

Prospect Research for the Non-Researcher

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Executive Summary

When it comes to fundraising, focusing your efforts on the prospects and donors who are most likely to give is the best way to achieve results. But what can you do when you don't have a professional researcher on your side to help you determine your organization's best prospects and tailor your approaches appropriately? The good news is that you have resources that even professional researchers don't. And when you fill in the missing pieces, you can narrow the gap between your organization and others you compete with.

Introduction

Good prospect research can mean the difference between receiving a large gift and a major gift. As many development officers know, when you improve your understanding of a prospect's wealth, interests, and stature in the community, you are better equipped to tailor your gift request more effectively to help the donor make the largest gift possible. But many organizations don't employ prospect researchers, which may force development officers to build their gift requests from a hunch. But as you will read in this white paper, this does not have to be the case! There are inexpensive tools — even free ones — available today that anyone can use to complete their own prospect research.

How To Go From Shooting In The Dark To Hitting Your Target

First, let's take a look at what types of tools you or your organization may lack so you can fill in the gaps to become more successful in targeting the right prospects and tailoring your asks.

What does the professional researcher have?

- Time
- Resources
- Training
- Experience

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What do you have?

- Personal knowledge of your organization's prospects — often not available to the professional researcher
- Access to the same public information that everyone else has (including professional researchers)
- A need to know some very specific information that will help you prioritize your prospects

What do you need to know?

- Where do your prospects live? Do they own property?
- Where do your prospects work? How does their employment contribute to their ability to give?
- Do your prospects make gifts? If so, how big?
- How and where are your prospects connected in the community?

Obviously, the list of what you need to know could go on and on. But it's easy — and dangerous — to get so wrapped up in your prospect research that you talk to fewer prospects. For major gift fundraisers, it is better to err on spending more time in the field and less time behind the desk. Still, there are some things you can discover with some basic resources that can help you prioritize your prospects and more effectively engage them.

Don't expect to be able to discover someone's net worth or to be able to find the same amount of information on all of your prospects. However, what you can find may help you focus your energies more strategically. Consider the following scenario: You have two donors who have made equal, moderately large gifts recently but are otherwise unknown to you. By "moderately large," I mean a gift that's wouldn't be considered a major gift, but is larger than a typical gift — large enough to get your attention. For donor #1, you can discover that she owns an \$800,000 home and gave \$5,000 in political gifts last year. For donor #2, you learn that he owns a \$250,000 home but you are unable to discover any information about his past giving.

Let's acknowledge that this situation is a simplified one, and it doesn't take into account some of the other factors that may exist below the surface. It's possible that these prospects might be equally capable of making major gifts, or the one that seems wealthier might be more burdened with debt or own a home that has lost considerable value in a troubled real estate market. But the evidence suggests that donor #1 may have greater resources than the second. Your time and energy is also a limited resource, so if you had to choose which prospect to try and contact for a personal thank-you and follow-up, the evidence favors donor #1.

Here are some resources that a fundraiser can consult when prioritizing a list of prospects. These tools need to be free or low cost, and involve a minimum amount of time and effort. You also need to understand that nothing comes without a price — even if it doesn't cost you money. You will need to put in some time to make use of these tools, but for the right prospects, it will be time well spent. That said, it is a good idea to put a limit on that time so that you don't get locked in what I call "analysis paralysis." As you are beginning to become familiar with these resources, you might need a couple of hours per prospect. However, as your proficiency increases, you should try to find out what you can in an hour or less per prospect, then get out on the road.

**About the Author**

David Lamb joined Blackbaud in 2004 following three years as an independent consultant for prospect research. David has more than 20 years of experience in the prospect research field. His Prospect Research Page (www.lambresearch.com) is a trusted and popular resource among prospect researchers. David is a frequent speaker at professional conferences, including those sponsored by the Council for Advancement and Support of Education (CASE), The Association of Fundraising Professionals (AFP), and The Association of Professional Researchers for Advancement (APRA). His areas of expertise include prospect research, prospect management, fundraising, and database systems. In 1997, he received APRA's Service Award for outstanding service to the profession, and in 2001, he was awarded the CASE Steuben Apple Award for excellence in teaching. He holds a bachelor's degree in sociology from Sterling College (Sterling, Kansas), a master's degree in sociology from Wichita State University, and a Master's in Divinity from San Francisco Theological Seminary. You can contact David at David.lamb@blackbaud.com.

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Real Estate

Real estate can be a useful gauge of a prospect's overall wealth. The neighborhood where a family lives tends to reflect economic status. There are exceptions of course, but as a broad economic indicator, real estate value is a good starting point.

Fortunately, the value of virtually every property in the country is public information. You can often access this information through the website for the tax assessor of the county where the property is located. Each county may have a slightly different set of search options to find your prospect's property. In many cases, you can search by name, name and address, or just address.

There are at least two things you should know about your prospect's home: what is its assessed (taxable) value and what is its market value? The place to start is the county assessor where the property is located. You can often find the county assessor's website at one of these two websites: www.pulawski.net or publicrecords.netronline.com.

If you don't know the county for the address you're searching, look it up at the US Postal Service Zip Code site zip4.usps.com/zip4/welcome.jsp. This will give you the full address in standard format. To the right of that address, you'll see a link to "mailing industry information," which will tell you the county for that address.

The county assessor website will provide the tax — or assessed — value of the property. It may also provide lots of additional helpful information that may include the market value, a history of sales, and a description of the property.

Tax value and market value can be quite different. If the assessor doesn't provide a market value, you might be able to get an approximation of the market value at www.zillow.com.

Are you willing to spend a little money? A website called www.KnowX.com allows you to search by name within a state or within the country. The advantage here is that you don't have to know your prospect's address in order to find not only their home but other property they may own as well. Avoid this, though, if your prospect has a common name. Retrieving a single property record from this website is fairly inexpensive.

Donations

Political donations made to candidates for national office — or political action committees that support those candidates — are reported by the Federal Election Commission. There are limits on the size of donation that is allowed, so these donations are not necessarily a good indication of a donor's capacity. Nevertheless, it is possible for a political donor to give up to \$115,500 to a combination of candidates, PACs, and party committees in a two-year campaign cycle. It isn't common for someone to max out their donation capacity on political donations. Even though a political gift is not considered a charitable gift, political donations — even small ones — are evidence of giving behavior. Further, there is a strong correlation between political giving and charitable giving.

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A side benefit of finding political donations is that the document reporting the gift (yes, you can download an image of the gift record) often includes the donor's home address, employer, and business title.

There are many sources for this information. One of the easiest to use is herndon1.sdrdc.com/fecimg/norindsea.html. Simply enter a person's name to discover if any gifts are reported. The city where the donor lives is also listed to help sort out your prospect from others with the same name in different cities.

Willing to spend a little money? Charitable donations are not reported through a central clearinghouse like political donations are, but several companies have amassed large databases of charitable contributions by copying the donor lists from annual reports and honor rolls of donors published by nonprofit organizations. With more than 41 million donation records, NOZA (www.nozasearch.com) has the largest database. It can be searched by donor name and filtered by state, city, and donation year. Other resources like DonorBank have become great places to get charitable giving data as well.

Public Company Insiders

The only people who are required by law to disclose their stock holdings are public company insiders. These are directors, top officers, and 10 percent shareholders of publicly traded companies. The good news is that, if your constituent is an insider, you can learn specific value information of this very gift-able asset. The bad news is that only a tiny fraction of your constituency is likely to have insider status.

Insiders are very easy to research. There are several different websites you can search for insider data for free. I recommend J3 Information Services Group's (www.j3sg.com) Insider Reports tool. On the home page, look for Quick Search, then enter your prospect's name into the Insider Reports box and click Go. If no information comes back, your prospect is probably not an insider.

Other Professionals

While many public company insiders are major gift prospects, most major gift prospects are not insiders. They are owners and leaders of business. They are professionals like doctors or lawyers. In many cases, these "millionaires next door" are very difficult to spot in your database or in the public information sources. If, however, you have a reason to believe that someone might be able to give more than they do now, here are some places to look for professional information:

- Lawyers: Martindale-Hubbell (www.martindale.com)
- Doctors: AMA DocFinder (webapps.ama-assn.org/doctorfinder/html/patient.jsp)
- ZoomInfo: General professionals automatically compiled from Internet sources (www.zoominfo.com)
- LinkedIn: A social networking site for professionals (www.linkedin.com)
- Hoovers: A business directory searchable by executive name (www.hoovers.com/free)

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Keep in mind that sources like ZoomInfo and LinkedIn, and even Hoovers to some degree, are not verified by a disinterested third party. Usually, self reported information (as in LinkedIn) is very accurate, but it is also possible for someone to misrepresent him or herself. These caveats should apply to almost any data source in existence:

- Every source contains old or inaccurate information to some degree
- You get what you pay for

Most of what I've described is free, or relatively inexpensive. You can find many additional useful resources, both free and those that charge a fee, at my research website: www.lambresearch.com.

Income

Unless your prospect is an insider officer in a public company, you will almost certainly not find a definitive report of his or her salary. In some cases, however, it is possible to estimate constituents' income based on what else you know about them. Salary surveys abound and are easy to access over the Internet. Two good ones are www.salary.com and www.jobs-salary.com.

What Do You Do With All The Information?

Estimating a prospect's giving capacity is a mixture of art, science, and relationship. There is no magic formula that can be applied with confidence and accuracy in every case. You, as a development officer, are very aware of the relationship component. Adding research data injects some science into the equation. In the end, you must establish the ask amount based on what the prospect has told you, what others who know the prospect have told you, and what your research has told you. Evidence of large gifts that the prospect has made suggests that the prospect could give a large gift again. Ownership of semi-liquid assets such as stock suggests a gift vehicle. If a person owns expensive property, it probably hints at assets beyond the property itself. In a wealthy family's portfolio, real estate is not usually the largest asset. Additionally, we can't discount the possibility that a property — other than the prospect's home — might be the gift itself.

The goal of your research is not to pin down the prospect's net worth, but to appropriately rank the prospect's potential in comparison to other prospects so that you can spend your time with the prospects that are most capable and likely to give larger gifts.

Various rules of thumb may be useful when rating a prospect's capacity. But remember that none of these will precisely fit your prospect's situation. They are only guides to get you started in the right direction. Then you refine your ask based on what you know of the prospect's circumstances and your development instincts.

A prospect may give 5 to 10% of annual income. To attempt to compute this, here are some equations to help:

- Total real estate value x 4 x 5% (use only when real estate value is over \$500,000)
- Total stock holdings x 4 x 5% (use only when known stock value is over \$100,000)
- 5% of total known assets (use only when asset value is near or over \$1 million)

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Willing To Spend A Little Money?

So far, I've asked this question in connection with specific kinds of searches: real estate or donations. You can get a lot of information for free, but by paying a small fee, you can get some advantages in search options and data quality. You trade time and efficiency for money. Often the fee is small enough to make the time savings worth the cost.

Organizations known as data aggregators have been on the scene for a few years. These companies make several sources searchable simultaneously. A researcher or development officer can enter some basic name, address, and business information and have the computer simultaneously search several of the sites that are mentioned here plus others that would be prohibitively expensive for the small shop because of the subscriptions required. A few minutes after submitting the search, a profile is delivered with information about real estate, company affiliations, insider stockholdings, nonprofit affiliations, donations, and biographical data. It's a big time saver.

The company I work for, Target Analytics, provides this data aggregation service for a fee based on your needs including the number of searches you need and how you want to receive or store the data.

Ultimately, you may decide that there are some prospects where the services of a professional researcher are really needed to help you with some of your best prospects. You might not need to hire a researcher — perhaps you can rent one. Hire a freelancer to do profiles on specific prospects. You can find a list of qualified researchers here: home.comcast.net/~lambresearch/OtherPages.htm#ResearchFirms.

Why Not Start With Google®?

It does seem like the obvious starting place, doesn't it? Want to find a movie review? Google it. Want to learn how to make a brick wall? Google it. Many casual users of the Internet start their research with Google. However, experienced researchers know that there is a large portion of the Internet that is invisible to Google. It is better to start your research with more targeted sources like the ones mentioned in this paper. Once you know more about your prospect, you can add more intelligent key words to your Google search, which you should do at the end of your research, not the beginning.

About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 24,000 organizations — including The American Red Cross, Cancer Research UK, Earthjustice, International Fund for Animal Welfare, Lincoln Center, The Salvation Army, The Taft School, Tulsa Community Foundation, Ursinus College, the WGBH Educational Foundation, and Yale University — use one or more Blackbaud products and services for fundraising, constituent relationship management, financial management, website management, direct marketing, education administration, ticketing, business intelligence, prospect research, consulting, and analytics. Since 1981, Blackbaud's sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Australia, Canada, Hong Kong, the Netherlands, and the United Kingdom. For more information, visit www.blackbaud.com.

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