Prospect Research: A Tool for Professionalism in Fund Raising

The greatest risk in fund raising is that too little will be known about the donor, resulting in approaches that are ill-conceived, insensitive, and ineffective.

By Michael J. Worth, vice president for development and alumni affairs
The George Washington University
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For volunteers and others outside the fundraising profession, prospect research is like sausage – they appreciate the product but would rather not know the details of how it’s made. They know it goes on, they know it’s necessary and, in fact, they would be concerned if their development office were not diligent and skillful in uncovering new sources of potential support. But they may also sometimes feel vaguely uncomfortable toward efforts to know more about donors and prospective donors. Recent articles in publications have increased awareness of prospect research and have pointed to the ambivalence that some people feel toward this aspect of fund raising.

Prospect research has become an invaluable tool for sophisticated development programs, always in search of new sources of support in an increasingly competitive fund-raising environment. And it is a positive tool for professionalism and sensitivity in relationships with donors. Most donors respect professionalism and admire the fund-raising program that is aggressive yet responsible and thoughtful in its approach. Prospect research enables institutions to ask for a gift that is both realistic in terms of the prospective donor’s financial ability and consistent with his or her interests. From the perspectives of both the institution and the donor, this is far better than the amateurish shot in the dark. For the donor, the thoughtful proposal is much preferable to being insulted by a request for too little or being embarrassed by a request that is too high. As a prospective donor said to me in a recent meeting, “I am flattered that you took the time to learn something about me before you came to talk.”

The importance of prospect research has increased in recent years as the financial needs of non-profit organizations and campaign goals have become even greater. The professional skills and judgment of researchers have become more sophisticated. And their roles have expanded beyond the mere gathering of information to full participation with development officers, presidents and trustees in the design of fund-raising strategy.

Modern prospect research includes the whole spectrum of the fund-raising process. It starts with identifying potential donors and collecting enough information to determine their ability and possible interest in making a gift. It involves carefully monitoring the prospective donor’s contacts with the institution and making a judgment as to when the time is right to request a gift. And the input of the researcher is vital in determining such strategic questions as who should ask for how much and for what purpose that will best coincide with the donor’s own interests and priorities; for example, a scholarship in art or a named wing in the new hospital. As a result of this deliberate process, the prospective donor is presented with a proposal that makes sense in terms of his or her capacities and inclinations. This way, the solicitation of a gift presents the donor with a realistic and attractive “opportunity” to further his or her own philanthropic goals, rather than just “another solicitation” that may produce more annoyance than satisfaction.

Some have expressed concern that the skills of prospect researchers, aided by computers, may raise ethical issues concerning the collection and distribution of information about individuals. I see little reason for concern in current practices, but there is certainly the potential for abuse and a need for good judgment and guidelines.

The information compiled on a prospective donor generally comes from three sources. The first is information already contained in the institution’s own records; for example, an alumnus’ record of past giving and activities and memberships while a student.

A second source is public information, acquired from readily available directories, such as Who’s Who, as well as somewhat more esoteric documents, such as proxy statements. While these sources may indeed yield considerable detail on an individual’s associations and financial status, the information is legally obtained and is, in fact, routinely accessed by the individual’s own business associates, newspaper reporters and others.

A third source is information, comments and insights that may be offered by the individual’s
classmates, friends, or business associates. This information is the most sensitive because it is often subjective.

Public information and the institution’s records will yield facts, but individuals may state opinions about others. This type of information must be treated with the utmost caution and discretion. The two principal issues with regard to all information are: What information should the development office keep and with whom should it be shared? On the first question, information that is not relevant to fundraising should not be recorded anywhere. If someone says the prospective donor cheats at poker, that’s deplorable, but it’s irrelevant to fundraising. If someone says the prospective donor is a “tightwad,” that’s relevant, but the subjective observation should be stated in objective terms. For example, this insight might be noted on the individual’s record as “No known history of philanthropy.”

On the question of who should share the information, the standard is “need to know.” Within the development office itself, there should be limited access to computerized records and paper files, and well-established procedures on the circulation of correspondence and other documents. But the most sensitive question involves what information may be shared with individuals outside the university, particularly fund-raising volunteers.

There is an anecdote about a volunteer fund raiser who went to visit a man with “no known history of philanthropy.” He asked for the gift and the man asked back, “Are you aware that I have a mother in a nursing home, a widowed sister and a brother unemployed?” Embarrassed, the volunteer replied, “I’m sorry, I was not aware of that.” “Well,” the man went on, “I’ve never given a dime to them, so what makes you think I’d give anything to you?”

Better research might have done nothing to save this volunteer. But surely a volunteer about to solicit a gift needs to have some information on the prospective donor on whom he or she is about to call. The volunteer certainly needs to know, for example, that the individual has previously given the college $100,000, that he is deeply interested in music and that he is judged capable of giving $1 million or more. Without such essential background it would be impossible for the volunteer to carry out his or her mission. But let’s suppose the prospective donor is known to be going through a divorce. Should such personal information be told to the volunteer, even though it might realistically affect the individual’s ability to give? Does providing this information to the volunteer invade the privacy of the donor? Does withholding it create the potential for embarrassment to both the volunteer and the donor?

Such questions usually cannot be answered by formal policies but always require the exercise of mature judgment, integrity and common sense. Nevertheless, the development office should have a policy on the collection and dissemination of information. Such a policy should spell out what information is or is not to be recorded, who has access to files and what elements of data are to be shared with others outside the development staff. It is not possible to neatly cover every possible case – that’s why judgment is required – but a policy can describe general categories of information and give examples.

As it always has been, fund raising is more art than science. It is an intensely personal matter. People give money to people they like and trust and to causes that touch their hearts and minds. The systematic approach reflected by prospect research does not replace that personal element. Rather, it enhances the quality of human relationships. The greatest risk is not that too much will be known about prospective donors and the information misused. The greatest risk is that too little will be known, resulting in fund-raising approaches that are ill-conceived, insensitive and ineffective. A fund-raising institution or organization that is not investing in a research effort cannot stay competitive in today’s fund-raising climate and is destined to have a development program that is unprofessional as well as unsuccessful.

About the Author
Michael J. Worth, vice president for development and alumni affairs, The George Washington University, has been in higher education administration since 1970. From 1977 to 1983 he was director of development at the University of Maryland, College Park. Since 1983 he has been in his current position at The George Washington University, where he has responsibility for development, alumni affairs and federal and board of trustees relations. Dr. Worth also teaches graduate courses in the school of education and human development as professor of education. He is general editor of Public College and University Development, published in 1985 by the Council for Advancement and Support of Education. He is the author of numerous articles on development and higher education.