

Targeting and KPIs for Grantseeking

Introduction

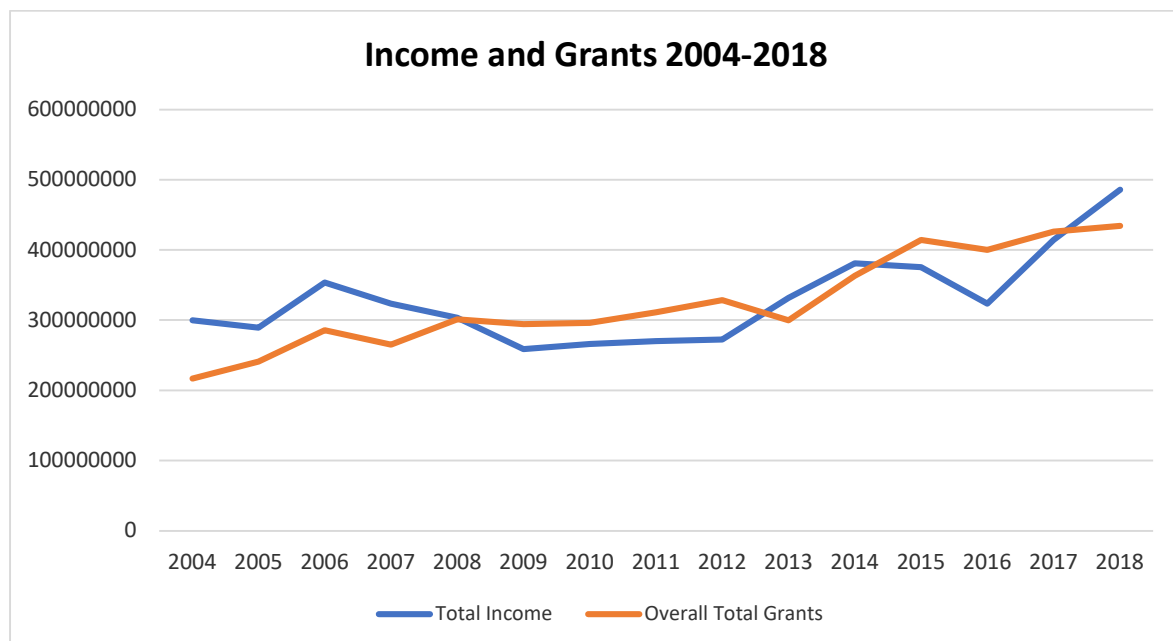
With much debate about realistic targets and the implications of inaccurate ones, we have decided to gather our thoughts into one place. In this 'taster' we will introduce our research into target setting and KPIs and share a few of our conclusions and recommendations. We also run an interactive workshop on this topic, which is part of our [Planning Cluster](#) in the [Skilled Grantseeker Programme](#) which runs twice a year.

Enjoy the reading!

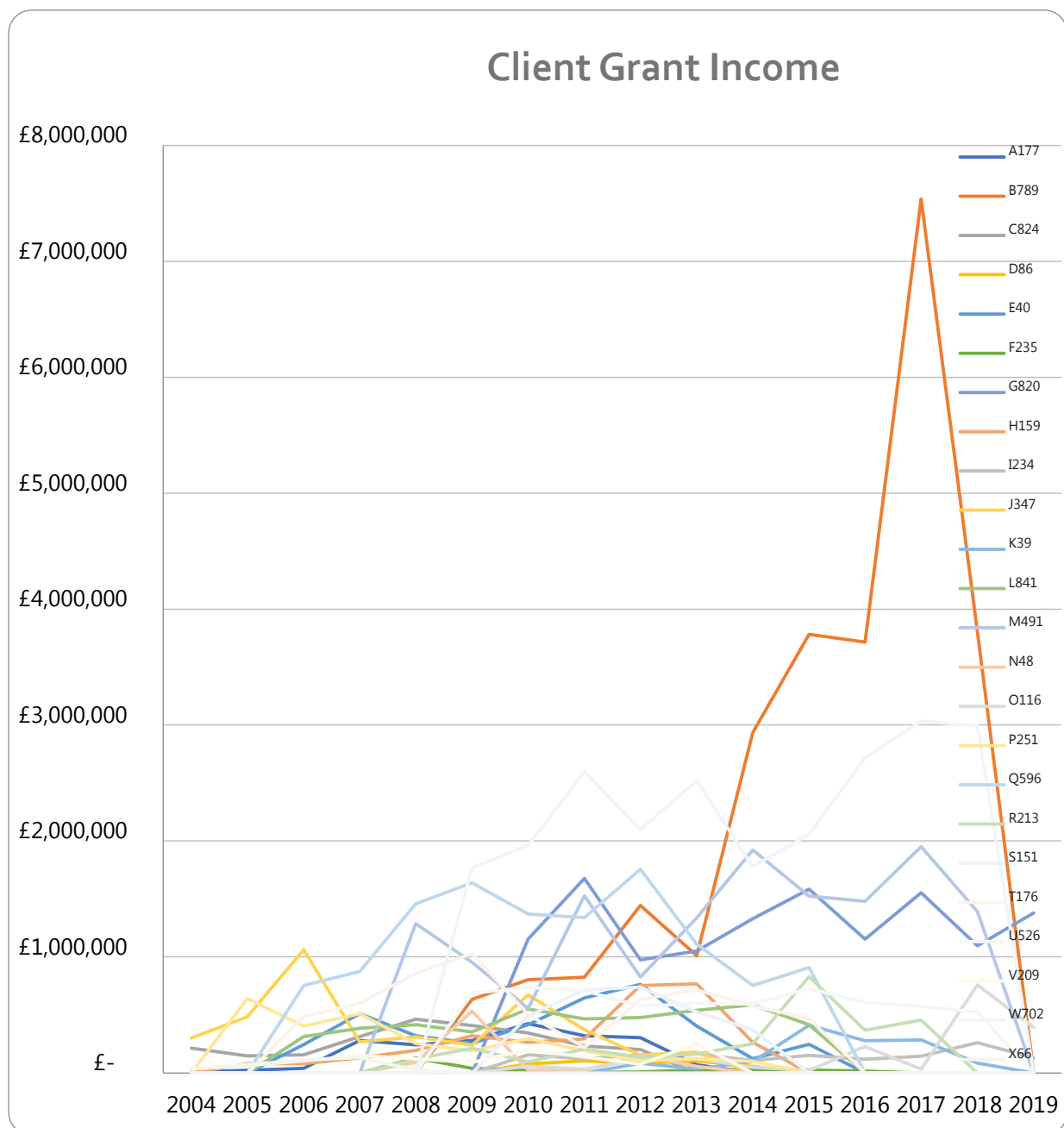
The Reality of Targets

We have studied grantseeking for years and recently dived into the grantseeking income of 24 of our clients in the UK, from 2004 to 2018. This dataset included £139 million of income from 8,136 funders. We were able to compare our clients' fortunes with the overall trend in grantmaking over the same period.

Here's the overall trendline for a basket of 100 grantmakers:



And here are the actual income figures for 24 organisations over the same period.



It's a chaotic mess and not a single organisation follows the trendline of the 100 grantmakers. However, the larger the portfolio, the more likely that there is going to be a slight connection. Organisation W702 has a growth line which is the closest (they have the third largest number of donors in the study). If you depend upon a lot of donors, then you need to concern yourself with the market trends – otherwise your destiny is determined by other factors.

But these graphs do reveal some important factors:

- Over a ten-year period, you have a 33% chance of increasing your income substantially (in our study 8 did, 9 remained at the same level and 7 saw their income decline).
- What goes up is likely to come down. If you have a good year, then it is most likely to be followed by a slump the following year. Only 9 organisations experienced two or more years of substantial growth. No-one experienced more than three years of sustained growth. All two-year or three-year growth surges were followed by a sharp decline. No-one experienced two batches of multi-year growth surges.

Unfortunately, the data doesn't justify neat projections of growth curves. Why?

Who Are the Targets?

We started looking into the reasons why income peaked – those jagged tops of the mountain ranges in the graph. In almost all instances, the growth was attributable to one or two major gifts (which were usually not repeated the following year). The headline figure for a portfolio is usually determined by major givers, sitting astride a base of donors - who behave fairly consistently.

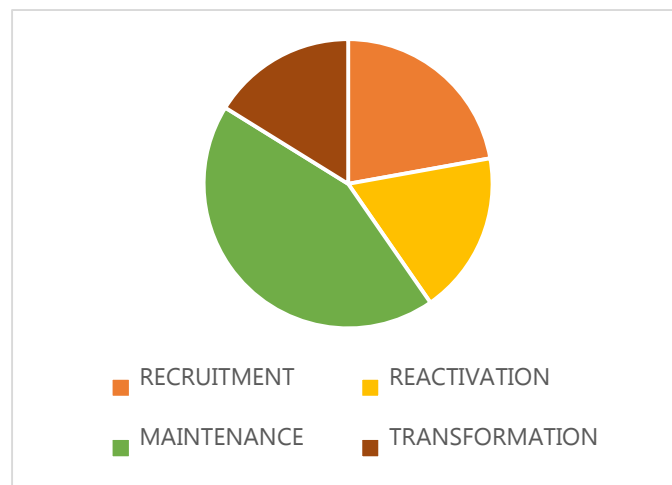
Across the dataset, 42% of the income comes from the top five donors for each cause. 66% of the income comes from the top 20. If your portfolio is small, then these percentages will increase. We investigated the best years for each of the organisations. There were 20 where there had been a significant increase in income. Fifteen of these increases (66%) were attributable to a more generous 'big five'. In only two cases (both small portfolios) had income increased from a big growth in the numbers of donors.

So, if you want to hit the heart of your target, concentrate on the top five donors (42%) and then an outer community of another 15 (66%). Big targets require big donors.

Reasonable Expectations

So, if the big five determine your destiny, where do they come from? We identified the pathways for 451 of the donors in the big fives across our dataset. You can put them into four categories:

1. New funders (22%) – they arrive in the big five for the first time.
2. Steady Eddies (43%) – they have always (or mostly) been in your big five.
3. Reactivations (18%) – they were in your big five, disappeared and have come back again.
4. Transformations (16%) – they have grown into the big five from a lower level of support (usually from the top 20).



These numbers change depending on the 'maturity' of the portfolio. If you are starting out on grantseeking, then you will secure more first timers and transformations; if you have a mature portfolio, you can expect more 'steady eddies' and reactivations.

You need to set individual targets for these four journeys and concentrate on the top 20.

Attainable Indicators

Targets are usually around money secured and the numbers of donors. But the KPIs have to be about the stepping-stones that get you there.

1. **Recruitment:** most new high value funders find you and the most common routes are via introductions. So, are your existing funders willing to introduce you to their friends? Do you know who the influencers are in your sector? Would they talk about you to a donor who came calling (a new entrant in your space)?
2. **Reactivation:** how many past donors are you still in contact with? How close are these relationships? Is your research up-to-date about their current funds and programmes?
3. **Maintenance:** how intertwined are you with your 'steady eddies'? Do you have multi-layers of contact? Have you kept 'your nose clean'? Are they engaged with your organisation, happy to meet up?

4. **Transformation:** most 'upgrades' arise because funders have more money or it is 'baked in' to their funding model to give increases to a few. Have you identified funders outside of your big five who have more money or have a habit of increasing funding?

Conclusions

- Don't expect that your income will grow substantially year-on-year. It is more likely to be a jagged pathway ahead.
- If you have had a great year, expect it to correct itself the following year. If you have had two great years, it is almost certain to go down in the third year.
- Unless you have a very large portfolio of donors, your destiny will be determined by your top five donors.
- This top five will typically be comprised of:
 - One new donor
 - Two regular high value funders
 - One transformation.
 - One reactivation of a lapsed major donor.
- Set KPIs for the 'markers' of these journeys – they will be your crucial lead indicators for success in money terms.

If you found this 'taster' useful, you can explore more about setting realistic targets and purposeful KPIs in our interactive online workshops:

<https://www.fundraisingtraining.co.uk/cluster-5>

Bill Bruty

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