Going Beyond Google To Find & Research Individual Donor Prospects

By Maria Semple, The Prospect Finder LLC

"Show me the money!" is a well-known phrase from the 1996 film *Jerry Maguire*. (In case you missed it, you can catch it here.) Do you ever feel like shouting this phrase yourself as you sit in your office & ponder where the funding will come from for your next big project?

At some point, every nonprofit organization is faced with major gift solicitations. Perhaps you are embarking on a capital campaign or a potential major donor has been identified by your board. Learning more about these potential donors and their philanthropic interests will enable you to hone in on matching their interests with your organization's mission.

First the basics.

WHAT is prospect research?

According to the Association of Professional Researchers for Advancement (APRA), "Successful fund raising begins with accurate, timely and relevant information." Information gleaned through prospect research will enable nonprofit organizations to approach all fundraising prospects in a business-like manner. Understanding a prospective donor's financial capacity, passions, and motivations will enable organizations to raise more meaningful gifts.

WHO needs prospect research?

Any nonprofit organization looking to expand their base of support would benefit from researching new avenues of prospective donors. Organizations that rely too heavily on one sector for funding such as government funding have seen cutbacks in recent years. Prospect research enables these organizations to look at new sources to replace the lost support. In addition, organizations embarking on a capital campaign can glean valuable information on prospective major donors before the ask is made.

WHY do prospect research?

Researching a potential donor prior to "making the ask" -- whether it is an individual, a foundation, or a corporation-- will enable you to learn more about this donor's interests and more meaningful gifts will ensue. If both capacity to give a major gift and a passion for your cause co-exist, then you have a recipe for successful cultivation and solicitation efforts. Identifying both of these pieces of information is where prospect research comes in.

WHY research individuals?

Each year, the Giving USA Foundation publishes data and trends in philanthropy in America. Their annual publication, *Giving USA*, helps us understand what types of organizations are getting donations and, perhaps more importantly, where the donations are coming from. Statistically, over 80 percent of donations in America are from individuals. Understanding this broad context of philanthropic giving permits us to concentrate our efforts—and limited nonprofit staff time—to forming long-lasting relationships with the donors so deeply invested in our cause.

HOW can you develop a list of individuals to be researched?

There are many ways we can be creative in finding new donor prospects. Starting with your Board, form a Prospect Review Committee that will meet continuously throughout the year to bring new names to the table for consideration. This function can also be undertaken by your Development Committee. Ask each of them to suggest at least three names to start with and this will give you a good basis to begin your research. Remember to stress that you are seeking *major gift prospects* for your organization.

Additional suggestions to find new donors include:

- Keep current with local newspapers to learn “who’s who” in your community. Who else is being honored by local charities that might be a great match for your organization?
- Subscribe to your state’s business newspaper or magazine so you can understand the overall business climate AND learn about the private companies succeeding in your state.
- Request Annual Reports of nearby or competing charities to see who is listed on their “honor roll of donors”. Many of these reports are now online on the charity’s website.
- As you and your Board members attend local theater events, keep all Playbills that list contributing donors.
- Hold a cultivation event at your organization’s facility or at the home of a prominent Board member. Ask all Board members to participate by attending and inviting at least 2 to 3 new people who can benefit from learning more about your charity. (Good follow-up is key to success here!)
- Use databases such as Guidestar or FoundationSearch to prospect for family foundations in your community.
- Review proxy statements of local corporations to find lists of top officers.

Components of an individual prospect’s profile

Effective prospecting is built upon a foundation of knowledge. As prospect researchers, we have access only to information available in the public domain. In order to learn about prospects, it is useful to keep various data needs in mind. Below is a list of components that are typically found in individual profiles:

- Assets including personal property: Determine values of your prospect's primary and secondary residences by accessing real estate sites such as Zillow or going directly to the tax assessor's website for the town or county you are researching (try finding this through Google). Keep in mind that many assessed values are only a percentage of their actual market values. The assessor's websites will generally have information available regarding the purchase price and date purchased as well as property tax information.

- Investments: Anyone who is considered an insider at a public corporation must report their trading activity of that stock to the Securities and Exchange Commission (SEC). Corporate insiders include the top officers of the company, the Board of Directors, and individuals or entities holding 10 percent or more of the outstanding stock of that company. Ownership can be found through the company's proxy statement and other SEC filings. A searchable database is available through a number of resources including the SEC's EDGAR database.

- Business Affiliation: Include company name and contact information, and any relevant and newsworthy information concerning the type of business. Bear in mind that private companies are under no obligation to report accurate information. However, information is still compiled on these companies. Dun & Bradstreet continually compiles information on private companies. A number of libraries also have access to this database. Hard-copy resources are also available.

- Philanthropic Interests: Many nonprofits now have their Annual Reports available online. These documents are all searchable and a general web engine search will likely find your prospect's name embedded in these documents. Knowing where your prospect already donates and how much will help you in formulating an approach to this prospect.

- Nonprofit and Corporate Boards: Knowing where your prospect volunteers their time will help you determine whether they may have an interest in your own nonprofit organization. On the corporate side, serving on a board may mean they hold insider stock, a potential source of donations for you. In addition, determining whether this prospect can make an introduction to this company's corporate giving officer may prove beneficial.

- Yacht/Aircraft Ownership: Yachts documented with the U.S. Coast Guard are searchable by name of yacht. Alternatively, you can search fee-based websites by owner's name. For plane ownership, the Federal Aviation Administration maintains a searchable database by owner's name.

- Relevant News Stories: Search your local newspapers online and in print to see how your prospect is linked in your community. Many newspapers are now searchable online and a good starting point for this collection is available through Newspapers.com where they maintain links to daily and weekly papers nationwide.

- Family Information: Marital status and children are sometimes more difficult pieces of information to find. Generally, researchers look to biographical resources such as Marquis Who's Who available through many libraries. Very often your own board or staff may hold the answers to these questions, too.

- Connections to Foundations: If your prospect is a trustee for a foundation, it will be very simple to determine the giving interests of that foundation since they all file IRS990-PF documents with the Internal Revenue Service. You can easily find that foundation through both free and fee based resources including The Foundation Center, Guidestar, and FoundationSearch. Key information concerning assets, contact information, giving interests and grants paid are all readily available for public inspection.

- Past Giving History to Your Nonprofit Organization: Determining longevity and gift levels will help you factor in their commitment to your cause. Coupling this information with what you have gleaned in the prospect research process will help you formulate an appropriate cultivation strategy and "ask amount" from this prospect.

Sources of information

Public Records
Via the internet, public records such as property values and insider stock ownership, have become much more accessible. Tax assessors are increasingly making their database available to the public either directly or through fee-based providers such as Dataquick. Insider stock ownership is generally available through the public company's website, EDGAR, or TenKWizard. As mentioned earlier, prospect researchers only have access to resources that divulge a person's *public* assets. Credit reports are never accessed and, therefore, liabilities against those assets are unknown. As a result, **true net-worth** is not known on the individuals we research.

SEC Documents
There are many documents filed annually by public corporations with the SEC. Those of particular interest to prospect researchers are:

- Proxy Statements, also known as Form DEF14A : Sent to shareholders and filed with the SEC annually, it provides a good snapshot of the company including biographical information on officers and directors. Includes all insider holdings (beneficial ownership) as of a particular date. In addition, officers' compensation tables are included.
- Insider stock transactions outlining initial stock ownership and trading activity are filed through Form 3, 4 or 5. Changes in ownership are reported on Form 4 and must be reported to the SEC within two business days. This allows us as prospect researchers

accessibility to fairly accurate information on an up-to-date basis. These were new rules and amendments adopted from the Sarbanes-Oxley Act of 2002.

Sampling of Free Websites

http://www.newspapers.com/ Links to newspapers nationwide
www.searchsystems.net Public record providers nationwide
www.theultimates.com/white/ Phone directory search
www.zillow.com Real estate data
www.google.com Google web search engine
www.aprahome.org Association of Professional Researchers for Advancement

Sampling of Fee-Based Websites

www.tenkwizard.com Provides SEC filings on public companies
www.guidestar.org Links to foundations and their IRS990PF filings
www.foundationsearch.com Foundation research & grants management
www.hoovers.com Public and private company data
www.wealthengine.com Electronic screening & online research

Political Donations
Contributions of $250.00 or more to political campaigns are filed with the Federal Election Commission. It is possible to research by individual's name to see if they have contributed to political parties. However, the FEC prohibits using their lists to develop a commercial mailing list. The Sale and Use of campaign information is outlined on their website.

Library Resources
Nonprofit organizations with limited funds available for research resources will benefit greatly by using nearby libraries for their research. Many libraries now have public databases available for use at your home or office simply by using the bar code on the back of your card. If you are not located near a county or university library with extensive resources, some libraries will allow you to purchase a library card, so you might want to start with a state library and then visit your local county library website to see if this is available to you.

Internal Sources: Staff, Board & Volunteers
Let us not discount the value of people close to your nonprofit, especially those with a long history with your organization. As mentioned earlier, they can be a great resource of information concerning important factors like marital status, number of children and ages of children. In addition, they may serve on several nonprofit boards together, enabling you to better determine where their charitable interests lie. Many nonprofits fail to document the “history in people’s heads”, an important step in making sure future generations of development staff and board are kept apprised of a donor (or prospect’s) interests.

Prospect research and <u>your</u> nonprofit: Steps To Consider

<u>Determine Your Budget</u>
Adding a prospect research component to your development office where none existed will impact on future budget requirements. There will be increased staff costs as well as the potential for fee-based resources to consider. Determining what is available at nearby libraries will keep your costs down significantly. In addition, you can consider visiting the co-operating collections of The Foundation Center in your state. Reference librarians staffing those collections are familiar with the needs of prospect researchers.

<u>Who will do the research?</u>
Staffing your nonprofit's prospect research function can be part-time, full-time, or outsourced to an outside consultant as intermittent needs arise. A staff member can join the Association of Professional Researchers for Advancement (APRA) to keep current with new resources and trends in prospect research.

<u>Identify nearby libraries with resources</u>
In order to avoid duplication of resources, find out what is available locally at your libraries. They also have databases accessible for your home or office. If you need help finding a library near you, please visit Public Libraries.com for additional information.

<u>Identify resources to purchase</u>
What resources will you need to purchase, such as online databases, CD-ROM's and hardcover resources? If you are able to allocate the budget for several key resources that you will consistently use, it may make sense for you to have those resources in-house. Another question to consider: Do you have the necessary computer equipment, software and high-speed internet connection to make the research function efficient? Upgrading equipment and internet speed will greatly improve your efficacy in researching donors.

<u>Electronic Screening of Donor Database</u>
If you already have a considerable database and you feel there may be some great major donor prospects in that database, it might be helpful for you to do a screening. There are a number of vendors who specialize in helping nonprofit organizations find those "millionaires next door" buried in their databases. These vendors have the capability to screen every donor name in your database against a series of databases holding the names of high net-worth individuals, corporate executives, prominent people and the like. If your donor's name matches against one or more of these databases, it is then assigned a "match rating" to help you determine the likelihood that this is your donor.

Storage of Donor Data
User-friendly software that enables you to build a database of donors will help your development office become more efficient. Fundraising software will enable you to store important pieces of information regarding your donors and prospects and help you track them through every step of the development cycle. You'll be able to launch direct mail campaigns, e-mail campaigns, and newsletters. In addition, you will pull reports that will help you demonstrate your fundraising effectiveness. Please check out Techsoup for reviews which may help you decipher which product is best for your organization.

Confidentiality of Donor Records
It is imperative that your organization safeguard your donor records—those in print and in databases—so that sensitive donor information is only shared with the development staff and fundraising committee as needed. A Statement of Ethics can be written to help formulate a structure for your organization. Guidelines can be found on the website of the Association of Professional Researchers for Advancement.

Next Steps: What to do with all that great information

Once we take the time to research a prospective major donor, it is important to use the information in a timely manner. Development staff and your development committee can review the profiles to determine:

- What should we ask for?
- Who should be involved in the cultivation process?
- Who should be involved in the solicitation process?
- What is the best timing to ask for a gift?
- Is there a specific program or service we offer that would appeal to this donor's charitable interests?
- Who will be involved in thanking this donor? How will we thank them?
- Who will steward this donor?

Regular development committee meetings will help ensure that these questions are consistently reviewed and answered so you can grow your fundraising capacity, and ultimately, grow your organization's ability to expand programs and services. Prospect research is just one component in your overall development cycle and as you research and cultivate your prospects, you will watch your gifts grow.

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About The Prospect Finder and Maria Semple: *Maria Semple, Principal of* ***The Prospect Finder LLC****, is an experienced researcher, trainer, and frequent speaker on prospect research, email marketing and simple social media strategies. She consults with nonprofit organizations, financial services firms and small businesses interested in finding their best prospects for long-term business relationships.*

Maria Semple authored two downloadable and interactive e-books, filled with dozens of prospecting resources. For additional information, visit www.theprospectfinder.com.

Maria's firm is also an Accredited Constant Contact Solutions Provider, assisting small business owners and nonprofits with their email marketing needs and social media strategies. Maria is a Constant Contact Authorized Local Expert, enabling her to deliver seminars on leveraging the power of Email Marketing and Social Media. Finally, as a "LinkedIn Evangelist", Maria helps nonprofits and small businesses understand how to use this free tool to increase visibility.

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