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2021 Nonprofit Guide to Metrics and Benchmarks

How do you stack up? We get frequent questions about metrics, key performance indicators (KPIs), and benchmarks. So we're bringing our experience working with nonprofits to bear in this Nonprofit Guide to Metrics and Benchmarks. In it, you'll find valuable metrics to track in order to keep your organization healthy and growing.



Metrics

Metrics, in fundraising, are measurements, or derivations of measurements, that are used to evaluate quality, progress, performance, and/or efficiency of a fundraising operation or component. Closely related are key performance indicators (KPIs), which are metrics essential to evaluating principal organizational objectives and/or goals. For example, Cost to Raise a Dollar (CRD) is a common fundraising metric, derived from the measure of fundraising costs and the measure of funds raised for a particular activity or across all fundraising.

TO CALCULATE:

Cost ÷ Funds Raised = CRD

For example, if campaign costs totaled \$10,000, and the campaign raised a total of \$50,000, my CRD would be:

$$\text{\$10,000} \div \text{\$50,000} = \text{\$0.20}$$

Benchmarks

Benchmarks are standards that serve as reference points for metrics. Metrics can be compared year-over-year, between organizations, or across industries. For instance, I may want to compare my CRD from the example to a similar campaign I ran last year. If last year's CRD was \$0.24, that could serve as my benchmark to evaluate my fundraising efficiency year-over-year. My CRD of \$0.20 this year is an improvement in efficiency over last year's \$0.24. I might also want to compare my CRD to another organization similar to mine, or perhaps to an industry standard. Each of the points of comparison, or reference points, is an appropriate benchmark for some circumstances.

We've had the privilege of working with thousands of nonprofits and offer a few of the most common and valuable metrics, with corresponding benchmarks when applicable, in this guide.

General Fundraising Metrics

$$\text{Cost to Raise a Dollar (CRD)} = \frac{\text{Cost of Fundraising}}{\text{Amount Raised}}$$

DESCRIPTION

Evaluates the efficiency of your fundraising channel or program. Do not equate efficiency with effectiveness, as there are times when a larger investment in fundraising results in a larger net gain for the nonprofit, although CRD may be higher.

BENCHMARK

Varies. \$1.00 to \$1.60 is very acceptable for direct mail acquisition, while \$0.20 is considered an average acceptable CRD for an entire fundraising program. Charity watchdog groups use this as a rating variable, which is one reason it is important.

$$\text{Growth in Giving} = \frac{(\text{Total Giving Current Year (CY)} - \text{Amount Raised})}{\text{Total Giving Previous Year (PY)}}$$

DESCRIPTION

This shows, in terms of dollars, the level of growth or shrinkage in your fundraising operation. It is normally expressed as a percentage by multiplying by 100.

BENCHMARK

The AFP Fundraising Effectiveness Report (2019) shows a 4.2% increase for nonprofits across all sectors. For nonprofits with budgets of less than \$100K, there was a decrease in growth of 9.6%. Aspire for more.

$$\text{Growth in Donors} = \frac{(\text{Total \# of Donors CY} - \text{Total \# of Donors PY})}{\text{Total \# of Donors PY}}$$

DESCRIPTION

Similar to growth in dollars, this measures your fundraising program's growth in number of donors contributing to your cause. It is also expressed as a percentage.

BENCHMARK

The AFP Fundraising Effectiveness Report (2019) shows a net loss of 2.8% for all nonprofits in the survey.

$$\text{Donor Retention Rate} = \frac{\text{\# of Donors CY}}{\text{\# Donors PY}} \times 100$$

DESCRIPTION

This represents the number of donors giving in the previous FY who renew their support in the current year.

BENCHMARK

The AFP Fundraising Effectiveness Report (2019) indicates an average retention rate of 43.4% for all nonprofits in the survey.

Direct Marketing

$$\text{Response Rate for Appeals to Acquire New Donors} = \frac{\text{\# of Responses}}{\text{Total Pieces Mailed}} \times 100$$

USE

This metric measures the performance of a campaign or appeal to attract new donors.

BENCHMARK

0.5% to 1.5% is considered adequate to excellent for acquisition mailings.

$$\text{Response Rate for Appeals Sent to Existing Contacts} = \frac{\text{\# of Responses}}{\text{Total Pieces Mailed}} \times 100$$

USE

This metric measures the performance of a campaign or appeal to seek additional support from current donors.

BENCHMARK

This rate varies based on time of year, message, matching funds, etc., and can be anywhere from an adequate 5% up to a stellar 20% or more.

$$\text{First Time Renewal Rate} = \frac{\text{\# of Newly Acquired Donors PY Giving Again the CY}}{\text{\# of Newly Acquired Donors PY}} \times 100$$

USE

Measures the quality and effectiveness of your acquisition channels and/or your welcome or onboarding approach.

BENCHMARK

22.5% is the average renewal rate for first-time donors according to the AFP Fundraising Effectiveness Project (FEP). This means less than two in ten of your donors give again in the second year.

$$\text{Overall Renewal Rate (aka Donor Retention Rate)} = \frac{\text{\# of Donors Giving PY}}{\text{\# of Donors Giving CY}} \times 100$$

USE

Measures the quality and effectiveness of your stewardship and cultivation activities.

BENCHMARK

According to AFP's 2019 FEP, the average renewal rate for nonprofits across size and sector was 43.4%.

Digital Marketing

$$\text{Online Giving Percentage} = \frac{\$ \text{ Raised Online}}{\text{Total } \$ \text{ Raised}} \times 100$$

USE

This will give you an idea of the size and effectiveness of your online presence and campaigns. Online giving grew by 10% last year, and has trended upward for years, so make sure your program is also growing year-over-year.

BENCHMARK

Blackbaud Institute's Charitable Giving Report for 2019 reports an average of 8.7% of revenue is raised online across all nonprofits in the pool.

$$\text{Email Open Rate} = \frac{\# \text{ of Emails Opened}}{\# \text{ of Emails Sent}} \times 100$$

USE

This metric will let you know if your content, particularly the subject line, is reaching a receptive audience.

BENCHMARK

M+R 2020 Benchmarks reports that 19% is the average open rate for nonprofit email communications.

$$\text{Email Click Through Rate (CTR)} = \frac{\# \text{ of Emails in Which a Trackable Link Was Clicked}}{\# \text{ of Emails Sent}} \times 100$$

USE

This will tell you if the offer or ask in your email is compelling people to delve deeper.

BENCHMARK

0.56% is the average rate for nonprofits across size and sector according to the M+R 2020 Benchmarks report. Merkle reports a click-through rate of over 5%, but their survey focused solely on large nonprofits (>\$10M).

$$\text{Donation Page Completion Rates} = \frac{\text{Forms Completed}}{\# \text{ of Click Through's}} \times 100$$

USE

Measures the quality and effectiveness of your stewardship and cultivation activities.

BENCHMARK

M+R 2020 Benchmarks reports that 11% is the average.

Digital Marketing

$$\text{Email Response Rate} = \frac{\text{\# of Email Recipients Responding}}{\text{\# of Emails Sent}} \times 100$$

USE

Measures the effectiveness of your communication in eliciting the desired response.

BENCHMARK

M+R 2020 Benchmarks reports that 0.05% is the average response rate for nonprofit email communications.

$$\text{Unsubscribe Rate} = \frac{\text{\# of Email Recipients Asking to be Unsubscribed}}{\text{Total Emails Sent}} \times 100$$

USE

This will let you know if you are over mailing to your list, as the number and percentage normally grows as more frequent mailings are sent.

BENCHMARK

A 0.20% unsubscribe rate is considered average according to statistics compiled by MailChimp (October 2019).

$$\text{Return on Digital Advertising Spend} = \frac{\text{Net Revenue}}{\text{Cost of Advertising}}$$

USE

These metrics allow you to track the effectiveness of your digital advertising/acquisition strategies. On average, organizations spend \$0.07 according to the 2019 M&R Benchmark report. Digital ad spending by non-profits increased by 17% from 2018 to 2019.

BENCHMARK

Data from the 2020 M+R Benchmarks Report shows Search with the highest return on advertising spend, followed by Display, Social and Video advertising strategies.

Search \$3.59 Social \$0.70

Display \$0.74 Video \$0.53

Social Media

$$\text{Facebook Followers as a \% of Email Addresses} = \frac{\text{\# of Followers}}{\text{\# of Email Addresses}} \times 100$$

USE

A way to view the size of your follower base that is comparable to other organizations. This varies widely by type of nonprofit, with cultural organizations having far more followers than email subscribers, for instance.

BENCHMARK

The M+R 2020 Benchmarks Report indicates, on average, nonprofits have 50% as many Facebook followers as they do email addresses on file.

$$\text{Average \# of Posts/Tweets per day} = \frac{\text{\# of Posts/Tweets Per Day}}{\text{\# of Posts/Tweets That Month}} \times 100$$

USE

Are you posting enough content, or too little? This shows how you compare to other nonprofits

BENCHMARK

M+R 2020 Benchmarks shows that across all nonprofits, they posted 1.4 Facebook posts, and launched 3.1 tweets per day. Network for Good and NextAfter Institute's 2020 Small Nonprofit Fundraising Benchmarking Report found similar findings with no statistical difference between small and large nonprofits.

$$\text{Social Media Engagement Scores} = \frac{\text{Total Number of Users Engaging with a Post or Tweet (by liking, sharing, clicking, etc.)}}{\text{Total Number Page Fans/Followers on the Day of the Post}}$$

USE

This shows if your content is hitting the mark with your audience. The higher the engagement score, the more resonant your content.

BENCHMARK

Across all nonprofits, the average engagement score for Facebook was 0.37%. For Twitter, it was 1.3% as calculated by M+R Benchmarks 2020 Report.

Donor Sentiment

The previous metrics represent some of the science of fundraising. They are quantitative measures that give you a snapshot of your fundraising status for a moment in time. While these are commonly used and compared across sectors of the nonprofit industry, it is also important to capture the pulse of your individual donors with qualitative and/or quantitative measures. Surveys and face-to-face conversations are great ways to capture this information, and can inform content, fundraising strategy and forecasting. Some of the things you can consider asking in a poll or survey concern how your donors feel about your organization and what they need to be moved to give.

These are a few measures you can track and use to improve your messaging and cultivation of your unique audience of donors and prospects. Don't stop here, though. There are many other useful questions to ask that will help you understand your donors' motivations and considerations.

METRIC	QUESTION	USE
Donor Ranking of Charity	Where does our charity rank within your top philanthropic interests?	Those who rank your charity at the top, or the top 3, of their list should be treated with special care.
Donor Opinion of the Importance of Your Mission	How important do you believe our mission is? (Rate from 1 to 5).	This indicates how well your mission resonates with your audience. Move them up through education, strategic messaging, and cultivation.
Migration or Moves Toward Giving	Would you consider making a gift of support for XYZ Charity? a) Might consider b) Would definitely consider c) Considering now d) Etc.	Fundraising always follows the donors timelines, not ours. Knowing what their timeline is can be invaluable.

Charity Watchdog Groups

Charity Watchdogs are nonprofit organizations that provide information and analysis to users so they can evaluate charities based on efficiency, effectiveness, financial health, and program impact. Please note, the algorithms and criteria they choose to use to evaluate charities varies by source and are therefore not comparable. Five Charity Watchdogs that are worth your attention are:

[Charity Navigator](#) Charity Navigator's mission is to make philanthropy easier for all. In order to accomplish this, it provides information, analysis, ratings and tools for donors and charities. Their focus has been financial metrics, accountability, and transparency. They have recently acquired a smaller charity evaluator (Impact Matters) which looks at cost per outcome to evaluate effectiveness.

[GuideStar by Candid](#) GuideStar is primarily an information source, providing a searchable database of nonprofit 990s and additional data on thousands of nonprofit entities. Nonprofits may opt to provide additional information on their finances and impact in order to be awarded a Seal of Transparency.

[BBB Wise Giving Alliance](#) The Better Business Bureau's Wise Giving Alliance evaluates charities on 20 different criteria including percentage of revenue spent on programs (at least 65%) and having in place adequate board oversight and conflict-of-interest policies. Charities that meet the measures of success for all 20 criteria are accredited.

[Charity Watch](#) Charity Watch provides letter grades from "A" to "F" and these are based on measures of efficiency; primarily, the percentage of donations that go towards programs versus paying for administration and fundraising expenses. Most charities receiving an "A" letter-grade spend at least 75% of their revenue on programs.

[Great Nonprofits](#) Great Nonprofits is a crowd-sourced platform that encourages donors, clients, beneficiaries and other stakeholders of nonprofits to submit stories and feedback through the platform. This qualitative feedback helps donors make giving decisions. Your nonprofit is accredited with a seal when it receives 10 favorable reviews and maintains a minimum rating of 3.5 stars.

As an individual leader of a charity, you may or may not agree with the methods used to evaluate charity efficiency, effectiveness and impact. What is clear, though, is that donors have come to rely on them in their quests to find the charities they trust. That is why it behooves all of us in the charitable sector to be aware of the ratings and how our charity is depicted by the different measures, and to educate our donors about what they mean, what they measure well, and where they fall short.

Conclusion

We hope this guide gives you a starting place to see how other nonprofits measure their performance. In the end, you will decide for your organization what is most important to measure, the metrics you will calculate and track, and the KPIs that will provide a snapshot into the health of your organization in relations to your unique goals and objectives. And remember, benchmarks are a reference point. More important than achieving or exceeding an industry average, measure your progress quarter by quarter or year over year. If you are moving in the right direction, celebrate your wins. And if not, correct course and carry on.

Sources:

AFP 2019 Fundraising Effectiveness Survey Report

<https://afpglobal.org/sites/default/files/attachments/generic/FEP2019AnnualSurveyReport.pdf>

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