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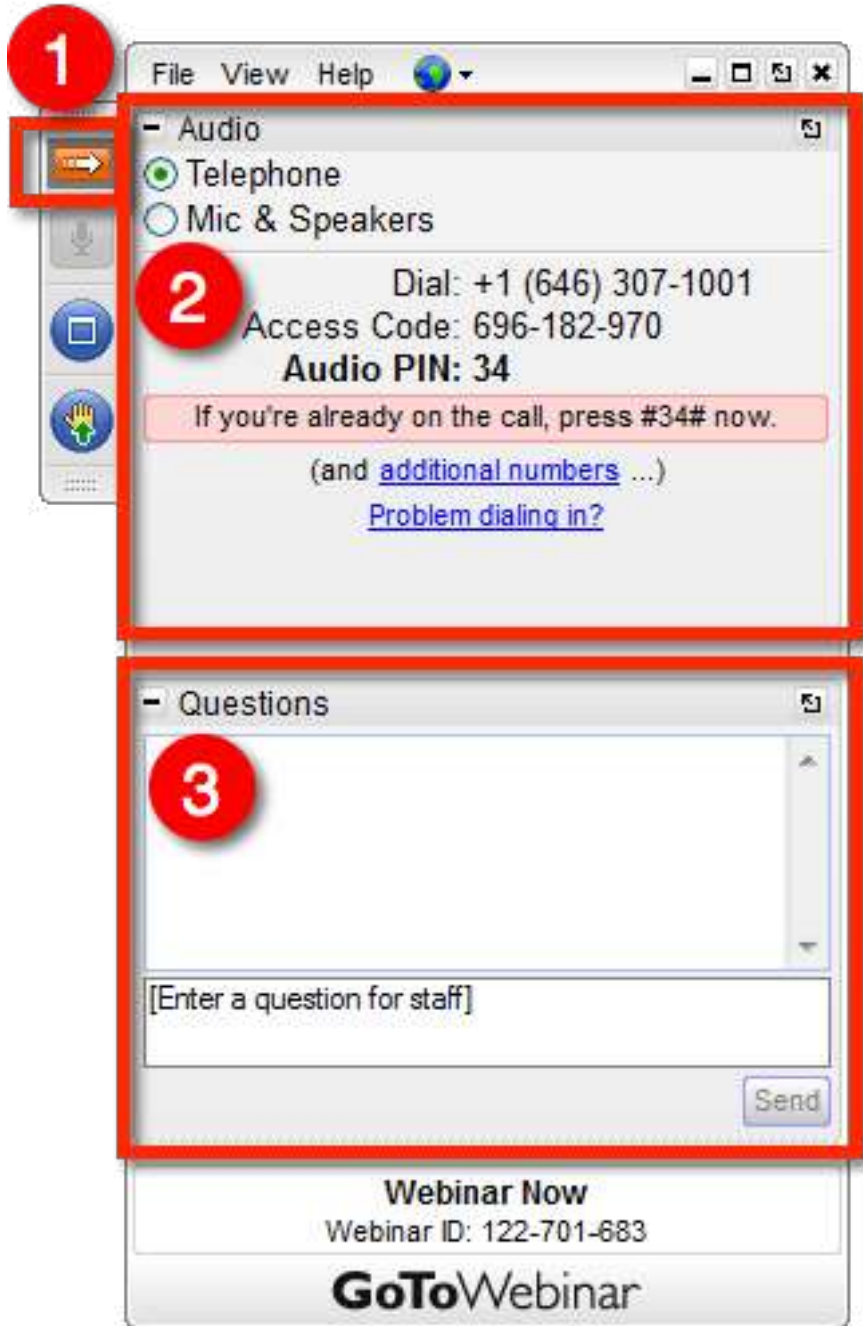
Learn to reach your fundraising goals faster!

PRESENTS

PROSPECT RESEARCH FOR THE SMALL SHOP

with Sarah Tedesco, DonorSearch

#npapresents



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Prospect Research for the Small Shop: *Unlocking Your Potential*



Sarah Tedesco
Executive Vice President
DonorSearch



Today's Goal:

*Take a closer look at the essential elements of successful major gift fundraising and the prospect research needed to do get there—**for nonprofits with income under \$10 Million.***

Agenda

- The Landscape for Small Nonprofits
- Pop Quizzes!
- Focus on Major Gifts
- Major Gift Prospect Research
- Taking Action
- Keeping the record straight
- Key Take Aways

Pop Quiz!

How well do you know your industry?

Question 1: What percentage of registered charities in the US raise \$10 Million or less?

A. 50%

B. 75%

C. 95%



Pop Quiz!

ANSWER: C.



of registered charities in the US raise \$10 million or less annually



Survey* Responses – In good company

	FREQUENCY	%
\$5M - \$10M	93	14.0
\$1M – 4.9M	233	35.2
Under \$1M	336	50.8

662 completed questionnaires from organizations that generated income of under \$10 million.

Leading fundraisers or consultants with experience at smaller fundraising organizations completed the survey and 10 Qualitative Interviews regarding their experience with major gifts.

Respondent Demographics

CATEGORY	%
Human Services	27.8
Education	17.9
Arts & Culture	10.5
Health Services Medical Research	10.5
Nature Environment	4.6
Religious Spiritual	4.3

Human Services, Education, Arts & Cultural, and Health Services **make up 66.7% of the sample.**

Environmental, Spiritual, Public Advocacy, Animal Welfare, Sports and Recreation, Emergency Relief, and Human Rights together **make up 18.9%.**

CATEGORY	%
Public Society Advocacy	27.8
Animal Rights Welfare	17.9
Sports Recreation	10.5
Int'l Development Emergency Relief	10.5
Human Rights	4.6
Other	4.3

Quality over Quantity

A small shop is a small team. Fundraising success comes from **focusing** on your BEST prospects and **prioritizing** action based on major gift potential.

THIS is the value of **Prospect Research**.

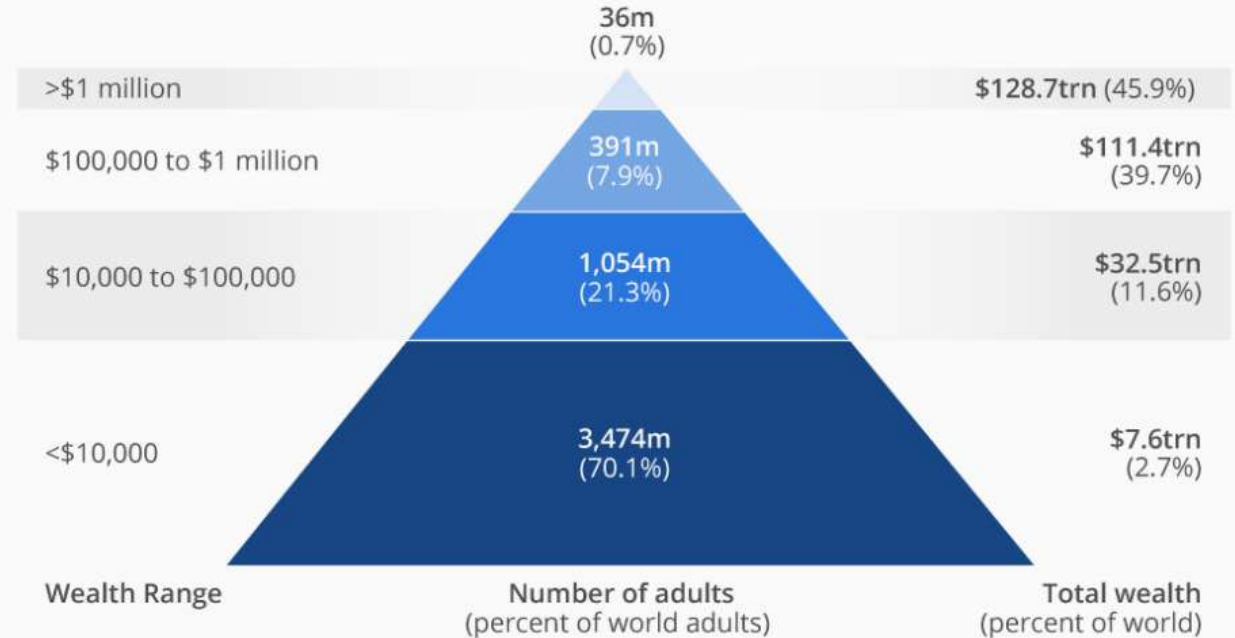
Prospect Research uncovers the information about prospects that enable fundraisers to evaluate their giving capacity and inclination toward supporting an organization

Side Bar....

With the continuing inequality around the world, and 45.9% of the global household wealth is in the hands of 0.7% of the worlds population, we have to be more strategic and focused on who can make a difference.

The Global Pyramid Of Wealth

An overview of global wealth distribution (U.S. dollars)



@StatistaCharts Source: Credit Suisse 2017 Global Wealth Report

statista

Pop Quiz!

Question 2: What does Research show?

- A. Lower and Upper income households donate the same proportionately, whereas ultra wealthy donate more of their income.
- B. Upper income households and the Ultra Wealthy donate more than lower income households proportionately.
- C. Ultra Wealth households donate less proportionately than lower and upper income households.



Pop Quiz!

ANSWER: A.

Lower and Upper income households donate the same proportionately, whereas ultra wealthy donate more of their income.



Pop Quiz!

How well do you know your industry?

Question 3: In a 2018 Bank of America Study what were the TOP Motivations of High Net Worth donors to give?

- A. Interest in the issue area
- B. The mission of the organization aligns with their personal values
- C. Recognizable/Reputable Org
- D. Perceived Need
- E. 1st- or 2nd-hand experience in benefitting the org



Pop Quiz!

ANSWER: Personal Values in Org Mission (74%)



So WHY Do HNW Donors Give?

Bank of America/US Trust:

“For most wealthy donors, the decision to contribute to a particular cause or organization is strongly influenced by personal values and interests.

“Engaging with donors based on an understanding of their philanthropic goals carries far more weight than arguments based on organizational need.”

Further Insight:

Findings suggest that giving is a habit and if an individual has given a large amount once, there is a good chance they’ll give again.

Why Major Gifts?

Major Gifts are some of the largest donations your organization will receive.

- 80% of your fundraising total comes from 20% of your donors...we are starting to see *closer to 90-10 for major gifts.*
- Major Gift programs give interested supporters the opportunity to *guide the allocation of their funds.*



Major Gifts

Definition: *Significant* gifts that are larger than a nonprofit's typical donation, **representing 10, 20, or 30% of the nonprofit's annual budget.**

For survey respondents raising Major Gifts:

- The Mean (average) donation was \$24,555.
- The Median (middle of the road) was \$5,000.
- The Modal gift (most frequent) was \$1,000.



What's a Major Gift for YOU?

Determining an appropriate threshold for the **major gift** label can be achieved by looking at the current donor database to see how many individuals are giving at specific levels.

Your **BEST** donors' biggest gifts should give you an idea as to what a **major gift** is for you.



Structure of the Nonprofit

Small organizations, with donated income under \$1 million have an average of 2 FTE staff members—*only partially engaged in major gift fundraising (30% of their time)*. Typical Roles:

- Executive Director
- Director of Development



Larger organizations, with donated income between \$5 and \$10 million, have an average of **5.5 FTE staff members engaged in major gifts**.

How Do You Find Major Gift Prospects?

Examine your constituent data.

- Start with donors & current supporters
- Identify any internal relationships with capacity
- Segment donors & prioritize
- Use screening data* – Efficiently pinpoint capacity, uncover relationships, identify philanthropy interests

Best Practice as described by Panas and RE-emphasized by Sargent, is to **review your database on a regular (annual) basis.*



Identifying Major Gift Prospects

A combined examination these **6 Predictive Markers** will reveal both a prospect's financial capacity to make a major gift and their likelihood of doing so:



1: Giving to
YOUR
Organization
(Internal Giving)



2: Giving to
OTHER
Organizations
(External
Giving)



3: Foundation
Trustees



4: Political
Giving



5: Real Estate



6: Business
Affiliations
(SEC, Privat
Cos)

Predictive Marker: Giving to YOU

- Of all factors analyzed, past giving to a nonprofit is the strongest predictor of future philanthropy.
- Analysis of previous giving to your organization is the single best predictor of future philanthropy.



Predictive Marker: Giving to Other Nonprofits

- Individuals who have made a gift of **\$5k-\$10k** to a nonprofit are **5x** more likely to give to other charities.
- Individuals who have made a gift of over **\$100k** to a nonprofit are **32x** more likely to give to other charities.
- Individuals who have made a gift of **\$50k-\$100k** to a nonprofit are **25x** more likely to give to other charities.
- Individuals who have made a gift of **\$10k-\$25k** to a nonprofit are **10x** more likely to give to other charities.

TIP: Look for Commonalities of Cause – *If they're giving to similar missions, you know what they care about.*



Predictive Marker: Foundation Trustee

- Your prospect's participation as a foundation trustee is even more valuable than finding any wealth marker.
- Prospects understand the importance of philanthropy and the work of nonprofits because they have firsthand experience.
- Prospects are valuable because of the connections they bring.



Predictive Marker: Federal Political Giving

- Those who give politically to the **FEC at levels of \$10,000+ cumulatively** have a **1:1 correlation to giving a *five, six, or seven figure gift* to a nonprofit.**
- Food for thought: A single FEC gift of \$250 puts your constituent into the top 6% of the U.S. population. What's more, a single FEC gift of \$1,000 puts your constituent into the top one tenth of one percent.



Predictive Marker: Real Estate Holdings

- An individual that owns **\$2M+ worth** of real estate is **17x more likely** to give philanthropically than the average person.
- An individual that owns **\$1-2M worth** of real estate is **4x more likely** to give philanthropically than the average person.
- An individual that owns **\$750k-1M worth** of real estate is **2x more likely** to give philanthropically than the average person.



Predictive Marker: Business Affiliations

- An individual that owns or is an officer of a business with **\$5M+** in revenues is **9x more likely** to give philanthropically.
- An individual that owns or is an officer of a business with **\$1-5M** in revenues is **4x more likely** to give philanthropically.



Screening Results Deliver Markers

A small nonprofit—with a small staff—needs an efficient and affordable way to evaluate its donor prospect pool in order to get down to the business of fundraising.

A Wealth and Philanthropy screening of your constituent list gives you all the Markers in one file that you can sort and segment for action.



Screening Results Deliver Markers

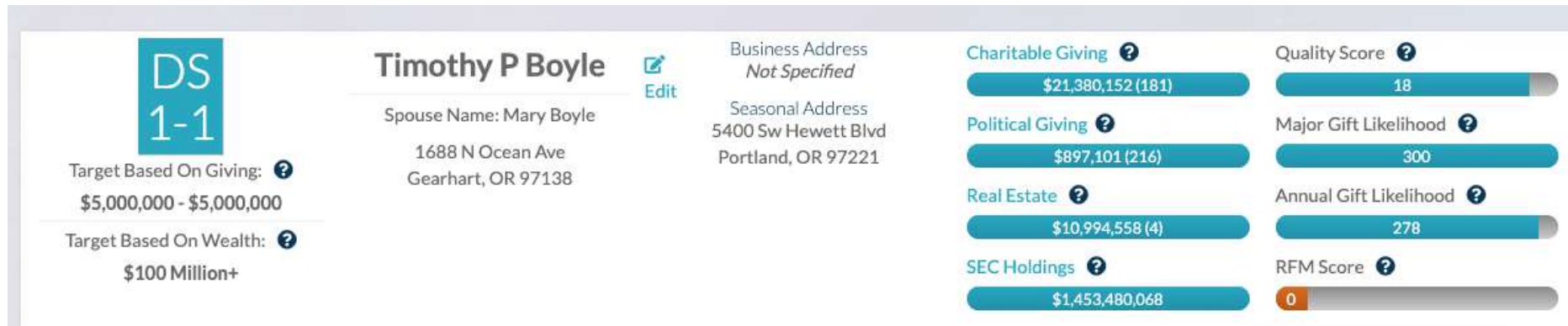
A good screening will give you the key data elements *and* provide you with individual ratings for affinity/loyalty and capacity:

- **RFM**/Loyalty Rating – A calculation of affinity based on **R**ecency, **F**requency, and **M**oney (amounts) given
- Charitable Giving *Elsewhere*
- Political Giving
- Wealth Data – What is their capacity/gift potential?
- Relationships with others of high net worth – Who's in their Inner Circle?



Detailed Profiles – The *Essential* Research Tool

Prospect Intelligence—the data you’ve collected—is only **actionable** if you communicate findings and share strategic insights. A detailed, prospect profile is the ideal vehicle*.



**A good screening vendor should deliver a profile with your screening (and independent research) results.*

Prospect Profiles – Key Elements – In Brief

The detailed profile communicates—briefly and clearly—the current, accurate, data that informs **recommended strategy and estimation of capacity (ask amount)**.

Here's what it should include:

- Linkage/Loyalty/Likelihood – RFM ranking
- Ability – Capacity rating based on visible wealth
- Interest (area) – Charitable Giving – Commonality of Cause
- Strategy – Tie it all together with summary of relationship and current opportunities.



Research is Essential and On-going

On-going Prospect Research is necessary and useful – *both* as new prospects and donors that come to your attention *and* if you need more information to refine your strategies.

You need a toolset that picks up where a wealth and giving screening leaves off.



Gift Search



Prospect Generator



Marketing List



Search Options ▾



Integrated Search

Your Training is Key to Success

There is a strong correlation between the range of training and educational opportunities afforded to staff and overall fundraising performance.

Each additional form of training/education is associated with an increase of \$37,000 in income.



Your IT Department is Key to Success

Having appropriate IT Systems in place was highly relevant to the success of the fundraising staff...

Embrace new technologies like: Open Systems, API, AI & Deep Learning Tools...



Taking Action on Research

With a screened or researched list of prospects, your next step is to **refine** the list, then **rank/prioritize** the prospects for action.

- Refine (Sort/Filter) your list, focusing on the indicators (and internal engagement info)
- Analyze the data to recommend:
 - Gift Potential
 - Ask Target (what to ask them for)
 - Influencers in Cultivation
 - Sequencing of Action



Taking Action on Research



NEXT – ***Communicate*** your Findings

- Build Prospect Portfolios
- Generate profiles, highlighting:
 - Key indicators and ratings
 - Important relationship factors
 - Recommended cultivation/solicitation strategy
- Collaborate with field fundraisers
- Embrace new Technology which limits manual effort



Keep the record straight

You're the keeper of your organization's understanding of its relationships – as they begin, as they mature, as prospects give.

- Maintain the data you've collected in a database (CRM)
- Capture interactions and outcomes (e.g., contact reports)
- Document strategies
- Organize and Keep your data current – so you can report on it



TIP: this will help you in campaigns and messaging.

Key Take Aways

- Prospect Research for a small shop is about ***focus*** and ***prioritization***
- ***Focus*** on Major Gifts
- Make it easy on yourself with a screening
- Prospect Research is ***ongoing***
- Maintain the larger picture for overall (and long-term) success



On-going Research

Now that you know the **Six Markers of Philanthropy**, fill your tool chest with the resources that will point you in the right direction. There are many free and/or inexpensive options available. Here are just a couple:

- 23 Prospect Research Tools & Resources --
<https://www.donorsearch.net/prospect-research-tools-resources/>
- Northwestern University Research Bookmarks --
<http://www.nudevelopment.com/research/bookmark.html>



Thank You!



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