DONOR-CENTRIC
COMMUNICATIONS

GRC direct

A newsletter designed to help you build strong donor relationships, retain supporters and improve communication with your patrons.

May 2015

7 Keys for Turning Big Data into Big Results

If *"knowledge is power"*, then any alien passing our little blue planet in their spaceship should be hearing the intensifying hum. During 2015 it's estimated that 7.5 "zettabytes" — that's 7.5 trillion gigabytes — of new information will be created and dumped on the Mount Everest of data that's already out there on our collective storage drives. *"Big Data" is a big deal.*

There's no question that all these bits and bytes present virtually endless opportunities to be exploited; there's hardly an industry that isn't recognizing that. It's the useful harnessing of all this power, however, that is the challenge.

In the for-profit world, this has been a major focus over the last few years; a lot of really smart people are working on it. The results of their labor are now being felt by us all on a daily basis. For example, spend an hour researching a topic online, and watch what happens. Suddenly every web page you visit contains ads for products and services that address the most commonly related issues and questions of that topic that you showed interest in. Give it a few days and you'll probably start to see direct mail turning up at your house offering more help. All of our interests and activities are now being carefully noted, analyzed and cross-referenced. It's no exaggeration to say that hundreds of companies and organizations are forming little portraits of you and I, in order to better assist us and market their wares to us.

One widely discussed story, originally reported in the *New York Times*, was about how retail giant *Target* had sent a mailer to a 16-year-old girl offering pregnancy-related products. Her indignant father contacted a store manager to complain, only to discover a short time later that his daughter was indeed expecting. How did Target know before Dad? Because they routinely record and study customer purchasing patterns. When someone starts buying a combination of supplements like zinc and iron, along with products like cocoa butter lotion, it signals that the stork is circling the neighborhood and out go the mailers.

That level of data analysis may seem very sophisticated (if not a little invasive), but it demonstrates the inherent power of the database when thoughtfully utilized.

Given the high-cost of the research that pioneered these big data revolutions, it's understandable that non-profits initially lagged behind the commercial world. That's increasingly no longer the case, however, as early adopters in the sector have realized the enormous potential and are getting on-board. **It's a trend that you can't afford to ignore.**

The good news is that right now the opportunity is still wide open to be ahead of the curve on this. A recent survey by the *Nonprofit Technology Enterprise Network (NTEN)* revealed that only about 1 in 4 non-profits use donor data in planning the direction of their program.

So, how can you lead your non-profit (particularly if you are a small to mid-size organization) to get in the game? **Here are 7 keys for getting started:**

1. Recognize Your Sources

The fact is that you already have access to a lot of data; probably way more than you are leveraging to it's full potential. The first step is to make a complete inventory of all the sources of data you have. Consider:

- *Contact Information* - Your most basic database. What information do you currently routinely gather?
- *Customer Service Inquiries* - What notes are kept when a call comes in?
- *Financial Transactions* - A wealth of information (pardon the pun) can be extrapolated from giving data.
- *Social Metrics* - Most of the social media channels you are on have analytics that are free or inexpensive, and there are 3rd party options for those that don't.
- *Mission-Specific Data* - What recent surveys and studies have been done in your field? Are you involved with projects in co-operation with other organizations that give you access to information about participants?

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The Power of Prospect Research Done Right

Vilfredo Pareto's famous principal (also known as *"the law of the vital few"*) says that "80% of the effects come from 20% of the causes". It has proved uncannily accurate across many disciplines. Predictably:

- In economics, 80% of the land and wealth is controlled by 20% of the population.

- In business, 80% of the profits come from 20% of the customers.

- In customer service, 80% of the complaints come from 20% of the callers.

- In healthcare, 80% of the resources are used by 20% of the patients.

- In reading, 80% of the content is contained in 20% of the book.

- In software, 80% of the problems stem from 20% of the bugs.

- In criminology, 80% of the crimes are committed by 20% of the felons.

- At a picnic, 80% of the desserts are consumed by 20% of the guests.

(Okay, that last one's made up. But it feels about right, doesn't it?)

Applying this 80-20 rule to fundraising, we should expect to see that 80% of donations will come from 20% of the donor base.

The real practical application of Pareto's work is to realize that by focusing more attention on working with and growing the 20%, you will have an exponential impact on the growth of the 80% of your results that they produce.

This is really what "prospect research" (sometimes called "development research" or "fundraising research") is all about. It's the process of intentionally finding and qualifying major donors — those 20 percenters — who can make a disproportionate difference on your bottom line.

Alfred A. Blum, Director of Institutional Advancement at Boston College Law School, said: *"The best solicitation occurs when the right prospect is asked for the right gift by the right solicitor at the right time in the right way. One of the most important elements in the fundraising process is determining all of these rights. For that to occur, research is essential."*

Let's break down Blum's statement, and think about his "5 Rights":

1. The Right Prospect

If people have only a basic knowledge of prospect research, this is generally what they think that it's all about: the detective work to identify a list of potential major donors. Now, there's actually a lot more to prospect research, but this certainly is a first step; everything else will flow from this.

Before the internet, prospect research was a laborious, time intensive process. Today, the amount of data that is quickly accessible using even just a few of the big websites makes the task so much easier.

- **Google** - The search giant is the starting point for most general information inquiries.
- **LinkedIn** - If your prospect has a LinkedIn profile, you can learn a lot about their career and begin to form a picture of their net worth and also their interests. Take particular note of any information about their philanthropic leanings and points of commonality that genuine relationship can be built on.
- **Zillow** - Once you know where a prospect lives, this site will give a range of values for homes in that area.
- **Salary.com** - This site lists salary ranges for just about any occupation. Put this together with an idea of the value of their home, and you're getting close to an understanding of the prospect's giving capacity.

This is a starting point; there are many other internet resources besides these.

One of the best sources of information that is often overlooked, however, is "the horse's mouth". Still using the internet, search for interviews your prospect has given, and stories or articles written about them. What they have said on the record, and the public information reported about them, can be invaluable.

Note that term "public information". It's important to understand that this is what legitimate prospect research is based on; we're NOT talking about unethical invasions of privacy. It's been suggested that a safe rule of thumb is to simply ask yourself the question: *"If the donor asked to see our file on them, would we feel comfortable showing it to them?"* If you're still in any doubt, the American Prospect Research Association (APRA) publishes ethical guidelines that you can download.

2. The Right Gift

Beyond identifying potential large donors, your research should help you be informed enough to be able to ask for a specific amount. *"Would you consider a gift of …?"* You want to get this right so that you avoid asking too big, but also so that you don't make the mistake of asking too small!

The right gift invitation should be:

- *Inspiring* (to the donor themselves, and then to others)
- *Transformational* (to the work of the organization, and

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7 Keys for Turning Big Data into Big Results

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- *Public Information* - What ways do you have of efficiently gathering research from the ocean of Big Data that is now readily accessible online? *(See our article "The Power of Prospect research Done Right" in this issue.)*

2. Identify Your Silos

One of the big obstacles that every organization has to overcome in order to use their data fully and effectively is that it is typically "in-house" but not readily accessible by all who could be using it. All too often it's separated in departmental "silos". This isn't intentional; it's simply the product of all your staff being busy, heads-down, working on their own area. The finance department has a lot of information available, and so do the customer service people, but it's kept in separate databases and the left hand doesn't completely know what the right hand is doing.

Ironically, the smaller the organization the worse the situation often is. If you have just 20 staff members, you potentially have 20 hard drives containing different spreadsheets of information on donors, and none of it is coordinated. So you need to identify all these silos. Go through your organization and find out who's keeping track of information using:

- *CRM software*
- *Website analytics*
- *Email lists*
- *POS data*
- *Ticketing*
- *Random excel spreadsheets*
- *Etc*

It's time to centralize data storage as much as possible. Not everyone in your organization needs to be, or should be, privy to all data; there are obviously privacy concerns. This can be easily addressed these days using passwords and levels of access. Ideally, however, the data needs to all be in one place.

3. Develop Your Strategy

Once you've made these inventories and begun to get a handle on your data, you need to think through a plan of action for analyzing it.

- *What does the data indicate about your overall donor demographics?*
- *More specifically, what does it tell you about the preferences of individuals?*

Now you can begin to ACT on what you know. Analysis is just a waste of time if you don't put it to use.

One of the most obvious benefits of data analysis is that it can be used to inform the crafting of your message. If your typical demographic is young professionals, the style of your communications is going to be very different than if your audience is primarily Floridian retirees.

Taking this a step further, it's likely that your audience is made up of more than one demographic. The data can be used to target donors very specifically using the power of segmentation. Using technologies like *Variable Data Printing (VDP)* it's now very cost-effective to target tiny niches within your audience with tailored versions of your marketing campaigns. (GRC Direct is a leader in this field, and we'd love to help you explore the possibilities.)

4. Synchronize Your Staff

The importance of an organization-wide culture of data awareness cannot be overstressed. Going forward, you need to train every member of your team - paid and volunteer - to work together in the gathering, sharing, analyzing and interpreting of data.

- *Get everyone participating.*
- *Centralize databases as much as possible.*
- *Have everyone use common conventions in their recording of data.*

5. Guard Your Secrets

A word of caution is warranted here. One of the concerns many people have about the explosion of Big Data, and it's use by organizations in marketing, is the issue of privacy. The exponential rise of identity theft and related crimes is going to make it increasingly important in the days to come that your organization makes a commitment to fiercely protecting people's information. Always err on the side of caution, and don't skimp on security measures.

6. Avoid These Sins

A couple of things to avoid in your data gathering and analysis strategy are:

- *Capturing information* that you're not going to use. Don't gather data that you don't have a reasonable expectation of utilizing. It wastes time, increases privacy concerns, and only adds to the clutter that can cloud the use of important data.
- *Having no clear goals.* Everything you do with data needs to be intentional.

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in the donor's own experience)

- *Repeating* (i.e. it should further the relationship by getting the donor more invested in the mission of your organization)

3. The Right Solicitor

The process of prospect research should make it clear who is the best person in your organization to be making the ask. An Associate or the Director from Development Office? The President of your organization? A Board Member?

Ultimately it will come down to who has the relationship with them, but if there is no pre-existing relationship then your research can inform you as to who is best suited to cultivate one. The following criteria should be considered:

- *Skills* - A person with adequate training and/or experience.
- *Demographics* - A person's gender and age may be a consideration.
- *Common interests* - A person likely to be compatible with the prospect.
- *Position or title* - A prospect of considerable means or influence may warrant attention by a leader in your organization.

4. The Right Time

Generally speaking, the right time to invite a prospect to become a donor is when a sufficiently mature relationship has been built. One thing that is absolutely imperative is that a giving invitation must never come as a surprise to the prospect. If they were not expecting you to ask for money, something has gone wrong in the development of the relationship and the expectations that have been established.

Even at this part of the equation, research has a role to play because there may be other factors to be considered: *Is it the optimal time on the prospect's annual fiscal cycle? Is the prospect presently involved in a life event or project that would suggest waiting?*

5. The Right Way

The real art of prospect research is the art of listening. The process begins before anyone from your organization has had contact with the prospect; it begins with listening to what the data is telling you. Then, once the contact is initiated, the relationship is able to flourish as you continue to listen to the prospect. The old fundraiser's maxim is undoubtedly true: "Ask for money, you'll get advice. Ask for advice, you'll get money."

Another thing it's important to listen for, even at the culminating moment of the ask, is HOW the donor wants to make their gift. Your research may have helped you to get the number just right, but the donor may need to give their gift in several installments, or after certain date. If you're listening you can be flexible and help craft a plan that perfectly suits them.

When all of these things come together, so that the right prospect is being asked for the right gift by the right person at just the right time, it should almost cause the donor to think "Wow, it's like she read my mind!" When that happens, you've paid them the ultimate compliment: you've been donor-centric in your approach, you've cared enough to do your research, and you will be rewarded.

The Power of Prospect Research Done Right

The phenomenal rise of crowdfunding has outstripped all projections. It became a $10 billion industry in 2014, and some estimates have it passing $17 billion this year.

But where is it all headed? Here are a few of the emerging trends:

1. Equity Crowdfunding Will Finally Get Off the Ground

The concept of "equity crowdfunding" has been canvassed for several years; it's the idea of crowdfunding as an investment strategy, similar to stock offering. Despite the SEC enacting the JOBS (Jumpstart Our Business Startups) Act in 2013, providing regulatory protections for equity crowdfunding to proceed, sticking points between the SEC and crowdfunding platforms have stalled actual implementation. This is set to change. When it does, alternative financing will become even more mainstream.

2. Some Contraction is Expected

2014 saw a peak in the number of niche crowdfunding platforms; there are literally hundreds now online. The

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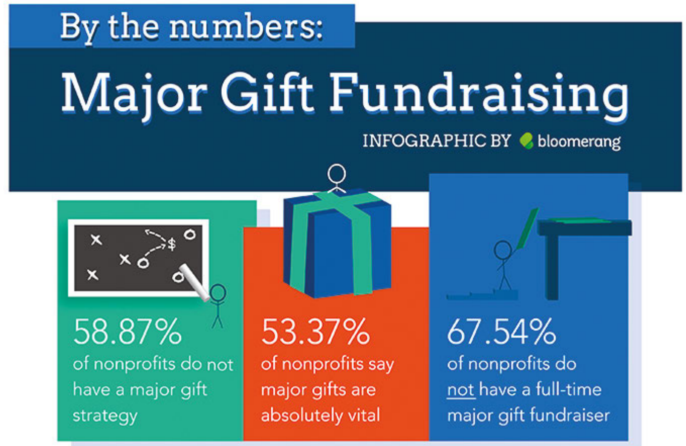
consensus of experts seems to be that this expansion has been slowing and will end during 2015, and then we will begin to see more shutting down than are opening up. The simple fact is that this market, like any other, can sustain a certain number, and will demand a certain quality, of such platforms. Despite less platforms, however, the size of the industry will continue to grow.

3. A Growing Use of Longer-Term Models

Initially, crowdfunding was all about start-ups and very short-term projects. This is not the solution for everyone, however, and it's costly to keep setting up new campaigns. So, recently another model has emerged: appeals for ongoing support rather than one-time investments. For example, you can now get behind a music artist's career, rather than just the launch of their next album.

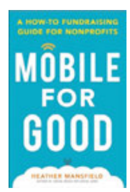
This represents a great opportunity for non-profits. In 2015, you should watch for organizations moving to integrate crowdfunding options into their fundraising arsenal — even for ongoing project support



Book Review:

"Prospect Research for Fundraisers: The Essential Handbook"

by Jennifer J. Filla & Helen E. Brown



Publisher: Wiley
Date: April 2013
Hardcover: 240 pages
Available for Kindle and Nook

"Prospect Research for Fundraisers explores this influential tool and its power to catapult your fundraising efforts from 'just getting by' to substantially succeeding."
– From the inside flap

This book is a step-by-step manual for doing accurate and insightful prospect research, and applying the results effectively. It is at once a great introduction for beginners, an inspiring refresher for old hands, and a handy constant reference to keep nearby.

Filla and Brown begin with the big picture of why non-profits should do this research, and where it best fits in the operations of your organization. Then the book moves very systematically through all that's involved in the process of identifying prospects, conducting the research, and managing the data. There is an excellent section on ethical considerations that should be reviewed regularly, and finally some guidance on researching international prospects, and trends for the future.

There is very little filler here - it's packed with important content, as well as numerous invaluable links to websites and other sources that you can use in your own prospect research.

Highly recommended!

7 Keys for Turning Big Data into Big Results

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7. Harness New Solutions

Once you get the basic best practices in place, and begin to see fruit for these efforts, there's no reason to stop there. Today we have so many new resources being developed that can help you ride the Big Data wave to even greater benefit.

For example, you might consider a company like *DataKind* who specialize in consulting with non-profits, and matching them with data scientists who are willing to offer their expertise gratis. Other data experts are willing to work on performance-incentive contracts, paid only when data-crunching results in clear measurable results to your bottom line.

Add to all this the fact that powerful software solutions are now cheaper than ever before - in some cases free - and there is no reason left why any non-profit shouldn't be utilizing analysis to turn Big Data into BIG results.

Our Services & Products Include:

New Member Acquisition Packages:
- List Brokering
- Graphic Design
- Printing & Mailing

Membership Renewal Packages:
- Data & Address Cleanup
- Invoices

Fundraising Appeal Packages:
- Current Donor Appeals
- New Donor Acquisition
- List Management & Brokering

New Member Kits:
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- Laserwell Member Cards
- Certificates
- Fulfillment

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- Cards
- Conference Programs
- Registration Brochures

Member Directories

Laserwell Member Cards

Annual Reports

Invitation Packages:
- Special Event & Wedding Invitations

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- Informational, Fundraising

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Newsletters

Manuals

Perfect Bound Books

Saddle Stitch Books

Digital Publications

Catalogs

Greeting Cards/Holiday Cards

Posters

Calendars

Member Cards

Postcards

Oversized Postcards

Laser Die Cutting

A L L U N D E R O N E R O O F

WEBSITES MENTIONED IN THIS ISSUE:

Nonprofit Technology Enterprise Network (NTEN)
http://www.nten.org/

DataKind - http://www.datakind.org/

Google - https://www.google.com/

Zillow - http://www.zillow.com/

American Prospect Research Association (APRA)
http://www.aprahome.org/

Commission (SEC)
http://www.sec.gov/

Bloomerang
https://bloomerang.com/

Salary.com - http://www.salary.com/