# The Basics of Grant and Prospect Research


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It doesn’t matter how many foundations, individual donors, local and regional governments, and other funders believe in your organization and can donate financial support to it if those donors can’t find you and put you on their radar. Researching grants and prospects is the first step in the process, and navigating the upper levels of major-gift fundraising often requires a different approach than individual gift campaigns.

Grant research involves a certain amount of strategy and thoughtfulness, which no software can provide for you. But a number of tools on the market can facilitate your efforts to identify and research funders and make tracking your results more manageable.

For example, online search databases are essential to help you find new potential grants quickly by listing local and national foundations sorted by interest area, saving you time that would otherwise be spent poring over catalogs and directories. Some Web-based services can also help you locate the people in your area who are likely to make major contributions to your organization.

## Foundation Grant Research

At its most basic, grant prospect research essentially consists of two major practices: researching various foundations' grant cycles and giving histories, and managing your organization's applications for each foundation. The former is an exercise in Web research—identifying a list of foundations that might give to your organization and locating them online to identify the types of organizations they've funded in the past, and with what size grants—and the latter is a matter of tracking and managing data.

## Grant Research Tools

When looking up giving histories and grant cycles, websites like the Foundation Center's Foundation Directory Online database or GrantStation are invaluable. They allow you to search very detailed records of foundations by a variety of criteria, including past grants, focus areas, and giving interests. For example, an animal rescue shelter might identify a list of foundations dedicated to animal welfare or with a history of funding other shelters and animal rescue groups. You can access the Foundation Center database online with a monthly subscription; the basic package starts around $20 a month, and full access costs around $180 monthly. GrantStation has a yearly subscription for $699, but may also be available at substantial discount through your state association. GrantStation is also available through TechSoup's product catalog for qualified nonprofits and libraries. Alternatively, many regional or local philanthropy centers offer access as a benefit of membership, or free on location in their "grant research libraries."

In addition, regional associations of grantmakers can be valuable sources of information (visit the Forum of Regional Associations of Grantmakers for a full list). Most grantmaker associations, also known as philanthropy centers, will house a publicly available list of foundations specific to a geographic area. Some are print-only, but a number offer online databases as well. You can also find associations of grantmakers centered on a mission area, such as Grantmakers in Film and Electronic Media, or by other criteria, like the Association of Small Foundations. Searching member lists for these associations may help identify potential grant prospects.

Federal grants are another key source of funding for many organizations. While you won't find these grants in private and corporate foundation databases, you can search for U.S. federal grant opportunities at Grants.gov. State and local grant listings can most often be found on your municipality's website. A basic Web search is also a great way to find out what grants nonprofits similar to your own have received, and that your organization may qualify for. Many nonprofits list foundation funders on their websites or in annual reports.

Once you've identified a list of foundations, you'll need to determine their giving histories and grant capacities. Tax records are an important source of information on past grantees, overall budget, granting capacity, and the value of past grants. You'll likely find a lot of this information through the Foundation Center database, but you may also need to search in other places to find everything you're looking for. GuideStar lets you search a database that contains more than 5 million IRS Forms 990—the form the government uses to track financial information about organizations. A number of helpful sites can show you how to find the relevant data in a 990 form, including the Nonprofit Coordinating Committee of New York and this archived article at BusinessJournalism.org.

## Tools for Managing the Grants Cycle

As you begin to gather information about prospective funders, you'll need a place to store it. Smaller organizations with limited budgets and nonprofits just starting their grant research may find spreadsheet applications like Microsoft Excel or Google Drive to be terrific low-budget options for managing foundation prospect lists. If you choose to go this route, create columns to track such information as foundation names, website links, giving interests, and potential giving capacities, as well as dates of RFPs (requests for proposals) and their due dates. If your organization's internal deadline for proposals is different from the foundation's deadline, be sure to record both dates.

Most donor management databases, like any of those listed in Idealware's Consumers Guide to Donor Management Systems, let you manage your list of foundations just like any other giving prospects, and can track the RFP and proposal dates, the status of your proposals, and your proposal workflows.

In addition, it can be useful to supplement your deadline- and submission-date records with calendaring or task-management software that can function as a to-do list to ensure you don't miss any deadlines.

## Individual Prospect Research

Major gift prospects—typically wealthy individuals in either your geographic area or the community associated with your issue who have the capacity and interest in donating to your organization—can be as valuable to your organization as foundations.

Before you can start your research, you'll need to create a list of current and potential donors.

- Start with your list of current donors. Who has been a good donor in the past? You may find through your research that these people have greater giving capacity than you expected.
- Ask your board members and other supporters to recommend people for the list.
- Identify a few key people in your community who aren't currently on your list but are known to donate to other organizations.

While technology can help you better understand the giving potential of these donors, it can't help you create this list.

Once you have your prospect list, you'll need to create a profile for your potential donors that includes their contact and giving information, as well as their financial capacity. Much of this information can be found for free in public records like tax documents, property values, board affiliations, and publicly held stock portfolios. Depending on the size of your prospect list and your staff time capacity, it can be feasible to manually search for these records. Many documents, such as property value records from the assessor's office, may require you to request this information in person; this is usually free, though there may be a small fee for photocopies. (Some high-level donors may own property in multiple states or municipalities, posing more of a record-gathering challenge.)

## Wealth-Screening Services

Rather than searching manually, you could use a wealth-screening database to save staff time, which to many nonprofits is more valuable than the cost of one of these Web-based services—especially for a longer list of donors. Four of the most widely-used wealth-screening databases are Donor Search, WealthEngine, LexisNexis Development Professionals, and Blackbaud's Target Analytics.

All four allow you to upload a list of potential donors in order to approximate their individual giving potential. This is similar to the process you would use to research individual prospects yourself. These services just pull information from the databases and public records to which you have access. The difference is the staff time you save by being able to run a list of thousands of names at once instead of manually searching one by one, as well as a honed ability to know where to look for detailed information.

While all of these tools tend to be expensive (prices are available only through a quote from the vendors), WealthEngine and LexisNexis cost more than DonorSearch or Target Analytics. Since they usually run on a subscription basis, you can either run large lists all at once, or smaller donor lists as needed. Many of these services will also filter your prospect list to identify the most likely donors, such as your top one percent or top one hundred prospects. Because the information used to create these donor profiles comes from public records, these services tend to use the same sources with minor variations among them. When choosing a tool, it can be helpful to arrange a trial list from the ones you're considering by using a few names you already have up-to-date profiles on to judge the accuracy of the tools.

## Now That You Have Your List…

As with foundation research, you'll need a place to record and manage your individual prospects. This should be done using a donor management database, which will let you track each prospect and their giving histories, asset pools, giving interests, and the likelihood that they will give again. Many donor databases can also manage pledges and scheduled or recurring gifts, allowing you to keep track of large gifts spread out over a period of months or years—which can be an important source of reliable funding.

Once you've compiled a list of feasible prospects and put them through wealth screening, it's time to start appending the records already in your database. If you've used a wealth-screening tool, you'll find that some of them—WealthEngine or Blackbaud's Target Analytics, for example—will integrate with your existing donor database or CRM, while others will require you to import the list manually. You also should check over the profiles you get back from these tools—to make sure, for instance, that the John Smith they've highlighted as your most likely prospect is the John Smith you think it is—before you import the list wholesale into your system.

It's important to remember that these prospects are a starting point for cultivating new, high-value donors, not a piggy bank. If you don't already have a relationship with your top potential donors, find a way to introduce your organization and take the time to build a relationship before soliciting thousands of dollars from them. You also may find from your research that your current long-term donors have greater capacity than you expected. Because you already have a relationship with them, you can consider asking them to increase their contributions.

## Conclusion

As you can see, the technology exists to help you find available grants and track their grant cycle, but there still isn't software to replace the human element—say, to write your proposals for you. And it's the same with your individual prospects. Wealth-screening services can quickly track down information for your list that would take hours and hours of staff time, but they can't sit down with each prospect and build a relationship. It's still essential to have a seasoned fundraiser with the knowledge and capabilities to write good proposals and/or wine and dine potential donors. It's a good idea to use the high-tech databases and wealth-screening services to help you find the door, but it's still your job to get your foot in it.

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