

# Target Analytics' Fundraising Models for Small Offices

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## Today's Agenda

- Blackbaud, Target Analytics and your presenter
- Defining the “Small” Advancement Office
  - Challenges
  - Needs
- Predictive Modeling for Donor Development
- “I’ve Modeled, Now What Do I Do?”
- Client Success Stories
- Questions and Answers

## About Us

- Target Analytics, a Blackbaud Company since 2001
  - Backed by Blackbaud's reputation and experience
  - More than 25 years of practical experience exclusively with nonprofits
- Superior software and services from one source
  - Donor predictive modeling
  - Prospect research tools such as wealth screening and prospect management software
  - Donor benchmark comparison reports and program assessments
  - Integration with The Raiser's Edge and BBEC
- With the addition of NOZA, we've added more prospect research solutions, such as file screening and subscription to the searchable database of over 50 million gifts
- Our Mission
  - Help nonprofits maximize fundraising results...***at every stage of the donor life cycle!***



## ► YOUR PRESENTER

### **Laura Worcester, Senior Consultant**

- Target Analytics since 2001
- Target Analytics Hall of Fame Inductee 2010
- Bachelor of Arts, Creighton University
- Graduate Studies, University of Wisconsin – Madison
- 25+ years advancement experience: Independent School & Higher Ed focus
  - University of WI – Madison
  - Viterbo College, St. Norbert College; Alverno College
  - WI & IN Independent Schools
- Past Speaker: CASE, AFP, AHP, regional events and conferences
- Emphasis Areas: Prospect Research, Annual Fund strategy, Capital Campaign management; Grantwriting

# The “Small” Advancement Office

## Small: A Relative Concept

- 1-2 person office?
  - Wearing too many hats—not just development?
  - Never enough time
  - **High Expectations**
- 3-6 person office?
  - Still wearing too many hats
  - Still not enough time
  - **Higher Expectations**
- 7-10+ person office
  - Still wearing too many hats
  - Still not enough time
  - **Huge Expectations**

## Everyday Challenges of Small Offices

- Too Many Hats?
  - Annual Giving
  - Major Giving
  - Special Events, Alumni/Donor Relations, other??
- Not Enough Time?
  - Deciding who to target
  - Deciding how to target
  - Deciding how to research; qualify, etc.
- High Expectations?
  - Reduce Your Budget
  - Raise More \$\$
  - Are you kidding me???

## Everyday Needs of “Small” Offices

### Save Time

- “I need to **find new** Annual Fund donors, **upgrade current** donors while still **retaining** as many as possible!”

### Manage Priorities

- “I need to **manage** top tier Major Giving prospects, but how can I do that when I don’t know **who to target** for major gifts?”

### Increase Efficiency and Effectiveness

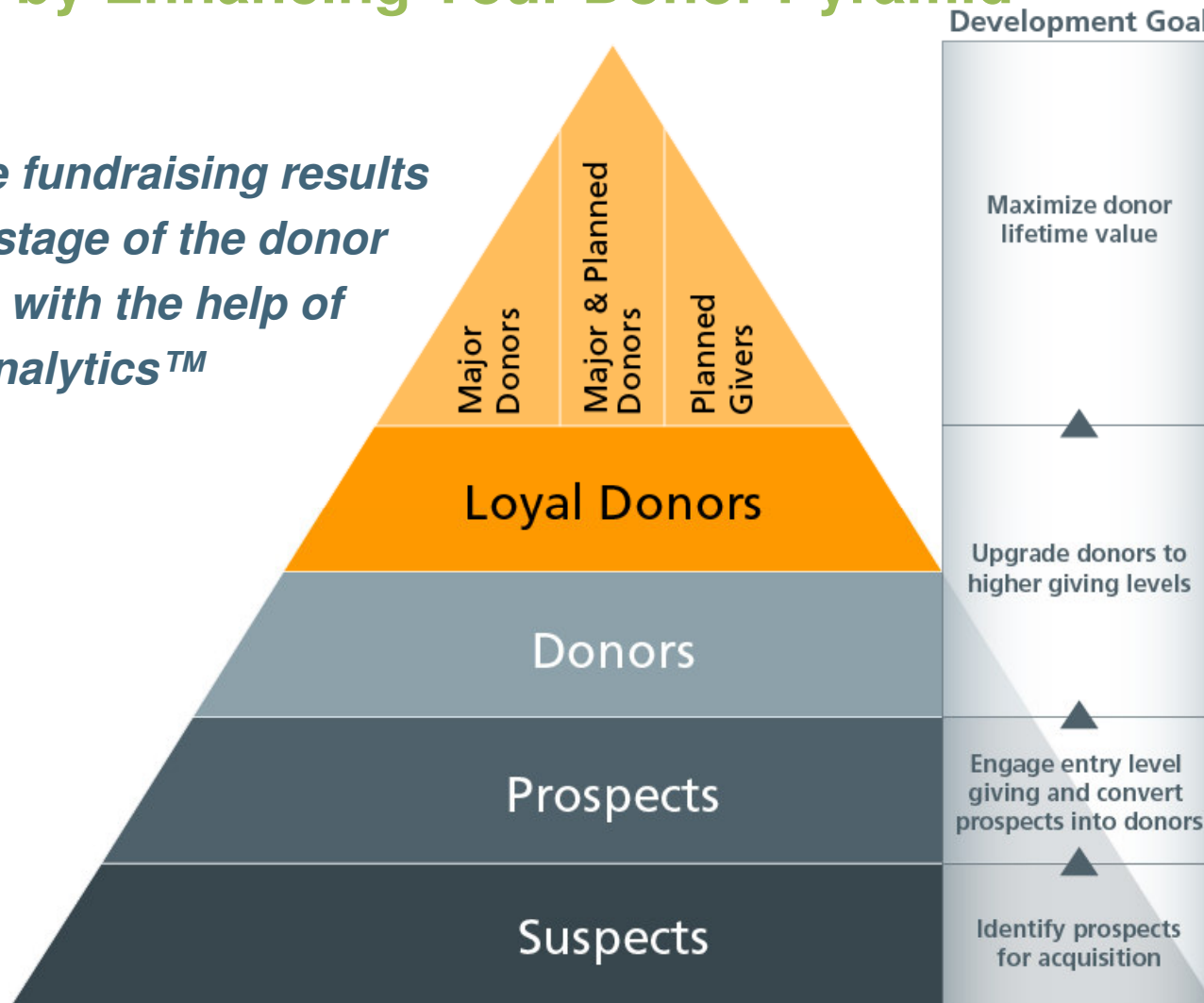
- “I need **to raise 25% more** money this year with a **25% smaller budget**

***Survivor Mentality: Outwit \* Outplay \* Outlast:  
Doing More With Less***



## Results by Enhancing Your Donor Pyramid

*Maximize fundraising results  
at every stage of the donor  
life cycle with the help of  
Target Analytics™*



## The Benefits of Data Mining and Modeling

- A comprehensive view of your database
- Jump starting prospect identification and classification
- Potential cost savings
- Clean your database
- Understand donor/non-donor characteristics
- Create cost-effective appeals
- Increase gift revenues
- Staffing and resource allocation
- Knowing your institution, turning knowledge into results

## Analytics Begins With Data Mining

- ***Data Mining:*** Automated or manual extraction or query of information from a constituent database: segmentation analysis, correlation studies, descriptive modeling
- ***Predictive Modeling:*** Discovery of underlying meaningful relationships and patterns from historical and current information within a database; using these findings to predict individual behavior

## Data Mining – Internal Data: Anyone can do it! (And should!)

- Look for internal and transactional data to tell us donor/non-donor characteristics
  - Internal
    - Age
    - Gender: keep record keeping in mind (soft credits)
    - Major/Degree
    - Constituency
    - Type/number of Relationship(s)
  - Transactional
    - Membership (alumni, other)
    - Ticket buyers (athletic, cultural, other)
    - Special events

## Data Mining – External Data Adds Depth and Breadth

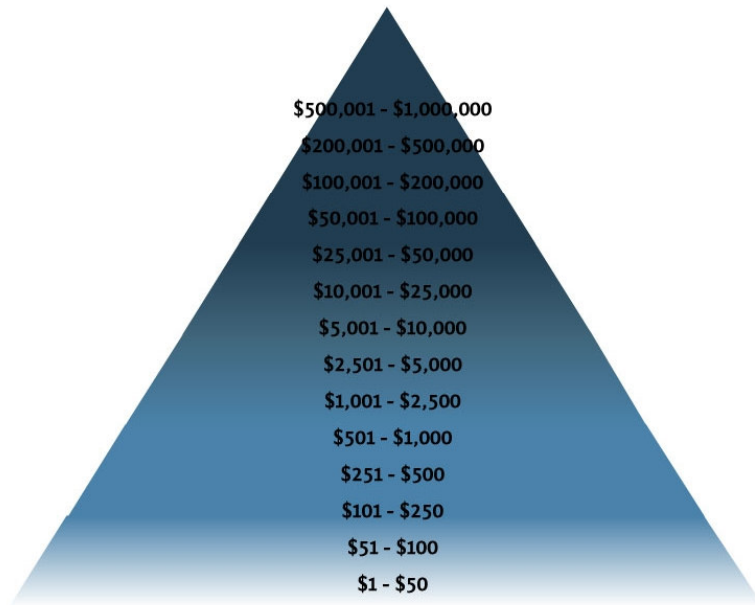
- Data appended to your file:
  - Census—updated annually
  - Cluster data
    - Equifax Niche data
  - Summarized credit data
  - Philanthropic Data
    - NOZA, Guidestar
  - Wealth
    - Hard asset data
    - Other wealth indicators

# Predictive Modeling for Donor Development

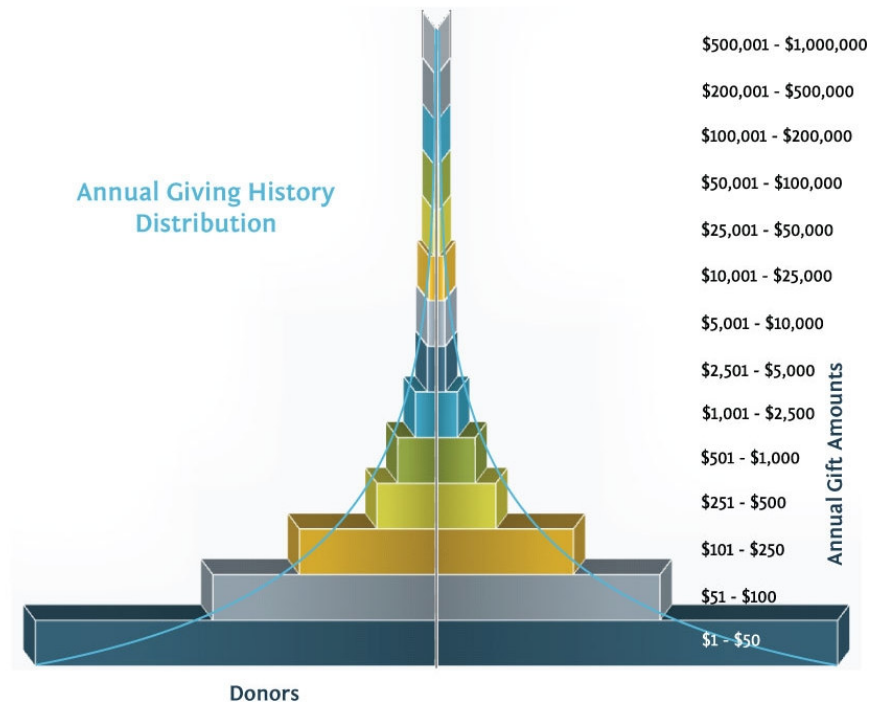
# Reality Check – What Shape is Your Pyramid?

(Does it Look More Like the Eiffel Tower than Great Pyramid?)

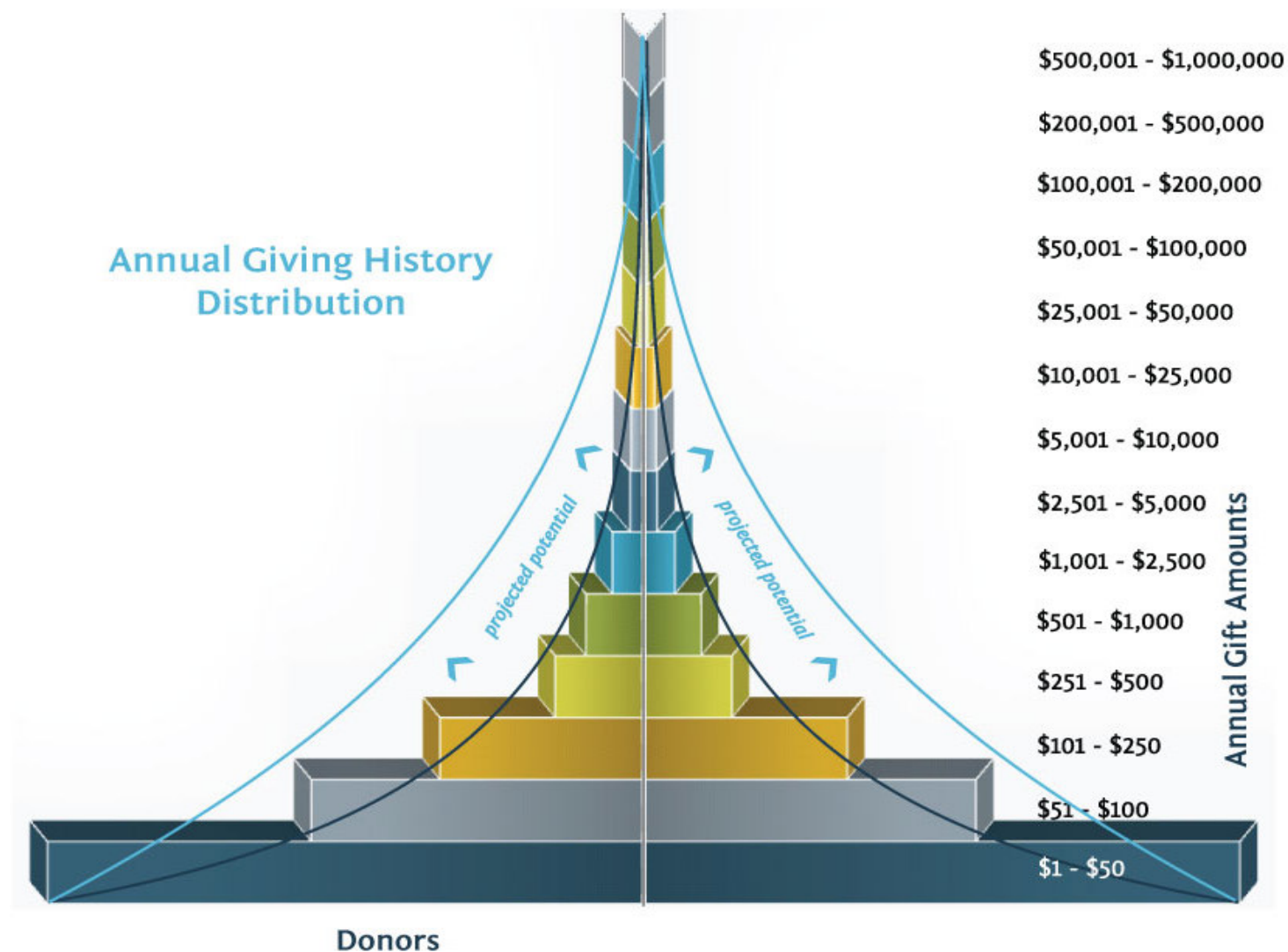
Traditional Gift Pyramid



Annual Giving History Distribution



# Pyramid Power

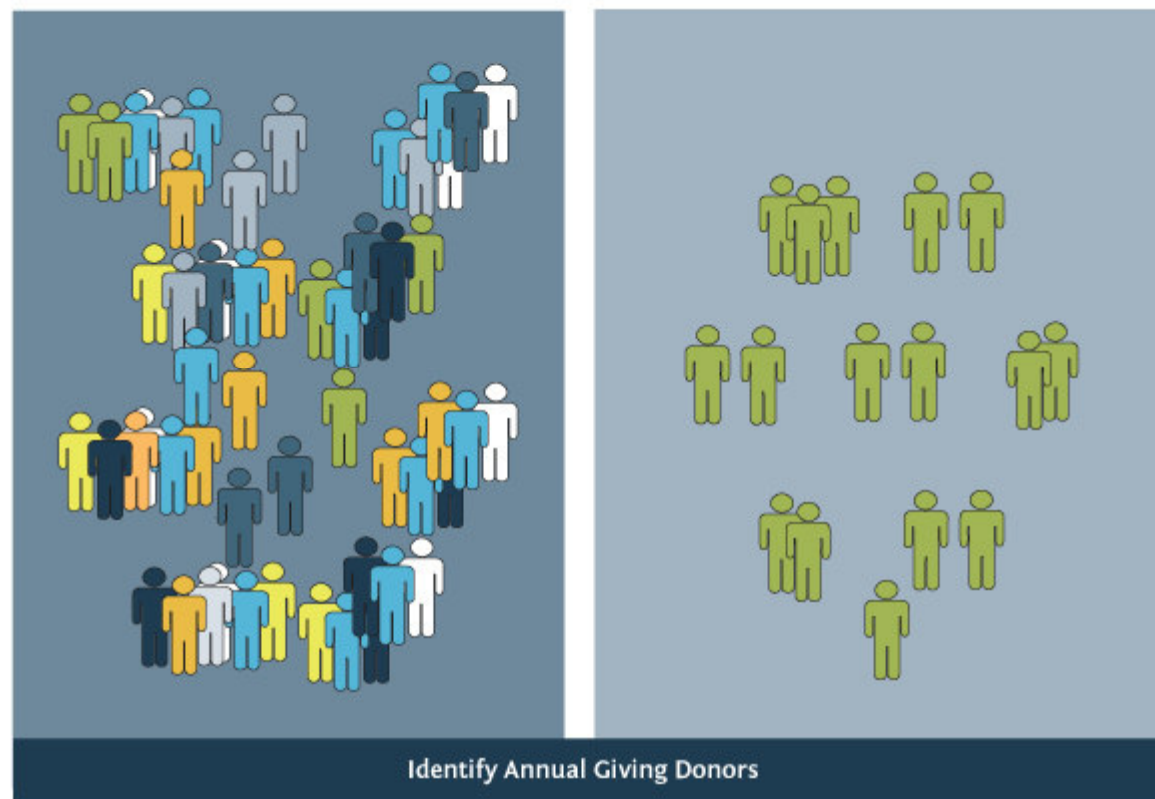




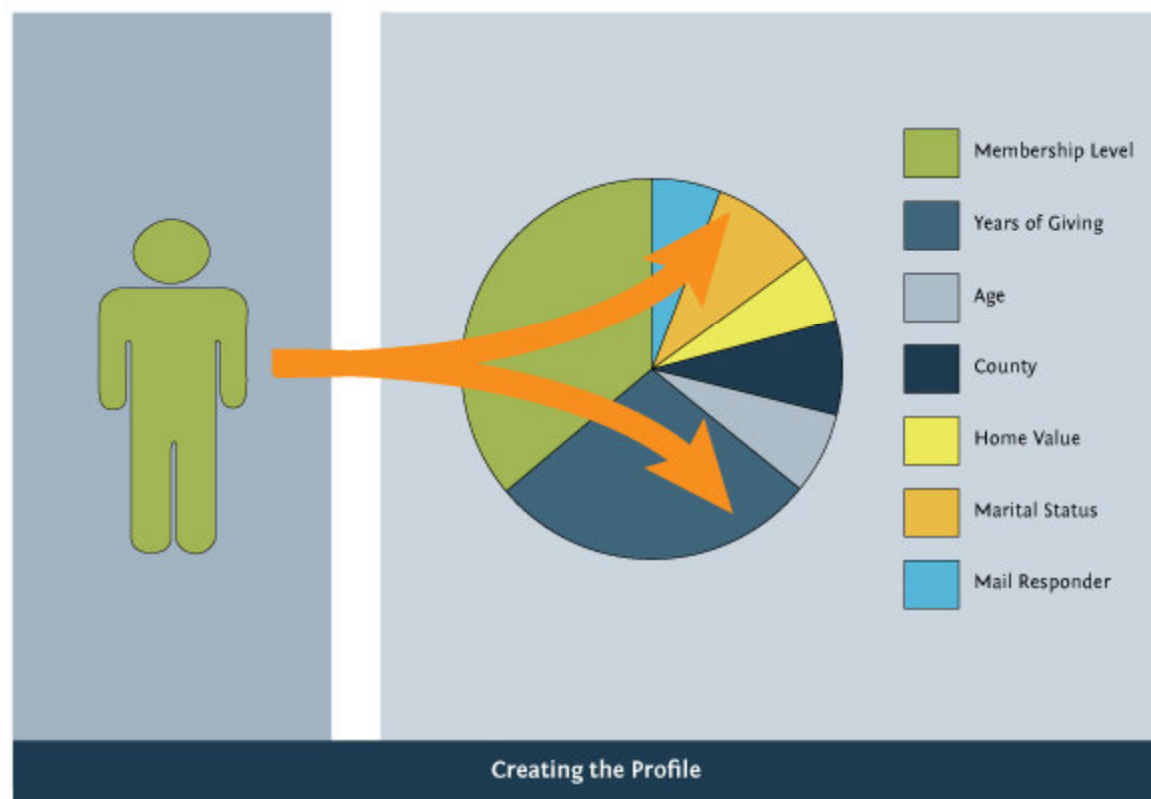
## Predictive Modeling - Why it Works

- Giving profiles are complex
- Profiles vary by organization/constituency
  - Even within an organization profiles may differ
- Profiles vary by giving level/type
- Giving propensity and capacity are often different
- **Propensity and capacity scores will enable you to identify prospects to strengthen your donor pyramid**

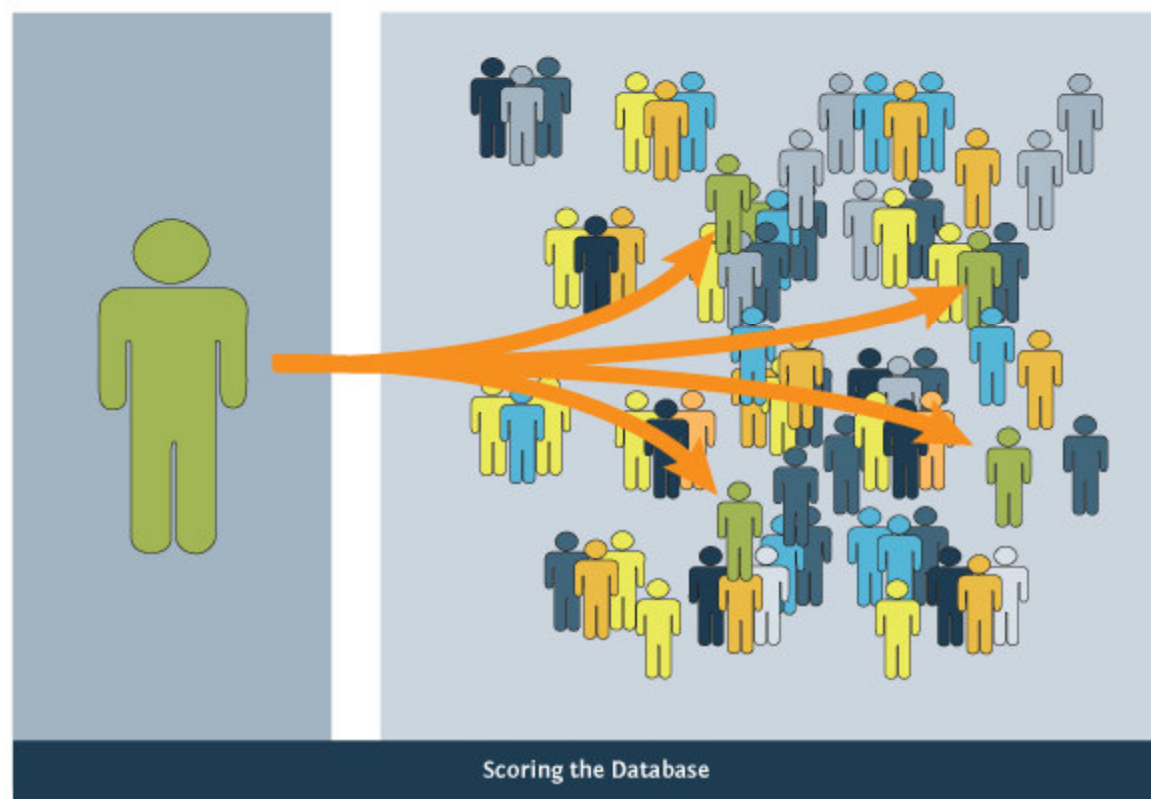
## How Modeling Works: Who are You Looking For?



## Building the Profile: Common Denominators



## Scoring the Database: Finding the “matches”



## Target Analytics Predictive Models

- Models & Services can be “scaled”
  - Not a “one size fits all” approach
  - Smaller offices can select services designed to address
    - current needs
    - limited staff
    - limited resources
- Implementation can address needs of small office
  - Identify and Prioritize specific goals
  - Incremental implementation

## What Type of Model: What Questions to be Answered?

- What are you trying to do?
  - Annual Giving: Good place to start
    - Who is likely to give/not give
    - Who can give more
    - Who is likely to be loyal donor
    - When/how are they likely to give
  - Major Giving
    - Who is likely to make a Major Gift?
    - How different from Annual gift donor/prospect?

# Predictive Models from Target Analytics

## What Options “fit” your organization?

### *Likelihood Models*

- ◆ Likelihood to Give
  - ◆ Well developed AG program
  - ◆ No or Recently established MG program
  - ◆ No or Limited MG staff
  - ◆ Yet to be determined “threshold” for MG
- ◆ Annual Giving Likelihood
  - +
- ◆ Major Giving Likelihood
  - ◆ Well developed AG & MG programs
  - ◆ Dedicated MG staff
  - ◆ Clearly identified MG threshold

### *Target Gift Range Model*

All Organizations

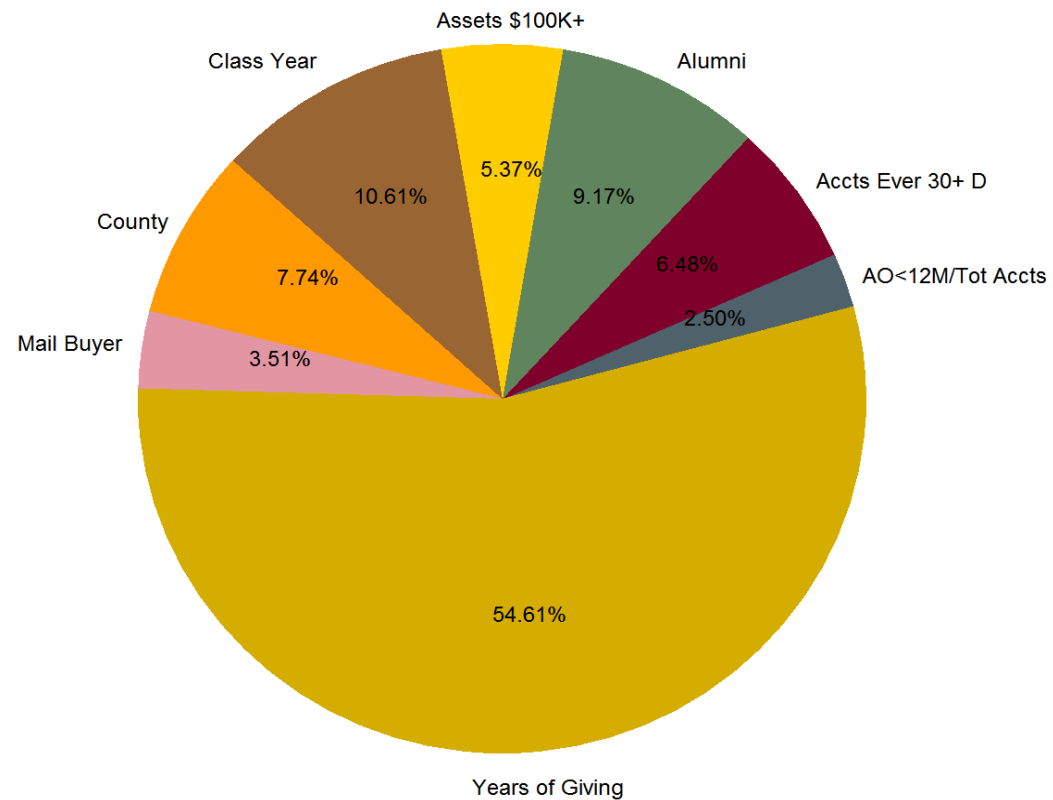
All gift sizes

## Likelihood To Give Model

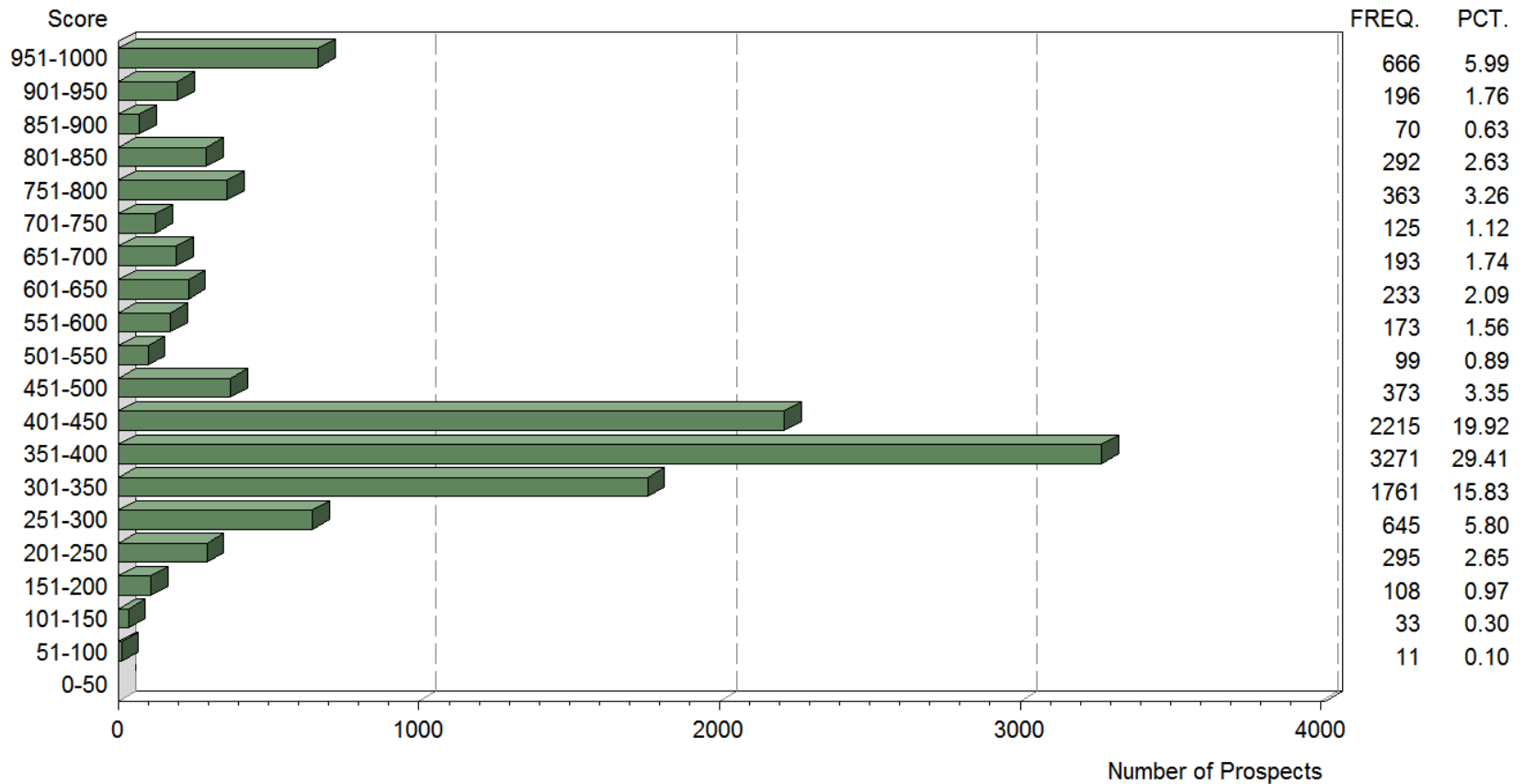
- Perfect Solution for smaller organizations
- Increase participation by focusing limited resources
- Utilize with all Target Gift Ranges scores for increased
  - Annual Gifts
  - Major Gifts
  - Acquisition efforts
- Easy to implement
  - Less segmentation
  - Great for small staffs



## Sample Likelihood to Give Model



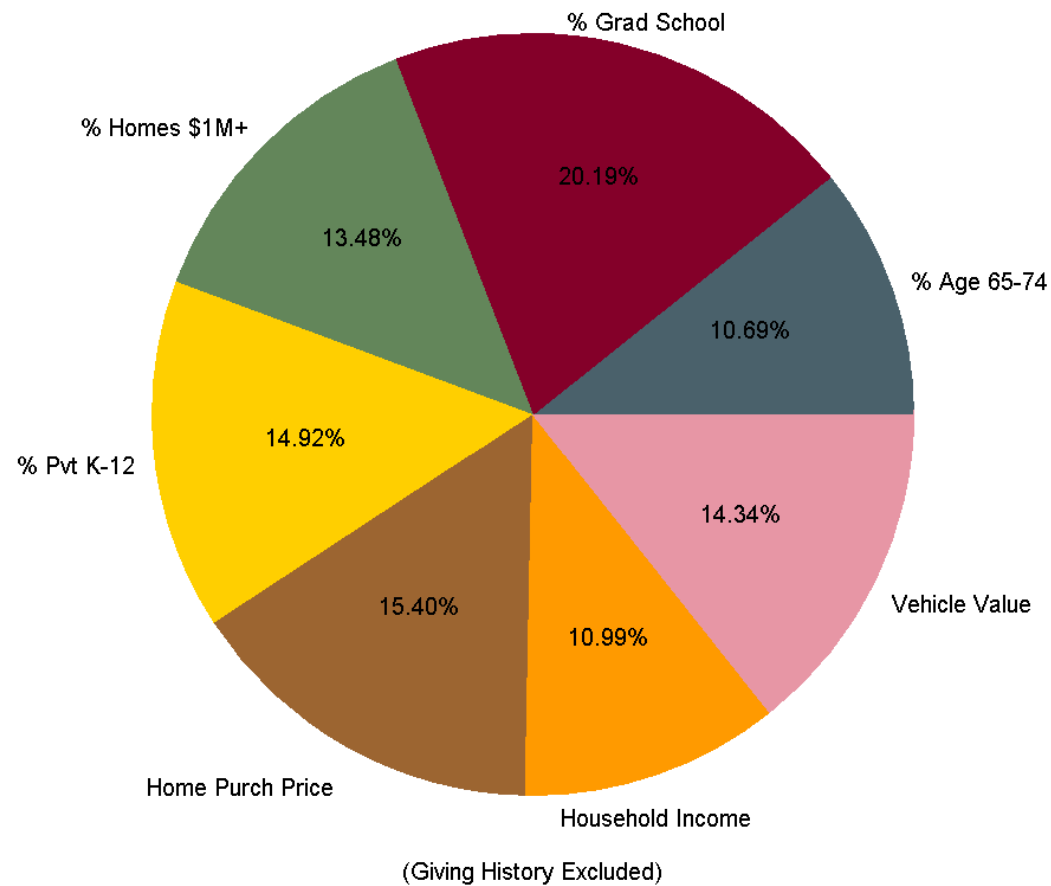
## Likelihood to Give Score Distribution (0-1000)



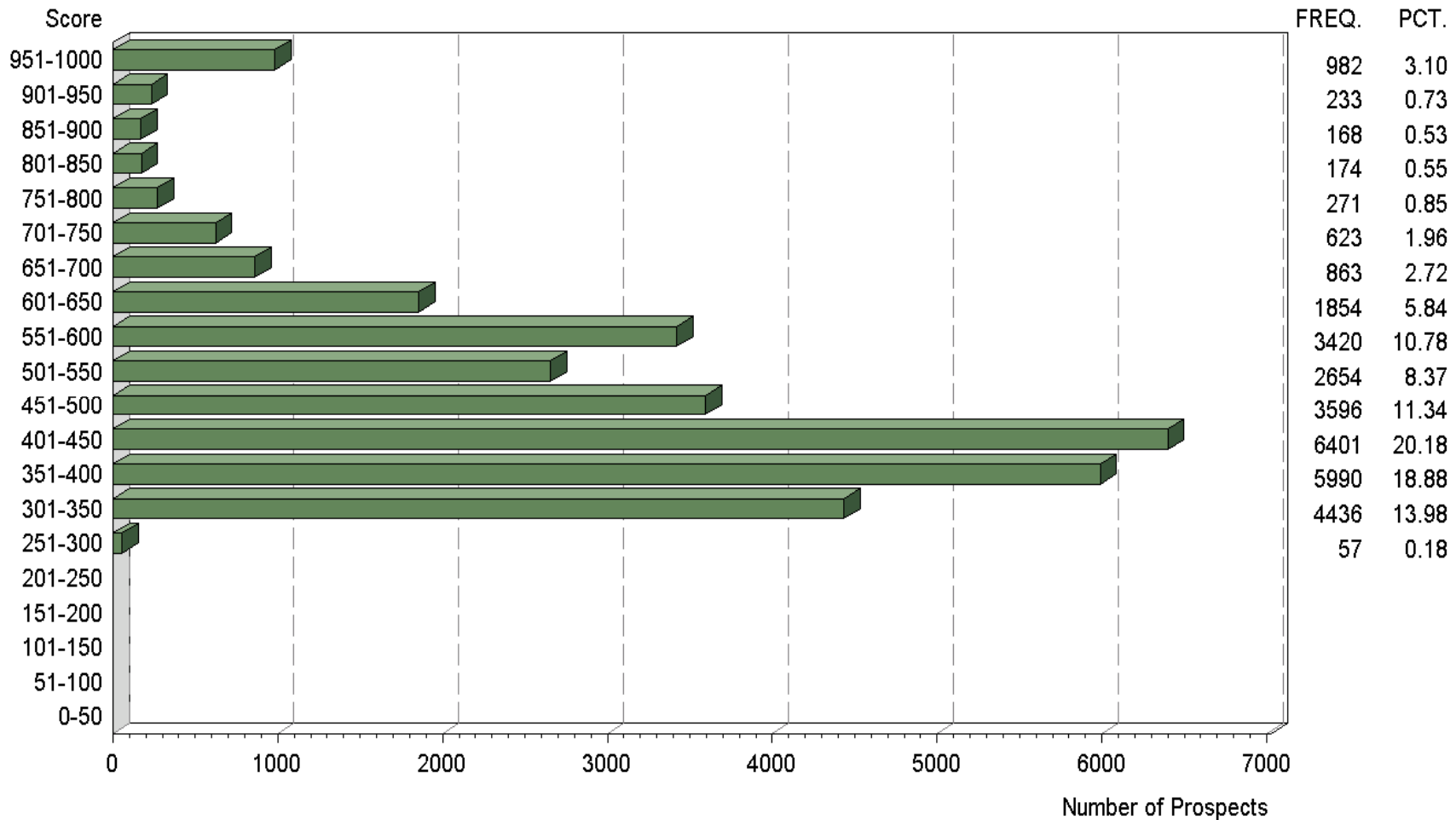
## Annual Gift Likelihood and Major Gift Likelihood

- Utilize each with Target Gift Range model
  - AGL + Lower TGR for Annual Giving
  - MGL + Higher TGR for Major Giving
- Targeted profiles for specific giver types
  - Identifies differences in “types” of donors
- Cultivate Major Donors while enhancing Annual Fund
- Targeted segmentation for
  - Each gift officer
  - Each giving priority

## Sample Major Giving Model



## Major Giving Score Distribution (0-1000)



## Target Gift Range (TGR) Model

- The TGR model looks at the inclination combined with the capacity a prospect has to make a gift at a certain level to *your* organization
    - Gift range projected by the predictive model for a **one year period**
    - Target Gift Ranges are numbered 1 to 12, from \$1-50 to \$100,000+
- 

1: \$1 - \$50

2: \$51 - \$100

3: \$101 - \$250

4: \$251 - \$500

5: \$501 - \$1,000

6: \$1,001 - \$2,500

7: \$2,501 - \$5,000

8: \$5,001 - \$10,000

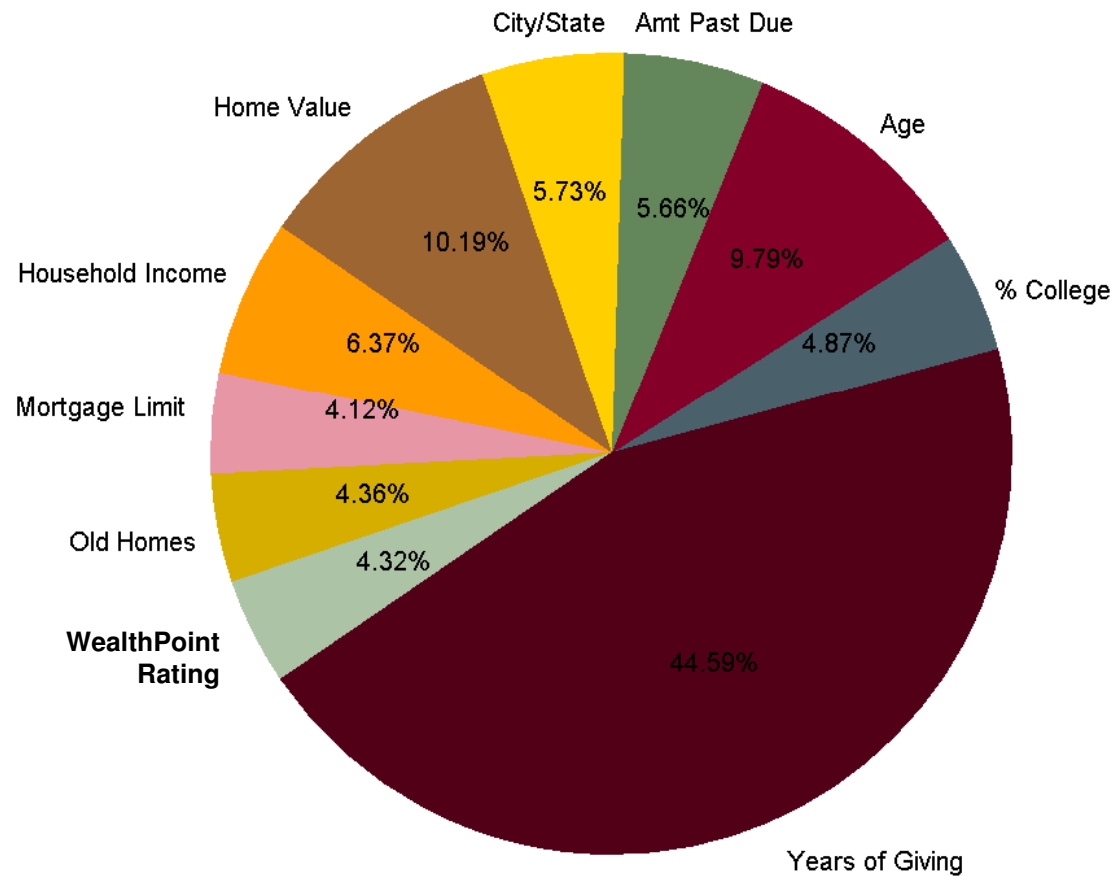
9: \$10,001 - \$25,000

10: \$25,001 - \$50,000

11: \$50,001 - \$100,000

12: \$100,001 +

## Sample Target Gift Range Model



## Suggested Ask (TGR) Compared to Largest Gift

Gift \$ Range	# of Individuals in each TGR	# with Maximum Gift at each level	% Inc./ Dec. in Prospect Pool
\$0		53,584	
\$1 - \$50	17,192	2,189	+685%
\$51 - \$100	21,057	915	+2201%
\$101 - \$250	13,636	454	+2904%
\$251 - \$500	2,957	143	+1968%
\$501 - \$1,000	1,420	64	+2119%
\$1,001 - \$2,500	685	24	+2754%
\$2,501 - \$5,000	304	14	+2071%
\$5,001 - \$10,000	117	2	+5750%
\$10,001 +	25	4	+525%



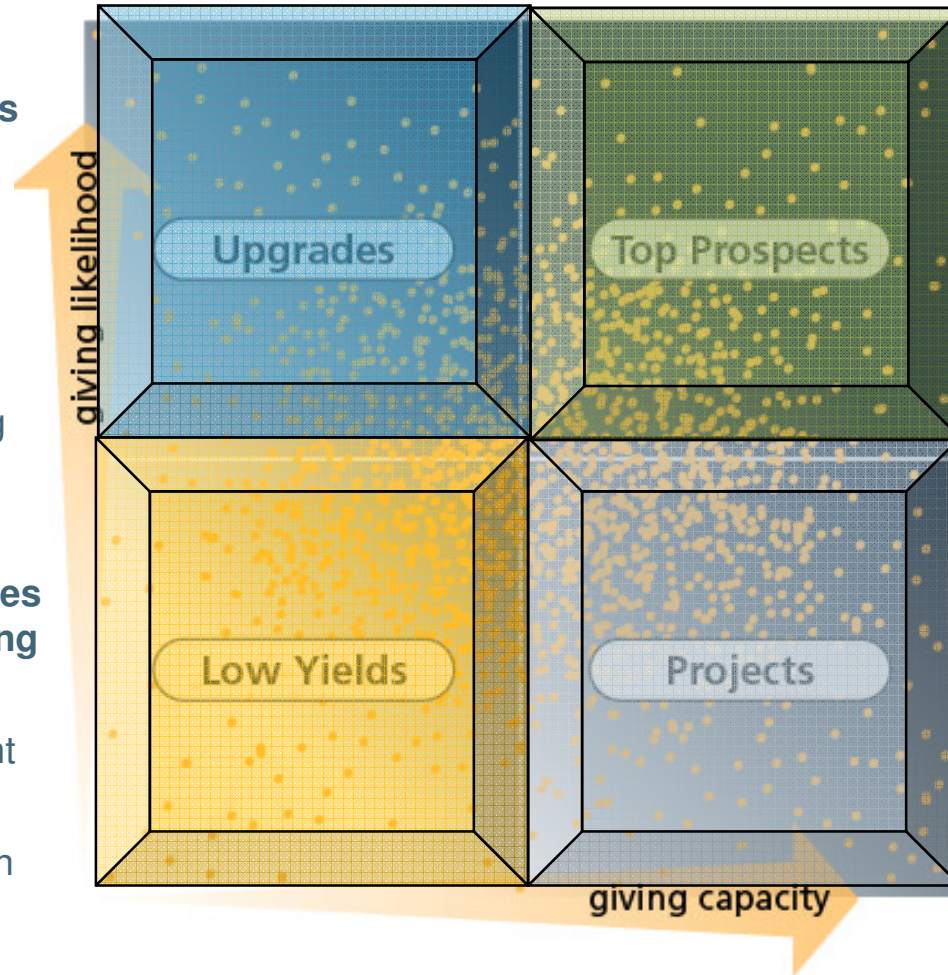
# Segmenting Prospects by Likelihood & Capacity

- **High likelihood scores and mid-level target giving ranges**

- Implement targeted upgrade, mid-level major gift strategies
- Increase annual giving

- **Low likelihood scores and low target giving ranges**

- Minimize investment
- Consider reduced resource application



- **Highest scores and high assets**

- Further qualification and research
- Immediate individual cultivation

- **Lower likelihood scores, but high target giving ranges and assets**

- Need to be sold on your mission
- Longer term cultivation

## Integrating Giving Likelihood & Capacity: Annual Giving

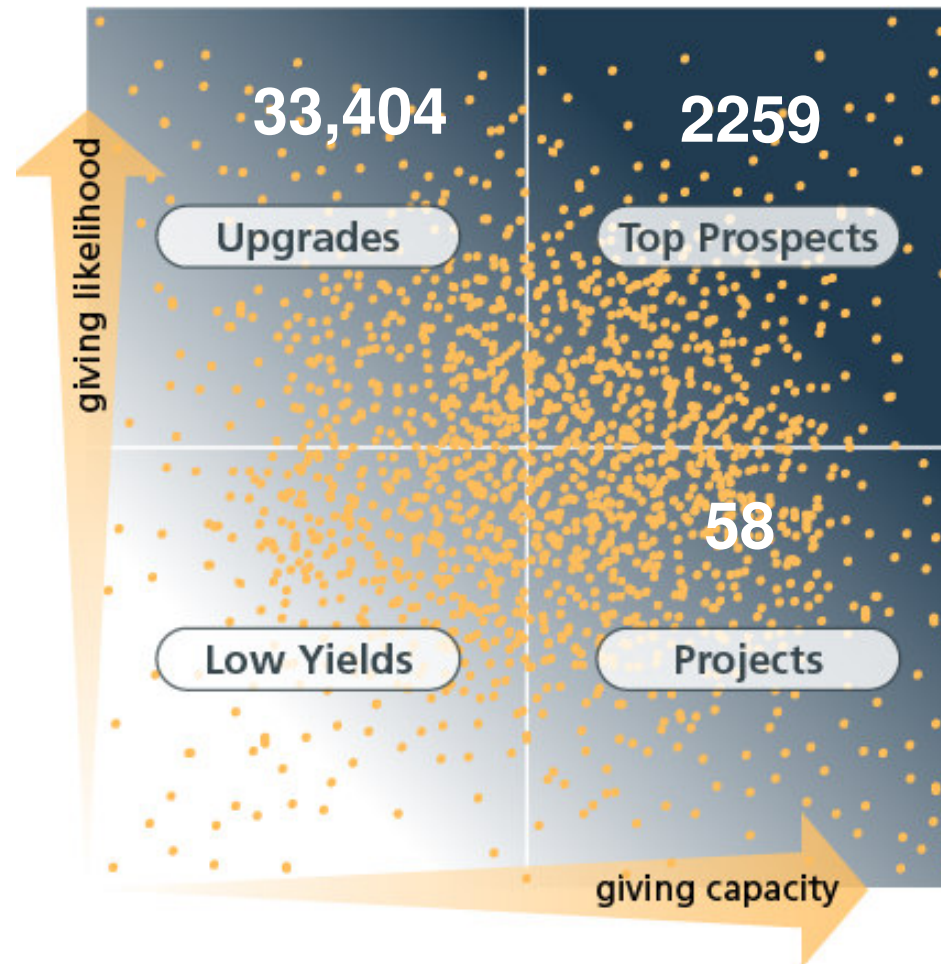
	TGR \$1-\$250 (1,2,3)	TGR \$251-\$500 (4)	TGR \$501-\$1,000 (5)	TGR \$1,001-\$5,000 (6,7)	TGR >\$5,000 (>=8)
GL >= 851 (Excellent)	1199	1217	1070	1194	225
GL 651-851 Very Good)	4123	1045	497	386	99
GL 551-650 (Good)	5649	1488	474	293	74
GL 451-550 (Average)	8605	1610	330	233	44
GL <= 450 (Below Avg.)	12,709	1526	245	185	39

## Integrating Major Giving Likelihood and Capacity

### 2259 Top Prospects in blue and green

	Target Gift Range			
	TGR 6-7 \$1,001-\$5000	TGR 8 \$5,001-10,000	TGR 9 \$10,001-\$25,000	TGR10-12 \$25,001+
Excellent MGL >=901+	<u>883</u>	<u>253</u>	<u>111</u>	<u>62</u>
Very Good MGL 751-900	<u>441</u>	<u>74</u>	<u>30</u>	<u>15</u>
Good MGL 601-750	<u>325</u>	<u>42</u>	<u>20</u>	<u>3</u>
Projects MGL <=601	<u>442</u>	<u>45</u>	<u>20</u>	<u>9</u>

## Identified Annual and Major Giving Prospects










# Putting it All Together: Predictive Modeling + Wealth Screening

## The Power of Combining Wealth and Modeling

- A recent study completed by one of our senior statisticians showed that Wealth and Modeling **together** account for higher gift potential in a database than either method by itself
- Modeling alone can identify 75-85% of major gift prospects
- Wealth alone can identify 10-23% of major gift prospects
- Together can identify over 90% of major gift prospects
- Learn more! Read the paper for more insights
  - [http://www.blackbaud.com/files/resources/downloads/WhitePaper\\_TargetAnalytics\\_MaximizingGiftPotential.pdf](http://www.blackbaud.com/files/resources/downloads/WhitePaper_TargetAnalytics_MaximizingGiftPotential.pdf)

# WealthPoint professional sources of data

Hard Asset Data		Employer and career information, compensation, private company stock ownership, management biographies
	 <b>REUTERS</b>	MarketGuide profiles: biographical and financial data on corporate officers and directors
	 <b>THOMSON REUTERS</b>	Public stock holdings/transactions by corporate officers, directors, major shareholders; transaction histories, last-traded stock prices
	 <b>FIS»</b> DATA SERVICES	Primary and secondary holdings of real estate, estimated property values, including properties in trusts
Wealth Indicators	 <b>BATS</b> Making Markets Better	
	 <b>MARQUIS Who's Who®</b>	Detailed self-reported biographical information including education, interests, children, etc.
Philanthropic Interests	 <b>Larkspur Data</b> "Our Business Is Helping Develop Your Business"	Presence of luxury items like planes, yachts, and other indicators of wealth
	 <b>GUIDESTAR®</b>	Nonprofit officers and board members identification, private/family foundations
	 <b>DONOR BANK</b>	Detailed records of charitable donations including gift type, size, date, and recipient
	 <b>NOZA™</b> A donor for every cause	The largest collection of public donations available with more than 60 Million public donations
	 <b>FEC</b>	In-depth information on more than 2 Million federal elections contributions including amount and recipient



## Putting It All Together

A Prospect's ultimate rating will consider

- ProspectPoint predictive giving scores: use in tandem
  - Likelihood + Target Gift Range
- Past giving to you
- Past giving to other organizations
- Wealth Screening and other prospect research
- Anecdotal information

## Prioritize Prospects

- High GL + TGR + *WealthPoint* + giving history + known info
- High GL + TGR + giving history + known info
- High GL + *WealthPoint* + known info
- High GL + known info



## Putting it All Together

Find the “low hanging fruit”

- Not all prospects will have “everything”
- Review the best prospects first
- Qualify as you go
- Use remaining prospects to feed pipelines as prospects are qualified/disqualified

## Next Steps: Now What Do I Do?

You can't do things the same old way and expect different results

- Have to commit to changing “the way you do business”
- Examine everything that goes out of your office
- Are your letters tangible?
- What if donor asked, “What will you do with \$1000 if I give it to you?”
  - Be specific
  - Paint a picture
  - Ask with confidence
  - Think Heifer International: \$1000 will buy two heifers!

## Painting the Picture

- When a family has a cow, every morning there's a glass of rich milk for the children to drink before heading off to school. Classes are paid with the income from the sale of milk, and there's even enough to share with the neighbors.
- A good dairy cow can produce four gallons of milk a day - enough for a family to drink and share with neighbors. Milk protein transforms sick, malnourished children into healthy boys and girls. The sale of surplus milk earns money for school fees, medicine, clothing and home improvements.
- Better still, every gift multiplies, as the animal's first offspring is passed on to another family-then they also agree to pass on an animal, and so on.
- And because a healthy cow can produce a calf every year, every gift will be passed on and eventually help an entire community move from poverty to self reliance. Now that's a gift worth giving!

# The Proof is in the Pudding: Client Success

## Perspectives from a Long Time TA Client

Beloit Health System Foundation, Ann Sitrick, Executive Director

- Faced with the challenge of shifting funding sources, fluctuating economic climate and ambitious goals, Ann knew she had to try something new if they were to raise more money
  - She knew she had to better understand her donors
  - A believer in predictive modeling, she first turned to Target Analytics in 2001
  - She is currently undertaking her fourth Target Analytics screening service; results will be presented to her board next week
  - Will also be receiving a day of consulting and strategizing

# Beloit Health System Foundation Launches Innovative Programs to Engage Donors; Uses Target Analytics® To Drive Growth

“To raise more money, we had to better understand the donors in our database and develop cultivation plans. The truth is a small organization often needs fundraising modeling even more than a larger one.”



“Our donors feel a sense of ownership and it really builds our community. . . The thing is, we have to engage people and show results. That’s where I count on Target Analytics.”



“The results we received from Target Analytics were very solid, very well organized, and very insightful. They have improved our organization’s ability to raise the money we need to support the hospital.”

— Ann Sitrick  
Executive Director  
Beloit Health System Foundation

# Beloit Health System Foundation

Special events have produced many loyal donors for Beloit who were largely identified by **fundraising models**. These events have contributed to the Foundation exceeding its support of the hospital's new Emergency Center project by an incredible **68%** over goal

**Increased Annual Giving**: A hospital volunteer and her husband made a first year gift of \$250. By identifying them early and inviting them to personalized events, the couple increased their annual giving to \$1,000 in less than four years – and they began to designate the Foundation as a recipient of an employer's matching gift

Results of Beloit Health System's first ProspectPoint fundraising modeling project for the last quarter of 2001 resulted in a **17% increase** in donations over the previous year's final quarter

Beloit has regularly used many types of fundraising models, including: Annual Giving Likelihood, Major Giving Likelihood, Planned Giving Likelihood, and **Target Gift Range**



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## FHN Foundation

*“Target Analytics has been instrumental in providing all the tools necessary to develop a fully integrated moves management system and ensure that we have outstanding cultivation, solicitation, and stewardship with our donors. I can’t imagine going back to trying to run a successful foundation without Target Analytics.”*

Lisa Mahoney,  
Vice President



Challenge	Solution	Results
<ul style="list-style-type: none"><li>◦ The Foundation needed to put into place an active solicitation program.</li><li>◦ Its only direct mail efforts were sending out the annual report along with an attached giving envelope, which resulted in a response rate of less than 5%.</li><li>◦ It needed to into three focus areas: major giving, annual giving, and planned giving. Staff wanted to develop a plan to connect with the appropriate donors in each area accordingly.</li></ul>	<ul style="list-style-type: none"><li>◦ Blackbaud’s ProspectPoint statistical modeling and Wealthpoint screening evaluates its donor database and prospects.</li><li>◦ The Foundation also engaged in Target Analytics® consulting — a major factor in helping to develop a cultivation, solicitation, and stewardship plan for each of its three focus areas.</li></ul>	<ul style="list-style-type: none"><li>◦ The donor and prospect information enabled the Foundation to successfully formalize its three focus areas.</li><li>◦ The results were also used to implement a comprehensive moves management system.</li><li>◦ The first retention mail appeal targeted a specific group of prospects and resulted in a 28% response rate the first year and a 34% response rate the second.</li><li>◦ Donations overall increased 32% in the first year.</li></ul>

## An Informal Case Study of Upgrades

- Identified \$50 donors with TGR 4 (\$250-\$500)
- Typical next request would have been \$85
- Split the group
  - Control group—Asked for \$85 with old letter
  - Test Group— Asked for \$200 with new letter
    - Specific funding priorities
    - Acknowledged upgrade request
    - What will upgrade amount fund? (Individually and aggregate)
- **More donors upgraded to \$200 than \$85**
- What made the difference?
  - Letter: more specific: What will this gift fund?
  - Targeted ask
  - Confidence to ask once potential was identified

## Contact Info and Resources

- Contact:  
[Laura.worcester@blackbaud.com](mailto:Laura.worcester@blackbaud.com)  
262-695-2932 (home office)  
574-274-1886 (cell)
- White Papers, blogs and other resources:  
<http://www.blackbaud.com/company/resources/whitepapers/whitepapers.aspx>
- [www.prospectresearch.com](http://www.prospectresearch.com)
- Webinar Recordings:  
<http://www.blackbaud/modeling>