Fundraising is the lifeblood of a non-profit organization. Measuring and benchmarking fundraising performance might be the single most important strategic objective for your organization. This measurement shows where you’ve been, how you’re currently performing, and helps you allocate future dollars so you can best leverage funds raised.

Why benchmark? There are a number of good reasons to begin measuring the success of your fundraising efforts. First, nonprofit Boards want to know that you are operating effectively. Having empirical data to report assures them that operating budgets are being used wisely and efficiently. In the same way, this data assures donors, potential donors, and even program recipients that your nonprofit is an effective program and that maximum dollars are being used to effect good.

Benchmarking is helpful in gauging performance against your peer organizations. In this way, you are able to determine whether or not your fundraising results are good. For example, you may measure that a direct mail campaign resulted in $250,000 of revenue. However, without benchmarking, you can’t determine whether that result is above or below industry average. Benchmarking this result against similar organizations may help you determine if this particular campaign should receive further investment of resources, or if it should be redesigned in future years.

Studying the results of benchmarking can help you to determine where you can increase investment in future years for the biggest impact. Which of your campaigns performed best? Which of your campaigns seems to be underperforming based on the results from similar sized organizations? Perhaps this program warrants additional time and resources next year in order to generate increased revenue. Having the empirical data at hand allows you to see the strengths and weaknesses of your various campaigns without any bias.

What do I need to measure?

There are several metrics to consider as you embark on benchmarking.

1. **Net Return**
   
   Quite simply, net return is the amount of revenue raised for each campaign you run, minus the operating costs for that campaign.

2. **Conversion Rate**
   
   The conversion rate is the number of new or recurring donors that you are able to secure as a result of a specific fundraising campaign.
3. **Average Gift Size**
   The average gift size should be calculated for each tactic or campaign as this can be a good tool to determine the most effective campaigns. For instance, if a telemarketing campaign results in an average gift of $100, you may choose to invest more in that campaign next year versus a direct mail campaign with an average gift size of $25.

4. **Return on Investment**
   As with any ROI calculation, this is simply the total revenue of a campaign divided by the expenses invested for that campaign or strategy.

5. **Cost per Dollar Raised**
   The calculation for cost per dollar raised is the reverse of ROI and is measured by taking the expenses for a given strategy and dividing that by the revenue raised.

6. **Fundraising Efficiency Ratio**
   This ratio measures how efficient the organization is at raising money, and is calculated by taking unrestricted contributions as a percentage of total fundraising expenses.

**What do I do with all this information?**

Now that you’ve gathered the metrics for your campaigns across a given timeframe, what do you do with these results? At a high level, these numbers should be analyzed and used for goal setting in your next fiscal year. Having metrics at hand will help you determine realistic revenue goals and will help you to develop a fundraising strategy to maximize the campaigns that show the best return.

You are also now in a position to benchmark it against other like-kind organizations. Benchmarking is helpful in gauging performance against peer organizations and also in establishing performance targets. Information needed for external benchmarking can be gathered through websites such as GuideStar and Charity Navigator.

It is also critical to ensure that all of the financials and benchmarking results you’ve found is reported back to the Board of Directors.

**Next Steps**

Our experts can assist you as you begin to benchmark to enhance your fundraising strategies, organizational goals and ultimately increase your revenue streams. Please reach out to Jen Bates at 781-380-3520 or via email at jbates@kpm-us.com.