

WHAT IS PROSPECT RESEARCH?

ADAPTED FROM MARY ROSE LARKIN'S 'PROSPECT RESEARCH 101'

Prospect researchers collect, analyze, and present information about individuals, companies, and foundations that might be interested in providing funding or other help to nonprofit organizations.

Is This Legal?

- Prospect researchers only use legal, publicly available sources
- As members of a profession, prospect researchers adhere to the APRA (Association of Professional Researchers for Advancement) code of ethics: confidentiality, accuracy, relevance, accountability, and honesty
 - www.aprahome.org

Research on Individuals

- General biographic Information
 - Family
 - Education
- Professional background information
 - Current and previous positions
- Financial Information
 - Real estate
 - Stock holdings
 - Salary estimates (if available)
- Volunteer Activity
 - Board commitments
 - Committees
- Philanthropic Information
 - Giving history
 - Federal election contributions

Research on Corporations and Foundations

- Publicly-held companies are required by law to disclose certain information to public
- Privately-held companies are not, and the only information available is what the company chooses to disclose
- Does the company have a history of philanthropy? Does it have a formal giving or matching gift program? Does the company's giving reflect the interests of the top officers and directors?
- General business information
 - Company websites
 - Hoovers
 - Reference USA



- Newspapers and regional journals
- Secretary of State records
- LinkedIn
- Business Information for Public Companies
 - SEC (US Securities & Exchange Commission) INFO – filings on public companies, 10ks and annual reports, list of officers and directors, balance sheets, description of business and business practices
 - Proxy statements (DEF 14as) – annual financial report, bios of officers and directors, compensation of top 5 corporate officers and other significant news
 - 8k statements – describe mergers, takeovers and other unexpected business dealings
 - Insider stock holdings – under the law, only “insiders” are required to file their stock holdings with the SEC
- Nonprofit Information
 - 990s
 - The Foundation Center

What is Difficult Information to Find?

- Value of private companies or annual sales
- Private family information can be difficult to confirm; “old wealth” tend to use trusts and corporations to hold their assets
- Donor advised funds – most community foundations do not publish information about the assets of their donor advised funds
- Private salaries, unless the person is an employee of a government entity or nonprofit
- Stock and portfolio holdings for individuals who are not company insiders

Figuring Net Worth and Gift Capacity

- Prospect researchers are only able to *estimate* net worth.
- There are multiple formulas for determining major gift capacity. Capacity ratings are always based on available financial data.
- Wealth indicators include but are not limited to real estate holdings, stock holdings, income, family or private foundation holdings, lifestyle (i.e. art, boats, planes), and philanthropic giving history. A general rule of thumb is five percent of real estate value, stock holdings, and income equals total giving over five years.
- Capacity is given in ranges so not to give the development team a false sense of what the prospect is capable of.
- The capacity rating also tends to be conservative for a few reasons
 - Based on known assets
 - Need to consider rating inclination to the organization
 - Need to consider rating relationships to organizations



WHAT SOURCES DO YOU USE?

Fee Based Subscription Services

This list is by no means exhaustive; there are many paid subscription database services available.

WealthEngine (www.wealthengine.com)

- Database of biographical information, including age, charitable and political donations, property records, stock info, board membership, limited Dun and Bradstreet business info, Marquis Who's Who (if available)
- Supplies giving capacity rating, which is independently verified by research

Research Point by Target Analytics (<https://www.blackbaud.com/analytics/prospect-research.aspx>)

- Database of biographical information, including age, property records, stock info, charitable and political donations, board membership, limited Dun and Bradstreet business info, Marquis Who's Who (if available)
- Supplies giving capacity rating, which is independently verified by research
- Can integrate with Raiser's Edge

Foundation Directory Online (<http://fconline.foundationcenter.org>)

- Database of family and corporate foundations, includes 990 PDFs
- Can search by grantor, grantee, and general giving area

NOZA (www.nozasearch.com)

- Database of charitable donations with links to annual reports
- Can search by name, city/state, donation amount, and general giving area

Guidestar (www.guidestar.com)

- Database on nonprofits with links to annual reports and 990s
- People search to locate volunteers and board members

Puget Sound Business Journal (www.bizjournals.com/seattle)

The Chronicle of Philanthropy (www.philanthropy.com)

Free Research Resources

King County Library System Databases (www.kcls.org/databases)

- ProQuest – news retrieval database
- D&B Million Dollar Database – directory information US companies with \$1-mil+ in sales

Seattle Public Library System Databases (<http://www.spl.lib.wa.us/>)

- ProQuest
- Reference USA
- Philanthropy Center in house at SPL Central Branch (includes Ancestry.com)

King County Recorder's Office (www.kingcounty.gov/business/Recorders.aspx)

- Primarily marriage records



Washington Courts (<http://dw.courts.wa.gov/index.cfm?fa=home.home>)

- An index of cases filed in the courts of the state of Washington; will point to the official or complete court record
- Used most often for divorce records

Washington State Department of Licensing (<http://bls.dor.wa.gov/LicenseSearch/>)

- Search for business licenses issued in Washington – record will provide access to Washington Secretary of State and Department of revenue records for more information

Washington Secretary of State Corporations (www.sos.wa.gov/corps/corps_search.aspx)

- WA business information, including names of officers and directors and affiliated addresses

Washington Department of Revenue

(<http://dor.wa.gov/content/doingbusiness/registermybusiness/brd/>)

- Public information for businesses registered in Washington State

Washington State Employees (<http://fiscal.wa.gov/Salaries.aspx>)

- An index that includes job title and salary for Washington state employees; organized by year and department
- Information also available in different formats through other sources; may have to tinker with search input to get correct results

Washington State Charities (www.sos.wa.gov/charities/search.aspx)

- Registered charity search

IRS Charities (www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check)

- Search for information on exempt organizations' federal tax status and filings

Birthdates

- Birth Database (www.birthdatabase.com)
- Obtaining Birthdates in One Step (<http://stevemorse.org/birthday/birthday2.html>)

Tax Assessor Database (www.pulawski.net)

- Links to county tax assessor websites; property multipliers
- Local resource: King County Assessor (<http://info.kingcounty.gov/Assessor/eRealProperty/Default.aspx>)

Real Property Resources

- Vessel Name Search (www.st.nmfs.noaa.gov/st1/CoastGuard/VesselByName.html)
- Boat/Yacht/Ship Information Center (www.boatinfoworld.com)
- FAA Aircraft Registration (<http://registry.faa.gov/aircraftinquiry>)

Social Security Death Index (<http://search.ancestry.com/search/db.aspx?dbid=3693>)

- Database of deceased individuals

SEC Info (www.secinfo.com)

- Links into online SEC filings & documents



Federal Election Contributions (www.fec.gov)

- Database of Federal Election Contributions
- Similar resources: Campaign Money, CQ.com, OpenSecrets.org, Fundrace

990 Finder (<http://foundationcenter.org/findfunders/990finder/>)

- Database of foundations' annual 990 tax documents

Hoovers (www.hoovers.com)

- Database of company profiles

LinkedIn (www.linkedin.com)

- Database of self-reported professional profiles

Washington State Bar Association (www.wsba.org)

- Lawyer Director provides information on attorneys in Washington state, including current firm & contact information, status, and WA bar admission date
- Similar resource: Martindale-Hubbell (www.martindale.com)

Facebook (www.facebook.com)

- Social media website; personal profiles contain self-reported information

Zillow (www.zillow.com)

- Real estate valuations and comparable sales

Google Finance (www.google.com/finance) or Yahoo Finance (<http://finance.yahoo.com>)

- Public company information, quotes, historical stock prices

HistoryLink (www.historylink.org)

- Historical database and website, chronicling the history of Seattle and Washington state; includes many profiles on prominent individuals

Sample Metrics by Function

The sample metrics listed below offer a starting place for a conversation about performance metrics. This is not a complete list and there may be metrics listed that are not relevant for a particular organization. For more information, please contact Carrie Dahlquist at carrie.dahlquist@campbell.company.com.

Frontline Fundraising Officer

(Principal, Major, Planned, Corporate, Foundation, Leadership Annual Gifts)

Dollars Raised or Solicitations/Proposals Booked (\$)

Solicitations Asked/Proposals Submitted (#)

Visits Made (#): may not be relevant for officers (e.g. some foundation officers) who do not use visits as a strategy for moving relationships forward

Note: The objective in managed relationships is to move a constituent through the philanthropic lifecycle toward their gift. While visits do not capture the full complement of ways that constituents are moved, they are important “touchpoints” and easy to track. It is important to establish goal for both inputs (visits) and outputs (dollars raised) to ensure a balanced approach.

May also consider:

- Solicitations/Proposals Booked (#, % yield)
- Solicitations Asked/Proposals Submitted (\$)
- Assists (#, \$): especially useful for planned giving officers, who may be less focused on face-to-face visit and more focused on supporting MGOs; also useful in large organizations where prospects may have multiple interests and therefore may interact with multiple fundraisers
- Qualification Visits/ Discovery Calls (#) - especially if a goal of the organization is to expand the prospect pool
- Dormant prospects (e.g. 90 days without contact or action) as % of assigned prospects

Annual Giving/Membership (by Giving/Membership Level if applicable)

Dollars Raised (\$)

Donors (#)

Average Gift (\$)

Percent Participation (%)

May also consider:

- Upgraded (#,%)
- Renewed (#,%)
- Reactivated (#,%)
- Acquired (#,%)
- Appeal (# of appeals, # of constituents solicited)
- Return on Investment by appeal (\$ raised, cost of appeal)

- Qualification Visits/ Discovery Calls (#) - especially if a goal of the organization is to expand the prospect pool
- Prospect Transfers (#): This represents metrics for incentivizing upward cultivation and transferring prospects to major gift officers

Prospect Research

Prospects Identified (#)
Profiles (#)
Prospects Rated (#)

May also consider:

- Average turn-around of requests (# of days)
- Average person-hours
- Prospects rated as% of prospects assigned
- Prospects with profiles as% of prospects assigned
- *Note: the first two metrics above will likely necessitate tracking outside the database*

Prospect Management

Prospects in Pipeline (% by stage)
Prospects Assigned (as % of constituency)
Prospects by Rating - Assigned vs. Unassigned

May also consider:

- Dormant prospects (e.g. 90 days without contact or action) as % of assigned prospects

Donor Relations/Stewardship

Acknowledgements (#)
Average turn-around of acknowledgements (# of days)
Stewardship Reports (#)

Communications

Communications (# of communications, # of constituents reached)
Communications by Type- including social media (# of communications, # of constituents reached)

May also consider

- Coordinated/Collapsed communications (# of communications, # of constituents contacted)
- Email click-throughs (#, % yield)
- Unique visitors to development/advancement section of website
- Unique visitors to development/advancement section of intranet site (if applicable)
- Turnaround time on communications requests?
- Return on Investment by communication vehicle

Special Events

Events (# of events, # of attendees per event)
Events by Type (# of events, # of attendees per event)
Dollars Raised (if fundraising event)

May also consider

- Return on Investment by event

Gift Processing/Data Entry

Gift Transactions processed (#-by processing agents)
Gift Transactions processed (#-with lockbox, if applicable)
Batches processed ((#-by processing agents)
Bio data entries (# records added; # records updated)
Correcting entries (#, # by type (e.g. gift, bio, etc.))
Average turn-around of receipts/acknowledgements (# of days)

May also consider

- Gift Transactions by Type (#)
- Gift Transactions by Purpose (#)
- Gift Transactions by Amount (#)
- Pledge Write-Offs, Write-Down, Cancellations (#)
- *Note: the first three items above are especially useful if certain gift processors focus on more complicated transactions, which take longer to process*

Conducting a Recency, Frequency, Monetary (RFM) Analysis

Our best prospects are those with connection, inclination and capacity. But it can be difficult and expensive to identify prospects with these characteristics. Recency, Frequency, Monetary (RFM) Analysis can help provide insights into the prospect pool and enable prioritization and segmentation, saving time and resources.

Traditionally used in the marketing field, RFM scoring creates an indicator that helps to identify donors demonstrating the strongest giving patterns within a prospect pool. Each donor is assigned a quintile score based on that donor's position in a normal distribution of all donors. In plain terms, an individual with a higher RFM score has given more, more frequently and more recently than individuals with lower RFM scores. Note that this indicator lacks external reference- it does not summarize what a prospect is capable of, but rather, what they have demonstrated.

How to Create an RFM Score:

Recency: The recency score is calculated by sorting the entire constituent file in descending order by the most recent gift date. Those in the most recent 20% are assigned a score of '5' the next 20% a '4' and so on until the final 20% receive a score of '1'.

Frequency: The frequency score is calculated by sorting the entire constituent file in descending order by the total number of gifts to the organization. It is important not to include pledge payments or recurring gifts as these will skew the perceived activity of the donor. Again, those in the top 20% are assigned a score of '5' the next 20% a '4' and so on until the bottom 20% receive a score of '1'.

Monetary: The monetary score is calculated by sorting the entire constituent file in descending order by total giving to the organization. Those in the top 20% are assigned a score of '5' the next 20% a '4' and so on until the bottom 20% (which should primarily be non-donors) receive a score of '1'.

The Total RFM Score: Each score can be used separately but they are most powerful when combined together into a total RFM score. The result will be scores ranging from 15 to 3 which will help to prioritize its list of donors into those that seem to have the highest propensity to make an additional gift to the organization based on their demonstrated gift history. When combined with a capacity estimate as well, these scores can provide powerful insight into the appropriate ask amount for a prospect during any fundraising initiative.

How to Use an RFM Score:

The key to using a RFM score effectively is to ask a question. Some questions that can be informed by RFM scores are:

- How do I reengage the lapsed donors with the post potential?
 - You can isolate your best prospects using the Total RFM score or
 - You can select a group with lower Frequency but higher Monetary – even better if they also have mid-high Frequency scores (i.e. they used to give but fell off)
- How do you upgrade low-level donors?
 - Look for those loyalty groups with high R and F but low M
- I don't have access to external data- how can I identify top prospects?
 - While RFM won't give you estimates of capacity, it can be a useful tool to review the prospect pool.
 - Look at Total RFM for your better prospects
 - Look at M for prospects who may need to be reengaged but have potential