience that drives prospective or current donors toward a specific goal.



A multi-channel campaign might leverage two or three different communication channels, but they have little coordination.



A cross-channel campaign is designed to drive an audience from one communication channel to another. For instance, you might send a direct mail piece that leads donors to fill out an online form so you can acquire their email addresses.

In unhealthy organizations, we often see fragmented mail and digital strategies. This means constituents get a different message in the mail than on digital. There’s no coordination in relevancy, timeliness, and personalization, which negatively impacts results.

The goal is an omnichannel communications strategy in which the messages on your direct mail pieces, website, social media, and other touchpoints tell a cohesive story that drives your mission home. This includes everything from telephone and face-to-face outreach to your annual report and marketing collateral.

6. A Diverse and Representative Focus on Personal & Relevant Messages

We live in a beautifully diverse world, which means your donors come from many different walks of life. It's critical to ensure your messages, packages, emails, and so on speak to each of the various segments that support your organization. After all, there's no faster way to disconnect with a donor than to make your communication impersonal and irrelevant.

The word "culture" goes beyond ethnicity. Every culture has subcultures, even in the United States. So, it's essential to adjust your messaging appropriately for the subcultures in your community.

Ensure you're sensitive to what cultures make up your core audience and prospects. For instance, you can give donors the option to self-report how they might identify on your website.

7. A Multi-Generational Awareness & Cultivation Strategy

The organizations that perform at a higher level today use an omnichannel, multi-segment communications strategy to speak to multiple generations. They understand that each generation favors and responds to a unique channel and message.

It pays to dig into the research on generational giving to guide your efforts. For instance, Giving USA's 2022 ["Giving by Generation"](#) report found that donors are becoming more open to giving via text message. It's prevalent among Gen Z, with 13% indicating they have donated by text. It's 7% for both millennials and Gen X and 3% for baby boomers.

In addition, all generations are more welcoming to monthly texts from nonprofits: 80% of Gen Z, 61% of millennials, 46% of Gen X, and 23% of boomers. Online giving has also grown more popular among all generations, and nonprofit websites have surpassed social media as the top motivator for donors when deciding whether to donate.

You can't be all things to all people — especially if you're working with limited resources. But if you're only talking to your current generation of major supporters, you're missing a valuable opportunity to engage tomorrow's donors.

8. A Deliberate Moves-Management Strategy to Acquire the Next Generation of Major Donors

How do you find and then work with major donors? Today's healthiest organizations have a moves-management strategy that answers these questions. They also know it can't be done in isolation or silos.

Say a direct marketing campaign moved a constituent up through your donor pyramid to mid-level giving. You'd want to connect with the direct response team to understand better what communications the donor has received.

A deliberate and collaborative moves-management strategy enables you to leverage your donor pyramid better and upgrade donors more effectively. What's more, a managed process for both upgrading and downgrading donors is critical to be sure your teams speak to the right prospects.



You can also move donors to an experience that best suits their relationship with the organization. Finally, leveraging data, prospect research, and the right staff at each giving level ensures donors don't slip through the cracks or languish in someone's portfolio, never reaching their full potential.

9. A Healthy Mid-Level Program

Many organizations focus on the pyramid's base and work to bring in new donors. Or they focus on their major donors at the top. However, the middle of the donor pyramid is often overlooked. In the process, you lose the connective tissue that binds the top and bottom areas together.

The missing middle is an all-too-common problem in fundraising today. As a result, many donors who could be on the path to major giving stay stuck at the bottom, where they don't belong.

Don't let your pyramid lose its shape. Developing a robust mid-level program should be a top priority. Remember, the mid-level is where you leverage your investments in the base of your pyramid to grow your major gift program.

10. A Centralized View of Data

In today's digital fundraising world, data is precious. While many reports and benchmarks provide data at a macro level, keep in mind that it may or may not be relevant to your organization. Instead, your organization's data should guide your efforts.

But within the nonprofit space, we see data that's far too fractured. This problem is still not being addressed well enough in our industry. Most organizations struggle to provide a comprehensive view of their data so they can effectively use it. A tool such as [GivingDNA](#) solves this challenge by giving you a fuller picture of the health of your file.

It acts as your personal data analyst to help you discover recurring donors, find planned givers, and more. For instance, it looks at your file and delivers automated recommendations for donors who might be primed for upgrading or monthly giving.

Healthy organizations take a holistic view of their data. Specifically, they find ways to visualize KPIs like those we discussed earlier so they can truly understand the story the data is telling.

Evaluating the Health of Your Fundraising Strategy

Now that you've read through our key characteristics of healthy nonprofits, use the chart below to rank your organization in each area on a scale of 1 to 10 (with 1 being very unhealthy and 10 being very healthy). After you rate each area, add up all the numbers to get your total.

Healthy	Unhealthy	Score
Relationship Fundraising	Transactional Fundraising	
Positive, Clear, Visible Brand	Unclear Branding	
Diversified Revenue Sources	1-2 Revenue Sources	
Strong Stewardship Programs	Inconsistent Stewardship	
Omnichannel Communications Strategy	Fragmented Mail/Digital Communications Strategy	
Diverse and Representative Engagement	No Focus on Diverse Engagement	
Multi-Generational Strategy	Primary Focus on Today's Donors	
Deliberate Moves Management	Fractured Data	
Mid-Level Program	No Mid-Level Program	
Centralized View of Data Health	Silos that Prevent Deeper Cultivation	

How Did You Score?

Don't feel too bad if your organization's score landed on the lower end of the spectrum. After all, you're trying to do a lot with limited resources. The fact that you're reading this shows your passion and commitment to make your organization stronger. Simply consider this a starting point.

Case Study Example

With your fundraising health in check, you'll have a better idea of where to focus your efforts.

For instance, the Denver Dumb Friends League saw opportunity in its direct marketing program — specifically in adding an omnichannel approach to its mail fundraising. The organization provides comprehensive, direct services to pets and pet owners as it works to end pet homelessness and animal suffering in the Denver, Colorado, area.

The goal was to develop new strategies to engage existing donors, reactivate lapsed donors, and attract new donors through its year-end direct mail campaign. The League partnered with our team, who first reviewed its existing mail campaign and file. We then utilized the GivingDNA platform to identify segments of donors that were primed for upgrading through direct mail.



It was important to engage all levels of donors, not just high-end supporters. So, we strategically implemented an additional year-end mailing to accompany the existing holiday card. We also added a strong digital cadence of email and social media touchpoints throughout December for a true omnichannel approach.



In addition, the Allegiance Group + Pursuant team integrated the mailing theme with The League’s existing marketing campaign, “The Power of Touch.” This enabled The League to leverage its marketing content and images across omnichannel communications for a cohesive and consistent campaign.

The Denver Dumb Friends League’s enhanced and comprehensive year-end direct mail campaign resonated with donors in a significant way.

Results included:



The average gift also increased: 48% for the first mailing and 19% for the second mailing. These substantial results proved that The League could acquire, retain, and reactivate donors through an omnichannel strategy.

Conclusion

Modern fundraising is complicated, and figuring out where your organization stands can be challenging. Benchmarks can be interesting, but it's not always clear what those data points mean for you.

For instance, the [2023 Giving USA Annual Report on Philanthropy](#) showed a 13.4% decline in individual giving and a 10.5% decline in overall giving from 2021 to 2022. But compared to 2019, giving was up almost 9% in 2022. What's more, many of the nonprofits we work with didn't see such dramatic losses.

The lesson? Note the benchmark, but look at the trend line of your own program over 5, 10, or even 20 years to better measure your health. Your data, combined with what's happening in your program from a qualitative perspective, will reveal the leading indicators that can help you plan for the future.

We'll leave you with a few key questions to consider and discuss with your team. Answering these questions will help you better focus your fundraising efforts and enhance your organization's overall health.

- » **How are you measuring success?** Again, there's a lot of data out there, but not all of it applies to your organization. If you're looking for insights to inform your leadership team and board, you must get command over your data. With tools like GivingDNA and our 3D file assessment service, you can use your data more effectively to identify what you could and should be doing well for the health of your organization.
- » **On a scale of healthy to unhealthy, where are you?** In terms of fundraising health, the 10 characteristics of healthy fundraising programs are building blocks. It's nearly impossible for most nonprofits to master all these items with the staff sizes that are out there today. Instead, evaluate your organization in these areas to gauge your strengths and find opportunities for improvement. The goal is progress, not perfection.

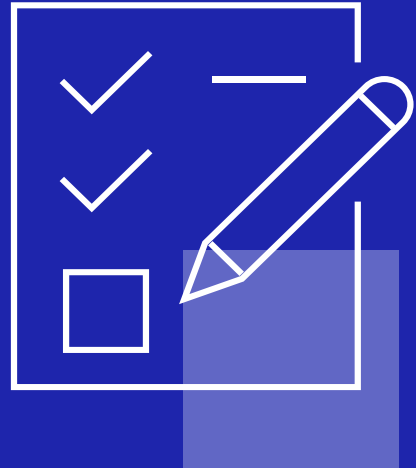
- » **What opportunities should you consider?** When you think about areas you haven't tackled or addressed, which would make the most difference for your organization? Go back to the chart you filled out and look at the areas where you scored the lowest. Choose one or two to prioritize, then think about how to drive significant change in those areas in the coming quarters.

Understanding the health of your fundraising today enables you to take greater control of your fundraising tomorrow.

Measuring your fundraising health can be challenging. You need a quantitative approach, and you need to look at the nine KPIs mentioned in this resource to get a comprehensive view of your data. At the same time, you should take a qualitative approach by having conversations with your team about how you can apply some of the characteristics of healthy organizations to make a meaningful impact.

We hope this guide will help you in both areas. Our goal is to inspire you to take the next steps toward creating a healthier, more impactful future for your organization.

Next Steps



- » Learn how Allegiance Group + Pursuant's [A&I Solutions](#), like our 3D Assessment, can help you get a comprehensive understanding of your file health and discover ways to accelerate revenue.
- » Check out our entire list of [fundraising resources](#) for more whitepapers, fundraising tools, and webinars.
- » Connect with us on [LinkedIn](#) and [Facebook](#).
- » Subscribe to [The Impact Angle](#), our weekly newsletter featuring valuable insights and best practices around today's most important fundraising topics.
- » Reach out to sales@teamallegiance.com or 844-858-7654 to learn how we can help with your organization's fundraising needs.

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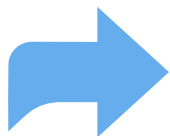
Allegiance Group + Pursuant stands at the forefront of innovation, empowering nonprofits with cutting-edge, tech-led marketing and fundraising solutions. With a legacy of decades of experience in digital, web, UX, and advertising excellence, we've evolved into the ultimate one-stop-shop for nonprofits seeking a comprehensive, digital-first partner.

Our mission is bold: to inspire action and create a lasting impact.

Allegiance Group + Pursuant brings together experts in strategy, fundraising, development, creativity, and analysis. We're not just a service provider; we're your growth catalyst. From expanding your supporter base to enhancing brand experiences and leveraging custom fundraising software, we drive strategic and intelligent growth.

Choose Allegiance Group + Pursuant for Strategy & Consulting, Web Design & Development, Digital Marketing, Advocacy, Membership Acquisition & Retention, Donation Platforms, Loyalty Programs, and more. Our clients feed the hungry, heal the sick, nourish souls, enrich lives, care for animals, and build minds. You have an important goal, and we're thrilled to leverage our blend of data, technology, and award-winning creative to get you there.

We'd love to connect to learn more about your mission and the goals we can help you achieve. Contact Us!



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