Prospect Research Strategies for Small Development Offices

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Benefits of Prospect Research

- Maximizes the use of your limited resources

- Enhances your understanding of your prospects and existing donors
  - Biographical
  - Financial (business and wealth indicators)
  - Inclination

- Informs your cultivation strategy
  - The “big question”: timing and sizing of the “Ask”
    - Too much too soon – prospect ducks out before dessert
    - Too little too late – prospect gives you cash from his / her wallet
  - Different Information for each stage of Solicitation Cycle

- Identifies new donors

We would do prospect research but...

- We are too busy!
- We don't have enough staff!
- Research is expensive!
    - I can just "Google" what I need
- Research is hard!

We are too busy!

- But, . .are you spending time on the right people?
- But, . . are you identifying new prospects?
- But, . . are your events creating new donors?
- But, . . are you Asking the right amount at the right time?

We don't have enough staff!

- Hire a Full-Time or Part-Time Researcher
  - $45,000 - $75,000
- Hire a Freelancer Researcher
  - $1,000 - $3,000 a month
- Train Existing Staff Member
  - Varying fees for training courses (several hundreds to several thousands)
  - Time from existing duties
- Do it Yourself
  - Time from existing duties

Research is Expensive!

- Major gift officer has 20 prospects in their current portfolio
  - No research is conducted:
    - 20 calls result in 10 meetings
    - 10 meetings result in 10 asks and 3 donations:
      - Prospect 1: $25,000
      - Prospect 2: $15,000
      - Prospect 3: $10,000
  - Invest $4,000 for research: 20 profiles @ $200 per profile
    - 5 prospects were reassigned to annual giving campaign due to in-depth research
    - Save money and time – and they will give modest annual (and grooming)
    - 15 calls result in 12 meetings
    - 12 meetings result in 12 asks and 4 donations:
      - Prospect 1: $30,000
      - Prospect 2: $15,000
      - Prospect 3: $12,500
      - Prospect 4: $10,000
  - $4,000 investment yielded $17,500 in additional gifts. . . .
    - For ever $1 spent on prospect research raised $4.375 in giving: ROI=437.5%

Research is Hard!

- Everything is hard until you know how to do it
- Focus on only the information you really need
- Focus on the most useful resources and learn them

Goal of Prospect Research

- Identify Current “Upgrade” Donors
- Identify/Qualify New Prospects
- Determine Gift Capacity Range
- Inform the Cultivation the Process

“Discover how to marry the interests of a potential donor with the interests of your nonprofit”

(Maryrose Larkin “Prospect Research Basics” 2009 APRA MO-KAN)

Create an Research Plan Step 1: Why

- Give research a seat at the table
  - Good research is done by staff knowledgeable in organizational goal, agendas and activities

- What is the goal of your research program?
  - Identify NEW major gift prospects
  - Increase giving from annual fund
  - Improve cultivation process
  - Beginning a campaign
  - Etc

Create an Research Plan Step 2: What

- Identify the types of information useful to YOUR organization (examples)
  - History with your organization
  - Financial
    - Plane/Yacht Ownership
    - Stock Ownership
    - Real Estate
  - Network

- Identify the type information useful to you personally (this will vary depending on your fundraising style)
  - Hobbies
  - Social Club Affiliations

Create an Information Plan Step 3: Where

- Identify and organize the information you already have so you can retrieve it when necessary
  - "Hot" "Warm" and "Cold" Files

    Also known as:
    - The files on my desk
    - The files in my desk drawer
    - The Central Files
  - Database
  - Institutional knowledge
    - Who knows the prospect
    - How was the prospect identified
    - Known honors and affiliations
- Include pre-event and post-event research components in event planning

Create an Information Plan Step 3: Who and How

- Write an information policy/manual to standardize:
  - How will data be collected - Make data collection as organic a possible. Minimize the amount of extra work.
    - Call reports
    - Formal research
  - Where will each type of data be stored
    - Database
    - Central files
  - How will data be coded
  - Who will record data

Important Reminders

- Follow through on information policy
  - Update as necessary to accommodate technological and organizational changes
- Keep copies of all old policy and manuals so meaning of old data is not lost
- USE THE DATA

Focus Research

- Do you really need “everything you can find about Mr/s......“?

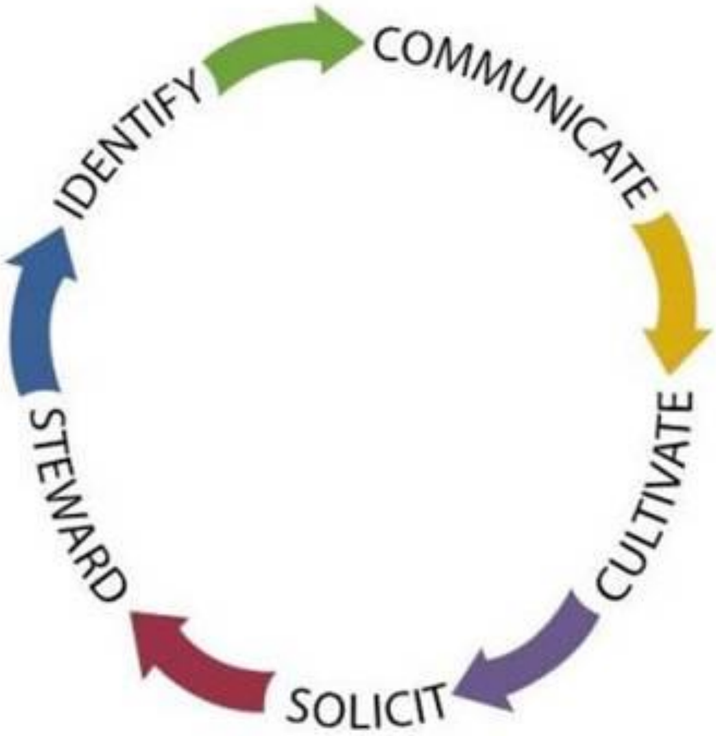
- How will the information be used?:
  - Strategy meeting
  - One-on-one meeting
  - Cocktail party
  - Gala

- How soon is the information needed (1 hour vs 2 weeks)?

- Seek the information you need at the time you need it?

- Research as part of the donor cycle?

Donor Cycle



Sample Research Plan

Stage	Information	Strategies
Identification	General biographical, business, affinity, connections	Light research, general bio, who knows who, Predictive Affinity Model
Qualification	Wealth and philanthropic indicators	Quick wealth screen, asset search, philanthropy search, Predictive Affinity Model + Philanthropic and Asset Model
Cultivation	Detailed information, personal, interests, family, business, etc.	Detailed Prospect Research Profile, who knows who
Solicitation	Detailed wealth and philanthropic indicators	tock and asset analysis, philanthropic history
Stewardship	Changes – marriage, births, promotions, etc.	News and notes alerts

Data Mining and Predictive Modeling

- Quickly identify prospects within your database
  - Upgrade
  - List building
  - Event planning
  - Annual Fund

- Simple techniques can be used to start

Wealth Screening

- Quickly obtain wealth estimates for large groups of people
- Newer services from companies like Blackbaud and Wealthengine provide subscription services to screen small batches and individuals
- Becomes powerful when combined with predictive modeling
- USE THE DATA

Where to Look Free – Biographical

New resources are becoming available all the time. This is not an exhaustive list

- Pipl.com - mainly restricted to pages about people
- Linkedin.com
- Facebook.com
- Muckety.com
- Professional Directories
  - Martindale.com (lawyers)
- Google Advanced Search Features

Where to Look Free – Business and Wealth

- Salary and Stock
  - Forbes.com
  - SEC.gov
  - Bizjournals.com
  - Yahoo!Finance

- Real Estate
  - Zillow.com
  - Assessor Websites (information varies by county)

Where to Look Free - Contributions

- Political Contributions
  - Opensecrets.org
- Foundations
  - Guidestar.com
  - Fdncenter.org
- Links to many, many sources
  - http://nudevelopment.com/research/bookmark.html

Why Invest in Fee Resources?

- Vetted information
- Focused Results means less time wading through irrelevant results
- Using the correct resource will quickly return information
- Google VS LexisNexis Study
- Pay for aggregated services to gain access to many sources or pay directly only to most important sources

Key Fee Sources

- Biographical
  - Social Register
  - Marquis Who's Who

- Business and Financial
  - Morningstar (formerly 10kwizard)
  - Hoovers

- Aggregated Sources
  - LexisNexis
  - WealthEngine
  - Iwave

Ethical Considerations

- Adhere to appropriate Code of Ethics
  - Professional
    - APRA
      - Confidentiality, Relevance, Honesty
    - AFP
    - FERPA
    - CASE
    - Donor Bill of Rights
    - Etc.
  - Institutional
- Confidentiality, Relevance, Honesty, Accuracy and Accountability
- Use only legally, publicly available sources

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