



# Increasing Prospect Coverage

Part Two of the New Frontiers in Pipeline Development  
Webconference Series

Advancement Forum

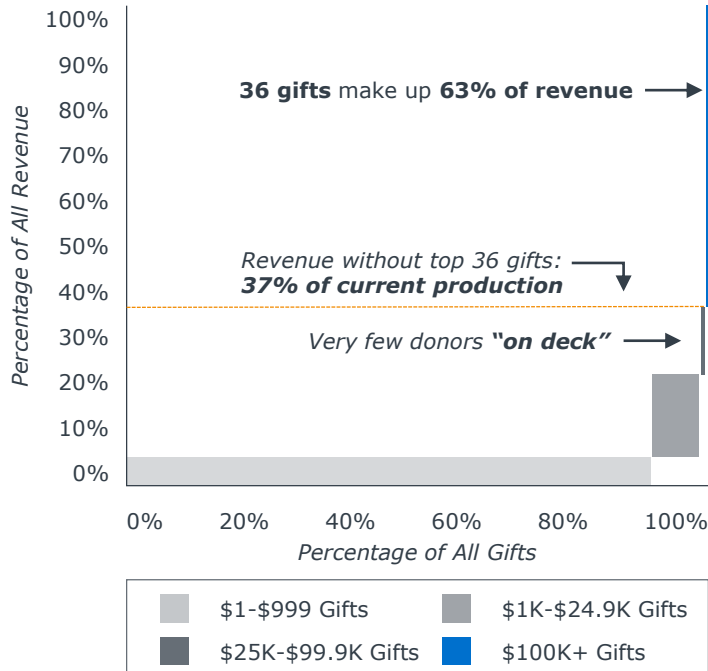


# An Unstable Center of Gravity

Overreliance on Top of Giving Pyramid Creates Unsustainability Risk

## Success Rests on Needle-Thin Donor Segment

Revenue and Gifts by Gift Level, 2014-2016 Average



### Our Shrinking Island

"Relative revenue stability may be masking the significance of the underlying trend: nonprofits are receiving roughly the same amount of money from fewer and fewer donors each year. This is a strategy that may allow organizations to meet their revenue goals in the short term, but **may not be sustainable over the long term.**"

Target Analytics  
donorCentrics Report, 2015

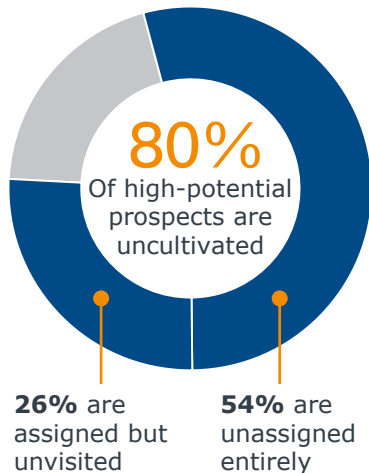
Source: EAB Advancement Investment and Performance Initiative, 2014-2016; Flannery H, et al., "donorCentrics Index," Target Analytics (2015), <https://www.blackbaud.com/files/resources/target-index-results-summary-q4-2015.pdf>; Advancement Forum interviews and analysis.

# An Alarming Oversight

## Data Analysis Reveals That High-Potential Individuals Often Go Ignored

### Most Major Gift Prospects Are Overlooked

Reeher LLC, 2013



### Poor Pipeline Penetration Leads to Millions in Lost Revenue

Advancement Investment and Performance Initiative, 2014-2016<sup>1</sup>

| Capacity Tier   | Identified Prospects | Current Gifts in Tier | Minimum Untapped Capacity <sup>2</sup> |
|-----------------|----------------------|-----------------------|--|
| \$100K-\$499.9K | 2,235                | 28                    | \$13,958,143                           |
| \$500K-\$999.9K | 220                  | 4                     | \$4,766,141                            |
| \$1M-\$9.9M     | 179                  | 4                     | \$9,546,403                            |
| \$10M+          | 16                   | 0                     | \$10,000,000                           |
| <b>Total</b>    | <b>2,650</b>         | <b>36</b>             | <b>\$38,270,687</b>                    |

The median institution receives \$100K+ gifts from just **1.4% of its identified prospects**

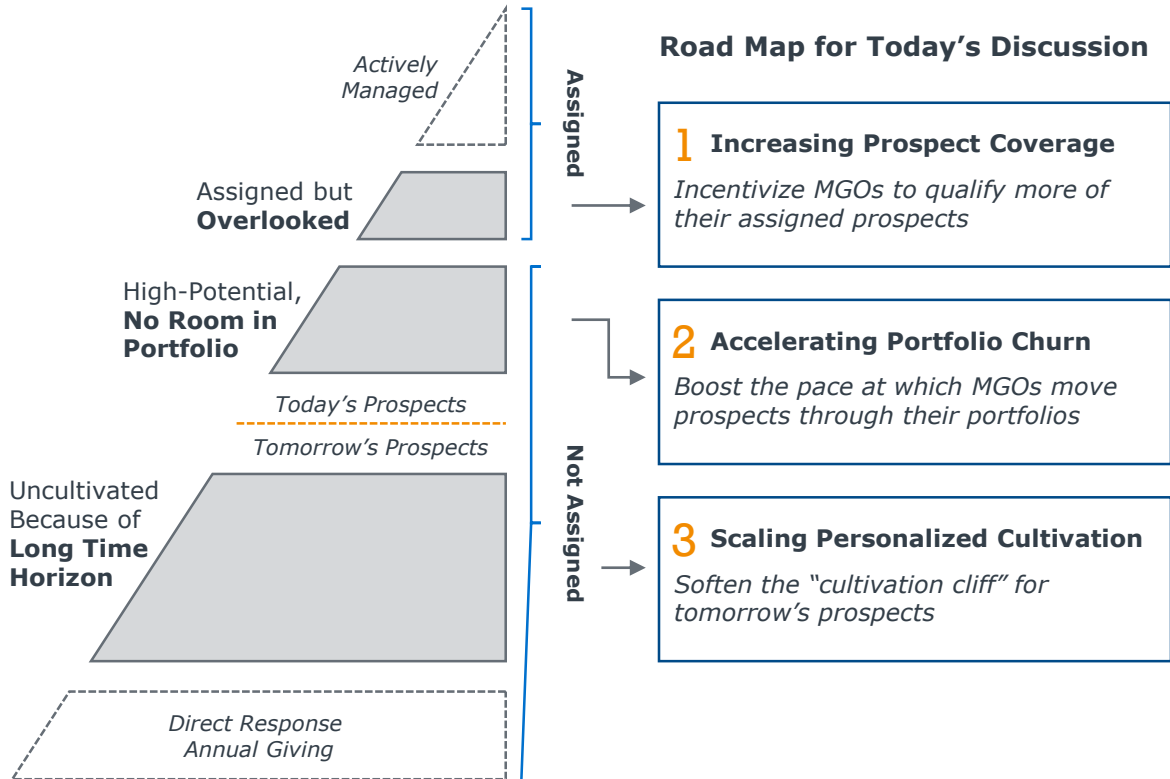
1) Data presented in this table represent medians.

2) Minimum untapped capacity is calculated based on the revenue that would result if 5% of identified suspects—96 additional donors—gave a gift equal to the average gift for that tier. For example, the average gift between \$100K-\$499.9K is \$172,096. If 5% of all prospects rated \$100K-\$499.9K gave \$172,096, the institution would receive an additional \$13,948,143.



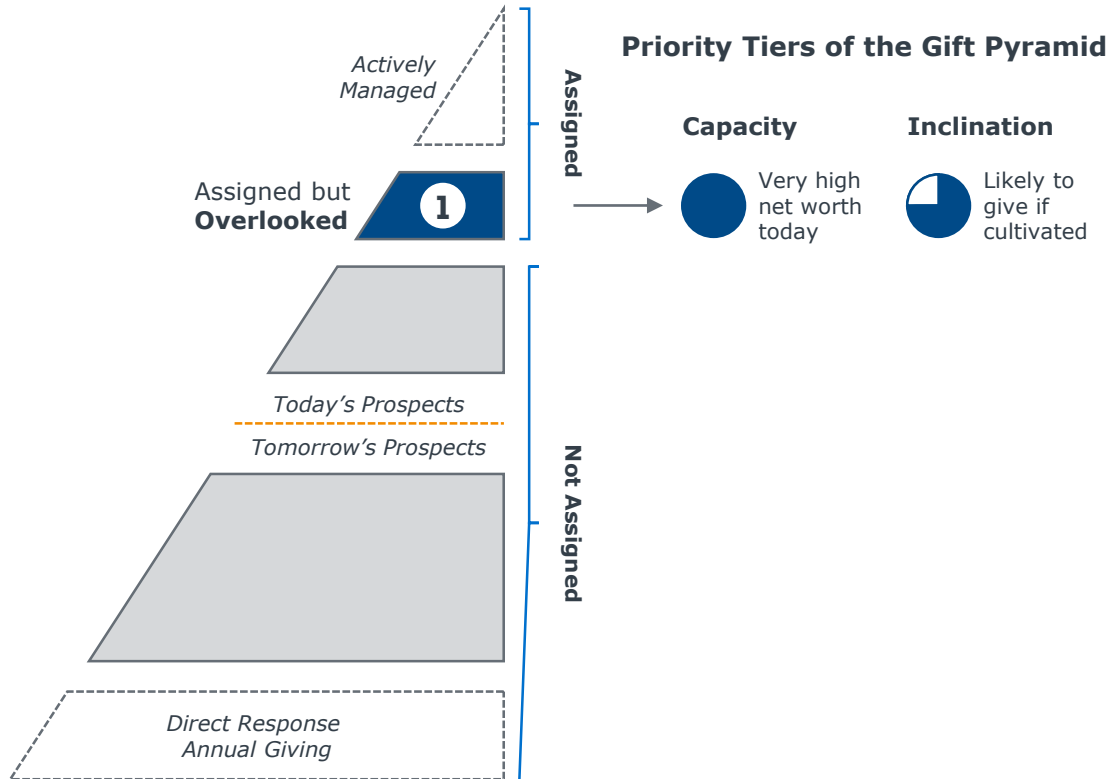
# New Frontiers in Pipeline Development

## Maximizing Major Gifts from Overlooked Prospects



# Assignment Does Not Equal Cultivation

Unmanaged Prospects Within Portfolios Present Outsized Opportunity





# Missed Opportunities Hiding in Plain Sight

## Lack of Engagement with Assigned Prospects Catches Critics' Eyes

“

### The Opportunity Cost of Ignoring Assignments

“Not only are institutions *not* soliciting their best prospects, but the majority of them are probably not even being seen or contacted by anyone.... These development shops are deceiving themselves into thinking they're covering several thousand prospects when all they're really doing is **assigning several thousand prospects to fundraisers who can't possibly visit them all**, much less solicit them.”

*David Lively  
Senior Associate Vice President of Alumni  
Relations and Development  
Northwestern University*

”

“

### Stockpiling Prospects: An Unproductive Arms Race

“Our development officers were stockpiling prospects in their portfolios and never reaching out to them. A \$1,000,000 prospect whom you've never contacted is worthless. We had to challenge our frontline fundraisers time and again about why they were keeping them. It's the garage mentality—they want to horde them because **they don't want anyone else to have them, but they don't know what to do with them.**”

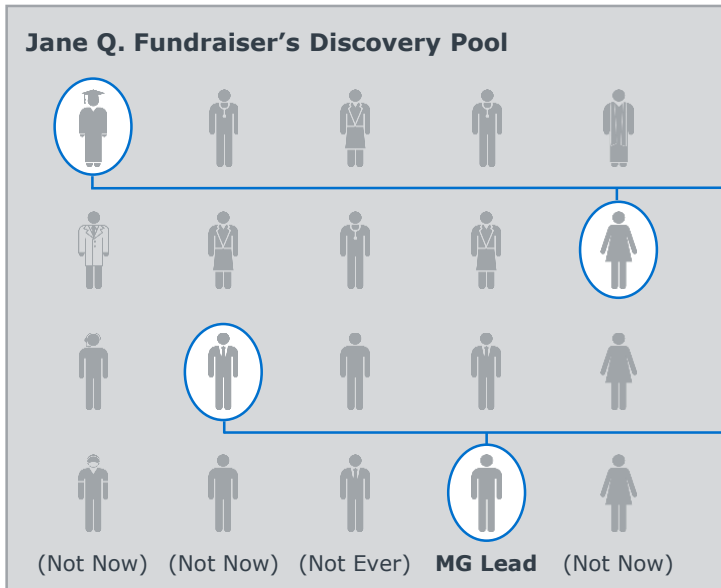
*Assistant Vice President  
for University Advancement  
Public Research University*

”

# Outsized Returns from New Prospects

First-Time Visits Bring Major Gifts at High Rate

## Strong Odds for Major Gift Wins in the Pipeline



### Likelihood of First-Time Visit Leading to \$10K+ Gift

Reeher LLC, 2013



“**Certain institutions [achieve] higher than 50 percent conversion rates for first-time visits.**”

# Not Just for Tomorrow's Dollars

## Developing the Pipeline Correlates with MGOs Exceeding Goal

### Same Hours Spent in the Field...

*Time Spent Fundraising by MGO Performance Quartile*

#### Top Quartile

n=28



16.6

Hours

#### Bottom Quartile

n=31



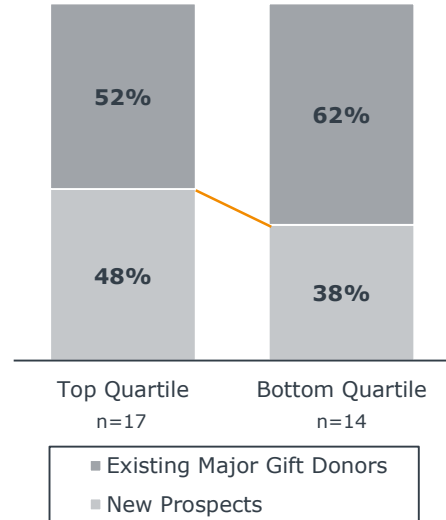
16.2

Hours



### ...But More Time With New Prospects

*Division of Time Spent with Prospects by MGO Performance Quartile*





# So Why Don't MGOs Double Down on Discovery?



## Three Root Causes of Underwhelming Pipeline Outreach



### Distrust of Assigned Prospects' Potential

- Low conversion rate of discovery visits leads to skepticism, disillusionment
- Inaccurate wealth ratings increase distrust



### Discomfort with Cold Calling

- Blind outreach least compelling part of fundraisers' jobs
- Low hit rate compounds problem



### The "Tyranny of the Immediate"

- MGOs held to demanding performance standards for dollars, visits, gifts
- Unqualified prospects don't help MGOs hit other goals

“Dead-end discovery **visits are discouraging**. They make it more likely that MGOs will avoid discovery in the future.”

*Vice President, Advancement  
Public Master's University*

“Major gift officers **hate cold calling**. They'll do just about anything they can to avoid it.”

*Associate Vice President,  
Advancement Services  
Public Research University*

“We've been chasing higher and higher campaign goals. But today's pursuits can lead to **pipeline neglect**.”

*Vice President, Advancement  
Private Research University*

# Increasing Prospect Coverage

## Three Approaches to Boost the Pace of Discovery Activity

### Approach #1:

#### Increase Confidence in Prospect Potential

*Rethink assignment protocols to focus on verified warm prospects*



Pre-Qualification  
Prospect  
Referrals



### Approach #2:

#### Elevate the Discovery Visit Hit Rate

*Prioritize prospects who are not just wealthy, but also likely to take a visit*



Data-Driven  
Discovery  
Targeting

### Approach #3:

#### Create "Act Now" Urgency

*Alter discovery's "choice architecture" to incentivize MGOs to take action*



Digital Pipeline  
Nudges

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Oregon State  
University

Data-Driven  
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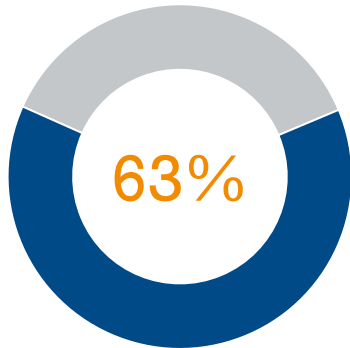
Digital Pipeline  
Nudges

# A Lack of Confidence in Assigned Prospects

## MGOs Look at Unqualified, “Cold” Prospects with Skepticism

### A Crisis of Faith Among MGOs

*Ruffalo Noel Levitz, 2017*



Of assigned discovery prospects **should not have been assigned**, according to MGOs

“

### An Unflattering View of How We Prioritize Prospects

“Follow-up interviews with survey respondents indicated prospects were often **assigned ‘randomly’ or ‘in bulk’ based on wealth rating**. Gift officers reported significant frustration with the time spent setting up and completing qualification visits that did not ultimately lead to gifts.”

*Ruffalo Noel Levitz  
Advancement Leaders Speak 2017*

”

# Surfacing Warm Leads via Non-MGOs

## Alumni Relations Referral Form Points to Engaged Prospects

### Marquette University's Alumni Relations Prospect Referral Form

#### Wealth Indicators

*Pay attention to **clues in conversation**; even **one indicator** is major gift prospect; **multiple checks** make possibility greater!*

|   |  |
|---|--|
| <input type="checkbox"/> Business ownership | <input type="checkbox"/> Art collections     |
| <input type="checkbox"/> Secondary homes    | <input type="checkbox"/> Country club member |
| <input type="checkbox"/> Family foundation  | <input type="checkbox"/> Show horses         |
| <input type="checkbox"/> Yachts             | <input type="checkbox"/> Sailing             |
| <input type="checkbox"/> Private airplanes  | <input type="checkbox"/> Boarding schools    |
| <input type="checkbox"/> Wine collecting    | <input type="checkbox"/> Household staff     |

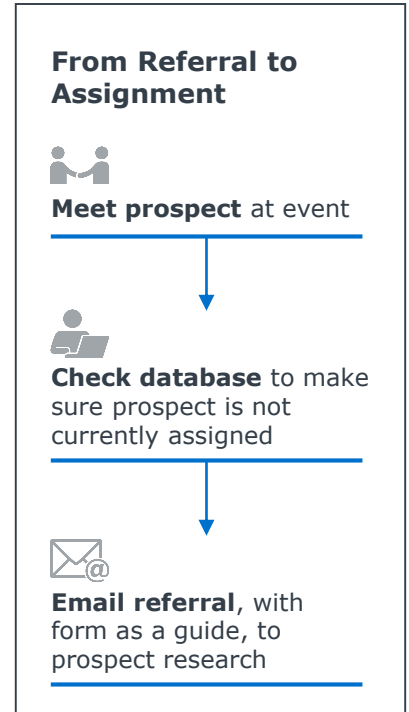
**Ratings 101**

|   |   |
|---|---|
| <i>Wealth Range</i>   | <i>Prospect Status</i>  |
| <ul style="list-style-type: none"> <li>\$10M+</li> <li>\$5M-\$9.9M</li> <li>\$1M-\$4.9M</li> <li>...</li> </ul> | <ul style="list-style-type: none"> <li>Not now</li> <li>Not ever</li> <li>Child of wealth</li> <li>Rising star</li> </ul> |

Tips on qualification technique

Extensive list of what to listen for

Beginner's guide to classifying potential



# Beyond the Usual Prospect Intel

## Referral Form Gets the Cultivation Ball Rolling

### Initial Success at Launch, and...

*Referral Form Results, 2014*

3

**Major donations** made by prospects surfaced through alumni relations leads

\$50K

**Endowment** given as a result of alumni relations lead

### ...Continued Success Through the Years

*Referral Form Results, 2017*

24-60

Previously unidentified **major-gift prospects** referred annually

80%

Of referred prospects have high **major gift capacity**

### A Sharp Tool in the Identification Toolbox

“Our prospect referral process has been very effective. It supplements other prospect identification work, and has helped us **zero in on excellent prospects.**”

*Stacy Mitz, Assistant Vice President for Engagement  
Marquette University*



# Deploying Student Callers to Surface Leads

High-Performing, Specially Trained Phonathon Callers Test Visit Likelihood

## The University of Michigan's Student Lead Generation Initiative



### Specialized Training

10 top performing students received guidance on longer conversations, qualification

### Discovery-Focused Scripts

No gift ask; explored interest in MGO conversation

### Expansive, but Targeted

9,000 unassigned prospects with high net worth, interest in student support for community list review

### Covering Miles of Ground

6,000 prospects called over 6 weeks, \$9K budget yields **1,500 successful contacts**

### Strategic Handoffs

100+ "Hot," "warm" leads passed to MGOs for further cultivation

### Required Follow-Through

Temp worker contacts MGOs to ensure follow-up within 48 hours

# Momentum Builds from Student Calling Leads

Gifts in the Short Term, and Even Bigger Long-Term Major Gift Results

## Immediate Results, Clear Pay-Off

(from 9,000 unassigned prospect list)

**\$48.5K**

In **immediate revenue** through unsolicited phone gifts or gifts in first follow-up conversation or visit

## Impact on Long-Term Major Gift Activity

**3**

**Large major gifts** already given or in progress, including several endowed scholarships

**\$4M+**

In **gift proposals** tagged to previously unassigned prospects since initiative

**119**

Prospects now **assigned a prospect manager** and in an active portfolio



## Covering New Ground

“All of these prospects had been **unassigned before this initiative**. We wanted to find a way to effectively screen a large population and determine levels of interest in student support. We documented nearly 1,500 decision points and added new donors to portfolios and cultivation efforts.”

*Megan Doud  
Senior Director, Annual Giving  
University of Michigan*



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### Approach #2:

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*Prioritize prospects who are not just wealthy, but also likely to take a visit*



Oregon State  
University

Data-Driven  
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*Alter discovery's "choice architecture" to incentivize MGOs to take action*



Digital Pipeline  
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# Everyone's Least Favorite Job

Cold Calling Ranks Low on Preference Lists, Imperiling Pipeline Efforts

## A Crisis of Faith in the Business World

**63%** Of salespeople say cold calling is what they **dislike most** about their jobs

**91%** Perceived **rate of ineffectiveness** of cold calling, according to salespeople

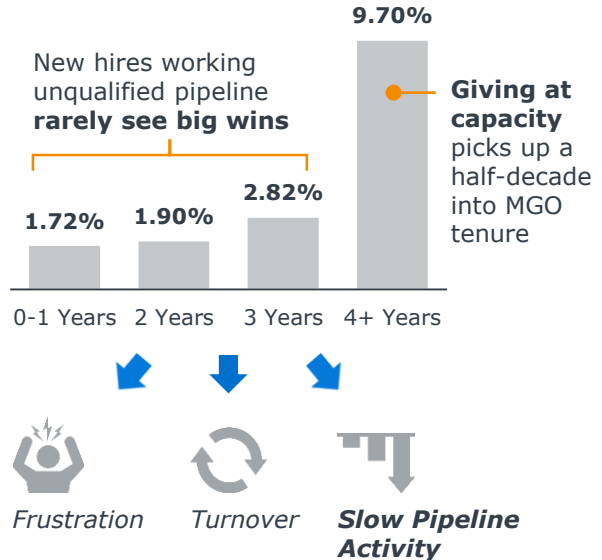
## Fundraisers, Too, Hate Blind Outreach

“We hired a bunch of senior development officers based on our wealth screening. They came in expecting a portfolio of well-cultivated six- and seven-figure **prospects to be handed to them on a platter**. When they learned how much cold calling they'd be doing, they weren't happy at all.”

*Vice President of Advancement  
Public Research University*

## Lots of “No’s” from the Pipeline

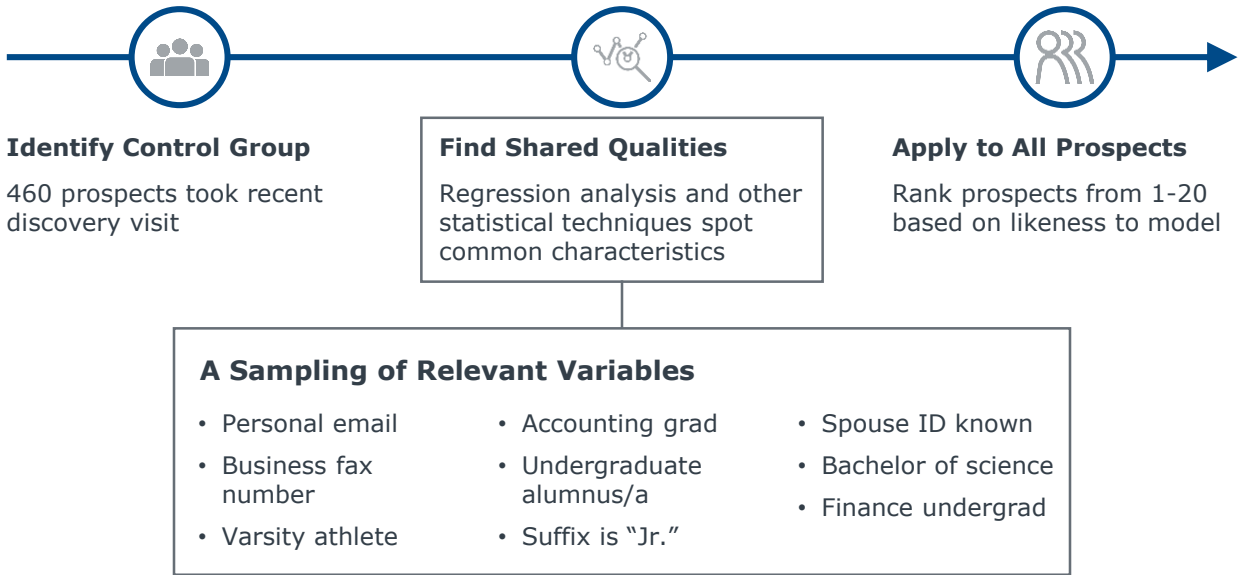
*Percentage of Portfolio Capacity Secured in Gift Income by Fundraiser Tenure, 2014*



# Guiding MGOs to the Most Likely Visits

Discovery Visit Likelihood Score Ensures Warmest Prospects Rise to Top

## Bryant University Turns to Big Data in Discovery

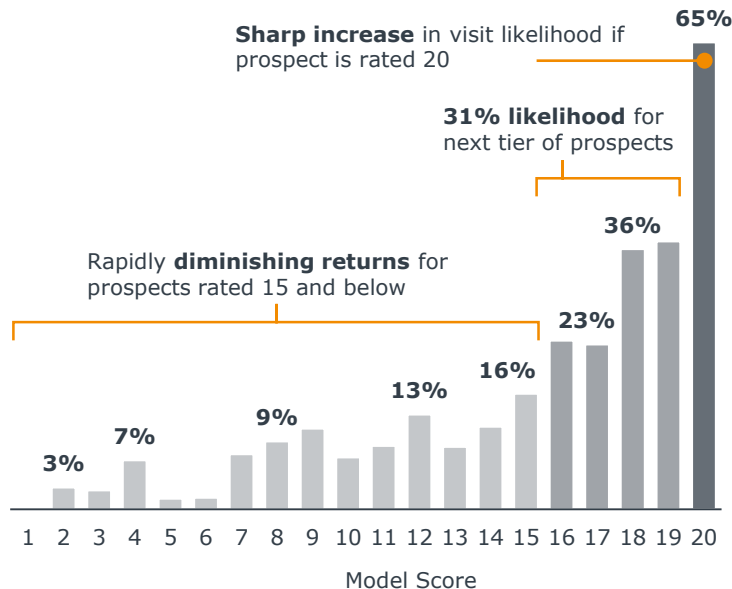


# Data Mining Improves Efficiency

## Fundraisers Accurately Target Warmest Prospects with Scoring System

### A Road Map for Prioritizing Outreach

Percentage of Prospects Who Take Discovery Visit by Rating



### From Theory to Practice

“After we rolled out the scores, we had one fundraiser take it to heart and focus on people with higher scores. He landed 46 discovery visits in that time, and **87% of them were with people rated between 15 and 20**. That helped us validate the model and prove its effectiveness.”

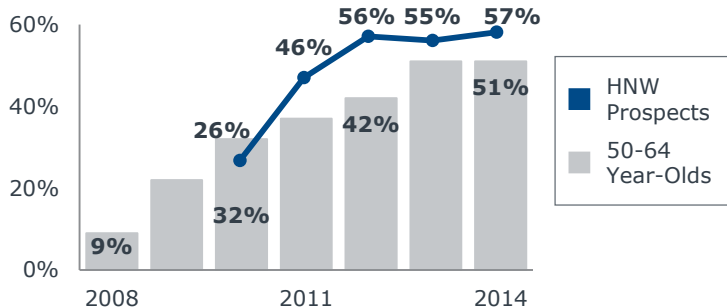
*Lisette Clem  
Director of Advancement  
Services  
Bryant University*

# A Wealth of Untapped Affinity Data

## Social Media Offers a Promising, and Untapped, Frontier in Prospecting

### Major Gift Prospects Turn to Social Media

*High-Net-Worth Prospects and Older Adults Using Social Media*



### Social Media Key in Philanthropic Decisions

**46%** Of wealthy donors consult social media when making philanthropic decisions

**80%** Of donors follow at least one non-profit on social media

### Finding Fans on Facebook

“If you’re on the university’s page liking, commenting, and sharing posts, wouldn’t it make sense that you’re a fan? **It’s not rocket science.** But there aren’t many schools right now using social media engagement data to figure out who to reach out to.”

*Mark Koenig  
Assistant Vice President for  
Advancement Services  
Oregon State University*

Source: Frank R, “Millionaires Prefer Facebook,” *CNBC*, 2014, <http://www.cnbc.com/2014/07/18/millionaires-prefer-facebook-over-twitter.html>; Spectrem Group, “Social Media Usage,” <http://spectrem.com/Content/Social-Media-Usage-Among-Wealthy-Investors.aspx>; Frank R, “Millionaires Pile into Facebook,” *CNBC*, 2011, <https://blogs.wsj.com/wealth/2011/08/17/millionaires-pile-into-facebook-drop-twitter/>; Spectrem Group, “Facebook Usage,” <http://www.marketwired.com/press-release/millionaires-use-of-facebook-has-nearly-doubled-since-last-year-1550031.htm>; US Trust Study, “High Net Worth Philanthropy,” 2016, [http://www.ustrust.com/publish/content/application/pdf/GWMOL/USTp\\_ARMCGDN7\\_oct\\_2017.pdf](http://www.ustrust.com/publish/content/application/pdf/GWMOL/USTp_ARMCGDN7_oct_2017.pdf); Burk Donor Survey, 2016; Advancement Forum interviews and analysis.

- 1) High-net-worth prospect is defined as a person with \$1M-\$5M in net assets excluding primary residence.
- 2) High-net-worth prospect data indicates Facebook use; 50-64 year-old data indicates all social media use.

# Online Engagement as a Discovery Proxy

Prospects Engaged Exclusively on Social Media Slipped into Discovery Pools

## Oregon State University MGOs Include New Group in Discovery Outreach



### "Control Group" Prospects

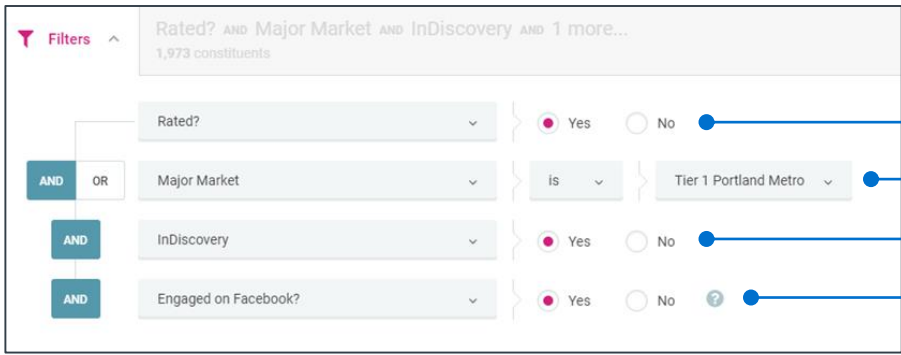
- High score in OSU affinity model
- **No social media engagement**



### Experimental Prospects

- No engagement score in OSU affinity model
- **High level of social media engagement**

## Evertrue Filters Surface Socially Engaged Prospects



Filters ^ Rated? AND Major Market AND InDiscovery AND 1 more...  
1,973 constituents

- Rated?  Yes  No
- Major Market is Tier 1 Portland Metro
- InDiscovery  Yes  No
- Engaged on Facebook?  Yes  No 

### Prospecting Criteria

*\$25K+ Capacity*

*Portland-based*

*In Discovery*

***Social Score: 5***

# Giving MGOs Easy Wins

## Targeting Digitally Engaged Prospects Yields Surprising Visit Rate

### “Control Group” Prospects

**24%** Discovery visit rate

### Experimental Prospects

**44%** Discovery visit rate

### Impact by the Numbers

**20%** Improvement in discovery visit rate

”

### Leaving a Positive Impression on MGOs

“We went and talked to the development officers after this. They said they were honestly **surprised by how willing to take their call** these prospects were.”

*Mark Koenig  
Assistant Vice President for  
Advancement Services  
Oregon State University*

# Comparative Advantage in Cold Calling

## “Engagement Specialists” Take the Burden of Initial Outreach Off MGOs



### RIT Engagement Specialists

#### *A Profile of the Position*

- 2 FTEs
- Sales and admin background
- Each support rotating group of 3 fundraisers
- Conduct research into prospect interests to find “the hook”
- “Pleasantly persistent” outreach
- Key skills
  - Written communication (well-crafted emails)
  - Oral communication (compelling follow-up calls)
  - Prospect research
  - Self-starting, driven, motivated to pursue cold leads

### Manage Scheduling Logistics



Conduct high-volume, multichannel outreach



Sequence visits to optimize travel efficiency



Populate MGO calendar invites with key intel

### Build Relationships with “Cold” Prospects



Research affinity and engagement history



Craft highly personal, meaningful messages



Serve as initial, pre-qualification point of contact



# Specialization Brings Stronger Results

## Expert Schedulers Book Visits at High Rate

### Securing Prospect Visits...

**378** Meetings scheduled annually

**30%** Of outreach efforts (to mostly cold prospects) result in a visit

### ...And Leading to Gifts

**\$585K** Raised from scheduler-booked visits across past two years

**\$2.3M** Raised from scheduler-booked visits since 2011

### Elevating the Visit Hit Rate

“For a lot of these prospects, we’ve reached out seven times all different ways, and it’s never worked. We have contact reports that show attempt after attempt. They’re passed from one fundraiser to the next year after year, and we hear nothing back. That is, until we put an engagement specialist on it. **They’ve gotten in with prospects no one else could reach.**”

*Lisa Cauda, Vice President, Development and Alumni Relations  
Rochester Institute of Technology*



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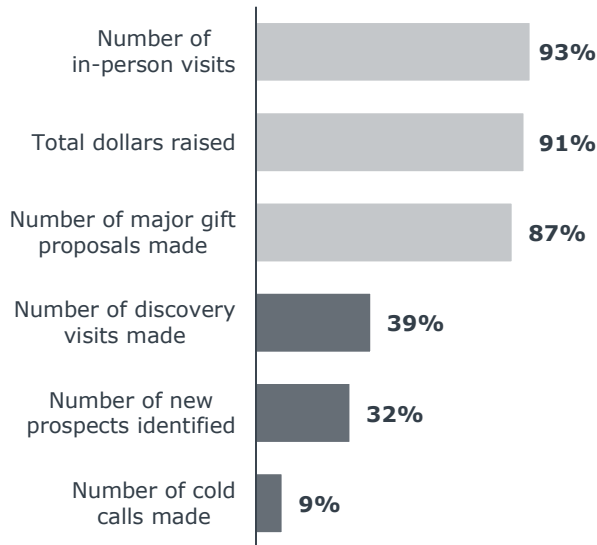
Digital Pipeline  
Nudges

# The “Tyranny of the Immediate”

## MGOs Evaluated on Short-Term Production, Not Pipeline Cultivation

### New Prospects Ignored in MGO Metrics

Percentage of Shops Reporting Use of Metric, 2014



### An Unsustainable Path Forward

“My biggest fear? It’s that our frontline fundraisers are grabbing all the low-hanging fruit this year and not cultivating for the future. Yes, we have metrics in place for qualifications, but **we don’t enforce them if the officer hits all her other goals**. I worry we’ll start with a blank canvas next year, that we’ll ‘call in all our favors’ and be left with no one on deck. We’re jeopardizing our long-term fundraising potential by being so focused on right now.”

*Assistant Vice President for  
Development  
Public Research University*

# The “Nudge” Principle for Fundraising

Just-in-Time Recommendations More Actionable than Huge Discovery Lists

## Applying Tech’s “Suggestions” Model...



## ...to MGO Workflow Management



### Automated Prompts

Proactive pushes ensure priority prospects get MGO mindshare



### Small Number of Action Items

One or two “to dos” at a time increases likelihood of action



### Personalized Recommendations

Prospects recommended based on interest, giving history, capacity

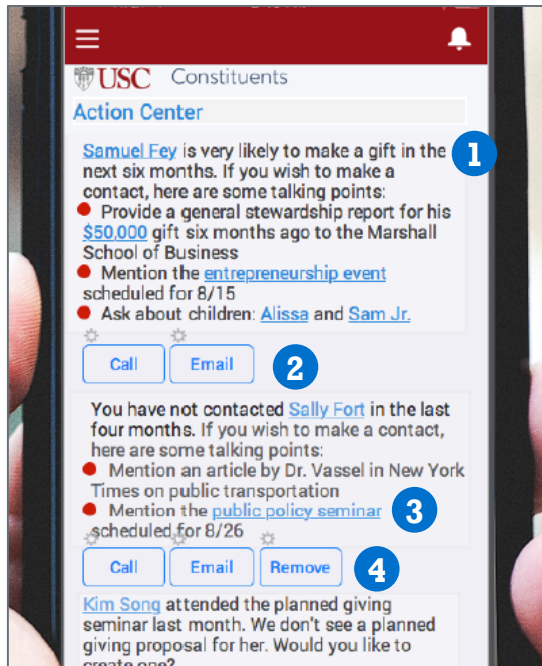
## A More “Manageable” Approach to Prospect Management

“The era of sending people big lists is over. We can only ask our officers to prioritize so many things at once before it just becomes completely unmanageable. We’re moving toward sending them just one or two prospects, one or two tasks, at a time.”

*Ashutosh Nandeshwar, Assistant Vice President, Relationship Management and Data Sciences  
University of Southern California*

# Pipeline Nudges on the Go

## Mobile Prompts Remind MGOs to Contact Overlooked Prospects



### 1 Synchronized with Cultivation

*"...likely to make a gift in the next six months..."*

Prompts are programmed to appear at key moments in cultivation cycle

### 2 One-Click Actions

Buttons allow MGOs to act immediately

### 3 Automated Talking Points

*"...mention the public policy seminar..."*

Back-end coding connects prospect interests with discussion opportunities

### 4 Portfolio Hygiene, Too

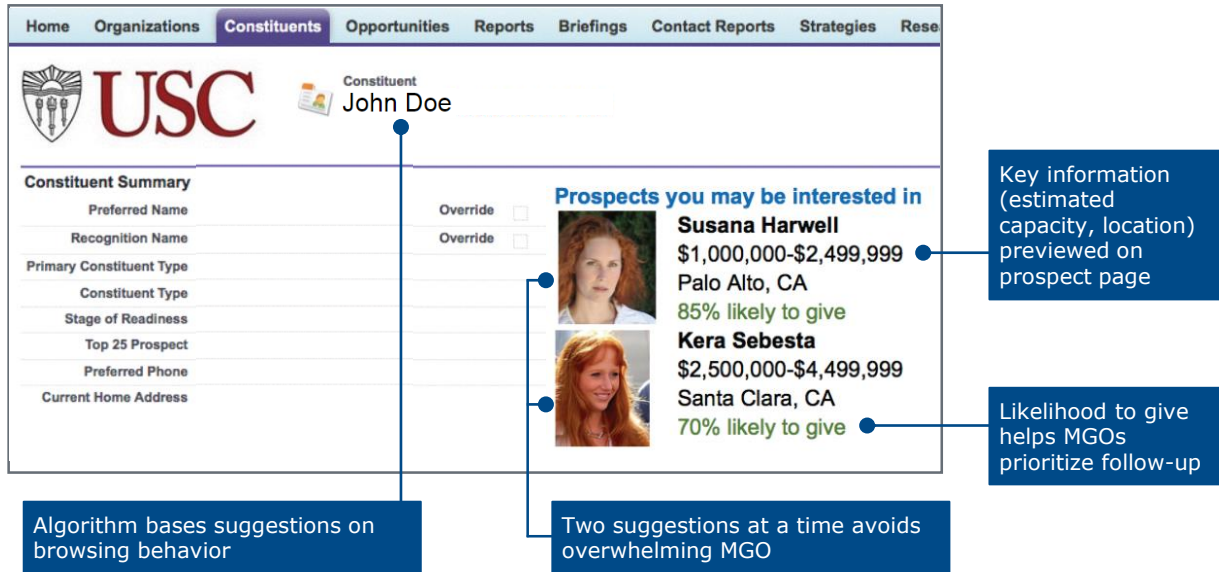
MGOs are prompted to remove inactive prospects, as well as contact new ones<sup>1</sup>

1) Currently in development

# Your Next Big Donor, c/o Predictive Analytics

Machine Learning Suggests "Prospects You May Be Interested In"

## University of Southern California's Salesforce Platform<sup>1</sup>



The screenshot shows the Salesforce interface for a constituent named John Doe at USC. The navigation bar includes Home, Organizations, **Constituents**, Opportunities, Reports, Briefings, Contact Reports, Strategies, and Rese. The constituent profile includes fields for Preferred Name, Recognition Name, Primary Constituent Type, Constituent Type, Stage of Readiness, Top 25 Prospect, Preferred Phone, and Current Home Address. There are 'Override' checkboxes for the Name and Type fields. A section titled 'Prospects you may be interested in' displays two suggestions:

- Susana Harwell**: \$1,000,000-\$2,499,999, Palo Alto, CA, 85% likely to give
- Kera Sebesta**: \$2,500,000-\$4,499,999, Santa Clara, CA, 70% likely to give

Annotations explain the predictive analytics features:

- Algorithm bases suggestions on browsing behavior**: Points to the 'Top 25 Prospect' field in the constituent summary.
- Two suggestions at a time avoids overwhelming MGO**: Points to the list of two prospect suggestions.
- Key information (estimated capacity, location) previewed on prospect page**: Points to the financial and location details for Susana Harwell.
- Likelihood to give helps MGOs prioritize follow-up**: Points to the '85% likely to give' and '70% likely to give' metrics.

1) Currently in development

# Increasing Prospect Coverage

## Synthesizing Today's Discussion



### Key Components

*Common Characteristics of Successful Prospect Coverage Strategies*

#### **Delegated Lead Sourcing**

Alumni relations staff and student callers source warm leads for MGO outreach

#### **Data-Driven Prospect Prioritization**

Data analytics identify the prospects most likely to take a discovery visit

#### **Discovery Portfolio Reduction**

Discovery assignments are reduced to 5-10 prospects, promoting immediate action

#### **Integration of Digital Tools**

Desktop and mobile CRM platforms remind MGOs to reach out to uncontacted prospects



### Should You Focus Here?

*Diagnostic Questions to Prioritize Practice Implementation*

1. Is more than 40% of your MGOs' portfolios in discovery?  
\_\_\_\_\_
2. Do MGOs spend less than 20% of their time doing discovery outreach or visits?  
\_\_\_\_\_
3. Are you in between campaigns or in the opening stages of a new campaign?  
\_\_\_\_\_
4. Do your MGOs complain about the difficulty of discovery work?  
\_\_\_\_\_
5. Can data analytics or IT personnel help build tech tools for discovery?  
\_\_\_\_\_



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