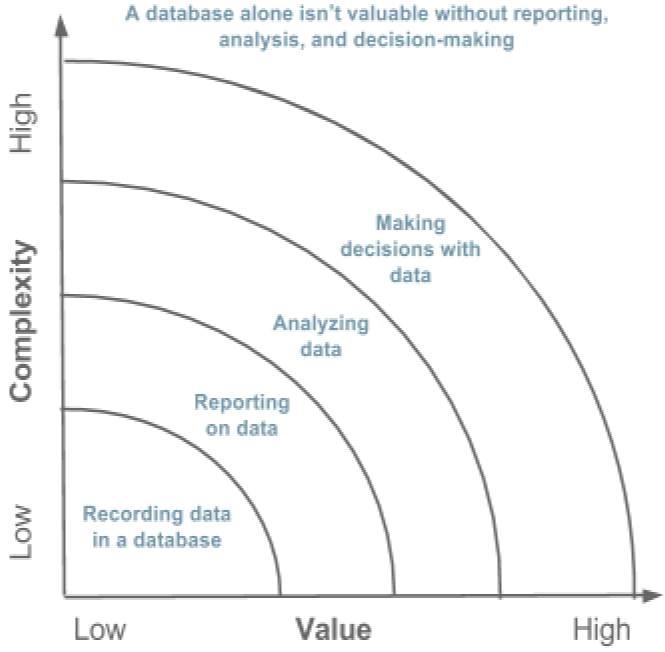
An Introduction to Donor Analytics

Launching a donor database is an important milestone for any development team. Once a data system is in place, the next step is to use the information it contains to raise money, communicate with donors, and inform strategy.

This guide is intended to **provide inspiration** for development data users in small teams or organizations who may be unfamiliar with all the ways their new database can support their work. Of course, inspiration only takes us so far - I'm relying on you to read this and select **only one or two strategies** to take your organization's use of data to the next level.

These ideas are informed by my accumulated experience with fundraising and donor management technology, as well as the book [Data Driven Nonprofits](). For those looking for a more depth, additional resources are linked under each idea below.



Process Support

Most donor databases can support reminders, alerts, and notifications that users can set one-by-one or fire off based on different criteria. For example, teams may want to track stewardship plans for major donors or grants using reminders. If online donations feed automatically into the database, notifications could be set up so that whenever a donation over $500 is recorded an email goes out to all development team members. In addition, many databases allow users to schedule a dashboard or report to be sent to a group of users on a regular basis. For Salesforce users, check out several additional examples and how-to's in their [best practice nuggets]().

Reporting

Development teams should consider what reports will be run on a regular basis to support processes or answer questions. Identify the 5 most important reports and build them with input variables so the same report can be used for different date ranges and multiple categories of donors. Scrutinize these draft "key reports" to confirm that they are showing the right data - this may be the fastest way to uncover data cleanliness issues.

Analysis

In addition to reviewing reports, consider when in the year deeper analysis of donations or donors might add value. Schedule this yearly reflective process so you have time to compare giving against goals and plan the next year's targets. Teams may also want to schedule time to analyze the results of a giving campaign shortly a campaign ends to inform future campaigns. Decide who will lead these analyses and consider creating a template for the results so they are comparable over time. For ideas on useful analyses, check out the resources provided on the Fundraising Report Card and by Salsa Labs.

Benchmarking

Well-informed expectations are the foundation for meaningful analysis. These can be based on intuition, industry research, prior year data. When answering questions with data give careful thought to what the proper comparison point is. Some useful benchmarks for fundraising performance by nonprofit sector and size can be found on the following sites: Individual Donor Benchmark Project, Blackbaud's National Fundraising Performance Index, and Association for Fundraising Professional's Benchmarks.

Testing

Capturing campaign results in a database allows teams to test different approaches. Consider whether it's possible to send two versions of the same direct mail campaign to compare the response rate. The same can apply for any physical or digital communication where an ask is involved. Keep the following in mind:

- Test for one or a small number of variables so you can hone in on what is causing an effect
- Randomize the sample across meaningful variables (i.e., giving history for return donors; giving capacity for prospects)
- Know how to calculate statistically significant differences between groups. Forgot what statistical significance is? No worries - Kahn Academy has you covered.

Data Validation

Donor data can be validated using using the Coding Accuracy Support System (CASS) and the National Change of Address (NCOA) database. CASS helps users confirm their address records valid and in the proper format. NCOA provides updated addresses for individuals that have recently moved. While how to update addresses using CASS and NCOA depends on the software platform, all databases allow users to export existing data and import new, correct addresses. Learn more about CASS and NCOA here.

Forecasting & Modeling

As we discussed above, historical donation data can be used to set targets for future giving. For more accurate forecasts, consider forecasting at a more granular level by breaking donors out into segments: major donors vs. standard donors; new donors vs. return donors; grants vs. corporate sponsorships, etc.. For organizations with access to data scientists and a large data set, clustering algorithms can define groups with similar past giving behavior and predictive algorithms can be used to estimate future giving behavior. To learn more about advanced forecasting and modeling, consider this white paper on Fundraising Analytics. Many cities also have vibrant meetup groups around data science where nonprofits may connect with skilled analysts.