Institute of Fundraising

GOOD ASKING:
THE ROLE OF RESEARCH IN EFFICIENT, EFFECTIVE & ENJOYABLE FUNDRAISING

A report by Dr. Beth Breeze

About the Institute of Fundraising

The Institute of Fundraising (IoF) is the professional membership body for UK fundraising. We support fundraisers through leadership and representation; best practice and compliance; education and networking; and we champion and promote fundraising as a career choice. We have over 560 organisational members who raise more than £10 billion in income for good causes every year, and over 6,000 individual members.

ABOUT THE AUTHOR

Dr. Beth Breeze worked as a fundraiser and charity manager before co-founding the Centre for Philanthropy at the University of Kent, where she now leads a team conducting research and teaching courses on philanthropy and fundraising. She has researched and written the annual *Coutts Million Pound Donor Report* since 2008, co-authored *Richer Lives: why rich people give (with Theresa Lloyd), The Logic of Charity: Great Expectations in Hard Times* (with John Mohan) and co-edited *The Philanthropy Reader (with Michael Moody)*. Her next book is *The New Fundraisers: who organises generosity in contemporary society?*

Beth has also written a wide range of research reports on topics relevant to fundraisers including 'How Donors Choose Charities', 'User Views of Fundraising' (with Jon Dean) and 'Rising to the challenge: A study of philanthropic support for unpopular causes' (with Alison Body). These are all freely available at **https://www.kent.ac.uk/sspssr/philanthropy/publications/index.html**

FOREWORD BY DAVID GOLD

David Gold is the CEO of the recruitment consultancy, Prospectus. He is also a trustee of A Glimmer of Hope UK and Project Oracle, patron of a number of charities including The Foyer Federation and Social Enterprise UK, and mentors the CEOs of two 'beyond profit' organisations.

I am pleased to welcome this report, which explains how efficient and effective fundraising relies on thorough and ethically conducted research.

As a supporter of many charities, I am so pleased when I find a great opportunity in a charity or social enterprise to back, linked to what I feel passionate about or an issue I am interested in.

For me it is no different from having a great investment opportunity. What's more, if it has been presented to me by someone that has gone to the trouble of understanding my interests, tolerance for risk and anticipated future returns, then the entire journey will have been easier and straightforward.

Research undertaken by charities should be seen in the same way, as giving individuals the opportunity to support and invest in great causes, organisations and projects that will be aligned to your needs.

I urge you to read it carefully and to remember that fundraisers and donors are not adversaries, we are partners in trying to achieve good things together.

David Gold

FOREWORD BY DANIEL FLUSKEY

Daniel Fluskey is Head of Policy and Research at the Institute of Fundraising.

Fundraisers do an amazing and vital job in our society. Through raising around £10 billion in voluntary donations across the UK every year for good causes at home and abroad they are saving lives, caring for the most vulnerable, and making the world a cleaner, safer, and better place. But the money doesn't just magically appear out of thin air. Something sparks the donation, and it's the fundraisers job to find the right spark that will inspire an individual and to ensure that they have a fantastic experience in supporting a cause. That's what excellent fundraising is all about.

The role of research, and in particular how charities undertake certain activities, has been in the spotlight in recent months. So, we wanted to find out more about why charities do it, how it works, and better understand its role in encouraging philanthropy. We are delighted to have been able to work with Dr. Beth Breeze to produce this report. The findings are clear: good research is essential in building relationships and in raising the money that charitable services and activities need. It provides that spark that creates a connection and engages supporters, delivers a great experience for people, and raises money.

Daniel Fluskey

A note on the law and regulation

Charities must of course ensure that their fundraising is compliant with legal requirements and regulatory standards. This report is not a 'how to' guide on how to carry out research fairly and lawfully. All fundraisers and charities that want to undertake research activities should make sure that they are aware of the law including the Data Protection Act 1998 (and GDPR with effect from 25 May 2018) and anti-money-laundering regulations, as well as the Fundraising Regulator's Code of Practice. For more information go to www.ico.org.uk and www.fundraisingregulator.org.uk

CONTENTS

07 EXECUTIVE SUMMARY

09 INTRODUCTION

13 METHODOLOGY

15 FINDINGS

23 DISCUSSION

25 CONCLUSIONS

EXECUTIVE SUMMARY

1. Fundraising is necessary to pay for the good work of charities, but the processes by which funds are raised are not well known or widely understood. This report shines a spotlight on one important aspect of the job that has recently received significant attention from the media and policymakers, to explain how and why fundraisers conduct research.

2. The report begins by explaining that most charitable gifts are prompted rather than spontaneous, and occur when generous people learn about causes they care about and have the capacity to support. Research enables fundraisers to approach the people most likely to respond positively, and to avoid making unwanted and inappropriate asks.

3. Donors rightly expect charities to spend as much money as possible on the cause and its beneficiaries, and to spend as little as possible on 'overheads', which includes fundraising costs. Doing research before sending out fundraising appeals or contacting potential major donors, ensures that charitable resources are put to best use by making targeted asks, rather than an expensive – and potentially annoying – blanket approach.

4. An online survey of 347 fundraisers, conducted in February 2017 finds that:
   - Research is an entirely commonplace part of modern fundraising: almost all respondents have undertaken or commissioned prospect research (94.5%) and a similarly high number have undertaken or commissioned wealth screening (88%).
   - Research is viewed as essential for effective, efficient and sustainable fundraising: almost all respondents agree that conducting research enables their charity to raise funds from individuals (92%), and to do so in a cost-effective way (90%) that enables communications to be tailored to suit the interests and needs of individual supporters (90%), which enhances the experience that is offered to donors (90%).
   - An often overlooked advantage of conducting research is that it is used to *screen out* those who are unlikely to be in a position to respond. 88% of respondents agree that research reduces the number of unwanted or irrelevant communications sent to people who do not have the capacity to give at a particular level or do not have any compelling connection to the cause. Research also helps fundraisers to understand who should not be contacted because they are vulnerable, or because the charity would not wish to be associated with them.
   - Most fundraisers agree that any new restrictions on research would have a damaging effect on their charity's ability to raise funds (86%) and fulfill its charitable mission (75%). It was also widely felt that restrictions would result in fundraising being more expensive (86%) and donors being offered a worse experience (80%). Furthermore, a third (36%) of respondents would consider leaving their job in fundraising if new restrictions on conducting research were introduced.

5. The report contains a number of examples and case studies to illustrate the positive impact of fundraisers' conducting research.

6. Fundraisers must and will continue undertaking research within a framework that is legally compliant, respecting people's privacy rights, and the importance of trust. But the report concludes by noting that fundraisers only have two options:
   i. Blanket asks – approaching anyone and everyone for support in the hope that they will strike lucky.
   ii. Targeted asks – approaching those who appear to have the capacity to give and an interest in the cause.

   The first option is inefficient and irritating, and the second works. There is no magic alternative way of raising funds if this path is closed.

INTRODUCTION

This report explains why fundraisers do research. It presents newly commissioned data to explain and illustrate how a better understanding of supporters enables more money to be raised for good causes whilst also ensuring that donors have a better and more satisfying experience.

The need for generous people and good asking

It is well known that the UK is a generous society: two-thirds of us (62%) give away some of our money to good causes every year, and well over a third (39%) do so every month[1]. This is good news, and collectively this public generosity raises around £10 billion each year to support c.200,000 registered charities and many more smaller, informal voluntary organisations[2].

What is not so well known or understood is the fundraising process that enables most of those charitable transactions to occur. Understandably, most of us prefer to believe that our charitable acts are entirely spontaneous and private decisions, but in reality most charitable giving relies on both generous donors and good asking. A large amount of research[3] shows that generous intentions rarely turn into charitable action without the intervention of other people and organisations to help altruistic people put their principles into practice.

If we pause to think of the last donation we gave, then we can likely identify some other people who encouraged that gift: a friend who emailed us about sponsoring their charity challenge, a colleague who asked us to buy raffle tickets, or a charity that sent us materials explaining their work and how we might help. We need such prompts because it is impossible to be aware of all the needs that exist, including those on our doorstep. We often only become aware that something important needs funding because someone draws our attention to it, and offers us a simple and trusted means of responding. That 'someone' is a fundraiser. Whether it is their job to raise funds or they do it as a volunteer, fundraisers are a largely invisible and yet essential part of the modern charity sector.

Why this report is needed

This report has been written to shed light on an important aspect of what fundraisers do. In order to successfully prompt gifts, fundraisers need to conduct different kinds of research so that they can efficiently and accurately match altruistic people with the causes they want to support, and do so in a way that makes the experience as pleasurable as possible for the generous donor.

Again, if we think about our most recent experiences of making donations then we can likely spot some sort of 'research' at play: the friend doing the charity challenge might email because he knows from previous experience that we're the kind of person who tries to help; the colleague selling raffle tickets might predict our interest because of conversations in which we've mentioned that issue sympathetically, or perhaps a mutual colleague has been affected by the cause being supported; and the charity might have sent us materials because we have expressed interest in their work in the past, or made a public statement in sympathy with their aims. These are all examples of 'research-led asking', which enables people with limited time and resources to approach those who are the most likely to respond positively.

Why do fundraisers do research?

Donors rightly expect charities to apply as much money as they can to the cause and to spend as little on 'overheads' as possible. Every book and training course on 'how to fundraise' explains

1 The figures in this sentence are both from the *UK Giving 2015* survey, published by the Charities Aid Foundation (CAF) https://www.cafonline.org/docs/default-source/personal-giving/caf_ukgiving2015_1891a_web_230516.pdf?sfvrsn=2

2 The figure of c.£10 billion is from the same CAF report cited in footnote 1; the estimated number of registered charities is given in Mohan and Breeze (2015), p.72.

3 For example: Bryant, W.K., Slaughter, H.J., Kang, H. and Tax, A. (2003) Participating in Philanthropic Activities: Donating Money and Time, *Journal of Consumer Policy* 26, pp.43-73; Schervish, P. and Havens, J. (1997) Social Participation and Charitable Giving, *Voluntas* 8(3), pp.235-260; Sokolowski, W. (1996) Show me the way to the next worthy deed: towards a microstructural theory of volunteering and giving. *Voluntas* 7(3), pp. 259-278.

that the best way of raising the most amount of money at the lowest cost is to think carefully before approaching people and to use publicly available information to frame the request. This ensures that the right people are asked for the right amount of money, in the right way, at the right time. It also helps to avoid the time and cost involved in making asks that are unlikely to succeed, which has the simultaneous benefit of avoiding annoyance to the person on the receiving end of an inappropriate ask.

As an example of this approach in practice: a colleague who asks us to buy a lot of raffle tickets for a cause we have no interest in a few days before payday, will be far less successful than the colleague who waits until after payday and asks for a more affordable contribution for a cause that we are known to care about.

More sophisticated research, for example finding out about the reason for a donor's interest in a cause or their prior support in this area, enables the fundraiser to offer a funding proposal that reflects their frame of reference and is in line with the charity's philosophy and strategy. Successful fundraisers understand that tailoring the ask to the donor's world view is the most likely route to a successful outcome. This is a strategy of alignment, not of persuasion. Best practice amongst successful fundraisers rejects the 'myth of persuasion'[4] which wrongly suggests that fundraising is about talking someone into making a gift they do not wish to make. Rather, fundraising enables people to put their existing altruistic intentions into action.

How do fundraisers do research?

Researchers use a variety of methods and sources to gather and analyse information. This information is either in the public domain, or has been provided by the donors themselves in their previous communications with the charity and is useful for understanding, for example, donors' philanthropic preferences, professional interests and their capacity to make further donations.

Most charities are very small: three-quarters (73%) have an annual income of less than £100,000[5] so have neither the staffing nor the resources to undertake sophisticated research. Free online searches (for example, using Google) have therefore been the starting point in most fundraising research. Larger charities have been able to conduct more sophisticated research, sometimes using external agencies to help them look at much larger datasets to identify relevant potential donors. Whatever the tools used, the basic principle remains the same: to check the 'ABC' of fundraising, which means finding out whether someone has:

- The **A**bility to give
- An indication of **B**elief in the cause
- Any existing **C**onnection to the charity

If someone meets these criteria, then the charity can be more confident that it is a good use of time and resources to try and make contact with that person.

'Big data' and what that means for fundraising

We live in an era where there is vastly more information available at our fingertips than ever before, largely as a result of the rapid spread of free information online. The very first website was published as recently as 1991 and in just over two decades, by 2014, the 1 billionth website went live. This explosion of data has brought many benefits for both the private and public sectors: successful businesses are likely to have a sophisticated online presence[6], and the government has encouraged all industries to take advantage of the opportunities presented by sophisticated analysis of public data sets[7]. In particular, intelligent use of

4 Matheny, R. (1995) Communication in cultivation and solicitation of major gift donors. *New Directions for Philanthropic Fundraising* 10, p.43.
5 House of Lords (2017) *Stronger charities for a stronger society*, London: House of Lords
6 For more information, see: Bakhshi, H. and Mateos-Garcia, J. (2012) *Rise of the Datavores: How UK businesses analyse and use online data*, London: Nesta; and Symons, T. (2016) *Datavores of Local Government: Using data to make services more personalized, effective and efficient*, London: Nesta
7 UK Government (2013) Seizing the data opportunity: A strategy for UK data capability, London: Department for Business, Innovation and Skills.

data[8] enables big organisations to 'know' their customers and offer an unprecedented level of personalisation[9], which is welcomed by the majority of consumers[10].

Yet – as is often the case – expectations of how charitable organisations should behave are different, with charities held to more exacting standards. Recent months have seen a number of high profile complaints and concerns about how charities use data to conduct research on donors and potential donors[11]. Whilst this report does not seek to directly address any specific cases, these concerns create the context in which this research was undertaken.

Concerns about privacy and control over personal information are set to grow and become more heightened as more transactions are conducted online[12]. As successful fundraising is a research-based activity, this report describes and explains why this is the case, what that means in practice – including many examples provided by fundraisers – and what would happen if restrictions on the use of research in fundraising were to be introduced. But first we pause to consider the donor's view.

The donor view

This report is focused on why and how fundraisers use research, but there are at least three sources of evidence on what donors think about how this issue:

1. An in-depth study of 82 wealthy donors found that two-thirds (65%) believed that a 'more professional approach by those seeking funds' was a significant factor in the development of philanthropy in the UK[13].
2. A representative survey of UK charity donors, conducted by the Commission on the Donor Experience, does not support the contention that most donors are concerned, or indeed 'distressed', by current fundraising practices: a majority (54%) feel they do have control over how charities communicate with them (and just 16% disagree, the rest expressed no view either way); only 23% state they wish they were not on the database of the last charity they supported (and none of the oldest age group, aged 80+) hold that view; and only 8% disagree that supporting charities 'brings them joy'.
3. A representative survey of the general UK population found that almost two-thirds (60%) of those who prefer charities to communicate in a tailored way with them, think that charities should be able to use information that is publicly available, for example doing Google searches or drawing on newspaper articles, in order to tailor their approach to their supporters[14].

Structure of this report

After describing the methodology used in this study and the people who participated in the research, the findings are presented and illustrated with many examples of why, how and with what outcomes research is used in fundraising. These findings are then discussed to draw out the key themes relevant to the context described above, and the report concludes with some thoughts on what this means for current debates.

8 Such as the free access to over 170 million company records provided – and promoted – by Companies House: https://companieshouse.blog.gov.uk/2015/06/22/free-access-to-over-170-million-company-records/
9 Clamp, Adrian (2016) *Reimagine an age of more personalized service for citizens*, Civil Service World 1/9/16.
10 See: Janrain (2013) *Online Personal Experience Study*, Portland, OR; and Nasri, G. (2012) *Why consumers are increasingly willing to trade data for personalization*, Digital Trends 10/12/12
11 ICO (2016) ICO investigation reveals how charities have been exploiting supporters, 6/12/16. https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2016/12/ico-investigation-reveals-how-charities-have-been-exploiting-supporters/
12 ICO (2011) *Data Sharing Code of Practice*, London: Information Commissioners Office, p.4
13 Breeze, B. and Lloyd, T. (2013) *Richer Lives: Why rich people give*, London: Directory of Social Change, p.83.
14 YouGov (2017): *Do you think that charities should be able to use information that's publicly available (e.g. through Google searches or local newspaper articles) to be able to best tailor their approaches to their supporters?* Fieldwork undertaken between the 8th- 14th February 2017, commissioned by the Institute of Fundraising. Total sample size of 2,006 adults.

METHODOLOGY

In order to find out how fundraisers use research in their work, an online survey was conducted during February 2017. The survey comprised 20 multiple-choice questions plus three opportunities to provide additional information where respondents could expand on their answers and provide examples and illustrations.

Who completed the survey?

The survey was disseminated with the help of the Institute of Fundraising. 347 valid responses were received, as shown in table 1:

Table 1: Summary of research participants

Type of respondent	Number	Percentage
Paid fundraisers who specialise in prospect research	93	27%
Paid fundraisers who do prospect research as one part, but not the main part, of their job	90	26%
Paid fundraisers who make use of prospect research done by colleagues	79	22.5%
Fundraising consultants	37	10.5%
Others (largely freelance prospect researchers)	32	9%
Paid fundraisers who do not make use of prospect research	13	4%
Volunteer fundraisers	3	1%
Total	**347**	**100%**

Most respondents (88%) work or volunteer in or for major or large charities with annual income over £1 million, as shown in table 2. Whilst these bigger charities account for only 3% of charitable organisations, they receive over 80% of income[15] and therefore represent the most prolific fundraising organisations.

Table 2: Size of charity in which respondents work or volunteer

Size of charity based on annual income	
Major (over £10m)	54%
Large (£1m – £10m)	34%
Medium (£100,000 – £1m)	10%
Small or Micro (under £100,000)	2%

Income that is fundraised and donated by individuals is an important source of funding for almost all (96%) of respondents, as shown in table 3.

Table 3: The importance of fundraised and donated income from individuals

How important is fundraised and donated income from individuals?	
The charity's most important source of income	48%
One of our important sources of income	48%
Not an important source of income	4%

15 NCVO (2016) Civil Society Almanac 2016: size and scope

FINDINGS

In this section the full findings are presented and illustrated by quotes and examples provided by fundraisers. A discussion of the data appears in the next section.

Three key findings emerge in the data:

- Research is an entirely commonplace part of modern fundraising.
- Research is viewed as essential for effective, efficient and sustainable fundraising.
- Restrictions on research would have a damaging effect on the ability to raise funds and fulfill charitable missions.

1. Prospect research has been commonplace

Doing research to find out relevant information about donors and potential donors is known as 'prospect research' and is extremely commonplace. This research, which involves looking at publicly available information (e.g. online and in newspapers and magazines) helps to identify relevant information such as donors' professions, what part of the country they live in, which other charities they have supported and any insights they have given into their philanthropic motivations. This information is helpful for understanding whether someone is likely to have the capacity and the interest to support any given charity.

	Often	Sometimes	Never
My charity has undertaken, or commissioned, prospect research	66%	28.5%	5.5%

Many respondents emphasised the necessity of conducting prospect research:

> **"This is the bedrock of fundraising from wealthy individuals. Instead of asking 100 random people to support us – with all the time and effort that involves – we can use research to hone the list to the top 5 say. This saves charity resources, unnecessary correspondence with individuals and thus is the most cost effective option."**

> **"In first meetings with prospective donors it is quite clear they expect us to know who they are."**

Of the small number (5.5%) who have never undertaken or commissioned prospect research, most of these (92%) say they may do so in future, subject to being legally compliant and donors being sufficiently informed.

How research led to an 8,000% increase in a donor's annual gift

"One of our donors used to (and still does!) give £10 per month. We identified her through a wealth screening a few years ago. I reached out to her to find out her interest, and it turns out it stemmed from a personal connection to our cause. We met for a coffee and got on well, and I told her all about the work we do in the area she had shown a personal interest. She told me she had always wanted to do something more but didn't know how. I introduced her to experts, answered her questions, and told her of different ways she could make a difference. Together we created a project which appealed to her interests, furthered the charity's goals, and ensured that she made a big impact on something she cared deeply about. She now gives £80,000 a year to support that project."

2. Wealth screening has been similarly commonplace

Understanding the source and size of the wealth of donors and potential donors is a key part of prospect research, and is similarly commonplace. Known as 'wealth screening', this involves looking at publicly available information for details of property ownership, share holding, business affiliations and so on. This process is undertaken to identify the tiny fraction of any charity's pool of generous supporters who might be able to give at a higher level. Wealth screening results in the vast majority of names being *ruled out* of further

approaches, and it is never used to rank all donors by ability to give.

Only 1 in 8 (12%) respondents have never undertaken or commissioned wealth screening of existing donors:

	Often	Sometimes	Never
My charity has undertaken, or commissioned, wealth screening of existing donors	22%	66%	12%

And only a quarter (28%) have never undertaken or commissioned wealth screening of potential donors:

	Often	Sometimes	Never
My charity has undertaken, or commissioned, wealth screening of potential donors	23%	49%	28%

Despite its widespread use, fundraisers are aware that the idea of 'wealth screening' could be off-putting if it suggests they are only interested in knowing how much money someone has. Respondents countered this suggestion by explaining that information on wealth-holding is only useful when combined with insights gained from other aspects of prospect research, such as any prior, personal connection with the cause. As one respondent explains, the terminology is rather unhelpful:

> **"Wealth screening as a term probably doesn't help! I find that supporters are pleased to know that we understand their connections, have read their biographies and recognise other ways in which they can help the charity."**

These first two findings show that research is an entirely normal practice in charities, and that donors – especially those with the capacity to make the biggest gifts – expect it to take place:

> **"I've never met a donor or potential supporter who wouldn't expect me to be prepared for a meeting with them."**

> **"All of the major donors I have spoken to on this subject are unanimous in their appreciation of the care and attention to detail that has gone into the solicitation process to ensure that the kind of projects we have asked them to support align with their own interests."**

> **"I have, over the years, encountered several multi-million pound donations to organisations by major donor prospects. None of these would have been possible had these prospects not been first identified as a good potential fit – i.e. with the capacity to give, with an inclination to be philanthropically motivated, with an interest in the particular project in need of support – by a prospect researcher."**

Why knowing a donor works in finance helped secure £10,000

"Just this week I met a new potential donor. Our research (from public sources and which we would share with the potential donor if asked) helped us to understand his background in finance and be prepared for questions about our funding and cost analysis. Because we were prepared, the donor had more confidence in us and the charity and has now pledged a £10,000 gift."

New charities, or those that have not previously fundraised from individuals, are especially reliant on research, as this respondent explains:

> **"Fundraising is new to our organisation – we didn't have any current donors so we had to start with research."**

A number of respondents emphasise that fundraising would simply be impossible without research. This is especially the case for major donor fundraising, as one respondent explains:

"The large majority – if not all – of our top donors (those who are giving £500,000 or more) have been identified by diligent and careful prospect research from both public sources and wealth screening tools."

As another succinctly states:

"Without fundraising research there would be no major gift programmes anywhere."

Why knowledge about geography matters

"We are planning a capital campaign which will involve capital projects in a number of locations across the UK. It is only through research that we have found out that some donors or prospects have an affinity to a certain area, which informs where and what might interest them in terms of this project. This is good for the donor and good for the charity."

3. Research enables successful fundraising

Almost all respondents (92%) believe that conducting research enables their charity to raise money from individuals:

	Agree	Neither	Disagree
Conducting research enables my charity to raise money from individuals	92%	4%	4%

"Prospect research enables the charity to find new potential donors through desk research and properly brief the fundraisers before they meet that person.... It ultimately means that the fundraisers are able to meet the right people, at the right time and ask for the right amount of money. This makes the organisation more efficient with the money it does raise, in turn attracting more donors and allows more money to be spent on the specific purpose of the charity."

"I recall many a meeting with major or potential major donors in which they either commended the fact that 'I had done my research' before coming to see them or appreciated a quick, efficient meeting that resulted from good preparation based on thorough research."

4. Research enables cost-effective fundraising

A similarly high proportion (90%) believe that conducting research enables their fundraising to be more cost-effective.

	Agree	Neither	Disagree
Conducting research enables our fundraising to be more cost-effective	90%	6%	4%

"Prospect research allows charities to expend their communication and fundraising efforts on individuals where there are valid reasons to believe they will be interested in the work of the charity and potentially open to communication and a relationship. This means less communication with individuals who do not meet these criteria, which cuts down on both nuisance for individuals and wasted resources for the charity."

"It is in the interest of neither the prospect or the fundraiser for time to be wasted on fundraising from people who are not likely to make a donation – but to establish who those people are, we need to do some background research."

5. Research enables personalised fundraising

The same number (90%) believe that conducting research enables fundraisers to produce communications that are tailored to suit the interests and needs of individual donors.

	Agree	Neither	Disagree
Conducting research enables us to produce communications that are tailored to suit the interests and needs of individual donors	90%	6%	4%

"For example, through research we discover that a donor is a trustee of a foundation that supports climate change, so when we meet the donor we make sure we are clued up on our climate change work."

"If there is information in the public domain that suggests a person loves to play golf, then that gives me a reason to invite him to a charity golf event; I would not invite him to the cricket."

"If they are on a number of women's leadership boards they might be interested in being involved in a debate being organised on women's rights."

6. Research improves the experience that fundraisers can offer to donors

The same number again (90%) believe that conducting research enables fundraisers to enhance the experience they are able to offer donors.

	Agree	Neither	Disagree
Conducting research enables us to enhance the experience we are able to offer our donors	90%	4%	6%

The time-poor nature of many wealthier donors was a recurrent theme in many responses, as one fundraiser explains:

"Wealthy people do not have a lot of time, and as such, if we can tailor requests, be better informed to direct meetings in the correct direction, and get to the point faster this increases the donor/potential donor's enjoyment of their engagement with the organisation: they do not feel their time is being wasted."

7. Research helps to reduce the number of unwanted 'asks'

Most (88%) fundraisers believe that conducting research reduces the number of unwanted or irrelevant communications that are sent out.

	Agree	Neither	Disagree
Conducting research reduces the number of unwanted or irrelevant communications that we send out	88%	6%	6%

In an insight that may surprise critics, many respondents note that research is used to screen *out* as much as screen *in*, as a respondent explains:

"The vast majority of people – far from being abused or taken advantage of – are actually excluded from fundraising approaches via screening."

Research therefore cuts down the number of 'unwanted asks', as other respondents explain:

"I have found that my research has often been about removing people from the frame so that we can prioritise those people who are genuinely likely to be interested in making a large donation."

"Better research (from purely public domain sources) doesn't necessarily mean more approaches. It means more effective, more efficient approaches, and fewer inefficient, unwelcome approaches – which can be the consequence of the 'blanket' method that would end up being used in the absence of research."

How research helps rule people in and out of approaches

"I am a prospect researcher and have personally identified individuals not previously known to our organisation who have gone on to make six- and seven-figure gifts willingly and to have a positive, long-term relationship with us. Equally importantly, for every potential donor I have suggested, I have ruled out five to ten potential individuals as not appropriate for an approach from us (despite the broad nature of the organisation I work for). That is five to ten individuals who won't get an approach that might be inappropriate or unwelcome. I have also on numerous occasions advised fundraisers, based on research I have carried out, that an approach they are proposing to make, might be inadvisable or have a low chance of success. By doing so I have saved them time, saved my organisation money and allowed it to be more efficient, and saved an individual from needing to deal with an approach that might be unwelcome. No-one was harmed as a consequence of my research."

8. Research enables sustainable fundraising

The same number (88%) believe that conducting research enables them to recruit and retain donors who provide long-term support.

	Agree	Neither	Disagree
Conducting research enables us to recruit and retain donors who provide long term support	88%	8%	4%

"Research is so valuable in building, maintaining and improving the relationship the charity has with its donor. It is the foundation for thoughtful and respectful fundraising."

"Two of our charity's Vice Presidents and £1m+ donors were identified through an external wealth screening in 2008. They were then stewarded with insight, and engaged by our understanding of their motivations. They are now some of our most generous and committed donors. I firmly believe that without the initial screening and subsequent research, we would not have their generosity, their loyalty and the gifts and support of those whom they have introduced to our charity."

How lack of research can cause offence

"I have been told several times about incidents when insufficient background research has been conducted. If the potential donor has to fill in lots of details about themselves which the fundraiser hasn't bothered to find out in advance, they feel their time is being wasted and that there is a certain level of disrespect involved. Most recently, a major donor told me about having been invited to his alma mater as he had given a relatively large gift to them unprompted. He was dismayed that he had to spend half an hour giving them information such as having been given certain awards and captained sports teams at the school as context for the meeting!"

9. Restrictions on research would result in less money being raised

Most (86%) believe they would raise less money if new restrictions on conducting research for the purposes of fundraising were introduced.

	Agree	Neither	Disagree
We would raise less money	86%	10%	4%

Amongst those fundraising for smaller charities, the figure is 100%, as one respondent notes:

"It is the smaller and 'unpopular' causes that will be hardest hit".

"The impact, I believe, will be felt most profoundly by smaller organisations without a long track record of support and lacking in the 'right' network and contacts. I have seen how transformative an effective prospect research function can be in the efficiency and effectiveness of a small fundraising office, which from having no major supporters and no strategy for realising its fundraising goals, has been able to engage and cultivate a range of individuals who have gained much satisfaction from being part of our project."

The many benefits of conducting research

"If we know that a donor plays the trombone, we can ask them to support the chair of our principal trombonist rather than the harp player. If we know that they own an array of financial services companies, we can speak to them about client entertaining opportunities rather than brand sponsorship. If our research reveals a person that has just sold their business and has a once-in-a-lifetime opportunity to give a seven figure gift and have a cultural facility named after them, we can make that opportunity available to them at the right time. Likewise if we know that their business is in trouble we can take the decision that this would be a difficult time to approach them for a donation, and avoid causing upset."

10. The cost of fundraising would increase as a result of restrictions on research

The same number (86%) believe their fundraising would cost more, and have a worse return on investment, if new restrictions on conducting research for the purposes of fundraising were introduced.

	Agree	Neither	Disagree
Our fundraising would cost more	86%	11%	3%

The reason for this is that blanket approaches cost more than targeted approaches, as one respondent explains:

"Without conducting research, we would relapse into 'spray and pray' – asking everyone in the hope that someone latches on to what we're saying."

"The alternative would be to mail everyone on our supporter base with the same asks which would be a considerable additional expense."

"You can't have your cake and eat it too. If donors want good return on investment then charities need to conduct research to achieve this goal."

11. Donors would have a worse experience as a result of restrictions on research

Four-fifths (80%) of fundraisers believe they would offer donors a worse experience if new restrictions on conducting research for the purposes of fundraising were introduced.

	Agree	Neither	Disagree
We would offer our donors a worse experience	80%	13%	7%

"Without research, fundraising is no more than a guessing game – and in the process of guessing we risk upsetting or disengaging people when we misjudge their capacity to give, their area of interest or their motivation for being involved."

"We find, without exception, that wealthy individuals not only expect us to have done this research, but are highly critical of us and irritated by any lack of research which leads to an inappropriate solicitation."

"Research gives us the vital information to stop potentially upsetting communications and information being sent to donors should they have experienced personal loss or an accident or family bereavement etc themselves."

"It would be embarrassing to send a fundraiser to meet someone and make an ask well above their capacity to give. Good research ensures that doesn't happen."

12. Charities would be less able to fulfill their missions as a result of restrictions on research

Three-quarters (75%) believe they would be less able to fulfill their charitable mission if new restrictions on conducting research for the purposes of fundraising were introduced.

	Agree	Neither	Disagree
We would be less able to fulfill our charitable mission	75%	18%	7%

"Failing to spot a major donor from amongst your supporters represents a missed opportunity for your charity to secure funding for important work."

"Ultimately, it's not for me and to make my job more effective or easier, it's so we can do more for our beneficiaries."

13. Many fundraisers would consider leaving their jobs if there were new restrictions on research

A third (36%) of respondents say they would consider leaving fundraising if new restrictions on conducting research for the purposes of fundraising were introduced. As a substantial minority (26%) did not express a view either way, leaving less than half (38%) who feel confident they would remain in this career.

	Agree	Neither	Disagree
I would consider leaving fundraising	36%	26%	38%

"The very scenario of plaguing vulnerable people that charities are accused of is what we aim to avoid through this kind of research."

"I am deeply concerned by the current narrative that charities are somehow 'hoodwinking' donors into giving money to charities... sections of the media portray wealth screening as something which is done to 'target' every member of the public, whereas in fact it is far more likely to exclude the majority of the population from inappropriate conduct."

"Research is part of due diligence and ensures we do not engage with individuals who are incompatible with our charity's aims or we could not accept gifts from."

How research helps avoid tainted donations

"A charity client was interested in approaching a wealthy philanthropist. On further research it was discovered that he had been involved in an arms deal. This was totally against the mission of the charity who work to clear up the debris of war. The charity decided that they would not want to accept a donation from that person for these reasons. So an approach was avoided – which could have caused problems for the charity and a waste of scarce resources."

DISCUSSION

The data helps to provide fuller answers to three key questions:

1. Why do fundraisers conduct research?
2. What does fundraising research involve?
3. What does research by fundraisers achieve?

1. Why do fundraisers conduct research?

Despite assumptions, the goal of conducting prospect research and wealth screening is not to hound people or to persuade those less well-off to give more than they desire or can afford. Rather the goal is to find people with the capacity to make donations who also appear to have some likelihood of interest in a cause or project that is seeking funds. Therefore the goal is the opposite of what some imagine or fear: it is to avoid wasting charities' resources, and potential donors' time if there is no likelihood of a match. It seeks to make the most appropriate and respectful approaches to each unique individual who might be in a position to offer support, and to do so at a level appropriate for their means, their commitments and their interest.

As one of the most popular books on fundraising explains:

> **"Not all donors want to know the same things about an institution. Donors, like the rest of us, tune out if talked to in ways they find irrelevant or boring."**[16]

And as a US fundraising expert further elaborates:

> **"The 'donor community' isn't an abstraction. It's made up of flesh-and-blood people with their own personal attitudes and preferences. Some of these people can turn an organization's dreams into realities – but only if we listen to them as individuals, find out what they want, and make our approach accordingly."**[17]

2. What does fundraising research involve?

Research is an ongoing process that involves many different activities including:

- **Filtering** information in order to identify which names on a database, or who within a population such as those attending a theatre, or those living in a particular town, might be most receptive to an approach.

- **Matching** potential donors to charities and projects by making intelligent use of information revealed by prospect research.

- **Prioritising** those who are most likely to be able and willing to provide significant support, by using information gained through wealth screening.

- **Personalising** communications and invitations to ensure they reflect what is known about the potential donor's interests and philanthropic motivations.

All of these activities are driven by a desire to make the most efficient use of charitable resources by finding the best new donors in the most effective manner. This is in line with widespread demands that charities minimise their spending on 'overheads' so that the maximum funds possible are spent on the beneficiaries for whom the charity exists. A second, equally important, goal is to provide donors with the best possible experience, which means approaching them in a way that takes account of their personal interests, likes and dislikes.

16 Prince, R. A. and File, K. M. (1994) *The Seven Faces of Philanthropy: A new approach to cultivating major donors*, San Francisco: Jossey-Bass, p.xvi.
17 Lord, J. G. (1987) *The Raising of Money: Thirty-Five Essentials Every Trustee Should Know*, Cleveland: Third Sector Press, p.12

3. What does research by fundraisers achieve?

At least five positive outcomes are achieved by using research in fundraising, these findings are also summarised in the boxes on page 24:

I. Research enables charities to tailor their approach to match donors' philanthropic goals: this is cost-effective and more likely to result in positive outcomes for all involved.

II. Research enables more effective fundraising, helping charities to raise more, money (and gain access to non-monetary resources), by helping them to build more sustainable and positive relationships.

III. Research stops a great deal of communication being sent out, thereby minimising waste and avoiding causing offence or upset to people on the receiving end.

IV. Research results in a better experience for donors and supporters because they receive more appropriate communications, understand how their contributions are spent, and have a more enjoyable donor experience.

V. Restrictions on research would lead to increased costs for charities, inappropriate approaches to potential donors, less income available to spend on beneficiaries and a reduction in an already small talent pool of fundraisers.

Summary of the advantages of doing research

- Cost-efficient use of resources
- Sending the most appropriate type and content of communication
- Ensuring fundraisers are prepared for meetings
- Demonstrates respect for the people they're talking to
- More relevant, meaningful and fulfilling experience for the donor
- Avoids the embarrassment of over-asking
- Avoids the missed opportunity of under-asking

Summary of the disadvantages of not doing research

- Wastes charity resources
- Wastes the time of people receiving inappropriate approaches
- Results in money given by existing donors being spent less well on inefficient fundraising
- Makes the charity look unprofessional and could be seen as disrespectful
- Means donors will miss out on opportunities that could be fulfilling and life-enriching
- Would hurt smaller and new charities most because they cannot afford to take the blanket approach

CONCLUSIONS

This report began by noting the prevalence of generosity in the UK, and went on to demonstrate that systematic generosity requires systematic fundraising. The findings and discussion above have explained what that means in practice. In a nutshell: Fundraising involves solving the puzzle of how best to raise funds for good causes by matching donor interests and resources with charitable needs and missions.

Whilst research includes a variety of strategies, the sophistication of which depends on the size and resources of any given charity, it boils down to trying to work out who is likely to be most interested in a cause and most able to offer support. This is the opposite of the scattergun, 'spray and pray' approach that causes so much offence and distress because of the obvious waste of charitable resources.

To take one further example provided by a fundraiser who engaged with this study:

> **"If a charity decides to hold an event to inspire interest in its work, is it better to invite any 100 people to attend, or to try and find the 100 people with the warmest connection to the charity and the biggest capacity to give?"**

Whilst the latter option seems obviously the better plan, it cannot happen without recourse to research.

Research is, therefore, an essential part of thoughtful fundraising and good asking, which brings benefits to donors, makes fundraising more efficient and effective and, most importantly, creates the best outcome for those whom the charity exists to help.

Despite all the advantages set out above, when it comes to research, fundraisers feel they are damned if they do and damned if they don't. They will rightly be criticised for wasting money on inefficient or ineffective fundraising, and yet they may also criticised for doing the one thing – research – that helps avoid such problems.

Fundraising is tough in any climate, and the current period of austerity, public spending cuts and increased demand for charitable services makes this an especially difficult time for those responsible for raising the funds to serve and support good causes. Any changes in the way charities can conduct research will hurt beneficiaries most – not fundraisers.

Fundraisers must and will continue undertaking research within a framework that is legally compliant, respecting people's privacy rights, and the importance of trust. But it must be remembered that fundraisers only have two options:

i. Blanket asks – approaching anyone and everyone for support in hope they will strike lucky.
ii. Targeted asks – approaching those who appear to have the capacity to give and an interest in the cause.

The first option is inefficient and irritating, and the second works. There is no magic alternative way of raising funds if this path is closed.

GOOD ASKING:
THE ROLE OF RESEARCH IN EFFICIENT, EFFECTIVE & ENJOYABLE FUNDRAISING
A report by Dr. Beth Breeze

©Institute of Fundraising, April 2017

www.institute-of-fundraising.org.uk
020 7840 1000 @ioftweets

The IoF is a charity registered in England and Wales (No 1079573) and Scotland (No SC038971),
and a company limited by guarantee (No 3870883).