

How We Calculated the Classy Growth Score

By Classy's Data Science Team

Goals

When we set out to create Classy's first ever growth score, we aimed to identify and share our top growing organizations on the platform.

We had three main goals:

1

Emphasize organizations with **consistent, month-over-month growth** on Classy.

2

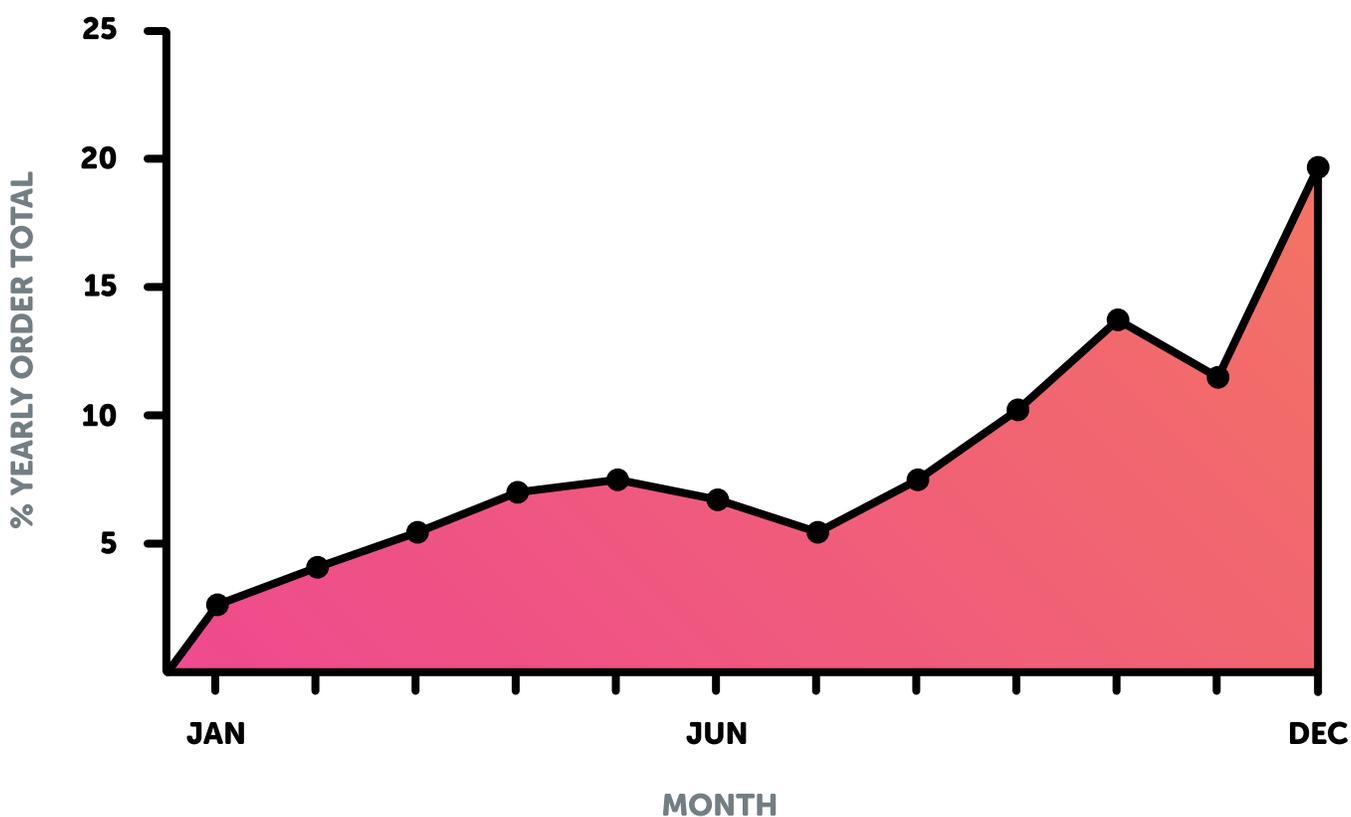
Of those organizations, highlight ones that had the **highest year-over-year growth** on Classy.

3

Give extra credit to organizations that are **transacting more** on Classy.

Defining Goals

One of the major challenges of defining month-over-month growth is that there's tremendous seasonal variability in giving. Charitable giving peaks in December, so if an organization drives greater revenue in December, it's more of an expectation of the season, rather than growth. And if they show fewer donations in January, it's not necessarily a lack of growth—it could just be a product of the season.



Average monthly revenue (as a percent of yearly total) on Classy, showing seasonal trends on the platform.

Growth Formula

We set up a Growth Formula that takes the goals and challenges mentioned above into account. For any metric (number of donations, overall revenue, number of fundraisers, etc.), we can compute growth as follows:

1. Within a given year, **count the number of months** during which the organization's percent change in revenue was higher than the average percent change in revenue seen across Classy during that month. Donations are highly seasonal, so we expect month-over-month changes, even if an organization didn't increase its usage of Classy. We define "true" growth on the platform as exceeding that seasonal fluctuation.
2. Add in **annual year-over-year revenue growth** (up to eight times). We chose eight as the maximum to avoid year-over-year growth potentially overwhelming our monthly counts above (which cannot exceed 12, and no organizations exceeded a count of eight for 2016).
3. **Add the two quantities above** (*number of months an organization's revenue exceeded Classy's averages for those months + year-over-year growth*), then **multiply that value by the logarithmic value of the organization's revenue** at the end of December 2016 (measured on December 31, 2016, at 11:59 p.m. PT). By using the logarithm of the revenue, we give some credit to larger organizations—but not too much.

For example, organizations with similar scores for steps one and two, but with \$1M and \$10M revenue at the end of December 2016, would have multiples of five and six, or a 1.2x difference (instead of a 10x difference if we used the raw revenue).

REVENUE	FACTOR	FACTOR ABOVE \$100,000
\$100,000	5	1x
\$1,000,000	6	1.2x
\$10,000,000	7	1.2x

In order to anchor our score, we set 100.00 as growth of the average organization on our platform.

Finally, we set very liberal minimums, to allow the growth score to represent a **diverse set of organizations** showing growth:

- At least \$50K in revenue on Classy in 2016, counting transactions in all 12 months
- At least \$10K in revenue on Classy in 2015
- At least 25 percent year-over-year revenue growth on Classy

That's it!

For the math-inclined:

$$\text{Growth score} = ([\text{monthly growth}] + [\text{YoY growth}]) * \log([\text{2016 revenue}]) / [\text{median score}]$$

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