Using a Prospect Management System to Improve Major Giving

BY CAROL BELAIR & DAVID LAMB
Introduction

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?

Unfortunately, we all know that bringing in major gifts isn’t that easy. A donor generally doesn’t make a major gift unless the organization takes coordinated 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 in the relationship between prospective donors and the nonprofit organization which lead to a gift.

A constituent relationship management (CRM) system includes everyone who has a relationship with a nonprofit organization, while prospect management focuses specifically on identified and assigned prospects. Although the principles of prospect management can be applied to gift expectancies of any size, it is most often centered around major giving.

When a nonprofit implements a prospect management system, many parties benefit, including the nonprofit itself, the fundraisers, their managers, and the donors. It is an essential step toward data-driven fundraising.

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Components of a Prospect Management System

Most often, a prospect management system is part of a constituent relationship (CRM) system with capabilities designed for gift officers and portfolio management.

Development officers did not 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. Nevertheless, these efforts are essential to the success of any 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, that the reports 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. In recent years we have seen increasing demand by nonprofit boards, governments, and the public at large for greater accountability with the use of donated funds. Documented actions and reports 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.

To complete the transformation to data-driven fundraising, 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 essential to most organizations:

- Gift Expectancies
  We believe this is the heart of a prospect management system. Many fundraising databases refer to this as a “proposal” or an “opportunity.” One might expect us to say that prospects are at the heart of the system, and it is true that there is no gift without a donor. But gift expectancies are actually at the heart of the system 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.

  For instance, in the case of a university, a person may be a prospect for a gift to the department where she studied while also considering a gift to another department that is more closely connected to her business, as well as a third department in which her child is enrolled.

YOU KNOW YOUR ORGANIZATION NEEDS A PROSPECT MANAGEMENT SYSTEM WHEN:

- You have identified new major gift prospects through a screening or modeling project and need to make sure that they receive the attention they deserve.
- Staff cannot make accurate gift forecasts.
- It is unclear which development officer is working with which prospects.
- Prospects are confused about who their contact is at the organization.

Intentional prospect management is only possible with reports that show progress toward a goal. Those reports will be meaningless until the development staff takes the time to record their actions.

Gift Expectancies

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For instance, in the case of a university, a person may be a prospect for a gift to the department where she studied while also considering a gift to another department that is more closely connected to her business, as well as 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):

- anticipated gift amount
- gift purpose
- anticipated gift date
- progress—or the absence thereof—toward solicitation (or stage) of that 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’s interest and level of potential contribution is discovered, 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.

A word about the use of “stages” before we go on: It is common to think of a person as being in a stage with respect to solicitation. Stages might include discovery, cultivation, solicitation, or stewardship.

With gift expectancy at the heart of our prospect management system, we believe the gift expectancy has a 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 common 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.

**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 turn out that the ultimate gift 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 contribution to 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.
As a Starting Point—Identify Your Current State

Because every organization is different, what works at one may not be appropriate or necessary at another. Your organization’s prospect management system might progress through several different levels of complexity as your needs change over time. The first step is to establish a prospect relationship management system that can be modified with your nonprofit’s fundraising objectives and goals at the forefront.有机 and strategic growth of your system should align with how and what you will be both tracking and reporting on for effective decision-making. Below is a phased plan that your nonprofit can embark on. We’ve also outlined a way to rank the level of your nonprofit’s current system. The important thing is that you continue growing and adjusting how your nonprofit manages prospects over the coming months and years.

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.
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—either in person or virtually—with a key leader from an organization, talking with a prospect to understand what excites them, getting a prospect to give advice on a project, or making the ask.

Contact Reports
All moves should be recorded in a contact report (it is ideal if gift officers can do this on-the-go). 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 or online meetings, personal interactions that yield useful information or educate the prospect, or actions that engage the prospect. Some fundraising databases allow you to add actions for the future, thus creating a tickler for the assigned gift officer. 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. Therefore, it is best to record only what is essential and used for reporting.
Level One: Establishing a System

At level one, you are just getting started and there is no formalized prospect management system currently in place at your organization.

There may be multiple reasons your organization doesn’t have a system in place, such as:

- You don’t have a formalized CRM system or fundraising database
- Your CRM system doesn’t offer the needed prospect management capabilities
- You don’t have the budget to purchase either of the above
- You don’t have a formalized major or planned gift program

Regardless of the reason, if you’re launching a more formal major or planned gift program or campaign, you’ll want to track your portfolio of prospects. A CRM system with appropriate capabilities is ideal, but at this early stage you should start by ensuring essential information is one place whether it is a more basic database or even an Excel® spreadsheet. Yes—an Excel spreadsheet. For each prospect, make sure you have a prospect ID, name(s), prospect management stage, contacts you have made, gift purposes (e.g., capital campaign or expenditure), expected gift amounts, expected gift dates, and next steps. Having this important information recorded will help someone pick up where you left off should such a situation arise.

Entering in Free Text or Data Fields in Your Fundraising Software and Setting Up Reports

You should enter some level of notes everytime you talk with a prospect. You may not be at the point of putting together formalized contact reports, but at least take a moment to document highlights from a call or meeting. It is important to remember that successful relationships are built on communication, and it is crucial to always be aware of the details of your last touch point with a prospect. It will also be helpful to set up key fields for prospect management stages such as identification, discovery, qualification, cultivation, and solicitation.

Your goal at this point is to always know the next steps you should take with a prospect. Forward momentum will be the key to managing workloads and ensuring that nothing slips through the cracks. Whatever system you are using, make sure you can pull data from it for a basic list of prospects you are managing. Tracking some data is better than tracking none at all, and it provides a way for your fundraisers and organization to track your prospects, even if it’s on a smaller scale.

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Level Two: Formalizing Your System

At level two, your prospect management system should be in place with contact reports completed, a small number of actions tracked, and less than 50% adoption. Now is the time to invest in a more complete solution if you haven’t already.

Then you can start further organizing your prospect management coding. Having standard fields and drop-down menus within those fields for various stages, action types, and priority levels are helpful in keeping your prospect management process consistent for measuring, reporting, and planning purposes. You may not yet be ready to develop reports and metrics around the process, but if you start putting consistent fields and data entry standards in place, your organization will be well positioned for prospect management success when the time comes for full adoption.

Once your organization reaches this stage, it is beneficial to schedule regular prospect review meetings with the appropriate development staff members at your organization.

When planning the meeting, keep the following in mind:

• Determine a schedule based on the number of staff members and fundraising goals for your major gift program
• Invite anyone who is responsible for helping your organization raise major or planned gifts.
• Have your prospect list in hand. These spreadsheets or reports should include the prospect name, stage, gift purpose, important notes from last contact (date of call, letters or notes sent, virtual or onsite meeting highlights, objections, and obstacles), next steps, expected ask amount, and expected gift date.
• Determine if there are executive staff members, board members, or major donors who might be willing to help with introductions, cultivation, and solicitation activities. Note this within the prospect’s record.
• Update your spreadsheets or software based on any recommended next steps. Setting up electronically triggered actions can help your cultivation efforts stay on track.

Take your prospect management to the next level with customizable reporting, portfolio, and moves management in Blackbaud Raiser’s Edge NXT®.

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Building Strong Portfolios
A key component of a prospect management system is the presence of strong and balanced portfolios. Blackbaud data shows that a focus on high capacity and high inclination prospects results in more money raised. Many fundraising solutions include this type of data intelligence, but adding additional analytics or predictive models can help you build the strongest portfolios.

Here are some questions to consider as you build portfolios:

- Does each gift officer have an adequate portfolio of capable and inclined major gift prospects?
- How many prospects are in each gift officer’s portfolio during the various stages? What are the percentages of prospects currently in each stage?
- Do you need to redistribute some of your major gift prospects to create balanced prospect pools?
- Will you reach your projected campaign or major gift program goals with your current prospect caseloads?

At this level of adoption, you may not be able to provide a deep analysis through reports, but if you start tracking and reporting on data in pursuit of answers to the above questions, you’ll be on your way to the fourth level of prospect management.

Identify a prospect’s likelihood to give, communication preferences, and more using Blackbaud data intelligence solutions.

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Senior-Level Buy-In
Development leaders need to understand, champion, and communicate the need for and benefits of a prospect management system. These leaders are also responsible for setting an example for the rest of the organization by ensuring that data is accurately entered into the system. Many nonprofits get to this stage of prospect management and then fall short of their goals due to changes or lack of buy-in at the leadership level.

Proper Training
Depending on your role, you will need to ensure that all staff members have the proper training and understand the expectations for data management. Create written standards so all gift officers are using the same stage and visit definitions. Plus, this is key to maintaining the health of your data. Make the most of the training that your software company offers, but keep in mind that you may need to supplement this training as you customize the system for your organization.

Impactful Reporting
At this stage, your staff should be holding regular prospect review meetings with the appropriate development team. For organizations in the quiet or public phase of a campaign, holding at least bi-weekly review meetings to discuss the status of each development officers’ portfolio is recommended.

In order to progress, you should report on data that is relevant to your officer’s goals and your organization’s strategic priorities. Tracking and reporting on these metrics will help you manage your major gift program from both a capacity and a timeline perspective.
Level Four: Running a Well-Oiled Machine

At level four, sophisticated systems should be in place and adoption should be at or near 100%. Once you have achieved near full adoption of your prospect management system, your organization should be able to use reporting for a deep analysis and use data to make strategic decisions. Team members can easily find information regarding the status of a campaign or major gift program and determine whether your organization’s goals around these initiatives are on track or at risk.

It is paramount when you are entering and exporting data from your prospect management system that you keep in mind the information needed for deep and meaningful analysis as well fostering focused, data-driven decision making. This will give your organization insight into any patterns that may be developing.

In the last section we discussed types of data to capture, such as the composition of each gift officer’s portfolio and indicators of whether adjustments are needed. Your reports should also forecast expected gift amounts, dates, and level of confidence in those gifts so that leadership can determine if projections for the year are on target. This will also provide insight necessary for future campaigns and program initiatives.

Setting Up Reports

As important as getting the information into the system is, it will amount to nothing more than busy work if you cannot 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 ensure you are putting the data into the fields that are used by the reports. If you have a report that is designed to include report stages that are an attribute of the proposal, but you are putting stage information in as an attribute of the person, it will not work properly. Work with your solution provider for more guidance or consulting to help you get the data you need into the proper fields.

**Age-in-Stage**

One particularly valuable report is a “stage aging” report. Though there may be some expense and time involved in creating this custom report if it is not already part of your fundraising solution, you may find it quite useful. It shows all the prospects assigned to a development officer and how long their gift expectancies have been in the current stage. It looks something like this:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Prospect</th>
<th>Days in stage</th>
<th>Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovery</td>
<td>Abby Adams</td>
<td>50</td>
<td>$25,000</td>
</tr>
<tr>
<td>Discovery</td>
<td>Bobby Black</td>
<td>10</td>
<td>$50,000</td>
</tr>
<tr>
<td>Cultivation</td>
<td>Casey Cash</td>
<td>47</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Cultivation</td>
<td>David Downs</td>
<td>72</td>
<td>$50,000</td>
</tr>
<tr>
<td>Cultivation</td>
<td>Eric Evans</td>
<td>753</td>
<td>$100,000</td>
</tr>
<tr>
<td>Cultivation</td>
<td>Fred Fields</td>
<td>25</td>
<td>$100,000</td>
</tr>
<tr>
<td>Intent to solicit</td>
<td>Gail Graham</td>
<td>200</td>
<td>$25,000</td>
</tr>
<tr>
<td>Intent to solicit</td>
<td>Hannah Harris</td>
<td>21</td>
<td>$25,000</td>
</tr>
<tr>
<td>Solicitation</td>
<td>Isabelle Ingrid</td>
<td>101</td>
<td>$100,000</td>
</tr>
<tr>
<td>Solicitation</td>
<td>Jesse Jameson</td>
<td>32</td>
<td>$500,000</td>
</tr>
<tr>
<td>Stewardship</td>
<td>Kevin Kane</td>
<td>311</td>
<td>$75,000</td>
</tr>
</tbody>
</table>

The above prospect report shows that Eric Evans’s gift expectancy has been in the “cultivation” stage for 753 days. This raises a red flag because the expected time for cultivation is 730 days (two years). When the assigned officer sees this in the report, he should reevaluate the chances of getting a $100,000 gift from Eric Evans, which may warrant a new solicitation plan or gift expectancy for Mr. Evans.

Also highlighted in this report is the fact that Gail Graham has been in the “intent to solicit” stage for more than six months. If your prospect management procedures dictate that a gift expectancy should normally be in this stage for six months or less, the report offers an opportunity to adjust or reevaluate the readiness of Mrs. Graham to receive a solicitation. Or perhaps it is simply time to solicit the gift. Ideally your prospect management system automatically generates this report and offers a comparison of each prospect compared with established benchmarks.
Questions to Ask As Your Prospect Management System Evolves

Questions for One-on-One Gift Officer Meetings

- Are there enough prospects and capacity in the pipeline for the gift officer to be successful by reaching the target amount of dollars raised within the allocated timeframe?
- Are prospects who are unresponsive or deemed not to be prospects for major or campaign gifts being disqualified so that new prospects can be assigned and contacted?
- Is the portfolio heavy with prospects in the assignment stage? Is the officer not qualifying assigned prospects in a timely manner?
- Is the number of newly assigned prospects being qualified on a monthly basis meeting the team’s target?
- Are appointments and number of contacts made occurring on a regular basis so that warm prospects are being cultivated in the agreed-upon manner?
- Do prospects sit too long in cultivation without a campaign or major gift proposal presented for solicitation?
- Is adequate follow-up being tracked and completed after a solicitation?
- Once the gift is made, are the proper stewardship steps and touches established and completed?
- Is the gift officer assigning next steps with dates and type of action required within the prospect management software system for every prospect in the portfolio?

Questions for High-Level Analysis

- How many active proposals are pending?
- How many total prospects do we have at each level or stage of prospect management?
- Would board involvement be helpful at any stage of prospect management?
- How many total prospects do we have by percentage of confidence at each prospect stage, dollar amount expected, and date expected?
- Do we have the number of prospects with capacity and inclination to reach our goal? If not, do we need to do an analytics or wealth screening to find additional capable and inclined prospects to qualify and cultivate?
- Is one gift officer’s pipeline too full or not full enough? Do we need to adjust and reassign?
- Do we need board involvement in the qualification, cultivation, or solicitation of certain prospects?
- Are we able to reach our financial goals with the current pipeline of prospects and gift officers assigned to these prospects? And can we reach them on time?
Conclusion

Your prospect management system is not just a collection of complex programming and reports—it should be the embodiment of the development officer’s routine. Thus, you need a strong prospect management policy. This policy should state the type of prospects 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.

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 reason behind every procedure and report should be found in the policy. Finally, both policy and procedures should be documented in a training/reference manual.

Many fundraising solutions include capabilities or modules 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.

The implementation of a prospect management system will not 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 gift program, and that truly delivers prospect intelligence to those who need it across the organization.

Contact us to find out how Blackbaud solutions can simplify your prospect management system and help you organization build relationships with major gift prospects.

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About the Authors

Carol Belair has been with Target Analytics for over 17 years and brings over 25 years of analytics experience with predictive modeling, wealth screening and prospect research services. She has been in the management, consultation and product development of analytics services with five companies. Carol started her career at Blackbaud as Senior Account Executive, specializing in the transition of PIN Electronic Screening clients to Target Analytics platforms. As a Principal Analytics Consultant, she works with our Target Analytics high touch modeling and wealth screening clients helping them interpret and implement project results via strategic planning and utilization of ResearchPoint software. She enjoys speaking at various conferences as well as writing blogs, articles, and papers for Blackbaud and other professional associations. Carol holds a Bachelor of Arts from University of Minnesota and completed graduate studies in Marketing Communications from University of St. Thomas.

David Lamb joined Blackbaud in 2004. His fundraising career began in 1989 as a prospect researcher at Santa Clara University. Before coming to Blackbaud, he served as the director of prospect research at Santa Clara University and the University of Washington. His prospect research page (www.lambresearch.com) is a trusted and popular resource among prospect researchers. David’s areas of expertise include prospect research, prospect relationship 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, a master’s degree in sociology from Wichita State University, and a master’s degree in divinity from San Francisco Theological Seminary.