

What is prospect research and why do it?

➤ Identify prospective donors and determine how you are going to cultivate a relationship with them

- **Major Gift Donors**

You have a good annual fund base, but would like to cultivate donors who are able and likely to give gifts of say \$5,000 or more **AND/OR** have an interest in designating a gift to you in their wills (planned gift).

You will want to identify individuals with both financial means AND inclination to give to your organization.

- a prospect may have millions, but have they shown any interest in what you are doing at your organization?
- maybe they already have a relationship with your organization, but have never thought of giving a major gift.
- maybe they don't know your organization exists, but you find evidence that they support similar organizations
- maybe they just don't yet know how great your work is and how far their dollars would go in supporting that work. '

Prospect research is about identifying these individuals, reaching out to them, and developing a relationship with them.

You will need to know when to stop pursuing a prospective donor for a major gift and you will find this out either at the research stage or early into the relationship building process.

If research and then relationship keep you moving forward with a prospect and you do ask and receive a major gift from them, the relationship is still not over. These individuals become friends of your organization and may become key in linking you with other strong potential donors. They might only be able or willing to make one major gift, but if they continue to feel a strong connection to you and your organization's work, they may be moved to put you in their wills.

- **Outreach to groups you would like to cultivate as potential donors**

For instance, your organization's donors are primarily 40 yrs old and up and you would like to start cultivating donors who are younger. How are you going to do that?

- What are the general characteristics of this group?
- What is the best media over which to reach them – Facebook, twitter?
- How does this group behave philanthropically, what do they give to and why? - How are you going to engage these individuals?
- Is there an individual with whom you already have a relationship who could be of help in networking, reaching out to peers?

Prospect research is about outreach and the effective development of your donor base.

What is the role of a prospect researcher?

➤ To research

Seems self-evident and almost not worth mentioning, **BUT**

- **Research takes time** and for a development officer who is busy travelling, or writing grant proposals, or meeting with donors, the time and the quiet may not be there for research

“Prospect Research”

by Claudia Bickel

- Research requires a certain mind-set and temperament – curiosity and a willingness to sort through lots of useless information, ability to spot bits of information as clues, attention to detail, strong memory, patience (introvert / extrovert; seems to me both personality types are essential and complementary in development work.)
- Research requires a knowledge of resources and skill in finding them – need to identify information that you are looking for – what is it that would be helpful to know about this individual or demographic group and where would you find that information?

➤ **To analyze information**

- recognize clues and information leads
- discernment of info from sources – word of mouth/anecdotal, notes in files, press coverage, professional listings
- determine validity of information – **at least two sources confirm**; if not sure, present it as “it seems” or “it may be”... **if not sure, present info as conjecture, not fact**

➤ **To record and/or present relevant information in writing**

- know what information to include, what to leave out
- be able to gather what may seem like disparate details, know where you found the details and be able to say why these details are relevant (everyone has a story)
- **what distinguishes this prospect and makes them an important connection – potential friend and/or donor to your organization?**

(If you are both researcher and gift officer, you will still want to write up the information that you have found so that you have it as reference.)

How do you DO “prospect research”?

➤ **Look for identifying information**

- address, age, profession
- make sure that you are learning about the correct “John or Jane Doe” – common names can be a pitfall; more common a name, the more false-leads you will find

➤ **Cast net wide and choose the pieces of information that are important**

- once you have gathered info from the initial casting of the net, then you can narrow the area over which you will cast your next net
- throw the net, gather info, analyze the results

For instance

Online search finds that your prospect is an anesthesiologist. You find her listed as such on the web site of a hospital or clinic. You find her Facebook page and see many pictures of her at the top of mountains, wearing mountain climbing gear; one of the trustees tells you that this prospect is going through a nasty divorce and adds that she knows the husband and that your prospect is really not cooperating at all.

What leads will you follow?

- Professional lead – how much do anesthesiologists earn per year generally?
- Professional/Financial lead – is the hospital or clinic listed on Guidestar? Check 990 for top salaries at the hospital, this will give you an idea of salary range there.
- Assets – you know her home address so you will check county records (online) for value of that property.
- Personal/Anecdotal information – the personal or anecdotal information about divorce is not important. It is something you may keep in mind in case divorce becomes significant in terms of what it

tells you about her finances, but the fact is that this information is gossip. It is neither ethical to pursue it nor worth your time.

➤ **Assets and Net worth**

WARNING – proceed with caution – you are never going to know someone's "net worth." **You are limited to public financial information** and for most individuals the amount of their financial information publicly available is extremely limited.

- **Public assets**
 - **real estate holdings** (county records across the US; wealth screening products)
 - **insider stock holdings** (executive officer or trustee) or own 10% or greater share in a company (SEC filings)
- **Semi-Public assets**
 - **salary** – only publicly available for officers and trustees in a public corporation (SEC filings); may or may not be publicly available for others; however, many sources are available for getting a good sense of individual's possible salary (professional associations, industry analysis, salary.com)
 - **private business ownership** – need to know percentage of ownership and value of the company; both pieces of information are only available if "self-reported," meaning that they are published in annual reports or reported to Dunn and Bradstreet (financial information company). Some wealth screening products access Dunn and Bradstreet financial info and make an estimate of ownership value based on that information – pretty unreliable. All in all it is very difficult to assess value an individual's holdings in a private company. **Best bet is to get sense of how big the company is (annual revenue if you can find it, number of employees), familiarize yourself with the industry, and read press or web site reporting on current status of the company you are assessing.**
- **Private assets**
 - you cannot access an individual's retirement savings or bank accounts, and you cannot access their stock holdings unless they are officers in a public company or own more than 10% share in a public company.
 - even after identifying assets, you must remember that you don't know your prospect's debt to asset ratio – how leveraged they are, how liquid their assets are.
- **Reading financial clues**
 - age (retired? college age children? early in career? late in career? if young, maybe still paying off student loans?)
 - where they live and any indications of lifestyle (travel, education, hobbies)
 - owns private plane or boat
 - owns multiple properties and/or real estate as an investment
 - has a trust in their name
 - has a foundation
 - doesn't have a job that you can see – appears to volunteer or serve on boards, but no current "job"
 - retired early
 - family has wealth or spouse's family has wealth
 - evidence of other philanthropic giving – assets appear quite modest, lifestyle modest, but this person has made a major gift to another org
 - political giving – will give you an idea of liquidity (also gives you idea of where they stand politically)

Best to get a sense of ranges of wealth. Knowing financial means is only part of the story – prospect must feel a connection to your organization and its work, must have inclination to give to you.

Conclusion

It behooves everyone to think like a prospect researcher. Be on the lookout for info anywhere, anytime. See all info as clues or leads. Don't assume that you have the full or definitive story. Keep on your toes!

APRA – international organization for fundraisers who specialize in research, analytics, and relationship management.

<http://www.aprahome.org/>

CASE – Council for Advancement and Support of Education <http://www.case.org/>

Identifying Prospects – name, address, phone – **very difficult to get for free online**

LexisNexis for Development Professionals <http://www.lexisnexis.com/en-us/products/in-development-professionals.page> (by subscription; **but excellent source**)

*411.com <http://www.411.com/> (**best free site!**)*

Spokeo <http://www.spokeo.com/> (won't be able to get far for free)

Intelius <http://www.intelius.com/> (won't be able to get far for free)

radaris <http://radaris.com/>

Real Estate – Property ownership is listed online by county throughout the US. Not all counties provide names of owners. Search "County, State, property tax records"

Best site for Montana property is Montana Cadastral <http://svc.mt.gov/msl/mtcadastral/>

GuideStar <http://www.guidestar.org/Home.aspx>

Foundation Center – 990 Finder <http://foundationcenter.org/findfunders/990finder/>

Foundation Directory Online <https://fdo.foundationcenter.org/>

Montana State Employee Directory <http://pubdir.mt.gov/>

Montana Secretary of State – Business Search <https://app.mt.gov/bes/>

U.S. Securities and Exchange Commission – company filings

<http://www.sec.gov/edgar/searchedgar/companysearch.html>

US Patent and Trademark Office <http://patft.uspto.gov/netahtml/PTO/index.html>

FAA Registry – ownership of a private plane http://registry.faa.gov/aircraftinquiry/name_inquiry.aspx

NASDAQ <http://www.nasdaq.com/symbol/apnx/stream#!/view/news/http%3A%2F%2Fbloomberg.com>

Bizapedia <http://www.bizapedia.com/>

InsideView <http://www.insideview.com/>

Dun and Bradstreet <http://www.dnb.com/>

Reuters <http://www.reuters.com/>

Hoovers <http://www.hoovers.com/>

Salary.com <http://salary.com/category/salary/>

AFL-CIO <http://www.afcio.org/Corporate-Watch/CEO-Pay-and-You/CEO-Pay-by-Industry>

US Bureau of Labor Statistics <http://www.bls.gov/ooh/occupation-finder.htm>

Federal pay rates <http://www.fedsdatacenter.com/federal-pay-rates/index.php?n=Shields&l=&a=ENVIRONMENTAL+PROTECTION+AGENCY&o=&y=2012>

Attorneys http://www.abajournal.com/magazine/article/search_wage_data_for_your_county

Foundation Executives <http://philanthropy.com/article/Pay-for-Foundation-Employees/140051/>

Professors <http://chronicle.com/article/faculty-salaries-data-2012/131431#id=144050>

Equilar Atlas <http://www.equilar.com/solutions/executive-profiles>

Political donations http://www.fec.gov/finance/disclosure/disclosure_data_search.shtml