

Understanding Lifetime Value in One-to-one Fundraising

Background:

Lifetime Value analysis is not new to the charity sector. However it is almost always applied to individual giving activity. The Children's Society had already undertaken a successful LTV analysis of the broad individual supporter base and now recognised a need to extend this to cover all their significant audiences across the wider spectrum of stakeholders.

Problem:

The Children's Society was particularly aware of the need to know more about the potential of:

- High net-worth individuals
- Committees
- Trusts and foundations
- Educational institutions (primary and secondary schools and universities)
- Churches
- Corporates

Any LTV model therefore needed to not only look at past historic value from these audiences, but also provide a detailed view of potential financial and non-financial value. Modelling the LTV of smaller fundraising programmes presents lots of challenges, among which are a lack of information to explain the LTV, and the chance of less accurate data. In addition, the model needed to be easily updateable and internally manageable.

Solution:

Wood for Trees first undertook face-to-face discussions with key stakeholders to acquire a full understanding of the data and of the organisational aims, values and strategy.

Having agreed that some internal sources might lack detail, external data sources were also introduced to help explain the historic LTV. A single supporter view dataset was constructed from the available data. Each LTV dataset (for each audience) included all variables relevant to that group.

We then identified variables that could explain difference in LTV between groups. From this insight, we created a separate model for each group.



The Children's Society
No child should feel alone

Results:

LTV is the central strategic KPI within the charity, and this work has enabled the non-IG teams to use the WfT-built Excel tool to embrace the measure and start to think about delivering authentic value to donors and prospects. Teams can prioritise the total contribution these stakeholders make in their lifetime, as seen through the lenses of volunteering, donations and campaigning. Being able to identify the most valuable prospects at an early stage is invaluable for one-to-one fundraising, particularly where the time that can be invested in building relationships is limited.

The work found variables explaining the LTV of different types of audience in ways that had not been considered before.

These new variables will help the teams to focus effort on the supporters that are likely to be most valuable.

Conclusion:

This fresh approach to Lifetime Value (LTV) won 'Most Powerful use of Insight in One-to-one Fundraising' at the 2018 Institute of Fundraising Insight in Fundraising Awards. The judges commented: *"This is an exciting piece of work and an innovative solution to not having much data to work on. It's rare to see a value being attributed to non-financial actions. What stood out the most was the cultural significance — connecting up non IG teams and getting them interested in data is so important but is no mean feat."*

The model was created through a highly collaborative approach. The methodology and model is accessible and user-friendly so that staff can use the model effectively – and this has undoubtedly helped the work to achieve senior level and operational buy-in across the charity.