

Houston Grand Opera

Using Prospect Research as the Foundation of Fundraising
Increases Contributions by 82% in Three Years

HoustonGrandOpera



When the Houston Grand Opera's season commences this fall with a new production of Madame Butterfly, Larissa Potiomkin will have her prospect pipeline stocked and ready for its own debut. As Manager of Development Information at the Houston Grand Opera, she is a jack of all development trades; performing prospect research, managing the prospect pipeline and soliciting annual gifts. For Potiomkin, it all comes down to the basics, "prospect research data provides direction on whom to target and at what gift level. It's as simple as that."

Investing in Change

Houston Grand Opera brought in a new General Director and Senior Development Director in 2006 after several years of declining membership. This change in leadership also led to a renewed focus on boosting membership and using prospect research for the foundation of a major gift solicitation program. Development staff identified donors and subscribers from the previous two years and screened 16,000 records through WealthEngine. The results were promising: 1,000 individuals from the screening were identified as having a gift capacity of \$100,000 or higher.

Benefits of a Strong Board

The Opera then went to work, first using the data to restructure their board while leveraging wealth attributes to create a strong center of influence and giving capacity. The strategy paid off.

- After implementation of the WealthEngine screening and board level cultivation, giving increased by 44.2% in FY 2008 over giving in FY 2007
- The trend continues, in FY 2009, giving at the board level rose 44.3% over FY 2008

Targeting Subscribers

The Opera also instituted annual screenings to ensure a well-stocked pipeline at the start of each season. In July, Potiomkin screens 400-600 new subscribers so development staff can begin cultivation. Potiomkin explains, "Through the screenings, we can strategize on whom to target before the October season begins. It's our starting point, allowing us to take advantage of critical timing. We're really fortunate to have major gift donors and prospects in our 'home' regularly for performances so we capitalize on the timing to steward them more efficiently and effectively."

The cultivation involves special touches such as backstage tours and dinners, access to the green room, and other targeted non-donor and donor events before performances. Potiomkin uses the screening results to identify gift capacity ratings for current donors and to pinpoint prospects worthy of added research. As well, Potiomkin also uses WealthEngine's FindWealth Online to research key prospects to uncover multiple property ownership, community involvement and the Opera's trustees' "Circle of Friends" so they can expand and leverage known connections.

"When you look at the growth in the total dollars raised, increase in the size of major gifts from donors and steady rise in renewal rates from donors over the past three years since we implemented prospect research, there is an obvious positive return on investment. We've realized a 30-fold return on investment from prospect research, which may sound like a staggering number, but so is our 82% increase in overall contributions. Both are great achievements."

—Larissa Potiomkin, Manager of
Development Information

Results

Since the Opera began wealth screening three years ago, major gift donors have given at higher levels and overall contributions have grown by 82%. As well, their database has doubled in size to over 200,000 records through various methods of prospecting. Potiomkin estimated 2009 prospect research costs (excluding salaries) at 1% of 2009 contributions and said the Opera's costs had been consistent since 2007 when they first implemented prospect research and screening. Using this cost estimate, the below table demonstrates Houston Grand Opera's ROI from prospect research after their implementation in FY 2007.

Year	Annual Contributions	Increase in Contributions	Estimated Annual Prospect Research Costs*	Increase from Prospect Research**	Annual ROI from Prospect Research***
FY 2006	\$8,418,127	Prior to use of prospect research and screening	Unknown—prior to use of coordinated strategy	–	–
FY 2007	\$7,846,305	7% decrease—screening program initiated and prospect research begins to be applied	\$142,000	Implementation period	–
FY 2008	\$13,637,273	74% increase	\$142,000	\$5,788,968	1,938%
FY 2009	\$14,270,120	5% increase—a real success given the economic climate	\$142,000	\$6,421,815	4,422%
3 Year Total	\$35,753,698	82%	\$426,000	\$12,210,783	2,766%

Note: Working with Houston Grand Opera, WealthEngine calculated their approximate return on investment from prospect research, starting with 2007 contribution levels as a baseline and assuming non-prospect research costs remained constant.

** 2009 prospect research costs based on Houston Grand Opera's estimate of 1% of 2009 contributions. 2007 and 2008 costs are also based on this estimate as cost has remained relatively consistent over the FY2007–2009 period. Actual costs for FY2007–2009 are not available.*

*** Annual contributions – baseline of FY 2007 annual contributions, when prospect research was first implemented.*

**** Increase from prospect research – prospect research costs (FY 2008 accounts for 2 years of costs as program gained momentum)/prospect research costs.*

“When you compare that to direct mail, web maintenance and design, special events and other fundraising costs, prospect research is a small investment that yields greater returns and one that we’ve seen contribute to our fundraising growth,” adds Potiomkin. “Overall, our ROI from prospect research these past three years is 2,766%. It may seem like an incredible number, but it’s one that shows the power of prospect research and the true potential that exists when coupled with a well-functioning, aggressive fundraising program.”

