

# MEASURING AFFILIATION THROUGH RFM ANALYSIS



RFM  
ANALYSIS

# Presenters



**JESSICA ROBERTS**

Assistant Vice President  
Data Analytics  
CCS Fundraising



**JACOB GREENSTINE**

Director  
Data Analytics  
CCS Fundraising



**DR. ASHLEY WHALEY**

Senior Director  
College Advancement  
Hagerstown Community College

# Executive Summary

This presentation will cover how you can use tools to find prospects who have demonstrated a meaningful affinity.

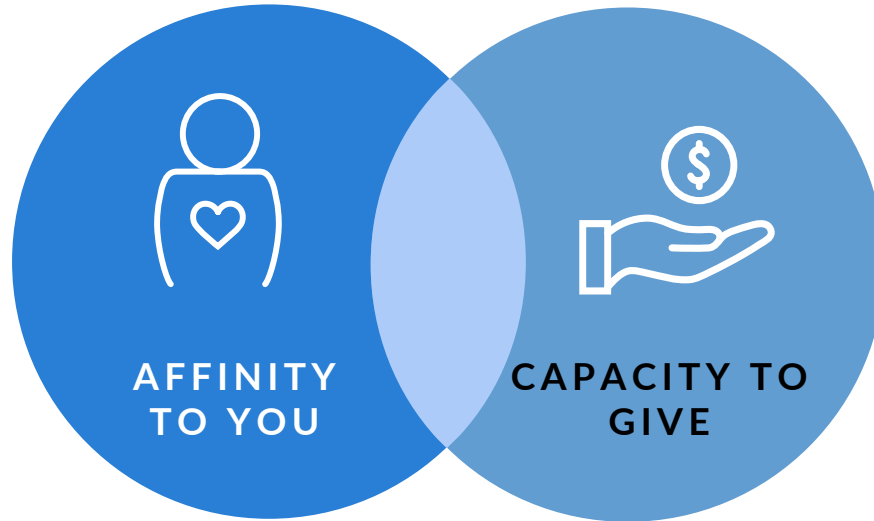
- We will show you step-by-step how to calculate a **R**ecency, **F**requency, and **M**onetary (**RFM**) Score to generate your strongest prospects.
- We will explain how you can apply RFM to event attendance, membership, ticket sales, etc.
- We will demonstrate how layering on RFM scores with wealth screening will help you to identify the strongest affiliated prospects with a strong capacity and are giving to like organizations.



Our client partner, Ashley from Hagerstown Community College (HCC), will share her experience with RFM scores and the transformational outcomes.

# Understanding RFM Scores

# Unlocking Opportunity from the Data



# Executive Summary



<b>PROS</b>	<ul style="list-style-type: none"><li>• Segments/prioritizes</li><li>• Easy to implement</li><li>• Easy to understand</li></ul>	<b>CONS</b>	<ul style="list-style-type: none"><li>• Only looks at historical giving</li><li>• Over-emphasizes high-scorers</li><li>• Takes attention away from low-scorers</li></ul>
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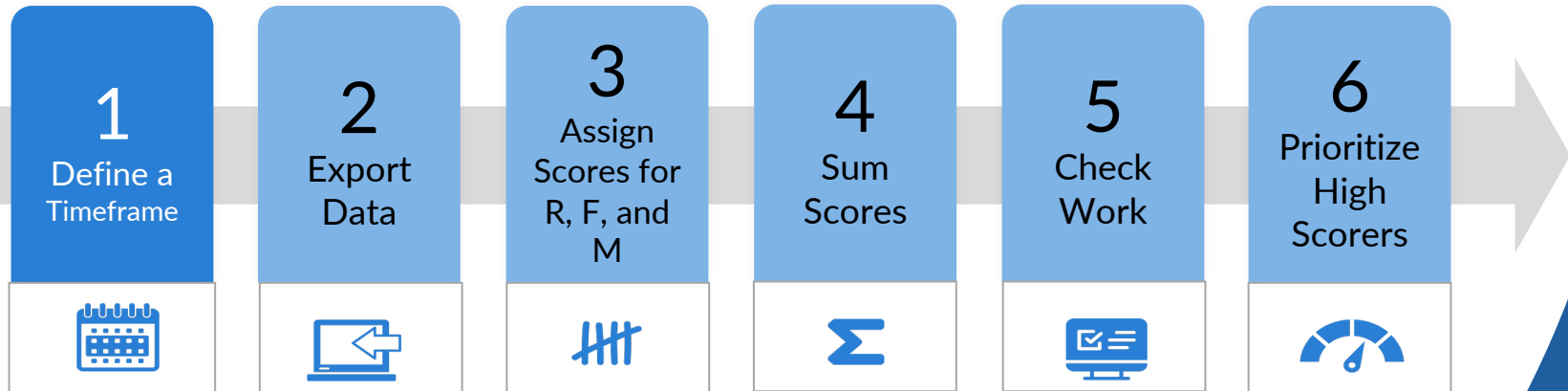
# RFM Score Rationale

There are multiple ways a donor can obtain a high RFM score:

- Largest all-time donors
- Loyal donors who have consistently given
- New donors, if they make a large first gift



# The RFM Process





# Calculating RFM Scores

# Getting Started: Key RFM Fields

When performing an RFM analysis, it is helpful to keep in mind the key data points we need for each donor.

Donor ID#	Last Gift Date	Number of Gifts	Total Giving
1	11/5/1992	5	\$90.00
100	11/24/2006	22	\$2,183.00
1000	12/31/1999	2	\$46.00
10000	12/31/2011	5	\$1,173.00
10001	5/12/2010	1	\$5.00
10002	6/25/2008	4	\$149.00
10003	6/11/2010	1	\$3.00
10004	5/30/2008	6	\$23,474.00
10005	3/7/2012	2	\$16.00
10006	9/10/2014	6	\$21,463.00
10007	6/26/2012	10	\$39,899.00

Keeping track of Donor IDs is essential, as these are necessary for confidently bringing RFM scores back onto donor records.

# Creating Scoring

The final RFM score will be made up of the sum of the R, F, and M scores. For our purpose, each of these scores will be from 1 to 100, such that the RFM total score can be anywhere from 3-300 for a given donor.

Donor ID#	Last Gift Date	Number of Gifts	Total Giving	Recency	Frequency	Monetary	RFM Total
1	11/5/1992	5	\$90.00	17	80	49	146
100	11/24/2006	22	\$2,183.00	48	96	88	232
1000	12/31/1999	2	\$46.00	35	48	39	122
10000	12/31/2011	5	\$1,173.00	60	80	84	224
10001	5/12/2010	1	\$5.00	56	1	8	65
10002	6/25/2008	4	\$149.00	52	75	58	185
10003	6/11/2010	1	\$3.00	56	1	5	62
10004	5/30/2008	6	\$23,474.00	51	83	98	232
10005	3/7/2012	2	\$16.00	60	48	20	128
10006	9/10/2014	6	\$21,463.00	67	83	98	248
10007	6/26/2012	10	\$39,899.00	61	91	99	251

# Scoring Formula: Percentile Rank

The RFM component scores are based on a percentile rank of donors based on the key RFM fields. Percentile rank is a function that ranks a value within a specified range from 0 to 1. Fortunately, this function is already available in Excel and is easy to use:

## USING THE PERCENTRANK.EXC FORMULA IN EXCEL TO CALCULATE RFM SCORES:

- This formula takes as inputs the range of values for the ranking and the specific value to be ranked in that range.
- The range of values is the Last Gift Date (column B) and the specific value to be ranked is "11/5/1992" (cell B2).
- The 'Significance' value is set to 2, which determines the number of decimal places in the percentile rank score.
- The percentile rank score is multiplied by 100 to convert it from a decimal to a percentage, and then 1 is added to the result to finalize the score as a value between 1 and 100.
- The same method is used to calculate the F and M scores.

Donor ID#	Last Gift Date	Recency	RFM Total
1	11/5/1992	B\$100000,	146
100	11/24/2006	48	232
1000	12/31/1999	35	122
10000	12/31/2011	60	224
10001	5/12/2010	56	65
10002	6/25/2008	52	185

# Finalizing Scores And Checking Work

Getting the final RFM score is as simple as adding the R, F, and M scores for a 3-300 total.

Donor ID#	Last Gift Date	Number of Gifts	Total Giving	Recency	Frequency	Monetary	RFM Total
1	11/5/1992	5	\$90.00	17	80	49	=E2+F2+G2
100	11/24/2006	22	\$2,183.00	48	96	88	232
1000	12/31/1999	2	\$46.00	35	48	39	122
10000	12/31/2011	5	\$1,173.00	60	80	84	224
10001	5/12/2010	1	\$5.00	56	1	8	65
10002	6/25/2008	4	\$149.00	52	75	58	185

The Excel values for the RFM scores should be copied separately from the formulae, to have the static results saved with the Donor ID and key RFM fields.

The RFM results can be spot-checked against the key RFM fields. The most recent donor should have the highest R score, those with only one gift should have an F score of 1 for example.

# Further Applications: Engagement RFM

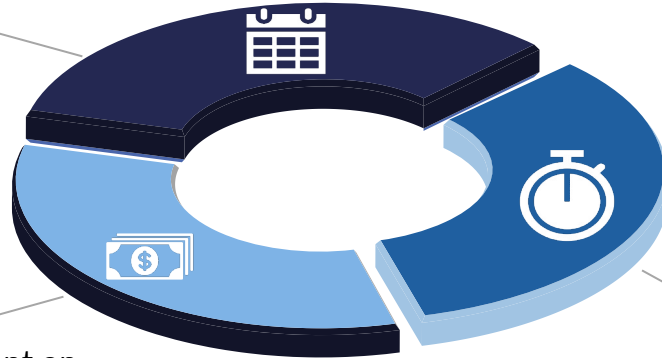
Beyond measuring donor affinity, RFM scores can also measure other sorts of engagement. The key idea is developing multi-faceted scores based on the percentile rank of certain important data you may be tracking in your database.

## REGENCY EXAMPLES

- Last Ticket Date
- Last Volunteer Date

## MONETARY EXAMPLES

- Total Amount Spent on Tickets
- Total Time Spent Volunteering



## FREQUENCY EXAMPLES

- Total Ticket Count
- Number of Times Volunteered

# Utilizing RFM Scores

# Top Scorers are Identified, Now What?

## Utilizing Wealth Screening & Capacity



Upper-level RFM scores can be used to prioritize high affinity households whose capacity to give should be researched.

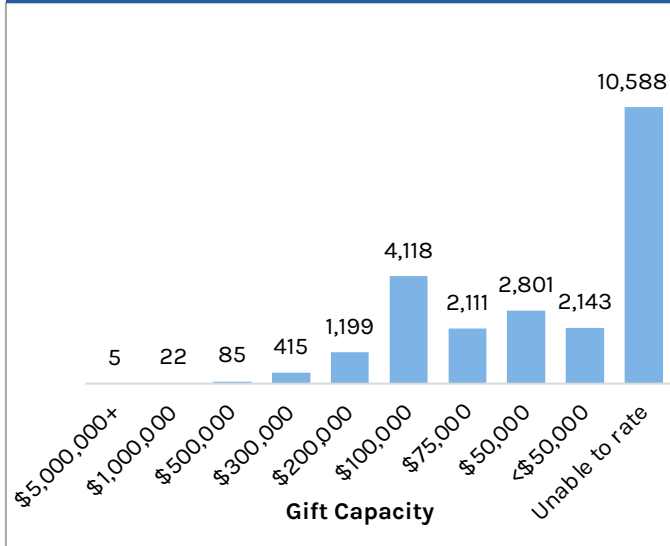
There are many vendors that can help establish a household's capacity to give a meaningful gift.



# Wealth Screening

## Questions to think about:

- What criteria should be used to screen?
- How should you segment the screening results?



Utilizing publicly available data wealth screening identifies the net worth and capacity of prospective donors. Gift capacity rating is typically projected total philanthropic giving over five years to all causes.

## Data points driving wealth rating results:

- Salary
- Stocks
- Additional compensation
- FEC data
- Political giving
- Charitable giving
- Job title/business ownership
- Real estate

# Revisiting Tiers After Data Analysis

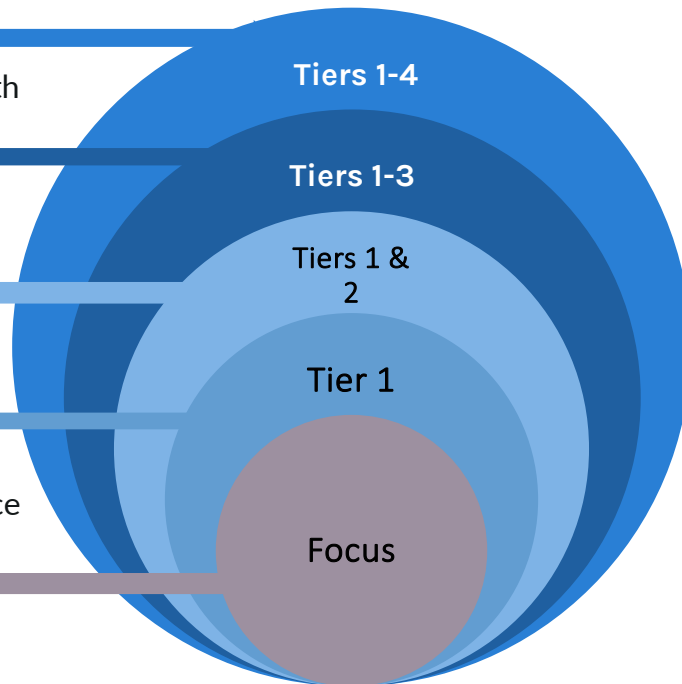
Total constituents in CRM

Top 50% of RFM Scores; new donors to be wealth screened

Top Scorers with a gift capacity rating of \$100K+

Top Scorers with a high gift capacity and have a lifetime giving of \$5,000+

Top Prospects: All the above and have given since 2021

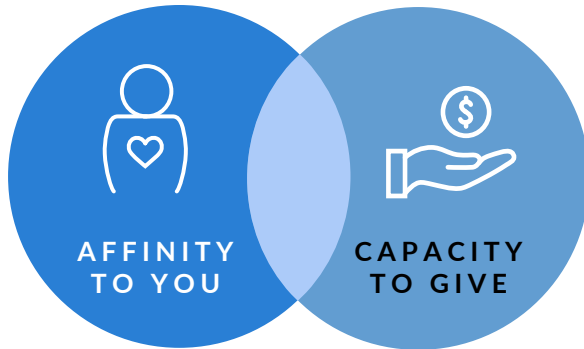




# RFM Scores in Action:

## Hagerstown Community College

# Overview of Work With Hagerstown Community College (HCC)



RFM Scores were used to rank each household in the CRM on a scale of 3 – 300. Following the completion of the RFM analysis, top scorers were screened for estimated giving capacity through WealthEngine.

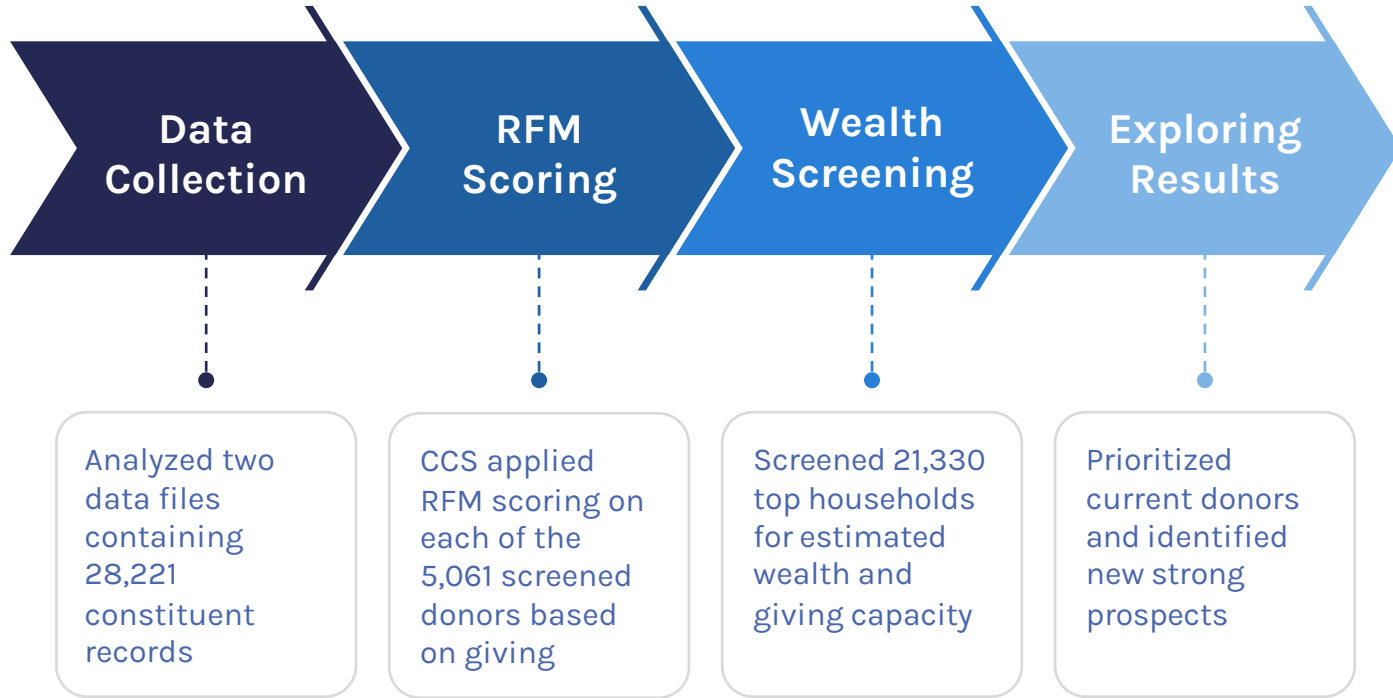
CCS then explored the results and analyzed prospective donors through two segments:

- Donor Universe: Households that were identified as on the radar.
- Non-Donor Universe: All other households.

Eighteen months following the completion of the analysis, Hagerstown Community College (HCC) provided a refreshed data export to CCS to conduct a follow-up analysis. This analysis is intended to assess the accuracy of the RFM scores and the performance of the prioritized prospects.

CCS's Impact Analysis focuses on the 462 Top Prioritized Prospects CCS recommended in 2021.

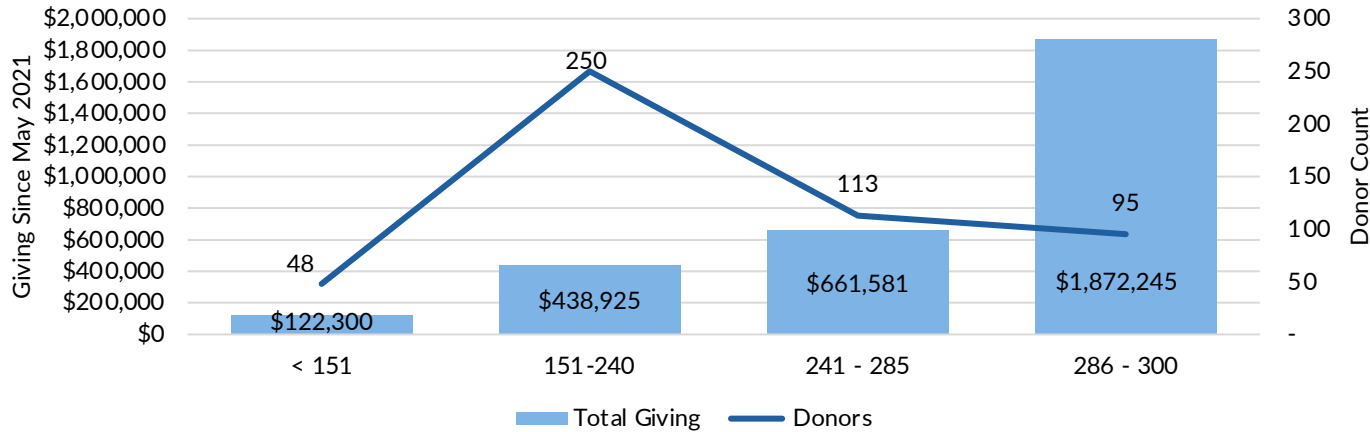
# RFM Process With HCC



Segmented and Prioritized 462 top Households

# Reviewing The Relationship of New Giving, Since 2021, To RFM Score

After receiving a file of updated lifetime giving, CCS analyzed the distribution of new giving since the May 2021 and the original RFM scores.



There is a positive correlation between RFM scores and new giving. New giving from those with an RFM score of 286 or more was **14X** the giving as those with under a 151 RFM score.

# Evaluating Major Donors

Top 50% of RFM scorers gave  
**23X**  
more than the bottom 50% of scorers

**\$500.6K**  
Was the largest new gift for the Top 50% of RFM scorers

**\$29.5K**  
Was the largest new gift for the Bottom 50% of RFM scorers

## Average New Giving



51 households gave \$10K+ since May 2021. Below are their RFM Scores from 2021.

RFM Score	Households	Giving Vs. Capacity		
		Total Giving to HCC (5/21-1/23)	Total Available Gift Capacity	Average Capacity Captured
286 - 300	24	\$1,801,893	\$2,729,999	66%
271 - 285	10	\$605,000	\$1,090,000	56%
241 - 270	12	\$340,330	\$879,999	39%
< 151	5	\$99,911	\$265,000	38%
<b>Grand Total</b>	<b>51</b>	<b>\$2,847,133</b>	<b>\$4,964,998</b>	<b>57%</b>

# Donor Outcomes for HCC

## Summary of the 462 priority households that CCS identified

35

Households were validated as **prospects** for our campaign

**\$2,098,500**  
was raised

**18**  
met the minimum \$25K  
requirement to establish an  
endowed scholarship

**\$1 Million**  
gift received

**SECURED**  
**5**  
estate gifts, one of  
the gifts was \$500K

### UNTAPPED POTENTIAL:

- We were encouraged to have more conversations with individuals from this list about legacy giving donors to make priorities for fundraising and relationship building after the campaign
- We identified a need to increase cultivation and stewardship efforts with prospective and current donors from the College's Foundation Board, Trustees, Alumni Board, current employees, and college retirees



# Thanks!



Questions? Email [Analytics@ccsfundraising.com](mailto:Analytics@ccsfundraising.com)



**JESSICA ROBERTS**

[JRoberts@ccsfundraising.com](mailto:JRoberts@ccsfundraising.com)



**JACOB GREENSTINE**

[JGreenstine@ccsfundraising.com](mailto:JGreenstine@ccsfundraising.com)



**DR. ASHLEY WHALEY**

[ANWhaley@hagerstowncc.edu](mailto:ANWhaley@hagerstowncc.edu)