How to Use Prospect Research in Your Major Gift Fundraising

jgacounsel.com/blog/how-to-use-prospect-research-in-your-major-gift-fundraising

By Andy Canada

March 23, 2022

Major gifts are crucial for driving your nonprofit's mission forward. With the help of these generous donors, you can launch large initiatives, expand your team, or even build new facilities. However, identifying potential major donors is a significant challenge facing nonprofits. So how can you improve your identification process and begin forming connections with major supporters?

The answer: prospect research.

By using publicly available information, prospect research can help you determine who in your constituency may be willing and able to give major gifts to your nonprofit. Commonly considered data points include both wealth indicators and previous philanthropic behavior. With smarter prospect research strategies, your major gifts officer has a better chance of securing those all-important donations with maximum efficiency.

Prospect research offers several valuable insights that can help you identify future major donors. In this guide, JGA asked Bill Tedesco, Founder & CEO of DonorSearch, to share his top five tips for using prospect research in your major gift fundraising efforts. Here are his strategies:

1. **Let your major gifts officer lead the charge.**
2. **Use your research to create an RFM score.**
3. **Cultivate prospects with both affinity and capacity.**
4. **Supplement wealth/philanthropic indicators with personal information.**
5. **Leverage business connections for corporate matching gifts.**

The extent of your prospect research will vary depending on the size of your nonprofit, as different organizations will have different definitions of what counts as a major gift. But no matter the size of your nonprofit, you should conduct some sort of prospect research to make sure you're reaching the right people with the right ask amount. It will save you time, money, and effort in the long-run. Now, let's get started!

1. **Let your major gifts officer lead the charge.**

Soliciting major gifts requires a delicate hand, which is why you should have an officer dedicated to handling these important contributions. Depending on the size of your organization, you may or may not have an official major gifts officer. If you don't, we recommend you still declare one of your team members the head of your major gifts strategy.

While this person can have other responsibilities as well, allowing one person to lead the efforts to cultivate major donors ensures that every interaction is planned and documented. That way, donors don't get repeated asks and your team will know who to turn to with questions about the major donation cultivation strategy. No matter who in your team conducts the prospect research, all the data you collect should be reported in your nonprofit's CRM and given to the major gifts officer.

Your major gifts officer is in charge of tracking and analyzing your nonprofit's major gifts metrics, so they know what strategies work best for your needs. By allowing one person to take the reins of this important project and oversee everything, you can rest assured that your prospect research efforts will be put to the best possible use.

2. Use your research to determine an RFM score.

Using prospect research to guide your major gift fundraising strategy helps the major gifts officer identify the most promising prospects for solicitation.

A common and useful way to consolidate your prospect research into a comparable and quantifiable metric is to create an RFM score for every prospect you research.

RFM stands for Recency, Frequency, and Monetary contribution. In other words, it ranks donors based on how recently they donated, how frequently they donate, and the size of their contribution. You can collect and verify this data using your giving or donor databases. Let’s take a closer look at each of these metrics:

- **Recency of donation** determines how active a person is in philanthropy and how close giving is to the front of their mind. Recent giving activity indicates that someone is currently in a position to give and has the motivation to do so.
- **Frequency of donations** indicates a long-term investment in certain causes. If someone gives frequently, then you know that their philanthropic behavior is a long-embedded part of their life and that they have the capacity to give again and again.
- **Monetary contribution** is another way of indicating wealth as well as engagement with and commitment to a cause. When you know how much someone can give, it’s the best indicator of whether they have the capacity to contribute a major donation to your cause.

By determining the RFM score of everyone you conducted prospect research on, you can rank them by order of potential to become a major donor. For example, two people may have the same frequency of giving, but their monetary contribution might indicate one would be a great low- to mid-level recurring donor and the other a potential major donor.

In short, someone who has donated recently, frequently, and at high levels is a more promising major supporter than someone who hasn’t donated recently, with no amount of frequency, or in amounts that indicate a low capacity to give. Use your RFM scores to guide who you decide to reach out to regarding a major gift.

3. Cultivate prospects with both an affinity and capacity for giving.

Prospect research provides useful information for your nonprofit about a potential donor’s philanthropic behavior and capacity for giving. But how does it actually work?

Prospect research uses two types of indicators to see if someone is a good fit to become a major supporter for your cause: philanthropic and wealth indicators.

Philanthropic behavior, which indicates affinity for giving, is measured through:

- Previous donations to other nonprofits
- Previous donations to your nonprofit
- Previous donations to political campaigns or advocacy groups
- Volunteer history with nonprofits or campaigns, if available

These all demonstrate a measurable interest in the work of philanthropies and enacting or enabling change of some sort. When a supporter gives to your cause and a cause with a similar mission, they likely have a strong attachment to the mission, and may be more likely to give in greater capacities to one organization (hopefully, yours) if a relationship is further developed.

Wealth indicators, or a group of characteristics that identify if someone has a high income or net worth, can help guide your prospect research by determining a donor's capacity to give. There are five main wealth indicators that nonprofits rely on, including:

1. **Property and house ownership:** Real estate investment is a great indicator of a prospect's capacity to give. Typically, if a donor has investments in expensive real estate or other properties, such as a boat, then they are more likely to give in greater amounts.
2. **Stock ownership:** Stock ownership can also help you identify if a prospect has a high capacity to give. You can conduct this type of research using the SEC, or Securities and Exchange Commission, which makes these records available to the public.
3. **Business connections:** Identifying businesses that your prospect might be involved with is another key indicator of giving potential. Additionally, these business connections might provide you with networking opportunities.
4. **Political giving:** Not only is political giving an indicator of giving capacity, but it might also help you identify which causes your prospect is passionate about. The FEC, or Federal Election Commission, maintains public records of previous donations to political committees.
5. **Occupation:** Lastly, knowing a person's profession allows you to determine their salary range and disposable income. And researching this information is easy — all you need to do is search for the average salary of their identified occupation.

Overall, these indicators suggest whether someone has disposable income and a tendency to invest in missions that bring value to their life.

An understanding of these specific data points gives nuance to your RFM score and allows your team to better determine who are among the most valuable prospects for your major giving strategy. JGA has worked with DonorSearch to develop Acuity®, a program specifically for uncovering this intersection of capacity and inclination.

For example, two potential donors have the same RFM, but upon looking more closely, you learn that one has a history of donating to and engaging with your organization, and the other donates to nonprofits or political campaigns that are opposed or indifferent to your cause.

Which do you think is the more valuable prospect?

By breaking down your prospect research discoveries beyond checking yes or no for various affinity and capacity indicators, you can better understand the prospects with whom you wish to build relationships.

4. Supplement wealth and philanthropic indicators with personal information.

While prospect research is an invaluable way to learn more about your current donors as well as potential supporters from your community, don't forget that building a relationship between them and your organization will take more than knowing their capacity and affinity to give.

Once your major gifts officer has determined who among your prospects is the most promising, ramp up your outreach and engagement efforts to start getting to know them.

Giving at any level is an intensely personal process driven by a host of different factors, so when you start to get to know your prospects, try learning more about what drives them to give. Some factors include:

- Previous first- or second-hand experience with your nonprofit's mission focus
- A personal connection to your nonprofit through life experience or loved ones
- A love for whatever cause your nonprofit champions: art, music, animals, etc.

Take the time to learn about the passions and values of your prospects in order to improve your ask strategy and strengthen their personal connection to your nonprofit.

As you're building this relationship, be sure to gather, manage, and store data about each prospect effectively. To keep things organized, take detailed notes after conversations with supporters and save them to individual donor profiles in your CRM.

Additionally, keep track of important personal information like birthdays, spouses, children, hobbies, and other details that are important to your prospects.

Supplementing the numeric data you learned from prospect research with personal anecdotes and information will help your nonprofit build stronger bonds and increase the effectiveness of your fundraising strategy.

5. Leverage business connections for corporate matching gifts.

When considering someone's publicly available data during prospect research, don't forget to take into account their employer, as well as their position within the company.

Companies with corporate philanthropy programs usually have matching gifts programs, volunteer grant programs, sponsorships, or all three. Corporate philanthropy has the potential to dramatically increase your nonprofit's revenue. For example, depending on what your nonprofit considers a major gift, a mid-level donor could become a major giver, or a major giver could become one twice over, just by taking advantage of their employers' matching gifts program.

Segment your donors and prospects by their employer, and then research the companies that employ your supporters. You never know who might turn out to have massive matching gift potential. Some of the top matching gift companies include General Electric, Gap, Johnson & Johnson, and ExxonMobil.

And there are many others. Submitting a matching gift request takes less than five minutes, so don't be afraid to market these programs to donors or prospects who may not know about them. You could actually double your major gift success with the same amount of effort. Plus, identifying these programs can benefit all donors, not just major ones, since most people tend to be unaware of matching gifts. It's a win-win-win!

When planning your major gifts strategy, don't hesitate to look at where someone works when considering their RFM, affinity, and capacity.

Prospect research offers many benefits that can enhance your major gift fundraising strategy and could help you uncover potential major donors that could make a huge difference for your nonprofit.