

The role of prospect research in major donor fundraising

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Acknowledgements



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The Factory

Factory is an independent research agency and consultancy, specialising in prospect research and major donor fundraising consultancy for clients across the world, offering specialist expertise in database screening, prospect identification and profiling together with producing publications and research for the non-profit sector. Thanks go to Factory for allowing the time to complete this paper and for offering support to disseminate the results of the study to clients, colleagues and friends from the fundraising and non-profit sector.

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Respondents from the HEI sector

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EXECUTIVE SUMMARY

Despite being shown to be 'commonplace' in non-profit organisations in the UK¹, there has been relatively little analysis of prospect research to date. This paper aims to provide, for the first time, an evidence base which identifies the role that prospect research plays in major donor fundraising in the UK by outlining the results from a survey, undertaken in 2018, of major donor fundraisers and prospect researchers working in higher education institutions in the UK.

The top 4 activities that prospect researchers most commonly undertake are; research into **professional interests** (with **97%** of prospect researchers doing this **all the time** or **quite often**), **philanthropy** (e.g. research into **past giving** and **philanthropic affiliations**) and research using **press and media reports**. These are followed closely by producing **event briefings** and researching **wealth**.

The data suggests that there are a wide variety of purposes for which fundraisers would use prospect research activities, the main purposes being to **identify relevant prospects**, **prepare for meetings with prospects** and to **understand prospects capacity to give**. To do all this, fundraisers are most likely to use research into **wealth**, **philanthropy (past giving & affiliations)** and information on prospects' **professional interests or career**.

The study shows that prospect research is shown to **contribute to fundraising** in a variety of ways, most commonly by **prioritising prospect pools**, **identifying relevant prospects**, helping to **devise approach strategies** and giving fundraisers more **confidence in approaching prospects**. Fundraisers also feel prospect research helps them to be more **efficient** and **effective** in their roles as it enables them to be **fully prepared**, to **understand** their prospects, to **save time & energy** and to ensure they are **building relationships** with the **right people**.

In terms of **GDPR**, the study shows:

- **97%** of higher education institutions are relying on their **Legitimate Interests** to process data for prospect research purposes
- The majority of fundraisers state that prospect research is **necessary** for major donor fundraising; e.g. 100% of fundraisers feel it is necessary for **due diligence** and **understanding gift capacity**, 97% for **identifying relevant prospects**, 91% to **prepare for meetings** and 86% to **prioritise prospects**.
- Fundraisers outlined that research is necessary because it enables them to be **fully prepared** in their role, it helps them to **understand** their prospects, to **save time & energy**, and to ensure they are **building relationships** with the **right people**
- The majority of fundraisers **agree** that the purposes of prospect research **could not be achieved** using known alternative methods (which do not use personal data)

The study shows that prospect research teams need to improve the way they track and record their **outputs** and **impact**:

- Currently, a quarter of prospect researchers **do not capture any metrics** about their work
- if prospect researchers are tracking anything then these metrics are focused on the **outputs** of prospect research, not the **outcomes or impact** of it
- The lack of metrics is problematic because researchers **are not gathering evidence** to support their arguments for **GDPR compliancy**, they are not measuring or proving contribution to **fundraising efficiency or effectiveness** nor are they **highlighting any inefficiencies** in their in-house prospect research function

INTRODUCTION

'Prospect research' is described as "...the identification of, and subsequent research into, prospective major donors"¹. It has been used in fundraising since the Middle Ages² and is now a common activity undertaken by fundraising teams in the UK, with over 94% of non-profit organisations making use of it³.

Many commentators argue that prospect research is integral to the success of major donor fundraising programmes^{4,5,6}. One recent study in the UK has shown it to be "...essential for effective, efficient and sustainable fundraising"³ and the Institute of Fundraising⁷ argue that investment in prospect research is "...the core activity that should fuel major gift operations".

However, despite its reported prevalence, and even though various studies have recommended investment in prospect research as a key factor in the success of a major donor programme^{5,8,9}, there has been relatively little analysis of prospect research to date. The available literature on prospect research only broadly identifies the scope of prospect research and outlines some of the benefits of using it in fundraising (³**Error! Bookmark not defined.**¹⁰) but there is very little current evidence which identifies the actual activities that prospect researchers principally undertake, nor to identify if, how or why major donor fundraisers use prospect research.

This lack of information or analysis is problematic not only in terms of justifying the financial and strategic investment made in prospect research by non-profit organisations in the UK but also in terms of justifying the use of personal data in prospect research under GDPR.

This paper outlines the results of a study which aimed to go some way towards filling the knowledge gap around prospect research. The study, undertaken in 2018, involved major donor fundraisers and prospect researchers working in higher education institutions in the UK and aimed to gather data pertaining to the activities of researchers and the purposes for which research is used by major donor fundraisers.

GDPR AND PROSPECT RESEARCH

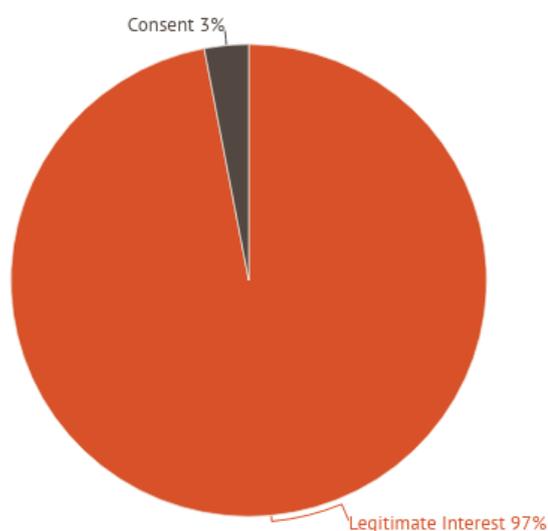
In order to process data compliantly under GDPR all organisations must choose one of 6 lawful bases for processing data, two of which are relevant for prospect research; 'Consent' or 'Legitimate Interests'.

Under 'Consent', the organisation must obtain permission from individuals prior to processing their personal data for prospect research purposes (more on Consent can [be found here](#) on the ICO website).

In order to rely on **Legitimate Interests** organisations must be able to evidence, inter alia, 3 things¹¹:

- that there is a legitimate reason, or purpose, for processing the data
- that the processing is necessary to achieve the purpose identified
- that the purpose of the processing could not reasonably be achieved in a manner which does not use personal data

Consent or Legitimate Interests



Results from the study show that **97%** of institutions are relying on their **Legitimate Interests** as their basis for processing personal data for prospect research purposes.

If this figures bear out across the wider non-profit sector then there will be a great many organisations that are relying on their Legitimate Interests to process personal data for prospect research and each of them will need to evidence the **purpose** and **necessity** of the data processing, and show that these purposes **cannot reasonably be achieved by other means**. If they cannot do this, they risk not being able to demonstrate compliancy under the GDPR.

One of the aims of the study outlined in this paper was therefore to identify an evidence base around the **purpose** and **necessity** of research, and to identify whether or not these purposes could be **achieved by other means**. Analysis of the results in relation to this aspect of the study can be seen in the section on 'Implications for GDPR' from page 21 onwards.

THE PROJECT

Through online surveys administered to prospect researchers and major donor fundraisers working at UK higher education institutions, this study aimed to establish for the first time a baseline dataset that could be used to answer the following questions:

- What are the typical **activities** undertaken by prospect researchers?
- For what reasons or **purposes** do fundraisers make use of research?
- Do fundraisers feel prospect research is **necessary** to achieve the purposes for which they use it?
- Are there other ways to achieve the same purposes that **do not use personal data**?
- Do institutions typically track and record data which enables them to **evidence the role and/or contribution** of prospect research in major donor fundraising?

In order to answer these questions, **15 prospect research activities** were identified from a literature review that were noted as the activities that were **most commonly undertaken** by researchers. Please note these activities relate solely to researching **individual prospects** using information in the public domain. The study **did not** include questions about researching trusts & foundations or corporate entities, nor did it include other typical activities undertaken by researchers relating to areas such as prospect or data management.

The **15 most common prospect research activities** were identified as:

Research to identify past giving*	Philanthropic positions & affiliations	Profession / career	Wealth	Background / family
Educational interests & affiliations*	Hobbies and interests	Networks or connections	Press reports	Values and attitudes
Estimated ask amount	Updated contact details	Scoring and rating prospects	Event briefings	Due diligence

*Specifically, research into past giving and education **not related** to the institution (i.e. not information that could be obtained from the institution's CRM system)

Following this, the **common purposes** for which fundraisers use prospect research were identified (also from a review of the available literature into major donor fundraising). The **9 most common purposes** were identified as follows:

To identify prospects	To understand capacity to give	To understand affinity to the cause
To understand likelihood to donate	To prioritise prospects	To reject prospects
For due diligence	To prepare communications	To prepare for meetings

Using the above, questionnaires were then sent to major donor fundraisers and prospect researchers that aimed to:

- Identify which of the **activities** are typically undertaken by researchers
- Identify the **purposes** for which fundraisers use prospect research activities
- identify how **necessary** fundraisers find prospect research in relation to the purposes identified
- understand how fundraisers feel prospect research **contributes** to major donor fundraising

Open questions were also included in the questionnaires which enabled fundraisers and prospect researchers to provide context to their responses (e.g. **why** or **how** fundraisers feel prospect research is **necessary / unnecessary** in fundraising).

The main results can be seen in full in **Tables 1-5** (see page 9-13). Analysis of these results is then presented from page 14 onwards.

Additionally, further questions were also included in the questionnaires that aimed to identify if or how prospect researchers were recording or tracking aspects of their work (including research **outputs** and **outcomes**, or the **impact** research has on major donor fundraising). Analysis of responses to these questions can be seen from page 25 onwards.

Who completed the surveys?

- 84 universities in the UK were identified (from convenience and expert sampling) as likely to undertake major donor fundraising and therefore be relevant for this study
- Invitations to participate in the study were successfully sent to 82 of the 84 universities, of which:
 - c50 universities took part in the study
 - The response rate was therefore **59%** (based on the potential sample pool of 84 universities)
- Completion of the study:
 - 36 major donor fundraisers completed surveys
 - 36 prospect researchers completed surveys
- To aid the response rate surveys were completed anonymously so there is no available data on aspects such as the size of participating institutions or demographics of respondents

RESULTS

Table 1

The chart to the right shows which activities prospect researchers most commonly undertake. It is ordered by those activities which prospect researchers undertake **all the time** or **quite often**.

As can be seen, research into **professional interests** is the most commonly undertaken activity with **97%** of prospect researchers doing this **all the time** or **quite often**. This is followed by research into **philanthropy** with **89%** of researchers undertaking research into **past giving** and **philanthropic affiliations all the time** or **quite often**.

The activities undertaken least frequently can be seen toward the bottom of the table with **19%** of researchers stating they **never** provide an **estimated ask amount** and **11%** stating they **never** provide **prospect scores or ratings**.

These particular results are discussed further in relation to the section on **'Metrics'** (page 25 onwards).

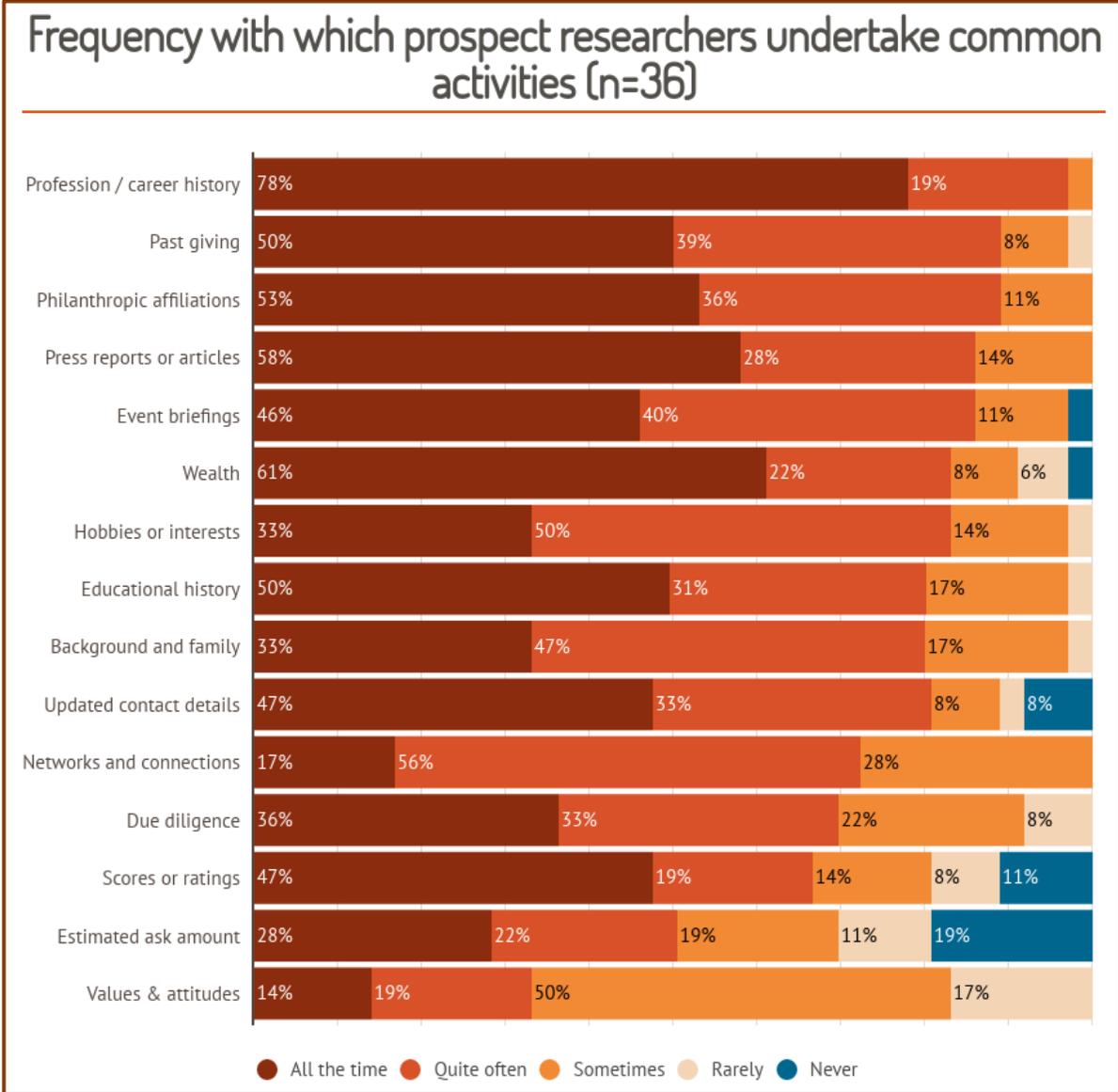


Table 2

The chart below shows for which purposes fundraisers use the 9 specified prospect research activities (e.g. the **top left** of the table shows that **72%** of fundraisers state they use research into **past giving** to **prepare for meetings** with prospects). Overall, the data shows that research into **wealth, philanthropy (past giving & affiliations)** and **profession / career** are used most commonly by fundraisers whereas research into areas such as **educational history, hobbies, networks, and values, attitudes or preferences** are used much less frequently by fundraisers across the various purposes. See page 14 onwards for further analysis.

Purposes for which fundraisers use prospect research (n=36)

	to prepare for meetings	to identify relevant prospects	to understand capacity	to understand affinity	to prioritise prospects	to understand propensity to give	for due diligence purposes	to prepare customised comms	to reject unsuitable prospects	I don't use this type of research
Past giving	72%	81%	89%	69%	56%	72%	39%	47%	36%	0%
Philanthropic affiliations	64%	69%	61%	69%	47%	61%	28%	47%	31%	0%
Profession or career history	69%	58%	64%	47%	42%	33%	47%	42%	36%	0%
Wealth	56%	67%	86%	14%	56%	53%	28%	14%	39%	6%
Background and family	58%	44%	44%	47%	22%	44%	50%	31%	31%	11%
Educational history	67%	42%	17%	58%	25%	22%	17%	22%	14%	0%
Hobbies and interests	69%	56%	22%	44%	22%	28%	22%	39%	19%	6%
Networks and connections	58%	58%	28%	44%	42%	25%	28%	31%	19%	3%
Press reports or articles	64%	58%	47%	42%	39%	31%	61%	33%	39%	0%
Values, attitudes or preferences	50%	56%	19%	56%	31%	56%	28%	36%	33%	17%
Estimated ask amount	39%	50%	72%	8%	39%	28%	11%	22%	31%	14%
Updated contact details	31%	42%	33%	8%	22%	8%	17%	47%	17%	6%
Score or rate prospects	22%	50%	64%	22%	53%	25%	14%	11%	25%	22%
Event briefings	69%	47%	22%	33%	31%	25%	8%	14%	11%	3%
Due diligence research	19%	28%	11%	6%	11%	6%	64%	8%	47%	8%

Table 3

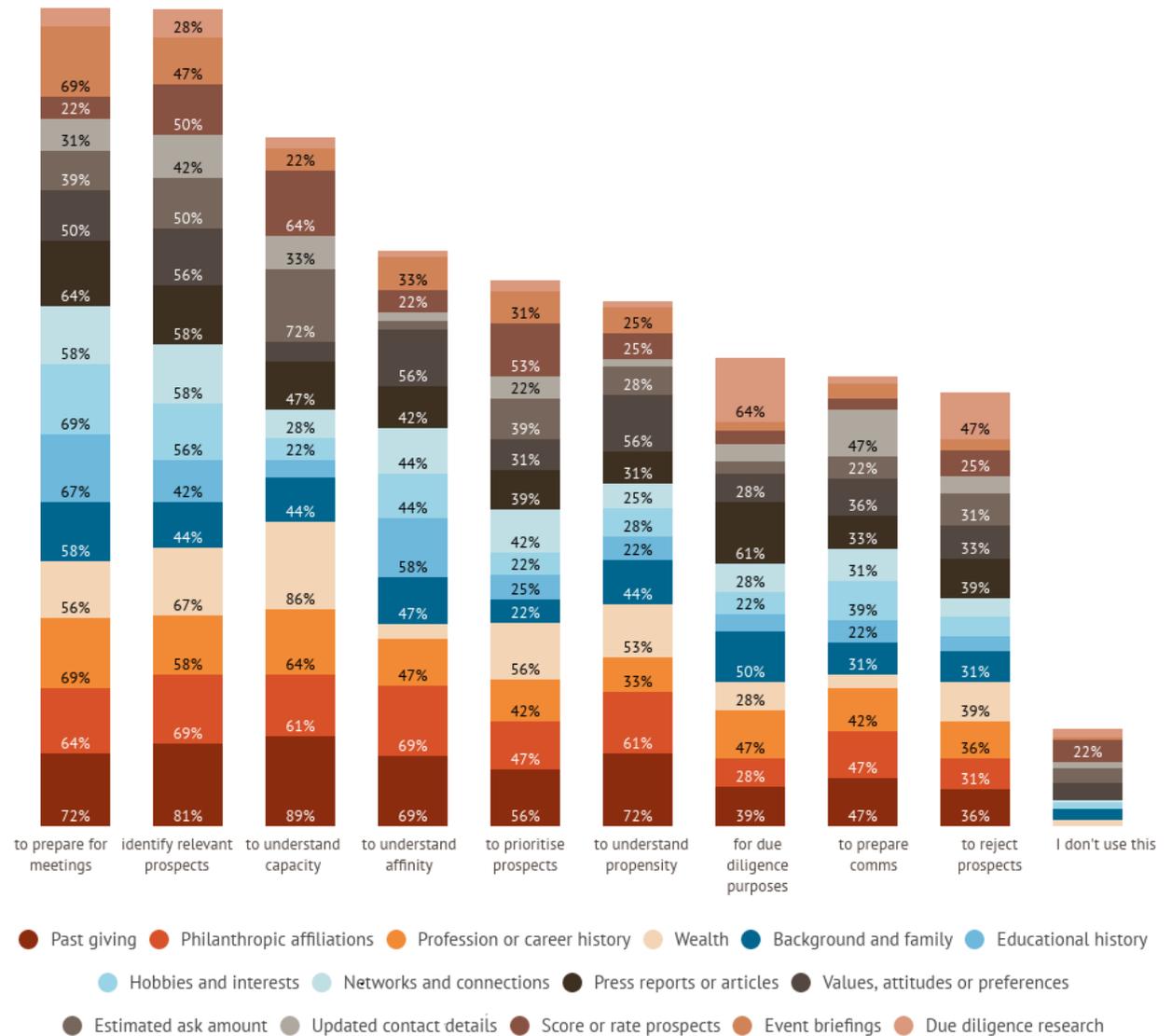
Table 2 is shown to the right as a graph which more clearly illustrates the percentage of fundraisers who use each activity across the 9 purposes. It is ordered by the purposes for which the **most amount** of fundraisers identified that they would use the various activities.

It shows the purposes for which fundraisers most commonly use prospect research are to 1) **prepare for meetings**, 2) **identify relevant prospects** and, 3) **to understand the (£) capacity of prospects**. The graph shows that fundraisers are least likely to use prospect research for 1) **rejecting prospects** or 2) **preparing communications**.

The graph also clearly illustrates the **tiny number** of fundraisers overall who **do not** make use of some prospect research activities.

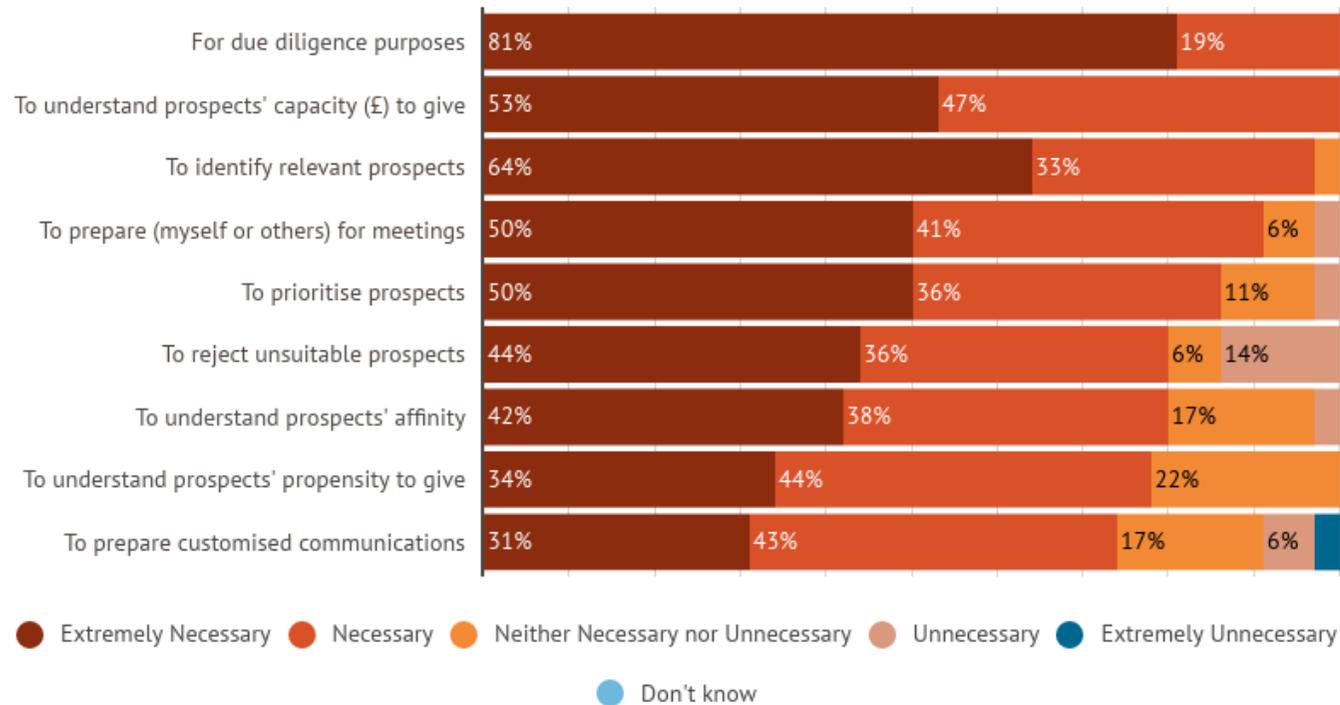
However, the raw data only tells so much of the story, further analysis in relation to the overall results can be seen on pages 14 onwards.

Purposes for which fundraisers use prospect research (n=36)



Values included only where >20% of fundraisers chose a specific purpose

How necessary fundraisers think prospect research is in relation to the following purposes (n=36)



Values shown only where >6% fundraisers chose a particular option

Table 4

The graph to the left shows how necessary fundraisers think prospect research activities are in relation to the 9 purposes. The graph is ordered by the number of fundraisers who stated research was **extremely necessary** or **necessary** for each purpose.

As is shown, **100%** of fundraisers feel prospect research is **extremely necessary** or **necessary** for **due diligence** purposes and to **understand prospects capacity to give**.

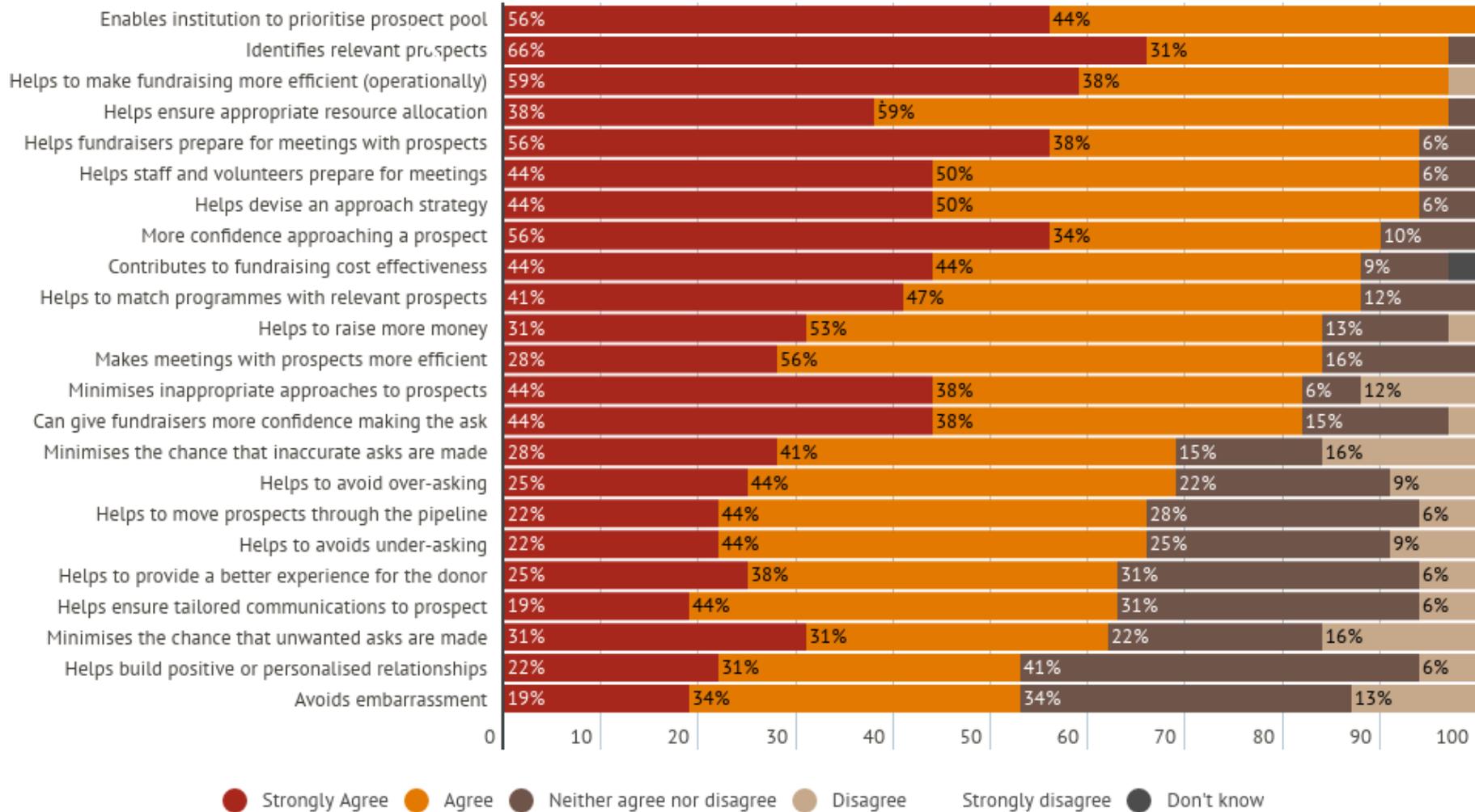
Preparing customised comms was shown to be the purpose for which the **fewest fundraisers** feel research is necessary. These results are discussed in relation to the other findings below from page 14 onwards.

Table 5
(next page)

The graph on the following page depicts the extent to which major donor fundraisers agreed with a range of (24) statements about the way in which **prospect research can contribute to fundraising**. The results are ordered by the number of fundraisers who **strongly agree** or **agree** with the statements. Those statements towards the bottom of the graph therefore have higher numbers of fundraisers who are **neutral** about the statements (**neither agree nor disagree**) or who **disagree/strongly disagree**. As can be seen, very few fundraisers **disagree** with the statements and none **strongly disagree**. The results from this graph are discussed in relation to the other findings in the analysis on page 14 onwards.

Table 5

To what extent do fundraisers agree that prospect research contributes to major donor fundraising in the following ways? (n=32)



ANALYSIS OF RESULTS

To analyse the results in more detail this section draws together some of the main themes from the tables and graphs above together with various quotes from the open questions in the study.

IDENTIFYING RELEVANT PROSPECTS

Identifying relevant prospects is one of the top two purposes for which fundraisers use prospect research (see Table 3). The data shows that the activities that are used by the most amount of fundraisers for this purpose are 1) researching prospects' **past giving** (with **81%** of fundraisers using this to identify prospects); 2) **philanthropic affiliations** (**69%**) and 3) **wealth research** (**67%**). The study indicates that a variety of prospect research activities are useful when allocating relevant prospects to fundraisers, with one major donor fundraiser explaining that prospect research is most effective when it "...matches prospects to fundraisers based on wealth *and* interests".

Prospect research is also seen by **97%** of fundraisers as **extremely necessary** or **necessary** for the purpose of **identifying relevant prospects** (see Table 4). Similarly, **97%** of fundraisers **strongly agree** or **agree** that **identifying relevant prospects** is one of the ways that prospect research contributes to major donor fundraising and **88%** **strongly agree** or **agree** that using prospect research to **match prospects with programmes** is another way it contributes.

Prospect research is also useful for identifying relevant prospects for particular projects or campaigns, with one fundraiser stating that; "Through the work of our prospect research team, we are able to match prospects with our projects based on their **interests** and **affinities**".

REJECTING UNSUITABLE PROSPECTS

Part of the process of **identifying relevant prospects** is **rejecting** those prospects who are not relevant for a major donor programme, or who, for due diligence reasons, are unsuitable for approach.

The data shows that **81%** of fundraisers state prospect research is **extremely necessary** or **necessary** for **rejecting unsuitable prospects** and **82%** of fundraisers **strongly agree** or **agree** that research **minimises the chance that inappropriate approaches are made**.



"Prospect research ensures we don't make approaches to inappropriate individuals"

Furthermore, **100%** of fundraisers state that research is **extremely necessary** or **necessary** for **due diligence purposes** (see Table 4). When asked what the impact would be if they did not have access to prospect research, the potential reputational and financial risks to universities were amongst the most prominent examples given by fundraisers, such as "[Without prospect research]...the university's **reputation** could be put at risk" and, "...there would be **greater risks** associated with accepting donations".

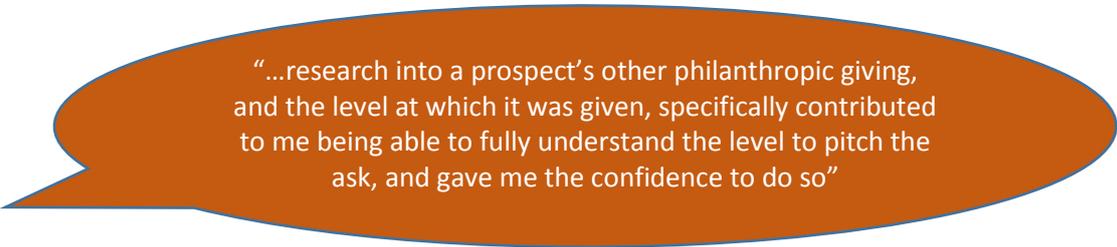
However, whilst prospect research is clearly seen by fundraisers as fundamentally important for **rejecting unsuitable prospects**, fundraisers do not themselves widely use it for this purpose. In fact, it is the purpose for which fundraisers are **least likely** to use prospect research (see Table 3), with, on average, **<30%** of fundraisers using the various activities for this purpose (see Table 2). The data,

therefore, seems to provide two rather disparate views; 1) that prospect research is important for rejecting unsuitable prospects, but 2) it is not used by fundraisers for this purpose. It is possible (and indeed likely), however, that it is prospect researchers themselves (rather than fundraisers) who are **rejecting unsuitable prospects** in the course of **identifying relevant prospects** (meaning that fundraisers don't have to do this themselves).

UNDERSTANDING GIFT CAPACITY

100% of fundraisers state that prospect research is **extremely necessary** or **necessary** for **understanding the gift capacity** of prospects (see Table 4) but, perhaps interestingly, the data suggests that it is not principally research into **wealth** which fundraisers use most commonly to **understand prospects' capacity to give**, as **89%** of fundraisers use **research into past giving** to do this, compared with **86%** who use research into **wealth**.

One fundraiser noted that....



“...research into a prospect’s other philanthropic giving, and the level at which it was given, specifically contributed to me being able to fully understand the level to pitch the ask, and gave me the confidence to do so”

Alongside **past giving** and **wealth**, **64%** of fundraisers also use research into prospects **professional history** and a further **64%** use research into **philanthropic interests** to gauge prospects' gift capacity (see Table 2). Amongst the activities used by relatively few fundraisers to understand gift capacity is research into **hobbies & interests**, with only **22%** of fundraisers using this for this purpose, **educational history** (**17%**) and research into prospects' **values & attitudes** (**19%**) (see Table 2).

PROVIDING AN ESTIMATED ASK AMOUNT

As shown above in Table 3, **understanding gift capacity** is the third most common purpose for which fundraisers use prospect research activities. The data also shows that **72%** of fundraisers use **estimated ask amounts** provided by researchers to understand prospects' **capacity to give** (see Table 2).

However, one fundraiser stated that, “...occasionally there is a disconnect between how researchers rate a prospect and the reality”. Further to this, a quarter (**25%**) of fundraisers are neutral (**neither agree nor disagree**) on whether prospect research helps them to **avoid over-asking** (i.e. asking a prospect for a higher gift than they are able to give), and **22%** are neutral on whether it helps them to **avoid under-asking** (see Table 5). Whilst this neutrality is from a minority of fundraisers (as **69%** **strongly agree** or **agree** that research avoids over asking and **66%** **strongly agree** or **agree** that it avoids **under asking**), the question of whether prospect research can be used to estimate an ask amount shows a split in fundraiser opinion. For example, whilst **70%** of fundraisers **strongly agree** or **agree** that research **minimises the chance that inaccurate asks are made**, **16%** of fundraisers actively **disagree** with this statement (Table 5).

The data shows, therefore, that the use of prospect research for the purpose of **estimating an ask amount** may be largely subjective (dependent, perhaps, on the specific needs or skills of the

individual fundraiser or the individual prospect), as is illustrated by these two rather disparate quotes from fundraisers on the matter:



That said, regardless of whether fundraisers use prospect research to estimate an ask amount, **81%** of fundraisers also **strongly agree** or **agree** that prospect research **gives them confidence in making an ask** (see Table 5).

PRIORITISING PROSPECTS

100% of fundraisers **strongly agree** or **agree** that prospect research enables institutions to **prioritise the prospect pool** (see Table 5). It is worth noting that this is the only option to achieve a 100% positive response without a single respondent indicating that they ‘neither agree nor disagree’, ‘disagree’ or ‘strongly disagree’ with the statement.

However, whilst 100% of fundraisers agree prospect research enables pools to be prioritised, only a relatively small amount of fundraisers are using the various activities to prioritise prospects themselves. For example, the data shows that **56%** of fundraisers are using research into **wealth** and the same number (**56%**) are using research into **past giving** (see Table 2) to prioritise prospects. This makes this purpose similar to **rejecting prospects** (outlined above) as it is something that prospect research is seen as invaluable for, but not something fundraisers use research for themselves, indicating that perhaps prospect researchers are the ones prioritising prospect pools (further study would be required to verify this, however).

Interestingly, only **53%** of fundraisers use **scores or ratings** to prioritise the prospect pool but those fundraisers that *do* use scores and ratings find them useful, with one fundraiser stating that, “The rating system is the most valuable prospect research tool for us”. The data in this area therefore once again illustrates that the use of some prospect research activities can be subjective, differing from fundraiser to fundraiser.

USING PROSPECT RESEARCH IN ENGAGEMENT

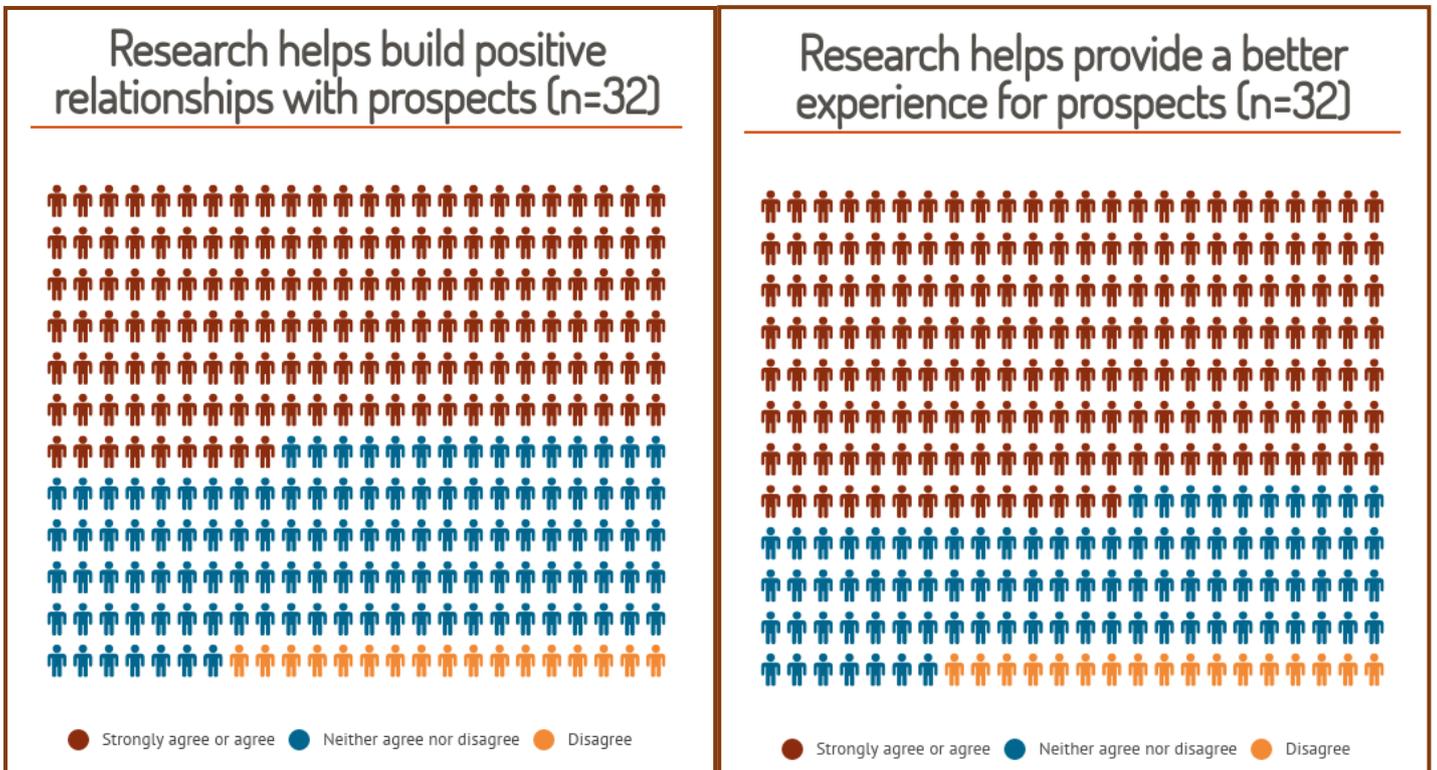
The study also aimed to identify to what extent fundraisers made use of research when **engaging with major donor prospects**.

The data shows (see Table 3) that more fundraisers use prospect research activities to **prepare for meetings** with prospects than for any other purpose. In fact, six of the 15 activities were chosen by the largest number of fundraisers for this purpose (see Table 2), including research on **career and professional history (69%)**, **hobbies and interests (69%)**, **background and family (58%)** and **educational history (67%)**. Together with this, table 4 shows that **91%** of fundraisers also stated that

research was **extremely necessary** or **necessary** for **preparing (myself or others) for meetings** (only 3% found research **unnecessary** for this purpose, and 6% were **neutral**). Lastly, **91%** of fundraisers also **strongly agree** or **agree** that prospect research gives fundraisers **more confidence in approaching prospects**.

A wide variety of prospect research activities are therefore used by major donor fundraisers when engaging with prospects. However, the data also shows that prospect research activities are not as widely used by fundraisers to **prepare personalised communications**, with fewer than **30%** of fundraisers on average using prospect research for this purpose.

As shown in the charts below, when it comes to **building positive relationships with prospects** or **providing a better experience for donors**, the majority of fundraisers do **strongly agree** or **agree** that prospect research helps them to do this, but a large minority are neutral (**neither agree nor disagree**) on whether this is the case (see Table 5). One fundraiser stated that research was invaluable for the first meeting but "...beyond that, it's down to personal interaction".



In terms of engagement, therefore, the study suggests that prospect research activities may be most useful to fundraisers when initially approaching prospects (as one fundraiser stated, prospect research "...maximises the effectiveness of our first approach by being properly prepared") but prospect research activities are seen as less helpful by some fundraisers as the relationship with a prospect develops.

One fundraiser stated too much information from prospect research can "...hinder agility" in the field, with another stating that too much research can cause fundraisers to pigeonhole prospects too early in the relationship (e.g. by gift capacity). **17%** of fundraisers said that some of their fundraising colleagues **relied too heavily** on research and would not meet with a prospect until they had all the available information, which they felt was a barrier to fundraising. One fundraiser stated that, "Research that is too detailed can make fundraisers **lazy and dependent**".

Other comments about the breadth of research undertaken are:

“It can lead to bias and preconceptions about someone...this could lead to an inappropriate ask when a different project may be a better fit”

“You may miss opportunities to think more broadly about someone”

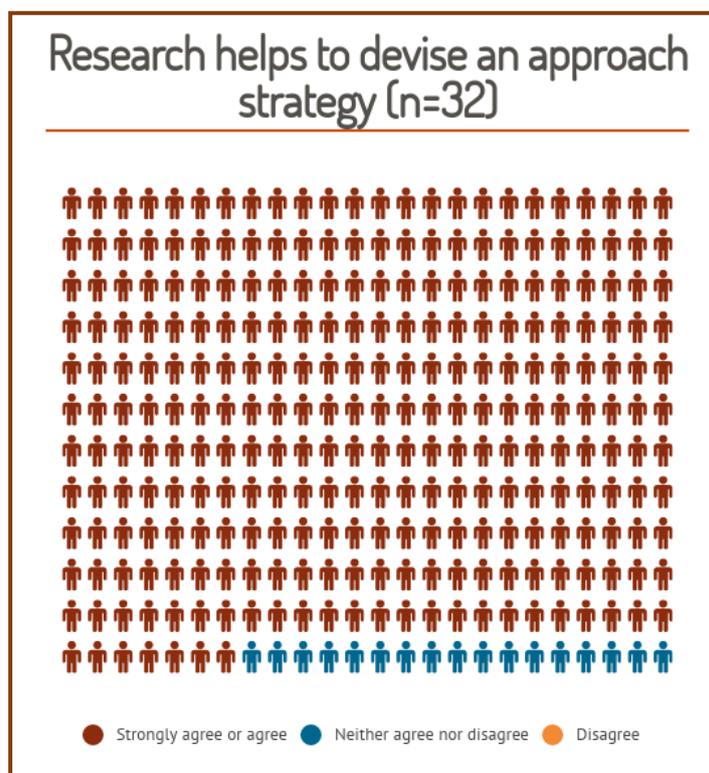
“People can become reliant on it and forget how to network”

“Too much research stops the fundraiser from asking questions because there is too much existing knowledge”

However, as with other aspects of the study, the use of research in engagement does seem to be subjective as another fundraiser noted;

“I personally find that the more I know about a prospect the better. It enables me to fully understand a donor, their motivation, their propensity to give and what gift outcome I can hope to achieve as a fundraiser”

The extent to which various prospect research activities are used in **engagement**, and the breadth of research that is required, might benefit from further study. However, what was clear from the study was that almost all (**94%**) of fundraisers **strongly agree** or **agree** that prospect research helps them **to devise an approach strategy**, which is the first step in deepening engagement with prospects.



HOW RESEARCH CONTRIBUTES TO EFFICIENCY AND EFFECTIVENESS

Lastly, the data captured by the study clearly shows that prospect research contributes to fundraising in less tangible ways (which are not as easily quantifiable as 'purpose' or 'necessity').

For example, almost all (97%) **strongly agree** or **agree** that prospect research **helps make fundraising more efficient** and 90% of fundraisers **strongly agree** or **agree** that it **contributes to fundraising cost effectiveness** (see Table 5). This corroborates the view of Breeze³ whose study identified that prospect research is "...essential for effective, efficient and sustainable fundraising" (pg 9).

It is difficult to infer from the data exactly **how** prospect research contributes to fundraising efficiency or effectiveness, but when asked what the impact would be if they did not have access to prospect research, fundraisers gave some answers which offer some insight into this:

"I would be going in blind to meetings, asks and events. I would under ask when meeting prospects, and not form as successful and long term relationships"

"I would be much more inefficient and my approaches to major donors would be much less focused"

"Through the work of the prospect research team, we are able to match prospects with our projects based on their interests and affinities. Without this work, fundraisers would not be able to meet the right prospects and make asks"

"Opportunities at events would be squandered.
Opportunities for support would be lost"

"If I didn't have access prospect research, it would mean a much more scatter gun approach based on ad-hoc information"

"Without prospect research we would not be fully prepared in our role and therefore not doing it effectively"

"Without prospect research it would be difficult to provide a clear strategy for major donor fundraising"

These quotes begin to explain how prospect research contributes to fundraising effectiveness and efficiency but further study of this would be useful to try and understand this contribution in greater depth. This is particularly necessary given the findings outlined below, under '**Metrics**' (see page 25 onwards), which highlight that prospect researchers do not routinely measure the **impact** research

has on fundraising, particularly when it comes to understanding the contribution it makes to the **efficiency** or **effectiveness** of fundraising.

SUMMARY OF RESULTS – PURPOSE AND NECESSITY

The study has highlighted some very clear **purposes** for which fundraisers use the wide variety of prospect research **activities**. Furthermore, it has identified that prospect research is regarded as **necessary** for these purposes by the vast majority of major donor fundraisers and has shown that prospect research **contributes** to the efficiency and effectiveness of fundraising in numerous ways.

The study has shown that fundraisers mainly use prospect research to **identify relevant prospects** and also to **engage with prospects** by assisting with activities such as **devising approach strategies** and **preparing for meetings**. Fundraisers also note the importance of research for **due diligence**. However, the data also shows that, whilst all research activities were identified as used for all purposes to a greater or lesser extent, research into **wealth, philanthropy** and **career history** are used by the highest proportion of fundraisers.

Fundraisers appear to rely less on research for determining the **level of ask** and some fundraisers do not feel in-depth prospect research is useful in **engaging with prospects** once a relationship has been established. The data also shows that the use of a number of prospect research activities may be subjective, being dependent on the prospect, the situation or the particular fundraiser in question.

The next section of this paper looks at how this data can be used to analyse the use of prospect research under GDPR.

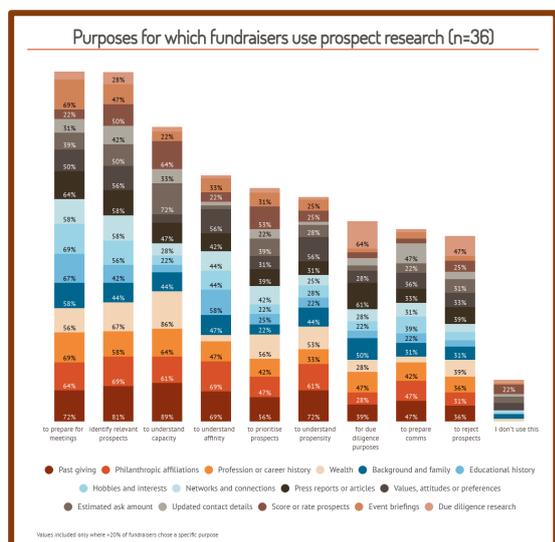
IMPLICATIONS FOR GDPR

97% of institutions surveyed are relying on their **Legitimate Interests** to process data for prospect research. As shown above, in order to do so they must be able to evidence, inter alia, 3 things:

- that there is a legitimate reason, or **purpose**, for processing the data
- that the processing is **necessary** to achieve the purpose identified
- that the purpose of the processing **could not reasonably be achieved** in a manner which does not use personal data

These stipulations underpin the need for this study and outlined below is an overview of how the different elements of the study can provide evidence for the compliant use of personal data in prospect research under the GDPR.

IS THERE A LEGITIMATE PURPOSE FOR PROCESSING THE DATA?



The data provides the **first available evidence** of the **purposes** of prospect research. This data can be added into an **LIA** as evidence for explaining the reasons prospect research is used in fundraising. This data has particular relevance in refuting [the letter written](#) by the ICO in October 2018 to universities in which it states that prospect research "...is a separate and distinct activity [from fundraising] that requires its own lawful basis for processing". This data clearly shows that prospect research activities are **integral** to fundraising, and **are not** separate and distinct from it.

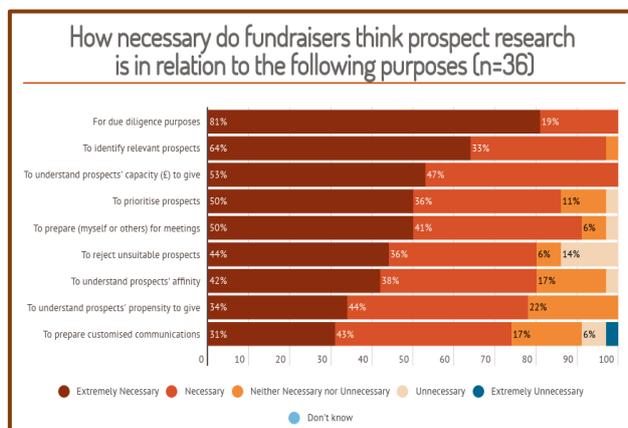
See this data / graph in full on pages 10 and 11 of this report.

IS PROSPECT RESEARCH NECESSARY TO ACHIEVE THE PURPOSES IDENTIFIED?

The data shows that the vast majority of major donor fundraisers feel **prospect research is necessary** for the 9 purposes identified in this study.

E.g. 100% of fundraisers feel it is necessary for **due diligence** and **understanding gift capacity**, 97% for **identifying relevant prospects**, 91% to **prepare for meetings** and 86% to **prioritise prospects**.

See a bigger image of the graph on page 12.



Fundraisers were asked **why** they felt prospect research is necessary and their answers covered a wide variety of reasons, such as explaining that research enables them to be **fully prepared** in their role, it helps them to **understand** their prospects, to **save time & energy**, and to ensure they are **building relationships** with the right people.

To illustrate this, the following quotes are from fundraisers who were asked what the impact might be on their role if they no longer had access to prospect research:

“Without research it would make it extremely difficult, if not impossible, to do my job. We would not be fully prepared in our role and therefore not doing it effectively”

“Without research there would be danger of jeopardising relationships due to lack of information”

“Most importantly, our ability to understand enough about a donor to be confident we want to be mutually affiliated would be compromised without research”

“Prospect research is vital - it saves a huge amount of wasted time and energy”

“We would be contacting people with no understanding of if they have the ability to give”

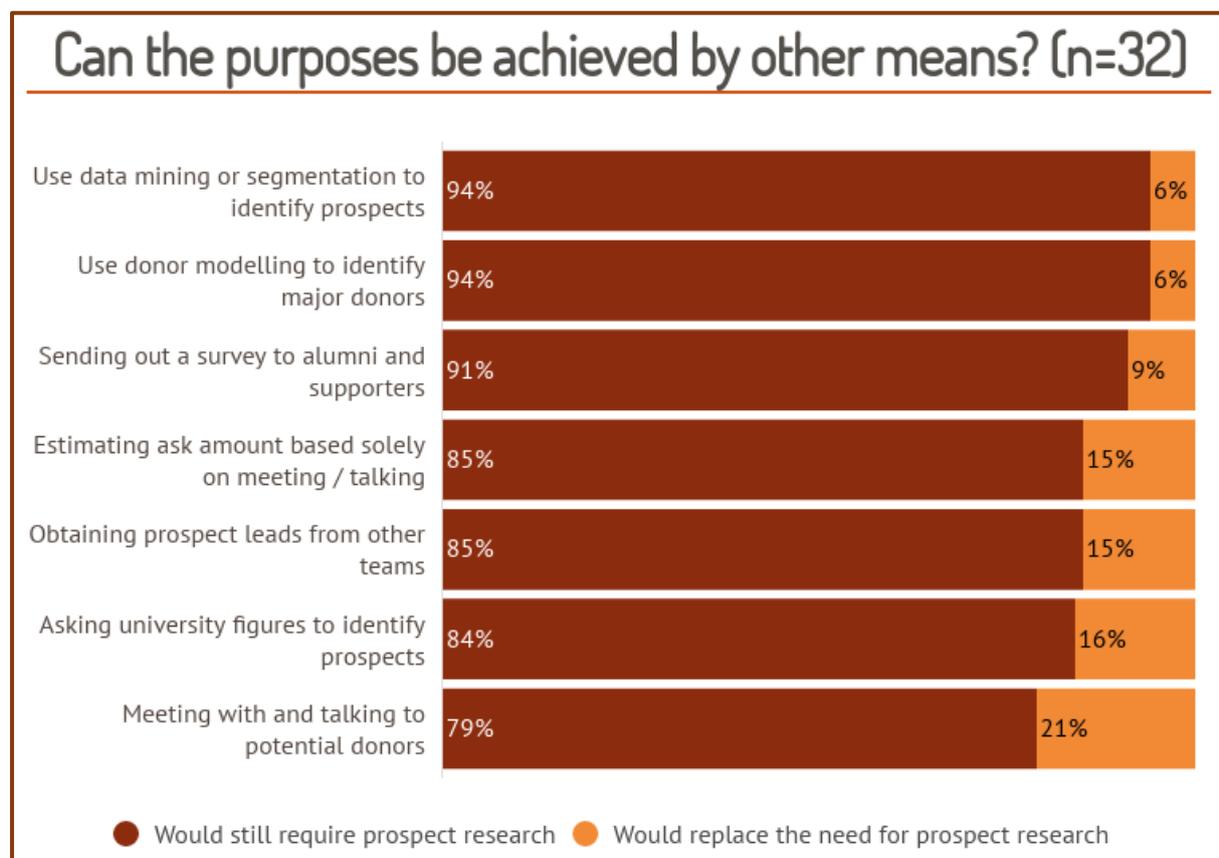
CAN THE PURPOSES OF THE PROCESSING BE REASONABLY ACHIEVED USING OTHER METHODS?

The GDPR asks organisations to find out if the purposes of the data processing can reasonably be achieved in a manner which **does not use** personal data. In their [letter](#) to universities in October 2018 the ICO underlined this point by saying that “if you can reasonably achieve the same result in another less intrusive way, **legitimate interests will not apply**”. The study therefore aimed to identify if the **purposes** of prospect research could be reasonably be achieved in a manner which **does not** involve making use of individuals’ personal data.

This question was interesting not only from a GDPR perspective but because a literature review for the study highlighted that some commentators feel that prospect research **is not** necessarily the best or most effective way to identify prospects; other methods include identifying prospects through **referrals from board members** or **other major donors**, or through making use of **staff knowledge** about potential prospects^{1,4,12}. Others argued that **analysing a donor or alumni database** can enable organisations to identify major donors (e.g. to identify those who are making abnormally large or out-of-pattern gifts) who can then be prioritised by fundraisers for engagement¹³ or from **modelling** their dataset to identify individuals with similar characteristic to their major donors^{5,12,13}.

Further to this, some commentators state that once prospects have been identified, instead of undertaking prospect research, fundraisers should instead simply **meet them face to face** to engage with them and build up a picture of their needs^{7,14}. It is argued that a reliance on research can sometimes act as a distraction or barrier to cultivating prospects and simply meeting with a prospective donor is a **more effective** way to learn about, engage and build relationships with them¹³. Other methods of getting to know prospects can include sending out surveys to existing supporters, donors or alumni asking for details on professional or philanthropic affiliations **Error! Bookmark not defined.**

With this in mind, fundraisers were asked to review a list of the activities outlined above to indicate whether they felt these activities would **replace** the need for prospect research or whether prospect research would **still be required** even if they were undertaken.



As can be seen from the results, the vast majority of fundraisers agree that prospect research would **still be required** even if an organisation employed other means to identify and engage with prospects; for example, **94%** agree that research would be needed alongside **data mining or modelling** and **91%** that it would still be needed if alumni or supporters were sent **surveys** to complete. Even in regards to **engagement** (discussed on page 16 onwards), almost **80%** of fundraisers feel that **meeting and talking** with prospects would not replace prospect research.

In regards to the activities that a relatively small number of fundraisers said would replace prospect research there was some reticence to fully commit to this view with one fundraiser stating that, whilst referrals from donors or alumni would negate the need for research, referrals would mean “...you may not then invest **as much time** in research”, implying research would actually still be required.

The study further aimed to provide some context to this data by asking **why** prospect research might still be required alongside other activities. Fundraisers gave various reasons, including the **skill and insight** researchers bring to the process and the **limitations** of the other activities. Some quotes taken from the study to illustrate these points are:

“Prospect research provides a much more detailed, insightful overview and enables us to take into account relevant nuances and personal circumstances”

“Even if councils, board and alumni introduce people, that would still only be a tiny fraction of relevant prospects”

“Using networks is a good method but not all prospects will be known to our contacts”

“A cold prospect may not be forthcoming with information in a meeting”

“Prospect research gives the full picture”

“Researchers provide unique insight”

SUMMARY OF IMPLICATIONS FOR GDPR

The data shows that:

- major donor fundraisers utilise prospect research for a **wide variety of purposes**
- prospect research is shown to be largely **necessary** for those purposes
- the majority of fundraisers agree it **could not be replaced** by known alternative methods

It could be argued, therefore, that the data from the survey provides an initial evidence base that supports the judgement of **97%** of universities to rely on their Legitimate Interests under GDPR to undertake prospect research.

PROSPECT RESEARCH METRICS

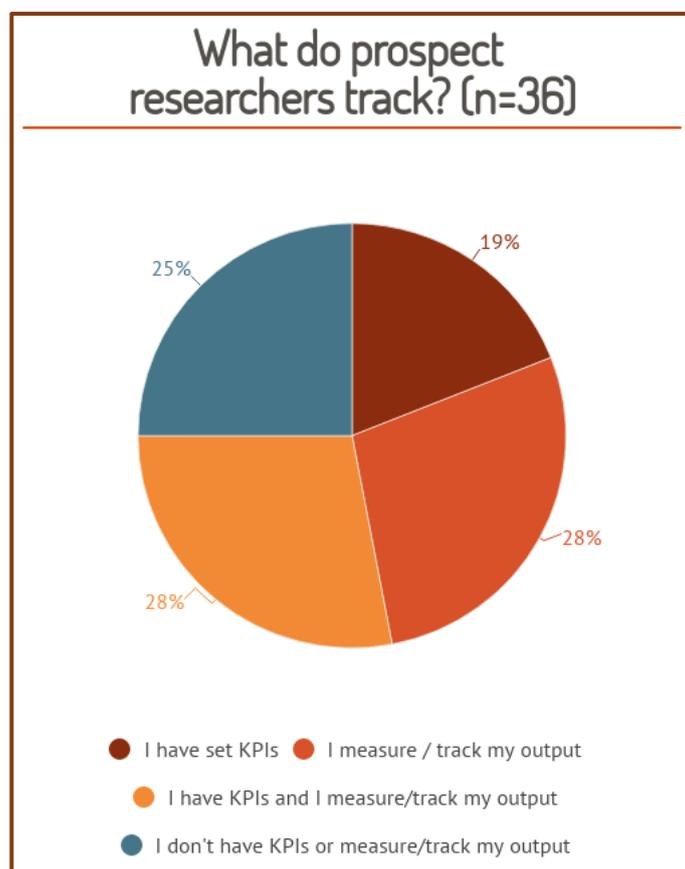
Prospect research is “commonplace”, with over 94% of non-profit organisations in the UK currently investing in it³. Furthermore, 42% of university advancement services departments were planning to increase the number of staff dedicated to prospect research in 2018¹⁵. However, despite the prevalence of prospect research, it has been shown that metrics which are commonly used to measure the success of a major donor programme do not typically include any measurement of the value of prospect research, or the contribution it makes to fundraising¹⁶. The apparent lack of evidence gathered about prospect research is potentially problematic for a number of reasons:

1. If organisations are not tracking the outputs, usage or impact of prospect research how will they generate evidence to support compliancy for GDPR?
2. If organisations are not tracking the outputs and usage of prospect research, how will they highlight best practice or inefficiencies in a prospect researcher team?
3. Without evidence, how can organisations justify a continued or increased investment in prospect research?

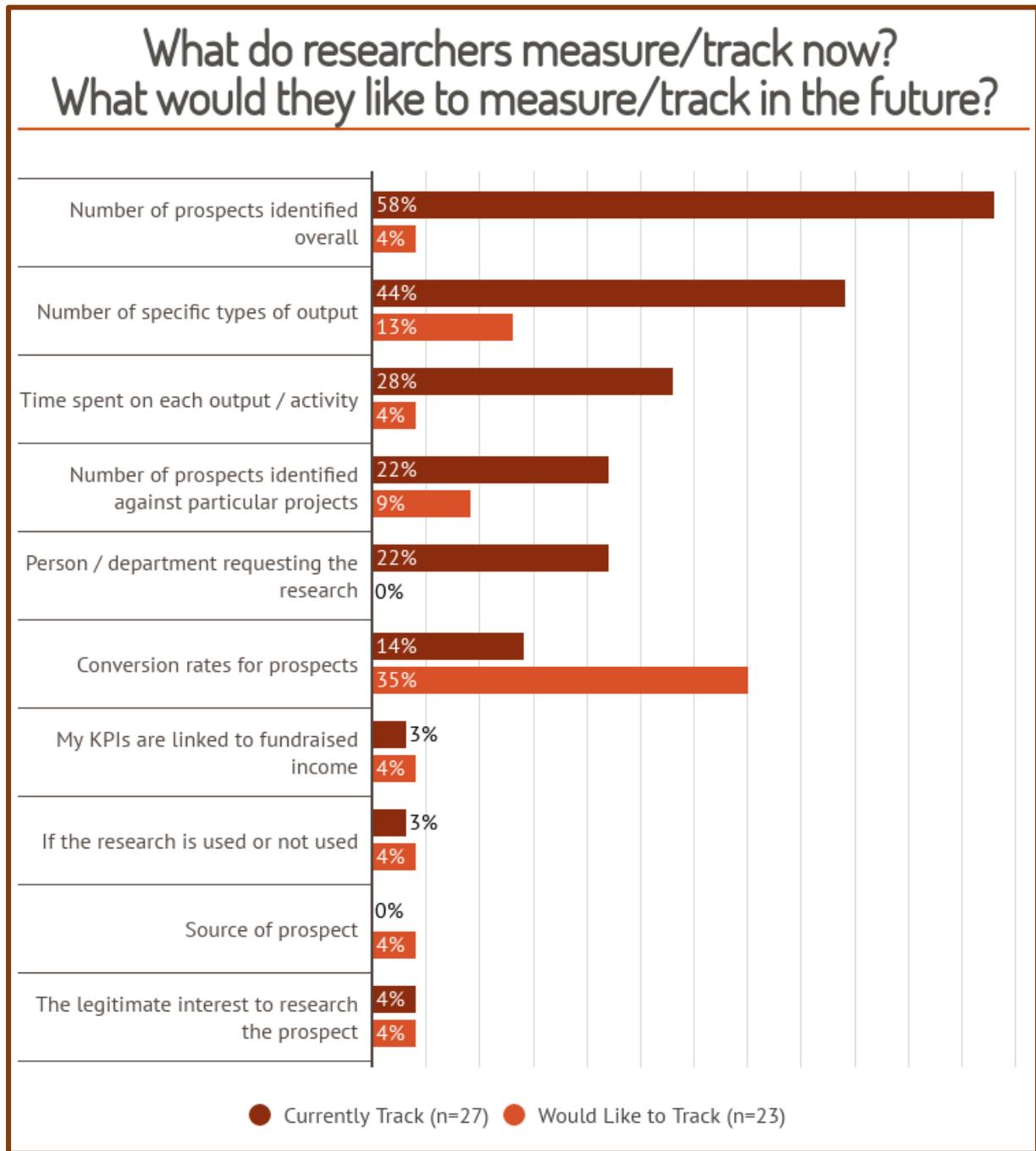
In order to understand the current situation in terms of tracking and monitoring prospect research the study aimed to answer the following questions:

- Are prospect researchers tracking their output or impact?
- If they are, what kinds of things are they tracking?
- What other things would they like to track?

As can be seen from the graph below, one quarter (25%) of prospect researchers do not have KPIs and are not tracking their output. 19% have KPIs but do not track their output. 28% track their output but do not have KPIs. 28% have both KPIs and are tracking their output.



The following graph shows what kind of data or metrics researchers who responded to the study are capturing now, and what they would like to capture in the future.



The data shows that, by and large, if prospect researchers are tracking anything then these metrics are focused on the **outputs** of prospect research, not the **outcomes or impact** of it. For example, just over half of respondents (**58%**) are tracking the **number of prospects identified**, just under half (**44%**) are recording the specific **types of research outputs** they produce and **28%** are tracking the **time they spend** on each activity.

In regards to measuring the **contribution** prospect research makes to fundraising, only **3%** of respondents link prospect research activities to **fundraised income** and only **14%** are monitoring the **conversion rates for identified prospects** (i.e. the number of prospects identified by researchers

who then go on to become donors or supporters), although 'conversion rates' is the **most desirable metric** that prospect researchers would like to track in the future with over one third (**35%**) of respondents noting this. This is perhaps linked to and indicative of the fact that, as noted above, one of the principal purposes of prospect researchers is to identify **relevant** prospects (i.e. those who are highly likely to become donors) so tracking conversion rates is one way to demonstrate success in this area.

Overall, however, this data shows that the majority of prospect researchers are seemingly not tracking or measuring a huge amount in relation to their **output**, and even less in relation to **outcomes** or **impact**.

This is problematic for a few reasons:

Lack of evidence for GDPR: The lack of metrics is problematic as it indicates that organisations are potentially not tracking the *purposes* of the research they produce, and therefore are not fully able to justify their use of personal data under GDPR. With 97% of institutions relying on their Legitimate Interests to process data for prospect research purposes, this is troubling.

Not measuring the contribution to fundraising efficiency or effectiveness: Additionally, the data highlights further deficiencies in measuring / evidencing less tangible aspects in regards to how research contributes to fundraising. As shown above, fundraisers state that prospect research leads to increased efficiency and effectiveness in major donor fundraising, but these impacts are currently not being tracked, measured or reported on by many non-profit organisations. Researchers are therefore unable to clearly evidence the ROI of prospect research.

Highlighting any inefficiencies in research function: It will be difficult to highlight any inefficiencies in prospect research service provision using the information that is currently being captured. For example, **only 3%** of respondents are currently **tracking whether or not prospect research is used** by fundraisers, and **0%** are tracking the **purposes for which they use it**, making it impossible to ascertain if researchers are spending time producing the type of output or analysis that fundraisers need, want or use. This is particularly interesting given the findings outlined above that individual fundraisers find different aspects of prospect research useful.

WHAT NEXT?

This study aimed to provide, for the first time in the UK, a strong evidence base to show the way in which prospect research is used in, and how it contributes to, major donor fundraising. The principal reason for this was to provide evidence, if possible, to support the use of prospect research under GDPR but the data can also be used to understand the role of research in fundraising more broadly.

Whilst this study is useful, prospect research remains a hugely understudied area and there is enormous scope for further study and analysis into any of the aspects identified in this paper...and more.

For example;

- This study concentrated on higher education institutions; it might be useful to see how far the results are mirrored across the wider non-profit sector
- It might also be useful to rank prospect research activities by *how* frequently they are used by fundraisers across the various purposes, to ascertain a clearer view of the importance of each activity against each purpose
- It is clear there is a lot more work to be done on developing standardised metrics around prospect research so the sector can begin to benchmark and analyse the impact that prospect research has on fundraising

In short, in the future it would be fantastic to see more analysis of the ways in which research contributes to excellent, efficient and effective major donor fundraising. For now, though, this paper ends with this wonderful quote from a major donor fundraiser which epitomises the overwhelmingly positive comments and thoughts echoed throughout the study about prospect research and prospect researchers:



“We have a very close relationship with our prospect researchers, they are extremely helpful, proactive and enable us to do our job. We couldn’t do it without them. They are the unsung heroes of fundraising!”

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