

GG+A WHITE PAPER

Advancement Services | 2015



The Value of Benchmarking: Focus on Gift Processing and Records Administration

About GG+A

Grenzebach Glier and Associates (GG+A) is one of the leading international consultants to institutions and organizations of all sizes, both public and private, and a foremost authority on fundraising and engagement best practices. GG+A's goal is to assist clients in building extraordinary fundraising and engagement programs for long-term, sustainable philanthropy that will have a significant impact on their missions.

Over the last 50 years, GG+A has served hundreds of organizations, helping them to build and enhance their successes. GG+A understands the challenges of both private and public institutions, as well as their philanthropic opportunities. Our commitment to data-driven decision making led us early on to recognize the value of institutional benchmarking to provide our clients with comparative information with which to judge their performance, and as a strategic tool that provides extensive insight into the trends, challenges, and issues reported by their peers.

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Introduction

Managers of fundraising organizations are always interested in what their peers are doing. This interest has led Grenzebach Glier and Associates into the business of benchmarks.

For over 20 years, GG+A has been providing valuable information through carefully constructed **benchmark instruments** that our clients can use to illuminate key issues and trends in their operations and those of their peers, and help them make better decisions. Because these issues are universal, and because the GG+A client base is so large, we have been able to identify the right peer participants to include in the benchmark process.

Our **benchmark analysis** is a comprehensive examination of the way in which participants are similar or different. Our process begins with developing the questionnaire for the client

and identifying the desired participant pool. Our benchmarks typically include nine to 15 participants, who invariably identify additional issues of concern to include in the analysis.

Once the questionnaire is completed and distributed, GG+A arranges telephone interviews with each of the participants to answer their questions. We then review the completed questionnaires and schedule a second telephone interview to answer additional questions that emerge as we delve more deeply into the topic.

The analysis of the data received is enriched by the comments that we are able to add from these interviews. It is not unusual to have 100 pages of tables and discussion. The full report is provided to the client. Participants receive a blinded copy.

Benchmarks for Gift Administration

Our library of benchmarks for Advancement Services ranges from single topics such as **gift processing** and **system management** to comprehensive studies of full **Advancement Services operations**.

While our benchmarks have covered many Advancement Services topics, in this paper we are focusing on **gift administration** and **records management**.

What constitutes gift administration and records management can vary from institution to institution. Some public institutions also include support services associated with their foundation such as financial management, investment management, and human resources. Considering these variations, **GG+A has developed a methodology that identifies the core components of each business unit** and identifies the **resources used to support that unit**. For each benchmark, we identify the core services to be included in the study and structure the questionnaire to elicit analogous information from each participant.

In these studies, we identify:

- **Patterns of best practices** in gift administration
- Metrics that measure **best-practice performance** among high-performance peer institutions

- **Areas of excellence** and **opportunities for improvement** in gift management practices

The benchmark for each functional area in the study includes questions about:

- The corporate **culture** and customer service **ethic**
- Current **organizational structure** and **internal reporting** relationships
- **Budget** and **staffing**
- Centralization vs. decentralization of **gift administration** and **database records maintenance** functions
- Functions that are **outsourced**
- Functions that are **automated**
- Use of services for **business intelligence** and **analytics**

Below, and on the following pages, we have collected a sample of the tables that we have used in benchmarks to provide you with some actual examples of the type of information and insight that is provided.

Descriptive Statistics

One of the most common reasons our clients ask for benchmarking is to answer the question, "How are we similar or different from other participants?" The blinded table of institutions, below, provides relative workload for gift, membership, and biographical transactions for one year.

Transactions Processed Annually								
	Institution J	Institution I	Institution P	Institution T	Institution K	Institution R	Institution F	Median
Gift/Pledge Transactions (#)	116,500	150,000	240,000	99,000	126,154	179,701	165,000	150,000
Membership Transactions (#)	17,000	36,000	80,000	N/A	51,160	N/A	N/A	43,580
Subtotal: Gift, Pledge, and Membership Transactions (#)	133,500	186,000	320,000	99,000	177,314	179,701	165,000	177,314
Biographical Transactions (#)	206,000	550,000	144,000	60,000	329,080	427,045	460,000	329,080
Total Transactions Processed Annually	339,500	736,000	464,000	159,000	506,394	606,746	625,000	506,394

Table 1. Relative Workload for Seven Peer Institutions (blinded)

Table 2, below, shows **relative staffing and cost** including: total number of database records, the total number of gift transactions, the number of

adjustments, the total gift staff and records staff, and the total cost for the operation. Where possible, we separated gift services and database maintenance.

Institution	Database Records	Gifts and Pledges	Adjustments	Gift Staff	Records Staff	Total Costs Operations
Institution E	511,193	82,855	2,460	20.00	8.00	\$2,656,391
Institution H	609,519	81,544	4,167	10.00	7.00	\$551,484
Institution B	783,729	126,850	2,000	13.70	8.00	n/a
Institution J	681,249	133,986	9,671	16.05	7.25	\$1,586,339
Institution A	1,169,141	134,406	1,268	4.35	5.80	\$735,304
Institution C	5,897,338	292,120	6,027	14.00	n/a	n/a
Institution I	859,695	134,791	9,024	14.00	8.00	\$1,220,500
Institution D	220,142	53,629	749	8.00	5.00	n/a
Institution L	872,899	135,362	11,429	11.50	9.00	\$1,261,996
Institution K	1,048,310	80,840	10,570	19.50	6.00	\$1,156,850
Institution G	1,044,777	168,303	4,833	12.00	n/a	\$894,628
Institution F	770,055	19,588	4,300	17.00	6.30	\$1,212,144

Table 2. Staffing and Total Cost Comparisons

The next Table shows **personnel and program costs** for gift services and database maintenance, and the total for both.

Gift Services and Database Maintenance Cost								
	Institution J	Institution I	Institution P	Institution T	Institution K	Institution R	Institution F	Median
Total Gift Services Cost (\$)	1,245,563	536,148	686,964	694,000	2,059,152	305,000	818,105	694,000
Personnel Cost (\$)	963,049	516,148	686,964	629,000	2,027,152	300,000	775,325	686,964
Program Cost (\$)	282,514	20,000	0	65,000	32,000	5,000	42,780	32,000
Total Database Maintenance Cost (\$)		421,664	350,000			144,000	140,000	247,000
Personnel Cost (\$)	Included in Gift Services	401,664	350,000	Included in Gift Services	Included in Gift Services	124,000	120,000	237,000
Program Cost (\$)		20,000	0			20,000	20,000	20,000
Total Gift Services and Database Maintenance Cost (\$)	1,245,563	957,812	1,036,964	694,000	2,059,152	449,000	958,105	958,105
Personnel Cost (\$)	963,049	917,812	1,036,964	629,000	2,027,152	424,000	895,325	917,812
Program Cost (\$)	282,514	40,000	0	65,000	32,000	25,000	62,780	40,000

Table 3. Personnel and Program Costs

Our Analysis

Table 4, on the following page, collected the total core services cost where core services included gift administration, biographical record maintenance, database system support, and

system reporting. Dividing the total number of users supported provides the average cost per user. The chart shows a range from \$4,221 to \$16,043.

Cost of Core Services								
	Institution J	Institution I	Institution P	Institution T	Institution K	Institution R	Institution F	Median
Total Core Services Cost (\$)	\$3,434,385	\$2,901,312	\$2,287,964	\$1,492,000	\$6,967,365	\$1,586,000	\$3,345,505	\$2,901,312
Total Number of Users Supported (#)	360	450	542	93	500	300	520	450
Average Cost per User (\$)	\$9,540	\$6,447	\$4,221	\$16,043	\$13,935	\$5,287	\$6,434	\$6,447

Table 4. Average Cost per User of Core Services

Our benchmarks have clearly demonstrated the **positive impact of automation**.

Table 5, below, shows the total number of gift transactions processed during the past fiscal year, the percent of those transactions received electronically, and the number of full-time gift processors. The first Gift Processors column is limited to those who are involved in database

capture; the Full Gift Processing column includes the management positions.

We calculated the number of transactions processed per full-time processing position, first by the lower number of positions and then by the larger number. The numbers demonstrate the value of providing electronic batches over manual keying.

Institution	Total Transactions	Percent of Automation	Gift Processors FTE	Annual Transactions per Processor FTE	Full Gift Processing FTE count	Annual Transactions per Full FTE
Institution C	929,120	64%	10	92,912	12	77,427
Institution A	134,406	86%	3.85	34,911	4.35	30,898
Institution F	196,288	18%	12	16,274	15	13,019
Institution G	168,303	43%	10.5	16,029	12	14,025
Institution I	134,791	31%	10	13,479	14	9,628
Institution L	135,362	20%	11	12,306	12	11,280
Institution B	126,850	24%	11.70	10,842	13.7	9,259
Institution J	133,986	13%	15.85	8,453	16.05	8,348
Institution H	81,544	5%	10	8,154	12	6,795
Institution D	53,629	40%	7	7,661	8	6,704
Institution E	82,855	54%	15	5,524	20	4,143
Institution K	80,840	48%	16.9	4,783	19.9	4,062

Table 5. Annual Transactions per Full-time Employee (FTE)

Identifying the variability of the workload by month can inform staffing needs for peak periods and support the case for cross-training of gifts and records staff members:

Gift and Pledge Transactions by Month, FY08 Highlighted Cells are 10%+											
	Institution E	Institution H	Institution B	Institution J	Institution C	Institution A	Institution I	Institution D	Institution L	Institution K	Institution G
July	4%	5%	1%	7%	8%	4%	4%	2%	7%	7%	2%
August	3%	3%	2%	6%	7%	10%	3%	1%	10%	6%	4%
September	2%	5%	4%	4%	8%	8%	4%	2%	5%	5%	5%
October	11%	9%	10%	7%	8%	7%	10%	5%	7%	12%	8%
November	11%	9%	12%	9%	8%	13%	10%	10%	8%	10%	11%
December	12%	12%	15%	12%	13%	19%	14%	18%	16%	9%	8%
January	17%	14%	14%	9%	9%	5%	18%	11%	16%	12%	15%
February	7%	9%	6%	12%	8%	10%	8%	6%	6%	8%	7%
March	7%	10%	7%	10%	11%	7%	7%	6%	6%	6%	11%
April	9%	8%	8%	10%	7%	3%	9%	10%	7%	7%	10%
May	7%	8%	8%	7%	7%	8%	7%	9%	8%	7%	9%
June	8%	8%	13%	7%	7%	6%	7%	20%	7%	11%	12%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 6. Variability of Workload by Month

Comparative adjustment rates are always of interest. Our benchmarks also dig into the cause of adjustments:

Institution	Total Transactions	Adjustments	Adjustment Rate
Institution A	134,406	1,268	1%
Institution C	929,120	6,027	1%
Institution D	53,629	749	1%
Institution B	126,850	2,000	2%
Institution E	82,855	2,460	3%
Institution G	168,303	4,833	3%
Institution F	195,288	4,300	3%
Institution H	81,544	4,167	5%
Institution I	127,790	9,024	7%
Institution J	116,255	9,671	8%
Institution L	100,333	7,176	12%
Institution K	102,196	11,429	12%

Table 7. Comparative Adjustment Rates

Cost Per Transaction Processed					
	Personnel	Program	Total	# Gifts Processed	CPT
Institution M	\$850,374	\$91,000	\$941,374	386,352	\$2.44
Institution N	\$417,080	\$16,064	\$433,144	153,417	\$2.82
Institution O	--	--	\$918,456	253,754	\$3.62
Institution P	\$1,026,459	\$172,377	\$1,198,836	330,591	\$3.63
Institution Q	\$1,694,148	\$588,725	\$2,282,873	500,789	\$4.56
Institution R	\$727,089	\$57,219	\$784,308	147,641	\$5.31
Institution S	\$561,463	\$187,966	\$749,429	118,049	\$6.35
Institution K	\$1,595,301	\$128,820	\$1,724,121	107,291	\$16.07
Institution L	\$2,173,292	\$184,386	\$2,357,678	114,532	\$20.59

Table 8. Cost per Transaction

Table 8, above, shows **costs for personnel and program**. The total is divided by the number of gift transactions processed to get the cost per transaction.

The best measurement of database management that a benchmark can provide is the percentage of **alumni records that do not have a mailable address**, as this next table shows:

Institution	Lost Alumni Rate (not including deceased)
Institution D	4.9%
Institution E	5.3%
Institution K	6.3%
Institution L	6.8%
Institution B	7.3%
Institution J	9.3%
Institution I	12.2%
Institution A	16.9%
Institution H	18.4%
Institution G	34.6%
Institution F	N/A
*Institution F reported having a loss rate of 13.5% including both alumni and non-alumni individuals	

Table 9. Lost Alumni Rate

Final Thoughts

What can we learn from benchmarks? Here are **five key outcomes**:

1. Comparative information about **staffing size and costs relative to workload**
2. **Salary information** for staff members in the units covered by the study
3. **Cost per transaction** processed for gift processing
4. **Metrics for performance** standards for both managerial and support positions
5. **Best practices** for database record management and gift administration

How do you measure up—and don't you want to know? ◇

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Charlotte Davis McGhee, GG+A Vice President for Advancement Services, joined the firm in 1994 and serves as GG+A's most experienced professional in information technology and advancement services. A recognized authority on support services and computer-based systems for nonprofit organizations, Charlotte has provided counsel to hundreds of clients in higher education, healthcare, arts and culture, and the voluntary sector.

Prior to joining GG+A, Charlotte spent ten years leading information systems development for publisher Reed Elsevier after more than a decade of senior advancement leadership positions at Brandeis University and Radcliffe College.

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