

Measuring the impact of promotion in the CFC

One of the hardest things to do involving the CFC is to figure out the impact that an investment in promoting your charity has on the amount of money you receive through the Combined Federal Campaign.

If you've been part of the CFC for awhile, you know that the amount you receive year to year can vary tremendously. Research we did in 2008, for example, found that about ***a quarter of the charities we studied had year-to-year changes in their CFC donations that exceeded 40%***. You can be up one year, down the next, and it's often hard to figure out exactly why.

There can be many factors. Placement in the official CFC catalogs is one: you can be on page 10 one year, page 110 the next year. (The order depends on a lottery involving CFC federations.) A significant increase in your overhead percentage can make a big difference. What's happening in the news when the CFC is taking place can influence who gets what – Hurricane Katrina is a good example.

Another key factor affecting nearly all CFC charities is the dramatic growth in the number of charities eligible to receive CFC gifts, which has increased 39% in the past six years (see chart below). As a result, the amount raised by the average CFC charity is down 30% over this six-year period.

Given all this natural volatility in how much charities raise, how do you know whether promoting your charity in the CFC is worthwhile? And if it is, what is the most effective way to promote your charity in the CFC?

A summary of research on the impact of being in Charitable Choices Guides

In response to questions like these, we've done a lot of research over the years to determine how being in our CFC guides impacts charities' CFC donations. We don't know of anyone else who's done this much research on the impact of CFC promotion.

Each time we've looked at the data, it has shown that being in our guides has a positive impact on charities' CFC donations.

- In 2008, we found data for charities that were new to our CFC guides over a 4-year period (2001-2005). We looked at what they raised the year they came into our guides (or left our guides) and the following year.

Of the charities new to our guides that showed a change, 63.5% had an increase. Some of these increases were very large: 204%, 175%. We *excluded* the five largest percentage increases. We then averaged the increases for these charities. ***The result: an average increase of 23%.***

- In 2011, we looked at what happened when charities left our guides compared to charities that remained in our guides over a three-year period ('06 - '08). ***Most of these charities raised less money the year after they left our guides – the average charity that left our guides lost \$15,254, or 16.4%.*** In contrast, the average charity that stayed in our guides lost four times less per year – just 3.9%.

- The contrast between charities that stayed in our guides and a control group of charities that had never been in our guides was even more dramatic: ***twice as many charities in our guides raised more over this three-year period compared to charities that weren't in our guides (47% vs. 23.2%).***

We think this last figure is very important – nearly half the charities in our guides continued to increase their CFC contributions over this period ('07 – '09), a period during which the average CFC charity lost 11.5% of their contributions.

As the number of CFC charities has increased, most charities have seen their CFC donations decline

Many charities that have been part of the CFC for several years have noticed the significant decline in the amount they raise through the CFC, especially charities that receive a lot of CFC donations. We recently did some interesting research on this. We looked at the total amount raised by national and international charities for the past eight years, starting in 2006. We also looked at the total number of national and international charities each year.

We found that the average national/international charity received 56% less in CFC donations over this 8-year period. The figures are below. *(The “amount raised” is the amount raised by all national and international charities in the CFC, not the total amount raised by the CFC.)*

	Amount raised	# of Nat'l/Int'l Charities	Average per charity
2006	\$172,009,000	1825	\$94,251
2007	\$176,210,230	2043	\$86,251
2008	\$172,244,577	2257	\$76,315
2009	\$177,216,682	2352	\$75,347
2010	\$178,541,392	2426	\$73,595
2011	\$168,764,675	2536	\$66,548
2012	\$156,384,912	2586	\$60,474
2013	\$134,855,000	2625	\$51,373
2014	\$112,294,690	2703	\$41,544

As you can see, one reason for this decline is the steady increase in the total number of national and international charities – **up 48% in eight years**. This increase resulted in part from the CFC's decision to no longer have any limit on the percentage that CFC charities could spend on fund-raising and administration. This opened the CFC to many more charities.

Does it make sense to promote your charity in the CFC?

This steady decline in the average amount individual charities receive through the CFC has led many charities to question whether any CFC promotion is worthwhile. We think the data shows that it is worthwhile for most CFC charities. Over the years we've seen example after

example of charities raising significantly more money after they made a commitment to promote their work in the CFC over time.

One good example is **Food for the Poor**, which for years has used multiple listings in our guides to communicate the range of its work, plus a large display ad. It continues to raise more money in the CFC. A much smaller example is **Wycliffe Bible Translators**, which has built up its CFC donations not just by being part of our guides, but also doing ads in its federation's ad book and by being part of as many CFC charity fairs as it could, among other activities.

A recent example is the **Alzheimer's Association of Greater Washington**, which made a commitment last fall to reverse several years of falling CFC donations. It attended more CFC charity fairs. It reached out more to its existing CFC donors. And it had a large ad in one of our DC area guides, an ad that emphasized the service it provides Alzheimer's families throughout the DC area. The result: *a 62% increase in its overall CFC and United Way donations during a year when the DC-area CFC went down by 3%.*

What kind of promotion helps the most?

If promoting your work in the CFC can make a difference, the next question is, what's the best way to promote your work? One good way to do this is to survey the people who gave you those donations.

Several charities have done surveys like these, often combining the survey with a thank you letter to their CFC donors. The survey asked these donors how they learned about their participation in the CFC – through the official CFC catalog, through Charitable Choices guides or through some other promotional effort. Each survey found that Charitable Choices guides were by far the most effective promotion the charity used (the charities included the DC-area National Voluntary Health Agencies, Christian Relief Services and the Alzheimer's Association). The Health Agencies federation, for example, found that 22% of the donors to its member charities had learned about the health agency they supported through our guides.

Unfortunately, surveys of CFC donors are much harder to do now. Charities receive far fewer names of CFC donors than they used to because of a change made in the CFC pledge card: for a donor's name to be sent to the charities, that donor must say this is okay. Charities used to get the names unless donors asked to be anonymous.

But if you still receive a lot of CFC donor names, we can share these past surveys with you. They can also be a very good way of finding out why donors support your work – the research you do, the services you provide, the advocacy you do, etc.

How we have tracked the impact of promotion on CFC donations

Short of surveying CFC donors, the best way to measure the impact of promotion is to compare charities that promote their work in various ways with charities that don't. But this research is not easy to do, for several reasons.

As we've already discussed, one reason is that there are many factors that affect how a charity does in a particular year, such as placement in the official CFC catalogs. It is very hard to control for factors like these.

A second challenge is getting the data. The CFC does not make available the data on how much each charity receives through the CFC. CFC federations do have the data for their member charities, but not for other charities. Since Charitable Choices is not a CFC federation, we don't receive any of this data.

But we've been able to find data for many CFC charities by going to the 990 annual reports that their CFC federations submit to the IRS. Many CFC federations report on their 990s how much each member charity receives. We've gone to these federation 990s over several years to get data on what individual charities receive from year to year. Then we've looked at charities that came into our guides, left our guides, stayed in our guides, or were never in our guides over these years.

Not surprisingly, what we found is that there isn't a simple, always direct relationship between a charity being in (or out) of our guides and how much they raise in the CFC. Again, there are many factors beyond whether a charity used our guides.

But, when you dig into the data, you find that the overall impact of being in our guides is consistently positive. We don't think any other form of CFC promotion can make a case like we can make for our guides.

What happens when charities come into our guides?

We first examined data from 990 reports in 2008. We found that the numerous CFC federations managed by Maguire/Maguire (such as Animal Charities of America) included a list of who got what in their 990 reports. We found data for 59 charities that were new to our CFC guides over a 4-year period (2001-2005). We looked at what they raised the year they came into our guides (or left our guides) and the following year.

Of the charities new to our guides that showed a change, 63.5% had an increase. Some of these increases were very large: 204%, 175%. We excluded the five largest percentage increases. We then averaged the increases for these charities. ***The result: an average increase of 23%.***

What happens when charities leave our guides?

In 2011, we looked at what happened when charities left our guides compared to charities that remained in our guides. We also looked at a control group of charities that had never been in our guides.

We found data for charities that were in our guides over a 3-year period – 2006 through 2008. We then looked at how much they received the following year.¹ We have posted on our website the names of each charity and the percentage change in their donations, along with more detail about how we conducted this research.

For this 2011 research, we included charities that are part of 16 CFC federations, including Christian Service Charities, EarthShare, Medical Research Charities, Animal Charities of America and Global Impact

We found data on 32 national/international charities that left our guides during one of these three years. Most of these 32 charities raised less the following year.

What was very interesting was the amount of the change. For those that left our guides and raised less money, their average loss was \$35,126. For those that raised more, their average gain was \$7,666.

¹ *If a charity was in our guides for the fall 2006 CFC campaign, we want to see how well they did in 2007, when donations pledged in the fall are actually received, through payroll deduction. So we focused on 990 reports for 2007-2009. These were the most recent 990 reports available on Guidestar.org when we did this research in 2011.*

Overall, the average per year decline was \$15,254, or 16.4%. In contrast, the average per year loss by all CFC charities during this period ('07 – '09) was just 6.3% (see chart above).

The average per year loss by charities that stayed in our guides was under 4% -- more than 12 percentage points less.

When we compared charities that stayed in our guides with a control group of charities that had never used our guides, the impact of being in our guides was even more dramatic.

More than twice as many charities in our guides increased their CFC donations over this three-year period compared to charities that were never in our guides (47% vs. 23.2%).

What does this research mean for your charity?

The reality is that no one can tell you exactly what the impact of a particular promotional effort is going to be. After helping charities raise money in the CFC for more than 25 years, we are convinced that the charities that do the best are those that really invest in promoting their work among federal and military employees. They get their names and missions out there in every way they can. Many are convinced that our guides help them a lot. Often they invest in other promotional efforts as well.

The key is that they work at it. They think about whom their potential supporters are and they work at reaching them. They build on existing donors, not only by thanking them, but by urging them to ask their colleagues to support their work through the CFC. They study where their money is coming from and then work to maximize their returns in these places. This kind of effort can pay off over time.

Another big factor is the type of work your charity does. Do you have a natural constituency in the federal workplace or among military people? Obviously charities supporting military families have a lot of potential in CFC campaigns that reach many military members. But many other types of charities also have natural constituencies in the federal or military workplace – charities working on specific health issues, animal rights charities, faith-based charities, environmental charities, charities working on women's issues and many more.

The emotional appeal a particular charity has is another factor – a few years ago a new charity that had a powerful emotional appeal and a big ad campaign did exceptionally well – Dogs on Death Row.

Another factor is how well you are already known and trusted – for some well known and widely respected charities, it is mainly a matter of making sure that federal and military people can support you through the CFC – and that you want them to support you through the CFC. (You should want them to support you through the CFC because of the impact of payroll deduction, which allows people to make much larger gifts. The average payroll deduction gift in the DC CFC in 2011 was \$533.)

Given all these factors, we can't tell you that investing in our guides and website is going to have a dramatic impact on your CFC giving next year. It depends on many factors. But we can tell you (and show you) that many charities that have invested in our guides have seen very large increases, and that overall being in our guides has a very positive impact on the average charity.

We obviously want you to invest in our guides, but we also think it is important to see an investment in our guides as part of a larger effort to promote your charity in the CFC and a larger effort to communicate your mission to potential supporters.

Over time, investing in the CFC can pay off. We also believe that investing in our guides will be an effective use of your resources. For example, if you are raising \$100,000 in the CFC and you invest in all of our guides, if our guides improve how much you raise by just 10%, that equals \$10,000. This is three times the cost of being in our guides.

We work very hard to make sure that our guides *do* help charities. We get as many guides as we can into the hands of potential CFC donors, getting your name and mission in front of hundreds of thousands of potential supporters. We make our guides as appealing and as easy to use as possible. We think hard about how to distribute our guides and we chose methods that involve a huge amount of organizing and expense on our part (distributing by hand and by mail). Altogether we distribute our guides in 16 distinct ways. Every year we change some aspects of our distribution to respond to new opportunities.

The value of communicating your name and mission to hundreds of thousands of potential supporters

Beyond the short-term impact of promoting your work on your CFC donations, there is value in communicating your charity's name and mission to the hundreds of thousands of people who get our guides and visit our website.

For many charities, communicating your mission is a way of carrying out your mission. You are trying to bring about some change – better treatment of animals, fewer homeless people, less hunger, less pollution, stopping child abuse, more investment in Alzheimer's research. By communicating your name and work, you are communicating something important about what you believe and why your work is important.

We know the bottom line is that you need to raise money to carry out your mission. But over time, communicating your name and mission is a critical step in raising awareness, and awareness is a critical step in raising money.

The exact impact of any one ad or even one promotional campaign is always hard to measure. But the charities that do well over time inevitably are good at getting their name and work communicated to lots of potential donors, using lots of ways to do this. As all this research we've done over the years documents, our guides and website are excellent, very cost effective ways to communicate your name and work.