



Blackbaud's 2008 Higher Ed Forum

Setting the Stage for Proactive Research — A Strategic Approach to Prospecting

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Blackbaud.

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Presentation Title or Product Name



Your Presenter

- ◆ ***Managing Director, Target Analytics***
- ◆ Law degree, University of Wisconsin-Madison
- ◆ 13 years as a development officer
 - Chief Development Officer, Dir. of Planned Giving
- ◆ 15 years as a nonprofit marketing/predictive modeling consultant
 - Econometrics (co-founder)
 - Noel Levitz
 - Core Data (founder)
 - Target Analytics (formerly Blackbaud Analytics)

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Our Agenda

- ◆ Integrated Development
 - The launching pad for proactive research
- ◆ Donor Development
- ◆ Data Mining and Proactive Research
- ◆ Predictive Modeling
- ◆ Relationship Management
- ◆ Tradition Meets Proactive Thinking
- ◆ Summary



Integrated Development - Eliminating the Silo Approach





Recreating the Advancement Office

- ◆ Life on the farm
 - Think “free range”, not pens or silos
- ◆ Ultimate giving is both a journey and a destination
- ◆ Making the journey borderless encourages donor development



Eliminating the Silo Approach

- ◆ Do you have an integrated plan?
- ◆ Have you investigated opportunities for using communication and donor relations efforts for multiple purposes?
- ◆ Do you reward team efforts?
- ◆ Do you encourage “out-of-the-box” thinking?



Success: The Peaceful, Integrated Advancement Farm



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Professional Development

- ♦ A new model for conferences
 - Less specialty training
- ♦ Training across disciplines
 - Wearing different hats as part of everyone's job

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Donor Development: Traditional and Free Range

Thinking Outside of the Box



Remember...

- ◆ Perception is reality
 - How does the donor view giving?
- ◆ Donor-centered is not a staff interpretation
- ◆ “We have always done it this way” is not necessarily a statement of strength



Becoming an Annual Donor

- ◆ Solicitation/Acquisition
- ◆ Special Events participation
- ◆ Membership



Becoming a Major Donor

- ◆ Progression from annual donor
- ◆ Board membership
- ◆ Peer solicitation
- ◆ Exceptions
 - Health care
 - Religious organizations

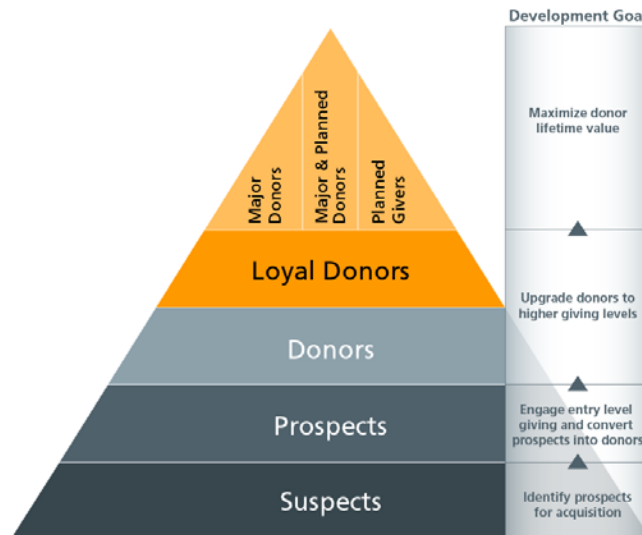


Becoming a Planned Gift Donor

- ◆ Progression from annual donor
 - Highly likely
- ◆ First time gift
 - Highly unlikely
- ◆ Progression from major donor
 - Far less likely



Steps in the Donor Pyramid



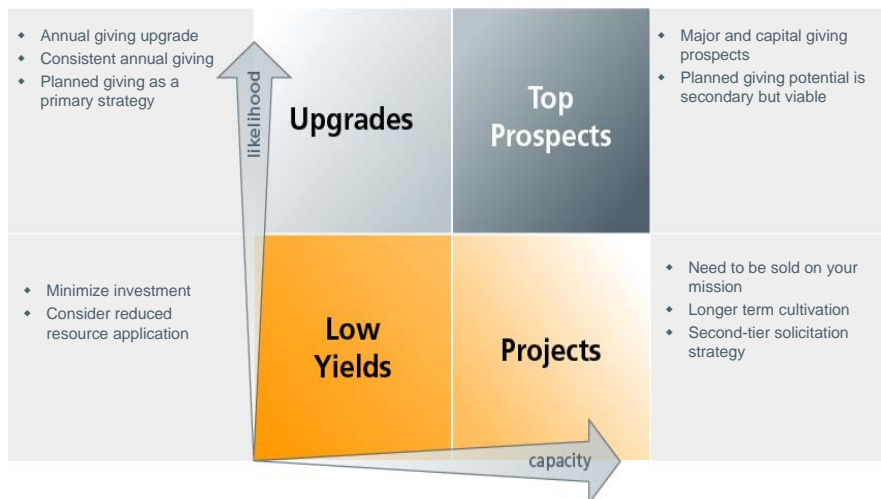


Ultimate Giving

- ◆ Every individual has an “ultimate gift”
- ◆ Ultimate gifts may be *any* level, *any* type (including \$0)
- ◆ *Ultimate giving does not place a higher value on “major” gifts*
- ◆ Find ultimate giving profiles, develop appropriate marketing strategies, close more gifts!



Data Mining and Segmentation





Proactive Research

Moving through the phases



Reality Check

- ◆ Integrated development is a long-term goal, perhaps a dream
- ◆ What if we can't achieve it?
 - Internal politics
 - Personalities
 - Resistance to change
- ◆ Proactive research, development, and stewardship are still viable!



Proactive Research Begins With Data Mining

- ◆ **Data Mining:** Automated or manual extraction or query of information from a constituent database: segmentation analysis, correlation studies, descriptive predictive modeling
- ◆ **Predictive Modeling:** Discovery of underlying meaningful relationships and patterns from historical and current information within a database; using these findings to predict individual behavior



The Benefits of Data Mining and Modeling

- ◆ A comprehensive view of your database
- ◆ Jump starting prospect identification and classification
- ◆ Potential cost savings
- ◆ Clean your database
- ◆ Understand donor/non-donor characteristics
- ◆ Create cost-effective appeals
- ◆ Increase gift revenues
- ◆ Staffing and resource allocation
- ◆ Knowing your institution, turning knowledge into results

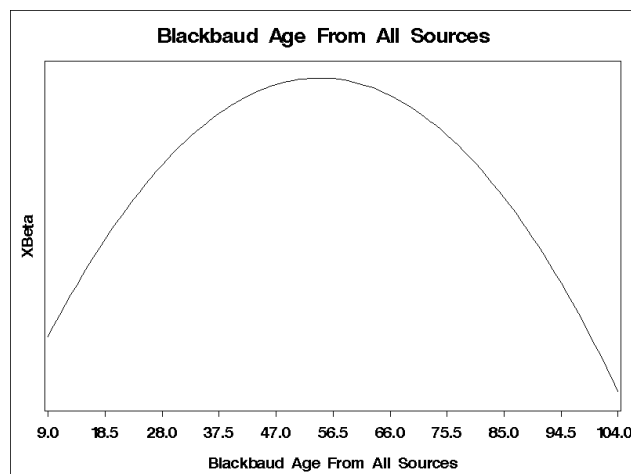


What Are My Options?

- ◆ Do It Yourself
 - Data mining
 - In-house modeling
- ◆ Prospect Screening/Vendor Options
 - Generic Modeling
 - Wealth Identification
 - Custom Modeling



Beginning Level – Age Analysis





Predictive Modeling

Answering Questions Through Data Analysis



Different Types of Modeling

- ◆ Generic
- ◆ Descriptive
- ◆ Prescriptive
- ◆ Custom (Predictive)



Generic Modeling

- ◆ Based on belief that charitable donors fit one profile
- ◆ Does not allow for input of organizational data
- ◆ Works as well as “one size fits all” t-shirts



Modeling Using Descriptive Data

- ◆ Descriptive variables are retrospective and are NOT predictive
- ◆ May help in message development and marketing
- ◆ Endogenous variables may mislead and cannot be used to accurately predict
 - “presence of” variables



What's Different About Prescriptive?

- ◆ Great alternative when organizational data is insufficient (or college/school data)
- ◆ Organizational data IS included in the model
- ◆ Works very well for planned giving

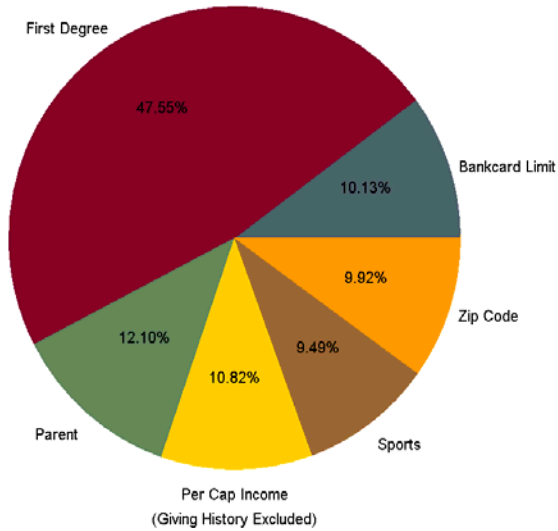


Custom Modeling - Why it Works

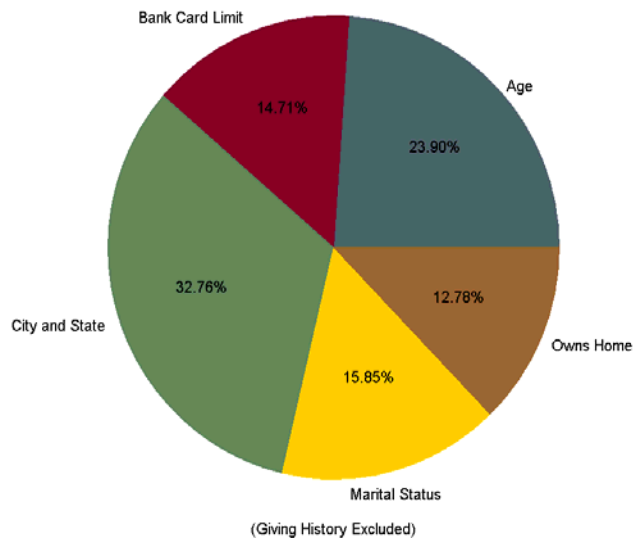
- ◆ Giving profiles are complex
- ◆ Profiles vary by constituency/organization
- ◆ Profiles vary by giving level/type
- ◆ Giving propensity and capacity are different
- ◆ **If you have historical data, you may be able to predict future activity**



Annual Giving Model

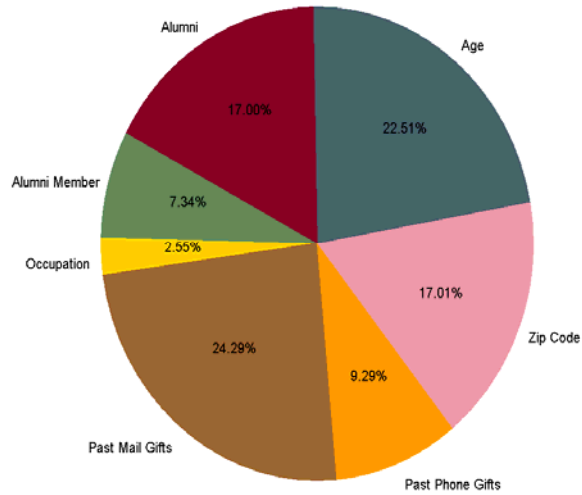


Annual Giving Model

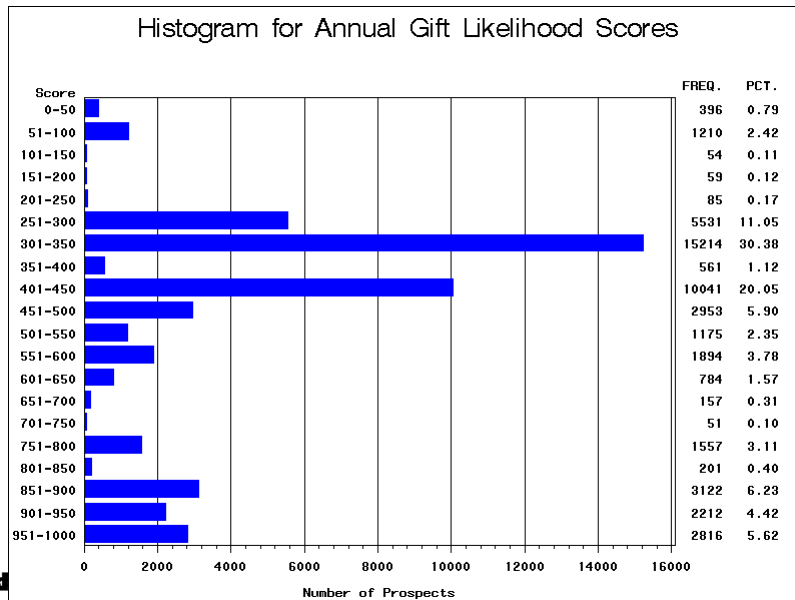




Likelihood to Give Via Direct Mail



Annual Giving Scores





Data Mining Leads to Relationship Management

At Least That is The Goal!

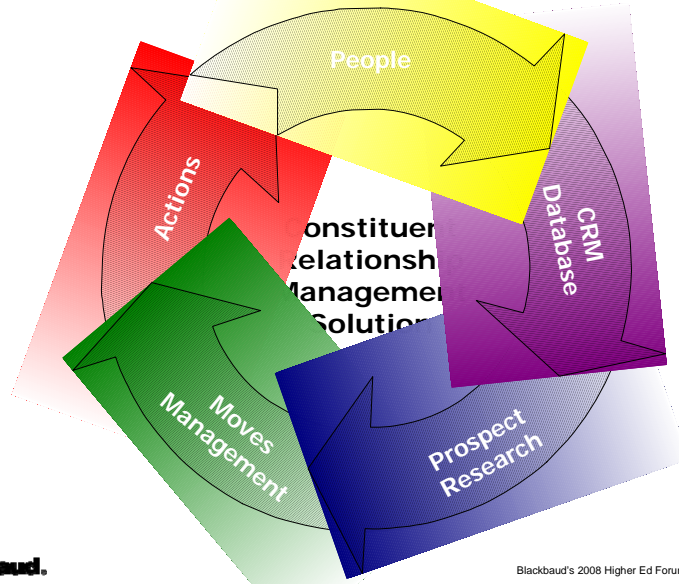


Underlying Principles

- ◆ Moves management was implemented as a major giving tool
 - Personal relationships are the basis of successful major giving programs
- ◆ Need a more expansive view
- ◆ Integrate research, cultivation, solicitation and stewardship into a cyclical strategy



Or, More Simply Put



Relationship Management

- ◆ Definition: Strategically developed global and personalized activities designed to cultivate and strengthen relationships based on the belief that each prospect is unique
- ◆ Prospects emerge from different sources and paths
- ◆ Solicitation styles should reflect multiple paths



Relationship Management Requirements

- ◆ What do you need for a successful moves management process?
 - Commitment
 - Database management
 - Research
 - Outreach
 - Oversight



Commitment

- ◆ Why do the research, if you are not going to implement the results?
- ◆ Is your organization ready to do things differently?



Database Management

- ◆ Commit to good database practices
 - Integrity
 - Updates
 - Appends/screening/analysis
 - Call reports



Research

- ◆ Think beyond traditional practices
- ◆ Think globally
- ◆ Have a plan for everyone
 - That includes those who will not be solicited



Outreach

- ◆ Cultivation and Solicitation
 - Development officers hired with specific contact goals
 - Professional training
 - Creating the right priorities for development officers



Oversight

- ◆ Management
 - Do not install a relationship management process if there will be no oversight or accountability
 - There **MUST** be observed movement
- ◆ Leadership
 - Successful development practices may be implemented from the bottom if
 - They are practiced at the top



Tradition Meets Proactive Thinking

Ideas that Work



Proactive Annual Giving Research

- ◆ Retention – more important than participation or response rate?
- ◆ Loyalty – true indicator of ultimate gift potential
- ◆ Solicitation Frequency
- ◆ Time-of-Year Giving



Proactive Major Giving Research

- ◆ How many gifts (or years giving) do major donors make prior to their “major” gift
- ◆ Survey research:
 - How do major donors wish to interact with you?
 - Why do they give?
 - What are their philanthropic interests?



Proactive Planned Giving Research

- ◆ A good combination – giving loyalty and low to moderate gift amounts
- ◆ Calling and thanking and asking
- ◆ Loyalty (other measures) and volunteerism



Summary and Questions

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 - <http://www.blackbaud.com/company/resources/whitepapers/whitepapers.aspx>