

## The Case for Donor Research

Nonprofits should devote time and resources to research so that they can prioritize outreach to donors and prospective donors (aka prospects) and can design optimal, carefully crafted cultivation strategies. The main objectives of development research are to: 1.) assess the wealth and philanthropic interests of your donors/prospects; 2.) find the strongest links between donors and your organization for the purpose of establishing long-lasting, meaningful connections; and, 3.) gauge capacity and inclination to give a major gift.

### Step One: Rank Current, Past and Prospective Donors

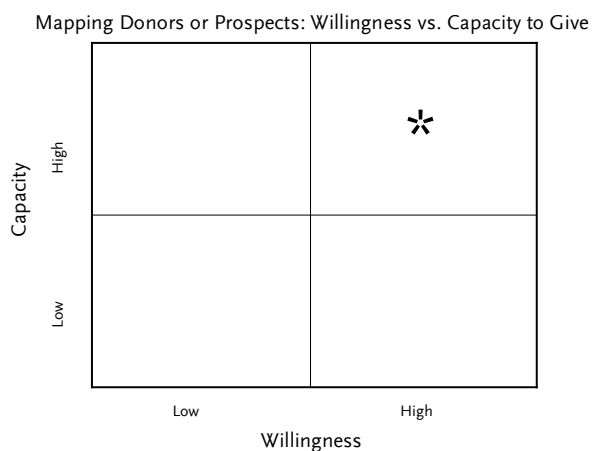
Rank your donors by gifts received from highest to lowest and place the highest 25% in the A group, the next 25% in B, and then C and D. Run this analysis for the past two and/or five years and use the results to reprioritize as needed. This will show you the donors who have given you the most money.

Start by devoting the most resources to the top tier to learn more about your best donors and their capacity for future gifts. Just because a donor is in the top category, your organization may not be a top priority for that donor. In fact, this is exactly why researching your existing donor base is so important.

Consider a CEO who is worth \$15 million. His gift of \$10,000 might be a lot for your organization, but he could be making three \$100,000 donations to other organizations. Another donor could be an advertising vice president making \$700,000 and her \$30,000 donation to your organization is the only contribution she makes to nonprofits; she is clearly highly committed to your mission. You shouldn't neglect the advertising executive, but you may want to push harder on the potential of the CEO. The best donors are the ones who have the highest capacity and also are the most interested in helping you fulfill your mission.

### Step Two: Research Capacity and Willingness to Give

For both existing donors and prospects, the two-by-two matrix below is a time-tested, useful tool for strategically segmenting individuals and efficiently targeting resources. Your goal is to identify those donors and prospects that map high – high capacity (or giving potential) and high willingness to give (or potential connection to your organization). Those donors and prospects that map to the top right corner should be your top priority. Consider taking a second cut at your rankings to prioritize your time: if your first list was past giving, this new ranking will be projected future.



### Step Three: Get to Know Your Prospects Before Making an Ask

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Spending time on research before you make a solicitation will serve you well in the long run. Research is a good way to seek new prospects, and more importantly to understand your current donor's affiliations, giving potential and inclination to increase their support to your organization.

Before you visit a donor or prospect, use research to determine the level of gift to solicit. You would be surprised at the amount of information you already have on your current donors. Speak to your colleagues and board members to gather facts about your donors. Look in the donor's paper file as details on the check and response card can be helpful (e.g., spouse name, middle initial, business affiliation and business phone numbers). All of this will be useful when researching a generic name; for example, you can differentiate Peter L. Gordon from Peter B. Gordon.

After tapping your institutional knowledge, start your online work with **Google**, every researcher's tried and true source. If you know where Mr. Gordon works, but want to find out his rank or title, you would type *Peter L. Gordon JP Morgan* in the search field. You could find a bio on him from the JP Morgan website or another website where he might be affiliated (e.g., the board of his alma mater). If you know his wife's name, try *Amy and Peter L. Gordon* in the search field. You could find their names listed in a donor listing from another organization, therefore pegging them as donors capable of giving at a certain level. Other useful searches are: *Peter L. Gordon Board of Trustees (or Board of Directors)* or *Peter L. Gordon Chappaqua* if you know he lives in that town. You might find that Mr. Gordon coaches his child's soccer team in Chappaqua. Or that he is a trustee at his local YMCA.

A **business phone number** can be helpful in finding out more about a donor. You can call and say you are updating your records. It's an easy way to find out where Mr. Gordon works.

Another great way to learn about donors and their giving history, as well as to identify new prospects, is to refer to **annual reports** from other major nonprofit institutions. See who serves on their boards, and scan the lists of top-level donors. Depending on your resources, you may want to cover major institutions in the city or the small organizations with a similar mission to yours. Also keep an eye out for top executive, business, and philanthropy lists – Forbes, Fortune, Crain's New York and the Chronicle of Philanthropy – all of which are excellent sources from which to expand your donor base. Keep in mind possible connections to your own board members as you examine these reports and lists.

Finally, make sure to keep up with a good reading list; in addition to those listed above, include the Wall Street Journal, New York Times and Business Week. These may chronicle the activities of current donors, as well as make connections between your board and potential colleagues who may respond well to your mission.

### **Step Four: Consider this Case Study and Apply It at Home**

Imagine as follows. As a result of your research, you have found through Google that Jane S. Smith gives \$10,000 annually to her alma mater and \$5,000 to the United Way. By searching the web, you found that Ms. Smith is a Senior Vice President at Goldman Sachs. From the Foundation Center website, you learned that she is on the board of her family's foundation and they distribute \$100,000 annually to 50 organizations with various missions all over the city. She is personally giving \$500 to your organization and you've set up a meeting to solicit a renewal. Armed with your research, you could easily consider asking her to upgrade to \$1,000 or even \$2,500. A little research could lead to a \$2,000 upgrade.