



Diamonds in the Rough:

A Beginner's Guide to Finding The Best Donor Prospects Hidden In Your Database



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EBOOK:

Introduction

Asking for upgrades, major gifts and bequests is something that every fundraiser wants to do. But identifying the best supporters in your lists for those types of asks can be an even bigger challenge than the ask itself.

Oftentimes we look only to the wealthy. But research shows us that rich strangers are rarely ever the best donor prospects.

Whether you're a small nonprofit who feels that prospect research is out of reach, or you're looking to hire a professional prospect researcher and want to set them up for success, this eBook is for you.

Keep reading to find prospect research strategies that build deeper, more meaningful relationships with donors. You will learn engagement strategies that enhance existing relationships and grow their giving, as well as uncover donors with a propensity to give to your organization for the first time.

What's inside:

- What research tells us who best prospects are
- Retention strategies to set you up for success
- How to maintain clean, useful data
- What donors actually want from you
- How to get to know the donors you already have (and why you should want to)
- What factors signal a likelihood that a donor could give more to your organization
- How to find prospective donors that are right under your nose
- Strategies for reactivating lapsed donors



The body of knowledge

Ask any consultant worth their salt what they think is the fundraising activity that produces the most ROI (return on investment) and they'll all say the same thing.

It's not major gifts (though they're a very valuable activity). It's not direct mail (though it still works). It's not events (definitely not).

It's bequest marketing.

The average major gift is smaller than people assume – around \$5,000. However, the average U.S. charitable bequest is around \$32,000.

The bad news is we lag behind other nations, especially the U.K. where the average bequest is \$54,000, and Australia where it's a whopping \$200,000.

Let's say you buy into this, and want to get started.

First, know that it's a long-term strategy (We're talking three or more years before you might see that first gift come in). Next, you need the prospects. Who are you going to send that bequest letter to?

The late, great **Jerry Panas** published his list of the 13 best characteristics of a planned giving prospect:



1. Length of giving to your organization (5 or more years of regular giving)
2. Giving to you over a long period of time (giving may not be year after year, but gifts have been made over a long, extended period of time)
3. Frequency of giving (monthly credit card donors, or those who give more than once a year)
4. Is an active volunteer (at one time or is now a board member, or a volunteer in some manner)
5. The family has been involved in some way with the organization (best if there is a long-time association)
6. Few family obligations (children and grandchildren are appropriately taken care of, no mortgage, no indebtedness)
7. Securely retired (feeling comfortable and confident about future financial situation)
8. No heirs
9. Have been called on regarding planned gifts and bequests
10. Has requested information on making a planned gift
11. 65 years of age and over
12. Has an interest in an organization similar to yours (similar mission, service, values)
13. Recognized by your organizations (has received special recognition for volunteer service or past giving)

“It is not high net worth men and women who are necessarily your most likely best prospects. They may be. You need to look for men and women who are long-term and consistent donors. This is especially true of those who give four or more times a year, several hundred dollars a year. They are your very best prospects for a bequest.”

JERRY PANAS

It's not just wealth. It's loyalty.

Your best prospects are those who have been loyal, long-term supporters (wealth and childlessness certainly don't hurt though).

But pay equal attention to all those who have seven or more of the characteristics.

And, by the way, the largest percentage of bequests come from those with a net worth of \$3 million and less.

Planned giving isn't the only place these 13 characteristics can help you. Major gifts, capital campaigns, upgrades, special projects — these long-term loyalists are all ideal prospects.

So how do you better retain donors?

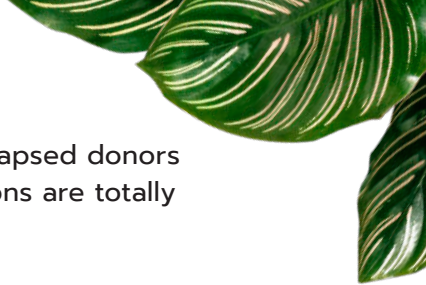
Clean data and a retention strategy are your secret weapons

One reason why we struggle with major gifts and bequests could be due to our low donor retention rates.

According to the [Fundraising Effectiveness Project](#), average donor retention rates have hovered in the mid-40% since the early 2000s. For first-time donors, it's even lower at around 20%.

We just aren't good at keeping donors around for several years. And if a donor completely lapses, their rate of return is only about 7%.

Again, research exists that explains how to stem the tide.



A 2001 study by the godfather of donor retention, Adrian Sargeant, asked the lapsed donors of several large charities why they suddenly stopped giving. Most of their reasons are totally controllable through effective communications:

5% – thought charity did not need them

8% – received no info on how donation was spent

9% – had no memory of supporting

13% – never got thanked for donating

16% – death

18% – poor service or communication

36% – thought other charities were more deserving

54% – could no longer afford

In 2011, DonorVoice collaborated with around 250 nonprofits to find out what they had done well to keep about 1,200 donors loyal for many years.

A survey was sent to those loyal donors asking them to rank, by order of importance, 32 drivers of donor commitment. Here were the top seven:

1. Donor perceives your organization to be effective in trying to achieve its mission.
2. Donor knows what to expect from your organization with each interaction.
3. Donor receives a timely thank you.
4. Donor receives opportunities to make his or her views known.
5. Donor is given the feeling that he or she is part of an important cause.
6. Donor feels his or her involvement is appreciated.
7. Donor receives information showing who is being helped.

A study conducted in 2021 by the IU Lilly School of Philanthropy uncovered similar sentiments.

When asked what types of communication and content that subscription donors (a form of monthly recurring donors) would prefer to receive from nonprofit organizations they support, donors responded with the following:

52% - Stories and experiences shared by the people my gifts have helped

32% - Frequent updates about organization's programs and services

32% - Emails with my donation's impact and heartfelt thank you(s)

25% - Educational and interactive webinar series related to the organization's mission and impact areas

To put it simply, donors want to know their impact, receive communications tailored to them, be thanked quickly, be asked their opinion and feel overwhelmed with gratitude.

It's pretty simple really. Easy? No, but simple.

Putting these principles into practice is the subject of another eBook (not to mention several more books, workshops, seminars and years of experience). Your next challenge is *knowing* that you have long-term loyal donors.

How do you know who has 5 or more years of regular giving? Or who is a monthly donor? Or who has given multiple gifts within a year? It can be very hard to identify these activities and segment your communications without a dedicated donor database with clean, usable data.

A history of interactions is also a must. Imagine the embarrassment of inviting a prospect out for coffee if your predecessor has already met with, only to launch into the same ask that they heard just a few months ago.

A standard operating procedure for entering data and universal access is just as important. Imagine returning from a donor visit with a few pages of scribbled notes, only to have your database administrator lose it or misinterpret your thoughts as they entered them into the database.



Let's fast forward and assume that you're doing a pretty good job at donor stewardship and data management, and now it's time to create segments of donors based on recency, frequency, and other engagement signals.

HERE ARE A FEW OF OUR FAVORITE DONOR SEGMENTS:

Obvious donor prospects

Based on the above wisdom from Jerry Panas, it won't surprise you that our favorite low-hanging fruit consists of the following:

1. **Donors who have given for 5+ consecutive years** – Enough said.
2. **Monthly donors**
 - They're typically overlooked because monthly gifts are small, but are actually 7 times more likely to leave a bequest.
 - They believe in you, they trust you.
3. **Volunteers (including board members)**

It's easy to shy away from asking volunteers to also donate monetarily. These thoughts may come to mind: "They already give." "I don't want to ruin the relationship." Don't be afraid to rock the boat. They may actually think it's weird that you haven't asked.

Break your volunteers into two groups:

1.

Volunteers who haven't given

- 10 times more likely to give than non-volunteers
 - There's not much of an excuse for not having 100% board giving.
 - Don't be afraid to ask volunteers to donate. They like you! You won't ruin a good thing, promise.

2.

Volunteers who have already given

- Could they give more?
- Could they give monthly?



These are your best prospects to begin researching further. They're ready to be converted into monthly donors, or for you to begin bequest or major gift marketing.

But first you need to identify their capacity. Wealth-screening tools can be very handy at this stage of the process.

Our friends at DonorSearch have five markers they swear by that can predict future philanthropy:

1. Previous giving to your nonprofit

How much are they giving to you?

2. Previous giving to nonprofits like yours

Are they giving more to other organizations?

These final three are strong markers of financial capacity:

3. Participation as a Foundation Trustee

4. Political Giving

5. Real Estate Ownership

You may find that your monthly donors are financially well placed at \$20 per month, and that a large gift ask isn't appropriate. However, bequest marketing may make sense for them.

Conversely, you may find a long-time annual fund donor who gives \$250 a year, but that you could easily upgrade to \$2,500 each year.

NOT-SO-OBVIOUS

Donor prospects:

If you aren't finding a lot of donors who fit into the above category, there may be some that are close to moving into that upper echelon of prospects. Others might be sending you interesting signals that are easily overlooked.

Here are a few ideas:

1st-time donors

You've got to start somewhere, right? Even though you've gotten a gift from them, they're still very much prospects. First-time donor retention rates are quite low, so don't pat yourself on the back just yet.

Get to know them:

- Invite them in for tours

Send a survey—Let them tell their story:

- "Why did you first give?"
- "Why are you passionate about (cause)?"
- "What would you like to hear from us?"
- "How did you hear about us?"

Lapsed donors

You did something to win them over originally, and assuming the relationship isn't a total loss, there's always a chance they could come back. But not if you do nothing!

- Isolate donors who haven't given in 2+ years

Say thanks for past giving (don't ask for money)

Tell an impact story (don't ask for money)

Send a survey (don't ask for money):

- "Did we do something wrong?"
- "What would it take for you to give again?"
- Don't call them a lapsed donor

Invest in data services

- NCOA
- They may have moved away
- Email / Phone Appends
- They may have different contact info
- Deceased Suppression Processing
- They may have died
- Remember: donors give on their own schedule. Just because you consider them lapsed doesn't mean that they consider themselves lapsed

Current/former service recipients

They know firsthand the impact of your mission

- Former service recipients may now have higher capacity to give (because of the services they received from you)
- Schools, social services and healthcare organizations understand the value here
- Current service recipients may view donating with a positive sense of pride



EVEN LESS-OBVIOUS

Donor prospects:

Donors who give you updated contact info (unprompted)

- If someone lets you know that they are moving or have a new address, highlight these people because they really like you and want to keep receiving information

Donors who complain

- Data from TargetAnalytics shows that donors who complain are retained at higher rates than donors who don't complain, with even higher retention rates among those whose complaints you resolve

Donors who submit matching gifts from their employer

- They care enough to double the impact of their donation by going through the trouble of submitting a matching gift request. They and their co-workers could be volunteer prospects as well

Adult children (especially daughters) of parents who give

- According to the Women's Philanthropy Institute, they are highly likely to also support you

Surviving relatives of deceased long-time donors

- Investing in a Deceased Suppression Processing data service can uncover lapsed donors that passed away, giving you an opportunity to send condolences and words of appreciation to surviving household members. Who knows? Maybe they will continue the legacy

Donors who just had their first child

- What are they doing? Probably putting together their first will

Out-of-town donors

- Let's say you're a hyper-local nonprofit, like an environmental agency or a school and you suddenly get a large donation from someone who lives 10 states away. It may serve you well to be curious about that donor. Perhaps they are a former service recipient, or someone with a past connection to your community

Contact person at a for-profit business/ company that sends volunteers

- This person is an advocate and likes you enough to ask their co-workers to volunteer. Take care of this person

Check > credit card, and American Express > Visa/Mastercard

- This has been shown to be a marker of financial capacity

This list is by no means exhaustive, but hopefully it's enough to get you thinking about all the different types of donors you have and what kinds of signals their giving is sending you.

The power of surveys

There’s no reason to do all of the work yourself.

Some donors might tell you themselves (albeit indirectly) if they are a good prospect to give more, so don’t be afraid to ask them.

The folks over at DonorVoice have developed a simple donor commitment survey that can predict future giving from high-commitment donors.

The Donor Commitment Survey

On a scale of 0 to 10, please indicate how much you agree with each statement with “10” being “strongly agree” and “0” being “strongly disagree”.

	Strongly Disagree										Strongly Agree	
	0	1	2	3	4	5	6	7	8	9	10	
I am a committed Audubon donor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
I feel a sense of loyalty to Audubon	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Audubon is my favorite organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

- DonorVoice



The survey consists of three simple questions with a ranking from 0 (strongly disagree) to 10 (strongly agree) they are:

1. I am a committed (org name) donor
2. I feel a sense of loyalty to (org name)
3. (Org name) is my favorite charitable organization

DonorVoice has deployed the survey on behalf of 250 organizations to 30,000 donors. So far it has produced 130% more net revenue over a 36-month period than any other score (like a Net Promoter score, for example).

Jeff Brooks recently interviewed Roger for an explanation of the power of this survey. You can check out the video [here](#). Another value of surveys is they can help you differentiate between two donors who look very similar on paper.

For example, let's say you have two donors who each gave \$100 online. It was their first time giving to your organization. A simple first-time donor survey that asks "Why did you give?" or "How did you hear about us?" may reveal that Donor #1 gave to you because they had a grandmother die of the disease you're trying to find a cure for, while Donor #2 gave because a Facebook friend posted about raising money for your organization. Those are two very different types of donors, with Donor #1 being much more likely to give again.

Final thoughts

If you implement some of our ideas above, you should start getting a few thoughts about which people in your database are ripe for increased giving.

Don't be afraid to invest in the services of a professional prospect researcher. This guide isn't meant to replace them at all; ideally, it will set them up for success (they'll really appreciate all the clean data you're providing!).

Once you begin viewing your database as the sum of many different types of supporters instead of just "supporters," you can begin segmenting your communications for maximum impact.

There's no doubt that this will be a large investment, and one that may not pay off for a few years. But when it does pay off, you'll be on the road to sustainable fundraising and the envy of your fundraiser friends.

[Click here](#) to find out how Bloomerang can help you find the best donor prospects.