

## Resource Guide:

# Our Recommended Four-Step Portfolio Review Process

**This Resource Guide provides a four-step approach for benchmarking your current use of Target Analytics predictive modeling scores so that you can evaluate and set meaningful solicitor metrics and refresh prospect portfolios for your Major Giving Program.**

## Introduction

Now that you've got your Target Analytics predictive modeling scores returned from your project, you'll want to make sure you understand the value of the investment you've made in them. We recommend that you start by benchmarking your current prospect management for major giving. This important task reveals a path from where you are today to where you could be a few months from now.

Our sample case study should prove that periodically benchmarking your current prospect management process is a worthwhile exercise! By doing so you'll have the data you need to set your future goals and conduct a prospect management portfolio review based on them. With those in place you can enhance or create a new prospect assignment and disbursement plan.

Then, get started with your benchmarking project by using the [workbook](#) we've created. With just a few queries and calculations, you can propel your team toward confidently setting revenue, solicitation and portfolio goals. You'll find our workbook attached to the Target Analytics Community blog: [Three CRM Queries That Will Transform Your Major Gift Program!](#)

## Case Study: Literacy Today

### STEP 1: BENCHMARKING CURRENT PROSPECT MANAGEMENT

Literacy Today, a fictitious charity, has just completed its Target Analytics predictive modeling scores project. The new development director (DD) wants to understand the value of the investment that's been made. To get started she's going to benchmark the prospect management process already in place. This means understanding the parameters of the team's current workload, learning how much uncovered revenue potential is obtainable with current staffing levels, and deciding how to comfortably grow their prospect pool up to industry standard caseload sizes. Then, when she's done, she's going to use the benchmark results to set new goals for the coming fiscal year's major gift program.

#### ***Caseload Conversion Percentage***

To begin, the DD asks the database manager (DB) to run some queries to gather needed data from the donor Constituent Relationship Management database (CRM). She wants to know how many individuals were scored Major Giving Likelihood scores (MGL) between 701-1000 and Target Gift Range (TGR) \$5,001 or higher (TGR scores 8-12) and she finds out the answer is 1,976 records. Now she wants to know, of those records, how many of them have an assigned solicitor? The answer is 109. With these two pieces of information the DD can now calculate her team's current caseload conversion percentage of identified prospects to assigned prospects. The answer is that they have a 5.5% caseload conversion percentage. Put another way, 5.5% of their identified major gift prospects are currently assigned to a solicitor.

$$109 \div 1,976 = 5.5\% \text{ caseload conversion percentage}$$

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## ***Gift Conversion Percentage & Ratio***

Next, the DD wants to know how many of the 109-assigned people made a gift to Literacy Today in the last fiscal year. The answer: 62. This means that 57% of the assigned prospects are currently donors.

$$62 \div 109 = 57\% \text{ gift conversion percentage}$$

Calculating the percentage into a gift conversion ratio of assigned prospects to donors she can see that they have two prospects for every major gift donor (2:1).

$$109 \div 62 = 1.75:1 \text{ (rounded up to 2:1) gift conversion ratio}$$

The DD knows that industry standard is a 4:1 or 5:1 ratio. She wonders if the organization has stopped forming new relationships with potential major gift prospects because it has been concentrating all its efforts on stewarding and re-soliciting their current major donors. She knows that relationships take time to develop, and that the solicitors should be assigned prospects at a variety of stages – from ‘just getting to know each other’ to ‘ready to make a commitment’. This data is providing valuable information for setting new revenue goals and caseload assignments for the coming year.

## ***Average Gift Amount Per Donor***

Next, the DD asks the DB manager to let her know the total of donations they received from the 62 donors last fiscal year. The answer: \$465,000 - for an average major gift amount of \$7,500 per donor.

$$\$465,000 \div 62 = \$7,500 \text{ average gift amount per donor}$$

## ***Revenue Potential Percentage***

Lastly, the new DD wants to understand the percentage of identified giving potential that isn't currently being cultivated nor solicited by the organization at this time. With only 5.5% of identified major gift prospects assigned to a solicitor, around 94% of their identified prospects are not actively assigned for major gift activity.

So, the DD calculates a low-end of total major gift revenue potential identified by Target Analytics. She does this using the lower amount of the Target Gift Range assigned to each record. For example, a prospect with a TGR of 9 - or \$10,001-\$25,000 - would be given a gift potential amount of \$10,000. You can see an example of this in action in our accompanying [workbook](#).

Added up, she quickly gets a total annual revenue potential of \$14,820,000 for the 1,976 identified major gift prospects. Comparing current revenue from the 62 donors (\$465,000) to potential revenue (\$14,820,000) the DD estimates that the organization is accessing only a small fraction of the available revenue each year – 3.1% to be exact!

$$\$465,000 \div \$14,820,000 = 3.1\% \text{ revenue potential percentage}$$

This benchmarking exercise, with a few pieces of important information from the CRM, clearly demonstrates to the new development director that she and her team should begin to focus their time and attention on expanded, yet reasonable and achievable goals for the major gifts program.

## **STEP 2: SETTING REASONABLE GOALS FOR PROSPECT MANAGEMENT**

With her findings in hand, the DD and two major gift solicitors, together, have decided to set raised revenue, assignment and solicitation goals for the coming fiscal year. Here are the five goals they've agreed upon:

1. They'll raise their **revenue potential percentage to 6%** (increased from 3.1%) for this fiscal year. This equates to captured revenue of \$889,200 from major gift donors (up from \$465,000 in the previous fiscal year).

2. The two solicitor's portfolios will be realigned and refreshed so that assigned prospects are qualified for a **minimum annual gift of \$10,000 or more** – an increase of 25% over their current average gift of \$7,500.
3. Since a 4:1 or 5:1 prospect-to-donor ratio is industry standard, they've decided to adjust theirs to **3:1 this year**, with the objective being 4:1 in 24 months. (Remember, their ratio is currently 2:1.)
4. Finally, with their new revenue goal of \$889,200 in the next fiscal year and a minimum gift ask amount of \$10,000, they know that they'll need up to 89 donors to achieve this goal. This means that their prospect pipeline must have **267 prospects** to reach the new 3:1 ratio.
5. With 2 solicitors available, each will now manage 134 prospects and will be responsible to **close 45 gifts this year** – last year they each closed 31 gifts for a total of 62 major gift donors. Each solicitor at Literacy Today should set a goal of closing 3.7 gifts per month. Last year they each closed an average of 2.5 per month.

## STEP 3: PROSPECT MANAGEMENT PORTFOLIO REVIEW

To get started with their prospect portfolio realignment, the solicitors need to remove prospects that fall into two categories:

1. Individuals with gift capacity lower than \$10,000 annually (Target Gift Range is less than 8 (\$5,001-\$10,000)).
2. People who haven't responded to past opportunities to engage with Literacy Today in a manner consistent with major gift activity.

They've decided that these two classifications of individuals will be moved to a mid-level solicitor assignment for attention, leaving open spots in their caseloads.

Here's how they're going to accomplish that task using both **objective** (data-driven, fact-based) and **subjective** (influenced by personal feelings rather than fact-based) measures.

The decisions below were made by the Literacy Today development team but you may choose different goals, benchmarks, minimum gift requirements and so on.

### Action Item 1

#### OBJECTIVE DATA-DRIVEN REVIEW OF ALL CURRENT MAJOR GIFT PROSPECT ASSIGNMENTS

The DB manager will print a list of all records with scores MGL 701-1000 and TGR \$5,001 or higher (TGR scores 8-12) that are currently assigned to a solicitor. ***This finds the total number of identified major gift prospects that are assigned.***

Each assigned solicitor will review his or her list from above along with the Target Analytics project modeling scores and any other returned data or refreshed prospect research to evaluate and change current ask amounts or solicitation timing based on the new information. ***Changes will be entered into the prospect record in the CRM concurrently with this activity.***

A second list – opposite of the first one - will also be created. This time the query will focus on all records that are assigned to a solicitor where scores are MGL 0-700 and TGR is less than \$5,001 (scores TGR 1-7). ***This finds the total number of assigned prospects that don't meet the data-driven criteria.***

The solicitor will review the second list noting anyone that has already made a gift of at least \$5,000 in the past 12 months or has lifetime giving of \$15,000 or more. ***These individuals will stay assigned to the solicitor, who will then conduct the same review and updates in the CRM as described above.***

Action Item 2

**OBJECTIVE REMOVAL OF SOLICITOR ASSIGNMENT / SUBJECTIVE CHALLENGES**

The solicitor will review the remaining names assigned and may challenge removal on up to 5 individuals if **all** the following criteria are met: [Remember, Literacy Today has set these steps and parameters; you may choose differing ones.]

1. There is written evidence in the CRM prospect record of substantial contact between the solicitor and the prospect within the past 6 months, **and**
2. There is a written cultivation and solicitation plan for the individual in the CRM prospect record, **and**
3. The “next move” or solicitation of the individual is planned to take place within the next 6 months and that future action/solicitation date is recorded in the CRM prospect record

Names not challenged will be removed from assignment and will be coded in the CRM to receive either mid-level, annual and/or planned gift activity as appropriate. **This important step of objectively removing unqualified and uncultivated prospects that are statistically unlikely to be major gift donors frees up assignment slots in each solicitor’s portfolio.**

**STEP 4: NEW PROSPECT ASSIGNMENT & DISBURSEMENT PLAN**

Continuing with their new portfolio realignment plan, Literacy Today will begin assigning newly identified major gift prospects to solicitors for outreach. Here’s how they’re going to accomplish these next tasks using **data-driven actions**. Remember, you may choose different goals, benchmarks, timelines, acceptable action items and so on. With each solicitor’s portfolio open for 134 prospects the DB manager will need to provide lists of names over time to the solicitors.

Action Item 3

**DEVELOP A TEAM-WIDE DISBURSEMENT PLAN FOR NEWLY IDENTIFIED MAJOR GIFT PROSPECTS CURRENTLY UNASSIGNED**

Each solicitor will receive a short report on 7 new prospect names per month. The summary of information will include:

- Contact, affiliation and constituency information
- Past giving information
- Past contact information, if any
- Target Analytics modeling scores and prospect research, if it’s already been conducted – note: no additional prospect research will be conducted at this time

The names will be pulled into a list and sorted as follows – the first 14 names on the list will be divided between the solicitors:

- MGL score in descending order, then
- TGR score in descending order, then
- Total amount of giving in the past 6 years in descending order

Each successive month, the next 14 names will be provided to the solicitors (7 names each)

Action Item 4

**SOLICITORS CONDUCT DISCOVERY AND QUALIFICATION STEPS ON EACH PROSPECT**

As names are received, solicitors will spend up to 15 minutes conducting an information review per new name

Within the next 30 days, the assigned solicitor will reach out to each new prospect a minimum of 3 times to conduct two or more of the following discovery menu activities:

- Introductory phone call and conversation
- Introductory email or letter and invitation to connect through an event or other personalized activity
- Introduction by connected key player from the organization (for example key players could be other staff members, a board member, faculty, alumnus, physician, administrator or a volunteer)
- Other discovery activity as approved by the development director

The solicitor will record contact notes in the prospect's CRM record as contact is made

Solicitor will then either ask for assignment of the prospect or that the prospect be coded for other activity

- If the solicitor asks for assignment of the prospect, he or she will create a 12-month cultivation plan that includes:
  - Initial ask amount (Minimum \$10,000)
  - A minimum of 2 next steps with follow-up dates noted
  - Prospect interest area, when known
  - Name of key players and their relationship, if any
- If the solicitor does not ask for assignment, he or she will direct the prospect either be:
  - Placed back into discovery pool with follow-up date noted in the prospect's CRM record
  - Coded and placed into mid-level, annual and/or planned giving activity stream

If an assignment is not made, the solicitor will record contact attempt notes as a single entry in CRM if no contact was established. **This important step provides information to the next organizational representative that reaches out.**

Each fiscal year, Literacy Today will review and recalculate their benchmarks, set new goals and refresh portfolios accordingly.

## Conclusion and Getting Started

When benchmarking and instituting a solicitor portfolio review it's all about the data! Your Target Analytics project has provided you with a multitude of it to get started, keep you motivated, report on your successes and plan. Timely and consistent portfolio assignments and re-alignments should lead these efforts.

Ready to get started with your own organization's analysis? You can calculate the status of your prospect management program by filling in the [workbook](#) we've created for you. All you need is our three simple queries! **NOTE:** If you've also purchased our Principal Giving Solution scores, you may want to include records with PGS scores Tier 1, 2, 3 and 4 in your queries and calculations as well.

With your Target Analytics returned data in hand, our [workbook](#) as your calculator and your drive to constantly improve and increase your major gift program, you're ready to start our easy and useful 4-step portfolio review!