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ABSTRACT

Prospect Identification, Research and Staff Service is described as a system to identify and provide information in depth on the 20, 50, or 200 individuals or organizations who can make impact on the institution if motivated to help. Usually an institutional prospect research system will limit its efforts, in the interest of cost effectiveness, to those individuals and organizations with what is judged as a potential to make a capital gift of an agreed-upon minimum size. Suggestions are offered for developing information about and evaluating prospects as well as recording the information and maintaining effective contact with donors. Whether the PIRSS works directly with major donor solicitors with the cooperation of the development chief, or only through the department, the office must provide staff services to all those involved in donor solicitation. Methods of staffing the PIRSS operation are outlined. A list of references for constituency research is provided. (LBH)

Prospect Identification Research and Staff Service

Frank P. Ray

Just as the armed forces depend on information as the basis for planning action, so the effective college and university development program depends on information as the basis for its effective action.

The armed forces depend upon radar, loran, satellite scanning, mapping, scouts and infiltrators as well as upon sophisticated reports of the nature of the enemy resources, attitudes, motivations, etc., written by historians, sociologists, psychologists, economists, businessmen, educators, travellers and others.

The Army, Navy, or Air Force, without information, operate in the dark. The development program is helpless unless it has the ability to identify possible donors and the sophisticated information upon which can be based effective strategies and tactics designed to motivate support for the institution. The effective development organization meets this need by an office, Prospect Identification, Research and Staff Service.

This is a program to identify significant potential donors, develop about each the kind of information which will provide a sound base for action planning, suggest and guide a program of prospect cultivation, and provide staff assistance to action steps taken by those making direct donor contacts. The program is supported by an effective records system and adequate staff.

NOTE WELL the word "significant" in the above description. This is not a system to provide information on 1000's of donors. It is a system to identify and provide information in depth on the 20, 50, or 200 individuals or organizations who can make major impact on the institution if motivated to help.

I. Prospect Identification

A. Define

Usually an institutional prospect research system will limit its efforts, in the interest of cost-effectiveness, to those individuals and organizations with what is judged as a potential to make a capital gift of an agreed-upon minimum size; let's say $50,000 or $100,000, for the small institution and limited objective, to let's say $250,000 or even much higher for the major institution and/or major effort.

The level to be worked usually is a product of reference to the table of gift needs and the number of major donors who can be identified, within the general agreement on limitation of gross numbers to be researched in terms of cost-effectiveness.

Experience seems to indicate that unless the staff and the institution are unusually large and/or strong, it is wise to limit intensive efforts to not more than 200 names of individuals and organizations. The people in charge of alumni, general foundation and corporation relations, etc., will take care of the rest.

B. Sources of Prospect Names

Assuming we are starting from scratch, however, we shall be reviewing several times more names than will finally end up in the research process. They will come from the following sources:

1. Former donors:

The alumni and gift records offices will be asked to supply the giving record of each individual and organization who or which has made a gift of "$x" size at any time within the past 5 years, or 10 years; and the names of all donors who have given a gift of "$y" size (for larger) at any time within the capacity of the records to produce the information. The size of "$x" and "$y" will be judgments based on the experience and records. For some, with little past record of significant support, it may mean going down to $1,000 gifts for individuals, and perhaps for corporations also. For others, the cut-off point will be higher. For a few, it may be lower.

NOTE: Later, when time permits, records ought to be searched for the details even on early benefactions (The founder, early bequests and gifts resulting in named buildings, professorships, etc.) to see if a continuing family relationship might offer present opportunities.

2. Parents:

The Admissions office ought to be alert to identifying parents thought to have unusual potential gift capacity. Student registration cards, at least for entering freshmen, ought to call for information on parents' occupations, titles, etc.

3. Doners and Sponsors of Other Enterprises

Lists of benefactors of other local and nearby enterprises supply leads. Benefactors, directors and sponsors of local symphony, YM(W)CA, major social benefits, etc., are often listed.

4. Probability Analysis

If the alumni office has dossiers on each alumnus which include returns of alumni questionnaires, news clippings, etc., a well-instructed search through the folders covering living alumni who have been out for 30 years or more will turn up prospects: the orthopedic surgeon cited for high professional attainment who heads a private clinic, the businessman elected a director of IBM, the alumna who has been National President of the DAR or AAUW and has done extensive foreign travelling, are all worth looking at. Some or most of these will be known; some will have been overlooked. But remember, the search is for nuggets, not grains!

In this same vein it may be said that identification of potential benefactors from among the older alumnae is most difficult of all, yet increasing numbers of very substantial gifts and bequests and trusts are forthcoming from this group. Because of the high probability of substantial resources in this group, individuals ought to be carefully explored by the deferred giving operation and general alertness maintained in appropriate identifying processes described below.

5. Ask! Ask!! Ask!!!

People, - people in the college community, alumni, friends - are always a dependable source. Faculty and students are sources. As alumni directors and development people and the President and trustees meet with alumni and friends around the country, each person should be briefed to ask for names of/and information about potential large donors, and then reminded to feed it into the research process. Remember that the quiet exploratory luncheon or dinner with one or two or three prominent alumni or friends will be more productive of valuable information at the top gift level than will be the typical campaign "rating committee" and its panoply of the index cards and files.

6. Corporation Officers and Directors

Senior officers and outside directors of major publicly-held corporations in your community which have a possible community of interest with the institution or particular programs may be identified from annual reports, proxy statements, etc., and/or from reference books which will be mentioned later.

7. The Research Library

Reference books on corporation officers and directors, Social Registers where appropriate, foundation directories and newsletters, magazines and newspapers will all be sources of names. A typical PIRSS library is listed in the Appendix.

8. Miscellaneous:

a. Ask those in your institution who see the checks from donors to alert the PIRSS office to checks made out on funds of private foundations, closely-held businesses, trust funds, etc. They may contain clues to capital funds controlled by individuals.

b. Mailings by the estate planning and deferred giving office may result in returns which are suggestive.

c. Watch alumni news publications for and alert alumni staff to pass along news of important promotions, special honors received and other information about alumni which may suggest prospects to be evaluated.

d. Continually remind and ask members of development committees for prospect names.

NOTE: In all of the above use some rationality. Don't just list the Rockefellers and the Mellons, Bob Hope, and the Ford Foundation, just because they have a lot of money. There must be some thread of connection of contact, relationship, or consanguinity of interest in programs (or a real possibility of developing some) before listing and research should be begun.

II. <u>Developing Information About and Evaluating Prospects</u> (Research)

The exercise of gathering names of prospects is a continuous one. The task of developing information about and evaluating prospects begins with the acquisition of the very first batch of names and continues with increasing selectivity as prospects (some call them "suspects" at this stage) are evaluated.

Remembering that the objective is to sift the prospects into groups representing potential, many PIRSS officers assign codes to each prospect. "AA," for instance, might be assigned to prospects with the estimated capacity to give, <u>if they wished to</u>, five million dollars and up. "A" through "E" could be assigned to other levels with "D" and "E" representing a standby or discard level.

NOTE: There always ought to be an intensive search for at least several multi-million dollar potentials. And remember, the rating reflects <u>capacity</u>, not necessarily present interest. That may have to be developed!

Then add a second code, perhaps "1" to "5", representing judgment as to likelihood of interest in or degree of closeness of relationship with the institution. Thus a "AA 4" prospect might represent a longshot but a possibility while "A 1" would warrant immediate and intensive attention. If only a "5" can be assigned, probably the prospect ought to be put in the standby file and looked at just often enough to see if status has changed or can be changed. One cannot risk jeopardizing the chance for success with the warmer prospects and high potential just the chance that "maybe" or "might" can occur.

Basic to coding and evaluating, however, is hard information about each prospect. Many of the sources of names given above are also sources of information. Other sources contained in the library list are obvious.

The paragraphs above numbered B1, B2, B5, B6, B7, and B8 should be re-read with information sources in mind.

In addition, once having established a name from other clues, the following sources of special information on giving potential are also helpful:

A. Proxy Statements

Proxy statements of publicly - held companies are sent to stockholders. If the company or any of its officers or directors are prospects of importance, some arrangement should be made to acquire a copy of its proxy statement which tells how many shares of its stock are held directly or beneficially by each major officer and director. These can be acquired through a friendly broker's office, bank trust department, or by having the institution purchase at least a share to insure that annual reports and proxy statements come directly to the institution.

B. Probate Records

As estates of significant size are dispersed among or passed on to heirs, clues to financial resources of certain prospects may be had by examining probate court records.

C. Other Public Records

Real estate transfers may sometimes be helpful to know about and may often be examined in appropriate public offices.

D. Ask! Ask!! Ask!!!

Although the need to go continually to people to ask for prospects and information was stressed in Section I, it must be emphasized again that a continuous process of research through leadership individuals is most productive in evaluating and rating and gaining information about the attitudes and habits and motivation of each prospect. Here, in addition to the usual data, you will accumulate data on attitudes, prejudices and interest which will be a consideration in the strategy of cultivation, solicitation and reward.

e.g., Is violently anti-student permissiveness.
See only in the morning or after 6 o'clock!
Expert on Etruscan pottery. Has fine collection.
Dislikes Dean of the college. Use someone else for contact.

Very loyal Michigan alumnus.

Former hammer throw champion at Purdue.

Has large library on birds.

General library interests.

Likes to fish in Canada.

III. Forms and Records

Whether or not much of the information eventually winds up in a computer or a microfiche or similar system, the basic tool of the PIRSS office is still the master index card and file folder for each major prospect. This is because the whole of the background information, up-to-the-minute, has often to be instantly available to a solicitor, for handling in a committee meeting, or available to the President in the middle of a telephone conversation.

Of course generalized information, giving records, coding, etc., will be included in the general computer file where it may be used for special category sorting, addressing, etc., but the "full range" of information will stay in the special PIRSS possession.

A typical research office will maintain file summary cards similar to the following for each major prospect, perhaps using different colors to differentiate among alumni, parents, friends, organizations, etc.

Computer programs vary so widely in design and content that it is impossible to provide a specific guideline here. The important thing is to arrange "retrievability" by each useful category in which need is anticipated. Among these would be geographic region, code on potential, giving record, constituency relationship, nature of donor, etc.

NOTE: Confidentiality and security for records is important. All files should be available to authorized personnel only and otherwise secured in locked cabinets. Access to what may be sensitive materials by unofficial or unapproved personnel cannot be tolerated.

Pick up all copies used at committee meetings. Log out any material which leaves the office.

IV. Tender Loving Care: (Cultivation)

All prospects - every alumnus, parent and friend of the institution - deserve the attention of the institution. All aspects of the development function, the alumni office, and the publications and public relations offices are appropriately and constantly concerned with the process of cultivating the good will, friendship and support of all members of all constituencies.

But the hard facts of practicality and concern for the welfare of the institution demand that attention to and investment in the cultivation process must vary in proportion to the size or likelihood of realizing a major donation to the institution.

At least for the top 50 prospects, at least those rated "AA" or "A" and at least coded "1", "2", or "3", a special program, even a "mini-campaign" of cultivation will be worked out by the Chief Development Officer, usually with the participation of the President and the assistance of a volunteer Committee on Special Gifts and, for some prospects, the Committee on Estate Planning and Deferred Gifts.

It is a prime responsibility of the PIRSS, not to do cultivation, but to guide and suggest its doing and to provide the staff assistance required.

These planned "moves" will be entered on a special card for each prospect and put into a "Tickler file" by dates maintained by the PIRSS. As dates for appropriate action come forward the PIRSS will remind the person slated for action and, if necessary, suggest drafts of letters, subject matter of other communication or other action indicated: e.g.

...Flowers on a wife's birthday and a phone call from the president

...A special note from a trustee transmitting an annual report

...A note from the Librarian on the disposition of an earlier gift or note on an important acquisition in the prospects' field of interest

...A letter from a student scholarship holder, or a named professorship

...A complimentary copy of a professor's new book. Or an oil painting of a campus scene from the art department

...etc., etc., etc.

Two elements always to be included in the program are:

...A personal report to the donor on the use of every significant gift

...Continuity and good taste, and innovation

NOTE: In some institutions with an active and successful Associates Program (annual giving in the amount of $1000 or more) the PIRSS may well extend staff service in guiding TLC to this group also, since many members are already in the major gift potential and many others, in the nature of things, may be headed that way.

V. Supporting The Action

Whether the PIRSS works directly with major donor solicitors with cooperation of the development chief, or only through the department, the office must provide staff services to all those involved in donor solicitation.

The previous section (IV) suggested the role of the PIRSS in guiding and suggesting strategies for TLC. More specific staff services are also required.

A. Staffing The Volunteers

While the PIRSS officer may have little line responsibility and works within guidelines and directions set forth by the Development Director, he will inevitably find himself related to the work of volunteers.

The principal volunteer committee with policy and action obligations affecting PIRSS is the Special Gifts Committee. This is the Committee which, with principal staff service by the chief development officer and with the participation of the president of the institution, concerns itself with the evaluation and development of strategies designed to unlock the gifts of donors of highest potential.

In a typical meeting of a Special Gifts Committee the PIRSS will have prepared Xerox copies of background materials and work sheets on the TLC and action steps taken with each prospect to be discussed at that meeting. As the meeting progresses and members contribute ideas and accept action assignments, the PIRSS officer will note information and action so that it can later be entered on record cards and placed in the tickler file for reminder purposes. The PIRSS officer in some cases serves as secretary of this Committee and prepares minutes summarizing information, acceptance of any responsibility by members for action steps, schedules adopted, etc.

In meetings of the Estate Planning and Deferred Giving Committee, also, the PIRSS officer will be expected to supply information on top prospects, as requested, but will not ordinarily play such a central part in the committee operations.

B. Staffing Other Officers in Development

The PIRSS office has responsibility not only to the Director of Development but to his colleagues. Within the rubric of the level of activity he has been assigned, he will be expected to develop information and make available all findings concerning potential donors to others -- director of alumni funds, director of corporation and foundation relations, director of parents fund, director of deferred giving.

The Director of Development will decide which prospects shall be singled out for special handling in order to avoid duplicating approaches, etc. For instance, Mr. A, an alumnus, may have his name removed from all alumni fund mail appeals in order that all contacts may be personal; or perhaps the President of Corporation B, a close friend of a particular dean, will receive the College Newsletter with a transmittal note from his friend.

The PIRSS officer will ordinarily not make these decisions, but where policy has been decided will use his record and schedule system to see that they are properly effected. He certainly is obligated to suggest strategy and tactics when he can do so.

Caveat: The PIRSS office which is active and cooperative runs the risk of undertaking too much. Other officers in development will be tempted to request PIRSS for staff assistance (developing long lists of prospects in certain constituency categories) which they should accomplish for themselves. While PIRSS certainly should expect its library of resources to be used freely, it must remain clear that cost-benefit considerations require that the overwhelming proportion of PIRSS staff time and effort be applied to the few hundred (really, few score) prospects whose participation will make all the difference.

C. Staffing Means Availability

Ability to staff volunteers, President and colleagues is the final test of the PIRSS. In addition to "having" the information, it must provide almost instant availability in emergency.

The PIRSS should maintain for each prospect in active status a simple action sequence summary in such form that it may be almost instantly available to the President or any other involved institutional officer or volunteer even if required in the middle of a phone call.

If the President receives a call from powerful trustee A who wants to discuss the strategy of working on top prospect B, the president will be able to act much more effectively if he can call for and receive immediately at least a summary of recent action, conversation, commitments, agreements with B. And if the President receives a telephone call directly from top prospect B himself, how much more effective he is with mastery of dates and subject matter of previous calls, correspondence, and notes on actions involving B which may not yet have reached him through normal channels.

Whether this availability is acquired through closed-circuit TV, Xerox copies changed constantly as information is acquired and kept in a loose-leaf folder in the President's office, or by having the PIRSS officer or staff near enough to deliver records on the dead run, accomplishment is important.

VI. Staffing The PIRSS Operation

PIRSS, in the institution serious about development, is not a part-time operation operated at the clerical level. It should be operated by a professional level director assisted by at least one secretary and records person. Larger institutions will have more.

As eyes and ears for the volunteer cadre and the administration, the effectiveness (or lack of it) of this office makes a critical difference in success or failure.

One successful development officer headed this office by a former faculty member, assisted by a retired research librarian from the Library of Congress and appointed a recent graduate as assistant.

The successful director will be intelligent, organized, curious about people, an indefatigable digger for information, able and willing to get out of the office in the search process, and with enough will-power and judgment to be able to turn down the constant temptations to pursue information in all directions and, instead, concentrate on the pay-off. The director must be cooperative and sharing - not protective - with information, and imaginative in creating programs and suggestions, ideas for prospect cultivation and donor reward.

Age, sex, or length of experience are not important factors. The techniques are easy to learn. Intelligence, organization, energy, a desire to be helpful and a belief in the institution are critical.

Reminder

1. Be tough on limiting numbers. Perhaps 200 total in the active file with top 10 and the next 50 getting special attention is a reasonable number in all except the larger institutions.

2. Always have a few million-dollar or multi-million-dollar prospects in the working file. Imagination in fulfilling this requirement will set the standard for the whole list.

3. Keep talking to people who can help, - make friends of trust officers, bankers and others, or ask those who are to help on specific cases. Don't hug your desk. Faculty department heads or senior faculty may be helpful. Just restrict your effort to major prospects following the criteria adopted by the Development Office.

4. Stay optimistic! Remember the development vice president who said, after a very successful capital campaign. "I know that for every major gift we got we missed one just as big because we didn't suspect it was there."

5. Don't neglect the potential of women in philanthropy. Identifying wealth among women, especially older alumnae, wives or widows of older alumni will tax every bit of ingenuity, but there is a tremendous and largely unidentified potential here as evidenced by the increasing numbers of major benefactions - through estates, trusts, and special gifts - from women.

FCP/BGE

A LIST OF REFERENCES FOR CONSTITUENCY RESEARCH

Standard and special reference material should be acquired for development staff and remain a permanent part of the constituency research library, instantly accessible for continuing use. The latest editions should be maintained. The following is a list of references compiled largely by Mr. David C. Ferner, President, Frantzreb, Pray, Ferner & Thompson.

I. SOURCES ON INDIVIDUALS

A. Who's Who in America
Marquis - Who's Who, Incorporated
200 East Ohio Street
Chicago, Illinois 60611

B. Regional Who's Who
East, Midwest, South & Southwest,
West

C. Specialized Who's Who

1. Who's Who of American Women
Marquis - Who's Who, Incorporated

2. World Who's Who in Commerce and Industry
Marquis - Who's Who, Incorporated

3. World Who's Who in Science
Marquis - Who's Who, Incorporated

D. Social Register, complete set (at least of selected areas)
Social Register Association
381 Park Avenue
New York, New York 10016

E. Directory of Directors in the City of New York, and other cities
Directory of Directors Company, Incorporated
350 Fifth Avenue
New York, New York 10001

F. Boyd's City Dispatch lists
1609 Union Port Road
Parkchester, Bronx, New York 10462

G. Church directories, lists, reports

H. City, County and State directories

I. News clippings

II. SOURCES ON INDIVIDUALS AND CORPORATIONS

A. Standard & Poor's Register of Corporations, Directors and Executives
Standard & Poor's Corporation
345 Hudson Street
New York, New York 10014

B. Moody's Industrial Manual/OTC Industrial Manual/Public Utilities Manual/Transportation Manual/Bank & Finance Manual/Handbook of Common Stocks
Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007

C. Dun's Reference Book of Corporate Mgt.
Dun & Bradstreet, Incorporated
99 Church Street
New York, New York 10007

D. The 500 Largest U.S. Industrial Corporations
Fortune Directory
540 North Michigan Avenue
Chicago, Illinois 60611

E. 25,000 Leading U.S. Corporations
News Front
Year, Incorporated
20 West 43rd Street
New York, New York 10036

F. The Conference Board, Incorporated
845 Third Avenue
New York, New York 10022

G. Council for Financial Aid to Education, Incorporated
680 Fifth Avenue
New York, New York 10019

Various publications of aid to education programs of business firms.

H. Matching Gift Details
Council for Advancement and Support of Education
1 Dupont Circle, N.W., Rm. 600
Washington, D. C. 20036

I. Official Summary of Security Transactions and Holdings, U.S.
Securities and Exchange Commission
Superintendent of Documents
U.S. Government Printing Office
Washington, D. C. 20402

J. Corporation Reports, Proxy Statements, etc.

K. State and local business organization directories, lists, reports

L. Professional directories

M. American Dental
American Institute of Architects
American Institute of Chemical Engineers
American Society of Mechanical Engineers
American Medical Association
Martindale-Hubbell Law, and others

N. Fortune Magazine
Time and Life Building
Rockefeller Center
New York, New York 10020

O. Business Magazines: Business Week, Nations Business, Forbes, etc.

P. New York Times
New York Times Office
229 W. 43rd Street
New York, New York 10036

Q. Wall Street Journal
22 Cortlandt Street
New York, New York 10007

R. Local newspapers

III. SOURCES ON INDIVIDUALS AND FOUNDATIONS AND TRUSTS

A. Foundation Directory and other services:
Annual Reports/Information Returns/List of Organizations Filing as Private Foundations/Data Sheets/Information Quarterly/Grants Index (Bimonthly, Annual)/Data Bank/Custom Searches

The Foundation Center
888 Seventh Avenue
New York, New York 10019

1001 Connecticut Avenue, N.W.
Washington, D. C. 20036

B. Form 990A - Return of Organizations Exempt from Income Tax - U.S. Department of Treasury, Internal Revenue Service.

Returns may be inspected at:

National Office
Office of the Director
Public Information Division
Washington, D. C. 20224

Office of the Internal Revenue
Service District Director of
the district serving the prin-
cipal place of business of the
foundation.

Copies of materials are furnished at a fee set by Internal Revenue Service.

C. List of foundations and trusts requesting registry as legal organizations in a state. For example: in the State of New York contact the office of the Secretary of State.

D. Foundation annual reports

E. Taft Information System: Foundation Reporter/News Monitor of Philanthropy
Taft Products, Inc.
1000 Vermont Avenue, N.W.
Washington, D. C. 20005

IV. OTHER

A. The Grantsmanship Center News
1015 W. Olympic Boulevard,
Los Angeles, California 90015

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