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## FUND RAISING

Trends and Ideas

### An Alumnus Teaches a University How to Double Its Donations

By Holly Hall

**C**HARLES W. HOLLAND could turn out to be one of the most generous donors to his alma mater—and to nonprofit organizations everywhere.

Mr. Holland donated his company's management-consulting skills to Lincoln Memorial University, a Tennessee institution that in just one year has doubled its contributions to \$4-million without adding a single fund raiser or spending any new money. That achievement comes at a time when the slow economic recovery

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has meant most colleges barely eke out any increases at all, according to the Council for Aid to Education.

University officials say they're just getting started on their way to making gifts soar.

Cynthia Whitt, Lincoln Memorial's vice president for advancement, says Mr. Holland's ideas have "brought discipline and energy to fund raising."

#### Testing Multiple Ideas

Mr. Holland, who holds a Ph.D. in statistics, is the founder of QualPro, a Knoxville, Tenn., consulting company that has spent nearly 30 years working with more than 1,000 organizations, including many Fortune 500 manufacturers. Over the years, the company has branched out, working first with service companies, then with political campaigns, and now even a few nonprofit organizations, including private schools, hospitals, and others.



PATRICK MURPHY-RACEY, FOR THE CHRONICLE

**Charles W. Holland donated his company's consulting services to help Lincoln Memorial University, his alma mater, improve its fund raising, increase enrollment, and attract students with higher test scores.**

Organizations use Mr. Holland's process to test new approaches to save millions of dollars while greatly increasing revenues. At the core of his methods are sophisticated statistical analyses that help groups simultaneously test dozens of ideas for improvement. In its first year working with Mr. Holland, Lincoln Memorial used the process to try out more than two dozen fund-raising ideas such as taking yearbooks along on visits to donors, changing the timing of appeals to the annual fund, and promoting donations to build new dorms in the university's alumni magazine.

Guided by Mr. Holland or another QualPro consultant, such experiments allow organizations to quickly sort out which ideas help, which ones hurt, and which ones make no difference.

The QualPro approach, while not without critics, has been endorsed by numerous corporate leaders.

It is somewhat similar to other statistical improvement methods such as Six Sigma,

a method used by General Electric and other large companies to improve profits by eliminating weaknesses and waste. While Six Sigma focuses on improving existing processes, Mr. Holland's approach also seeks to include new, never-before-tried ideas.

Carson-Newman College, in Jefferson City, Tenn., recently used QualPro's methods to test whether it should open a new campus in Knoxville. It now plans to open the campus because QualPro showed that plenty of students will enroll in the master's degree program it will offer there. The tests also determined that students had a keen interest in one new idea the college hasn't ever tried, which could provide a big advantage over competing programs: "academic success coaches" who would work with students to help them complete the degree. The college now plans to make such coaches available.

#### Enrollment Gains

To be sure, Mr. Holland's services don't come cheap. A typical consultation for a

## Fund-Raising Success in Frugal Times



PATRICK MURPHY-RACEY, FOR THE CHRONICLE

Thanks to the ideas of Charles W. Holland (above), a consultant who uses statistical analysis to improve revenue, Lincoln Memorial University doubled its fund-raising returns in one year, without spending an extra dime. His ideas include taking yearbooks along on donor visits.

nonprofit organization, which can last from several weeks to a few months, costs around \$150,000, though QualPro's policy is to accept only those clients it thinks will earn five times as much as they paid the company during the first year of the consultation. However, because Mr. Holland sits on the board of Lincoln Memorial, where he obtained an undergraduate degree in mathematics, he decided to donate virtually all of QualPro's services to his alma mater.

He assigned two QualPro consultants to the university. Dana Thompson has concentrated on improving its fund raising, while another QualPro expert worked to increase enrollment and attract more students with high scores on entrance exams. Enrollment gains have been impressive, with a nearly 20-percent rise in new applicants and a more than 80-percent increase in the number with high test scores.

### Statistician Required

To improve the university's fund-raising returns, Mr. Thompson guided Lincoln Memorial through a rigorous process that lasted several months, and he evaluated more than 25 ideas to increase contributions.

*Mr. Holland told fund raisers not to obsess over the past, because odds are that the best ideas are those never tried.*

Organizations can learn to use the QualPro approach themselves, but Mr. Holland says they must enlist a trained statistician to design and interpret the results

of what are often dozens of simultaneous experiments. At Lincoln Memorial, Mr. Thompson and his colleagues undertook the following steps:

### Brainstorm ideas to increase contributions.

Mr. Thompson guided Lincoln Memorial fund raisers through a review of contributions over the past several years to identify times during which giving peaked or ebbed and to look for other patterns that might suggest ideas. But even though tweaking

ideas that have worked before sometimes make a big difference, he told fund raisers not to obsess over the past, because odds are that the best ideas are those never previously tried.

He didn't stop with just the 15-member fund-raising staff. He also reached out to university officials, students, parents, and others to come up with new ideas. The result: more than 200 ideas about how the university could increase its fund-raising returns.

**Decide which ideas to test.** With Mr. Thompson's help, Lincoln Memorial chose to test seven ideas to increase large gifts and 23 ideas to increase small ones. They selected only ideas that would cost nothing to try and could be tested without hurting fund-raising efforts already under way. QualPro also looked for ideas that, if they worked, could be put to use right away on a broad scale.

To reach major donors, the university tested how well it worked for fund raisers to talk about their own personal contributions to Lincoln Memorial or how the institution uses money. Another idea was for fund raisers to take a yearbook along to help donors recall their favorite faculty members.

Ideas for improving small gifts included adding a survey about the university's homecoming activities to annual-fund appeals, asking for annual-fund donations before Thanksgiving instead of after, shortening the annual-fund letter, and including a wish list of items sought by the university's museum in a mailing to visitors and other potential donors.

**Try out the fund-raising ideas.** Mr. Thompson helped Lincoln Memorial divide 22,000 alumni into 60 groups to test ideas to change mass solicitations. To test the seven ideas for increasing large gifts,

four fund raisers made visits to a total of 136 donors.

For the trials, Mr. Thompson designed 64 experiments. But before they began, he met with the fund-raising staff to make sure each

*Of all the ideas tested, only a small percentage increased giving. But that's to be expected.*

person understood and agreed on exactly how each experiment would be conducted, how results would be recorded, and their role in the tests.

And while each idea was tested with two alumni groups or with two big donors, Mr. Thompson also conducted a series of experiments to help verify results by reversing conditions to see whether that caused an opposite result. Taken together, the two types of experiments give a clearer picture of the true effects of a new idea. Then fund raisers conducted more tests of the ideas that led to improvements to find further ways to improve results.

**Assess test results.** Of all the fund-raising ideas that Lincoln Memorial tested, only a small percentage increased giving. But that's to be expected, Mr. Holland says.

After completing some 16,000 tests for more than 1,000 organizations, he says, QualPro has learned that only 25 percent of all the ideas it tests help an organization improve, while 53 percent make no difference, and 22 percent make things worse.



**Including a photograph of an attractive new residence hall in an appeal backfired. Fund-raising officials suspect the image turned off alumni whose own dormitories were simpler.**

For example, out of Lincoln Memorial's seven ideas to increase large gifts, only two worked: telling donors that "we need your support" and bringing along a yearbook to spark a conversation about a donor's favorite faculty members. The yearbook idea worked the best by far, increasing both the number and size of donations.

And among the ideas for increasing smaller gifts, a wish list in mailings to seek donations for the university's museum increased donations, as did sending out Lincoln Memorial's annual-fund solicitation before Thanksgiving and shortening the pitch letter it included.

But a photograph of a handsome new residence hall in a student-housing solicitation, another idea that both board members and fund raisers thought would work, backfired with the alumni who received it, says Ms. Whitt, the vice president for advancement. Ms. Whitt believes it probably turned off older alumni, whose own dormitories were far more spartan.

Applying the QualPro approach requires a lot of extra work for any group that uses it, Ms. Whitt and others say. But it also offers benefits beyond rapid improvements. One is improved morale stemming from

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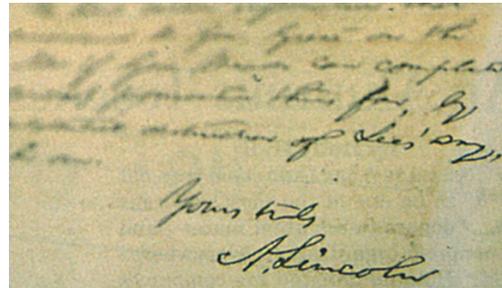
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the fact that anyone, even the lowest level employees, are invited to suggest ideas for improvement. Another is that employees can see the returns of their efforts relatively quickly.

At Lincoln Memorial, fund raisers "were excited to be engaged in a process where they could actually know for sure what works," says Mr. Thompson. "They were jazzed because it was an opportunity to really learn."

They will soon have another chance: Mr. Thompson is now putting the finishing touches on another round of experiments that will test ideas for improving donations and attendance during Lincoln Memorial's homecoming weekend in October.

## Testing Lots of Ideas at Once to Improve Results



Taking yearbooks to meetings with donors and asking for items for the university, such as a letter written by Abraham Lincoln, increased gifts.

Here's a sampling of the 30 tests conducted simultaneously by Lincoln Memorial University, which doubled its fund-raising returns in one year with help from QualPro, a Knoxville, Tenn., company.

### **BIG GIFTS**

#### **Demonstrate a fund raiser's commitment**

Fund raisers told donors about their personal philosophy on charitable giving and about their own donations to the university.

**Results:** No difference in the number or size of gifts.

#### **Give out promotional brochures**

Some fund raisers gave donors brochures that featured students graduating or reaching career milestones such as practicing medicine.

**Results:** No difference in the number or size of gifts.

#### **Ask donors about campus memories**

Fund raisers urged alumni to flip through a yearbook and reminisce about their favorite faculty members.

**Results:** Gifts increased in size and number.

### **SMALL GIFTS**

#### **Add a splash of color**

A direct-mail appeal was enclosed in a bright red envelope instead of the university's standard business envelope.

**Results:** No difference in number or size of gifts.

#### **Use bigger type**

A direct-mail appeal for the annual fund was sent using a bigger letter font.

**Results:** No difference in number or size of gifts.

#### **Get ahead of the holidays**

Some appeals were mailed two weeks ahead of Thanksgiving and some just after.

**Results:** More people gave to the mailing sent before Thanksgiving.

#### **Spell out needs**

An appeal for the university's museum listed what items it hoped to buy, such as a letter written by Abraham Lincoln, for whom the university is named.

**Results:** Gifts increased in size and number.

#### **Emphasize lifetime membership in the alumni association**

The university tested whether people would donate \$200 for a lifetime membership with a direct-mail appeal that emphasized that offer—but also gave people the option of paying annual dues.

**Results:** More people chose the lifetime option.

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