

Data-driven prospect identification for Planned Giving

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by Kevin MacDonell, Dalhousie University

Introduction

Data analysis has much to offer Planned Giving, just as much as it has to offer major giving or the Annual Fund. Today's presentation is all about how you can partner with your "data people" in order to be as effective as possible.

What can data do for you?

1. It can isolate a segment of people in your database most likely to consider a planned gift.
2. It can help you decide when the time might be right to make a personal approach.

The first point is about *prospect identification*, and the second is about *timing*. In other words, the *who* and the *when*. If you can work with your database to get 'who' and 'when' right, you can increase your odds of success.

The *how*, of course, is up to you, the fundraiser who makes a personal and emotional connection with the prospective donor – which doesn't have anything to do with data.

It's in your data

I've long been fascinated with Planned Giving likelihood. Making a bequest seems like the ultimate gesture of affinity with a school or a cause. That kind of affinity ought to be clearly evidenced in behaviours such as event attendance, giving, volunteering and so on.

If people in our organizations have been careful to capture and record these events, those interactions are reflected in our data. And if we've got the data, theoretically we can predict who is most likely to make a bequest, and use that information proactively.

But even with the data in hand, an inclination toward Planned Giving is uncommon enough that it can be difficult to zero in on what behaviours and characteristics we ought to be looking for. It really is like finding a needle in a haystack.

The chapter dealing with Planned Giving in "Score!" (the book I co-wrote with Peter Wylie) is called "Increasing the chances of success." That is how I think of data mining's

potential for Planned Giving. Despite its challenges, I believe it's worth the time and effort.

Why prospect identification?

What is prospect identification, in the world of Planned Giving? In a nutshell, it means having a reason to think that someone is a likely candidate to make a planned gift, long before they tell us about it. It's about being proactive. It's about being ready. I'll talk more about that later.

First let me say that it's my impression that organizations do not put much emphasis on using data-driven methods for Planned Giving prospect identification. Certainly not the effort that goes into prospecting for major gift donors.

Q.: Do you think that might be true? I haven't defined yet what I mean by "data-driven", but for now I will ask, do you think Planned Giving lags behind major gifts when it comes to research and prospect identification? Why do you think that might be?

Right or wrong, that's my impression. I also have the impression that for many organizations, Planned Giving programs tend to grow slowly and organically. That is, people with an interest in Planned Giving tend to come to us – we aren't actively out there cultivating people to develop that interest. Either we become aware of bequests after the donor has died, or we've been using relatively passive methods to uncover new bequest intentions. So for example, through a question on an alumni survey we might learn that someone plans to leave something in their will ... but we haven't influenced that decision in any direct, personal way.

Q. Again, is that a fair observation?

Q. What proportion of your bequests would you say come in without prior knowledge?

If this has been a successful approach (more or less), why would I think that active prospect identification is even necessary? For two simple reasons ...

1. It's necessary in order to find more prospects, plain and simple. It's a given in any type of fundraising that people give because they are asked. If we have some idea who to ask, and ask them personally, we would be more successful.

2. It's necessary in order to identify new expectancies at a younger age than we are at present.

I want to elaborate on this second point.

A question for you: What is the average age of a donor at the time when they are coded as a new expectancy in your database? Notice that I'm not asking, when did they put your organization in your will – because you don't know that. I'm asking, when did you find out, and how old was the donor?

Let me share with you a stat from Dalhousie. For the new expectancies we have logged in the past five years, the average age is 67.

Q: How many in the audience know the average age of their new expectancies?

Q: What would you say is "industry standard"?

Q: What is the average age at which Canadians draw up their first will?

It's possible many people draw up their first will at a very young age – too young to seriously consider making a firm or substantive commitment. I'm not suggesting we waste our time talking about bequest intentions with people still in their 20s or 30s.

But consider all the life events that many of our donors have already gone through by the time they reach the age of 67. They've married, had children, bought a house, and maybe they've moved once or twice as well. They've passed through their peak earning years, and many of them have retired.

These are all significant life events. I don't know this from my own experience, but I am told that it is around the time of these significant events that people's minds turn to estate planning. Naturally, then, these are opportunities to think about philanthropy and leaving a charitable legacy.

My point is that we may be identifying expectancies when it's too late to have much of an influence on the gift. The size of the gift, where it's going, and how the donor will be recognized during their lifetime might not ever get to be discussed.

We need to identify them when they are younger, in order to steward them more effectively. We have more time to develop the relationship. We are also better able to forecast results, from a reporting perspective.

The whole point of my talk today is that there are ways we can anticipate when someone is considering their estate plans, and we can try to be there when it's happening.

Your next step

We're going to look at some techniques you might use to do prospect identification. But the key thing to mention now is that you can't, or shouldn't, do it alone. If you're fortunate enough to have people on staff who work with the database, think about how to team up with them to ask interesting questions and get the answers you need from the data.

What I want to show you today is not how to do the analysis. That would be appropriate if I had a roomful of analysts or researchers, and I have done that at other conferences. What I want you get out of this is a list of good questions for your data people, and how to ask them.

Your potential "partners in data" hold job titles such as prospect researcher, business intelligence analyst, report writer, or data specialist. They might be someone with responsibility for maintaining your database, or anyone in IT support or perhaps alumni records who is capable of querying the database. Anyone, in fact, with a sense of curiosity that is a match for your own thirst for insights.

We've already brought up one question: What is the average age of your new expectancies? The answer to that question might tell you whether a more active approach to prospecting is needed.

In the database

In order to any kind of analysis on expectancies and bequests, the data has to be available. Ian Lewer and Ann Vessey have worked diligently with our Gift Accounting team, in particular Mary Anne Dib, to ensure that all of our expectancies are coded in our gift processing system as deferred pledges.

For many years, our program was managed off Excel spreadsheets, with all the headaches you might imagine. Planned Giving was the only fundraising program that was not managed in the database. We use Banner Advancement, which up until recently lacked a Planned Giving module.

Managing the data in our central database allows us to capture key information such as pledge date and estimated value. Figuring out the average age of current expectancies is a relatively easy thing, for example, but that's the tip of the iceberg. All kinds of reporting and analytics are now going to be possible.

Given how recently Planned Giving data has made it into our database, we are still at an early stage in applying data analysis to this area of fundraising. This presentation is more a discussion of ideas and potential than it is about results.

How big is your haystack?

If we take a look at Dalhousie's data, we get a sense of the size of the challenge in front of us.

In the whole database, we've got hundreds of thousands of records for people whom we believe are still living. Of course, the universe of potential prospects is not that big, so let's start by narrowing that down.

- First, let's keep the **alumni only**. Not all of our current expectancies are alumni, but it's the best place to start. That leaves 125,000 living persons.
- Because this is Planned Giving, let's keep only those who are now **aged 50 or older**.
- And then, let's keep only those who have **given to Dal at least once**.
- And finally, let's exclude anyone who doesn't have **either a valid phone number or mailing address**.

Once we've made all those selections and exclusions, we are left with a pool of almost 18,000 individuals. That's a much smaller group than we started with, but it's still pretty big.

The pie chart on the next page shows how many of this group are already part of the Planned Giving program – about four percent of living alumni donors over the age of 50. These alumni are either already expectancies (in light blue) or are about to become so (Pending – too small a number to show up in the chart), or have expressed interest (green).



The rest of the pie, in red, represents the 17,000 or so living alumni who might someday include Dalhousie in their will. Obviously only a small minority will do so. We could mail or email all of these people, or try a broad-based phone campaign, or survey them, or target them in other ways. We have done all of those things.

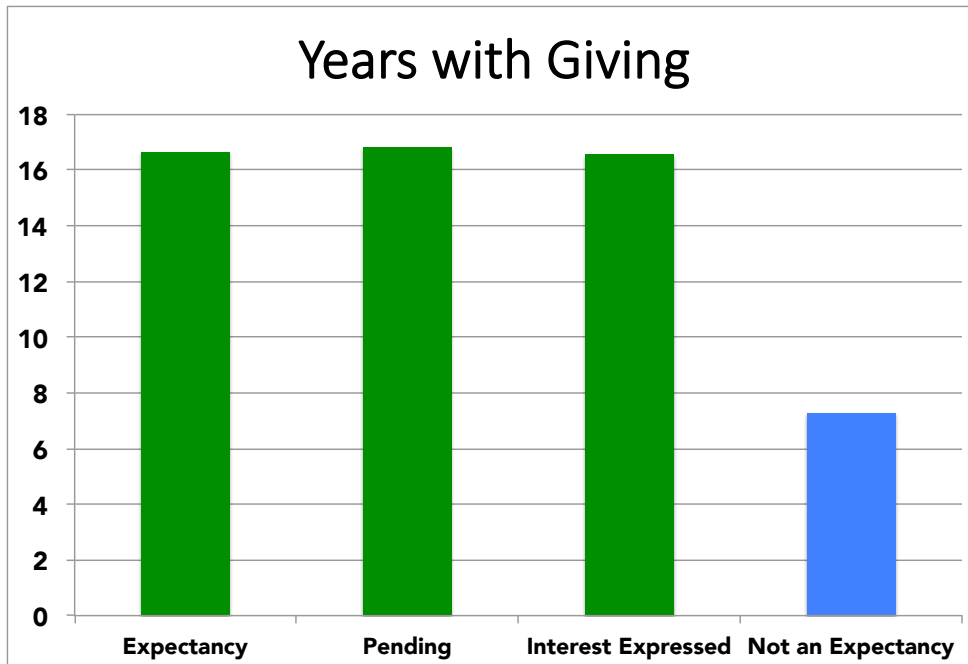
But here's the challenge I want to pose today: Let's identify 100 high-quality prospects for a personal visit. If we can create a list of the top 100, it just might be possible to take a highly individualized, personal approach. Just like we would do in our Major Gift activities.

What traits or characteristics do we tend to look for when we look for PG prospects?

Q.: Where would you start?

Loyal donors, yes, but

By far, the most common predictor of suitability for Planned Giving is donor loyalty. We tend to look first for frequent donors to the Annual Fund, especially donors with pre-authorized recurring payments (such as monthly donors). In general, we look for relatively small amounts, given consistently.



At Dalhousie, alumni who are already involved with Planned Giving have given in an average of 17 years. All other alumni donors have giving in only seven years, on average.

No one can argue with the fact that donor loyalty is a great predictor of Planned Giving potential. It is, in fact, THE single best predictor. Because it's been reliable in the past, we tend to stop there and assume that we are done prospecting.

I see three problems with this.

1. If you analyze the giving histories of your current expectancies, you will see that a portion of them – maybe a fifth, or a quarter – do not fit the pattern of a true loyal donor. If we really want to find more prospects, we should also be looking at lapsed donors and occasional donors.
2. The programs that have been obsessed with loyal donors for a long time are going to run out of them – simple as that. Loyal donors are scarce. Going back to the same prospects over and over is yielding diminishing returns. We need to find new people.
3. And finally, I think there's a lesson to be learned from Annual Fund. From many studies done over the years – by ourselves as well as by analytics vendors – we know that loyal donors have high lifetime value, but it is very difficult to upgrade them to higher levels of giving. In Major Gifts, we know that often, our big donors may have previous Annual Fund giving, but they do NOT come from the ranks of

our loyal donors. People who make significant gifts have very spotty, uneven patterns of giving. It's possible that Planned Giving also needs to shift its thinking a little, away from loyal donors and towards the potential that exists among donors with affinity but who aren't necessarily loyal.

Going deeper

We're going to set giving history aside for now. But where else should we look? There are two types of things to look for: Behaviours and attributes.

Earlier on, I said that people who make bequests have an extremely high degree of affinity for your cause or your institution. They are *different* from everyone else. One of the ways we can bring that difference to light is by looking at these behaviours and interactions.

Behaviours are any type of action that prospects take that might indicate affinity with your organization. Naturally we would include giving in that category, but other good examples would be event attendance or volunteering, or any type of interaction with your organization.

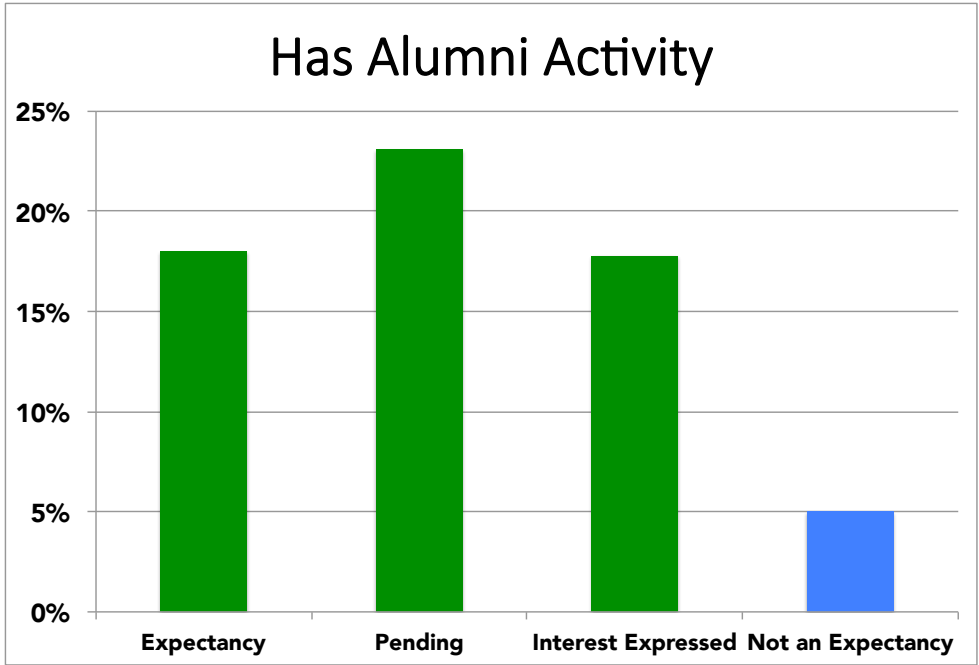
Attributes are just characteristics that prospects happen to have. This includes gender, where a person lives, age, wealth information, and so on.

For predicting anything, behavioural variables are always the most powerful. You can never go wrong by looking at what people actually do. So let's start by looking at behaviours.

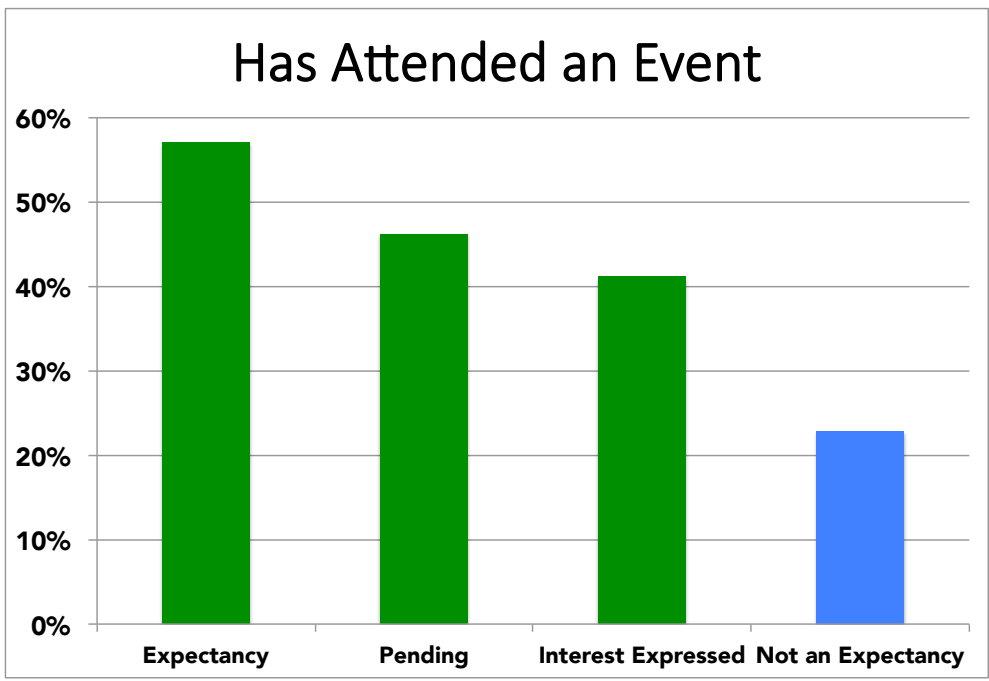
We've all heard that people give of their "time, talent, and treasure." The phrase implies that people give to us in ways that don't involve money.

Q: Can you name some of those ways?

Volunteerism: Some alumni give of their time and talent by getting involved as a volunteer. They mentor current students, they serve on the executive of their local alumni chapter, they help to organize events, and so on. People in the Planned Giving pipeline are more than three times as likely to have some sort of experience with volunteering than people who aren't in the pipeline.



Event attendance: Another thing that sets Planned Giving donors apart is that they show up for events. We track attendance at campus events as well as events held across the country and around the world. Alumni in our Planned Giving program are highly likely to have attended at least one of these.

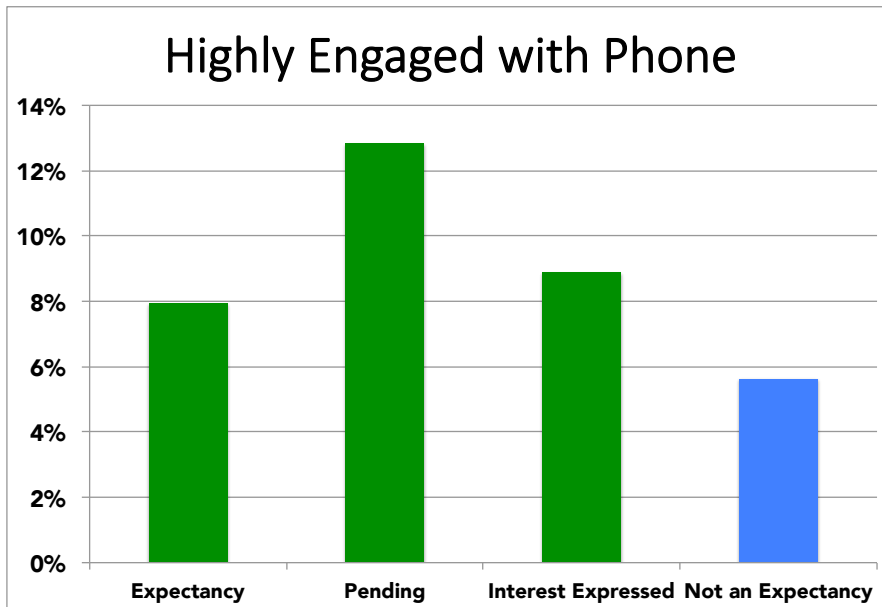


Other behaviours don't involve as much of a commitment of talent or time, but they can still be quite revealing of affinity.

Phonathon talk-time: We hire about 25 students a year to do fundraising calling to alumni from September to the end of March. We have automated calling software with its own database, and so we gather a lot of data. We know whom we've reached, what the result of the call was, and how long each call lasted – for the past seven or eight years.

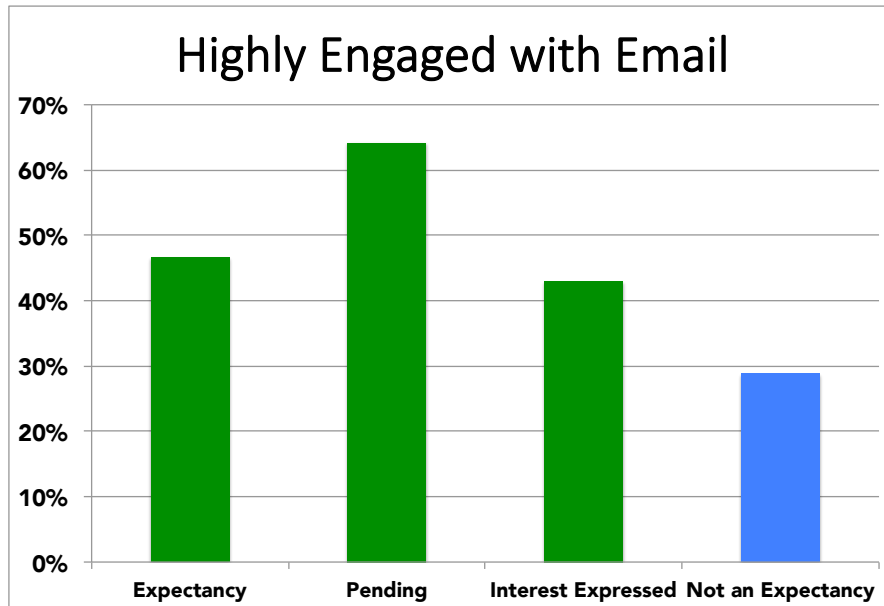
We can go into that database and ask, "Over the past three years, who has spent the most time on the phone with our students?" This next slide shows the percentage of each of these groups who has spent more than five minutes in total talking to students. Five minutes might not sound like a lot, but believe me, most Phonathon calls are very short!

Planned Giving expectancies or people interested in Planned Giving are having much longer conversations than other alumni their age.



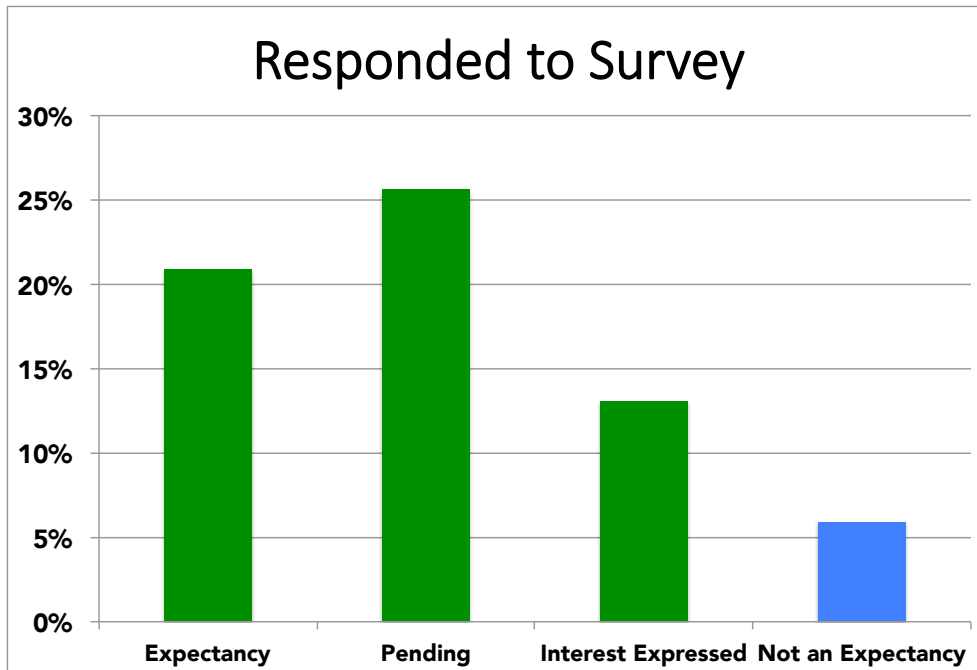
Engagement with email: Alumni are also giving of their time when they do something as simple as opening an email.

We use a broadcast email platform that allows us to determine who is opening our alumni newsletters and clicking on links. The platform creates an “engagement score” that is constantly being updated as we continue to send out email. People in the Planned Giving pipeline interact with our messages much more than alumni who are not.



You might be able to think of other examples. Here’s just one more.

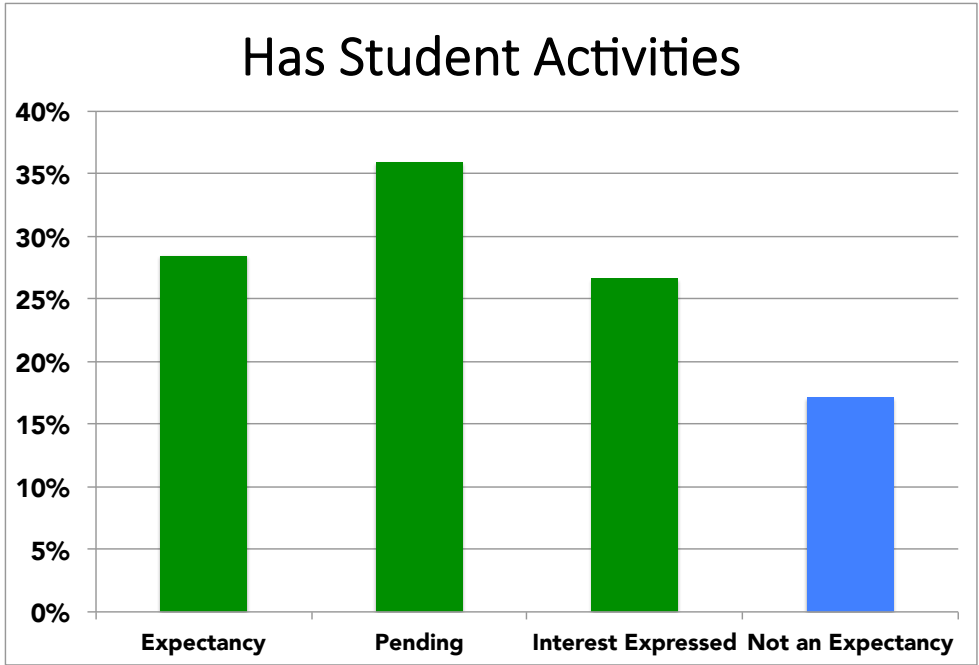
Survey participation: It’s not surprising that people who are engaged and involved are also far more likely than normal to tell us what they think when we ask them. I cannot stress this enough: When you conduct large surveys, do NOT make it anonymous! Knowing the identity of responders is very important.



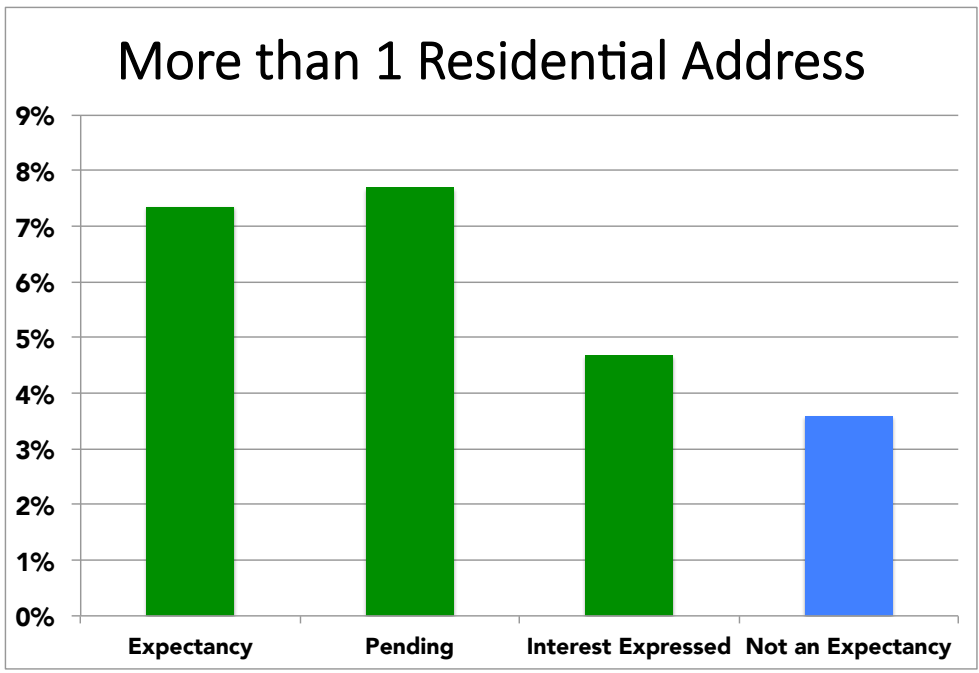
Attributes

As I said, you can't go wrong if you hunt for and capture any type of interaction. But that isn't all you'll find in your database. Depending on the nature of your organization, you might also have characteristics such as a home address, gender, marital status, and so on. These may not be as reliable or interesting as actual behaviours, but some data points are too valuable to ignore.

Student activities: Here's one I really like. This chart shows the percentage of each group who have at least one student activity on their record. They may have played varsity or club sports, been involved in student government, or were involved in a campus society. You might consider this a hybrid of "behaviour" and "attribute", since it indicates active involvement. But consider the fact that this involvement took place many decades ago, in some cases. This is just my interpretation, but to me it looks like Planned Giving donors are a certain type of person: Very active, very involved. University was about a lot more than going to class.

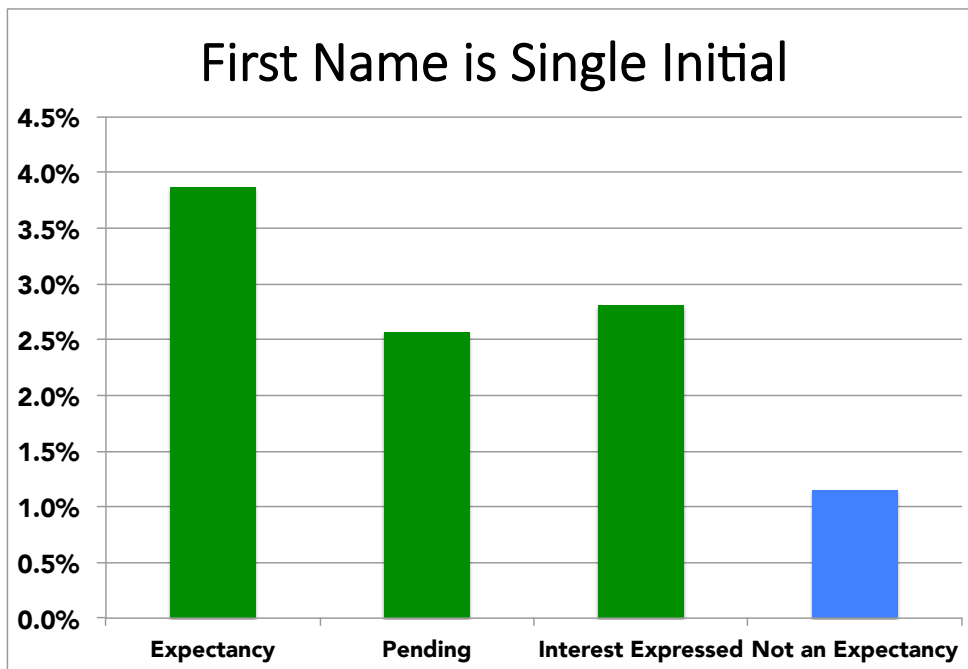


Number of home addresses: Planned Giving donors are about twice as likely as other alumni their age to have more than one residential address in the database.



I think you get the idea, so I will show you only one more and we will stop with all the charts. This one is a bit hard to explain, and it could even be wrong.

I have found, again and again, that alumni who have a single initial as their first name (as in, F. Scott Fitzgerald) are far more likely to make large gifts than other alumni. And it's also true that they are more likely to make bequests.



Here is one of the problems with looking at attributes as predictors. All we are doing is looking at correlations – or more correctly, associations – loose, non-causal relationships among various characteristics, some of them non-intuitive or, as in this case, seemingly nonsensical.

Does the initial as first name thing really mean anything, or is it just noise? We might surmise that this is a feature that is specific to older males. Yet, when I account for age and sex in a predictive model, having a single-initial first name is still predictive.

On one hand, data analysis ought to show us new patterns that we might struggle to explain. If everything were obvious, we wouldn't need data analysis. On the other hand, if an association seems nonsensical or runs counter to our knowledge and experience, we are right to be a bit skeptical. All I can say is that this strange predictor has remained quite sturdy over the years, even though I treat it with caution.

Other possible characteristics

Here are a few other behaviours and attributes that you might wish to explore, with the help of your technical staff. These are ones I've tested successfully, or read about from other sources. A robust database may include hundreds of data points, however: Don't limit yourself, and keep testing. An orchestra or theatre organization, for example, will want to dig into ticketing and subscription data to look for patterns.

- Employment data: executive, educator, government and professional classifications of job titles
- Scholarship recipients
- Year of first gift
- Has made a memorial/tribute gift
- Has supported multiple faculties/schools
- Marital status
- Name prefix (Dr., Rev., etc.)
- Business phone present
- Number of children

A simple score

I've shown you some characteristics of Planned Giving donors that I have found in my own data. Let's say you have successfully come up with a few similar insights of your own. What should you do then?

In order to make this information actionable, you need to bring it all together. You need to sum it up – literally.

Devise a simple scoring system that gives one point for 'donor loyalty' (however you define that), and one point for each of the other predictors that strike you as particularly powerful. Each alumnus/na will get his or her own score.

In my case, I will assign one point each for:

1. Is a loyal donor (10 or more years with giving)
2. Has alumni activities
3. Has attended an event
4. High phone engagement (more than 5 min total since 2012)
5. High Email Engagement (engagement score of 4 or 5)
6. Responded to survey
7. Has student activities
8. Has multiple residential addresses

In this scoring system, the highest possible score is 8. As it turns out, there is only one alum in my data who scores an 8. Here is a breakdown by score:

Score	Alumni
8	1
7	7
6	52
5	193
4	747
3	1,739
2	3,355
1	5,433
0	6,228
	17,755

Instead of an undifferentiated mass of 17,000 possible prospects, we now have some ability to carve out a much smaller group of people who might consider Planned Giving. Only 253 alumni donors over the age of 50 have a score of 5 or higher. Once we eliminate people who are already in the pipeline, have declined in the past, or fail to be qualified for whatever reason, we will be well on our way to solving the challenge I posed at the outset: Identifying a group of just 100 people to contact for a personal visit.

ID	Planned Giving status	Simple Score
49964	Expectancy	8
284674	Not an Expectancy	7
282254	Not an Expectancy	7
275895	Expectancy	7
279113	Not an Expectancy	7
148669	Interest Expressed	7
284982	Expectancy	7
272766	Not an Expectancy	7
280061	Not an Expectancy	6
285469	Not an Expectancy	6
281233	Not an Expectancy	6
25784	Not an Expectancy	6
36350	Not an Expectancy	6
286117	Pending	6
38799	Not an Expectancy	6
83674	Not an Expectancy	6
4682	Not an Expectancy	6
282360	Not an Expectancy	6
283931	Expectancy	6

If I were planning to arrange for some personal visits, I would start at the top of this list, and work my way down. (Notice that four people with a score of 7 are not currently in the pipeline.) Not everyone will be a suitable candidate, but I would be confident that the next gift is going to come from someone near the top of this list.

Bringing individual predictors together into a single score is a form of predictive modeling. You can get a lot more sophisticated; I use regression analysis to create my scores. But this simple method is quite powerful all on its own. In fact, for predicting something as elusive as Planned Giving potential, simpler is usually better.

The right time

Now you have some idea of WHO in your database might be open to accepting a call or visit from you. What about WHEN? The ones who look like good candidates might be ready to be approached anytime. But is there an optimal time to reach out? And if there is, can we know when that time is just by looking at our data?

I think the answer is “maybe” and “sometimes.”

In Major Gift prospecting, researchers are always looking for events that trigger a feeling of wealth in a prospect – the sale of a business, for example. In Planned Giving, the moment of opportunity is when a will is being written or amended.

When are people thinking about estate planning? As I said earlier, I’m told that it occurs around major life events.

Life events that may trigger estate planning activity

Source: Hull & Hull LLP

- marriage
- birth or adoption of child
- birth of grandchild
- separation/divorce
- relocation to another province/country
- death of spouse
- purchase or sale of business
- any major change in financial situation

Your ability to determine whether someone has just experienced one of these life changes depends on the nature of your constituency, the type and frequency of

interactions that people have with your organization, and the extent to which your organization is capturing key information in the database.

My advice would be to take this list, or a list of your own, to your data partner and asking the question: How much of this can we know?

I can only speak for my university. Some elements in the list are readily obtainable, at least for those alumni who have some level of engagement with us. Changes in marital status or moving to another province or state are probably the easiest. Engaged alumni will inform us during the process of responding to event invitations or by providing a forwarding address. Career moves or retirement are often things we learn about through our annual Phonathon – every conversation begins with confirming contact information and asking about what our alumni are doing with their degrees.

For these factors, you might consider a reporting solution, so that at regular intervals you are able to access lists of donors of a certain age who have experienced some of these changes in their lives.

Other changes are less likely to be captured in the database, but might be hinted at by external demographic data that you might purchase or license. For example, if a person moves from one postal code (ZIP code) to another code that has a much higher median household income, this could signal a meaningful change in career and financial situation. Data is available that will indicate the composition of housing in that postal code, so you could even determine when someone is leaving a rental and buying a house.

Mentioning demographic data brings to mind another point: What about *capacity*? Obviously capacity is very important in identifying prospects for major giving. In my experience, there is less emphasis on capacity in connection with Planned Giving. Often it is said that even people of modest means are able to make a significant gift in the form of a bequest. That is true, and it also sounds attractively egalitarian. But I don't think we should ignore wealth.

Is it possible that an obsession with chasing loyal donors has caused some Planned Giving programs to see the world exclusively through the lens of Annual Fund? And if so, are we failing to connect with donors who can make transformative gifts?

Back at the office

I'll close with a summary of a few of the key questions you might want to take back with you.

1. What person in my organization can be my "data partner"?
2. Is our constituency of prospects and donors managed in the database?

3. Are new expectancies coded in the database?
4. What is the average age of a new expectancy?
5. What is the size of the general prospect pool?
6. What behaviours set current expectancies apart from the rest of the pool?
7. What traits or attributes set them apart?
8. Is it possible to learn about major life events?

As I said before, we at Dalhousie are at the beginning of the journey – so take nothing of what I say here at face value. Ask a lot of questions of your data, and be skeptical about what you think you've found. If you and your data partner (or partners) work at it, I am confident that eventually you will make discoveries that you can apply which will help you become much more targeted in the way you identify prospects – thereby improving your odds of success.