CHAPTER 5

Integrating Online and Offline Databases to Serve Constituents Better

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A nonprofit must analyze their database regularly for information to build strategies and directions in order to meet short-term and long-term fundraising objectives.

INTRODUCTION

It is critical that nonprofits plan for the strategic development of the information they capture by various methods. Through this strategic development, the information can be effectively implemented into fundraising activities. The data are gathered in areas as diverse as prospect research, donor development, moves management, database mining, two-way Internet data exchange, and strategic analysis and evaluation. This chapter will touch on these information-gathering areas, where many nonprofits need to spend more time to help develop a better overall fundraising plan.

In many areas of fundraising, technological innovations are used to improve technique, as well as give nonprofits the ability to have a more involved relationship with their donors.

Technology is inspiring nonprofit organizations to offer donors their choice of communication—through the Internet, telephone, regular mail, or person-to-person. Nonprofits can get back to donors faster and more accurately (if they have concerns, questions, or comments) than ever before. They have more opportunities to communicate with donors—and donors with them. Overall, nonprofits are beginning to know more about their constituents.

Today there are few valid excuses to fundraise with a cold, generic, or mass marketing approach.

The building blocks for improved, personalized fundraising lie with the use of databases and the Internet. Databases are becoming more powerful and capable of creating stronger relationships with nonprofit donors by uncovering the motivations underlying actions, needs, and desires.

Nonprofit managers need to understand what these databases are capable of doing before they can use them to improve and, in some cases, revolutionize their fundraising practices.

Fundraising and Technology

Many fundraisers are aware that nonprofits need to go beyond using database systems to capture only names, addresses, and giving histories. But not everyone knows that we should be thinking about the strategic development of the information captured, and how to implement this new and powerful source in fundraising activities. Good strategic development is the same as what makes a good database: donor development; prospect research; segmentation of data; solicitation tracking; monthly donor programs; electronic funds transfer; bar code scanning; telemarketing, and the Internet.

Technology (and especially database use) is enabling nonprofits to understand how a donor relates to an organization, starting from a number of entry points, such as volunteer, event participant, newsletter subscriber, monthly donor, Internet e-mailer, or Web site newsletter subscriber. Nonprofits need to adopt values, initiatives, and fundraising practices that recognize this fact. If fundraisers understand the basics, best practices, and advanced abilities of databases and the Internet, then nonprofit managers will be ready to understand what a donor wants. The result is an intimate, knowledgeable, and stimulating relationship.

Databases and the Internet

Today, most nonprofit organizations are in a fiercely competitive fundraising environment, so their donors will be receiving fundraising appeals from other organizations that understand how to use a database to treat donors in a personal and appealing manner. Most donors have a limited budget when it comes to philanthropic spending, so nonprofits need to understand how their database can help secure and keep current and future donors.

With e-commerce, the Internet has become a new solicitation vehicle. When a donation is made over the Internet, it is usually processed immediately, and in some cases, an electronic tax receipt is sent out via e-mail. You could also program the output from your Web page to create a file that could be imported into your fundraising management system. This would save having to manually enter the information into the system. It would also reduce entry errors. At the same time, since the donor is entering the information on your Web site, you could ensure that the donor enters the correct information into a standard format, thus ensuring accuracy and uniformity.

In addition to name and address details, one is able to capture Web site and e-mail addresses. Many companies and some foundations have their own Web sites and many more are being developed all the time. More nonprofits are also developing very sophisticated Web sites. As a result, more and more people have their own organizational and staff e-mail addresses.

Many of today's charities are using e-mail addresses to keep donors up to date, as well as to communicate with board members. It is quick and nearly immediate, depending on how often they check for messages. It is no secret that this method of communication can be more cost-effective than using faxes, couriers, or regular mail.

AN ONLINE DATABASE VERSUS AN OFFLINE DATABASE

There are many different types of databases in the nonprofit world. Some are considered online and others are considered offline: some are both. An *offline database* is software installed and maintained on the nonprofit's own computers and systems in the office. One can think of it as an *in-house database,* versus an online database, which is controlled and managed *out of house.*

Most offline or *in-house* databases are within physical proximity. They arrive in the office on CDs and are installed on the network so everyone in the team can access it. Offline databases can include systems that have been used in the past, such as an old legacy system or customized Microsoft Access databases. The following is a list of specific nonprofit sector offline databases:

- Banner
- Donor Perfect
- eBase
- Millennium
- Pledge Maker
- Raiser's Edge

An online, or out of house, database is one where, generally, the access to it is via the Internet. The database itself is located outside of the nonprofit's office. One usually has secure entry to it through any computer connected to the Internet. The information usually belongs to the nonprofit, but the management and control of the database itself belongs to the service provider of the system. The following is a list of online databases:

- Artez Interactive
- Convio
- Etapesty
- Kintera

WHICH DATABASE IS RIGHT FOR ME?

This is a question asked by many nonprofits, and it can be a daunting and complex one to answer. For example, would a widely available program such as an Excel spreadsheet or a Microsoft Access database be all that is needed? Or does one go with a specialized, and perhaps, more costly solution? If one decides on more specialization, and can justify a more significant investment of time and money, then how does one decide which one is better: an offline database or an online database? They both have advantages and disadvantages.

When selecting new software, you should review all options and determine if an offline database or online database is best. As with any new product, you should review all the features and functions required, and then compare your analysis with the different software packages and what they have to offer. One should think about key organizational needs in creating a functionality wish list. These are some of the key areas:

- Base price
- Additional modules and their cost structure
- Training
- Support

HOW DOES MY DATABASE INTEGRATE WITH MY WEB SITE?

All nonprofits need to build closer and longer-term relationships with current donors and supporters, as well as create a greater awareness with and accessibility for the public. Most utilize a selection of traditional fundraising methods such as direct mail, special events, cultivation events, planned giving, and corporate and foundation fundraising to accomplish this. It is more important than ever to look at the Internet and how one can present image, mission, and goals in an easily accessible format. An organization can achieve this by reviewing data from their Web site, discovering who visits it, and then developing opportunities to find out more about these visitors.

When current or future supporters visit a nonprofit's Web site, they are looking for information about mission, service, programs, general information, and perhaps products that might be for sale, such as Christmas cards or T-shirts. One wants to look at ways of capturing information about them, as well as provide them with the information that they are seeking. One can use a database to integrate the flow of information directly from the Web site into the nonprofit's own system. This will provide you with a more detailed picture about donors and supporters in one central location—the database.

Capture of E-Mail Address

One of the easiest ways to use the Internet and a database is to begin building a relationship with donors and prospects by capturing their e-mail addresses. This can be achieved by setting up a link or other vehicle directly on the Web site that the visitor can select in order to join an e-mail list. One can set up the Web site to help them join the e-mail list and thereby capture information through one of the following methods:

Web site visitors can click on a link to open a default e-mail program (such as Microsoft Outlook) in order to send an e-mail asking to join the list.

The designated Webmaster (the person responsible for the Web site's set up, update, and review) can create a way to save the information, either directly to a database or in XML format; this can later be used to import into the main fundraising database system.

Yahoo Groups™ (or other listservs) can be used to request and store e-mail information. Yahoo Groups is a free service provided by Yahoo.com (groups.yahoo.com). Yahoo Groups will manage the e-mail list. It provides a two-way communication vehicle between the organization and its members.

E-Mail Rules

It is important to follow best practice and establish some basic e-mail rules with regards to what the objectives are for this information and at the same time, respecting the visitor's privacy. The ePhilanthropy Code of Ethical Online Philanthropic Practices (*http://ephilanthropy.org/ethics*) requires nonprofits to post a privacy policy that, at a minimum, discloses why they are collecting e-mail information, what they will do with the e-mail addresses and who has access to it. Many organizations are also disclosing how often the visitor should expect to receive e-mail from the organization.

As spam and viruses become more prevalent, people are more concerned about providing information such as an e-mail address. As a result, some organizations are looking at establishing written rules as to what they will do with e-mail addresses. By stating clearly and precisely what it is going to do with this information, the nonprofit shows that it respects its subscribers and supports their privacy, and it expresses that it will be accountable with regards to e-mail addresses.

One organization that has taken the time and consideration to present its e-mail rules is the AIDS Resource Center of Wisconsin (ARCW).

Case Study: AIDS Resource Center of Wisconsin (ARCW)

ARCW (*www.arcw.org*) provides HIV prevention training and education, access to comprehensive services for people affected by HIV disease, clinical research on HIV treatment, and HIV advocacy through nine statewide offices.

When people go to the ARCW Web site, they find a "Join E-List" on their main page, which, when clicked, takes viewers to the Join E-List page. On this page, interested viewers have the option of joining ARCW's e-list. By clicking on the Join ARCW's e-mail list link, it is possible to send an e-mail to its Yahoo Groups' e-mail list. ARCW is using Yahoo Groups' e-mail list facility to implement and activate its specific e-mail list information.

ARCW also gives its subscribers some information about its list, including the following basic details (see Exhibit 5.1):

- It specifies when you should expect e-mails from ARCW.
- Its list is secure and e-mails are not traded.
- E-mail will never contain advertisements.
- Only the Webmaster e-mails the group.
- Users can unsubscribe to the mailing list both via e-mail and via the Web.

Alumni Tracking

There are several ways to keep track of alumni by integrating the Web site with the current fundraising system. Some of these techniques include exchanging or sending information about current events and stories, as well as access to alumni directories.

E-Mail Current Events and Stories

E-mail provides development directors with a great alumni-tracking tool. It is an easy and effective way to get them to exchange information with the nonprofit. The nonprofit can encourage alumni to e-mail about their own current events, such as where

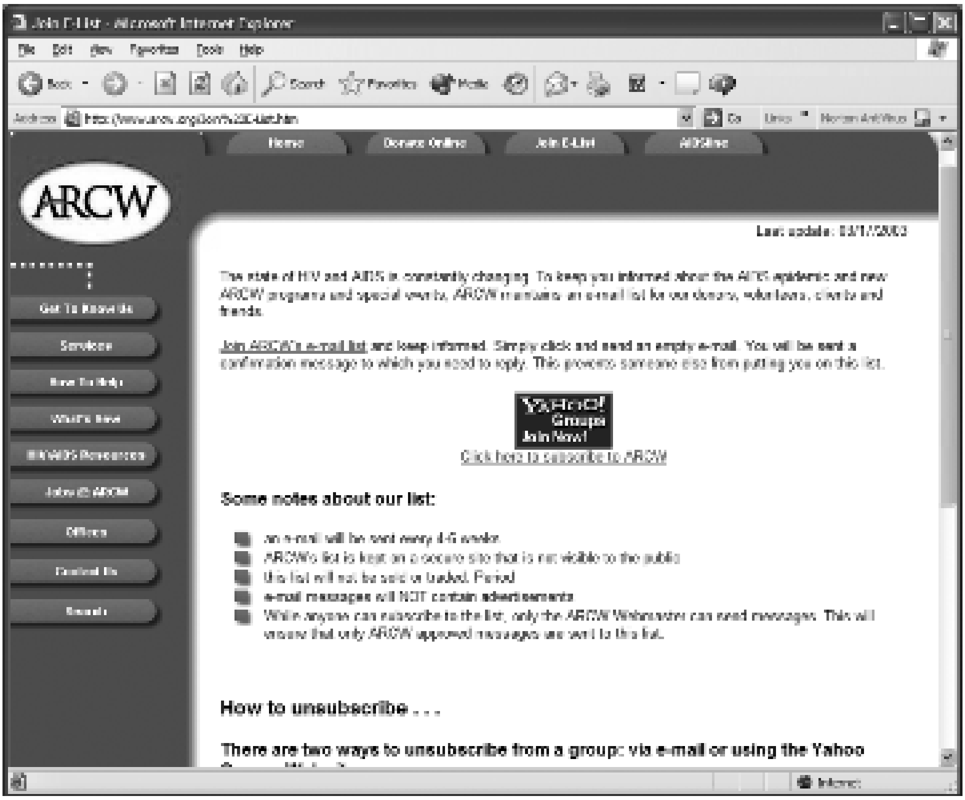

EXHIBIT 5.1 ARCW Join E-List Page

they are working, recent weddings, or baby news. This information can then be integrated, stored, and tracked in the fundraising database. Then when it is needed for outreach, such as for an alumni magazine, all the information is up to date and, literally, right at one's fingertips.

Institutional Alumni Directories

Most major institutions have their own alumni directory, which is usually accessible through their *alumni-only* section of their Web site. This is a secure area of the Web site with restricted access rights. In order to have access to this area and to initially set it up, subscribers need to prove they are actual graduates.

Once they have access, they can usually update their address, search for other alumni, or whatever else the nonprofit lets them do. If they make any changes to their address or personal information, this can be automatically updated into the fundraising system.

The aim is to eliminate as much duplication of effort and manual work as possible. If the alumni directory does not integrate directly with the fundraising system, it should be set up so that the nonprofit can be provided with an electronic file, which is then imported directly into their database.

External Alumni Directories

As an alternative or in addition, nonprofits can purchase information about the organization's alumni through external alumni directories. Two major alumni directory providers are

1. Harris Internet Services (*www.alumniconnections.com*)
2. Net Directories (*www.netdirectories.com*)

You can request that the information be provided in an electronic file, which can then be imported into the organization's database.

Case Study: Toronto Arts Council (TAC)

The Toronto Arts Council (*http://www.torontoartscouncil.org*) is an arm's-length funding body that supports the development, accessibility, and excellence of the arts in Toronto, offering grants programs to the city's arts organizations and professional artists. The Toronto Arts Council Foundation (TACF) was established in 1995 as a sister organization to TAC to allow individuals, foundations, and corporations the opportunity to support a broad spectrum of arts disciplines in the City of Toronto through tax-deductible contributions. TAC/TACF have formed the Toronto Arts Coalition. The Toronto Arts Coalition is an integral part of a recently launched new initiative called Great Arts/Great City—a major 10-year plan aimed at permanently eliminating the arts sector revenue gap. The Coalition is an Internet-based group of arts supporters, dedicated to raising arts awareness and increasing the resources available to Toronto artists and arts organizations.

Individuals and organizations with an interest in the arts are encouraged to join the Toronto Arts Coalition. When someone joins the coalition, all membership information is managed from the Toronto Arts Coalition Web site. One can become a free member or pay $25. Payment can be done directly by credit card or invoiced directly by e-mail. When the e-mail goes out, the invoice is attached in a PDF format, which can be in a secure format. All credit card information entered on the Web site is validated in real time (without any delay) with a third party credit card processor. All membership information is then stored in a secure online database.

When a member joins who is from the city of Toronto, TACF also provides the ability for members to send an e-mail to their city councilor. The online form automatically discovers which ward (electoral district) the member lives in, and from that determines who the city councilor is. Ward and councilor information is stored in an online database, to which this online form is connected.

Periodically, TACF will import the information directly into its fundraising management system. A customized utility automatically checks for duplicates before adding new data. The utility also adds a transaction for either the credit card payment or a pledge requiring an invoice. A transaction is also added for free members. Along with name, address, and e-mail, other biographical information is also captured by TACF. This information includes how the member heard about the coalition, which city ward the person belongs to, the date joined, and a code for the members who do not want to be listed on TACF's Web site.

Once a month, TACF e-mails all the coalition members who have an active e-mail address in the fundraising database. Through its fundraising management system, TACF creates the e-mail and sends it to all coalition members. The e-mail provides updates on TACF activities and has links to specific articles on the TACF Web site. TACF then tracks which articles are read. Each e-mail also has a link at the bottom to allow readers to unsubscribe if they wish. An automatic function in the fundraising management system notifies TACF that members received the e-mail.

INTEGRATING ASPS WITH YOUR CURRENT FUNDRAISING DATABASE

Application service providers (ASPs) are Internet-based providers of functionality for specific activities such as fundraising, events, and donation processing. It is very important when selecting an ASP that one looks at how the information they are storing interfaces with the nonprofit's current fundraising system.

ASPs give nonprofits greater flexibility with respect to the functions they want to perform. Whether it is for special events tracking or taking donations online, they provide a cost-effective solution for many nonprofits.

When you use an application service provider, software does not need to be loaded onto a nonprofit's computer as it's accessed through the Internet. An ASP sells the use of its software on a subscription basis, and no software has to be acquired by the nonprofit. The vendor maintains it and the nonprofit manages its prospects and donation processing by accessing the software over the Internet.

ASPs provide a low-cost (and, in some cases, free) alternative to traditional software. Some advantages of using an ASP are as follows:

- Assurance that the latest technology is being used (automatic receipt of the benefit of upgrades without having to purchase additional software or pay costly annual service fees)
- Secure encryption of data for increased security in making donations online
- Ongoing database management (clean-ups, patches, fixes)
- Reduced need for technology staff onsite at a nonprofit's offices
- Provides increased accessibility of the data from home, business trips to visit clients, or whenever one is outside the office
- Possible lower costs overall, depending on what the objectives and needs are
- No need to make a capital investment to upgrade to advanced software or hardware

The following ASPs provide these services:

- Artez Interactive (*www.artez.com*)
- Convio (*www.convio.com*)
- Etapestry (*www.etapestry.com*)
- Kintera (*www.kintera.com*)

For more information on ASPs and their services, visit The Nonprofit Matrix at *http://www.nonprofitmatrix.com*.

WHAT IS DONOR DEVELOPMENT?

Donor development is about moves management, relationship building, and more. It has the following characteristics:

- Used to support capital campaigns, as well as other fundraising activities such as major gifts and corporate fundraising
- Designed for top donors and prospects
- Based on techniques practiced in the United States, as well as the United Kingdom and elsewhere
- Used to track more information about donors, such as interests, likes, dislikes, hobbies, who their friends are, colleagues
- Builds a two-way, evolving relationship with a nonprofit's key donors in order to guide them to the next level of giving, preferably for longer periods of time, and then through to a planned gift
- Is an integral part of *all* fundraising activities and ways that one reaches out to people, through projects and communications, allowing donors to feel personally involved
- Focused on getting to know people better while giving them an opportunity to know the nonprofit better

Building Relationships

The best prospects are those who have given already and are considered to be warm to the nonprofit and its work. As part of overall donor development, it is imperative that one builds longer-term relationships with donors by doing the following:

- Thanking them promptly and more than once
- Keeping them informed
- Sharing with them the impact of their gift and how it made a difference
- Making sure to approach the right donors at the right time
- Researching in order to match their interests to a nonprofit's work
- Researching to determine their capacity, inclination, and accessibility
- Developing an approach strategy designed specifically for each donor based on his or her interests and capabilities.

Top Prospect Lists

A nonprofit can use its database to produce research lists of prospects and donors, which can then serve as the basic tool for securing information to identify top prospects. To find hidden nuggets within your database, as well as adding new prospects, you can look at the following potential prospect pools:

- Past and current donors
- Contacts of past and current supporters
- Donors to similar campaigns and charities
- Major corporate and community donors
- Prospects with stated interests that match your work

- Companies, organizations, and individuals previously approached for nil return
- Wealthy individuals and high-profile individuals

PROSPECT RESEARCH

Whether one is in a capital campaign, major gifts campaign, or in planned giving, a nonprofit needs to have good prospect research. Finding, capturing, and tracking information on donors and prospects in your database will help save time and increase support.

In fact, prospect research is the cornerstone of the fundraising operation. It is estimated that research represents more than 80 percent of the work involved in securing a larger-than-average gift. This applies to individuals, companies, and foundations.

However, overall research supports all fundraising activities and leads to more successful solicitations. It is the basis for identifying prospects and the appropriate approaches to reach them. It also helps a nonprofit find the common ground between the organization and a potential donor.

Research and Your Database

Research is, in part, about doing one's homework as quickly, efficiently, and cost effectively as possible. But what it's *really* about is getting back to people and finding out more about them to match their interests with the nonprofit's work. The database is the key to realizing the potential of building relationships with supporters.

It is important to develop and implement a consistent use of reporting systems and the infrastructure to ensure two-way communication between all levels of an organization: locally, regionally, and nationally; from staff to volunteers to board members. Added to this is the opportunity to have two-way communication with donors, supporters, and the community itself. The structures a nonprofit establishes should take this into account, including utilizing the Internet and the gathered information for tracking purposes on the organization's database.

It is crucial to quickly collect and collate the captured information, and to ensure that legal guidelines and regulations are followed. One must remember to be accountable for the details captured and entered on the database, especially since it can include personal information such as contact data, interests, and information about a donor's close circle of family, friends and colleagues. The ideal is to capture and track all the information you can find about the nonprofit's donors and prospects in order to get beyond contact and giving details. Although it's often tempting to want to capture this deeper level of detail for all of your constituent records, it is not always practical to do so. Your nonprofit's needs will better be met by segmenting records and growing information strategically.

It can be challenging to capture all of the information on one central database and to keep it up to date. This avalanche of data includes ongoing input and maintenance and update of the information held on a relational database—all critical for targeting and analyzing prospective and current donors.

Looking at ways to use vehicles such as the Internet and the organization's Web site to capture and update information on the database, provided that it is done carefully and strategically, can make this challenge a little less difficult. It also opens up the opportunity to track and capture e-mail addresses for a greater number of records than your nonprofit might normally be able to do. You can look beyond what would traditionally be the core segment of donors and prospects that would be considered for additional information capture.

Remember that all databases are only as good as the information put into them and the people who know how to get the information out in the most effective way.

Five Top Ways to Use Your Database

The organization's computer, and in particular its database, are fundamental tools to support prospect research and fundraising. Databases can be useful in the capture and utilization of information gathered from:

- Internet research (e.g., *Internet research.* The nonprofit's database provides a valuable tool for. . . .)
- Market research
- Statistics
- Strategic targeting
- Prospect documentation

Analysis of Your Database

A nonprofit must analyze the database regularly for information to build strategies and directions in order to meet short-term and long-term fundraising objectives. It will need to manage and regularly update information to be able to coordinate, facilitate, and search for links through relationships for prospects and donors, as well as to avoid blind duplicate approaches. A regularly updated database system should be used for coordinating, facilitating, and searching for links through relationships for potential prospects and known donors.

The nonprofit's prospect research and fundraising information, including prospect backgrounds, approach strategies, contact, actions, links and relationships; should be tracked on the database and developed on an ongoing basis.

Prospect Research Service Providers

There are specific service providers who provide information designed to meet the needs of the nonprofit sector and fundraising in particular. Each of them has proprietary information that is accessible through secure entry to their online databases. You can use this information to develop profiles and briefing documents, as well as to match names against your nonprofit's donor base and to look for new matches and prospects. The following is a sample list of service providers to help with prospect and grant research:

Company Name	Web Site	Country Served
BIG Online database	*www.bigdatabase.com*	USA/Canada
Canadian Centre for Philanthropy	*www.ccp.ca*	Canada
Foundation Center	*www.fdncenter.org*	USA
Foundation Search	*www.fdncentre.org*	USA/ Canada
PRO Online (iWave)	*www.iwave.com*	USA/Canada

DATA MINING AND DATA OR PROSPECT SCREENING

Data mining and prospect (or data) screening are all about what it is called knowledge discovery. Many organizations are taking a closer look at their own donors to find their "golden prospects"—those for whom specialized approach strategies should be designed. Databases are usually searched for donors for one of the following three reasons:

1. Direct marketing
2. Major gift prospects
3. Planned gift prospects

Data mining and prospect (or data) screening is one of the key fundraising tools and techniques being implemented today. It is considered "hot and new," and for some, it is becoming a must-have. However, it is usually a significant investment, so your nonprofit should carefully consider whether it is right for the organization. You should try not to do it just because it's the latest thing.

Here a few common comments from some organizations that have performed prospect screening:

- "It was a huge investment for us and we didn't know what to do with it."
- "Make sure you plan in advance exactly what you are going to do with the results."
- "The final report sat in a drawer for ages (a couple of years even) without being fully utilized, and now the information is stale although still useful for us."
- "It was a good indicator as to whom we should ignore for now and who we should focus on."
- "It's helpful to decide if you are looking at annual or campaign donors and prospects."
- "It confirmed what we already knew about our donor base."
- "It can show that you are heading in the right direction."

What Is Data Mining?

According to Microsoft, the definition of data mining is as follows:

> *An information extraction activity whose goal is to discover hidden facts contained in databases. Using a combination of machine learning, statistical analysis, modelling techniques and database technology, data mining finds patterns and subtle relationships in data and infers rules that allow the prediction of future results.*[1]

Data mining also has these characteristics:

- It is the starting point on the road to knowledge discovery—finding out more about your donors and potential prospects.
- It can be used to interrogate and analyze customer databases based on a set of statistical facts and numbers.
- It provides a broader look at a database from a broad perspective.

- It is usually more effective with larger numbers of records and databases.
- It includes an electronic screening that provides you with a map of raw data and numbers.

Data Mining Results

Data mining provides nonprofits with reports based on averages, selected statistical information, and criteria. A detailed report is provided based on these averages. It is not an exact science. It provides superior information for making qualified decisions with regards to who one should be approaching. It doesn't provide finished prospect research reports or even partial profiles. In fact, it usually requires additional research to flesh it out in order to match strategic objectives. The results of data mining should, however, point an organization in the right direction, (e.g., closer to identifying which prospects warrant additional research). For example, an organization has a donor database of 50,000 names. One goal of an electronic screening could be to identify which are the best 1,000 prospects out of a total database, based on the donor's wealth indicators and matched against specific statistical information such as zip code or postal code.

Data or Prospect Screening

Data screening is much more than averages and statistics. Just because someone has a certain level of wealth indicated by the data mining process does not mean that they will necessarily support your work. Data or prospect screening takes this idea to the next level. It takes the technique of data mining and fine-tunes it for a more appropriate application for use by the nonprofit sector.

Prospect screening is considered a more holistic and specialized approach to the analysis of results found in searching a database and donor records. The questions this process seeks to answer are much more sophisticated, specialized and customized than those asked during general data mining. As a result, the information found is more applicable and can be implemented quicker.

Even for those who have invested in prospect screening of their database, a bigger challenge remains—taking the results and strategically implementing them. Sometimes the report ends up as a large document put away in a file drawer. Thus, using a specialized service provider for the nonprofit sector might ensure that this valuable information is put to good use quickly and efficiently. As this is a relatively new area for fundraising, the number of providers and their services will continue to grow. The following is a sample of some current prospect screening companies.

A Sample of Nonprofit Prospect Screening Companies

Company Name	Web Site	Country Served
Blackbaud	*www.blackbaud.com*	USA/Canada
P!N	*www.prospectinfo.com*	USA
Wealth ID	*www.wealthid.com*	USA
Target America	*www.tgtam.com*	USA
Charity Consultants UK	*www.charityconsultants.co.uk*	UK
Factary	*www.factary.co.uk*	UK

Company Name	Web Site	Country Served
Fundraising Research Consultancy (FRC)	*www.frandc.co.uk*	UK
JMG Solutions Inc.	*www.jmgsolutions.com*	Canada/USA/ UK

Prospect Screening in the United Kingdom

In the United States, personal information is more readily available than in many other countries and, although current and potential legislation may restrict some access to it, there is still a great deal that you can find out about potential supporters. However, in many European countries such as the United Kingdom, access is much more limited, as is the capturing of certain types of information due to current and potential legislation. This is also the case for Canada, where privacy issues and respecting donor rights are a regular topic for many professional fundraisers. As a result, prospect screening criteria and outcomes vary greatly from country to country.

There are many lessons that nonprofits can learn from each other, no matter where organizations are located or what they do. In the United Kingdom, there are three prospect research companies that specialize in nonprofits; all offer unique prospect-screening services. These companies are Charity Consultants Ltd., The Factary, and the Fundraising & Research Consultancy Ltd.

These companies have been doing extensive research on major individuals, companies, and foundations since the 1980s. They have tracked information with the purpose of having it used to develop specialized approach strategies to secure larger and/or longer-term commitments from prospects and donors. Each of these companies tends to take a more holistic approach to prospect research and data screening. That means that they take into account all aspects of a nonprofit organization, including, of course, strategic objectives. They work with each nonprofit to ensure that the information they have is deep, as they aim to match potential interests.

Finding Gold Prospects

Charity Consultants Ltd. is based in Oxfordshire, England. Andrew Thomas, chief executive, has been fundraising for more than 20 years and was the head of one of the country's largest major gift campaigns, The Prince's Trust. He relates his experience in the area:

> In our experience, a typical database contains 1 to 2% gold prospects and high value donors that are capable of giving £5,000 (approximately $10,000) or more to a ceiling of around £5 million (approximately $10 million). In fact, many have a particular type of gold prospect that they did not realize were there—those who are company directors.
>
> Many nonprofits overlook the fact that these people could open the door to their company and securing a corporate gift in addition to their personal one. Particularly in terms of securing a major gift from the company, and even others that they work closely with, provided that you approach them at the right time with the right project. Just one such gift could more than pay for the service itself.

One of the UK's top charities had such an individual on their database where he was giving a regular donation and was an established donor. This donor was in fact the Chief Executive for one of the top 5 companies in the UK and could quite well not only give a larger personal donation but also could lead them to corporate support from his company. He could certainly open doors for them that perhaps they would be unable to access or would take longer to get to. He could be our champion and assist us in securing a higher-level gift from his company. It truly is all about "networking" connections and extending beyond the initial donor.[2]

Donor Development and Prospect Screening

Prospect screening is much more than an exercise of number crunching. It can be part of a nonprofit's overall donor development program. It is also a way to identify initial top prospects with which an organization can build closer relationships. One can take a more holistic approach to screening and look even closer at what you can find out about one's donors. Here is what Kay Holmes-Siedle, a UK-based consultant, has to say about her extensive experience in prospect research and fundraising:

> Many charities recognize the opportunity of a major donor development program as a means of developing long-term key relationships with its supporters and others close to the organization. The first phase of any such program is to locate, research, and provide biographical profiles including influence and wealth for the potentially most generous and influential individuals, particularly in relation to companies and trusts. A major research audit is carried out to select from all their lists and their database the best 1,000 with the intention of finding the very best, say 100 to 120 people.
>
> The mere matching of possible wealth and influence alone is only a very small part of what is needed. A successful major donor development campaign requires research that:
>
> 1. Is based on much more than the mechanistic matching of one whole database against another
> 2. Does not treat all supporters as equal
> 3. Asks intelligent fundraising questions about where the best donors/supporters might be located, selecting some of the best people for the establishment of the program
> 4. Checks the value and quality of the selected records before it starts the profiling. Data [are] often incorrectly input (mechanistic matching misses opportunities that are much less likely to be missed by 20 years of experience of activity with wealthy people).
> 5. Bespoke research to locate and choose, one by one the very best prospects based on value, warmth, and influence.
>
> Most organisations are astounded when they find out just who their donors are. [3]

Data Screening Is a Research Process

Taking data mining and prospect screening to the next level for donor development comes from focusing on initial top donors. It is part of an overall research process. One should take the information beyond the statistical data provided and look deeper at the donors. Vanessa Hillman and Chris Carnie from The Factary in the United Kingdom provide a useful perspective on this area:

> Data screening is a research process to identify the top percentage of wealthy and powerful donors on a nonprofit database. This process is excellent for identifying prospects for major gift campaigns or removing potential elite donors from mainstream fundraising campaigns for a more individual personal approach.
>
> Geographic and demographic information is used to classify people into "types" for targeting purposes. By segmenting your database in this way you can understand more about your donors' characteristics and behavior. This could include the type of housing they live in, how they shop, car ownership, how they spend their leisure time, their financial situation, the media they use and so on.
>
> Statistical information can include geo-demographic as well as life-stage and lifestyle data to produce different people types that go beyond zip or post code. Examples of lifestyle criteria include numbers of children, pet ownership, interests, charity concerns or type of donation. As the classification is at an individual level, direct mailings can be targeted more effectively, mailing to specific groups.
>
> With database screenings the nonprofit's database is compared with a database of wealth, well-connected and influential individuals. This type of screening is distinguished from others by the fact that it will not classify every individual on the database, but will select a much smaller subset for in-depth examination. At The Factary, we frequently work with a nonprofit's database to identify not just major gift prospects, but people who have useful connections, who can lobby on the charity's behalf or who have an influence in particular regions or sectors.[4]

PRIVACY BEST PRACTICES

Fundraising and prospect research relies on donors and the information that nonprofits find and capture about them. In order to respect the privacy of donors, as well as adhere to current and future privacy legislation, one should be guided by the following points:

- A nonprofit will come across some very personal information.
- Be wary, as some of it will be gossip—do not add to it or spread it further.
- Make sure that the nonprofit is accountable and ethical about what it knows about donors and prospects.
- Respect the privilege of what information brings to the organization.
- Abide by relevant laws and regulations regarding privacy and information.

- Be aware that in most countries, people have a right to see all that the nonprofit has recorded about them.
- Set up the organization's "best practices." Do not record in any format, whether on paper or computers, any information that might be considered to be libelous or detrimental according to laws and regulations.
- Prepare guidelines regarding the sharing, capturing, and tracking of information, and follow a research and fundraising code of ethics and standards. Refer to organizations that have codes that can be used as a guide to develop your own or to adopt directly.
- Make sure that everyone—staff, volunteers, board members—agree to abide by these rules.
- Just because information is found on the Internet, that doesn't mean that the information should be captured on the nonprofit's database or elsewhere.

CONFIDENTIALITY AND YOUR DATABASE

It is extremely important to develop ethical rules and guidelines surrounding information and confidentiality. This is becoming increasingly important as donors count on nonprofits to respect their privacy, as well as their wishes regarding donations. Donors' wishes not only include anonymity but also where they might like their donation to be directed.

Remember that the information the nonprofit keeps on its database could potentially be viewed by that person or organization. In other words, any donor could ask to see what a nonprofit has on them, and the organization is responsible to provide precisely what is kept on file. Therefore, do not use codes to "hide" any information, since this could be considered against the law. If it can be determined that the nonprofit is in the possession of a derogatory or libelous comment, it could damage the organization in many ways. Therefore, be aware of what information you possess.

A database should be set up so that users' information can be accorded different levels of security. This is not only to ensure data integrity, but also controls who should have access to see what types of information. Security rights should be set up for users who are able to do a combination of the following:

- Some nonprofit employees should have access to look up or view data but not change it.
- Certain employees of the nonprofit organization should have the right to make changes to the database.
- A small number of well-managed and trained users should have rights to delete records from the database.
- Two people should have supervisory rights (one to take the lead, the other is a backup person).

More secure areas might be set up under a specific username and password, such as the name of a pet, so that whenever users are logged in as "Spot" they are in an extremely sensitive area, and they need to be careful about what they do. Data can be altered, added, or deleted at this point, and it is imperative that the changes are accurate.

SHARING INFORMATION

A nonprofit needs to establish procedures around the sharing of information with staff members as well as with key volunteers who will be seeking advice about how to make approaches on behalf of the nonprofit. Lists of names should be kept highly confidential and within sight of senior management—literally. Never leave them with volunteers. Although they are probably all honest people, they may help another nonprofit (where they might also volunteer) with the organization's list. That is not in the best interest of the nonprofit or the donors' best interests. And it does happen. The same rules should apply to profiles prepared about prospects and donors.

Whatever the guidelines are, the nonprofit needs to consider ways to ensure that it has an effective flow of information to avoid the possibility that staff might treat a VIP or top donor inappropriately. It helps to use the database to identify these VIPs. That way, if they happen to call, the staff they are speaking to will know roughly who they are, and will be able to pass them to the appropriate staff person.

USING YOUR OFFLINE DATABASE ONLINE

Some development professionals are spending a significant amount of time outside of the office. Increasingly, they are using the Internet to access and print off their donor information offsite.

Many of today's major software programs have an online version. Usually, the online software has most of the same functionality as the regular (or client) version, although it might have a few limitations.

With the online version, nonprofits have real-time access to donors, prospects, and all transaction information. This can be useful for the following:

- Giving development staff on the road visiting prospects and/donors the ability to update call reports and the database from the road, hotel, or at home
- Updating notes from a meeting they just attended
- Changing address or other donor specific details
- Allowing access from chapters or branches from around the country or around the world
- Giving volunteers limited access to the database to look up information
- Allowing volunteers or students the ability to help clean up the database
- Enabling older (legacy) computers to continue in use

CASE STUDY: THE CHILDREN'S WISH FOUNDATION OF CANADA

The Children's Wish Foundation of Canada (CWF) (*http://www.childrenswish.ca*) is dedicated to working with the community to provide children who have high-risk, life-threatening illnesses the opportunity to realize their most heartfelt wish.

They have 12 chapters across the country, as well as their National Office. Most of their chapter offices are staffed by a small number of individuals.

When CWF was looking for new fundraising software to replace its custom Lotus notes application, one of the requirements was to be able to have access to its fundraising system from all the chapters around the country. The new fundraising software it implemented allows for online access to their database. Users in the other chapters can do data entry, run reports, print tax receipts, and send thank-you letters.

This allows The Children's Wish Foundation of Canada the ability to use their offline database online.

THE VAST GALAXY OF THE INTERNET

The Internet will continue to be an unlimited source of information. As the number of Web sites is growing by the minute, so are the sources of information available to find out more about your donors and prospects through researching the net. Many sites offer free information, some require you join but charge no fee, and still others charge fees for access to their information.

An organization can find out prospect information on people, companies, governments and foundations, not only in their home country but also around the world, wherever your prospects might have interests. By checking out international sites (including international newspapers and periodicals online) you might be able to find out information about prospects that might have appeared to be only active in your own country. You can learn other addresses for them or visit the websites for companies or foundations they might have involvement in around the world.

THE CHALLENGE

There is such a galaxy of information available for fundraisers and prospect researchers, that it could become a black hole that absorbs a lot of a nonprofit's time and resources. It is crucial that the processes one puts in place includes the transfer of information into the organization's own database.

To date, worldwide legislation has been relatively limited with regards to the treatment of personal information, accountability, access and data protection. Countries in Europe, having started with their collective Data Protection Act, are now looking into regulating the Internet.

Regardless of developments in legislation, nonprofits have a moral responsibility to ensure that they are responsible and accountable to donors and those who are provided with services. Most of all, they need to respect donors' wishes and stay fair and reasonable as further online activities are undertaken.

The Internet has so much more to offer for both Web site fundraising as well as prospect research. The challenge will be to keep up on this ever-changing environment and capture it all in these emerging database systems.

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Jeff has contributed chapters to popular nonprofit-sector, books including Mike Johnston's *Direct Response Fund Raising: Mastering New Trends for Results w/CD-ROM* and James Greenfield's supplement to his *The Fundraising Handbook: Fundraising,* 3rd Edition. You can e-mail Jeff at jeff@jmgsolutions.com.

Pamela M. Gignac, vice president of JMG Solutions Inc., became inspired in 1985 in Vancouver, Canada, while volunteering for Rick Hansen's Man-In-Motion worldwide tour in his wheelchair to raise funds for spinal cord research. Since then, Pamela has worked with a variety of local, national and international nonprofits in Canada and the United Kingdom including the Prince's Trust, British Red Cross, University of Bristol, Canadian Red Cross, St. Michael's Hospital, University of Toronto and Alzheimer Society of Canada.

Pamela is a member of the Association of Fundraising Professionals (AFP), the Association of Professional Researchers for Advancement (APRA), and the Institute of Fundraising (InstF) in the United Kingdom. She is a regular speaker at International conferences and seminars and is currently an instructor for Humber College Institute of Technology and Advanced Learning's Fundraising and Volunteer Management program, including Donor Relationship Management and Prospect Research. Pamela has also developed the first online prospect research course, which runs regularly throughout the year. Together with her partner, Jeff, and two young sons, Pamela is extremely proud to be both a member of her profession and a mother. You can e-mail Pamela at pamela@jmgsolutions.com.

ENDNOTES

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2. Based on a telephone interview with Andrew Thomas, chief executive, Charity Consultants Ltd., *www.charityconsultants.co.uk* in October 2003.
3. Kay Holmes-Siedle, Fellow of the Institute of Fundraising in the United Kingdom, consultant for Fundraising & Research Consultancy Ltd. *www.frandc.co.uk*.
4. Vanessa Hillman and Chris Carnie, Fellow of the Institute of Fundraising in the United Kingdom, The Factary. *www.factary.co.uk*