

GG+A SURVEY

ANNUAL GIVING / 2015



REGULAR GIVING IN THE UK AND EU: SNAPSHOT ON EDUCATION

About GG+A

Grenzebach Glier and Associates (GG+A) is one of the leading international consultants to institutions and organisations of all sizes and a foremost authority on fundraising and engagement best practices. GG+A has served thousands of organisations, helping them build extraordinary fundraising and engagement programmes for long-term, sustainable philanthropy that will have a significant impact on their missions.

GG+A helps to advance the mission of educational, medical, cultural, and other charitable institutions across the Americas, Europe, Asia, and Australia. GG+A currently provides counsel to more than 300 institutions, with campaign goals ranging from £5 million to over £3 billion.

GG+A serves clients from the planning stages, through campaign management, to post-campaign analysis. Client campaigns include significant building and endowment objectives as well as a broad range of special-purpose programmes and projects.

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About This Survey

It seemed like a very good time, just prior to the 2015 CASE Europe Regular Giving Conference in early December, to take the pulse of UK and EU educational institutions' regular giving (annual giving) programmes.

To that end, GG+A invited ninety-eight institutions across the EU to take part in a twenty-question survey.

Twenty-one institutions completed the entire survey (21%) and nineteen more completed at least part, making for a 41% overall response.

Twenty questions have yielded more than twenty pages of insight! We hope you'll be able to take time to read through the whole set of findings. Although this is not intended to be a fully detailed benchmarking study, the results certainly make for a very interesting snapshot of UK/EU regular giving programmes in 2015.

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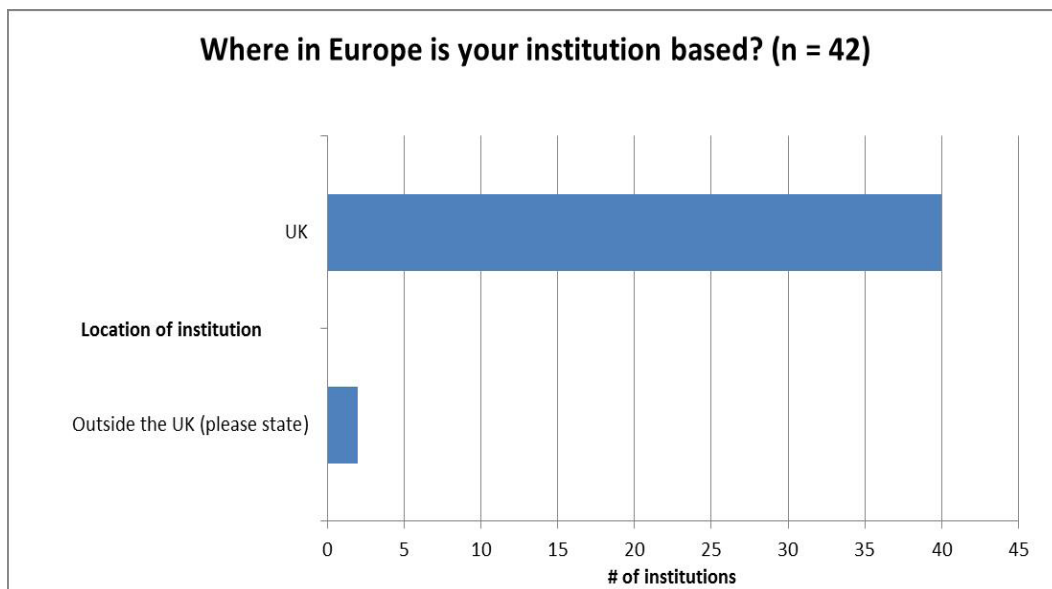
Survey Highlights

Summarized here are some of the **key insights** that have emerged from our survey of regular giving programmes:

- Most respondents **define annual gifts** by whether they are repeatable below an agreed value threshold, or by the solicitation channels used to secure them. (p. 6)
- For nearly two-thirds of respondents, the **cut-off value between annual gifts and major gifts** is at least £10,000. (p. 7)
- A very wide range of donor counts was given, from just thirty to 9,200. The **mean number of donors is 2,011** and the **median just over 1,300**. (p. 8)
- **Average annual number of donors** step up incrementally from the youngest programmes to the oldest. However, it is noticeable that programmes established between 2006 and 2010 are not as far ahead as they might be of their counterparts established since 2011. (p. 8)
- The reported **range of annual giving income** is equally wide, from £19,000/€26,150 to £914,000/€1.26m. The mean amount raised is £378,295/€520,573, and the median is £332,000/€456,867. (p. 10)
- A very wide range of **total budget allocations** was reported, from £26,000/€36,000 to £850,000/€1,170,000. It is clear that there is significant variance in institutional investment in regular giving. The mean total budget allocation is £204,447/€283,000 and the median is £133,000/€184,000. (p. 13)
- On average, programmes spend around 55% of their **budget on permanent staff** compared to non-staff costs. (p. 14)
- The **average cost per £ raised**, taking into account permanent staff costs, is 79p. (p.15) Stripping out permanent staff costs gives an average cost per £ raised of 34p. (p. 16)
- Beware ratios. **It's not necessarily the case that the lower the cost per £ raised, the better**. Instead, in this dataset there seems to be a 'sweet spot' for programmes around the 40p to 50p per £ raised that are generating the highest levels of net income. (p.17)
- Annual giving **programmes that can spend more, raise more**. In this 'snapshot' dataset, the annual giving programmes with total annual budgets greater than £200,000 raised on average three times more in the most recent completed fiscal year than those with budgets below £200,000. (p. 18)

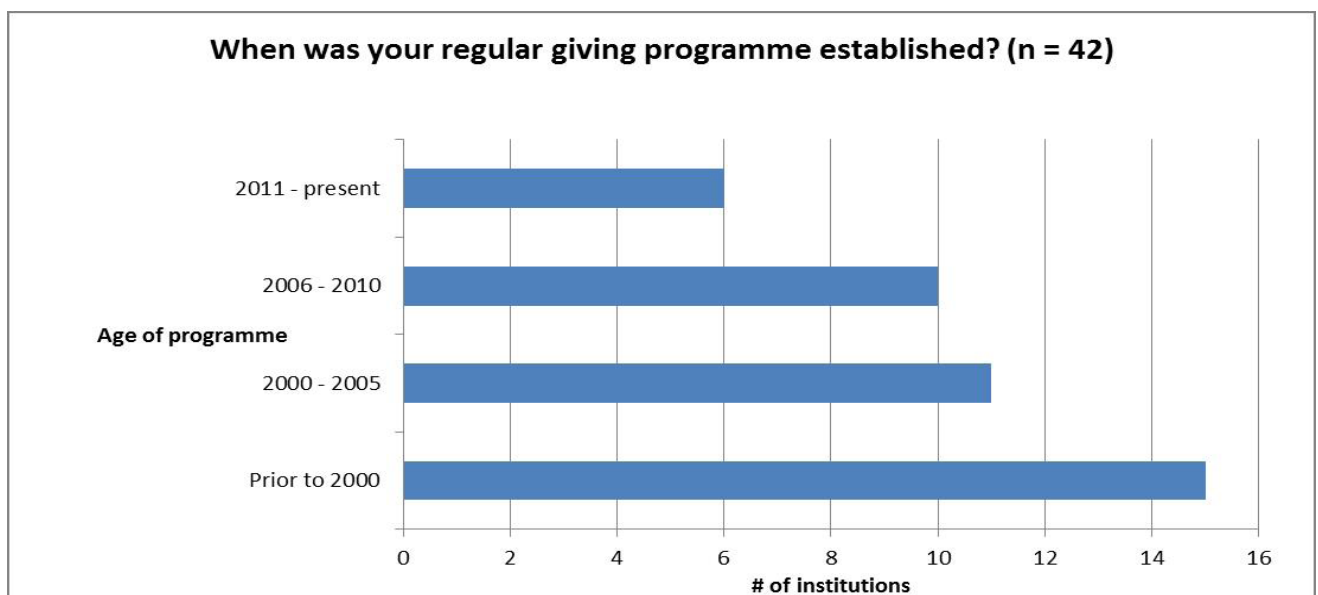
- The average **cost per annual giving donor** is £119 including the cost of permanent staff, and £50 excluding permanent staff. (p.19)
- The mean **staff complement** for the regular giving programmes in this dataset is just over three Full Time Equivalents (FTEs). (p. 20)
- There is a wide **range of constituencies** now being approached for regular giving, but 82% of respondents are focusing on soliciting between one and three distinct constituencies. (p. 21)
- Regular giving is now most definitely multi-channel. The mean number of **solicitation methods employed** by our respondents is just over five. Regular giving professionals are busy people! (p. 22)
- Is **leadership giving** under-resourced? Although eleven institutions cited it as a solicitation method, only four institutions devoted any permanent staff time at all to face-to-face annual giving solicitations. Those programmes that do have at least part of a permanent staff member's time devoted to leadership giving appear to raise around £100,000 more on average than those that do not. (p. 23)
- Although most programmes reported at least moderate increases in donor numbers and income over the last two to three years, most respondents also expected no increase in their **annual giving budgets** for the next year at least. (p. 26)
- Donor acquisition and donor retention top the list of **challenges for regular giving professionals**. After these two, working with other partners/teams within their own institutions was respondents' next biggest challenge. (p. 27)

Location of Institutions



As might be expected, 95% of respondents were UK based, with two institutions (5%) based outside the UK. Regular giving programmes are certainly in full swing in the UK, and less so elsewhere in Europe.

Age of Programmes



A sizeable proportion (38%) of programmes in the survey have been established in the last ten years, but the responses come from a very even spread of programmes, from the youngest to the oldest.

Definitions of an 'Annual Gift'

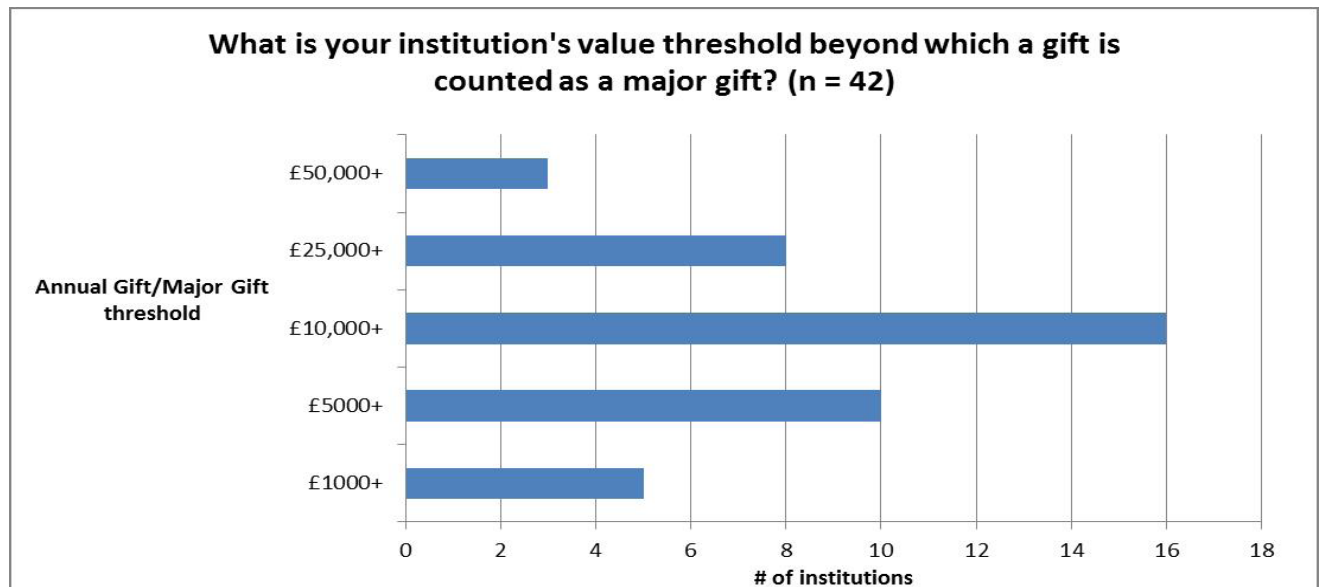


In our experience, annual gifts can be defined very differently from one institution to another, and this is certainly borne out by the responses. However we were pleased to see that twelve institutions (28%) employ GG+A's 'gold standard' definition of an annual gift, that it should be **annually repeatable below an agreed value threshold**.

This definition offers advancement professionals the best chance of ensuring that the maximum number of annual giving donors can be tracked and renewed from year to year.

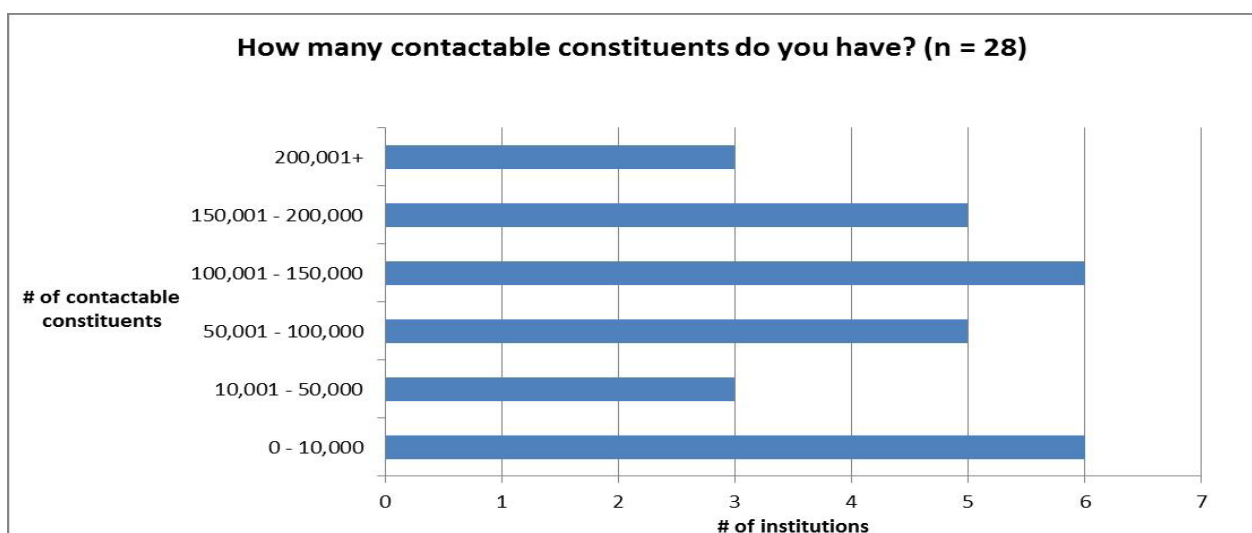
Solicitation channel (*i.e.*, whether a gift is secured by phone, mail, etc.) is a close second, with 26% of respondents using this definition. Under 'other' definitions, respondents cited: 'a combination of the above', 'repeatable versus episodic', 'unrestricted repeatable gifts', and 'when a standing order for regular amounts is sent in'.

The Boundary Between Annual Gifts and Major Gifts



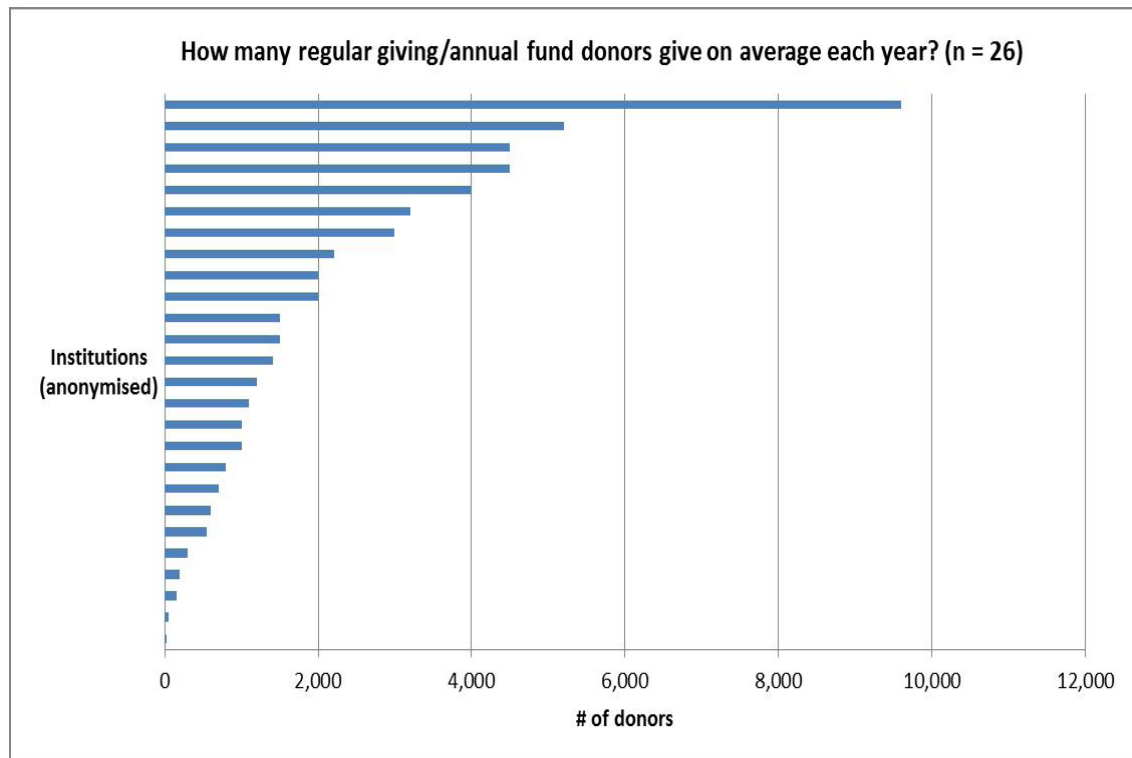
The majority—64%—of respondents said their cut-off value between annual gifts and major gifts was at least £10,000, with a small number of institutions setting the bar as high as £50,000. This will be interesting to remember when we come later to look at the number of full-time equivalent staff assigned to face to face annual giving solicitations (*i.e.*, 'mid-level' or 'leadership' giving).

Size of Constituent Databases

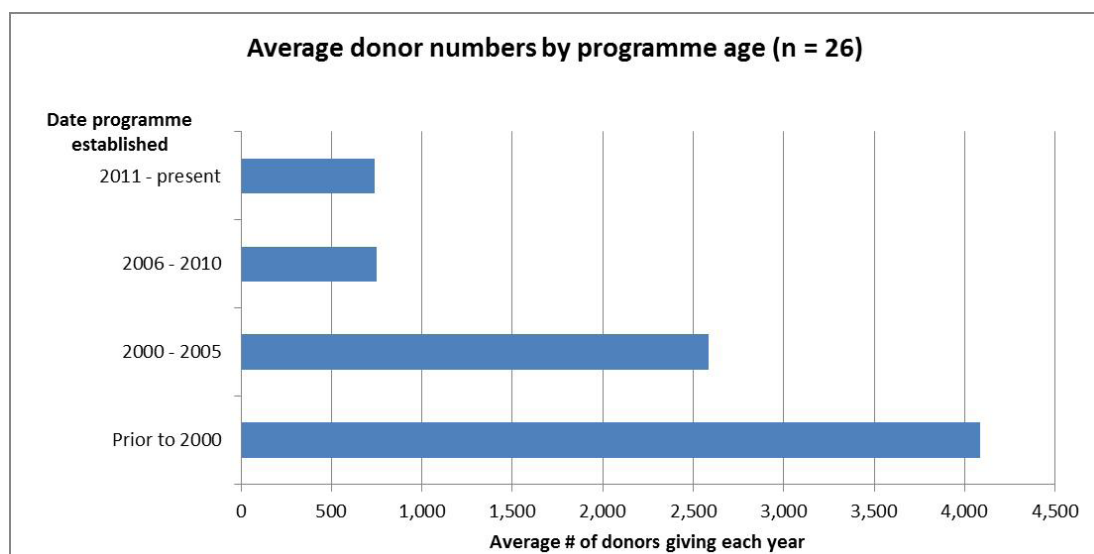


There was a 50/50 split between 'larger' and 'smaller' institutions, if the cut-off is taken to be at 100,000 contactable constituents.

Donor Numbers



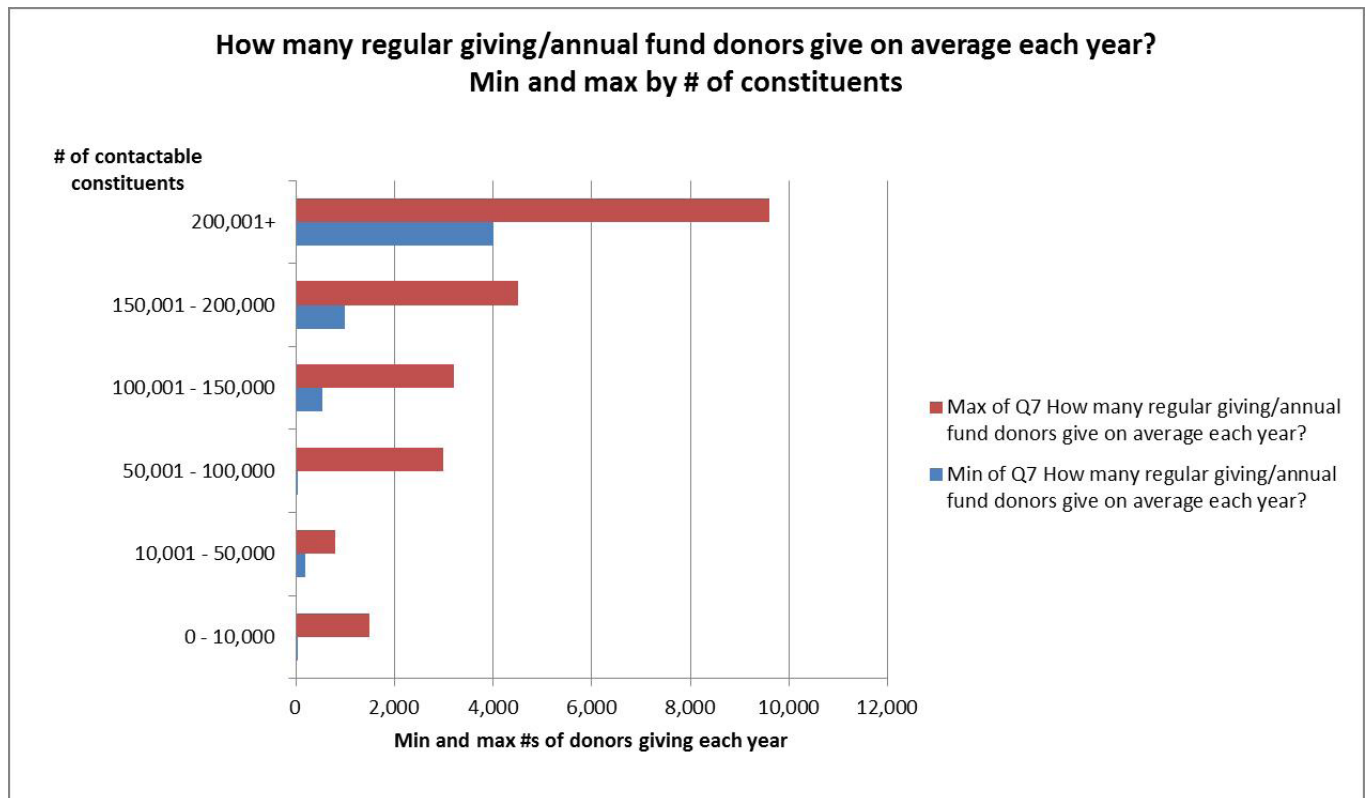
A very wide range of donor counts was given, from just thirty (from a very new programme) to 9,200. The mean number of donors is 2011 and the median just over 1,300. However, looking at the mean number of donors by programme age cohort, a clear pattern emerges:



It is clear that average annual donor numbers step up for each age band from the youngest programmes to the oldest. However it is noticeable that programmes established between 2006 and 2010 are not as far ahead as they might be of their counterparts established since 2011.

Looking at donor numbers against number of contactable constituents, a further interesting pattern emerges, which is that the number of annual giving donors is not simply a function of database size.

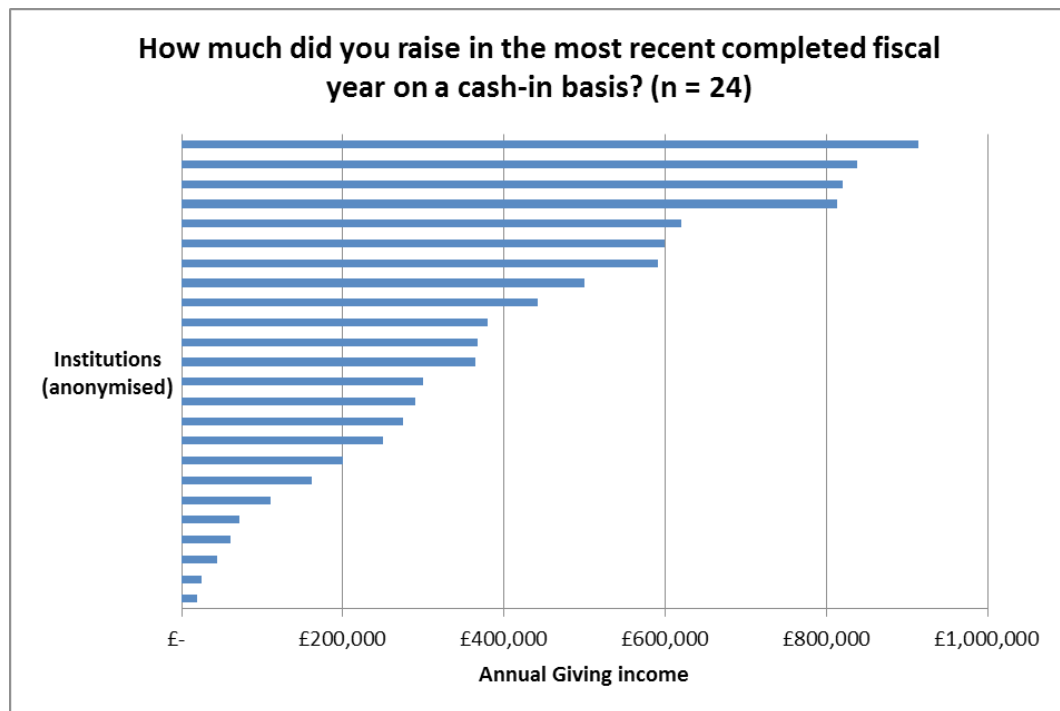
In the chart below, you'll see that there is a wide range between the minimum and maximum number of donors reported by institutions in each cohort of database size:



Even for the largest database size cohort of 200,001-plus constituents there is a difference of 5,000 annual donors between the largest donor count of 9,600 and the smallest of 4,000.

The difference is equally marked in the 50,000-100,000 and 100,001-150,000 cohorts where annual donor counts range from 30-3,000 and 550-3,200 respectively. It looks like some programmes are under-performing compared to their peers.

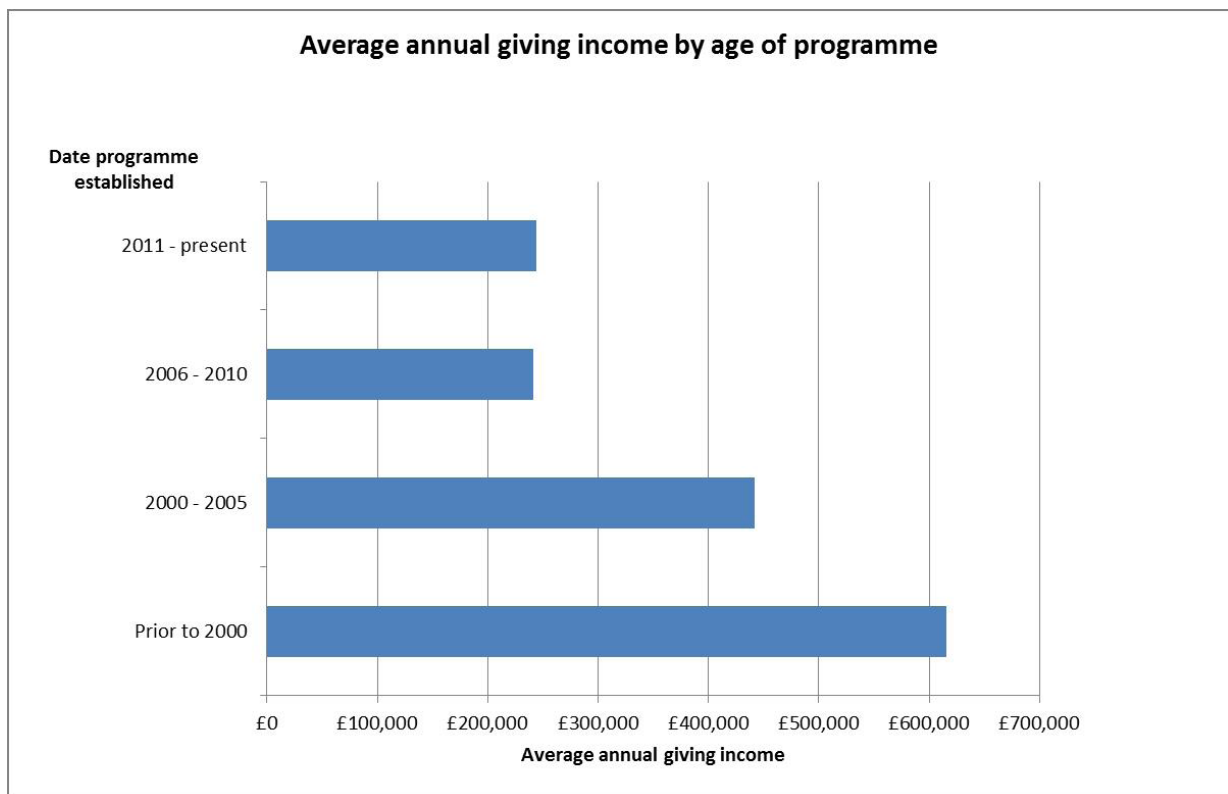
Annual Giving Income



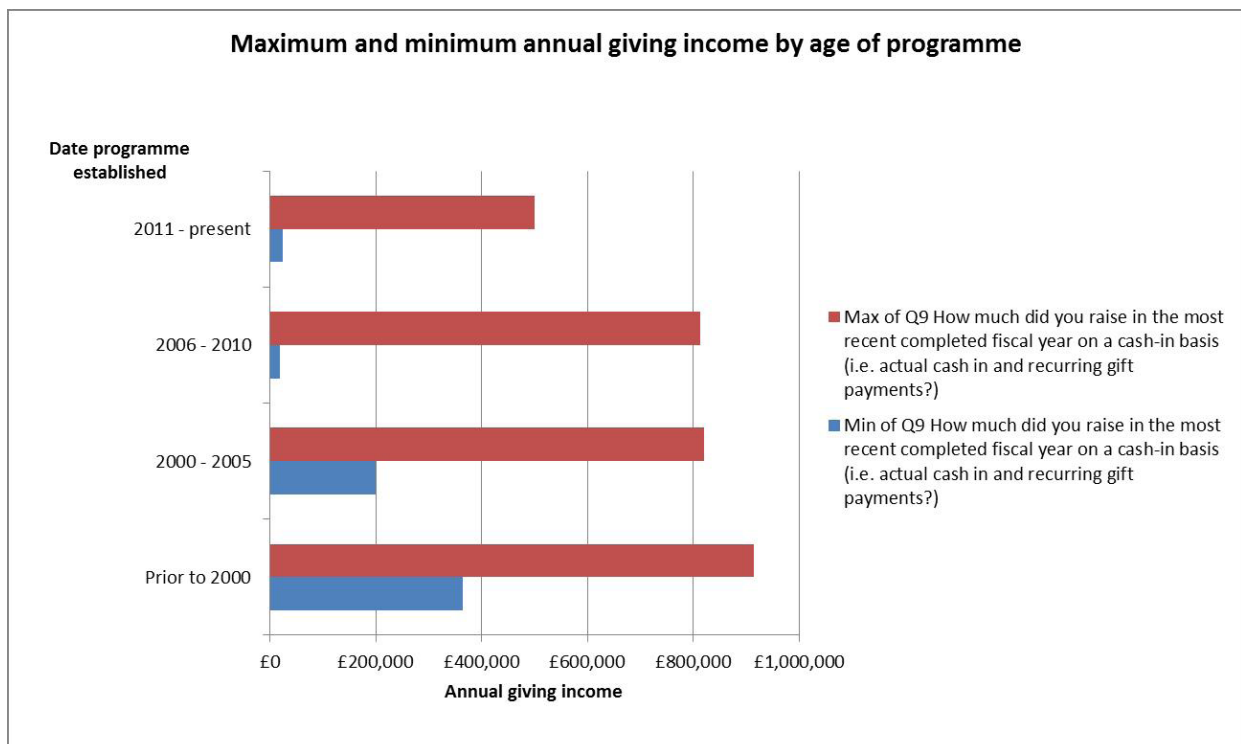
As might be expected from the range of donor numbers reported, the range of annual giving income reported is equally wide, from £19,000 (€26,150) to £914,000 (€1.26m).

The mean amount raised is £377,281 (€522,135), and the median is £332,000 (€459,530).

Looking at average amounts raised by age of programme, a similar step pattern emerges, as shown in the following graph:

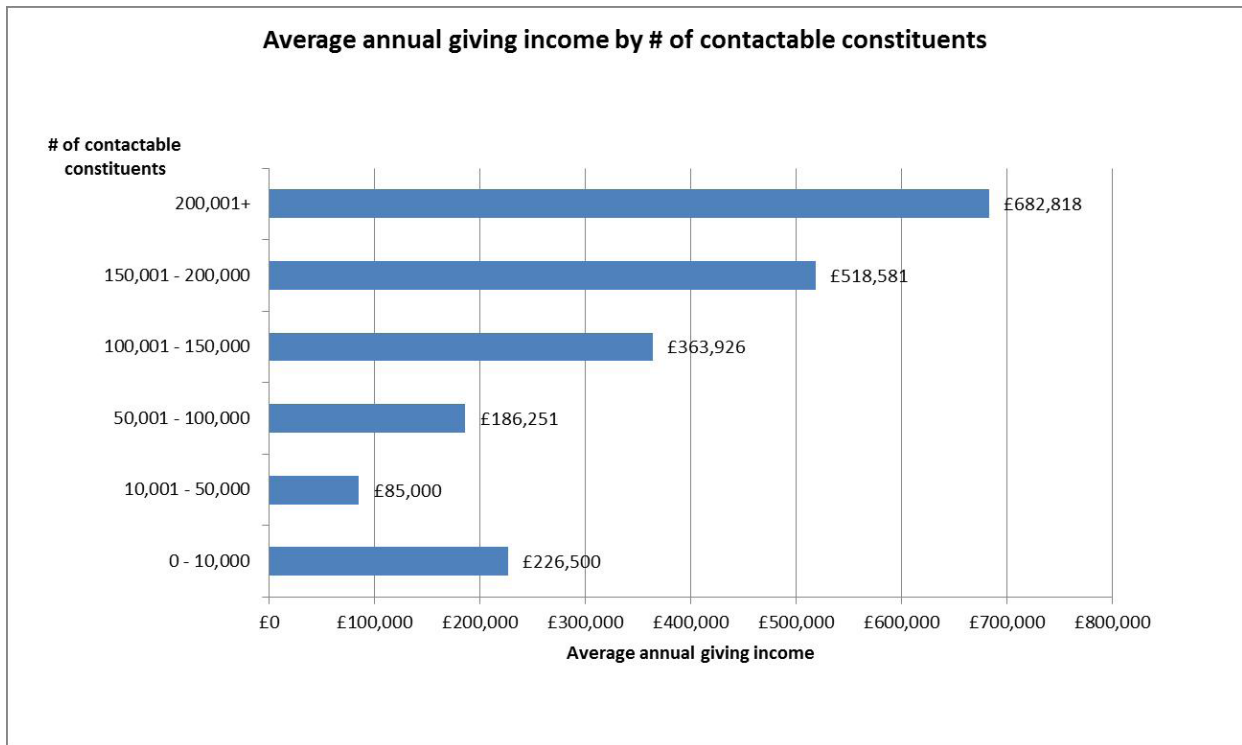


Looking at the minimum and maximum amounts reported by institutions with similar ages of programme, a similar wide range of income emerges:

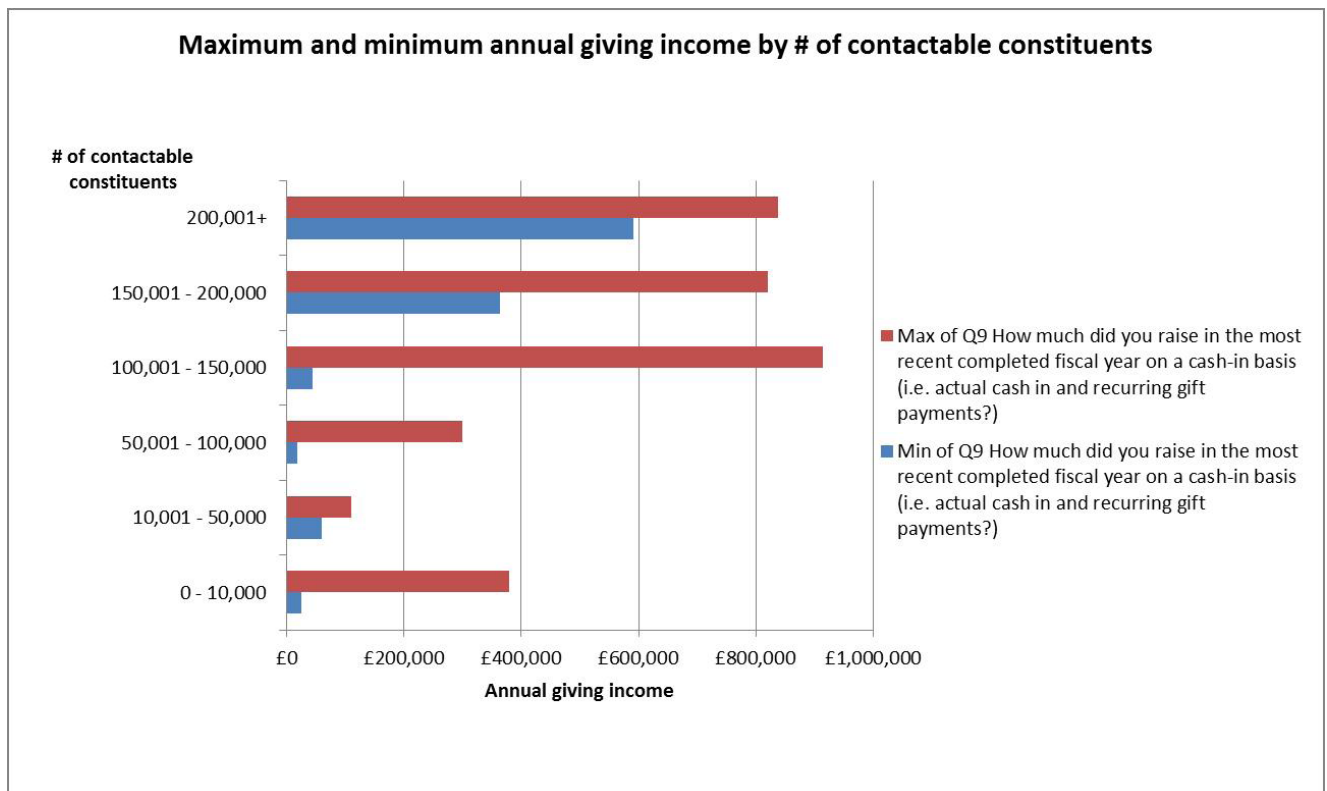


What is particularly noticeable here is the way in which some programmes established in the last ten years appear to have raced ahead of their peers.

Again, this is not entirely a function of size of database. The average amount raised by database size is shown below:



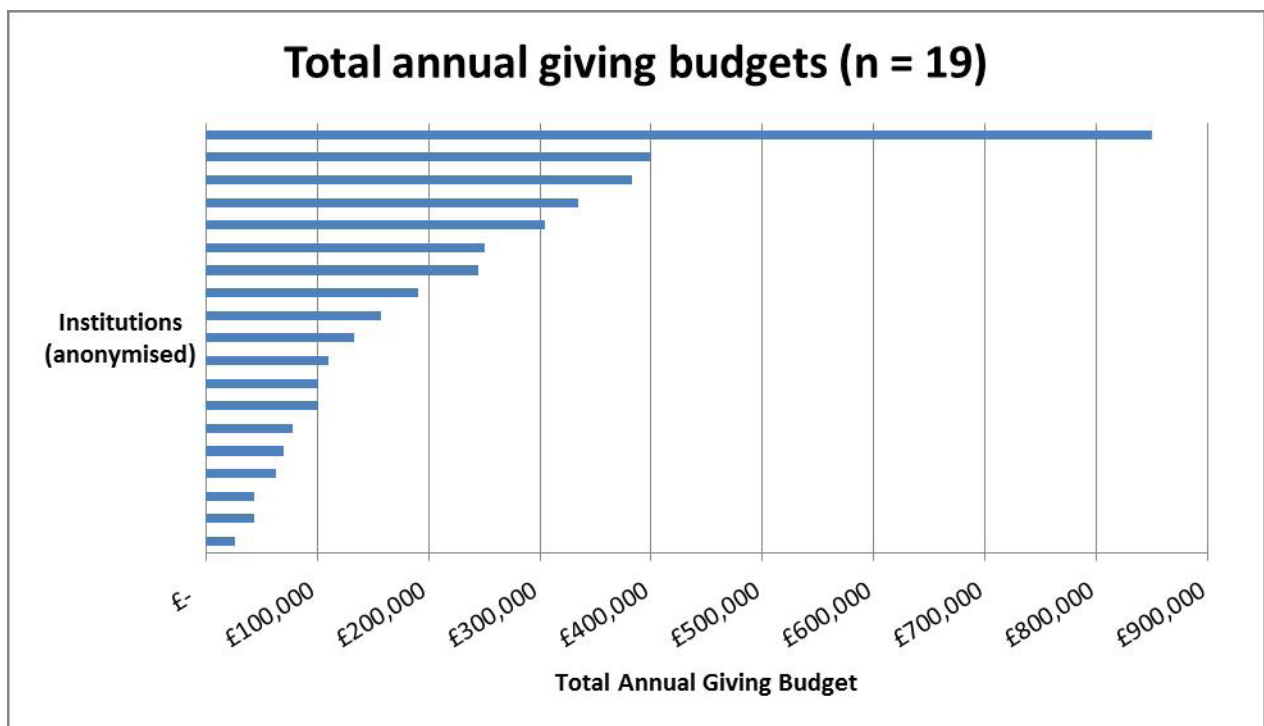
But programmes with similar numbers of contactable constituents report wide variance in annual giving income:



Budget Resource

And so we come to one of the most interesting parts of the survey, which is budget resource. We asked respondents to give figures for both permanent staff and non-staff/temporary staff budget allocations.

Total budget allocations were as follows:

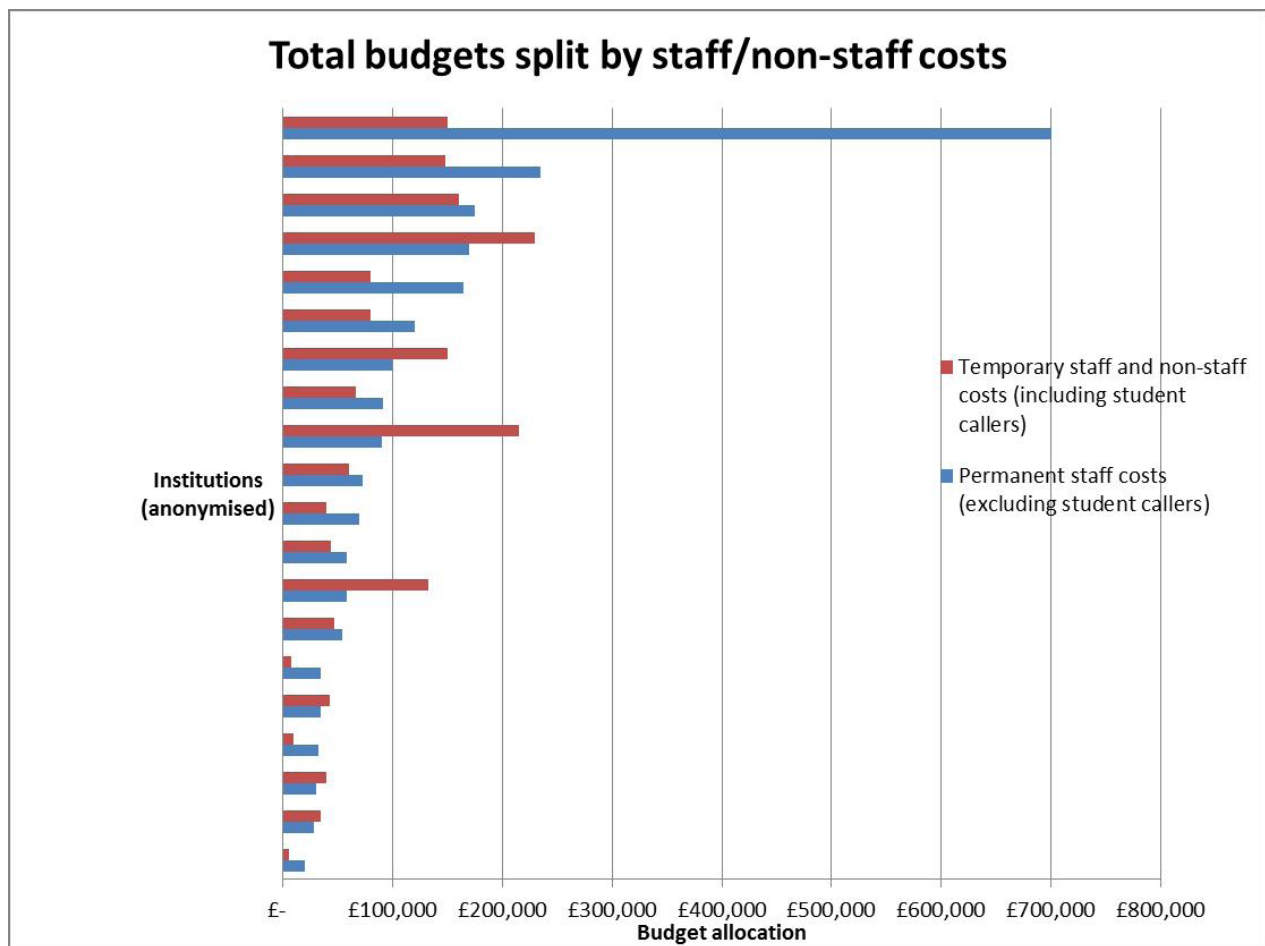


Again, a very wide range of total budget allocations was reported, from £26,000 (€36,000) to £850,000 (€1,170,000)! This latter is more than double the next highest allocation reported, and a huge outlier.

It is clear that there is significant variance in institutional investment in regular giving.

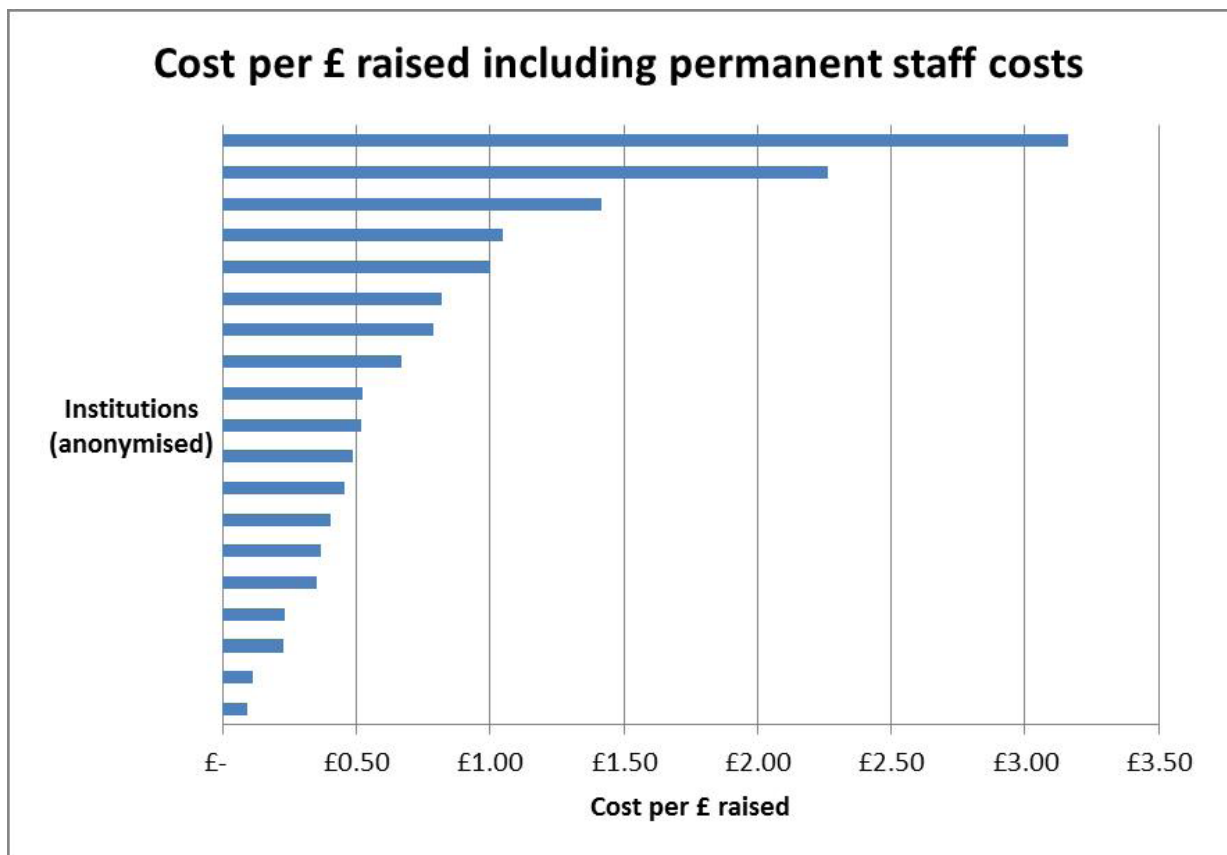
The mean total budget allocation is £204,447/€283,000 and the median is £133,000/€184,000.

Budget allocations broke down as follows between permanent staff and non-staff/temporary staff costs:



It can be seen here that our outlier programme is making a very substantial investment in permanent staff for the regular giving programme (possibly to expand leadership giving, which we will look at later).

On average programmes spend around 55% of their budget on permanent staff compared to non-staff costs, although it can be seen clearly that some programmes are investing significantly more in non-staff and temporary staff costs (the red bars) than in permanent (the blue bars).



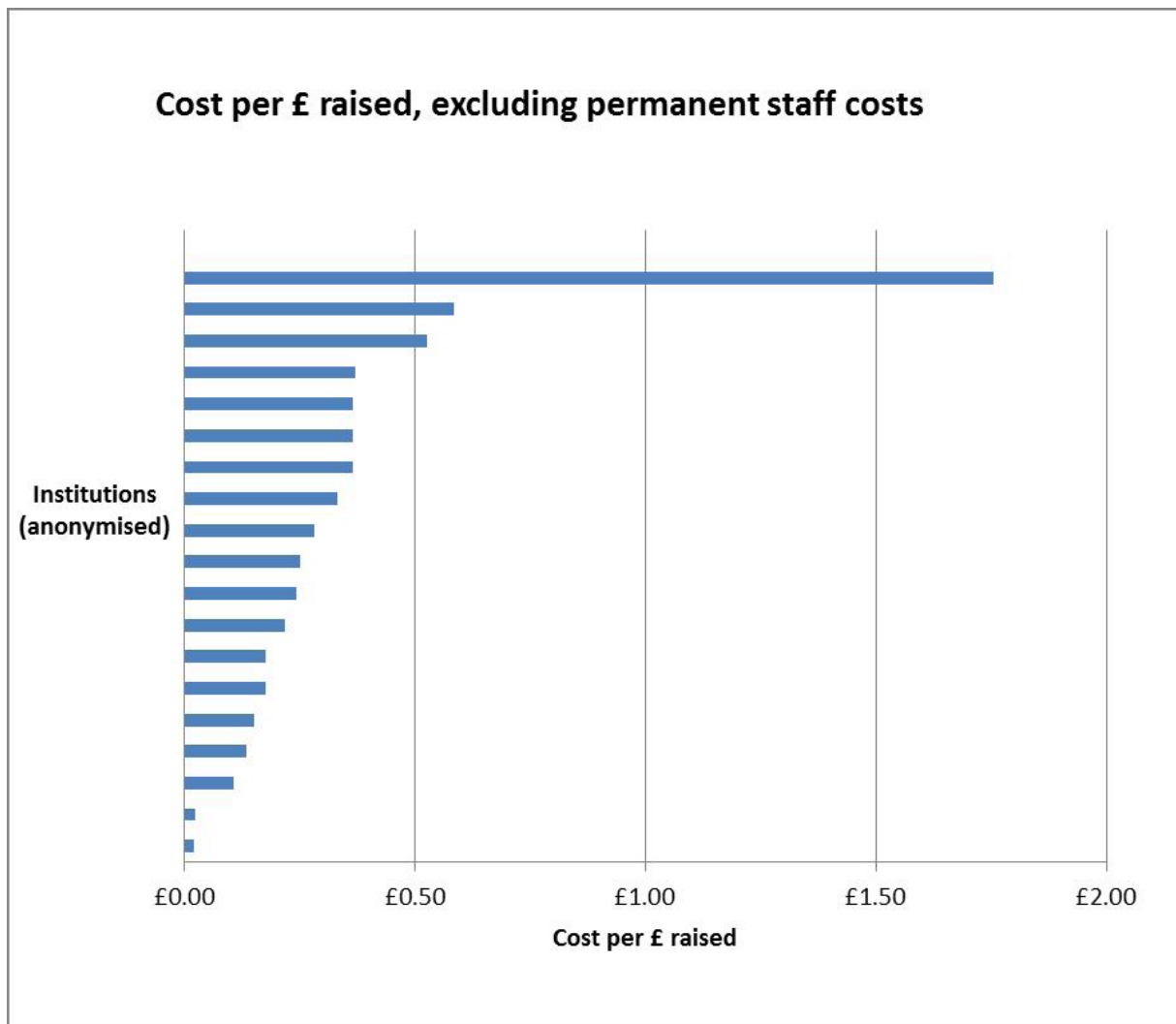
Not surprisingly, given the wide range of income and the wide range of budget allocations, there is a correspondingly wide range of costs per £ raised.

Most of the programmes are delivering at least break-even, and some appear to be very profitable, but the annual giving programme, by its nature as an acquisition and cultivation programme for low to mid-value donors, should not be expected to deliver the same cost per £ raised as a solid major gifts programme.

The average cost per £ raised, taking into account permanent staff costs, is 79p, meaning that an annual giving programme would be expected to deliver an in-year ROI of around 1.2:1—a modest profit.

This does not of course take into account the long-term return of recurring gifts secured by a programme.

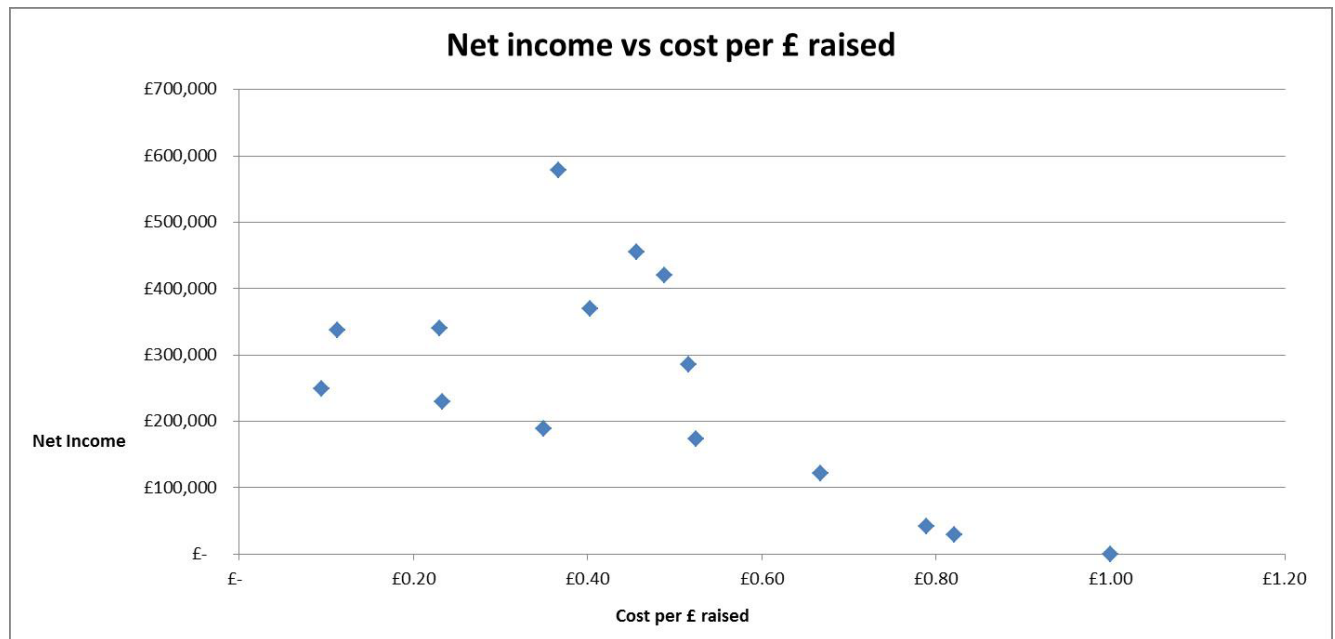
Stripping out permanent staff costs, the range of costs per £ raised looks even better:



On this basis—which many regular giving managers may feel better reflects the return of their core fundraising activities—most programmes show a clear in-year profit. The average cost per £ raised excluding permanent staff costs, is 34p.

Is Low Cost per £ Raised Always Better?

At GG+A, we know that ratios are useful tools, but can be dangerous if used as the only measure of success. We can see this if we plot net income—*i.e.*, profit/loss, against cost per £ raised—focusing in on those programmes that have a cost per £ raised of less than £1:

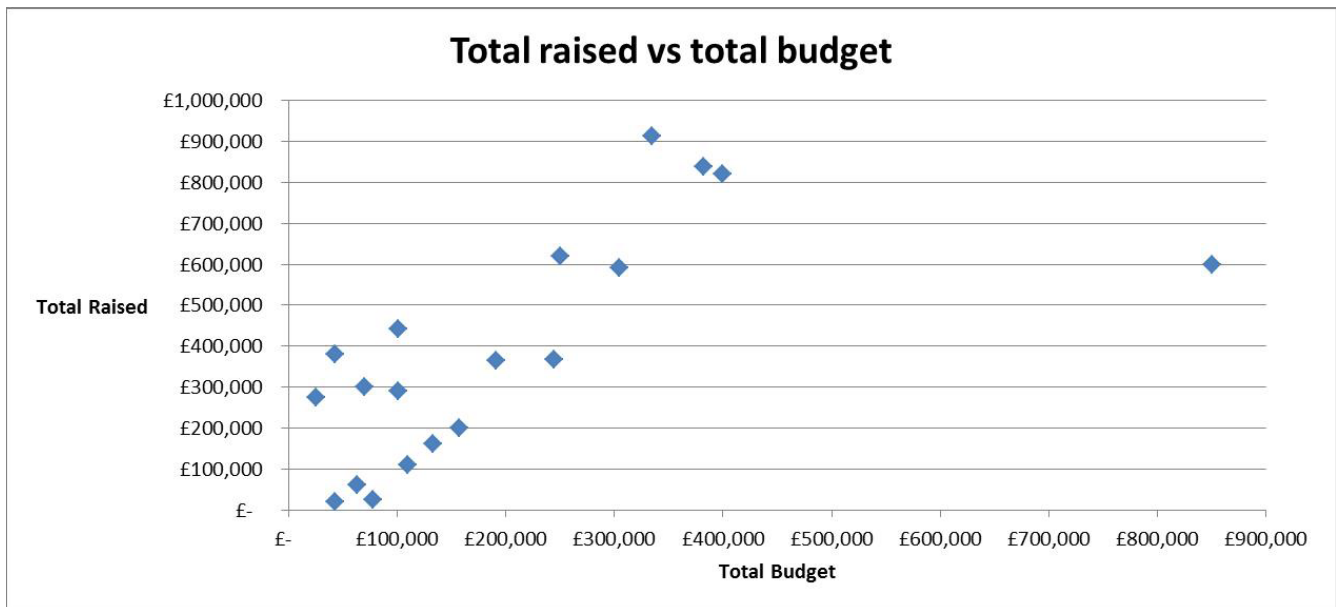


It is not necessarily the case that the lower the cost per £ raised, the higher the net income, or all the highest diamond points would be at the left-most side of the chart.

Instead there almost seems to be a 'sweet spot' around the 40-50p per £ raised point, where the highest levels of net income are generated.

Spend More, Raise More (by and large)

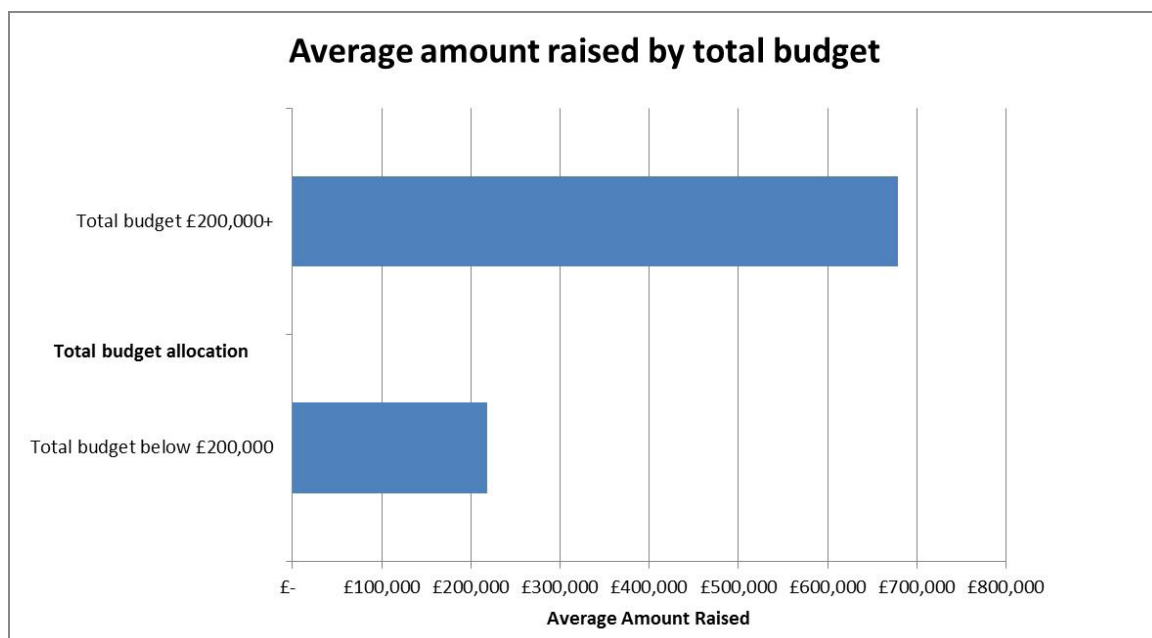
Why do some fairly long-established programmes, as we've seen, raise far less than others? Budget resource emerges as a significant factor in the survey results:



Barring our one outlier programme (which appears to be making a mid- to long-term investment now in staffing resource that could well turn out to be very sensible) the picture is pretty clear.

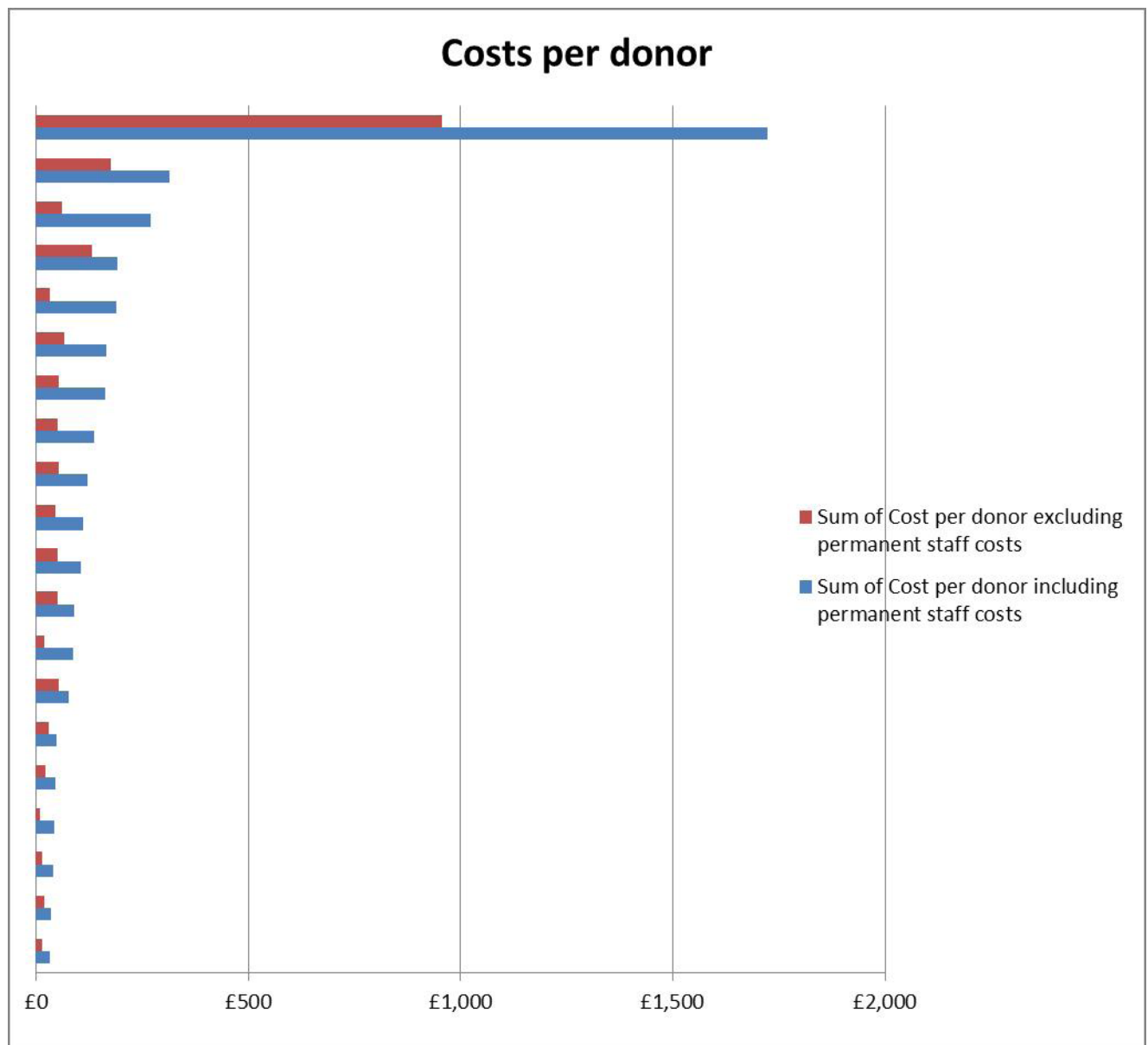
Annual giving programmes that have more budget, raise more money.

In fact, in this 'snapshot' dataset, the annual giving programmes with total budgets greater than £200,000 raised on average *three times more* in the most recent completed fiscal year than those with budgets below £200,000:



Cost per Donor

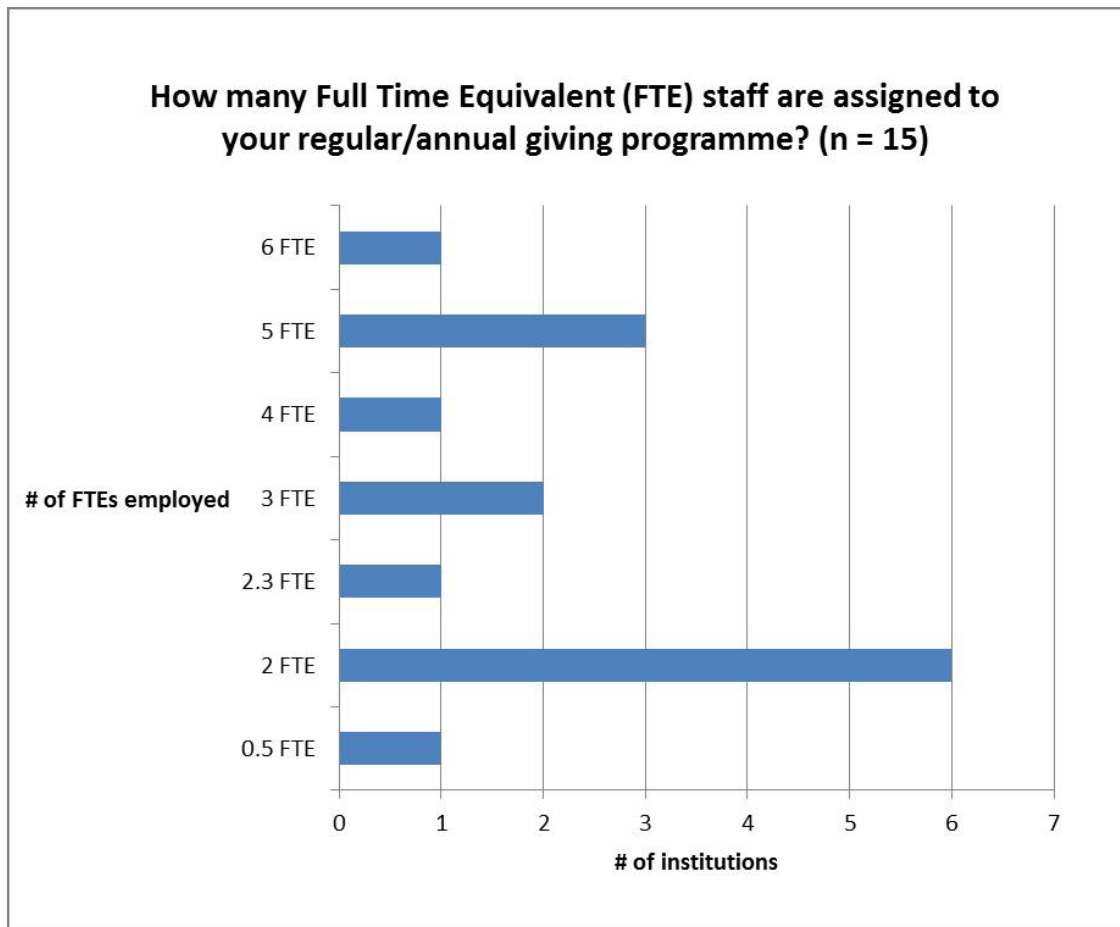
How much on average does it cost to recruit or renew a donor? This metric is an incredibly useful arrow in the quiver of the annual giving professional, particularly when making the case for budget resource:



There is one very significant outlier (not the same outlier programme as for overall budget), but on the whole the cost to recruit or renew a donor falls into a range between £34 and £315 in total (including permanent staff costs), and between £15 and £175 if only non-staff/temporary staff costs are counted.

The average costs, excluding the outlier programme, are £119 and £50 respectively.

Staffing

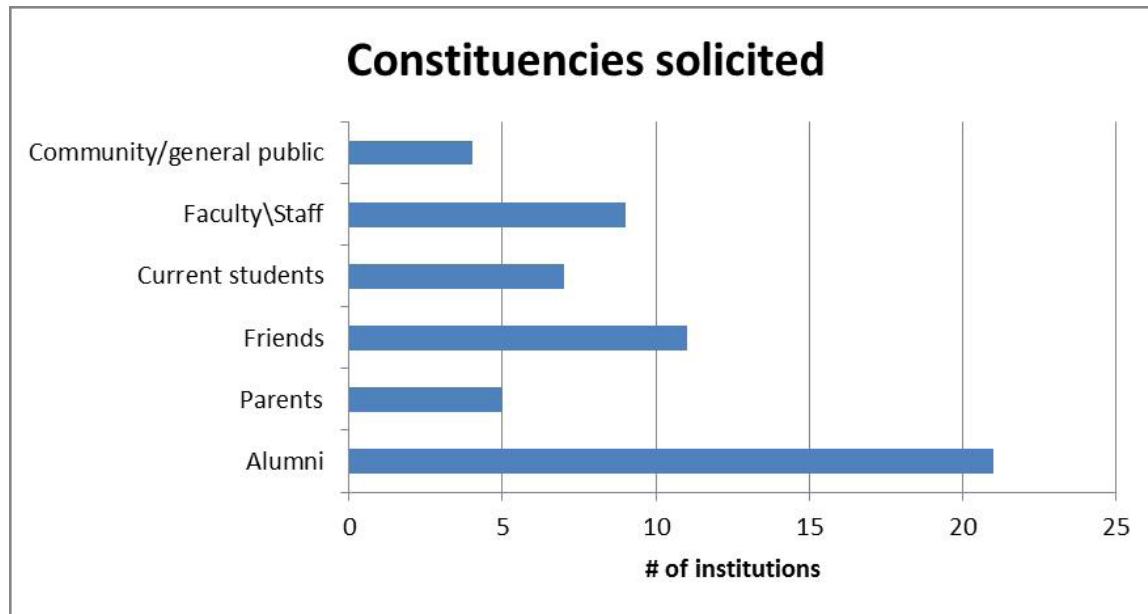


Of the institutions who answered this question, nearly 50% now have more than two full-time equivalent staff devoted to their regular giving programme, but the most common reported size of a regular giving team is two FTEs. The mean staff complement for the regular giving programmes in this dataset is just over three FTEs.

Hang in there, the person who can only devote half their time to running the regular giving programme!

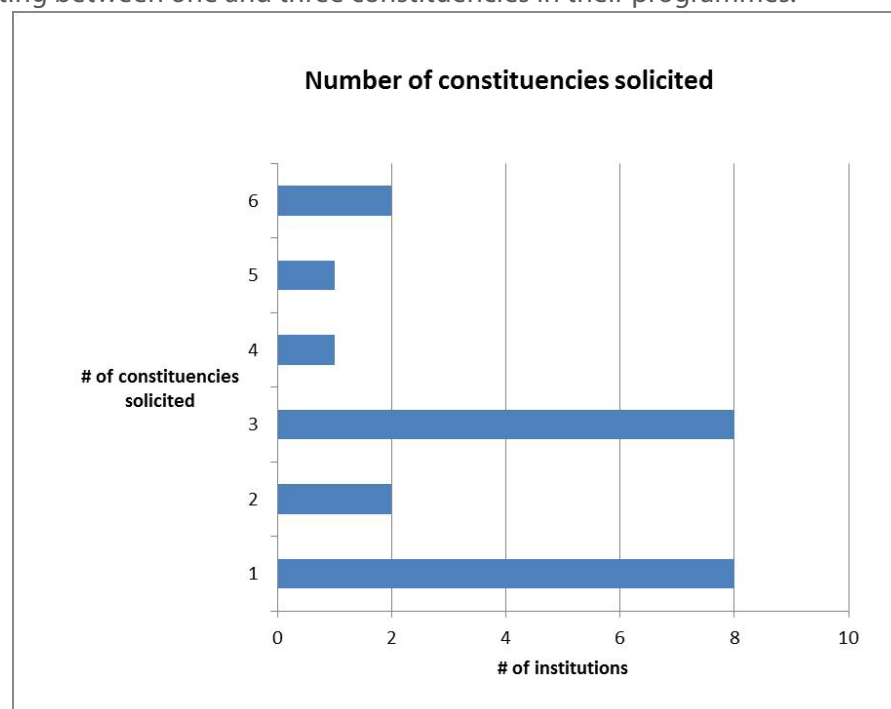
It gets better.

Constituencies Solicited

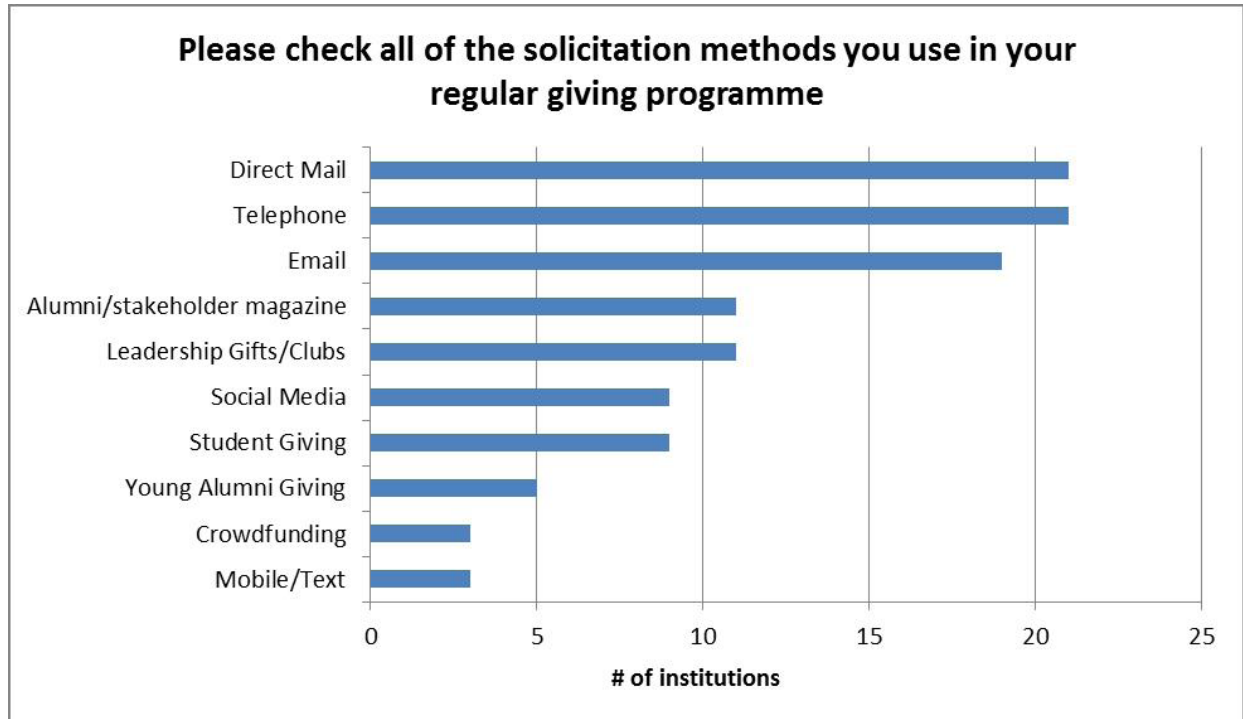


Of the 22 institutions that answered this question, all but one solicited alumni for their regular giving programme, as we might expect. There is a wide range of constituencies now being approached for regular giving—and the growth in solicitation of current students and the community is an interesting development to note, undoubtedly linked to the increasing popularity of crowdfunding platforms.

On average though, the programmes in this dataset are concentrating their efforts, with 82% of respondents focusing on soliciting between one and three constituencies in their programmes.

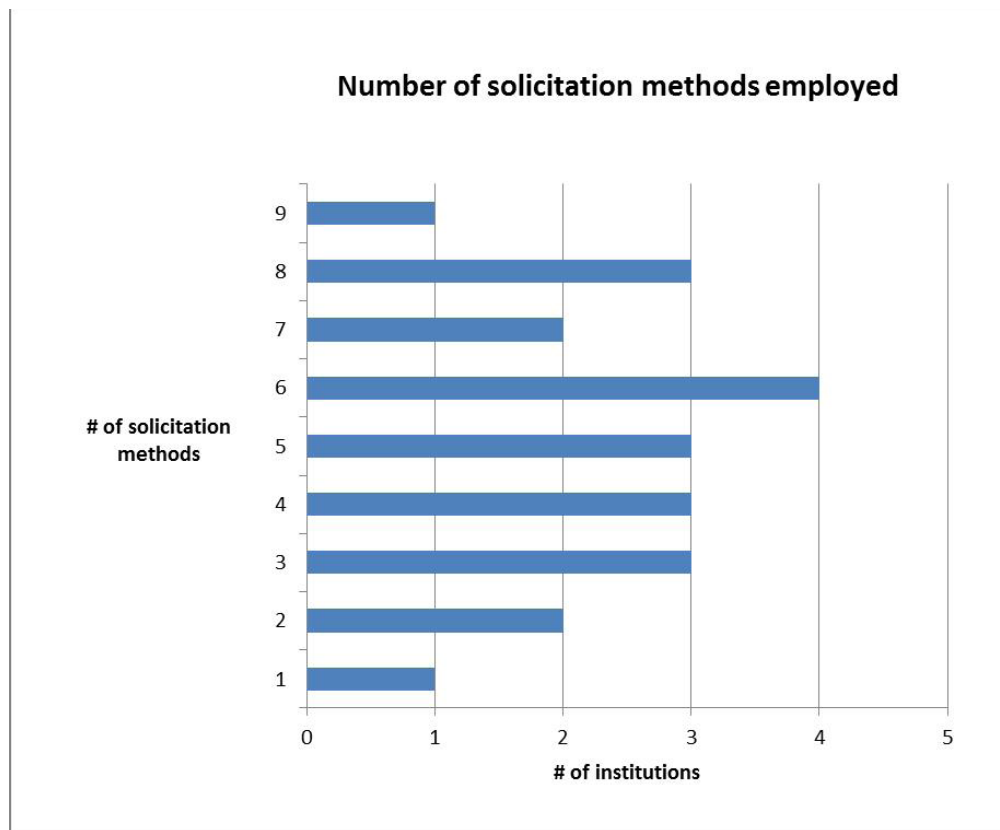


Solicitation Methods Employed



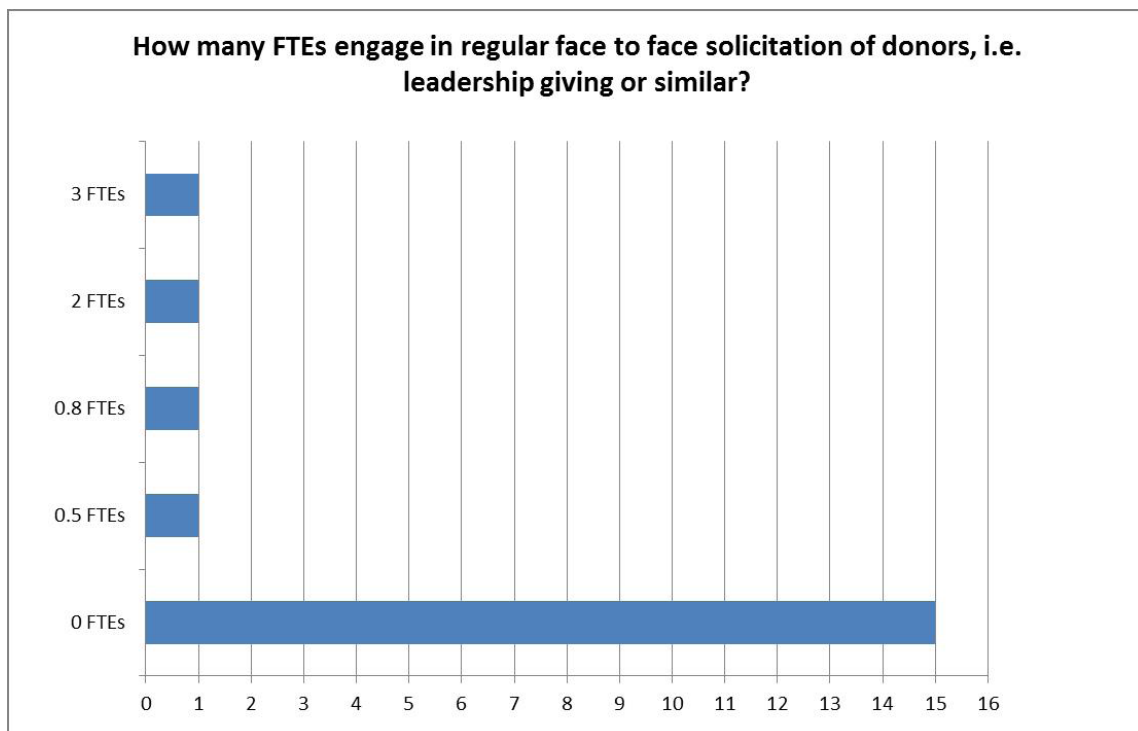
As with constituencies solicited, there is a huge range of solicitation channels being employed by respondents. Direct mail, telephone, and email are the stalwart channels, with the alumni/stakeholder magazine and leadership giving circles coming in not far behind.

Regular giving is most definitely multi-channel. And in terms of number of solicitation methods employed, it is clear that all our respondents are juggling a wide range of channels in their day-to-day work, as seen in the following chart:



In fact the mean number of solicitation channels employed by respondents was just over five. Given that most programmes only have two to three FTEs, this makes regular giving professionals very busy people!

Leadership Giving

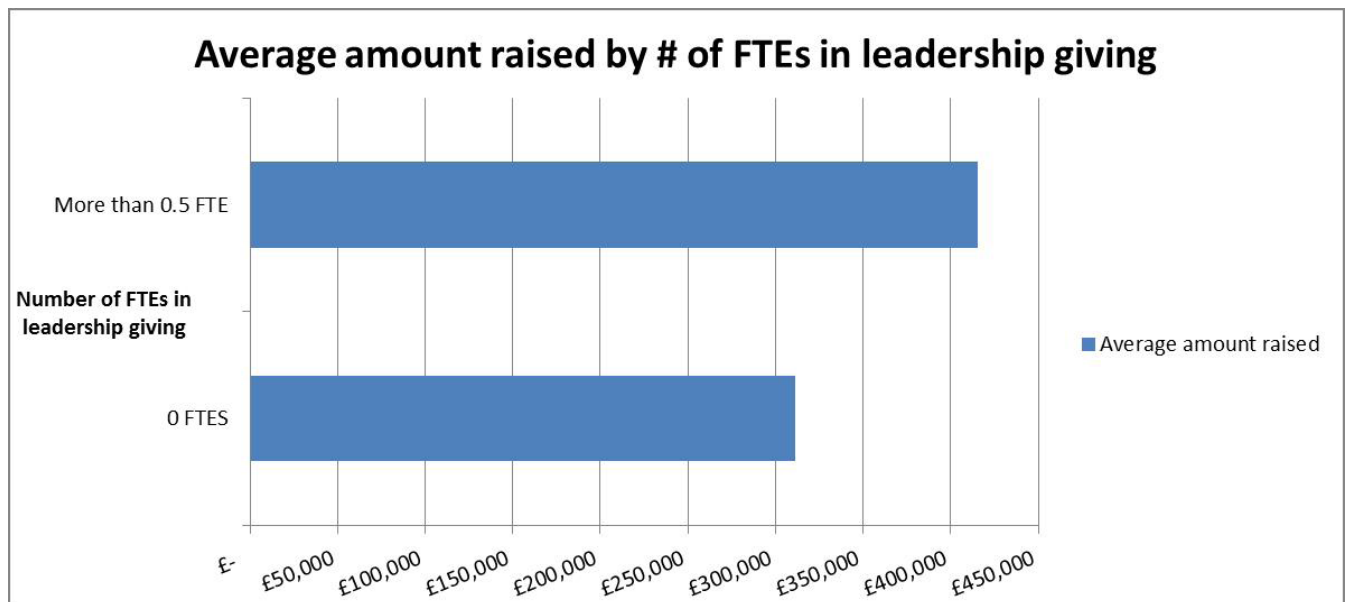


Given the high thresholds between annual gifts and major gifts reported, and the number of respondents who said leadership giving was a solicitation method they employed, the numbers in the above chart are interesting.

Of the nineteen institutions that completed this question, only four had any FTEs at all engaging in regular face to face solicitations to regular giving donors, whereas we might have expected to see around eleven institutions dedicating at least some permanent staff time to this.

Is there a difference in average annual income between those that do have FTEs for leadership giving and those that don't?

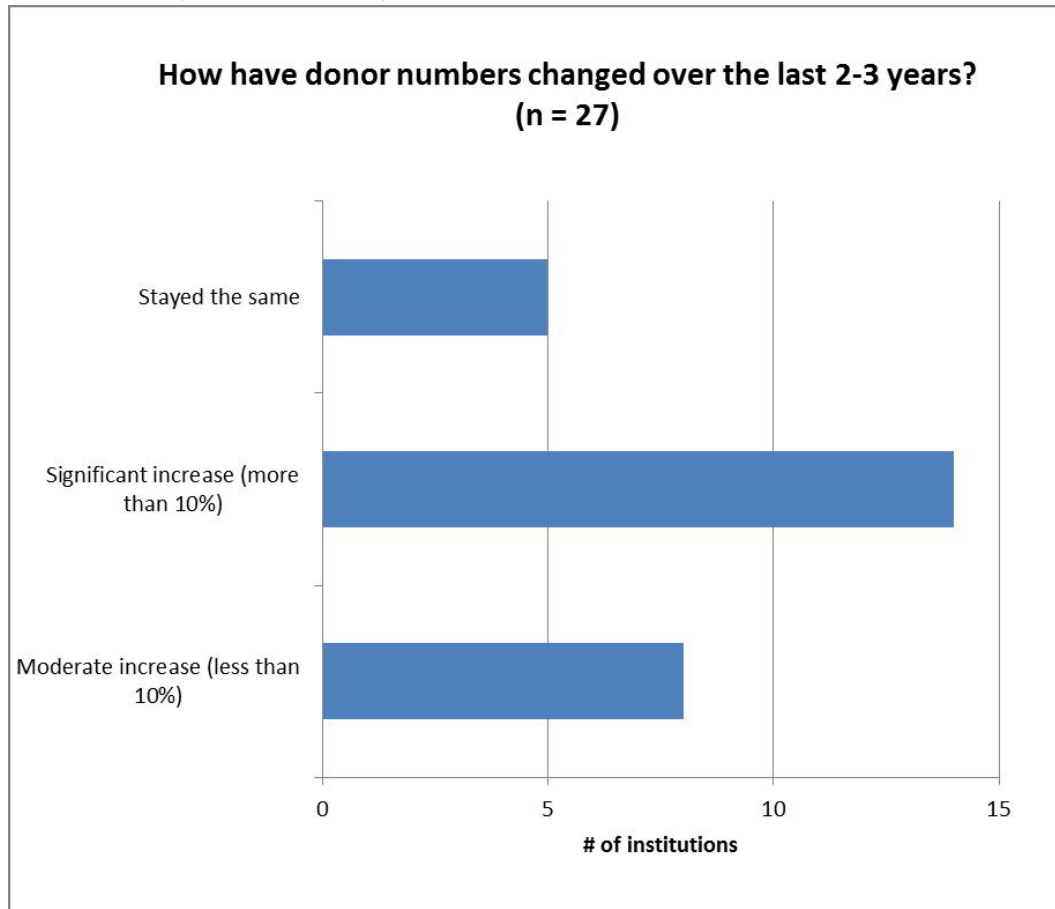
Let's have a look:



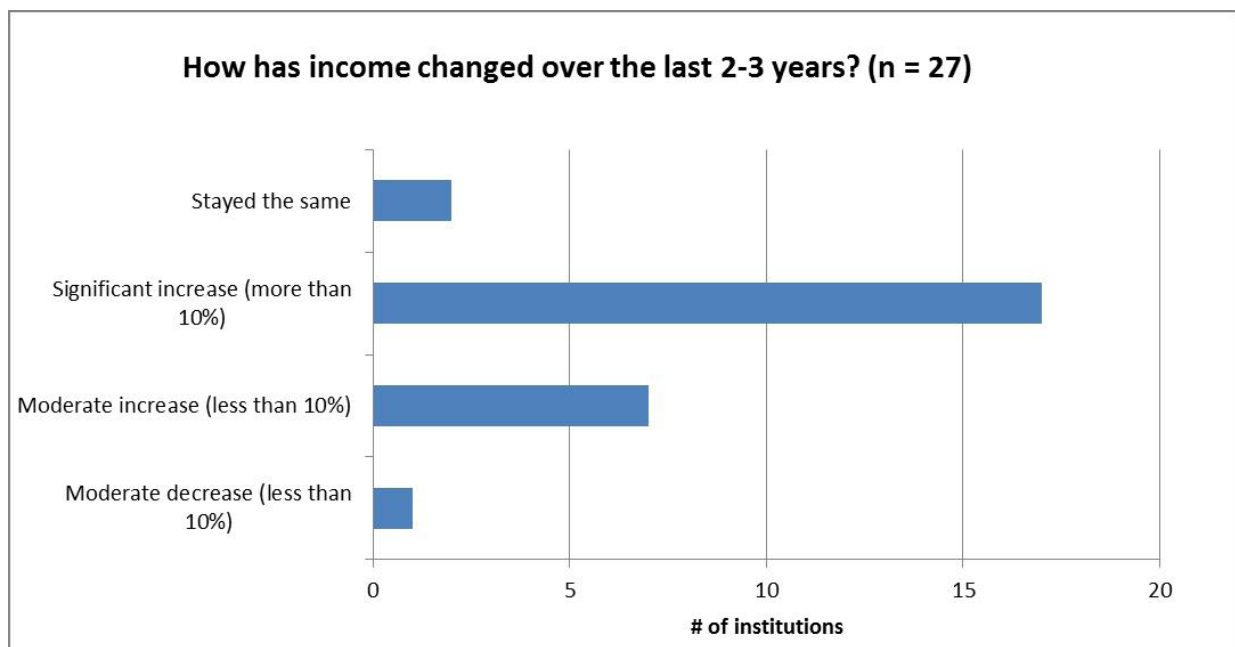
By and large (and allowing for a small sample size here) those programmes that do have at least part of a permanent staff member's time devoted to leadership giving appear to raise around £100,000 more than those that do not.

Key Challenges Reported

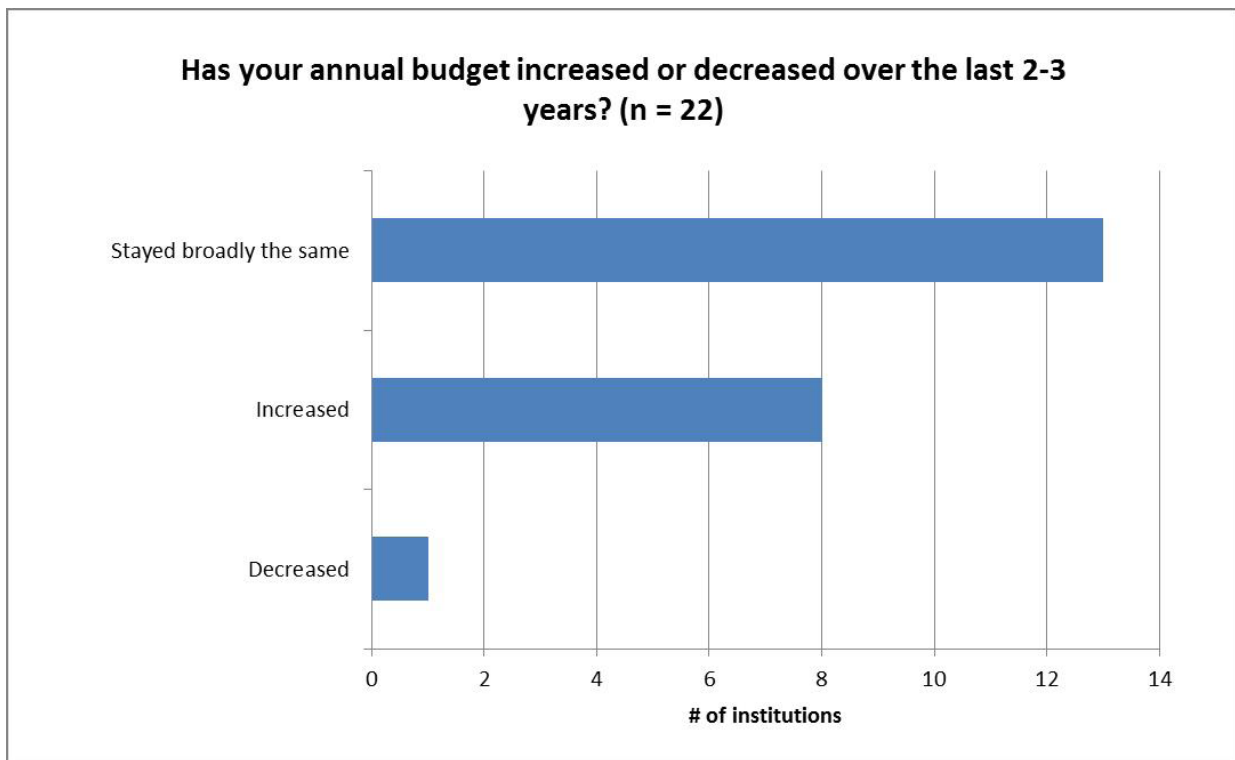
We asked respondents some questions about the growth or otherwise of their programmes over the last two to three years, and what they saw as their key challenges:



Most institutions reported at least a moderate increase in donor numbers, and none reported a decrease.

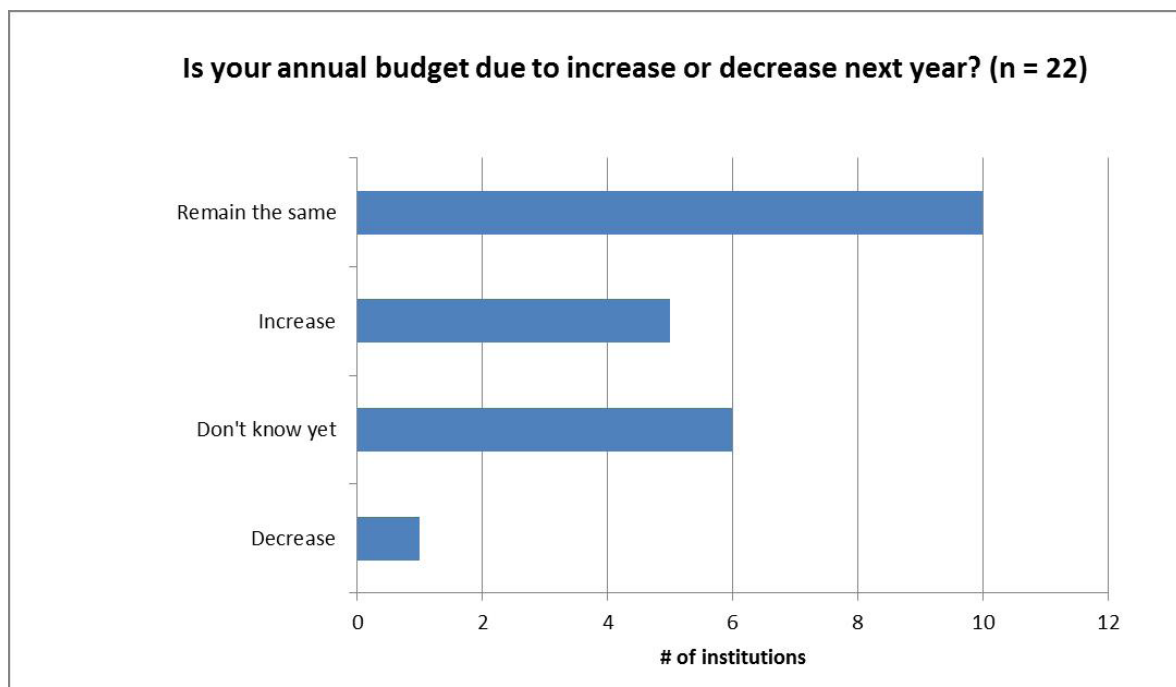


Most reported at least a moderate increase in income, with only one institution reporting a moderate decrease.

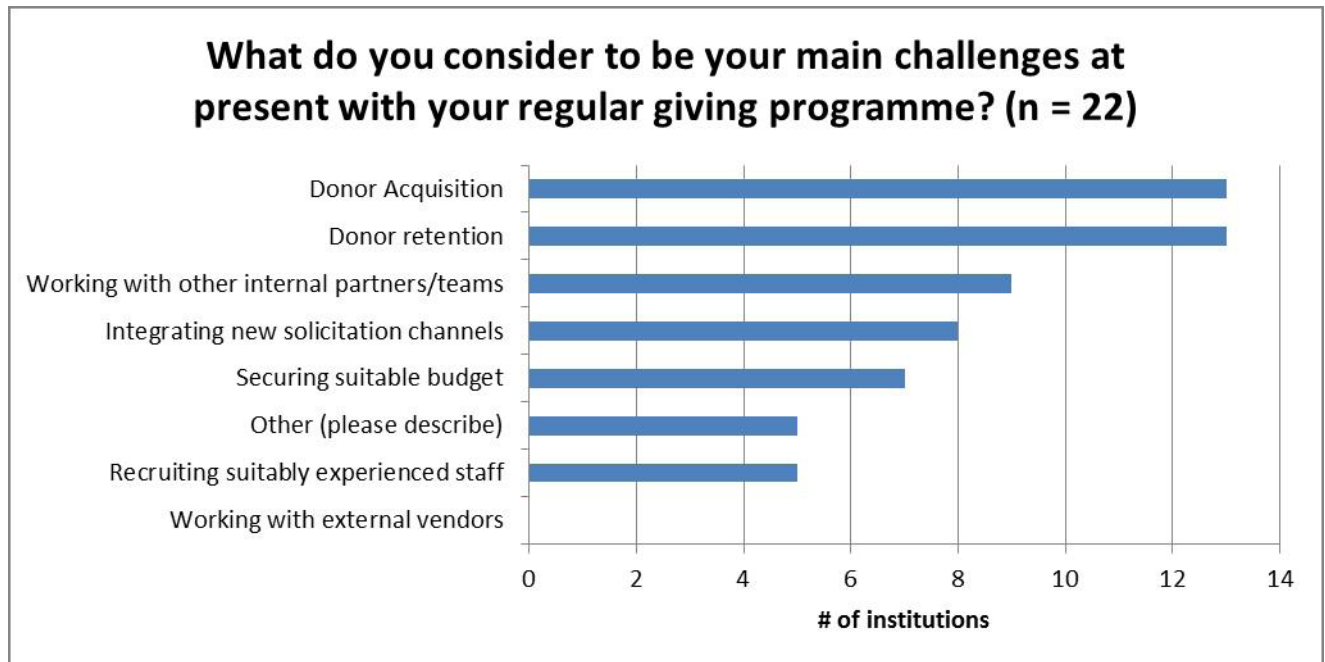


Although most institutions are having to do 'more with the same', it is heartening to see that around a third of respondents had seen budget increases in the last two or three years.

We asked if respondents knew what their budget situation was likely to be for the next fiscal year:



For most respondents, it looks like FY2016-17 will be business as usual, although a further lucky 25% of respondents are due to get more resources, and around 30% of respondents are yet to find out what their budget situation will be.



Not surprisingly, donor acquisition and donor retention are top of the list for regular giving professionals' challenges. Interestingly, no institution said that working with external vendors was a challenge, but after donor retention and acquisition, working with other internal partners/teams was respondents' next biggest challenge.

Under 'Other', respondents cited: "data quality & neglected prospect engagement", "data accuracy", "staff resource", and "TPS and e-marketing legislation".

And one cry from the heart said simply, "Where to start?"

We hope it gets better for them.

Conclusion

We knew the results of the survey would be interesting, but even we were surprised at the richness of information that came from the answers to our twenty questions.

We'd like to thank everyone who took time out of their busy schedules to complete the survey, and hope these results will be both informative and useful for all Development Directors and regular giving professionals in the UK and the wider EU, as they look to shape their programmes for 2016, and beyond! ♦

About the Authors

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Vice President of GG+A Europe, Adrian came to GG+A in 2015 after serving for seven years as Footsteps Fund Manager at the University of Leeds, where he dramatically increased the University's number of donors, annual giving income, and contributions from integrated mail and online appeals. Adrian also implemented an automated propensity scoring system, the first to be used by a university in the United Kingdom, and designed and implemented the University's first dedicated 20-seat fundraising call centre.

Previously, Adrian served for more than nine years with The Phone Room Ltd. as Director of Client Services and as Head of TPR Education. There, he headed numerous award-winning telephone campaigns for non-profit clients including the National Galleries of Scotland, Symphony Hall Birmingham, and the South Bank Centre; and established successful telephone fundraising campaigns for Salford University and Birkbeck College, University of London. Adrian is a member of the Institute of Fundraising. Adrian serves on the Advisory Panel of Rogare, the new practitioner-focused fundraising think tank at Plymouth University's Centre for Sustainable Philanthropy.

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Lori has more than 26 years of experience in senior executive leadership roles in development and alumni relations. She joined GG+A in 1997 as a Consulting Vice President for Annual Giving and has provided counsel to more than 120 university and non-profit development programs in North America, Europe, and South Africa.

Along with comprehensive experience in developing annual giving strategies and infrastructure, Lori has special expertise in working with development programs to enhance revenue streams and to better position annual giving as a cultivator and educator of major gift and planned gift prospects. Her work has encompassed all aspects of development and alumni relations programming, including extensive experience with data and report analysis, annual giving segmentation, professional and volunteer training, telemarketing and direct mail applications, and annual fund initiatives in the capital campaign environment.

To speak with one of our experienced consultants, call 312.372.4040

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