The Ultimate
Beginners Fundraising Metrics
Cheat Sheet

WHY MEASURE FUNDRAISING METRICS?

Modern, effective fundraising leadership desires and requires more thoughtful decision support than ever before. Fundraising metrics can point out gaps, reveal opportunities, and clarify production clogs better than any tools we've had to date. Arming the experienced nonprofit professional with timely and relevant data can be transformative for nonprofits.

FOCUS ON SIMPLE METRICS FIRST

Google search "fundraising metrics" and you'll find plenty of blog posts and articles. In fact, you'll come across too many. It can be overwhelming to figure out what fundraising metrics your nonprofit should track and measure. No two websites seem to offer the same suggestions, making it difficult to know what's really worthwhile.

This cheat sheet focuses on 3 simple metrics you can calculate on your own. It doesn't matter if you're wearing many hats at a small nonprofit or the executive director at a big organization, these are the 3 key metrics you should always have on hand.

ANNUAL OVERALL RATE OF GROWTH IN DONATIONS (%)

$$\text{Annual Overall Rate of Growth in Donations} = \frac{\text{Net of Gains and Losses in giving from Last Year}}{\text{Total Value of Gifts Received Last Year}}$$

Figure 1.

Why Measure It

It's a safe bet to assume growing revenue (donations) is a high priority for your non-profit. When it comes to fundraising metrics, annual rate of growth will most obviously show whether your nonprofit is succeeding in increasing revenues or not.

Tracking changes in annual growth rate can inform strategic decisions and help you and your team set realistic fundraising goals each year.

How To Calculate

To calculate annual donation growth rate you need two numbers: total donation revenue from this year (x), and the total donation revenue from last year (y). Simply subtract this year's total from last, then divide that number by this year's total and multiply by 100.

$$\text{Rate} = \left(\frac{x - y}{y} \right) \times 100$$

Figure 2.

Analyzing several years of data will help you find trends and patterns in your database. And, it may be useful to segment the growth rate by giving level. This way you'll have a more complete view of your organization's fundraising efforts at each level.

Visualize It

After calculating your donation growth rate, you should graph it. Computers are great at reading lines of data in a spreadsheet, but for most of us humans, visual representations are much easier to interpret.
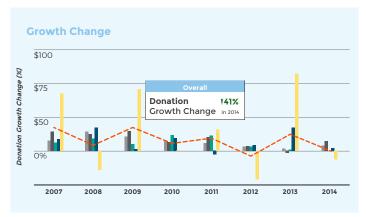
Figure 3.

ANNUAL AVERAGE GIFT ($)

$$AAG = \left(\frac{\text{Total Dollars Received}}{\text{Total Number of Gifts Received}} \right) \times 100$$

Figure 4.

Why Measure It

Spotting trends in average gift size can speak volumes to the state of your organization's fundraising health. Think of a for-profit business — let's say an ice cream shop. Instead of calculating average gift per donor this business would calculate average transaction amount per customer.

The shop may sell items other than plain ice-cream. They might offer sandwiches or coffee. Why? To increase the average transaction amount per customer. Larger transactions generally equate to larger profits.

The same principle applies at a nonprofit. Nonprofits can employ similar tactics to boost their average contribution amount. Maybe it's something as simple as adding an extra checkbox to an online donation form, "Would you like to increase your gift by 5% to help with overhead expenses?"

Measuring annual average gift amount will help you understand who your donors are and how they give. Plus, you can easily measure average gift size on a per campaign or per donor segment basis.

How To Calculate It

To calculate average gift amount you only need two numbers: Total donation revenue and total gifts received. Just divide donation revenue (x) by the number of gifts (y) and you have average gift size. Simple, right?

$$AVG = \frac{x - y}{y}$$

Figure 5.

You can take it a step further and calculate the change in annual average gift amount. Simply take this year's average gift amount (a), subtract it from last year's amount (b), divide by this year's amount and multiply by 100.

$$\text{Change} = \left(\frac{a - b}{a} \right) \times 100$$
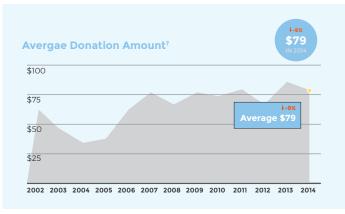
Figure 6.

Visualize It

Figure 7.

Spotting trends in average gift size is pretty easy in a spreadsheet, but it never hurts to look at it graphically as well. When plotting average gift amount, you'll want to use a line chart — and hopefully, the line is moving up and to the right.

Plateauing or decreasing average gift amounts become visually apparent when viewing them in a graph. For example, in this graph you can easily see the organization increased average gift amount in the long run, but has recently experienced some stagnation and decline.

DONOR LIFETIME VALUE ($)

Why Measure It

Another crucial metric all fundraising teams should calculate is donor lifetime value.

Donor lifetime value is a more comprehensive metric than average gift amount. Gift amount only takes into account the size of a donation, whereas lifetime value considers how long a donor stays with your organization as well.

Lifetime value (or LTV) is a prediction of how much money you can expect to receive from a donor before they churn. This metric can help you and your team make important decisions about how much to spend to acquire and retain donors.

How To Calculate It

Calculating LTV is simple, but it relies on a few other metrics that can be tricky to calculate. You'll need donor lifespan, average donation amount, and frequency of donation. The formula looks something like:
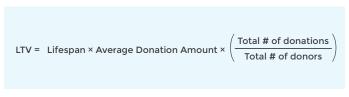
$$\text{LTV} = \text{Lifespan} \times \text{Average Donation Amount} \times \left(\frac{\text{Total \# of donations}}{\text{Total \# of donors}} \right)$$

Figure 8.

Pulling this information from your database might be difficult, but it's worth the hassle. Once you know your LTV, you can set your donor acquisition cost and be more savvy with your marketing expenses.
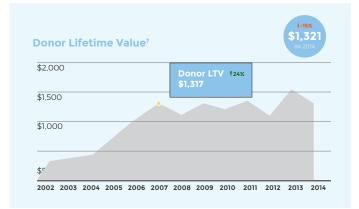
Visualize It

Figure 9.

Graphing donor LTV is unbelievably important. Looking at year-to-year changes in lifetime value can greatly alter your fundraising strategy.

Just like with average gift, visualize LTV with a line chart. It becomes overwhelmingly clear which direction your organization is going when you plot your lifetime value numbers.