Prospect Development for Higher Education
The Best Practices of High Performing Organizations
INTRODUCTION

Now, more than ever, colleges and universities must evaluate their prospect development and fundraising operations through the twin lenses of efficiency and effectiveness, to focus on Return on Investment (ROI).

Higher Education is facing a myriad of challenges:

+ State and federal funding for higher education has been on the decline for three decades.
+ The public is increasingly concerned about affordability and rising tuition.
+ Seven of ten students graduate college with an average of over $29,000 in debt, and debt is growing by 6% per year.
+ There is growing public demand for increased transparency and outcome measurement – that is, proof that a college education is worth the cost.

As a result, there will be increasing need for strong, effective fundraising programs that can stand up to scrutiny. Colleges and universities will be investing their management with best practices from business and industry as well as peer organizations. They will also be reviewing programs for waste and inefficiency, and looking to implement proven, evidence-based strategies and tactics.

Based on surveys conducted in 2009, 2012 and 2013, as well as anecdotal and qualitative evidence gained by working with many of the best fundraising organizations in the country, we’ve uncovered eight practices that differentiate the high-performing organizations from the rest. For colleges and universities that want their fundraising programs to stand up to the need for raising more funds with fewer resources, there is no better recipe than learning from the success of others.
While there are many challenges ahead for higher education, there is also plenty of opportunity and positive news in the wake of the recession:

- **9%**
  
  **AMOUNT INDIVIDUAL GIVING TO HIGHER EDUCATION GREW IN 2012-2013, ACCORDING TO GIVING USA**

- **16%**
  
  **OF ALL CHARITABLE GIVING IS TO HIGHER EDUCATION**

- **$34B**
  
  **THE COUNCIL FOR AID TO EDUCATION (CAE) ESTIMATES THAT THE SECTOR EARNED NEARLY $33.80 BILLION IN CHARITABLE GIVING IN 2012-2013, THE HIGHEST LEVEL IN THE HISTORY OF THE SURVEY**
HIGH PERFORMING ORGANIZATIONS

For purposes of our Best Practice Report, we have defined High Performing Organizations (HPOs) as those who raise significantly more per full-time equivalent (FTE) student than others of similar size and type.

Our designation of HPO in no way implies that these organizations excel in every way, nor does it imply that organizations not designated as HPO do not perform exceptionally well in many ways. It is quite simply a single measure of successful fundraising. While not comprehensive, it does help to provide important insight into prospect research, prospect management and information management practices that lead to or contribute to successful fundraising results.
HPOS INVEST MORE IN HUMAN AND RESEARCH RESOURCES

Our research shows that HPOs invest in prospect development personnel at twice the level of their counterparts, and that the research staff they employ can support almost twice as many major gift officers.

This may be partly due to additional findings showing that High Performers invest in research resources, such as paid research subscriptions to databases, wealth screening and predictive modeling at a much higher rate (2:1) than their counterparts.

Colleges and universities wishing to excel in fundraising can feel confident that an investment in research will pay off in better prepared gift officers and more focused fundraising.
Organizations That Invest in Wealth Screenings Are Realizing a Significant Return on Investment (ROI)

Wealth screening is no longer a ‘nice-to-have,’ it has quickly become a ‘must-have’ for efficient prospect research and identification. Our research shows that even screenings where the data is not fully leveraged yield significant return on investment. Even in programs where there is not a strong and proactive prospect management function, the average percent of prospects qualified from those identified is 19%, with 3% of those ultimately making a major gift.

Given the added benefits of wealth screening, including use of data in annual and planned giving programs, added data points for predictive modeling, and improved visibility into interests and lifestyles, it is clear that screening is an important best practice for fundraising programs.

36,000 records screened  
6,120 major gift prospects identified  
1,163 identified prospects qualified (by MGO)  
160 closed gifts  
$7,200 cost for screening  
$581K revenue from major gift size of $5k  
$1.16M revenue from major gift size of $10k  
$2.91M revenue from major gift size of $25k
HPOS USE A COMBINATION OF PROACTIVE STRATEGIES TO IDENTIFY AND PRIORITIZE PROSPECTS AND DONORS

Over 65% of HPOs utilize a combination of proactive prospecting techniques including wealth screening, peer screening and predictive modeling. By utilizing a combination of techniques, organizations can build comprehensive strategies that focus their fundraising efforts efficiently. Each technique yields different types of data, which are valuable on their own merit, but become even more useful when combined and used in concert.

Combination of data sources yields deepest insights.
HPOS USE PROSPECT RESEARCH DATA TO SUPPORT THEIR ANNUAL FUND

Prospect research data can easily be leveraged to provide incremental return on investment within annual giving programs. The benefits to this are clear:

- Increased Return on Investment (ROI) from traditional annual fund activities such as direct mail, phone-a-thon, email and special events due to more precise compilation and more intelligent segmentation of prospect lists. Prospect research data, including electronic screening data, can help annual fund teams quickly and accurately segment constituents by ability and likelihood to give. The bottom line can benefit from increased revenues or decreased expenses associated with these activities.

- Additional donors and improved participation rates among alumni and other constituents. Research data can quickly identify segments appropriate for acquisition, based on the individual’s ultimate potential and/or the likelihood they will respond. Identification of the most appropriate groups for acquisition can lead to more attractive economics for this vital but traditionally costly activity.

- Increased revenue production from leadership annual giving programs. Similar to traditional major gift programs, revenues can be maximized in a leadership giving program by directing limited staff resources to the best prospects based on capacity to give as well as likelihood to give.
HPOS INCREASINGLY USE PREDICTIVE MODELING AND ANALYTICS TO FOCUS EFFORTS AND IMPROVE RESULTS

The higher education sector has truly embraced the practice of analytics and predictive modeling in fundraising. A recent WealthEngine survey reveals that 38% are doing some form of predictive analytics, with another 17% planning to test the waters within six months.

Predictive modeling and other analytics can increase the efficiency of fundraising programs by driving focus to prospects that are both capable and likely to give. By focusing on better, more engaged and interested prospects, the cultivation and solicitation stages of the fundraising cycle can be reduced. This serves to decrease costs and increase revenues.

Analytics can also provide the most effective method of determining appropriate ‘ask’ amounts. One of the most common weaknesses in major gift fundraising is ‘leaving money on the table.’ A strong prospect development program, including predictive modeling and analytics, will optimize revenues by getting the ask right.

**analytics**

*noun*: the term ‘analytics’ encompasses, but is not limited to, predictive modeling. In addition to predictive modeling, analytics includes any activity that involves the analysis of existing data to support optimal or realistic decision making.

**predictive modeling**

*noun*: predictive modeling is the process of creating a model to predict the probability of future behaviors or outcomes.
HPOS INTEGRATE DATA INTO DMS TO IMPROVE COLLABORATION AND PROVIDE 360° PROSPECT VIEW

Making wealth and other research data a part of the fundraising environment is a must to ensure that the data is understood and is used effectively. A few of the benefits of housing all of your prospect data in one place include:

+ Giving your organization and individual stakeholders a global view of constituents and their capacity levels
+ Providing additional data from which to make segmentation and assignment strategies
+ Identifying quickly those prospects that are currently assigned, but have little capacity, and those that are unassigned and have a significant capacity
+ Systematically tracking and assigning tasks based on data
+ Sharing data with a broader audience, including fundraising departments and alumni relations, in an accessible format
HPOS IMPLEMENT PROVEN PROSPECT MANAGEMENT PROTOCOLS AND PERFORMANCE METRICS

Ninety-four percent of HPOs have a prospect management system in place, through which they measure their major gift pipeline, forecast results and evaluate program and staff performance.

While there are many metrics that are tracked and evaluated within the prospect management function, some Key Performance Indicators tracked by high performers include:

- Total Dollars
- Total Number of Face-to-Face Contacts
- Total Solicitations
- Number of Prospects Identified
- Number of Prospects Qualified
- Amount of Gift/Amount Solicited
- Time from Identification to Solicitation
- Number of Touch Points from Identification to Solicitation
HPOS ENCOURAGE A COLLABORATIVE WORKING ENVIRONMENT

High Performing Organizations have a collaborative working environment, where Advancement Services, Research, Fundraising, Communications and Alumni Relations departments work in concert with shared goals. Communications are enhanced by regular prospect review meetings, both group meetings and individual portfolio review meetings between a researcher and a front-line fundraiser. 88% of HPOs hold regular prospect review meetings.

In addition to having shared goals and regular meetings, here are some additional tips for managers looking to foster a collaborative, team environment in the Advancement Office:

+ Recognize the need for and encourage cross-functional teams to work on large and small projects
+ Share success by including all units in celebrations when large gifts are received or when major milestones are achieved
+ Provide internal and external training and professional development opportunities
+ Consider cross-training team members to foster greater understanding of different teams’ roles and responsibilities
+ Encourage personnel to move to new jobs within Advancement when and if they are ready
+ Meet conflict head-on
CONCLUSION

High performing colleges and universities are raising money efficiently and effectively using some of the practices outlined in this book. As higher education faces the many challenges before it, successful organizations are looking within to see where they can make adjustments to both increase fundraising revenue, and be more transparent and accountable in spending public and private funds.

By funding and nurturing a healthy prospect development function within the advancement office, fundraising will be both more efficient and more effective. Organizations taking this approach to fundraising will be better positioned for the challenges and opportunities ahead.

For more information on Best Practices for Prospect Research in Higher Education, or any of our other publications and white papers, please visit www.wealthengine.com.
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