From the AACT Knowledge Base

# Fund-Raising Research Is Key

The more you know about your donors--current or prospective--the more successful you will be in your fund raising efforts. Here are a number of ways to get that vital information, courtesy of the Development Resource Center.

## Written Surveys

Written surveys are appropriate when you have a limited budget or are unable to reach the donor by other methods. Although this method does not provide in-depth information, if you have some specific ideas or questions that you would like to test, you can obtain some valuable information. Surveys can be mailed separately or included in newsletters or annual reports. They may be used to ask basic questions regarding how the donor perceives your agency's operation or what programs and services most inspire the donor's giving.

Mini-surveys may also be used, consisting of one or two questions included in each newsletter or on a donor response card. Ask donors to identify the most pressing issues in your community, whether they would like to learn about volunteer opportunities, or if they would like to receive information on planned giving. In this manner you can begin to develop a more complete picture of their feelings, beliefs, and needs.

Remember that you must send many written surveys because the response ratio is often only 20%-50%. To encourage a higher response rate, incentives may be used. You may wish to enclose a dollar bill, a small premium, or an invitation to a special event.

## Focus Groups

Focus groups provide more qualitative information than written surveys. In the focus group setting you can demonstrate a product, service, or activity. As well, you can gauge the emotional intensity of the participant's reactions. Participants may even provide solutions to problems when they are asked to consider creative options. Often focus groups provide rich data, including information or ideas that you may not have considered. One disadvantage of focus groups, however, is that they represent the ideas of only a select few. Thus, you may wish to compile data from several focus groups, and use this information, along with other data, to feed your evaluative thinking.

A professionally-directed focus group may take place in a special room where representatives of your board and/or management team can sit behind a two-way mirror to hear the discussion and record the comments of the participants. Participants are often not initially aware of who is sponsoring the focus group. This often creates a more open discussion by the attendees. The focus group leader, through a series of well-designed questions, will help focus the discussion on issues of interest to your organization.

If your organization is in a community where such professional services are not available or your budget is limited, you can conduct your own focus groups. First, randomly select a cross section of your target audience, enough so that you can be assured of at least five participants. A larger group of up to 15 participants is manageable, but may present difficulties for the novice facilitator. Also, try to organize a group that is as homogenous as possible. Consider whether participants will feel comfortably answering key questions with others in the group.

Allow at least 60-90 minutes for discussion. You also may wish to provide incentives for participation, such as food and small prizes. These are often donated by small businesses. A volunteer who is not well known to the audience may be an effective discussion leader. When a member of your organization is not serving as the focus group facilitator, you may receive more candid responses from participants.

You can direct audience discussion to several topics: ask participants about how they perceive your strongest competitors, how they perceive your organization, what motivates them to give to your organization, how they can become more involved with your programs and services, and what they anticipate for future needs. As well, you may want to ask them about specific products or services and how they can be improved.

Focus groups are an excellent tool to assist you in improving member and client relationships. The information you receive will result in the development of more appropriate services and products as well as improved results.

**Prospect Research on a Shoestring Budget**

In addition to the more standard research techniques mentioned earlier in this chapter, there are a number of other methods and ideas to help you identify and secure information about donors and prospects. Fund raising professionals refer to this process as “prospecting.” These methods will enable you to identify potential donors, to locate information about their giving habits, place of business, financial worth, and to secure other public information that will help you shape your fund raising approach.

**Detective Work with Envelopes and Checks**

The donor envelope and check can provide some indications of key donor contacts within families. For example, although a married couple may be listed as donors on your records, the check may be consistently signed by only the wife or the husband. This is usually a good indication of who is responsible for sending the gift. Your cultivation efforts should be directed to this key family contact.

Checks received from your donors with very high check numbers may indicate that the donor is older and has used the account for many years, while checks with lower numbers may indicate a younger donor. A shaky signature on a check may identify an elderly donor. The return address on the envelope or check may also help you identify the donor within the family who is mailing the contribution. Specialty checks or return address labels may indicate special causes or interests the donor is helping to promote (i.e., checks promoting the environment, or labels with the logo of a local university).

**CD-ROM Databases**

Modern computers and other database services now allow you to gather information on a specific individual or company. This research is limited only by your ability to access and navigate these databases. If your budget does not include these services, consider accessing them at your local library.

Your local reference library may have one or more computers stocked with databases of various types. These include programs such as LEXUS, NEXUS, INFOTRAC, magazine article summaries and local newspapers.

Better yet, recruit volunteers or interns with computer skills, provide them with the specifics as to what information you are looking for, and allow them to conduct your donor research.

**Organization Annual Reports**

The annual reports of competing organizations can provide a treasure chest of prospect names for cultivation and solicitation. These publications list names of people who are interested in missions similar to yours, have the financial means to make a gift, and are obviously charitably inclined. In addition, gift levels listed in these reports will also help you determine an appropriate level of support to suggest to these new donor prospects. These reports can be obtained by calling an agency and asking for a copy, stopping by the office of a charitable organization to pick up a report, or using the resources of your local library, which most likely maintains files of news clippings and annual reports of area organizations.

**Form 990s**

The Internal Revenue Service requires that nonprofit organizations raising more than $100,000 a year file a Form 990 with the IRS and with State Attorney General's office. These forms may also provide an excellent source of donor prospect names. Although the form filed with the IRS is confidential, the copy filed with the state is available to the general public in some states. Major donors' names, addresses, and amounts of gifts are often included in these reports.

You may wish to check with your State Attorney General's office to see if these reports are available for viewing or copying.

**Special Event Programs**

Those printed programs that people often leave behind on the dinner table or theater seat at special fund raising benefits can also be an important resource for names of corporations, foundations, and individuals who support organizations and missions similar to yours. Lists of key sponsors and patrons in these programs are invaluable leads on new donor prospects for your cause. Organizations may be willing to share their event programs with you. Another alternative is to ask donors and volunteers from your organization to secure copies of programs.

### Corporate and Foundation Annual Reports

Most corporations and foundations provide their annual reports upon request. In addition to being easily attainable, these reports often list the names of the charitable causes that the corporation or foundation supports. Annual reports also describe the types of programs or projects with which they have been involved and the grant amounts given.

### Newspapers: Business Section

Your metropolitan newspaper or local business newspaper will provide ample information about companies in your area. Note any mergers, acquisitions, quarterly earnings, or stock purchases. This information indicates the financial health of a company. Companies with high growth rates may be good prospects. Information about major foundations and nonprofit organizations may be listed here as well. Articles announcing promotions or hiring of key staff will keep you abreast of whom to contact, along with key biographical information, such as the individual's former place of employment, community affiliations, or experiences that have shaped his or her life.

### Donor Plaques and Donor Walls

A visit to the lobbies of other nonprofit organizations may also provide an abundance of names for your prospect list. Donor walls and plaques in museums, theaters, schools, churches, hospitals, and social service agencies can give you the key names and gift levels of donors in your community that you can pursue for support of your organization's programs and services.

### Prospect Rating

Prospect rating is important for all development programs. It allows you to gather information about your donors, prospects, and members. This information will help you to rate their ability to give or increase their level of participation.

Some organizations employ the assistance of professional development consulting firms. They can rate your donor prospects through computerized analysis and compilation of information contained within public documents and a variety of other sources. They determine prospects' net worth through real estate and stock holdings, salary and benefit levels, education, family composition, memberships in organizations, service on boards of directors, involvement with nonprofit organizations, level of charitable giving, and propensity to give additional gifts to other charities.

This information is valuable but may be beyond the financial means of your organization. Still, even the smallest development shop can implement a low-cost prospect rating process that will strengthen its development efforts.