

The Basics of Prospect Management

Building a Prospect Management System from Start to Finish

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Wouldn't it be great if major gifts would just come in without any cultivation or effort, and you could just let the donors do all the work?

We all know that, unfortunately, bringing in major gifts isn't that easy. A donor generally doesn't make a major gift unless the organization takes specific action to ensure that the contribution will significantly impact the donor's specific area of interest within the nonprofit's mission. Often, it requires more than just "selling the project." Donors today want and need to be personally involved in some way before making a significant gift. That's why having a prospect management system in place is so critical — it can help ensure that appropriate actions and engagements are thoughtfully planned and executed in a timely manner so you can secure those major gifts!

Prospect management is the planning, recording, and reporting of significant moments which lead toward a gift in the relationship between prospective donors and the nonprofit organization. Although the principles of prospect management can be applied to gift expectancies of any size, a system like this is usually created to help coordinate the *major gift* effort.

- It has a large number of new major gift prospects identified through a screening and needs to make sure that they receive the attention they deserve
- Staff can't make accurate forecasts of gift income
- It's unclear which development officer is working with which prospects
- Prospects are confused about who they should contact

Before going any further, we must acknowledge one fundamental fact about any prospect management system: Having one requires additional work from the entire fundraising staff. Allowing a prospect to drift aimlessly toward a gift may not be very efficient, but at least it doesn't require a lot of data recording. Intentional prospect management, however, cannot happen without reports that show progress towards a goal. And those reports will be meaningless unless the development staff takes the time to record their actions.

Most development officers didn't get into fundraising so they could do a lot of data entry, so there may be some reluctance to spend the necessary time inputting information into the database. Furthermore, unless they are provided meaningful data on prospects and gifts, many development officers do not see a need to be involved in data collection. Nevertheless, these efforts are absolutely essential to the success of a prospect management system. The chief development officer must be fully committed to seeing that this work is accomplished. The director of development must insist that the staff put in the necessary time, the reports

+ Executive Summary

Prospect management is the planning, recording, and reporting of significant moments in the relationship between prospective donors and the nonprofit organization which lead to a gift. When a nonprofit implements a prospect management system, many parties benefit, including the nonprofit itself, the fundraisers, their managers, and the donors. Such a system is primarily concerned with gift expectancies. All of the data collection and reports associated with a prospect management system are focused on bringing efficiency, predictability, and accountability to the fundraising effort.

123 Contents

Introduction	1
Data Collection	2
Gift Expectancies	2
Prospect Manager	3
Solicitation Plans	3
Moves	3
Contact Reports	3
Reporting	4
Policies and Procedures	5

are meaningful, and ultimately, that the organization reaps the benefits of a systematic and measurable fundraising program.

There is at least one other benefit of a prospect management system to the development office: accountability. We see increasing demands by nonprofit boards, the government, and the public at large for greater accountability with the use of donated funds. The reports and documentation of actions recorded in the prospect management system help the development office demonstrate good stewardship of the organization's resources.

That is not to imply that the development officer is doomed to a drudgery of reporting without any personal benefits. Rather, every fundraiser has goals. The reports give crucial feedback to the development officer and leadership on progress toward goals.

DATA COLLECTION

To make prospect management reports work, specific information must be systematically collected and recorded. This is not information collection for information's sake! You need to think about what information your program needs for its essential reports and then record only that. Here are some data points that would be common to most organizations:

Gift Expectancies:

This is a fundamental unit with which a prospect management system is concerned. Many fundraising databases refer to this as a "proposal." You may have expected me to say that *prospects* are at the heart of the system. It's true that there is no gift without a donor. But I place the *gift expectancies* at the heart of the system instead of the donors because one donor may make several major gifts over his or her lifetime. And the wealthiest donors may have several simultaneous interests at your nonprofit. In the case of a university, for instance, a person may be a prospect for a gift to her major department, another department that is more closely connected to her business, and yet a third department in which her child is enrolled. The system must be able to record current and future gift expectancies for a prospect, as well as keep a history of past major gift solicitations and their outcomes.

Important attributes of a gift expectancy (or proposal) include **anticipated gift amount, gift purpose, anticipated gift date**, and progress, or the absence thereof, toward solicitation (or **stage**) of that particular gift.

Immediately after the prospect has been identified, it may not be possible to specify the amount or purpose of the gift you hope to receive. Nevertheless, you should establish a "placeholder" gift expectancy at this early stage. During the cultivation period, as the donor is cultivated and consulted on their interest and level of potential impact, you can modify the gift expectancy. For a prospect whose capacity has not been sufficiently qualified, you may want to default the **gift amount** to your entry level major gift amount.

Just a word about the use of "stages" before we go on: It is common to think of a *person* as being in a particular stage with respect to solicitation. Stages might include discovery,

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cultivation, solicitation, or stewardship. In my conception of a prospect management system, it is not the *person*, but the *gift expectancy*, that has a particular stage. This allows for the rare — but possible — case of a single prospect who has several gift expectancies simultaneously in different stages. Even in the more normal case of a donor who makes sequential major gifts, you may have several gifts that are in the *stewardship* stage, while the current gift expectancy is in the *cultivation* stage. Thus, the stage is properly considered an attribute of the proposal (or gift expectancy) rather than the person. You will find that many fundraising databases handle this quite nicely.

Prospect Manager:

This is the development officer who is the prospect's primary contact with your organization. The prospect manager is your "ambassador" to the prospect. As such, he or she is responsible for securing gifts from the assigned prospect. Beyond that, the prospect manager may properly become the human face of all aspects of your nonprofit to the donor.

Solicitation Plans:

A solicitation plan should state the anticipated purpose and gift amount, plus the next two or three steps that must be taken to secure that gift. No solicitation plan is written in stone — it should be re-evaluated after every move with the prospect. It may well be that the ultimate purpose and ask amount will not be the same as when the plan was first written. The goal is to assist the prospect in maximizing his or her potential impact on the organization's mission, so the solicitation plan must be flexible and accommodate new information learned from the prospect or other sources during the cultivation period.

Moves:

A move is any activity that has the purpose and effect of 1) educating the prospect about the organization or the project to be funded, 2) engaging the prospect with the organization or the project, or 3) obtaining information useful in moving toward a gift. Simply stated, a move is any action that moves the prospect at least one step closer to making a gift. Moves must be driven by the solicitation plan. This helps the development officer focus on activities that are productive, not just "keeping in touch." Examples of moves include hosting a prospect for a site visit, meeting with a key leader from an organization, talking with a prospect to understand what excites him, getting a prospect to give advice on a project, or making the ask.

Contact Reports:

All moves are recorded in a contact report. Additionally, any substantive contact with the prospect should be put in a contact report, whether it qualifies as a move or not. These may include correspondence, phone calls, personal interactions that yield useful information or educate the prospect, or actions that engage the prospect. Some fundraising databases allow you to schedule contacts in the future, creating a tickler for the assigned prospect manager.

You may find it useful to record additional information in your prospect management system, but keep in mind that every item you decide to record adds a little bit more overhead to the workload of the development officers, who must provide the information. Only record what is essential and what you plan to include in your reports.

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REPORTING

As important as getting the information into the system is, it is merely busy work if you can't get it out again in the form of reports. Many fundraising databases have prospect management reports built into them. The key to getting the "canned" reports to work properly is to make sure you're putting the data into the fields that are used by the reports. If you have a report that is designed to report stages that are an attribute of the proposal, but you are putting stage information in as an attribute of the person, it won't work properly. Contact your database provider for more information or consulting on getting the data you need into the proper fields.

One report I have yet to see provided with a fundraising database is a "stage aging" report. Though there will be some expense and time involved in creating this custom report, you may find it quite useful. It shows all of the prospects assigned to a particular development officer and how long their gift expectancies have been in the current stage. It looks something like this:

Stage	Prospect	Days in Stage	Expectation
Discovery	Donald Duck	50	25,000
	Mickey Mouse	10	50,000
Cultivation	Scrooge McDuck	47	1,000,000
	Buzz Lightyear	72	50,000
	Peter Pan	753	100,000
	Fozzie Bear	25	100,000
Intent to Solicit	Winnie T. Pooh	200	25,000
	Lightning McQueen	21	25,000
Solicitation	Kermit T. Frog	101	100,000
	Tinker Bell	32	500,000
Stewardship	Prince Charming	311	75,000

The above report, listing the prospects assigned to fundraiser David Lamb, shows at a glance that Peter Pan's gift expectancy has been in the *Cultivation* stage for 753 days. This raises a red flag because the expected time for cultivation is two years. Seeing this in the report would cause the fundraiser to re-evaluate the chances of actually getting a \$100,000 gift from Peter Pan, which may warrant a new solicitation plan or gift expectancy for Mr. Pan.

Also highlighted in this report is the fact that Mr. Pooh has been in the Intent to Solicit stage for more than six months. If your prospect management procedures expect that a gift expectancy should normally be in this stage for six months or less, the report gives an opportunity to make an adjustment or a re-evaluation of the readiness of Mr. Pooh to receive a solicitation. Or perhaps it is simply time to solicit the gift. It may be possible to program this report so that expectancies would be highlighted or appear in bold face (as in the example) if they have been at the same stage for longer than established benchmarks.



About the Author

David Lamb, Senior Consultant, joined Blackbaud in 2004 following three years as an independent consultant for prospect research. David has more than 20 years of experience in the prospect research field, starting at Santa Clara University, where he was promoted to director of development research in his second year on the job. After taking the director of prospect research position at the University of Washington, he led a team that developed their first prospect management system. Under his leadership, the prospect research and management staff size there rose from four people to thirteen. His Prospect Research Page (www.lambresearch.com) is a trusted and popular resource among prospect researchers. David is a frequent speaker at professional conferences, including those sponsored by the Council for Advancement and Support of Education (CASE), The Association of Fundraising Professionals (AFP), and The Association of Professional Researchers for Advancement (APRA). His areas of expertise include prospect research, prospect management, fundraising, and database systems. In 1997, he received APRA's Service Award for outstanding service to the profession, and in 2001, he was awarded the CASE Steuben Apple Award for excellence in teaching. He holds a bachelor's degree in sociology from Sterling College (Sterling, Kansas), a master's degree in sociology from Wichita State University, and a Master's in Divinity from San Francisco Theological Seminary. You can contact David at David.lamb@blackbaud.com.

POLICIES AND PROCEDURES

This leads us, finally, to prospect management policies and procedures. Although I end my paper on this topic, it is really where you should begin. Your prospect management system is not just an amalgam of complex programming and reports: It should be the embodiment of the development officer's routine. The policy states what kind of prospects are managed in your system, how development officers are assigned to particular prospects, how gift expectancies are set, what time limits are expected for bringing in a gift after assignment, and what exceptions can be made. And these are just some of the elements of a prospect management policy. If the policy is not already in place, it must be agreed upon by the development staff before any work on data input forms or reports begins. The procedures describe how each of these aspects of your *policy* is expressed in the prospect management system. The justification behind every procedure and report should be found in the policy. Finally, both policies and procedures should be documented in a training/reference manual.

Prospect management systems are much more commonly used now than they were just a few years ago. You may find your colleagues at nearby institutions willing to share their experience and offer advice. Also, as I alluded above, many fundraising databases have modules or components that are specifically designed to facilitate prospect management. Your database provider can help you understand the capabilities of its software, and then you can decide if custom reports or data entry forms are required. Ideally, prospect management data should be managed directly on your fundraising database, not on a separate application. Don't reinvent a database if it isn't necessary.

The implementation of a prospect management system won't be greeted with joy by everyone — at first. But as the development staff begins to see information in the reports that helps them do their jobs better and focus on the prospects who need the most attention, most will become fast converts to the cause. Above all, development managers will quickly see the benefit of a system that brings increased focus, efficiency, and accountability to the major gifts effort.



About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 22,000 organizations — including University of Arizona Foundation, American Red Cross, Cancer Research UK, The Taft School, Lincoln Center, In Touch Ministries, Tulsa Community Foundation, Ursinus College, Earthjustice, International Fund for Animal Welfare, and the WGBH Educational Foundation — use one or more Blackbaud products and services for fundraising, constituent relationship management, financial management, website management, direct marketing, education administration, ticketing, business intelligence, prospect research, consulting, and analytics. Since 1981, Blackbaud's sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Australia, Canada, the Netherlands, and the United Kingdom. For more information, visit www.blackbaud.com.

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