Return on Investment: Setting Staff Expectations©

As we travel the country and the world, we are struck by the wide variety of staff measures organizations employ. Some say you can expect a Chief Development Officer (CDO) or major gifts officer to earn his or her salary during the first year and three to four times their salary by year three. Others focus on the number visits per month ranging from 15 to 21. Still others measure the number of strategic donor initiatives completed ("moves") and set a standard for all of the gift staff. Many only measure making the dollar goal (often referred to as the budget), and often, especially in small shops, this is a moving target.

All of these approaches fail to weigh the confluence of critical factors which may affect the return on investment for this staff position, set an arbitrary bar for success (which may be too high ***or*** too low) and can SET-UP competent even exceptional professionals for failure.

Consider the following factors that directly affect how much a CDO or gift officer can raise in a given period of time.

1. How much does the organization need and WHY?

Fundraising goals begin with a powerful vision from the top and a well thought out strategic plan. From these two building blocks comes the list of fundraising priorities and the case for support. Without them, the development office is going to be limited in the amount they can inspire and solicit.

<u>Don't</u> set artificial fundraising goals based on a formula. <u>Do</u> identify clear fundraising priorities and the amounts needed to fund them.

- For example, if you need $3,000,000 over the next three years primarily for operating needs and some modest program development, an investment of $300,000 to $500,000 in development makes sense. That might mean hiring a young, hungry gift officer rather than an experienced one.
- As the dreams are bigger, the need for an experienced person increases. If the vision, funding priorities and pool of prospective donors points to a goal of $10,000,000 or more over the next three years, you might need an investment of $1,000,000 to $1,500,000 over that time and a talented professional to get you there.

2. The depth and breadth of your donor pool

Each year, the development officer should update a "realized table of gifts," that shows the levels of gifts and sources for the past three to five years. The next step in the process is creating a "projected, name-by-name table of gifts" for the prospective donors he or she will be soliciting – or supporting the CEO and Board in soliciting.

- What is the anticipated solicitation amount for each prospective donor?
- What is their overall capacity to give?
- Do they have a close affinity to the organization and are they philanthropic?
- Based on personal knowledge about each prospective donor, how much does the gift officer believe each donor might give – the highest amount possible, the worst-case scenario and the most likely result?

Expect a new development officer to close a "ready" prospective donor within 6 months, while

100 South Bedford Road Suite 340
Mount Kisco, NY 10549
www.theosbornegroup.com

prospective donors who have the capacity to give but are far out in the readiness pipeline (not deeply engaged, doesn't know your organization well enough, your organization is low on his or her list) might take 12 to 18 months to close. Base your expectations on the "likely" projections.

Don't expect instant results. Building relationships, infrastructure and systems takes time. Do take the long view.

3. Visits are important AND should be based on strategy

Conventional wisdom says that a major gift officer should be able to make 15 to 21 visits per month, which is a good and achievable number. The problem is if you measure ***visits without strategy***, you focus on ***quantity without quality*** – it becomes just volume without effectiveness factored in.

We recommend a written strategy for all major gift prospective donors with concrete, measurable strategic steps:

- NOT "cultivation" or "development the relationship"
- Instead, a strategic step might be, "Increasing motivation and deepening engagement by having her mentor two beneficiaries".

For leadership annual gift prospective donor, a visit plan is needed. Then, the number of expected visits for the month is based on strategy and just visiting donor friends to make the monthly numbers doesn't count.

Here are some general guidelines you can use as a jumping-off point…But remember, one size doesn't fit all!

Year	Expectations
Year One	• Qualify (rate for capacity and affinity or inclination) up to 200 prospective donors • Solicit and successfully close leadership ($1,000+) gifts from 25%+ of the pool • Identify and begin building relationships with "Quad 1" prospective donors (those with the highest capacity, strongest affinity and most deeply engaged) • Develop written strategies for all "Quad 1" donors and prospective donors • Provide stewardship (gift and volunteer impact reports and experiences) for all assigned donors
Year Two	• Close major gifts ($100,000+) from a handful of prospective donors • Continue closing leadership gifts ($1,000+) from 50% or more of the pool • Have strategic, productive relationships with all "Quad 1" prospective donors (those with the highest capacity, strongest affinity and most deeply engaged), build relationships with all other prospective donors in the pool based on written strategies • Provide stewardship (gift and volunteer impact reports and experiences) for all assigned donors
Year Three	• Close major gifts from at least 25% of the pool • Continue closing leadership gifts from 50% or more • Have strategic, productive relationships with all "Quad 1 and 2" prospective donors (those with the highest capacity, strongest affinity and most deeply engaged as well as those with high

	capacity and less engaged), build relationships with all other prospective donors in the pool based on written strategies • Provide stewardship (gift and volunteer impact reports and experiences) for all assigned donors

<u>Do</u> set annual dollar and process goals, even for the first year – realistic, incremental goals will get you to these three-year results. For example,

- If the development officer is focused primarily on qualifying prospective donors, building relationships with newly uncovered prospective donors, or is working primarily with donors at the lower-end of the capacity scale, that person's dollar goals should be adjusted downward but process goals ("Qualify _XX_ prospective donors") will be larger.
- If the development officer inherits a well-cultivated, high-capacity and highly philanthropic portfolio, the return on investment will be greater, time horizon to begin closing significant gifts will be much shorter and dollar goals can be set more aggressively.

4. The overall balance of responsibilities and staffing

- What other administrative, supervisory or programmatic responsibilities does this person have?
- Will she be managing six or seven special events throughout the year that divert time and focus?
- Does he need to recruit, hire and train a team?
- Do you expect her to play a significant leadership role for the entire organization, as a part of the management team?

Under these circumstances, with the Chief Development Officer or major gift officer having other significant responsibilities, she can probably spend only 10% or 25% of his or her time on "front-line" fundraising. **<u>Do</u> reduce expectations for both dollar and process goals accordingly.**

A typical CDO with appropriate baseline staffing should expect to spend 40% of their time "advancing relationships" including:

- Writing strategies; participating in strategy meetings
- Getting appointments
- Making agreed upon number of visits per month (qualifying/discovery, cultivation, solicitation, stewardship)
- Following up with donors after visits
- Documenting the progress of the relationship and updating the strategy

5. The commitment of the Chief Executive and Board members

A strong partnership between the Chief Executive, a cadre of skilled Board members and the Chief Development officer is the ***most effective*** way to maximize the return on the investment in this position.

The CDO should spend an additional 10% of his or her time supporting and directing the fund development work of these partners by:

- Holding focused strategy meetings on prospective donors that the CEO or board members should engage or solicit
- Prompting phone calls and personal notes to the right potential donors
- Setting up and briefing the CEO or board member for one-on-one visits with top potential donors; participating in these visits as appropriate
- Arranging vision meetings and other top-level events with potential donors

100 South Bedford Road Suite 340
Mount Kisco, NY 10549
www.theosbornegroup.com

- Creating systems for easy follow-up and documentation of CEO and board activities after visits

By “managing up”, the CDO helps ensure that the CEO and board members are spending time in fund development as efficiently and effectively as possible. In this way, the return on **everyone’s** investment in increased exponentially!

If you would like to learn more about managing the fund development office, major gifts any other aspect of leadership or fund development, contact us at 914 428-7777 or mail@theosbornegroup.com

Visit us at www.theosbornegroup.com for FREE podcasts, tools, and videos.
…Or read more at www.theosbornegroupblog.com

Facebook: The Osborne Group, Inc.
Follow us on Twitter @kareneosborne, @bobosborne17, @NeeshaR, @Yolanda_Rahman

The Osborne Group is a full service management, consulting and training firm specializing in capacity building; philanthropy including campaign planning and implementation; opinion research including alumni and donor satisfaction surveys, feasibility studies; and organizational development including board development, strategic planning and executive coaching.

100 South Bedford Road Suite 340
Mount Kisco, NY 10549
www.theosbornegroup.com