PROSPECT RESEARCH
with a PURPOSE

A Guide To Raising More Major Gifts, Faster

iwave®

CONTENTS

INTRODUCTION:
Why Read This Ebook?

If you are reading this ebook, it's because you understand the role prospect/donor research and fundraising plays in education, healthcare, and nonprofit organizations. In many ways, that's what prospect research is all about: understanding. In order for nonprofits to be successful in their fundraising efforts, they need to understand their donors and prospective donors.

At iWave, our mission is to help nonprofits like yours efficiently identify, attract, and build relationships and resources that are vital to the fulfillment of your philanthropic goals. We achieve this by bringing together key information resources and solutions to empower your fundraising initiatives.

One of those information resources we'd like to share is this ebook.

In the next few pages, you will read about five unique research strategies that will help you better understand your prospect or donor's propensity, affinity, and capacity to give. In other words, do they have a history of giving, do they have a connection to your cause, and how much do they have to give? You will hear from industry thought leaders as well as fellow researchers and fundraisers. You will also learn briefly about the leading one-stop-shop for prospect development: iWave.

After finishing this book, you should have a better grasp on five key research strategies that can help your fundraising team better identify **who** to ask, **when** to ask, and **how much** to ask for.

So sit back, grab a tea or coffee, and let us do the work over the next few chapters.

CURB APPEAL:

Using Real Estate Information to Understand Your Prospect's Capacity to Give

"You can tell a lot about a person from the shoes they wear."

You should never judge a book by its cover, but all of us offer clues about our individual personalities in what we wear, say, and do. At iWave and across the industry, we also believe you can learn a lot about a person from where they live. In fact, most researchers agree that real estate holdings are the only piece of information they can find on 80% of their prospects. "Home sweet home" just took on a new meaning.

In the last six months of 2018, **iWave** users made over 820,000 searches on the real estate data set provided by **CoreLogic**. Users know that real estate information is a critical resource for nonprofits looking to identify wealthy individuals and understand their capacity to give.

Real estate holdings are the only piece of information most researchers can find on 80% of their prospects.

The Problem

Let's say you're searching for more information on Joanne, an executive from Palo Alto. Unfortunately for you, clues about Joanne's propensity, affinity, and capacity to give are few and far between. You sit back, unsure where to go next. You remember overhearing your colleagues talk about real estate research. Well, let's give it a shot.

Location, Location, Location

You complete a high-level real estate search for Joanne. As it turns out, she lives in a single family residence in Palo Alto held jointly with her husband. The current value of Joanne's house is just shy of one million dollars. Now your mind races with questions: Does Joanne have a partner? If so, what do they do? What's the value of other properties in their neighborhood? Who lives nearby? The answers to your questions are only a step away in your research tool.

Just like buying a home, researching your prospect's real estate is all about location. After more sifting, you realize that a one million dollar home in Palo Alto is well below the median house price. Time to move on, right? Hold it. First, let's dig a little deeper.

Does Joanne own other properties? Sometimes, just knowing your prospect's name is not enough. Individuals who own several properties often link them under a single mailing address for convenient record-keeping. If you know Joanne's primary mailing address, enter that information into your prospect research tool. Now you see a cottage in Lake Tahoe held in trust for her grown children. And how about that

"modest" Palo Alto home? A quick review of the property information indicates that property is "free and clear", meaning Joanne and her partner are mortgage-free on their home.

Helen Brown **confirms** that real estate is an excellent indicator of wealth. Consider it a green flag to keep searching. Just like her shoes may shed light on Joanne's personality, her real estate holdings provide opportunities to learn about Joanne and her world. Her mortgage is paid off — how does she spend that extra money? She holds a lake cottage for her children and grandchildren — what might that say about her commitment to family? What do these factors suggest about her personality as a businesswoman, investor, and potential donor?

Formula

So here's the real question: how do we estimate baseline giving capacity based on real estate information? Luckily, there is an industry standard formula you can use to help get a big picture idea of who Joanne is and what ability she has to donate major gifts over a period of time (example: five years).

Capacity based
on Real Estate
=
Value of
Primary Residence
+
Value of Additional
Property

Current/Assessed Property Value	Primary Residence Multiplier	Additional Property Multiplier
< $500,000	5%	7.5%
$500,000 – $999,999	7.5%	10%
> $1,000,000	10%	15%

Joanne's Major Gift Capacity Over a Five Year Period:

Palo Alto Home

$950,000
x 0.075

$71,250

Lake Tahoe Cottage

$700,000
x 0.10

$70,000

+   **=**   **$141,250 (capacity)**

This formula calculates a conservative giving capacity over a five year period. You can further refine capacity ratings with deeper research into other information about Joanne. In fact, this is strongly recommended before finalizing an "ask" amount. But with this baseline capacity rating, you now have better insight on Joanne's personality based on her real estate holdings, and an industry standard estimate to use as a starting point for further research and relationship-building.

In Canada, accurate real estate estimates can be based on census information and postal codes.

What About Canada, the United Kingdom, and Other Countries?

Finding US real estate information, while tricky, is certainly more straightforward than researching other marketplaces. Distribution of real estate information is restricted in many countries, including Canada and the United Kingdom.

One recommendation for Canadians is to use the MLS.com website to search listings in your prospect's neighborhood. There are also companies like **Manifold Data Systems** that analyze census information to provide accurate real estate estimates based on postal codes. Oh, and did we mention **iWave now gives you access to Manifold data to estimate values for Canadian real estate?**

Bringing It All Together

Prospect research is all about gathering relevant information to make an informed ask. Whether you have a paid subscription to a prospect research tool, or are using free resources such as Zillow, real estate information can play an integral role in your prospect research. It provides insightful information regarding an individual's personality, net worth, debt, and other factors affecting your prospect's willingness to give to your cause. Next up: philanthropic giving.

THE PHILANTHROPIST:
Using Charitable Donations In Your Research

Finding information about your prospects and donors can sometimes be a case of feast or famine. With one prospect, you may struggle to uncover the material you need. With another, you may be worried you're spending too much time panning for gold with heaps of data. So, how can you qualify your prospects with more confidence, and spend less time doing so? Searching historical charitable donations data may be your answer.

Past giving is a critical source of information you can use to understand an individual's affinity or connection to your cause. Affinity itself goes beyond major gifts. Other examples of affinity include event sponsorships and volunteering. "People who are involved are more likely to give," says Jen Filla in *How To Find Giving History*. But it goes beyond just affinity, past charitable giving can also give you great insight into a prospect's propensity and capacity to give.

Donations data, also known as charitable giving data, can be looked at from a number of perspectives: charitable gifts to nonprofits from individuals, charitable gifts to nonprofits from foundations or corporations, and affiliations with foundations and public charities. Stay tuned—we'll touch more on foundations in **Chapter 4**.

Making sense of charitable giving records is a critical step toward achieving your prospect development goals. Past giving can be a great indicator of future giving. Below are some strategies to consider when researching philanthropic information:

1. Source new prospects by searching who is giving to other organizations.

WHY: Analyzing your own donor database is a great start, but you can also identify new major gift prospects by searching for donations to other organizations. These organizations could be in your field or pursue other causes. Search for gifts from individuals, corporations, and foundations. This demonstrates a history of philanthropy regardless of whether these prospects have given to your specific organization.

After you learn about their donations history, these prospects could become great candidates for your cause as well. You can find this information by analyzing the annual report of a competing organization or searching the organization in your prospect research tool. You may be surprised at how many new prospects you can find with this strategy.

1996 -

VeriGift

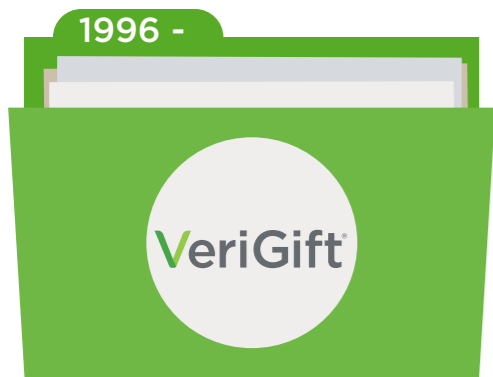*VeriGift's database has charitable giving records dating back over 20 years.*

2. Understand capacity to give with historic donations data and philanthropic trends.

WHY: Past giving can be a great indicator of future giving. Identifying a prospect with wealth is great, but identifying one willing to *donate* their wealth is better. Search records of your prospects' past giving to understand their capacity to give and estimate future giving.

For instance, the **VeriGift** charitable giving database has over 100 million records dating back over 20 years. This allows you to dig through giving history to understand patterns from your prospective donors. Then, consider the following questions; What trends can you identify among your prospects? When do they tend to give? How much do they give? Has their giving been increasing or decreasing over time? What does this tell you about their potential to give right now?

3. Complete your prospect's profile with political giving information.

WHY: Political giving is sometimes overlooked. However, metrics show that researching an individual's political giving history gives insight into their likelihood to give away wealth and their potential giving capacity to nonprofits like yours. In addition to this, a political giving record will often list the person's employment and address (useful for tip #1), as well as the gift amount, year, and recipient.

This information is useful to complete the prospect's profile as well as hint at your prospect's interests and capacity to spend.

4. Verify records to have confidence in your data.

WHY: Have you ever discovered that some of your prospect information is inaccurate or mismatched? It's critical to be confident in the accuracy of the records you research. Look for records that are linked to the original data source for easy verification. This way, you can cite references to back up the records within your prospect's profile. And you never know, that annual report or news article may highlight the names of new prospects you can research.

Charitable donations data presents a great opportunity for efficient, insightful research because some of the hard work is already done for you. Prospects who have given in the past are more likely to have an established paper trail, or (if you prefer), a trail of bread crumbs.

Try including charitable donations data when researching your next list of prospects, and see what you can learn about them beyond traditional research strategies. As **Helen Brown mentions**, using different research methods focusing on different criteria is an excellent way to balance your prospect list. And when it comes to charitable donations data, there are many ways to exercise your personal creativity in your research.

MAKING THE CONNECTION:
Foundations and Public Charities Research

What makes a prospect great?

There are many factors at play, but the best donors have a history of giving, strong linkage to your cause, and the ability to share truly impactful gifts of money, time, or personal expertise. While individuals make up the largest group of donors, **foundations** also present fantastic opportunities for nonprofits like yours.

Why? Because giving is what foundations do!

As Helen Brown and Elizabeth Roma mention **in this tutorial**, foundations are highly motivated donors. Many have mandates to share their resources with all kinds of nonprofits. What if your organization could establish a donor relationship with a major public charity, or secure a grant from a private family foundation? Alternatively, if you instead choose to focus your energy on individual donors, you can research the individuals who support, work at, or donate to various foundations.
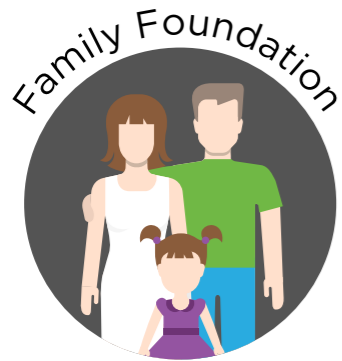
Types of Foundations

There are two categories of foundations: private and public.

Public charities are nonprofits that rely on many different sources of funding, especially from the public. An example might be United Way or Habitat for Humanity.

Private foundations are nonprofits with a single source of funding. There are three distinct types of private foundations:

Family Foundations are the most popular type of private foundation, where wealthy families designate gifts to other charitable organizations to advance a number of different or related causes. Often, a member of the family chairs or sits with the foundation's board of directors. A good example of this foundation type is the *Bill and Melinda Gates Foundation*.
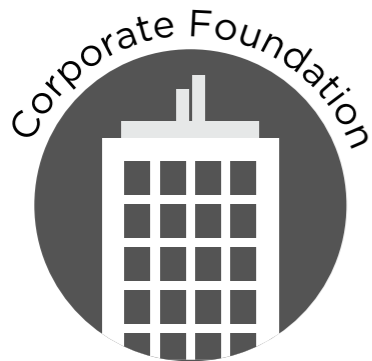
Corporate Foundations are financed by the profits of a related company, but are separate legal entities with the same 501(c)(3) duties and responsibilities as other nonprofits. An example of a corporate foundation is *The Bank of America Charitable Foundation, Inc.*

Operating Foundations earn revenue to run its own group of charitable services. This type of foundation is common with hospitals and museums, where sources of revenue pay for the foundation's own services and operating costs. One example of an operating foundation is the *J. Paul Getty Trust*, which operates one of the most visited museums in the United States.

Source of donations in the United States:

Individuals

Foundations

72% 15%

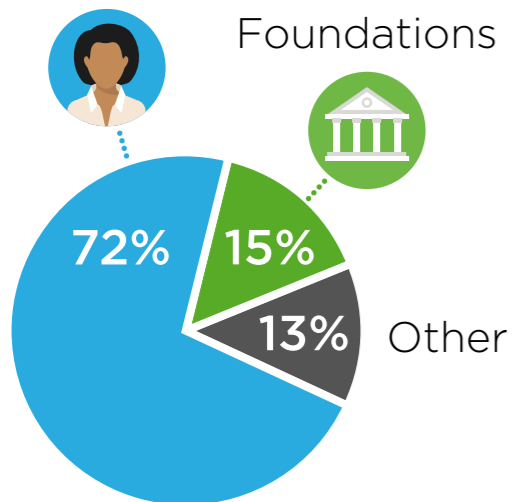13% Other

Affiliations and Giving History

Foundations make excellent donors. However, maybe you aren't interested in the foundations themselves, but the people connected to them. After all, Giving USA reports individuals make up 72% of the total giving in the United States, while foundations give 15%.

Let's say you're interested in Foundation XYZ. No organization can run without people. Can you learn who's on the board of directors? What about who donates to XYZ, and where those funds are directed? Who volunteers with XYZ? Suddenly, your list of individual prospects just got a whole lot bigger.

Giving history is an important clue to consider when researching foundation prospects. As **Grantspace** explains, "Past grants can reveal a funder's preferred subjects, organization types, and ranges of grant amounts." Most foundations list their donors and donation amounts in IRS 990-PF forms. Private foundations are required by law to disclose this information, so it's often easier to find data from these organizations. While public charities are not obligated to disclose their 990s, they often share these forms on their website for transparency. Keep in mind, most 990s have about a two year delay.

Resources to Find Foundation Information

There are many ways to search and learn more about foundations and the people connected to them. Here are a few resources and strategies to try:

Foundation Resources. Some of the best resources are the ones the foundations supply themselves. Most have a website where they describe their mission and values in their own words. On a foundation's website, you can also find its most recent 990 forms. Connect with foundations on social media to see who they interact with and the kind of content they share.

Public Library. Don't have a prospect research tool? Visit your local library and explore listings of nearby foundations so you can determine who gives to them or to whom the foundations themselves tend to give.

Foundations Database. There are many excellent databases that take you farther than a simple Google search. **Guidestar** is one example of a very comprehensive source of foundation and public charity information in the industry. Not only does it provide you with information on nonprofit officers and board members, but it also gives you full 990s, summarized financial records, purpose of grant information, and impact statements. For researching Canadian prospects, the **Canada Revenue Agency** (CRA) offers similar resources. You may even be able to access Guidestar and CRA within your research tool, as you can with **iWave**.

Methods to Search Foundation Information

A foundations database like Guidestar in iWave can help you:

- Build a list of foundations with potential to give to your cause based on a number of search filters. For example, let's say your nonprofit focuses on local environmental causes. You can build a list of foundations that have funded similar organizations or have environmental-focused mandates in your home state/province, or nationally.

- Better understand what causes your prospect is passionate about (what foundations they're affiliated with). For example, if your prospect sits on two foundation boards, what might that say about their propensity and affinity?

- Search by an individual's compensation from the foundation to identify high capacity donors.

- Find out how to apply for grants.

- Find new foundations with a reverse search. First, make a list of nonprofit organizations similar to yours. Next, search the names of those organizations individually to determine which foundations fund them.

Foundations research is a must when looking for new prospects. Not only can it benefit your search of individuals, but the foundations themselves can also be potential donors.

PANNING FOR GOLD:
What Your Prospect's Wealth Tells You About Their Capacity to Give

Wealth and asset information is arguably the most important information you can find on your prospective donors.

If you've tried the search tips from previous chapters, you now know that: your promising new prospect lives in a 7 bedroom house in Texas, has a beach house in Malibu, tends to give gifts of at least $50,000 (primarily to human services causes) and sits on two boards. But what about her securities ownership? Does she have other assets? What is her annual income? These are a few of the questions you can answer with some research into your prospect's wealth portfolio.

Wealth data is extremely important in prospect research because it is the primary driver behind your prospect's ability to give. However, our clients tend to fall into two camps with regards to their opinion on the importance of wealth data:

Camp #1: It doesn't matter how much money they have if they're not philanthropic or they don't have a history of giving it away.

Camp #2: Wealth is all that matters. As long as they have wealth, we can make them passionate about our cause.

Regardless of which camp your organization falls into, all fundraising professionals should be slightly wary of wealth information. You can only find out as much about your prospect's wealth as is publicly available. And the wealthier an individual is, the more likely they are to find creative ways to disperse their wealth among hard to find LLCs and trusts.

As Helen Brown, Founder of The Helen Brown Group, **explains**, "Evidence suggests that for some prospects, publicly-identifiable wealth only comprises a tiny fraction of net worth since so much of their wealth is private. For others, identifiable wealth well over-inflates net worth since it ignores the liabilities on a household's balance sheet."

So wealth data isn't the be-all and end-all, but it is an excellent baseline indicator that your prospect may have capacity to donate a major gift. So how do you determine just how wealthy your prospect or donor is? Try the following five tips:

1. Look for their stock holdings and transactions through SEC Filings

SEC Filings provide excellent insight into your prospect's liquidity and thus allow you to make more timely asks. They detail insider transactions and security ownership, and are publicly available through the **US Securities and Exchange Commission (SEC)** in the US or **System for Electronic Disclosure by Insiders (SEDI)** in Canada. If your prospect research tool provides a **database like this one** for scanning SEC filings, you can use it to quickly search insider transactions and security ownership by individuals, companies, or alumni. You can also scan information such as security type, number of shares traded, price, and remaining securities. You may even be able to set alerts that will notify you of your prospect's wealth creating events such as acquiring and disposing of stock.

2. Look for multiple evidences of wealth

As mentioned above, wealthy individuals may have tactful ways of distributing their wealth among multiple sources. However, if you can find the information, there are some wealth indicators that are typically associated with high net worth individuals:

- Does the individuals work at a profession typically associated with high net worth—i.e C-level executive, doctor, lawyer, pilots, or real estate investors?

- Does the individual own certain assets associated with wealth
  i.e. Yachts, luxury or exotic cars?
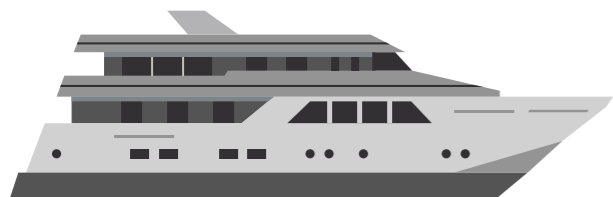
- Does the individual have a certain level of liquid assets i.e. $1M–$2M, $2M-$3M, $4M+?

- Is the person a specialized investor i.e. accredited investor, angel investor, etc.?

There are multiple ways to find this information, but arguably the fastest way is through a specialized database such as **Prospects of Wealth** from Larkspur Data.

3. Look for wealth acquired through financial compensation

Going back to basics, you can look for wealth that is acquired through employment or a board membership with a wealthy company. This information can sometimes be found with some skilled digging online, or online databases will provide it to you all in one place. Specialized databases like Infinata's may also assign an individual a wealth score based on title, length of employment, company revenue, cash compensation, and stock information if employed at a publicly traded company.

4. Determine an individual's baseline capacity rating

The primary reason a researcher or fundraiser is trying to find insight into their prospect's wealth is so they can use that to determine an ask amount or an estimated capacity rating. We won't go into detail on this as it is a whole topic in and of itself, but below are a few quick rules of thumb for using wealth data points to determine a capacity rating:

- Capacity as a percentage of estimated net worth: Estimated net worth x 5%

- Annual Income represents 10% of net worth: Annual income x 10%

- Real Estate represents 20-25% of an individual's net worth:
  Value of Primary Residence + Value of Additional Properties/20-25% x 5%.
  More here.

- Stock Holdings represent 30-35% of an individual's net worth:
  Current Estimated Holdings/30-35% x 5%

5. Look at their real estate holdings, charitable giving information, and foundation affiliations

We wouldn't be able to conclude a discussion on understanding your prospect's wealth without mentioning real estate holdings, philanthropic information, and foundation affiliations. These three sources of information were discussed in previous chapters, but they're worth mentioning again in terms of how they relate to a prospect's wealth picture.

Real Estate Holdings, especially additional properties, indicate an individual's wealth and can be used to determine capacity.

Charitable Gift size helps you determine if the individual has the capacity to donate major gifts.

If someone has multiple **Foundation Affiliations**, odds are they may have wealth or time to give. This is especially true if you find that the individual sits on the board of a family foundation. If this is the case, not only do they likely have wealth, there is also a medium for them to distribute that wealth to certain causes (which you can see by identifying their grants awarded).

Wealth insights are very useful to understand the capacity and lifestyle of your prospective donors. So, after learning all of that, which camp do you fall into?

LIST BUILDING:

Prioritizing Donors With Prospect Identification Lists

Now it's time to put it all together: real estate, charitable giving, foundations and charities, and wealth data.

If you are a list person, you may have heard of a strategy called "batching."

The concept is, instead of writing down to-dos as they pop into your head, you organize similar tasks and complete them together in one fell swoop. The batch technique helps you segment your work, achieve deep focus, and maximize your working time.

Prospect Identification Lists

So what can this productivity strategy possibly have in common with prospect research? As **Marge King explains**, no two prospects are the same. However, you can still identify prospects with similar propensity, affinity, and/or capacity ratings and group them together. That's where lists come into play.

The datasets within iWave provide countless opportunities to create lists for your donors and prospects. Together, we're going to break down five lists you can build to identify and segment prospects, and highlight how you can build them in iWave right now.

List building starts with your organization's goals. You can start by defining your ideal donor profile and building lists of similar individuals. Or, maybe you are starting a new campaign or project and have a specific type of donor that you need to find. List building has many valuable outcomes, including the identification of new prospects.

Now it's time to search.

Executive List

Foundation List

# The 5 Lists

1. Executive List

Let's say your fundraising team is looking for donors to support your university's new engineering school in San Francisco. You've exhausted your alumni search, and now you'd like to find C-level executives in your community with an affinity to engineering and education. First, navigate to a dataset with company information such as Dun & Bradstreet. Here, you can input your city or local ZIP code, type "President" in the Job Title section, and select "Engineering/R&D" in the Job Function section. From several hundred results, you can either explore each prospect individually or Create Multiple Profiles with a batch upload of 50 names at a time. Creating this particular list took less than five minutes.
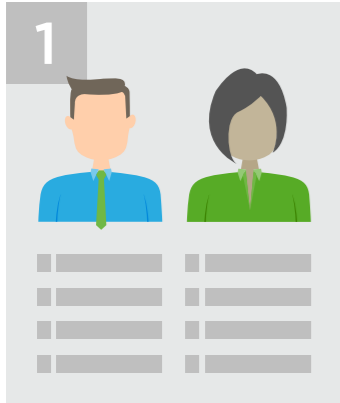
2. Foundation List

If you remember from **Chapter 4**, you know researching foundations with similar mandates as your nonprofit can be a powerful strategy. In the Foundations and Public Charities dataset by Guidestar, you can build a list of foundations based on a number of criteria including geography, foundation type, and category (healthcare, education, etc,) to identify the foundation's employees and decision makers. Your organization could also apply for major grants from these foundations.
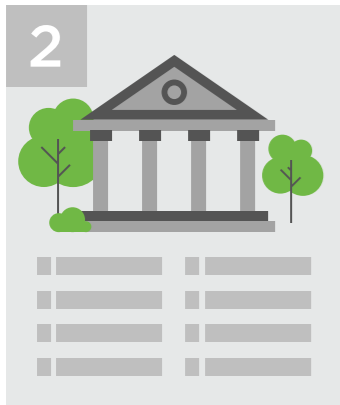
Across the country or in your local area, you can search for private foundations, public charities, or both. List the affinity in the NTEE Category section and input the gift amount range. Your list will include foundations that have made grants related to your cause. You can also perform a reverse search and build a list of grantees similar to your organization.

3

Donations List

4

Prospects of Wealth List

3. Donations List

In iWave's own VeriGift dataset, you can build lists for donors, recipients, and specific types and values of donations. Imagine your New York-based health care institution is launching a major gifts campaign. You've already reached out to foundations, and now you want to focus on individual major gift prospects.
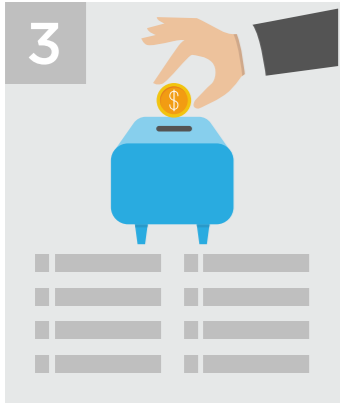
In VeriGift, you can highlight "Individuals" and then choose "Health Care" in the Recipient Category section. In Gift Information below, you may decide to search for Capital/Campaign gifts between $50,000 and $500,000 made in the last 10 years. From here, you can delve deeper to identify the top prospects and determine giving trends over time for both those individuals and the entire group.
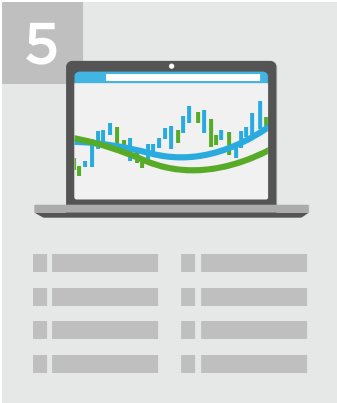
4. Prospects of Wealth List

Prospects of Wealth (PoW) is *the* dataset for list building. Powered by Larkspur Data, PoW helps you create lists for high net worth individuals. You can search across age ranges and net worth levels starting at a minimum of $500,000. In the Evidence of Wealth section, you can choose from a number of categories, from "Executives" to "Major Gift Donors" to "Yacht Owners." As in other datasets, you can search across the country, or narrow your search to your local area.
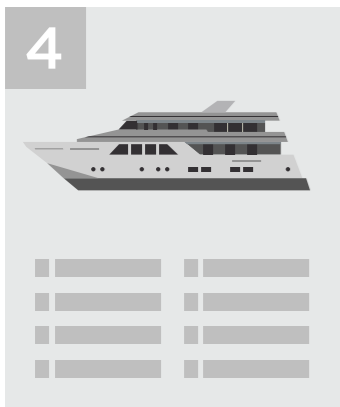
The lists you can build in Prospects of Wealth are an excellent starting point. However, they are mostly indicative of baseline capacity. If you want a complete picture, we recommend supplementing your list with records from the Donations (VeriGift) and Real Estate (CoreLogic, Manifold) datasets. This way, you can calculate an accurate iWave Score based on a combination of propensity, affinity, and baseline capacity.

5

SEC Filings List

5. SEC Filings List

Just like Prospects of Wealth, iWave's SEC Filings dataset can be a great resource for building lists based on wealth. Over a specific time period, you can search for details on stock transactions. Perhaps you're based in Cupertino, CA and you'd like to attract high net worth Apple Inc. shareholders for your technology-focused nonprofit. You can build a list of this type of individual by choosing specific filters for Transaction Size, Transaction Type (Gift, Sale, Purchase, etc.), and the Security Category (Common Stock, Preferred Stock, Employee Options, etc.).

Navigating the records in SEC Filings may seem complex, but here's an easy rule of thumb. If the prospects on your list are actively buying stock, they may not have enough liquid assets to offer a major gift to your organization. Or, if a prospect is actively selling stock, she may have enough cash on hand to make a donation. Like with Prospects of Wealth lists, supplementary research and due diligence is critical. You won't know the full scope of your prospect's financial and philanthropic situation until you have a clear picture of their combined propensity, affinity, and capacity.

Get Started Now

Building a list is only the beginning of the prospect research process. However, when you segment and group prospects with similar characteristics, it is easier to prioritize your most valuable prospects. In this sense, the batch method can be an excellent technique to improve your team's efficiency and effectiveness. Organizing your prospects in this way gives you more time to perform in-depth research, verify records, and plan your next steps for cultivation and solicitation.

CONCLUSION:
What Next?

As you may have already known, or just learned by reading this ebook, prospect research is a broad and complex subject. In many ways, it can be considered both an art and a science.

This ebook touches on only a few strategies and methods to streamline your research efforts. There are many in-depth research techniques you can use to learn even more about prospective donors. Whether your organization is large or small, there is a prospecting method (or combination of methods) to match your needs.

There are many other resources out there, including more from iWave.
Check them out on the following page.

Resources:

- **Prospect Research Cheat Sheet**

- **Jennifer Filla Blog**

- **Helen Brown Group – The Intelligent Edge**

- **iWave Blog**

We encourage you to try the strategies covered in this ebook. We also invite you to reach out to the iWave team at any time to discuss how we can help you raise more major gifts, faster. **If you're interested in a free demonstration of iWave,** let us know.

About iWave: iWave is the industry's top-rated fundraising intelligence platform. Our prospect research and wealth screening solutions help you identify top prospects and determine their capacity and inclination to give to your cause. iWave gives you access to billions of wealth and philanthropic records, and fully customizable screens, scores, and profiles. Using iWave you can present the right ask to the right person at the right time, empowering you to fundraise with confidence.