

THE RESEARCH TRACK: *Why Prospect Research is Essential to Donor Development*

Knowing the right dollar amount to ask for is always the ten million dollar question. Prospect Research has long been the norm among large nonprofits, especially with education and health-related organizations, in determining an individual's wealth and the perfect dollar amount to request. However, greater numbers of small and mid-sized organizations are beginning to use—and find success with—prospect research for their donor and prospect development.

WHAT IS PROSPECT RESEARCH?

Prospect Research is the process of gathering, interpreting, analyzing, and disseminating information that is critical to securing support for a nonprofit organization. “The biggest challenge in fund raising is always where you place your time and energy. Ranking potential prospects and spending your time on those with significant financial resources streamlines the process” says Bill Avery, Director of Development at the Hospice of the Comforter in Altamonte Springs, Florida. “Without conducting a wealth review of our donors, we would have been asking too little or too much. We will often get a significant gift from a family shortly after the death of their loved one. Prospect research has helped us identify whether that was a one-time gift due to limited financial resources or the start of future major gifts/planned gifts.”

PROSPECT RESEARCH COMES IN TWO FORMS:

1. Donor screening of 100's-100,000's of records at a time through several independent data sources (philanthropic, corporate, real estate, pension, etc.)
2. Online data mining on a single person, company or foundation through some or all of the data sources.

The donor screenings often are returned by an outside vendor in a database while the online feature provides individual, printable reports that can be given to development staff. Its popularity results from the explosion of the information available on the Internet and the decline in pricing for comprehensive research services among vendors.

Without these prospect research services, individual researchers are required to search separate, online databases (some are free while others have fees), in order to prepare detailed profiles about a prospect's known assets, gift potential, giving history, and giving interests. This process can take hours and sometimes days of time and resources.

IS PROSPECT RESEARCH IMPORTANT TO A NONPROFIT'S DEVELOPMENT EFFORTS?

Mary Ester, Director of Development at the Brady Center to Prevent Gun Violence and Brady Campaign in Washington, DC explains why prospect research has grown: “Times are so tight that prospect research is essential to effective development.

Our economic climate is difficult—there are so many nonprofits and a lot overlap among constituents and donors. Each organization needs to be as smart as possible in knowing about their prospects & donors to gain the edge needed for financial growth...and, at times, stability.”

Avery knows exactly what Ester is saying. “With a major campus development project underway, we decided to do a wealth screening because we wanted to know who our donors were and what they were capable of giving. Before it was a guessing game of what our board and staff knew about a prospect; now we have hard proof on an individual's wealth.”

Conducting a donor screening “has been beyond what we expected. The screening analysis and donor ranking permits us to concentrate on those with significant wealth rather than scatter-shooting a large list. It permits prioritizing and planning. A side benefit has been locating addresses for people who may have given a gift from a donor advised fund or other “blind” source without a home address.”

“We can now target several major gift prospects & eliminate others quickly,” adds Avery, “donor development keeps me on my toes & any tool that can help me raise more money—and save time—is well worth the cost.”

KEY COMPONENTS TO SUCCESS

Claire Grimm, previously the Director of Prospect Research at Pepperdine University, now working with the prospect research firm WealthEngine.com in their LA office, thinks a key component to a successful development effort is planning. My first few days at Pepperdine consisted of reviewing the paid resources that the previous staff used, then deciding what subscriptions could be canceled and which resources needed to be brought in. Prospect research usually has the smallest budget of all the development offices so you have to make your dollars stretch.”

Often, using internal resources (staff or board members) as much as external resources (prospect research software) is the critical link to success. “You must first understand how your staff and donors are related to your organization and where their interests lie,” suggests Ester. While smaller nonprofits may be more aware of their donor connections they still require prospect research software to estimate wealth.

At a large organization like the Brady Center and Brady Campaign, identifying relationships can be a challenge. “We have to do as much research on the internal relationships as their asset history. For example, we have donors who sit on the board of the Brady Campaign as well as some of our smaller committees. There are lots of histories to review to find which prospects may be interested in supporting a project, like our Legal Action Project over, say, our fight to restore the Federal Assault Weapons Ban.” Using prospect research software can give you a good picture of a prospect's hard asset & philanthropic backgrounds but the next step is to look within your own organization to see where additional connections lie.

Grimm agrees. “When Pepperdine signed on with one prospect research company for both a donor screening and an online research tool, I was able to save the University thousands of dollars by eliminating the need for subscriptions to several different data sources. The benefit of using one prospect research company is that they bring most of the sources together in one screening process. But the most exciting part of using a comprehensive online service was that within seconds we received information on the prospect/donor that would have taken the previous research staff hours and sometimes days to manually research.”

Technology has taken prospect research to new levels where nonprofits of all sizes and mission area can use it to boost their development efforts.

Whether your organization already has a prospect research program in place or is considering its role in your development efforts, you may be surprised to learn that you can save time and money by taking advantage of the latest innovations in donor screenings or online research. tools—and that the costs are not as high as you imagined.