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Using Fundraising Data Strategically in Nonprofit Organizations to Drive Relational Fundraising

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Abstract

Nonprofits are continuing to compete for resources and trustworthiness in their communities. Using data in the relational fundraising program at a nonprofit organization is one way to build both the resources needed and the trustworthiness with donors that will ultimately also result in more resources. Looking for ways to implement strategic data in relationships with donors can be time consuming and overwhelming for nonprofit professionals. The purpose of this literature review study is to examine the use of fundraising data to strategically drive relational fundraising in nonprofit organizations. The research questions address the ways in which data can be leveraged to best focus relational fundraising resources, how fundraising data can be leveraged to strengthen donor relationships with an organization, and the obstacles that are common to nonprofits preventing them from using their data effectively in relational fundraising. While no single option will fit all nonprofits, every organization can start somewhere by first removing the obstacles to using data and then beginning to use the data they have in some way. One of the most important factors is for each nonprofit to create a culture of data so that staff in every area of the organization allow data to drive their decision making. Within relational fundraising programs, the culture of data usage should be considered paramount to make the most of fundraising resources and to build trust with donors.

Using Fundraising Data Strategically in Nonprofit Organizations to Drive Relational Fundraising

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A Research Paper Submitted in Partial Fulfillment of the Requirements for the Degree

Master of Arts

August 3, 2023

Abstract

Nonprofits are continuing to compete for resources and trustworthiness in their communities. Using data in the relational fundraising program at a nonprofit organization is one way to build both the resources needed and the trustworthiness with donors that will ultimately also result in more resources. Looking for ways to implement strategic data in relationships with donors can be time consuming and overwhelming for nonprofit professionals. The purpose of this literature review study is to examine the use of fundraising data to strategically drive relational fundraising in nonprofit organizations. The research questions address the ways in which data can be leveraged to best focus relational fundraising resources, how fundraising data can be leveraged to strengthen donor relationships with an organization, and the obstacles that are common to nonprofits preventing them from using their data effectively in relational fundraising. While no single option will fit all nonprofits, every organization can start somewhere by first removing the obstacles to using data and then beginning to use the data they have in some way. One of the most important factors is for each nonprofit to create a culture of data so that staff in every area of the organization allow data to drive their decision making. Within relational fundraising programs, the culture of data usage should be considered paramount to make the most of fundraising resources and to build trust with donors.

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Chapter 1

Introduction

   It has been said that fundraising is both an art and a science (Pursuant, 2022), but which comes first? Should nonprofit organizations build fundraising relationships or fundraising strategies first? Should fundraising be driven by the people or the process? Without one, the other can't exist, but it is known that all nonprofits will need to fundraise in some capacity (Childress & Haynes, 2023b). Čačija (2013) speaks to this when saying, "Nonprofit organizations need resources to achieve organizational goals and fulfill their mission, as well as to grow and develop their activities" (p. 59) Nonprofits, as the third sector, are different from the for-profit and public sectors in their goals and missions (Sawhill & Williamson, 2001). As mission-driven organizations, nonprofits have goals that are difficult to monetize and grasp quantitatively, and therefore, difficult to assess as being effective or having accomplished their purpose (Čačija, 2014, 2013, in press; Mitchell & Calabrese, 2019; Sawhill & Williamson, 2001; West, 2019). Even more elusive is how to meld the overabundance of data (West, 2019) into the decision-making processes of relational fundraising strategy (Childress & Haynes, 2023b).

   Most nonprofit organizations feel that they have mastered the art of building relationships with their donors, communities, and other stakeholders. However, they are now discovering that donors, whether individuals, corporations, grant makers, or government agencies, are demanding more (Epstein & McFarlan, 2011; LeRoux & Wright, 2010; Ramanath, 2016; Shen, 2016; Van Iwaarden et al., 2009; Wong & Ortmann, 2016). Donors at all levels have expectations that are both stated and unrecognized in how they are treated by nonprofits (Ramanath, 2016; Shen, 2016), and many seek information on the efficiency and effectiveness of the work accomplished by these organizations (Brooks, 2004; Coupet & Berrett, 2018; Frumkin & Kim, 2001; Lindahl & Conley, 2002; Wong & Ortmann, 2016). In addition to needing to prove themselves, nonprofits are often in a climate of competition for resources (Čačija, 2013; Frumkin & Kim, 2001; Kim & Lee, 2018). "To raise more gifts, NPOs have to compete with other

organizations of similar philanthropic goals and ones in different sectors" (Kim & Lee, 2018, p. 166).

Strategy is important not just in programming, but in relational fundraising as well. Lee and Markham (2018) found that nonprofit organizations often lean on relationships with donors to produce fundraising results, but organizations should look to comprehensive fundraising strategies to focus their relational fundraising on more profitable donors (Boenigk & Scherhag, 2014; Sargeant & Woodliffe, 2007; Thomas et al., 2015) while also presenting donors with the data that strengthens the relationship between the two entities (Mitchell & Calabrese, 2019; Naskrent & Siebelt, 2011). Warwick (1999) wrote that fundraising is more than just obtaining resources for a nonprofit organization and goes on to say that strategic fundraising will benefit the organization in "growth (creating a donor base), involvement (making donors active), visibility (raising organization's public profile), efficiency (reducing the cost of fundraising), stability, etc." (as cited in Čačija, 2013, pp. 60-61).

Fundraising is more than just asking donors for money. It is more than just befriending wealthy donors. It requires large amounts of resources to move from just asking to seeing successful results (Lindahl & Conley, 2002). Fundraising activities range through many areas including donor research, relationship management, stewardship, management of giving channels both online and offline, needs assessments, case development, planning, budgeting, gift processing, recognition, record keeping, results analysis, and evaluation (Kim & Lee, 2018; Lindahl & Conley, 2002). As one of the fundamental needs of a nonprofit to accomplish the mission, fundraising that is not occurring in a systematic and strategic way within relationships will leave a nonprofit organization in danger of collapsing over time (Čačija, 2013).

Statement of the Problem

Nonprofit organizations exist to make the world a better place. The mindset of the nonprofit can often be that if the work to advance the mission of the organization can be accomplished today, then it is a good day. The work of today becomes so all-consuming that

long-term strategy is outweighed by the urgency of immediate needs. When he was President of the United States, Eisenhower (1954) said, "I have two kinds of problems, the urgent and the important. The urgent are not important, and the important are never urgent" (para. 17). Nonprofit organizations are facing great market volatility and competition for the needed resources (Čačija, 2013; Frumkin & Kim, 2001; Kim & Lee, 2018). It would benefit these organizations to take to heart the wisdom shared by Eisenhower to determine what is most important to them in their relational fundraising strategy and not allow the urgent, often not as impactful, actions to consume the resources of staff time and energy.

According to Dougherty (2022), in the United States, the number of donors supporting the growing number of various nonprofits is decreasing while the average gift amount continues to increase. This creates little growth in the total amount being donated to individual nonprofit organizations each year (Dougherty, 2022). It is becoming more difficult to replace lapsed donors, so organizations must implement important long-term fundraising strategies to continue to meet the urgent needs of their mission (Dougherty, 2022; Epstein & McFarlan, 2011; Sargeant & Shang, 2011). By examining the efficiency of fundraising and improving their practices, nonprofits may survive this shift in the giving climate (Čačija, 2013). Not only are resources becoming less available, but those providing the resources have higher expectations for the nonprofit organizations receiving their funding (Epstein & McFarlan, 2011; LeRoux & Wright, 2010; Ramanath, 2016; Shen, 2016; Van Iwaarden et al., 2009; Wong & Ortmann, 2016). Government agencies and donors are continuing to review fundraising performance to see that nonprofit organizations can generate the resources needed for long-term sustainability in addition to what the agency or donor is providing (Brooks, 2004).

Nonprofit organizations have a wealth of data to show them the giving trends of their donors, the efficiency of their fundraising programs, and to predict the changes necessary to provide additional resources to accomplish the organizational mission (West, 2019). When properly analyzed and presented, leaders can use the wealth of data to drive the relational

fundraising strategy of the organization (Sargeant & Shang, 2011). Unfortunately, according to West (2019), often nonprofit organizations turn away from becoming data-driven decision makers in any area due to the required investment in infrastructure that is needed to generate actionable insights from the data they hold (Magson, 2001). This is attributed to the often-held attitude of stakeholders that investment in infrastructure diverts resources away from the mission-driven activities of the organization (Lindahl & Conley, 2002; West, 2019).

Additionally, large amounts of data with no direction for how to best use it can quickly become overwhelming to those tasked with analyzing it in a way that creates actionable insights (Childress & Haynes, 2023b). Čačija (2013) states that it would be advantageous if the nonprofit industry created a generic model to measure the performance of fundraising programs and guide future actions of relational fundraising. She also states that many criticize this endeavor as impossible due to the numerous variables under which nonprofit organizations operate (Čačija, 2013). Furthermore, nonprofits often find it hard to incorporate strategies for using data in relational fundraising into their operations due to the need to search out much of the research on this topic.

Purpose of the Study

The purpose of this literature review study is to examine the use of fundraising data to strategically drive relational fundraising in nonprofit organizations. Specifically, this study will seek to determine the uses of data to best focus relational fundraising resources, how to leverage data within donor relationships to strengthen the donor's trust in and connection to the organization, and what obstacles must be overcome to effectively use the data to maximize the limited fundraising resources available to nonprofit organizations.

Research Questions

In the current climate, it is imperative that nonprofit leaders be equipped with the data to focus fundraising efforts through relationships in ways that promote long-term sustainability for the organization (Childress & Haynes, 2023b; Pursuant, 2022). Credibility is given to

organizations that demonstrate their ability to meet the goals set in their mission (Epstein &

McFarlan, 2011). With the wealth of data available to nonprofit organizations, it is inexcusable

for an organization to ignore the data in decision making surrounding fundraising resource

allocation and in proving mission accomplishment to stakeholders (West, 2019). To best equip

nonprofit leaders in these areas, the following research questions will be addressed:

1. In what ways can data be leveraged to best focus relational fundraising resources?

2. How can fundraising data be leveraged to strengthen donor relationships with an

    organization?

3. What obstacles are common to nonprofits preventing them from using their data

    effectively in relational fundraising?

Significance of the Study

Fundraising has been practiced as a part of charity as far back as Biblical times, yet no

one has it mastered. Unsolicited advice for how to best fundraise can be found almost hourly in

the email box of any fundraising professional. Strategies abound. Management is quick to jump

on the new bandwagon that promises huge results (Magson, 2001). In the case of many

organizations, these trends in fundraising are cobbled together to form the plans for fundraising

that may or may not be relationally focused. These shifts in so-called strategy keep

organizations from building long-term relationships with donors that could be more profitable

and lead to higher fundraising performance (Scherhag & Boenigk, 2013). A relational approach

to fundraising demonstrates that when donors are treated with respect they will want to continue

their relationship with the organization and will continue to give (Sargeant, 2001).

While data is abundantly available, resources for nonprofit organizations to use data

strategically are often harder to come by, so they are unlikely to take the time to analyze their

data before making these jumps to new strategies (West, 2019). Brooks (2004) states that until

some general patterns are established, funders and nonprofit organizations will struggle to

assess their current status and predict which fundraising strategies will be successful or unsuccessful.

While the nonprofit sector does not yet have established, universal ways of communicating fundraising results and strategies to those wishing to evaluate these areas, there are existing studies that have begun to take steps in this direction (Brooks, 2004; Čačija, 2014). By reviewing the literature available, it is the goal of this paper to find the most valuable data for nonprofit organization fundraising programs to begin consistently focusing their relational resources to reach the donors most likely to provide the stable funding needed to accomplish the mission that drives them and to use data to strengthen these relationships. By collecting the literature into one study, fundraising program leadership will be able to assess their organization's needs and direction. As stated by West (2019), "Applying data to decision-making and converting data into action is a multistep process" (p. 11). It is the author's hope that the recommendations and research in this paper will alleviate one step from that process and encourage data-driven relational fundraising decisions in the future of the sector.

Chapter 2

Introduction to the Literature Review

        The purpose of this study is to examine the use of fundraising data to strategically drive relational fundraising in nonprofit organizations. The areas of focus for this study include determining the uses of data to best focus relational fundraising resources, how to leverage data within donor relationships to strengthen the donor's connection to the organization, and what obstacles must be overcome to maximize the limited fundraising resources available to nonprofit organizations. Chapter 2 offers a review of the pertinent literature. The first section focuses on relational fundraising data to focus the limited resources in the nonprofit organization including using data to segment donors for better retention leading to higher lifetime giving values. The second section examines ways to use data in donor relationships to strengthen the connection with the organization by demonstrating organizational effectiveness and efficiency and communicating mission impact. The final section focuses on the obstacles to using data strategically including a look at the lack of strategy, lack of ability to confidently analyze the data, infrastructure issues, and data integrity issues. Table 2.1 is presented to summarize the literature being reviewed by topic.

Table 2.1

Literature Review Sources

Focus Area	Sources
Using data to focus fundraising resources	*Childress & Haynes, 2023a; Childress & Haynes, 2023b; Childress & Haynes, 2023c; Dougherty, 2022; Pursuant, 2022; Sargeant, Edworthy, & Shang, 2022; West, 2019; Kim & Lee, 2018; Lee & Markham, 2018; Karlan & Wood, 2017; Čačija, 2016; Lopez de los Mozos, Duarte, & Ruiz, 2016; Ramanath, 2016; Shen, 2016; Thomas, Feng, & Krishnan, 2015; Boenigk & Scherhag, 2014; Čačija, 2014; Rupp, Kern, & Helmig, 2014; Čačija, 2013; Scherhag & Boenigk, 2013; Naskrent & Siebelt, 2011; Sargeant & Shang, 2011; Merchant & Sargeant, 2010; Yi, 2010; Magson & Routley, 2009; Andreasen & Kotler, 2008; Kong & Prior, 2008; Bennett, 2007; Sargeant & Woodliffe, 2007; Sauve-Rodd, 2007; Srnka, Grohs, & Eckler, 2003; Drye, Wetherill, & Pinnock, 2001; Duffill, 2001; Key, 2001; Sargeant, 2001*
Using data to strengthen donor relationships	*Berrett, 2022; Dougherty, 2022; McCosker, Yao, Albury, Maddox, Farmer, & Stoyanovich, 2022; Pursuant, 2022; Mitchell & Calabrese, 2019; West, 2019; Coupet & Berrett, 2018; Kim & Lee, 2018; Čačija, 2016; Ramanath, 2016; Wong & Ortmann, 2016; Čačija, 2014; Čačija, 2013; Erwin, 2013; Epstein & McFarlan, 2011; Naskrent & Siebelt, 2011; LeRoux & Wright, 2010; Yi, 2010; Van Iwaarden, Van der Wiele, Williams, & Moxham, 2009; Sargeant & Woodliffe, 2007; Brooks, 2004; Srnka, Grohs, & Eckler, 2003; Lindahl & Conley, 2002; Frumkin & Kim, 2001*
Obstacles to using data in relational fundraising	*Childress & Haynes, 2023a; Childress & Haynes, 2023b; Childress & Haynes, 2023c; Dougherty, 2022; McCosker, Yao, Albury, Maddox, Farmer, & Stoyanovich, 2022; Pursuant, 2022; Hume & West, 2020; Eusanio & Rosenbaum, 2019; West, 2019; Bopp, Harmon, & Voida, 2017; Magson & Routley, 2009; Bennett, 2007; Duffill, 2001; Magson, 2001*

Using Data to Focus Fundraising Resources

Weinstein said, "Successful fundraising is the right person asking the right prospect for the right amount for the right project at the right time in the right way" (as cited in Čačija, 2013, p. 4). This quote shows that numerous data points must align to focus fundraising resources in a strategic relational fundraising program. Traditionally, data captured and used in fundraising programs has been stuck in a historical perspective (Sargeant et al., 2022; West, 2019). There

are indicators and measures of all types to tell us who gave, when they gave, and how much they gave – in the past (Čačija, 2016; Duffill, 2001; Magson & Routley, 2009). When compared over time, these easy to measure data points often become what managers use to evaluate success instead of finding the data points that can be truly insightful or predictive (Bennett, 2007; West, 2019). Dougherty (2022) reiterates this by saying that fundraising data can't be just about the donor and gifts received but should also include "how and where fundraisers spend their time, how much each element of the fundraising program costs, and qualitative information about gift likelihoods and event partner confidence" (p. 7). Bennett (2007) listed suggested metrics for nonprofits showing where revenue is coming from, how and why donors donate, donor motivations for the size and frequency of their donations, and how to discover and motivate non-donors to give. The lists of metrics that can be used can pile up quickly and become overwhelming or trendy.

Instead of allowing these long lists to create paralysis, nonprofit managers can step back from focusing on short-term results in a transactional approach to donor management and begin to create stability in their income and greater advocacy for their organizations by cultivating long term donor relationships (Čačija, 2013; Lee & Markham, 2018). Loyalty in a donor base is found when fundraising is no longer just a transactional request for funds, but the exchange of values with a donor that meet both the needs of the nonprofit and the donor (Andreasen & Kotler, 2008). Lee and Markham (2018) point out that when nonprofit organizations have proactive relational fundraising programs that are data-driven their donors are more loyal, generous, and frequent in their giving. Researchers encourage nonprofit fundraisers and managers to designate more resources and effort toward identifying, retaining, and developing long-term donors over seeking one-time donors because they cost less to acquire and retain, remain with the organization longer, and have higher lifetime values (LTV) for giving (Bennett, 2007; Boenigk & Scherhag, 2014; Čačija, 2013; Dougherty, 2022; Kim & Lee, 2018; Lee & Markham, 2018; Naskrent & Siebelt, 2011; Ramanath, 2016; Sargeant et al., 2022; Sargeant & Woodliffe,

2007; Shen, 2016; Thomas et al., 2015). These are the types of data that will be explored further.

Identification through Segmentation

Segmentation is necessary because no one organization can be everything to everybody (Rupp et al., 2014). "Effective segmentation could foster purposive resource allocation in meaningful, promising relationships" (Rupp et al., 2014, p.76). Through segmentation, organizations can focus on their most profitable donors (Boenigk & Scherhag, 2014; Childress & Haynes, 2023b; Scherhag & Boenigk, 2013; Srnka et al., 2003) and create a good fit between the donor and the nonprofit (Rupp et al., 2014) by meeting the donor's needs (Boenigk & Scherhag, 2014; Pursuant, 2022). Scherhag and Boenigk (2013) point out several of the benefits of segmentation in their study of German cultural organizations. They found that not only was fundraising performance positively affected through the different and preferential treatment of donor segments, but that when individual donor's preferences were taken into consideration it increased the willingness of each donor to donate (Scherhag & Boenigk, 2013). By targeting each segment of donors with marketing materials aimed at the donor's preferences the number of donors and length of relationship with them increased and the organization created opportunities for donation level upgrades (Scherhag & Boenigk, 2013).

Rupp et al. (2014) shares guidelines for the data to be used in segmentation when they remind organizations that the data used to segment donors should be easily and cheaply accessible and allow for a limited amount of effort to use it for segmentation. They go on to say that there are two overarching methods to use when segmenting donors, *a priori* segmentation uses preset criteria to segment and analyze donors while *post hoc* segmentation analyzes the response or behavior patterns of donors to group them (Rupp et al., 2014). From the literature, we can find a whole host of options for segmentation. These fall into three basic categories.

The first includes psychographic or motive-related data. Rupp et al. (2014) and Ramanath (2016) see much of this data as unobservable data that can be collected from donors

often leading to deeper insights. Karlan and Wood (2017) state that using donor motives can assist greatly in messaging as altruistic donors look for evidence-based appeals and warm glow donors respond to emotional appeals. Pursuant (2022) and Yi (2010) stress the importance of understanding the preferences and values of donors in segmentation while Scherhag and Boenigk (2013) remind us that motives require ongoing evaluation as they change all throughout the donor lifetime.

The second category described by Rupp et al. (2014) and Dougherty (2022) is socio-demographic data that includes observable traits like age, gender, and income to be used as descriptive indicators. Though many researchers did not directly mention this as an option for segmentation many alluded to its use as very common (Karlan & Wood, 2017; Ramanath, 2016; Rupp et al., 2014; Scherhag & Boenigk, 2013). However, Drye et al. (2001) does remind us that this data should be actual captured data, often provided by the donor or a reliable source, and not just the perceived knowledge from fundraisers.

The third category is behavioral data which includes giving patterns. These can include things like the recency, frequency, and monetary value of past gifts, often identified as RFM (Srnka et al., 2003). Rupp et al. (2014) discusses how past giving behaviors can be used in segmentation, but that the most insightful way to frame them is in using them to predict the LTV of a donor. Dougherty (2022) specifically frames these behavioral factors in a relational approach to guide the strategies for fundraising to successfully reach individual donors.

Fundraisers should seek to use segmentation to allocate their fundraising resources on donor segments that will produce the highest levels of profitability (Key, 2001; Scherhag & Boenigk, 2013; Srnka et al., 2003). Many organizations have already implemented some of these strategies by targeting historical giving behaviors when mailing donors (Childress & Haynes, 2023a; Srnka et al., 2003; Thomas et al., 2015). Ramanath (2016) suggests using these strategies to segment donor databases as a whole to create unique and researched experiences that will meet donor expectations for engagement with the nonprofit (Childress &

Haynes, 2023a; Drye et al., 2001; Pursuant, 2022). However, the study by Rupp et al. (2014) takes this a step further when claiming that donor segmentation based on data-driven decisions is a prerequisite for relational fundraising success. They go on to point out that nonprofits must take care to segment donors in a way that improves relational quality without excluding anyone from supporting the organization's mission (Rupp et al., 2014). There is no way to create universal recommendations for successful segmentation due to the wide array of variables in each organization (Rupp et al., 2014), but we can see that by segmenting donors to focus resources organizations are able to build longer relationships with donors and create space for greater levels of support (Boenigk & Scherhag, 2014; Childress & Haynes, 2023b; Pursuant, 2022).

Retention

Nonprofit organizations face a huge hurdle when it comes to retention rates of donors. Sargeant and Woodliffe (2007) stated that nonprofits were reporting attrition rates at around 30% for all donors. More recently, this 30% attrition rate is only maintained among multi-year donors while the attrition rate for first-year donors had climbed to 50% (Naskrent & Siebelt, 2011; Ramanath, 2016; Shen, 2016). Naskrent and Siebelt (2011) also found a 90% attrition rate of the donors acquired in a given year within 5 years of their acquisition. In a 2022 study, first-year donor attrition rates in the United States had climbed to 80% (Sargeant et al., 2022). With donor acquisition costs being some of the highest costs in fundraising (Merchant & Sargeant, 2010; Sargeant et al., 2022), the sector can no longer ignore the need to focus fundraising resources to make even small increases in retention (Sargeant et al., 2022; Sargeant & Woodliffe, 2007). When retention is increased by as little as 10%, return on investment numbers can increase as dramatically as 100-150% (Sargeant & Woodliffe, 2007).

In Shen's (2016) study on first-year donation behavior, he found that 56% of new donors surveyed expressed that they only intended to support the organization for one year when they made their first gift. This means that their attrition was planned from the initiation of the

relationship with the nonprofit (Shen, 2016). However, if in that first year of giving the donor gave more than one gift, they were 39-59% less likely to lapse in later years (Shen, 2016). Kong and Prior (2008) state, "Creating beneficial, ongoing relationships would see repeat donations from donator groups" (p. 122). The goal of any nonprofit once they find a donor is to continue to receive donations from that donor (Kong & Prior, 2008).

When looking at first-year donor relationships, Thomas et al. (2015) reminds fundraisers that these relationships should be nurtured early to begin the process of retention, and this is even more necessary if the organization considers the donor as high-value. From Shen's (2016) study, he identified two factors that can predict ongoing donor relationships among first-year donors. In the two organizations that were studied, donors whose first gift was $100 or more or those that gave more than one gift in their first year had higher retention rates (Shen, 2016). This means that nonprofits should plan to focus fundraising resources on donors that give more than one gift in their first year of giving since often these donors are more likely to continue their relationship with the organization (Shen, 2016). Organizations should also consider increased numbers of solicitations for donors in their second year of giving as this has shown trends of decreasing the chances of a donor lapsing (Shen, 2016). Shen (2016) did find that the most common reasons for donors to lapse after their first year of giving included a change in their financial situation, diverting their giving to another organization, a lack of mission awareness, a low level of felt recognition for their gift, or lack of satisfaction with their treatment by the nonprofit. Ramanath (2016) also found first-time donors being more likely to give again if their minimum expectations for treatment after making a gift are met. Though nonprofits can't control some of these factors, they can collect and analyze data on first-year donor expectations and satisfaction to increase retention and act on them (Pursuant, 2022).

Trends show it is becoming more important for nonprofits to create a lasting and sustainable donor base over trying to acquire new donors (Naskrent & Siebelt, 2011). Sargeant and Shang (2011) agree with this sentiment, "In our view, the sector remains too focused on

donor acquisition, content simply to refill an increasingly leaky bucket and ignoring opportunities to build meaningful relationships with supporters over time" (p.7). According to Dougherty (2022), many researchers suggest that donor stewardship and retention should be a focus as nonprofits continue to find obstacles to replacing donors that lapse. One of the obstacles that the sector faces is that researchers have not yet found consistent variables that influence retention across the entire sector (Naskrent & Siebelt, 2011; Ramanath, 2016; Sargeant & Woodliffe, 2007).

In research done by Ramanath (2016) on donor retention rates in international nonprofit organizations, it is stated that donors often have expectations of how the relationship with the organization will look after making a donation. When organizations fail to meet these expectations, they will move their giving to another organization that can meet their needs and better align with their values (Lopez de los Mozos et al., 2016; Ramanath, 2016). Interestingly, Ramanath (2016) shares that often donors aren't even aware of their expectations until the organization fails to meet them. Ways to combat these unfulfilled expectations is to build loyalty between the donor and the organization early in the relationship (Ramanath, 2016), do surveys to assess how donors want to be communicated with and act on them (Pursuant, 2022), and begin creating donor stories of how they have connected to the organization to use the data to plan next moves with the donors (Childress & Haynes, 2023c). Naskrent and Siebelt (2011) encourage nonprofits to take the view of the donor when analyzing relational fundraising to implement measures that contribute to donor loyalty. Donor surveys can be a useful tool when used to gather information on interest and motives, but retention could be increased by including opportunities for donors to express the best focus of relational connection for them (Pursuant, 2022; Sargeant et al., 2022). Small improvements in donor retention can have large impacts on the efficiency and fundraising revenues for nonprofit organizations (Ramanath, 2016; Sargeant & Woodliffe, 2007).

Lifetime Values Reflect Donor Commitment

In the fundraising industry, the term lifetime value (LTV) refers to value an organization gains during the time a donor is connected to the organization (Duffill, 2001; Rupp et al., 2014; Sargeant, 2001). This is the foundation for "relationship fundraising" which, according to Sargeant (2001), can be defined as "an approach to the management of the process of donor exchange that is based on the long-term value that can accrue to both parties" (p. 26). Sargeant et al. (2022) reported that the average length of a donor relationship is 4.2 years. Čačija (2013) reminds us that establishing and maintaining donor relationships, though hard work, will extend the lifetime of the donor and increase their LTV to the organization. This is why fundraising should be led by a strategic, data-driven, relational approach with donors to establish long-term relationships that don't always have financial results in the short-term (Čačija, 2013; Lee & Markham, 2018; Sargeant, 2001). Ramanath's (2016) study with new donors encouraged nonprofits to engage first-time donors in nonfinancial ways to build the donor's connection to the organization. This was found to bond the donor to the nonprofit and begin to develop an organization-related identity in the donor (Ramanath, 2016). Ramanath (2016) saw this bond grow revenue while creating dedication to the nonprofit. When donors feel loyal to a nonprofit organization, they both give and often raise more funds for the organization (Kim & Lee, 2018). An additional benefit to longer relationships with donors includes fundraising efficiency due to larger revenue and cost savings from not needing to recruit additional donors (Merchant & Sargeant, 2010; Scherhag & Boenigk, 2013).

LTV is a metric that can justify spending by a nonprofit on relational fundraising as the organization can show data that proves the value of retained donor relationships over the income from new donors (Bennett, 2007) or can be used to predict which donors will have higher LTVs and should be the focus of organizational resources (Key, 2001; Lee & Markham, 2018). This is why many strategic relational fundraising plans focus on creating and maintaining longevity in donor relationships (Lee & Markham, 2018; Sargeant, 2001).

There are various ways to measure the establishment and maintenance of long-term donor relationships from simple financial measures to more complex formulas that value additional types of connections between the organization and the donor (Čačija, 2014; Childress & Haynes, 2023c). Other factors that can be included in the LTV include measures of donor satisfaction, dedication, and loyalty (Čačija, 2014), the value of volunteer service at the organization (Bennett, 2007), the value of peer-to-peer fundraising or introductions (Sauve-Rodd, 2007), and other factors as desired by a given nonprofit. No matter which factors an organization chooses to use in LTV for donors, as with any data, it is important to create clear, consistent definitions of what data will be used, how it is pulled, and how it will be counted (Dougherty, 2022). Ultimately, nonprofits can use LTV to increase their returns by identifying the donors that will not have high LTVs and concentrating resources on retaining donors that do have high LTVs (Key, 2001; Sargeant, 2001; Srnka et al., 2003).

Using Data to Strengthen Donor Relationships

Data about donors is important, but another way that data can be used is by sharing it with donors to communicate the nonprofit's successes and strengthen the donor's trust in the organization linking their valuable support to the nonprofit's successes (Naskrent & Siebelt, 2011; Srnka et al., 2003). Nonprofit organizations are "specialists in the production of unobservable, and therefore noncontractible, outcomes" (Mitchell & Calabrese, 2019, p. 650). This requires nonprofits to find ways to communicate qualitatively and emotionally to donors about the impact of their giving to build relationships and increase the frequency of giving (LeRoux & Wright, 2010; Pursuant, 2022; Ramanath, 2016). Donors want to know where and how their gifts are being used by nonprofit organizations (Frumkin & Kim, 2001; Kim & Lee, 2018; Van Iwaarden et al., 2009) and the difference that they are making (Berrett, 2022; Frumkin & Kim, 2001; Yi, 2010).

Effectiveness and Efficiency

Effectiveness and efficiency have become the standards by which nonprofit organizations are often said to be evaluated (Brooks, 2004; Coupet & Berrett, 2018; Epstein & McFarlan, 2011; Frumkin & Kim, 2001; Lindahl & Conley, 2002; Wong & Ortmann, 2016). These two words have a wide variety of meanings and standards by which they are measured. Watchdog organizations like Charity Navigator and CharityWatch attempt to simplify these measures into quantifiable metrics that rarely share the full picture with donors (Epstein & McFarlan, 2011; Mitchell & Calabrese, 2019). The cost ratios and overhead categorizations rarely consider program outcomes or the cost per outcome, and therefore, shouldn't be the only indicators of an organization's effectiveness and efficiency (Epstein & McFarlan, 2011; Mitchell & Calabrese, 2019).

Overhead cost is an often-debated topic in its effect on nonprofits (Berrett, 2022; Coupet & Berrett, 2018; Mitchell & Calabrese, 2019; Ramanath, 2016; Van Iwaarden, 2009). Berrett (2022) analyzed data from 805 Habitat for Humanity chapters to examine the relationship between overhead spending and effectiveness of the organization. In her study, Berrett (2022) found that the chapters with increased overhead ratios often had a higher effectiveness in more houses built and more revenue raised. She concluded that when overhead decreases there is less investment in infrastructure leading to less effective organizations due to less management of the organization financials, increases in staff turnover, and the inability to track necessary data (Berrett, 2022). When nonprofits invest reasonably in infrastructure, they are better able to carry out their mission (Berrett, 2022). Overhead spending is a social construct that donors have begun using to indicate the trustworthiness of nonprofits due to their misunderstanding of the impact of reduced overhead on mission accomplishment (Mitchell & Calabrese, 2019). Mitchell and Calabrese (2019) go on to state that high overhead costs are often unfairly interpreted as a sign that resources are being diverted away from current programs. Donors must be educated on how overhead costs affect organizations (Ramanath, 2016).

Not only do low overhead costs often reduce effectiveness and capacity, but they increase fundraising inefficiency (Mitchell & Calabrese, 2019). Organizations should monitor the efficiency with which they are using funds (Čačija, 2013; Epstein & McFarlan, 2011) and be as efficient as possible to not overspend when raising donations (Kim & Lee, 2018), but in all these areas it is necessary to educate donors using data to increase trustworthiness (Mitchell & Calabrese, 2019). While overhead rates and program expense ratios have become the easy indicators of an organization's value to the community, nonprofits need to discuss with donors the data that demonstrates outcomes over basic finances to make them aware of how financial indicators can inhibit efficiency, effectiveness, and strategic objective accomplishment (Mitchell & Calabrese, 2019).

Financial indicators that are often used to express either effectiveness or efficiency include numbers that compare the resources used with the amount of funds acquired, the FACE ratio (the sum of the fundraising and administrative costs in relation to the total expenses), the cost per dollar to fundraise, and benchmarking against other organizations (Čačija, 2013). According to Erwin (2013), these ratios are part of the way that a nonprofit can demonstrate their effectiveness and performance. However, nonprofits could include program service expense ratios and program service expense to total assets as indicators to communicate how resources are used to support the mission of the organization (Kim & Lee, 2018). While Berrett (2022) says that there can be "problems related to quantifying program outcomes, gathering program performance data for many nonprofits, and defining nonprofit effectiveness, efficiency, and performance" (p. 513), nonprofits can help donors assess the performance of the nonprofit through relationally sharing these numbers in context (Sargeant & Woodliffe, 2007) and getting donors involved in the organization to engage them personally in the success of the organization (Naskrent & Siebelt, 2011). By moving beyond basic numbers to prove effectiveness and efficiency, nonprofits can help donors to receive personal gratification by understanding how their giving affects the recipients through mission-focused data (Dougherty,

2022), and according to Wong and Ortmann (2016) donors who have been given this kind of data are often seen to give more to the organization.

Mission Focused

Public scrutiny has been focused for far too long on things like excessive overhead instead of mission fulfillment (Berrett, 2022) due to the absence of credible information about the nonprofit's outcomes and the cost of achieving them (Mitchell & Calabrese, 2019). Though mission success is hard to quantify (West, 2019), nonprofits must find ways to collect data to evaluate their programs and the effectiveness of those programs making it easier to communicate to donors what is achieved through the funds that they give (Berrett, 2022; LeRoux & Wright, 2010).

While there is no sector-wide standard measure for nonprofits to communicate mission fulfillment to donors (Epstein & McFarlan, 2011; Van Iwaarden et al., 2009), there are strategies that can be used to set goals in "immeasurable" units (Čačija, 2014, 2013, in press). Nonprofits should set some clear key performance indicators that can be communicated to report their progress in both output and outcome measures (Berrett, 2022). These indicators should focus on points that support the organization's mission and strategy (Dougherty, 2022). Dougherty (2022) goes on to suggest that nonprofits use data points that measure the mission alignment in excellence, scale, or volume, depth of impact, ability to fill an important gap in the community, and the degree to which an activity supports other mission-focused activities. When impact in these types of areas are quantified to show the impact of gifts, donors are motivated to be more committed (Naskrent & Siebelt, 2011; Sargeant & Woodliffe, 2007). When results are shared with donors both qualitatively and emotionally to prove that their support makes a difference, provides benefits to the recipients, and creates the foundation for the work (Naskrent & Siebelt, 2011), donor relationships change and strengthen to provide even more impact (Berrett, 2022).

Frumkin and Kim (2001) did a study to ascertain the effects of communicating organizational efficiency versus mission accomplishment to donors on future donations that

were made. It was found that donors were most motivated by feeling connected to the

organization's mission over seeing how efficient the organization was (Frumkin & Kim, 2001).

This study gives more value to organizations understanding how important it is to communicate

with donors the value of the outcomes that are being accomplished through their partnership

with the nonprofit (Coupet & Berrett, 2018; Van Iwaarden et al., 2009). Donors want to hear not

just stories of impact, but the data that shows that these stories are the ongoing results of a

nonprofit's work and not just the extremes of what can happen (Van Iwaarden et al., 2009).

There are some nonprofits that just don't see the value of collecting performance data

viewing it as nothing more than a marketing tool or distraction from doing their mission-critical

work (LeRoux & Wright, 2010) while others see the large number of data points that are

possible to collect as impossible to capture and quantify in meaningful ways (Čačija, 2016).

Knowing that donors want to understand what happens with the support they provide (Van

Iwaarden et al., 2009) can motivate organizations into data storytelling (McCosker et al., 2022).

All that is needed to make a data story compelling is asking the right questions to gain basic

insight through the data that can be communicated in motivating ways to donors (McCosker et

al., 2022).

Obstacles to Using Data

Nonprofits have an abundance of data available to them that must be considered an

invaluable asset (Hume & West, 2020), but they often fail to use it to make data-driven

decisions (West, 2019). Often times, much of the work in data is being done by only a few key,

staff members that are self-motivated and have taken on data analytics or management roles

even though data is being underutilized and the technological infrastructure is weak (McCosker

et al., 2022). In reviewing the literature, researchers lay out many of the common obstacles to

why data is not used overall in nonprofit organizations, and more specifically in relational

fundraising, including a lack of strategy, lack of ability to confidently analyze the data,

infrastructure issues, and integrity issues in data collection and storage (Bennett, 2007; Bopp et al., 2017; Dougherty, 2022; McCosker et al., 2022; West, 2019).

Data Strategy

To become data-driven in any area of a nonprofit organization requires a major organizational culture shift from the top of the organization allowing all decisions to be questioned based on the data presented (Hume & West, 2020; West, 2019). The culture of using data for decision making must begin with the board and executive team members encouraging curiosity around data and using data in all levels of decision making for the organization (Hume & West, 2020). "Applying data to decision making and converting data into action is a multistep process," (West, 2019, p. 11) which often discourages organizations from even starting to use this strategy. The reality is that most nonprofit organizations are in the ideal roles to use data to address community needs and create value for themselves by using, sharing, and innovating with data (McCosker et al., 2022). When nonprofits begin to share data across the entire organization the strength, importance, and value of data is reinforced, and staff are encouraged to use it in their own roles (Hume & West, 2020).

Magson (2001) states that strategic outlook in the area of fundraising rarely extends beyond basic fundraising numbers and gift acceptance policies. By reviewing the options and finding a few meaningful indicators for the fundraising relationships (Dougherty, 2022), organizations will find the path to implementing data into their fundraising strategies (West, 2019). Without a systematic plan, there will be limits to the usefulness of the data and unorganized data strategies will be driven by anyone that desires to receive some of the data (Bopp et al., 2017). Organizations that build strong data governance find that strategic data is often easily available within their databases to move forward with action (Childress & Haynes, 2023a; Hume & West, 2020). However, leaders must also be strategic in safeguarding their organizations from falling into traps of over-measurement which will create strain and produce amounts of data that are not usable (Dougherty, 2022).

Data Analysis

Bopp et al. (2017) found in their interviews with nonprofit organizations that data was often being collected, but the analysis of that data happened much less often because those involved were less confident in the organization's ability to use the data to drive decision making. Bennett's (2007) study concluded that nonprofits want to develop and use a larger number of metrics, but they do not believe that they have the resources to properly analyze and use them. Analyzing data for relational fundraising can feel overwhelming until basic steps are established (Hume & West, 2020). Dougherty (2022) points out that choosing indicators for analysis and benchmarking will need to be individualized by each organization in their own context, and these indicators must have standardized definitions and formulas to ease the process and maintain consistency.

To manage the data, nonprofits should hire people that have analytical skills or provide ways for staff to develop these skills (West, 2019). Additionally, organizations can look for those within the organization that are curious, have a passion for data, and understand the organization as a whole (Hume & West, 2020). In fundraising, these individuals are usually the database managers or analysts and are often isolated from the rest of the fundraising team (Childress & Haynes, 2023b). This siloed approach will create vacuums in the value and use of data to effect or fully understand donor relationships (Childress & Haynes, 2023b). No matter who they are, employees in data roles are key to owning the data and being accountable for the integrity and consistency of it (Hume & West, 2020; West, 2019).

Data Infrastructure

Technological infrastructure investment by nonprofits will be necessary for organizations that want to become data-driven (West, 2019). A huge obstacle discussed in the literature is the decentralization of data in nonprofit organizations (Eusanio & Rosenbaum, 2019; Hume & West, 2020; Magson & Routley, 2009; Magson, 2001; McCosker et al., 2022; West, 2019) where data is often siloed in systems without import and export options, spreadsheets that must be

manually updated, or even not kept digitally at all (Bopp et al., 2017; Magson, 2001). "'Homebrew databases' are plagued with significant version control issues, redundant data entry, a lack of scalability, siloed and/or inaccessible data, an unproductive churn through the adoption and use of different tools, and ultimately, an abandonment of data" (Bopp et al., 2017, p. 3609). Silos in data systems and a lack of alignment from program to relational fundraising to financial activities make the creation of a data-driven, decision-making culture difficult (West, 2019) especially when staff are exerting excessive amounts of time and energy to extract and compile the data from multiple systems (Hume & West, 2020). There is an ongoing necessity inside organizations to break down the data silos, create opportunities to collaborate around the collection of data and its usage (McCosker et al., 2022), mitigate the data errors and inconsistencies that result from these silos, and create full pictures of the interactions of the community with the organization (Eusanio & Rosenbaum, 2019).

In addition to siloed systems, data infrastructure is often missing in the foundational policies that are necessary to build data collection in a useful manner (Magson, 2001). Database systems are designed to store relational and operational information in efficient ways (Duffill, 2001) to make the data useful and effective organizations must establish their own infrastructure of policies (Childress & Haynes, 2023a; Magson, 2001). Magson and Routley (2009) say that for organizations to use their data effectively they should take a long-term approach to their database for data collection, management, and storage. When a nonprofit lacks data policies (Magson & Routley, 2009), data style guides (Hume & West, 2020), history documentation, or relies too heavily on a few key staff members there will be huge issues in being able to pull the data and use it effectively (Magson, 2001).

Data Integrity

Data policies are only an effective piece of the infrastructure when good data governance is implemented to provide integrity in organizational data (Hume & West, 2020). Data governance should include a way to test data for accuracy, quality, and consistency within

a database (Hume & West, 2020; Pursuant, 2022). The quality and integrity are increased when there is a style guide that sets the rules for entering information into databases with consistency (Hume & West, 2020) across all the databases in an organization (McCosker et al., 2022).

Partnerships across an organization will not only build a culture of data but collaborating around data will help everyone have a clear understanding of the goals for the data and where there are gaps that need to be addressed in the data collection and storage (Childress & Haynes, 2023c). In relational fundraising, it is necessary to have fuller, better-quality information to evaluate donor relationships and support the decision-making process for the future activities of the organization (Duffill, 2001). Often it is important to collect intricate details about donors to create well-rounded profiles of them (Magson & Routley, 2009). This must be done in an orderly way (Magson & Routley, 2009) to make it useful to be pulled from the donor, volunteer, event, or other databases (Childress & Haynes, 2023a). Fundraisers and data team members must partner to make capturing donor data efficient and usable for analytics and to further deepen donor relationships and connections to the organization (Childress & Haynes, 2023b).

Summary

Though the way to value and become data-driven as a nonprofit organization is not always clear (Bopp et al., 2017), "research has shown that organizations that have successfully integrated data-driven decision making into their organizational culture have reported increased productivity, improved financial performance, reduced risks, and an enhanced ability to take advantage of opportunities" (West, 2019, p. 12). After 20 years of tracking metrics, the nonprofit sector has barely impacted the ability to find relevant relational fundraising metrics (Sargeant et al., 2022), but the research does show that to be efficient in fundraising organizational culture must serve donors as strategic partners (Yi, 2010). When nonprofits allow data to drive strategy for donors regarding contact, relationship dimensions, and the amount of initial investment in the recruitment of donors based on the lifetime value that will accrue from the relationship, they will build intentional relationships with donors (Pursuant, 2022; Sargeant 2001).

According to Sargeant and Shang (2011) to continue to grow giving nonprofits will need to strive to find ways that donors can discover and act on their identity in philanthropy to find joy in giving. This will require nonprofits to use donor data and research to discover ways to create value for the donors in the relationship they share with the organization (Sargeant & Shang, 2011). Organizations have the data to do this, but are they using it to support the strategies that build relationships (Pursuant, 2022)? Childress and Haynes (2023b) wrote, "Fundraising with data boils down to two activities: weaving data together to paint a holistic picture of the donor, and using that story to connect with donors in ways that draw in donations" (p. 15). Using data in to drive donor relationships is the art and science of fundraising (Pursuant, 2022).

Chapter 3

Synthesis and Key Findings

   After examining the literature, one can see that data, which often appears factual and cold, can be used to drive the warm and fuzzy relationships in fundraising bringing long-term benefits to both the nonprofit organization and the donor. The definition of "relationship fundraising" presented by Sargeant (2001) shows this clearly when it states that it is "based on the long-term value that can accrue to both parties" (p. 26). Though it was stated repeatedly that there is no one formula to using data for strategy or reporting that applies to every nonprofit organization (Čačija, 2013; Dougherty, 2022; Epstein & McFarlan, 2011; Naskrent & Siebelt, 2011; Ramanath, 2016; Rupp et al., 2014; Sargeant & Woodliffe, 2007; Van Iwaarden et al., 2009) all agree that data does have value in relational fundraising. All nonprofit organizations should be looking at their own situation to begin somewhere with data in their relational fundraising program (Dougherty, 2022).

Focusing Fundraising Resources

   From the research we see that primarily data has been used to focus fundraising resources by looking at the history of donors (Bennett, 2007; West, 2019), but when used strategically it can allow organizations to move away from transactional relationships with their donors and into fully relational interactions that look toward the future to continue the relationship. Once a donor is acquired by a nonprofit organization it is paramount that the donor feels valued as a partner and not just a number in the way that the organization begins the relationship (Ramanath, 2016). Looking at data will help organizations identify the donors that have the highest likelihood of retention and desire to be ongoing donors of the organization (Thomas et al., 2015). Targeting these donors with more of the nonprofit's resources begins the process of retaining them and providing a higher return on fundraising investment than constantly trying to replace lapsed donors (Sargeant & Shang, 2011). For the donor, this

investment by the organization will often lead to feeling valued and allowing them to build an

organization-related identity (Ramanath, 2016).

Nonprofit resources can also be used more relationally when the data is used to

segment donors into appropriate audiences. Donor surveys that provide psychographic or

sociodemographic data about donors and behavioral data captured from donor giving patterns

can all be used to create plans that will move donors into deeper relationships with the

organization (Rupp et al., 2014). These data points can also provide a pattern of those who may

be likely to enter into relationship with the organization (Childress & Haynes, 2023b).

Segmenting donors to speak to their passions within an organization or through the channels

that they prefer is one of the valuable ways that data can be used to further relationship

(Pursuant, 2022).

The goal in using data for relationship building must be to lengthen relationships with

donors to provide deeper engagement and higher lifetime donor values for the organization.

This lifetime value may be purely monetary but could also include the value that donor

relationships bring when donors engage in fundraising on the nonprofit's behalf, volunteering, or

the loyalty they exhibit for the organization and communicate to others (Bennett, 2007; Čačija,

2014; Sauve-Rodd, 2007).

Donor Relationships

Once a relationship is established with a donor, another key usage of organizational

data is to deepen the relationship with the donor in communicating what the nonprofit is doing to

impact the community or cause and accomplish the mission by which it operates. A key role for

each nonprofit is to educate donors in the best ways to use data in evaluating nonprofit

organizations. Charity watchdog organizations attempt to do this by rating organizations on

some set financial ratios that often have no consideration for mission accomplishment (Epstein

& McFarlan, 2011; Mitchell & Calabrese, 2019). However, due to the wide variations in

missions, strategies, structures, and systems this will never give an accurate picture to the

public (Epstein & McFarlan, 2011). Organizations need to intentionally have conversations with their donors that put these numbers in context (Sargeant & Woodliffe, 2007) and go a step further in educating donors to the pitfalls in looking at numbers alone. While organizations absolutely should be transparent in sharing their financials, they should pair these with outputs and outcomes to truly communicate the impact that the organization has on the community or cause they serve to educate donors about the reality of that impact. While overhead numbers should be considered, organizations are warned of the inefficiencies in mission accomplishment that were reflected in the study by Berrett (2022) when costs were lowered to levels that limited the administrative support that frontline programs need to operate in impactful ways.

Though mission accomplishment will always be hard to quantify and express (West, 2019), nonprofits must go the extra mile to find ways to both quantitatively and qualitatively communicate these outcomes and outputs to donors building trustworthiness for the organization within the community or cause they serve. Donors desire ways to ensure that their donations are achieving the goals of the mission through the programs of the nonprofit organizations they support (Berrett, 2022; LeRoux & Wright, 2010). Key performance indicators will be necessary to capture both the outputs and outcomes of organizations to be communicated with donors. When these data points are shared with donors in compelling ways it creates deep commitment from donors as they realize the foundations that their partnerships build for nonprofits allowing them to impact the world through their mission-focused work. The study by Frumkin & Kim (2001) reiterates the value for organizations to communicate mission impact with donors and the resulting deep commitment donors exhibit when they understand the impact. Organizations that believe outcome data is only a marketing ploy or a distraction from their work (LeRoux & Wright, 2010) or is too overwhelming to tackle (Čačija, 2016) must move past these beliefs if they want to survive.

Obstacles

The first obstacle that must be overcome in using fundraising data strategically in relational fundraising is for organizations to value data as a key part of the decision-making process. Creating a culture of data-driven decision making at any organization will not happen overnight. Though substantial amounts of data are readily available it can often be overwhelming to start using it in decision-making processes. Leaders at the top of organizations, board members and executive teams, will need to take the lead in valuing data for decision making (Hume & West, 2020). This can be done by providing staff with not only opportunities to use data in their own roles, but also by encouraging individuals to look at data to support the decisions made and question any decision that is not grounded in data (Hume & West, 2020; West, 2019). Leaders can also fortify the data culture by monitoring the reports being produced to make sure that overmeasurement or lack of action is not occurring with the data (Dougherty, 2022) and that data is available across the organization.

Staffing around data analysis is an area that leaders will also need to address. Organizations often experience roadblocks in using their data when staff are not trained or encouraged in data analysis. Creating a culture of data-driven decision making will include hiring or identifying staff that have analytical skills or curiosity around data that is not being utilized (Hume & West, 2020; West, 2019) and providing opportunities for collaboration around data. Making data usable will be a team effort that can't be siloed into one department (Childress & Haynes, 2023b). Staff that are responsible for data systems must own them and be held accountable for the quality and consistency of the information that is held within it.

Additionally, leaders will need to address the technological siloes in their organizations. Nonprofits have often operated in a poverty mindset when it comes to technology, especially in regard to data storage tools. Resources are stretched to make systems work the best that they can, but this creates an issue for the relational fundraising program where complete data on donor interactions is essential. Organizations continue to use separate, disconnected systems

for things like recording donations, volunteering, event management, email marketing, and

others that leave fundraisers with disjointed pictures of the interactions that community

members have with them (Eusanio & Rosenbaum, 2019; Hume & West, 2020; Magson &

Routley, 2009; Magson, 2001; McCosker et al., 2022; West, 2019). Additionally, nonprofits often

have not established policies to consistently capture and record the data of community

interactions across these multiple systems which also makes the data unusable in relational

fundraising programs (Magson, 2001). Nonprofit organizations must create the internal

infrastructure needed for data integrity and consistency across multiple systems through data

policies and style guides (Hume & West, 2020; McCosker et al., 2022). Taking data seriously as

a valuable asset in an organization will require adjustments in nonprofit culture, attitude, and

resources.

Implications for Practice

It is well established that nonprofits have a plethora of data and that there will never be a

one-size-fits-all approach to using that data across the nonprofit sector (Dougherty, 2022;

Epstein & McFarlan, 2011; Naskrent & Siebelt, 2011; Ramanath, 2016; Rupp et al., 2014;

Sargeant & Woodliffe, 2007; Van Iwaarden et al., 2009). However, it is necessary to do

something with all that data. Tutu (n.d.) said, "There is only one way to eat an elephant, a bite at

a time" (para. 12). The same is true when tackling how an organization will begin using data in

their relational fundraising. For organizations that are new to using data in relational fundraising,

it will be important to tackle a small project and test how data can assist one area of relational

fundraising (Hume & West, 2020) before taking on larger projects.

Data in relational fundraising allows an organization to personalize engagement increasing

retention of donors through segmentation or to discover where the donor's passions and

interests within an organization are and provide them with more opportunities to engage in

those areas deepening the relationship between the donor and the nonprofit (Pursuant, 2022).

Using the suggestions in this paper nonprofits could choose one portion of the fundraising

program to begin using data to take action. Some practical ideas for segmentation, retention, or increasing lifetime value include:

- sending out a survey to collect a piece of data that can be used moving forward to segment donors and recording it in a usable manner;

- segmenting donors for some communication pieces based on their areas of interest;

- creating a campaign segmenting recently lapsed donors to tell them they are missed and remind them of their impact as a donor to the organization (Childress & Haynes, 2023a);

- retaining new donors by seeing who is most likely to give again and engaging with them;

- building LTV by collecting data from the volunteer system to find those donors that are also volunteering for the organization;

- increasing engagement by following up with event participants that could become donors;

- connecting peer-to-peer fundraisers with the organization by providing impact stories that they can share during their fundraising campaign (McCosker et al., 2022).

Start to take action somewhere with organizational data in the relational fundraising program (Dougherty, 2022).

Another practice that should be implemented is collaboration around data. Collaboration is one of the key factors to using data well to move an organization forward. One way to do this is to assemble a data team of key staff members that own different pieces or systems of the organization's data (West, 2019). These individuals can be key to building the infrastructure of data policies and style guides that will provide data governance to an organization (Childress & Haynes, 2023a; Hume & West, 2020; Magson & Routley, 2009) and can hold one another accountable for data accuracy within each system. Another way to promote collaboration is for data keepers within an organization to be working with those using the data to integrate it into the stories and strategies of the organization (Childress & Haynes, 2023b; McCosker et al.,

2022). "When data analysts work hand-in-hand with fundraisers, the results can be bigger gifts and better donor relationships" (Childress & Haynes, 2023b, p. 6).

Collaboration also provides opportunities for building data literacy within a nonprofit organization so that there can be an improvement in the delivery of services, impact reporting, relational fundraising, and overall efficiencies (McCosker et al., 2022). Data literacy in organizations is one of the main ways that a culture of data-driven decision making can come to fruition. When organizations work within their resources to develop capacity for data usage in their staff, they will often find that the "expertise lag" that was an obstacle is mitigated as individuals become more comfortable with knowing what the data is measuring (Brooks, 2004; McCosker et al., 2022).

In an ever-changing world, data systems should be reviewed regularly to determine if there are better options to integrate data across an organization and still allow for the productivity needed to accomplish the goals of the team using the system. Knowing that siloes in data systems create large roadblocks for organizations is something that should be assessed for the value that integrating could bring to an organization (Hume & West, 2020). The data team at an organization should have a key role in this process, but it is important to also bring in users of the data to create ownership that can assist in closing data gaps, preventing inconsistencies, and correcting errors (Childress & Haynes, 2023c).

Data storytelling is one more way that organizations can get started with the data they have (McCosker et al., 2022). Using data to educate donors about the trustworthiness of an organization and inspiring them by communicating how their resources are being used to further the organizational mission is paramount for organizations that want to incorporate relational fundraising into their fundraising program (Mitchell & Calabrese, 2019; Sargeant & Woodliffe, 2007). Taking the time to build a narrative around the outcomes of an organization or one of its programs will impact donors and often increase their giving to the organization (Frumkin & Kim, 2001). This means that organizations must see their mission-focused data as more than just a

marketing tool or a distraction from mission-focused work (LeRoux & Wright, 2010), but as an invaluable asset to deepen donor relationships and trust in the communities and causes where they serve (Hume & West, 2020). Data storytelling will go beyond sharing basic financial ratios that cannot express how the organization is meeting a community need, filling gaps in community services, or championing a cause. Instead, it communicates impact, inspiration, and motivation for the work that is being accomplished.

Suggestions for Future Research

While much of the research about fundraising provides a case for why relationships should be foundational in a strong fundraising program and the increased revenues that result from implementing these strategies, there is a gap in the research to provide organizations with empirical data to demonstrate which strategies are most effective. There is also very little information available communicating how organizational data can be used to determine relational fundraising strategy. Though this literature review has compiled various sources that mention the topic of using data in fundraising strategy most only allude to its use when it comes to relational fundraising. The studies cited in this paper by Scherhag & Boenigk (2013) and Frumkin & Kim (2001) are examples of how data is used to "get the gift" or to increase the return on investment for mailings, but is rarely analyzed in its use in relational fundraising.

Empirical studies of relational fundraising, while greatly needed, will take a great amount of time and commitment due to significant amount of time required to build relationships with donors and the hundreds of variables in each fundraising program that would need to be considered. In the meantime, researchers could advance these conversations by producing case studies of organizations that either are using data in their relational fundraising successfully or have attempted it and failed. The industry could gain great insight into how all organizations can improve in allowing data to drive relational fundraising through case studies.

Concluding Comments

Though data is a big topic, it is not too big for nonprofit organizations to act on in some way. Without data no organization will operate for any length of time or have a missional impact on the community or cause they serve. It is the hope of the author that this study will impact organizations by motivating them to begin acting on the data they have and strategizing about the data they need to innovate in relational fundraising.

Gone are the days when impactful fundraising programs can be guided by feelings and anecdotal information. While each organization is often using data in areas like programming and finance, it is important to examine the relational fundraising program to determine where data-driven decision making should be implemented to focus fundraising resources and strengthen donor relationships. Obstacles must be reduced, and a data-driven decision-making mindset must emerge in the relational fundraising practices of nonprofits. It is time to think about President Eisenhower's (1954) words and make using data in relational fundraising both important and urgent to impact the world for good.

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