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STRATEGIC FUNDRAISING THROUGH OBJECTIVE RESEARCH: UNDERSTANDING DONOR CAPACITY

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An ongoing challenge facing many cultural organizations during difficult economic times is how best to raise contributed revenue from multiple sources. One key consideration related to individual donor identification, cultivation, and solicitation is to first learn more about the prospect's capacity to provide financial support to your organization in the earliest stage. Previously costly, and only available to large nonprofit organizations, individual donor research and comprehensive electronic wealth screening today utilize a variety of high-powered public data sources that can provide an invaluable and cost-effective tool for organizations of all budget sizes. The results can identify potential new donors who may already have a connection and commitment to your programs and illuminate details on current donors who have the capacity to give at higher levels. Armed with donor research information, organizations can find the "hidden wealth" possible within their audiences and donor lists. This information can provide a way to develop a major gift action plan that prioritizes limited time and financial resources with the goal of achieving maximum contributed revenue results.

What is Donor Research & Major Gift Planning?

Donor research can range from talking to a donor and their peers to simultaneously searching and analyzing data from comprehensive online public data sources. Names can be pulled from single-ticket buyers, subscribers, current donors, members, volunteers, or anyone who has a connection to your organization. In the past, organizations have had to spend significant resources identifying which of their stakeholders are the best major gift prospects by performing in-depth research on a case by case basis. Software was acquired and customized, staff researchers hired and trained on its capabilities, and months passed as questions were raised about the value of the investment.

Universities and large nonprofits have long employed technology to compile public information on their constituents, using databases and screening programs to help prioritize and strategize their development and marketing efforts. Google, Yahoo!, and other search engines are a standard mainstay for very basic research in most industries, including the arts and culture sector. Some organizations find that budgeting the time and financial resources to perform such analysis can be challenging, so they rely instead on subjective word-of-mouth on who has "wealth" or simply look at existing donor lists at other organizations. Development staff and CEO's must, sometimes out of necessity, focus on a small portion of top donors, including the Board, in creating opportunities to move them to increased giving.

The above strategies, however, only skim the surface of what is available through public data sources. These tools can allow an organization to ultimately combine research strategies – subjective and objective – in order to guide your organization's understanding of an individual donor prospect's interests, networks, and giving capacity. But how can arts and culture organizations of all budget sizes be strategic and efficient in their individual fundraising efforts when mobilizing these tools?

The Three C's - Connection, Commitment, and Capacity

There are generally three core components that balance a person's interest and ability to give to your organization. An understanding of these components provides a more complete picture and ensures that the donor research can be turned into a successful fundraising action plan. First, determine if a historical "connection" to your institution exists for that audience member or past donor. If they've never attended a performance or exhibit or seen the impact of your work in the community, there is cultivation work to be done before they are a prime candidate for a short-term donation. Second, assess their "commitment" to the organization's programs – regular attendance or other contributions can be an indicator. Finally, research their financial "capacity" to make a contribution. Donor research and wealth screening can help you prioritize who should be approached and for what kind of gift (i.e. cash, stock, real estate, etc.).

Perhaps an example here would be helpful in providing some clarity. Likely everyone knows someone who has the "capacity" to provide financial support. Bill Gates, Warren Buffet, Donald Trump, Oprah Winfrey, and any number of visible billionaires have the resources. But do they know your organization, its Board, artistic/curatorial leader, founder, or programs (connection)? If they do have connection, do they also have some form of past experience or a commitment to any of those people or programs in order to be inclined to give? Ultimately, it will be the combination of all three C's that will bring about the most expeditious gifts.

PUBLIC DATA RESEARCH TOOLS

With the above in mind, perhaps it is best to provide a summary of some of data-driven research tools that are available. These, and others that are more subjective, can help provide more thorough insights into donor prospects.

1. **LexisNexis Real Estate Property Records** is one of the leading national compilers of real property and land data. It contains information on over 120 million properties across the United States.

2. **DonorSeries Charitable Donations Database**, also known as Waltman's, contains approximately 5 million records collected from printed annual reports, event programs, and other published sources. Many records of donor histories are tracked over the last 10 years and some records include individuals' college graduation years.

3. **DonorSeries Directors Report** is the Waltman's Directors data source and provides thousands of entries for individuals and their primary affiliation with corporate boards of public firms, foundation boards, and major nonprofit

boards from the arts, social services, education and health organizations as well as participation on civic boards.

4. **Annual Reports Charitable Donations Database** contains approximately 5 million more gift records that have been harvested from literally thousands of non-profit websites and printed documents. This database increases by hundreds of thousands of records per week and strives to be the fastest growing independent collection of charitable gift information publicly available. The data includes a strong collection of recent donor gifts, 2008 through 2011, and boasts an unparalleled view of giving records over the last two decades.

5. **CorpTech Business Profiles** provides detailed information on private technology company executives.

6. **Marquis Who's Who Biographies** has more than 15 directories, including Who's Who in America®, and provides concise biographies of over 900,000 leaders and achievers from around the world, and from every significant field of endeavor.

7. **GuideStar Nonprofit Boards of Directors** is the national database of U.S. charitable organizations that gathers data on more than 850,000 IRS-recognized non-profit 501(c)3 organizations and accesses the IRS Form 990 filed by those organizations regarding operations and finances of charities.

8. **GuideStar Foundation Trustees** is a list of the foundation trustees and board members for approximately 50,000 personal, family, and corporate foundations, and is one of the single best markers of philanthropy and leaders in the philanthropic field.

9. **Federal Election Commission Political Giving Database** includes virtually every contribution of $200 or more over the past 25+ years, approximately 14 million records. The presence of FEC regulatory records can be one of the most powerful predictors of individual's inclination to give, as most records also include individuals' occupations or employers, and new data is available monthly.

10. **Dun & Bradstreet (D&B)) Business & Executive Information** includes full Duns Marketing Identifier (DMI) file of business records with contact names and titles, D&B Executive at Home Address Records and D&B Biographical Records. At 14 million records, this is one of the largest and most well-known sources of information about privately-held businesses and their executives.

11. **Edgar Online Insiders** displays SEC insider trader transactions (1986 to present) and current holdings, for stocks as well as for options and other derivatives as reported on Forms 3, 4, and 5. The information is collected to comply with the regulatory requirements of the Security and Exchange Commission (SEC). Individuals who are generally the policy makers of a publicly traded company must provide information to the SEC whenever they make a stock transaction. The transactions, which must be reported, relate to

stock only with the qualifying company, as well as including detailed stock and options transaction information.

12. **Larkspur SEP/Keogh Pensions** provides information on deferred income of self-employed individuals and over 2.5 million qualified pension plans.

13. **Motivational Annual Report Database** is a growing, proprietary collection that includes hard-to-find annual reports, honor roll lists and donor lists in print. The exclusive database allows prospect researchers to find giving histories, board affiliations, donor mentions and more. Now, clients can access the physical annual report where your donor is mentioned. Currently, the database includes hundreds of thousands of pages and 15 million records of philanthropic information and provides prospect researchers with context and factual information regarding the nonprofit affiliations of donors and prospects.

14. **Reuters Market Guide Insider Profiles Market Guide** collects in-depth information on over 10,000 public US companies. It also provides additional information from proxy statements for SEC Insiders and collects and summarizes information on individual sectors or industries of the US economy from regulatory filings and corporate annual reports.

15. **Federal Aviation Administration (FAA) Aircraft Owners** profiles the single and partial owners of aircraft licensed in the U.S. The listing includes a description of the aircraft, owners, and the address of the managing owner. The information captured includes model, size, speed and more.

16. **FAA Airmen** is the official name of the file published by the Federal Aviation Administration includes the names of all certified pilots, regardless of gender. It displays the name, home city, state and zip and the approved certifications of the individual including domestic and foreign addresses.

17. **U.S. Coast Guard** maintains a file of all "vessels." Corporate and individual owners are required to register their boats and reports contain the name of the individuals and a summary of the vessel's highlights including information about recreation and commercial boats and vessels.

18. **IRS 527 Political Donors** is an often overlooked source of giving information. Most known for the role they play in presidential elections, 527 organizations can collect contributions of any size and new data is available quarterly.

19. **IRS 527 Directors** are often political activists in their community who organize and operate 527 organizations. The IRS 527 directors are the principal contact persons for learning more about the organization and its finances. This database is updated monthly.

20. **IRS 7806 Exempt Organizations** is the definitive list of nonprofits and foundations which are currently certified as tax exempt organizations. The files are updated monthly to quarterly.

21. **IRS 990PF Profiles** is a complete list of 100,000+ grant-giving foundations, including assets, organization title and contact information.

CREATING THE ACTION PLAN

With an understanding of an individual's connection, commitment, and the detailed analysis of capacity provided through the data sources above, you are now able to review the data and create a targeted fundraising action plan. There are many cases where organizations find that the research results in identifying those whose capacity was not known or was completely underestimated. These individuals could be single ticket buyers or members who are giving $5 donations and have not been cultivated properly because they weren't "perceived" to have the capacity to give. A comprehensive wealth screening of all the databases above will provide information that allows for more detailed conversations about each stakeholder. An action plan is then created for each on a case-by-case basis.

The action plan would include steps that outline who needs to be cultivated, how, by whom, and when. Some organizations who receive wealth screening results take their top 50-100 major gift prospects and careful devise strategies for each. Which person or family needs to receive a personal letter from the artistic leader sharing a touching educational impact story of the organization? Who needs to be invited to the next gala or provided special access to artists, curators, or musicians? Who should board members simply seek out at an event to introduce themselves and thank them for attending? Who should be invited to a dinner with a guest artist? There are numerous strategies that can be employed to cultivate donors, but it is critical to first establish a priority listing based on informed and objective research to support the subjective instincts about an individual or family.

CONCLUSION

Strategic organizations realize that a small investment in donor research and planning services can have a huge return in capital, endowment, major gift, and planned giving campaigns. Wealth screening and effective donor prospecting, generally for less than $1 per record for ALL of the above databases, can also help organizations understand the demographics of their audience members, where to target limited fundraising resources, and how to strategically increase their base of support. In the current economic climate, organizations can create momentum and growth by using every tool at their disposal to understand each patron's commitment, connection, and capacity to give. Such research is essential to creating effective fundraising messages and developing successful strategies for approaching and cultivating the most promising individual donor prospects. The process provides a fundraising "road map" for staff and board to strategically focus on those prospects and relationships that have the greatest potential for meaningful impact for the community it serves.

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