ZURI GROUP

CRM Impact Analysis in Higher Education

Fundraising is an exception-based business. Not a single person is required to give to charity, ever. These acts of philanthropy shape our society but are challenging to predict. Particularly with major and principal giving efforts, every gifts counts, but a few each year usually matter more than others, often by a factor of around 100,000!

Analyzing the impact of operations and technology in this space is therefore trickier than one might expect. For some of our clients, especially those national nonprofits in cause-and-cure sectors that generate hundreds of thousands of gifts a year, sophisticated, high-volume tech makes a huge difference. Better click-through rates from marketing automation and better conversion rates from online giving tools matter add up. More integration and better analytics mean tighter, smarter segmentation. All of this requires state-of-the-art applications. In those shops, illustrating the return on investment for fundraising tech is often clear and the impact almost causal.

Higher education is a different story. Most shops generate closer to 10,000 gifts a year and even the biggest rarely exceed 100,000. So the high-volume, efficiency angle matters, but it matters less. At the same time, really big gifts from a handful of donors generally equate to 90% or more of annual commitments. Higher ed philanthropy is the 80/20 rule on steroids. Campaign planning and completion, leadership shifts, recessions, and other factors make studying the data complicated.

Proving the case for adopting advanced technology in advancement shops is therefore tricky. Some of our clients are fortunate enough to generate 8-figure and 9-figure gifts each year, which clearly affect the case for new technology as so many of these mega-gifts come from known donors where the impact of technology is tangential at best. A few good case studies have been completed in recent years to show return on investment against the cost of new technology. Forrester studies for Blackbaud CRM at two shops showed a quick payback period for the investment and generally a sizeable fundraising lift. But, nearly everyone in higher ed has experienced fundraising growth in the last two decades.

How can improvements in operations and technology be shown to have an impact on funds raised? Zuri Group has been assessing this challenge for two decades. Until now, the data were either anecdotal or considered “common sense.” This analysis seeks to validate the “it takes money to make money” theme of many CRM adoption approaches, while accounting for the realities of campaign-driven, big-gift shops.

The Pool and Process

Zuri Group studied the Voluntary Support of Education (VSE) data for 80 universities, as well as GivingUSA data and a host of other sources. These shops are in the Power5 conferences and/or have implemented CRM. We limited the analysis to Blackbaud CRM shops. We have every reason to believe that Salesforce and others will yield similar results. With a few exceptions, other CRM replacements have not been implemented for long enough to show an impact. Of the 80 in the group, 38 have adopted BBCRM; the other 42 have not. Of those 38, 5 launched BBCRM this year and are part of the control, too. These remaining 33 shops are the primary source of this study’s findings.

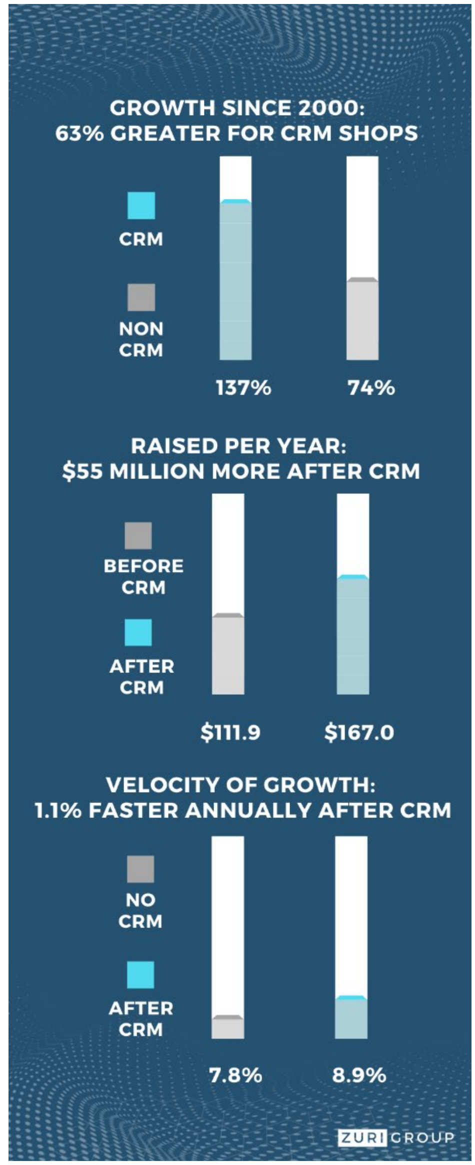
With the year-over-year VSE fundraising results captured and analyzed, Zuri compared the pre- and post-CRM periods for the 33 BBCRM shops against the rest of the universities. The results categorically illustrate the positive impact of CRM on fundraising results and show an impressive ROI.

The Results: CRM Helps Universities Raise Money

The CRM group averaged **$126.7 million raised per year compared to an average of $152.2 million** for the non-CRM group, so non-CRM shops tended to raise more since 2000. Over the 20 year study period, however, **the CRM group grew their results by an average of 137% compared to 74% for the non-CRM group.** This is the first categorical finding of the study: **CRM shops had a greater average increase during this period than non-CRM shops, including an average 56% jump post-CRM.**

Second, before adopting CRM, these shops raised an average of $111.9 million. After adopting CRM, that average was $167.0 million. The result of this increased growth rate and increases in average raised per year after CRM shows that CRM shops raised an average of **$55.1 million more per year after CRM implementation. This is an increase of 49.2% over the pre-CRM period.** Even controlling the comparison to the same period of years before and after CRM adoption, these CRM shops averaged $28.7 million more per year than before CRM.

The third key finding in the data is that the annual average percentage growth in CRM shops is higher than non-CRM shops. During this period, annual growth for the CRM group averaged 7.8% and the non-CRM averaged 7.8%, too. However, when looking at the post-CRM period, the velocity of growth was faster. **After CRM adoption, these 33 shops averaged 8.9% annual growth, 1.1% better than the 7.8% for non-CRM shops.**



Leveraging these Findings

Analyzing these details in light of campaigns, leadership changes, organizational changes, and other wrinkles makes this sort of study really complex. There could be an asterisk next to every detail; there surely is a story for every shop. However, Occam's Razor applies here; the simplest answer suggests that CRM made a difference in fundraising results. In raw numbers, this looks like a whooping $50+ million average annual increase after go-live compared to performance since 2000. Even when looking at similar periods (say, 4 years before and after CRM), the annual average raised is $28.7 million higher. In standardized terms, the 8.9% annual growth illustrates that even year-over-year averages get better after CRM.

CRM helps higher education shops raise more money. However, Zuri's counsel suggests we must always remember that technology is only a means to an end: great shops use technology transition to change behaviors for the better, to streamline processes, and to improve donor experiences. CRM can help do that, but the real work is often not technical per se. Change management, stabilization planning, and a focus on the long-term fundamentals matter as much as the technology, if not more. Hopefully, this study allays concerns about the investment in CRM— the rest is up to you!