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The basics of prospect research

Increasing library funding opportunities

Everyone knows that libraries, even academic and research libraries, need funding to survive. The difficult part is finding the best sources to get that funding. This article will provide tools for finding the most lucrative funding sources to help strained library budgets. It might come as a surprise to know that individuals and not institutions are the best sources to get additional funding. Per Giving USA, in 2010, 73 percent of all charitable giving in the United States was made by individuals.¹ Since most of the gifts made to nonprofit institutions are made by individuals, if libraries focus on increasing donations from individuals instead of traditional funding sources, revenues should increase.

However, there are a lot of people in the world (not to mention people connected with your library), and it is hard to know which individuals are the best to focus on for your fundraising efforts. It may not come as a surprise that asking the wealthiest people for money is the most efficient way to do fundraising.

According to Cecelia Hogan, “One fundraising adage is that most nonprofits raise 90 percent of their major gifts each from less than 10 percent of their constituency. For fund-raising goals to be met, donors in the top income groups must be cultivated.”²

Many nonprofit organizations, including some libraries, have fundraising staff whose job is just identifying and researching wealthy donors. This is called prospect research. For example, the prospect research department finds out that Ebenezer Scrooge is wealthy. This information is passed along to the fundraising staff (or the library administration)

who ask him to make a gift. Prospect research consists of finding publicly available information on individuals, particularly information about their wealth. Libraries may not have the resources to hire additional staff to do prospect research, but they already have staff capable of doing the research—librarians.

By working in conjunction with the library administration or fundraising staff, librarians doing prospect research can help bring in more money to their library by identifying wealthy potential donors for the fundraising staff.

Where do you begin?

If your library would like to start providing prospect research for the library administration or fundraising staff, it is a good idea to start with a plan for how to store the information that you gather in order to share it with the staff who will be contacting donors. NOZA provides a free research profile template that might be a good starting point to develop your own research profile.³ NOZA also provides a prospect research workbook that is a very helpful resource to get you started.

Whom do you research?

It’s best to start with individuals affiliated with your organization, such as alumni for school and university libraries, members, donors, volunteers, and staff. If your library

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has a development department, chances are these people have already been identified. This is the pool of individuals or “prospects” to research. Identifying the wealthiest people within that pool allows the fundraising staff or library administration to make more effective and strategic requests for donations. As Russell James and Christopher Baker note, “Attempting to raise major gifts from individuals without the requisite financial capacity will necessarily be unsuccessful.”⁴

Since the people you will be researching have some affiliation with your library, you probably have their names and addresses as a starting point. Additionally, your fundraising staff might have had contact with some of these people and can provide information about their family and current employer. From there through Internet searching, using LinkedIn, looking for biographical information on their employer’s Web site, and reviewing news sources you should be able to determine more information, including educational background and past work history. Once you have this information, then you can continue to build on what you have found.

This kind of research is also critical in determining if you are researching the same individual. No matter how unusual a person’s name may seem, there are often other people with the same name, sometimes in the same profession and the same city, or family members with the same name. You have to be sure you are researching the same person, by matching data, such as a spouse’s name or verifying a person’s age or degrees and work history.

What information can you find publicly?

It is possible to find biographical information, home addresses, business addresses, work history, and degrees earned for individuals living in the United States. Real estate holdings, family foundation assets, political donations, and other philanthropic giving can also be located. It is also possible to find salaries for certain professions, such as public officials and professors at public university.

Additionally, the five highest paid employees in a nonprofit organization must be reported on the organization’s 990 tax return. These 990 tax returns are publicly available and, depending on the size of the organization can be found for free using Guidestar.⁵

Stock holdings and compensation for corporate insiders of publicly traded U.S. companies is also public information and reported to the Securities and Exchange Commission (SEC). Corporate insiders are the company’s officers, directors, and any beneficial owners of more than ten percent of the company’s stock.

What information can’t you find?

It’s important to note what information cannot be found publically. It is not possible to find information about a person’s bank account or information about trusts. Stock holdings or compensation for noninsiders of public companies is not public information. Additionally, compensation or stock holdings for any employee of a private company cannot be found, unless it was reported in a news source. It is also not possible to determine an individual’s amount of debt or their net worth, unless it has been reported in a news source or estimated by *Forbes*. Unlisted telephone numbers are not publicly available, and it is often difficult to find personal e-mail addresses. It also can be difficult to find information about family members, especially children.

Which resources do you use to find information?

Some resources will be available to you through your library’s paid subscriptions and databases. I include recommendations for both free resources and subscription-based resources. There are numerous ways to find the same information, so you may discover that you prefer a different source to use than the ones suggested in this article. Additionally, the resources mentioned in the article provide access to more information than what is described here. The prospect discovery and information department at Northwestern University maintains a Web site of prospect research links.⁶

Real estate holdings

Real estate property is usually the only asset that you can find for a person. Because of this, it is often the best and only source for estimating a person's wealth. Using some versions of LexisNexis, which is subscription based, you can find all property holdings, including vacation homes that your prospect owns, assuming the property is listed under his or her name. It may also be possible to find information on the amount of the mortgage, as well. Once you have a property record, then you can calculate the current market value for the home. Some counties do not provide access to their property records through LexisNexis, so it may not be possible to find records for everyone.

Some counties provide free access to property records and include both the owner's name and the current market value of a property. Searching property records varies from county to county. You can find that information, by state and then by county through the Tax Assessor Database.⁷ For most records you will need to know the address of the property. If you know or assume that your prospect owns a home, then you can also get the market value for his or her property through Zillow by searching the address.⁸

Stock holdings

Stock holdings and compensation for insiders at public companies are reported to the SEC. Through the subscription-based, Morningstar Document Research, you can search for stock holdings by a person's name. This is especially helpful to discover corporate board memberships for your prospects. Proxy statements (DEF 14A) are issued annually and include biographical information, compensation, and stock holdings. SEC form 4 lists any other stock transactions that occurred, for each insider, between proxy statement filings. Edgar is a free source to find this information, but you can only search by the company name and not by an individual's name.⁹ All of the filings are listed there, but you have to search them one by one to find the filing for the person you are researching. Form

4 and proxy statements list the number of shares a person owns: to calculate the value of the stock multiply the number of shares by the current stock price, which can be found through Yahoo! Finance.¹⁰

Family foundations

It is helpful to know if a person is involved in a family foundation, since family foundations are required to give approximately 5 percent of their assets away each year as grants to other nonprofit organizations, and they can direct those contributions to your institution. The Foundation Directory¹¹ is a good resource if the person you are researching has a family foundation. Subscription-based access allows you to search by trustee names, in case you do not know the foundation name, or to check if your prospect has a family foundation. Free access is available to search the 990 tax returns by foundation name through the Foundation Directory, and the site also provides a tutorial on how to read a 990 tax return form. 990 tax returns list the foundation assets, trustees of the foundation, the nonprofits that received grants from the foundation, and the grant amounts.

Gifts to nonprofits

If your prospect is a board member of a nonprofit organization, it can be helpful to look at the annual reports for that organization to find out if he or she has made a gift. NOZA, a subscription database, compiles this information for many institutions. It lists the donor's name, gift amount, year, and recipient.

Political contributions

Newsmeat is a free resource that lists political gifts of \$200 or more. This can also be a good way to verify a person's employment and address, which is listed in the FEC filing, as that information is included, as well as the gift amount, year and recipient.¹²

Do you need a confidentiality policy?

Although all of the information listed above is publicly available, it is important to have a confidentiality policy and agreement in

place before embarking on this research. All library staff who will be doing prospect research should read the policy and sign the agreement. Information about donors should be kept strictly confidential.¹³

In addition, APRA, the professional organization for prospect researchers, has several important documents about ethics available under the heading “professional standards” on their Web site.¹⁴

Conclusion

By researching the wealth information on people affiliated with your library and providing that information to your fundraising staff or the library administration, you will help the people who are asking for donations to your institution to focus their attention on the wealthiest individuals. This will assist the fundraising staff in using their limited resources and time in the most effective way possible and will increase the amount of gifts your institution receives.

Prospect research is a very broad field. If you develop an interest, there is always more to learn. You may wish to join the local chapter of APRA in your area. The Helen Brown Group¹⁵ also provides online training and in-person training on prospect research.

Notes

1. Chicago Giving USA Foundation, *Giving USA 2011: The Annual Report on Philanthropy for the Year 2010, Executive Summary* (Chicago: Giving USA Foundation, 2011), 4.

2. Cecilia Hogan, *Prospect Research: A Primer for Growing Nonprofits* (Sudbury, MA: Jones and Bartlett Publishers, 2008), 9–10.

3. NOZA, <https://www.nozasearch.com/fundraising-resources.asp>.

4. Russell N. James III and Christopher Baker, “Targeting wealthy donors: The dichotomous relationship of housing wealth with current and bequest giving,” *International Journal of Nonprofit and Voluntary Sector Marketing*, 17, issue 1 (February 2012): 25.

5. Guidestar, www.guidestar.org.

6. Northwestern University’s prospect discovery and information department’s Web

site, www.nudevelopment.com/research/bookmark.html.

7. Tax assessor database, www.pulawski.net/.

8. Zillow, www.zillow.com/.

9. Edgar, www.sec.gov/edgar.shtml.

10. Yahoo! Finance, finance.yahoo.com/.


11. The Foundation Director, www.foundationcenter.org/.

12. Newsmeat, www.newsmeat.com/.

13. Sample confidentiality agreements can be found under “ethics and accountability in the nonprofit sector, on the National Council of Nonprofits Web site, under the “resources” section at www.councilofnonprofits.org.

14. APRA, www.aprahome.org.

15. The Helen Brown Group, www.helenbrowngroup.com. ²²



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