Why Analytics for Planned Giving Saves Time and Raises More Money

PG Calc Featured Article, August 2015

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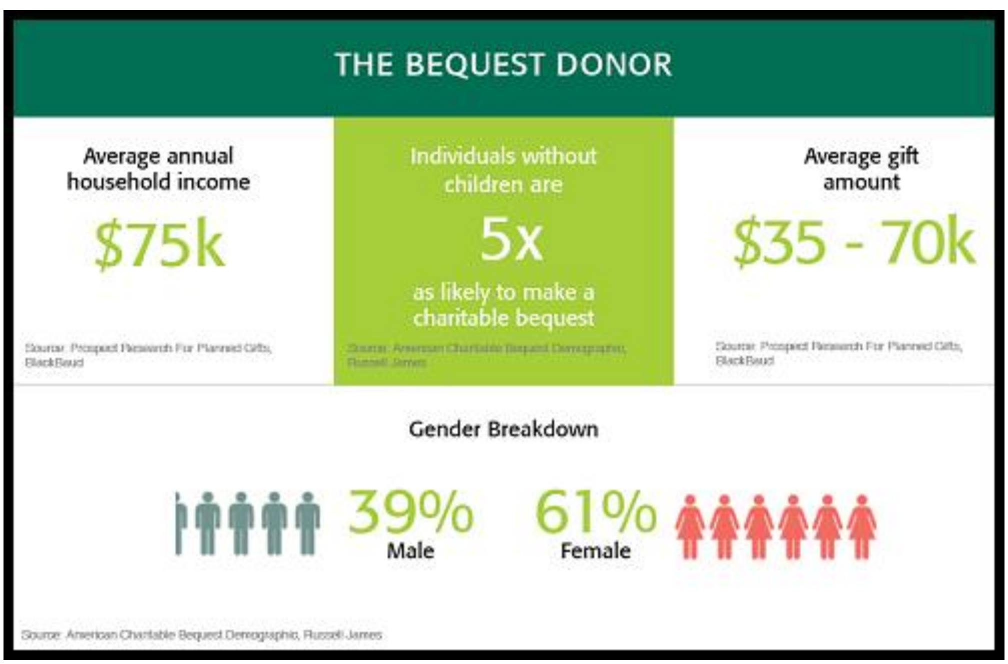
Analytics, or the discovery and use of meaningful patterns in data, can be one of the most powerful tools at your disposal to refine your marketing efforts. Analytics helps predict individuals' behavior, for example finding prospects most likely to make a planned gift. When you are preparing for a big campaign, or anytime you are faced with a large list of prospects, analytics can identify people you might have passed over as well as those with whom you should not waste time. In short, marketing informed by donor analytics will be more successful and more cost effective.

To find these important connections, you will probably need to enlist some help. Many large organizations have a prospect researcher who assists the development team. There are also outside firms you can partner with to do statistical analyses. Keeping costs in mind, think carefully about which identifying characteristics you want to test; the point of the exercise is reasonable return on investment. This article serves as an introduction to analytics and why it is important. Since institutions will differ greatly in their implementations, this is not a step-by-step execution guide. We aim to provide you with some ideas and inspiration when you go looking for your "donor in the rough."

Collect your raw material: inventory of the data

Before you can start an analysis, you need to gather data. Later on, you'll be building a profile of your prototypical donor, so the fuller the picture the better. Statistical profiles of the "average" bequest donor, based on data collected on charitable giving nationwide, are readily available, and provide a baseline against which to compare your donor profiles (Charitable Bequest Demographics, Dr. Russell James, Texas Tech University). Then, you refine that "average" with information from your institution's experience.



The first place to start is your donor database. You will certainly have annual giving history, possibly age(s), capacity or ask amounts, and interests. Then, look for other records your institution has been keeping on these individuals. Colleges and universities, for example, have a wealth of data that can provide insight, such as their majors, hometowns, graduation year, and other information about affiliations. Evidence of engagement with your organization, such as event attendance and volunteer records, is especially vital to seek out, as these activities are often associated with donors who make planned gifts.

Think outside the box: consider using additional sources of data

The starting size of your database will limit what you can do with analytics. Public records, such as election contributions and professional licenses can add to the robustness of your data set. And there are even more commercial data available that you can purchase, but before you do, give careful consideration to the knowledge gaps you are trying to fill. Wealth information, such as home value, and estimated household income will be some of the most pertinent in predicting who has the capacity to make a gift. These can be obtained from credit reporting agencies and you can get home values for free on Zillow.com.

Get out your sketch pad: build a profile of your prototypical donor

Once you've compiled your data sets, those who are analyzing the data will identify a set of variables and compare them against the group of people who have previously made a planned gift to your organization to determine which variables are significant. This analysis, called a regression, will uncover the factors that predict giving, and that will help you identify prospective donors.

Usually, income levels, childlessness, and giving history will emerge as the best predictors. But even more interesting are the additional markers that predict planned giving. For example, transfer students at The University of Texas at Austin were much more likely than non-transfer students to make a planned gift (Chuck McClenon, Using Data Analytics to Improve Planned Gift Prospecting). This analysis allows you to go beyond the "usual suspects" and find those diamonds in the rough whom you may have previously been ignoring in your marketing efforts.

Best practices: some tips for good analytics

- Record as much as you can. Information is power in the analytics business. Keep detailed contact records after meetings and calls with prospects, and encourage your colleagues to do so as well. Databases with specific fields to populate (such as "number of heirs") will be easier to mine than those with just free-text fields, but if a free-text field is your only choice then fill it in with what you've learned.

- Employ ongoing database hygiene. It might seem basic, but keep records up to date. Regularly audit your database for duplicate records to avoid unnecessary marketing, delivery and administrative costs. If you are wondering how you are going to find the time for all of this and raise money, consider using an intern (unpaid!) to assist with database clean up and maintenance.

- Centralize your data. This will help streamline data collection and integration. For example, keep volunteer records in the same database as donor prospects.

- When centralization is not possible, make sure the data types across systems are standardized so they can be cross-referenced. Write up a formal document defining each field type and desired entry format (e.g. dates to be recorded 06/02/1991, rather than 06-02-91 or June 2nd, 1991). Standardizing this information will save you from having to convert between data types in subsequent analytics projects.

- Finally, track which marketing efforts prospects respond to -- which emails they opened and which phone calls they returned. This practice will let you continually build your organizational intelligence.

Donor analytics will tell you *who* to talk to. And once you start tracking and reporting on your marketing efforts, you'll know what to say. Together, these practices will help make your next marketing campaign more effective and let you save time while raising more money.