Prospect Research—Even With Limited Resources

BY JENNIFER J. FILLA

You know that prospect research should be able to power-up your fundraising performance, but how and when should you use it? Knowing when to use prospect research requires an understanding of what tools are available and how they enhance your fundraising. Once you know what is possible, you can scale the solutions up or down to fit your organization's size and fundraising goals.

Prospect research has changed at the same pace as information technology—very quickly! Large institutions are hiring statisticians to create sophisticated analytical models that can turn large amounts of data into actions that raise more gifts. If you are working in a small office with limited funds, this is going to be out of your reach. Nevertheless, the ideas and concepts behind the sophisticated techniques are certainly doable in your organization.

The Three Prospect Research Buckets

Broadly, there are three main areas of prospect research: proactive, reactive and relationship management. These three areas correspond to specific fundraising goals, and each has many tools from which to choose.

1. Proactive Research

Proactive research is all about identifying new fundraising opportunities. You may want to consider

- segmenting your donor database with the goal of lowering your appeal costs and maximizing your average gift amount;
- finding the best major-gift or planned-gift prospects inside your donor database;
- leveraging your campaign committee's relationships to find lead donors;
- identifying clusters of high-capacity donor prospects to schedule travel; or
- finding an answer to some other specific fundraising question.

There are many different tools and techniques, from the quick and simple to those that are more time-consuming, complex and expensive. Essentially, proactive research is either performed inside your donor database or outside of your donor database. This may seem obvious, but being aware of the distinction will help you speak with vendors and consultants more effectively.

Inside the donor database: If you have not heard this already, your best prospects are your current and past donors—the people you should already have in your database. These are the people who already know and trust your organization and its mission. If you have donors, volunteers and staff, start with them first. More than being your best prospects, starting with them and others on the inside and working your way outward will help you create a culture of philanthropy throughout your organization. Developing this culture first and then reaching out to new people afterward will help you steward and retain all of your donors.

"Data mining" is the catch-all term for starting inside your database. Have you ever pulled a list of people to receive mailed event invitations based on such criteria as previous giving, zip code or city? You have performed data mining! Data mining can be as simple as sorting and filtering, such as pulling a mailing list, or it can be as complicated as statistical data modeling.

Outside the donor database: If you need to build a completely new base of donors, you may want the skills of a fundraising consultant who can teach you to create a fund development plan that includes finding new donors. However, if your pool of donors is very

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small or has not been well stewarded or your programs are urgently demanding gifts beyond the capacity of your existing pool, such as in a campaign, you may need to look outside your database. This does not mean you should ignore or forget your existing donors and friends; it simply means you do not have enough existing donors to meet your current needs.

Where should you start? With those closest to you, of course! There are many ways to engage your board members, and making introductions to individuals with a known interest in your organization and its mission is an easy task. You also can do this with staff members, volunteers and your best donors. These are your organization's "family members." When you approach them, you may want to phrase the request as asking for advice: "We have a funding need and must identify corporations, foundations and individuals in the community who are passionate and might be willing to support that need. Do you have ideas on how we should go about identifying them?"

You may get a lot of cold leads initially, but as you warm up your organization's "family members" and work with them one-on-one, you will build trust and find people who can provide personal introductions to the prospects you seek.

In addition to leveraging the relationships of the people close to your organization, you may consider using social media, such as LinkedIn and Facebook, to generate a list of people who are in some way connected to you—people connected to your organization or people connected to organizations like yours. There are many creative tactics for identifying cold prospects. Looking for foundation prospects, for example, is different than looking for corporate sponsorships. No doubt you will come up with many ideas, depending upon your funding need.

Inside and outside your donor database: So far, the discussion has focused on techniques you can perform yourself. There are times, however, when it is better to purchase a tool or hire a consultant. Here are some scenarios where you may want to budget for research expenses:

- The dollars you need to raise require you to spend considerable time cultivating and soliciting donors.
- You are planning a campaign that will require you to reach out to mostly cold prospects for your top gifts.
- You want to take your major giving to the next level, becoming more methodical and maximizing the gifts you receive.
- You want to come out of your campaign with a strong infrastructure to support continued major giving.

In situations such as these, an initial investment in prospect research may yield greater returns for years. Some of the most common investments include prospect screenings, research look-up subscriptions, outsourcing or consulting. These investments frequently will combine looking inside and outside your database.

Prospect screenings and research look-up tools may be sold as one product, but it is important to understand how they work. Prospect screenings often include two pieces: a wealth screening and some kind of data mining. A wealth screening takes each person's name and address from a large list pulled from your database and searches for each name in public records databases. Different vendors use different sources of public records. Wealth screenings look for various indicators of wealth, such as real estate, employment type, private company ownership, stock ownership and airplane or boat ownership, among others. The prospects whose records match this public information are assigned a wealth rating.

The data mining, which may be a simple scoring based on giving history with your organization or a more complicated data modeling, assigns some kind of "likelihood to give" rating. When you combine a wealth screening with data mining—what I call a "prospect screening"—you can begin to identify those prospects in your database who are capable of a large gift and are *likely* to make a gift to your organization.

Imagine you are planning for your campaign. Whether you screen your entire database or just your active donors, now you can build your gift table with the names of prospects based on not only capacity to give but also likelihood to give. That is much more strategic than guessing who has wealth or overlooking someone who is very likely to give but has not. Prospect screenings are potent tools when the results are implemented.

Often, a prospect-screening vendor will package a subscription to its look-up tool with the screening. With the look-up tool, you can put in one person's name and search public records for information. No one tool provides comprehensive information on an individual, but the look-up tools can be quite powerful.

Now imagine you are in the middle of your campaign, and your trustees have begun to identify new prospects. You can put those names into the look-up tool and quickly confirm whether they have the capacity to make a large gift.

If you find that a prospect screening is more than you require—maybe you need to identify fewer than 100 prospects—using a consultant to analyze and rate your database could be a more productive route. A consultant can use data-mining techniques to identify prospects and may also offer recommendations on keeping your database clean and useful.

2. Reactive Research

Reactive research is all about being strategic with your donor prospects. Once you know who your prospects are, reactive research digs deeper to confirm that the prospect is qualified and informs your cultivation and solicitation strategies. Often called "prospect profiling," it used to be the primary function of prospect research. However, it doesn't have to take the form of a traditional paper prospect profile. It can be stored inside your donor database.

If you subscribe to a look-up tool, you might do a first layer of research yourself. If you don't have a subscription, a little search technique can find more than enough information to get you out on your first visit with a prospect. With the advent of the Internet, all of us could do with some training on basic search techniques, both in search engines and specific websites. However, when you get closer to a gift of $100,000 or more, you will benefit from the results of a skilled researcher.

Too often, small fundraising offices rely on little or no information before soliciting a large gift for their organizations. This mistake may leave thousands of dollars on the table, lost to your organization. Reactive research may find new information or confirm what you already know, but it almost always gives you the confidence to ask for the largest appropriate gift for your organization and its mission.

3. Relationship Management

Relationship management, also known as "prospect management" or "moves management," is all about moving major-gift prospects from identification to solicitation. These three gears in motion produce consistent relationships with major-gift prospects.

- **Ratings**: Each prospect is rated so you can stay focused on those most capable of giving.
- **Moves**: Actions with prospects are deliberate and planned and hopefully tracked in the database.
- **Reports**: Frequent printed reports are reviewed, and regular meetings are held to build internal skills and keep all the moving parts in balance.

Mastering relationship management in any organization, small or large, requires learning the balance for your organization between the three moving gears.

- How many ratings do you need to stay on track with the most capable prospects?
- How will you plan for moves, make your moves and record your moves?
- What measurements should you report on to keep you accountable?
- How often should you meet, and with whom should you meet to keep your major-gifts program growing?

Creating even a simple relationship management system can be a lot of extra work in a small office. You will have to find the best way to use your database software and change or add responsibilities. Be sure the rewards are there. You should be raising more major gifts as a result of a relationship management system; if you are not, something needs to be changed, and you may consider hiring a consultant to help you.

Starting a relationship management system for a small campaign or major-gift initiative is a great way to begin flexing your fundraising muscle, building some infrastructure for the day when a much bigger campaign comes along. And it will.

It's Not About the Tools

Knowing that prospect research performs three critical functions—proactively identifying prospects, reactively finding information on prospects and moving prospects toward a major gift—should help you focus primarily on your fundraising goals, as well as the possible tools.

For example, if your goal is to proactively identify planned-gift prospects, you can decide on a data-mining strategy and a process for implementing it. Regularly pull a report that shows donors who have given for five or more consecutive years. Then execute a strategy of sending specific mailings and calling for appointments. This is very simple, and it works.

In a small fundraising office, if you carefully consider whether you will be able to act on the information you gather, and if you don't hesitate to purchase research when it will maximize major gifts, you should be able to improve your fundraising performance with prospect research.

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