



# **Who Will Give RIGHT NOW?**

**Secrets to Major Gift Segmentation**

# THE BIG IDEA: NOT ALL PROSPECTS ARE THE SAME

While the statement “not all prospects are the same” seems like a no brainer, too often we fail to truly understand our constituent populations and their connection to us. This results in inefficient fundraising and may cost more and produce less revenue than a more focused approach. And worst of all, it limits our ability to engage in truly donor-centric fundraising.

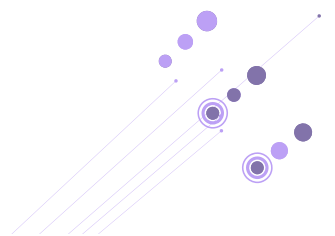
## Here’s why.

**Some prospects are just not that interested in your cause.** Sending everyone the same number of appeals can be a waste of money... and with limited budgets, this approach may also mean that you’ll get less sends (or “touches”) out to those more likely to give.

**The “ask” should vary by the prospect’s ability to give.** We often see appeals go out with generic ask amounts. For example, while the standard invitation to “consider making a \$25, \$50, or \$100 gift” might be appropriate, for others it can actually be an insult if they are a \$1,000, \$2,500, or \$5,000 level donor.

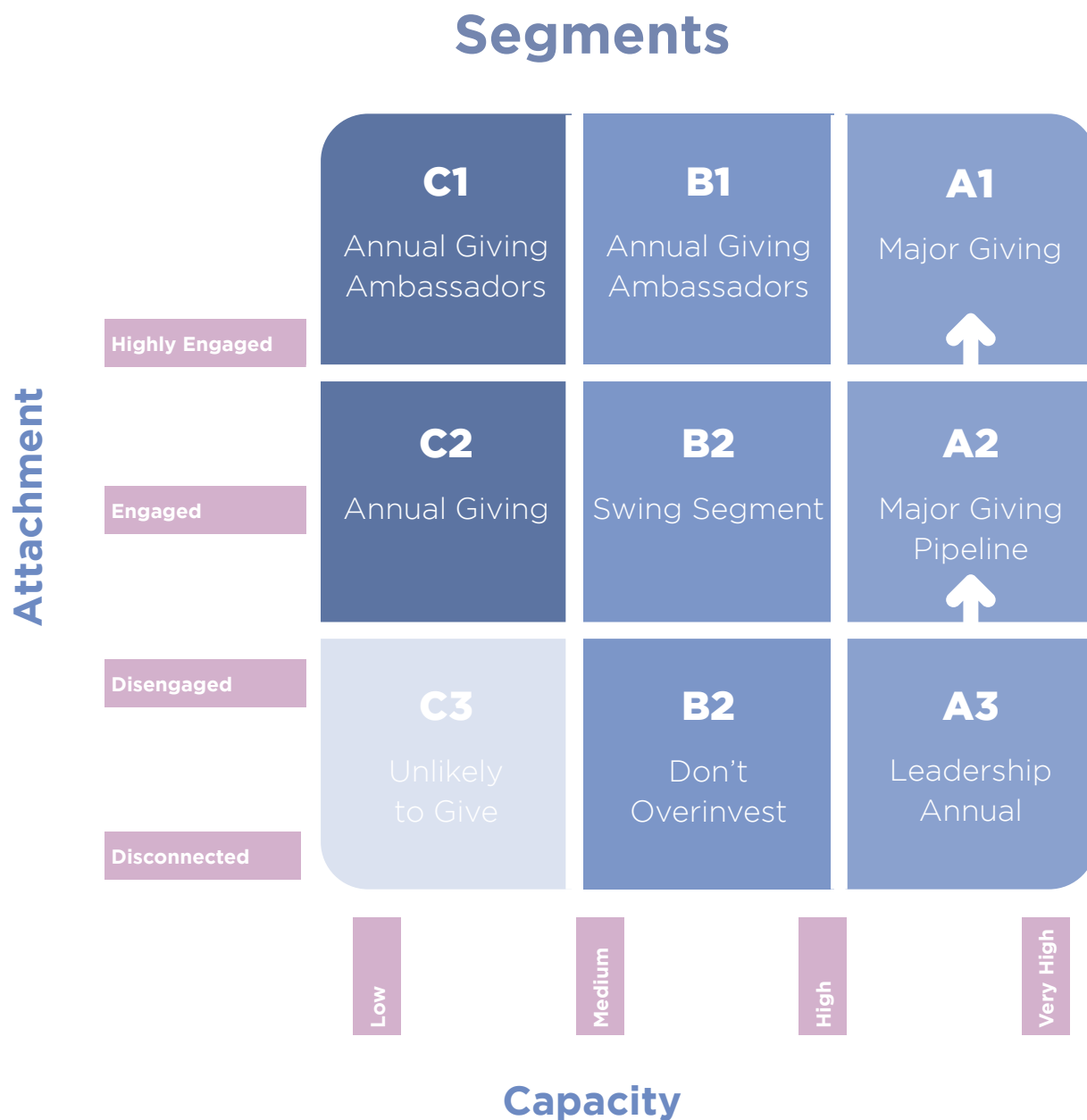
**The “cause” should match the prospect’s interests.** Sending out the typical “it’s the end of our fundraising year, and we’d like you to give” is going to be far less effective than crafting a message around the engineering program that the donor is interested in. The gift can still be tagged general, but you can drive the excitement based on their interests.

**Some prospects should be assigned to specific programs or portfolios.** Some prospects should be validated by prospect research and assigned to major gifts portfolios, identified as planned gift prospects, or moved into a curated mid-level donor experience.



## The Idea behind Segments

Here's a conceptual view of segmenting prospects. Break the prospect group up into, say, nine segments based on capacity (horizontal axis) and attachment or engagement (vertical axis). Then create differentiated strategies for each one. For example:



A few key things jump out based on this model. First, segment A1 (and maybe also B1) should be your top major giving focus. Second, segments A2 (and potentially A3) are a key major giving pipeline and should be cultivated carefully. These prospects have capacity but need to become more engaged before they are likely to make a major gift. For now, this is a prime leadership annual giving audience.

Next, the prospects in the top-left C1 segment are “all in” and generally make great ambassadors to spread the word to others. The prospects in the top-center B1 segment are also “all in” and are worth additional research to identify how best to engage them.

Last, the lower-left C3 segment is generally unlikely to give and is usually by far the largest segment based on number of prospects. Over-investing here often causes many of the problems referenced above.

## What Matters

There are a number of dimensions that matter when segmenting prospects. They should include at a minimum:

1. Capacity
2. Attachment (aka engagement)
3. Connection
4. Interest Areas

### 1. CAPACITY

Capacity is all about how much somebody who is interested in your cause can actually be expected to give. But it does not stand alone. While the resources might be available, these donors are unlikely to donate to your cause if they are not “attached” or “connected” to it and if they are not interested in it.

We often calculate a “Projected Ask Amount” creating an algorithm/formula weighting capacity, attachment, connection, and previous giving history. This works really well to get a feel for how much somebody might actually be expected to give. For example, somebody with a \$1M capacity who is “disengaged” might have a



\$10K Projected Ask Amount, whereas another \$1M capacity prospect who is “highly engaged” might have a \$100K Projected Ask Amount and should be in a major gift portfolio.

Then the next question is where do accurate capacity numbers come from? There are a whole host of companies that will screen your prospects, append wealth and capacity information, and return the data to you. But do you actually need to do this for all of your prospects? There are other ways to determine capacity and for fundraisers who have a lot of velocity in their prospect base—for example, healthcare fundraisers—screening everyone who comes through the database may not make sense.

### Tips for Healthcare Organizations

The rapidly evolving technology landscape now includes light-weight data discovery tools complete with Augmented Intelligence (AI) and Predictive Modeling that make it super easy to score all patients every day on, say, a 0 to 100 scale and then group them into, say, half a dozen “patient connection segments.” This capability did not exist until recently.

One thing that we’ve been able to do is use public domain and other information as a proxy for capacity and then use that along with Attachment and Healthcare Patient Connection scores to do a rough cut segmentation ... and then only go deeper with the segments that show promise. It’s a great way to reduce costs and improve effectiveness by focusing on the prospects who appear more likely to give. Triggers can be set to automate the process of flagging new prospects who slot into the proper segments, or existing prospects whose situation have changed, and then pushing those names out for a more thorough screening and data append.

For U. S. populations, there is rich public domain information on income and property value by postal code. This is a great proxy for capacity. Another input for capacity, if you have it, is job title data, which can be parsed and grouped into C-Level, Senior Level, and so forth.



## 2. ATTACHMENT (AKA ENGAGEMENT OR AFFINITY)

Attachment is all about using data to create a score that reflects the level of interest your prospects have shown in your organization and cause. There are a number of data discovery and analytics technologies that can mine your events, newsletter clicks, committee participations, giving data, student participation data (if a college or university), and the like to score and group people into attachment categories on a daily basis. So for example, somebody that has clicked on two newsletter articles in the past six months, attended your neuroscience research dinner last year, and already made a \$1,000 gift is clearly much more “attached” than somebody who may have just made the \$1,000 gift.

We recommend using a predictive modeling tool to develop an attachment score... because the math can figure out the relative weight of, say, coming to a reunion vs. making a gift. The math will also figure out that coming to, say, 5 events is not 5 times the weight of coming to 1 event. It’s more likely to be 1.8 or maybe 2 times the weight.

Then, once you’ve got the numeric scores, we recommend binning them into a set of named categories along the lines of what was shown above: Owners, Highly Engaged, Engaged, Disengaged, and Disconnected. We find that most people relate to the named bins far better than the numeric scores.



### 3. CONNECTION

Connection is defined and measured differently in various fields and nonprofit sectors. In the healthcare world, for example, different experiences create vastly different degrees of connection to any healthcare provider. It matters a lot who the actual doctor was, what facility and area the treatments were in, how intense the interaction was (for example, how many visits in the past year... or two), how far the patient came for his/her treatments, how long ago the last visit was, and so on. In the extreme case, somebody who comes into the ER one time from a nearby neighborhood with a broken arm will have a much lower connection than somebody who flies in from Chicago 6 times to the pediatric oncology area over a 12 month period. The good news is all of this content is stored in provider patient encounters systems, and HIPAA now allows you to use much of the content for your fundraising operations. You'll see an example further in this whitepaper.

Similarly, in higher education, not all alumni connection points are created equal. Graduates who lived on campus, received a four-year degree, attended post-graduate classes, played athletics, and participated in extracurricular, organized events are likely to feel a much stronger connection to their alma mater than a graduate who studied via distance learning or did not attend all four years.

### 4. INTEREST AREAS

Figuring out what your prospects are interested in can be a bit more challenging. But it CAN be inferred out of a combination of things... for example, which types of articles do they click on in your newsletter, which types of events do they come to, what area was their degree or major in (higher ed), and which area(s) the treatments were in (healthcare), and what other types of philanthropies does the person give to. Additionally, understanding what other nonprofits and causes they give to is critical to understanding your philanthropic wallet share of a particular donor. Too often, we write donors off as just not that generous when instead they are quite philanthropic—we just haven't identified what the donor is most passionate about.

New text parsing and predictive modeling technologies can translate data that you already have into interest areas that can then be used in your messaging and approaches. In addition, we've been able to use third-party data to better understand where individuals have given in the past... in order to identify those prospects who are predisposed to give to various causes.



## SAMPLE SEGMENTATION MAP

The segment map in the following illustration shows how Attachment and Capacity scores align to help support strategy. The data is based on real-world results, so is representative of what we typically see with our clients. And in this case, the colored squares in each segment are representative of a typical distribution of prospects—note how much larger the bottom-left segments are compared to the top right. This makes it easy to see how an undifferentiated strategy that screens everybody and/or sends an appeal to everyone can chew up a lot of budget without a lot of revenue gained in return!

There are guiding principles or clear best practices related to understanding and activating around your best prospects. For example, ensuring individuals in the upper-right quadrants are in major gifts portfolios and those in the lower-left are allocated only limited investments of time and energy. But determining how to activate the giving opportunities within each of the other segments may vary based on a variety of factors including additional data on prospects within each segment, current internal resources, and long-term fundraising objectives.

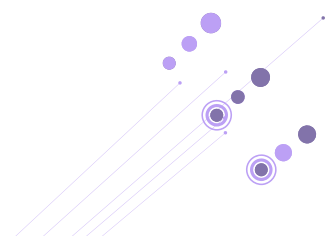
The map below gives us an excellent example and highlights some of the opportunities discussed below:

- 1. Place into Major Giving Portfolios:** Top-right segments A1-A2, B1-B2. These are your top prospects and should be researched further, screened, and assigned. This is the group worthy of your primary investment.
- 2. Cultivate Attachment:** Third-row right segments A3-B3. This group has capacity and relatively high engagement. This is a prime group to invite to an event, steward through volunteer thank-you calls, and provide elevated impact reporting to identify untapped interest in your work. While fewer prospects are likely to become major donors than those in the upper-right quadrants, the capacity of these individuals makes it worth additional exploration. It is also worth remembering that donors with significant capacity but lower giving levels have built a giving muscle or reinforced determination of how they see their relationship with you. These giving behaviors are often more difficult to change than a newer donor or prospect without that long history of giving behavior.

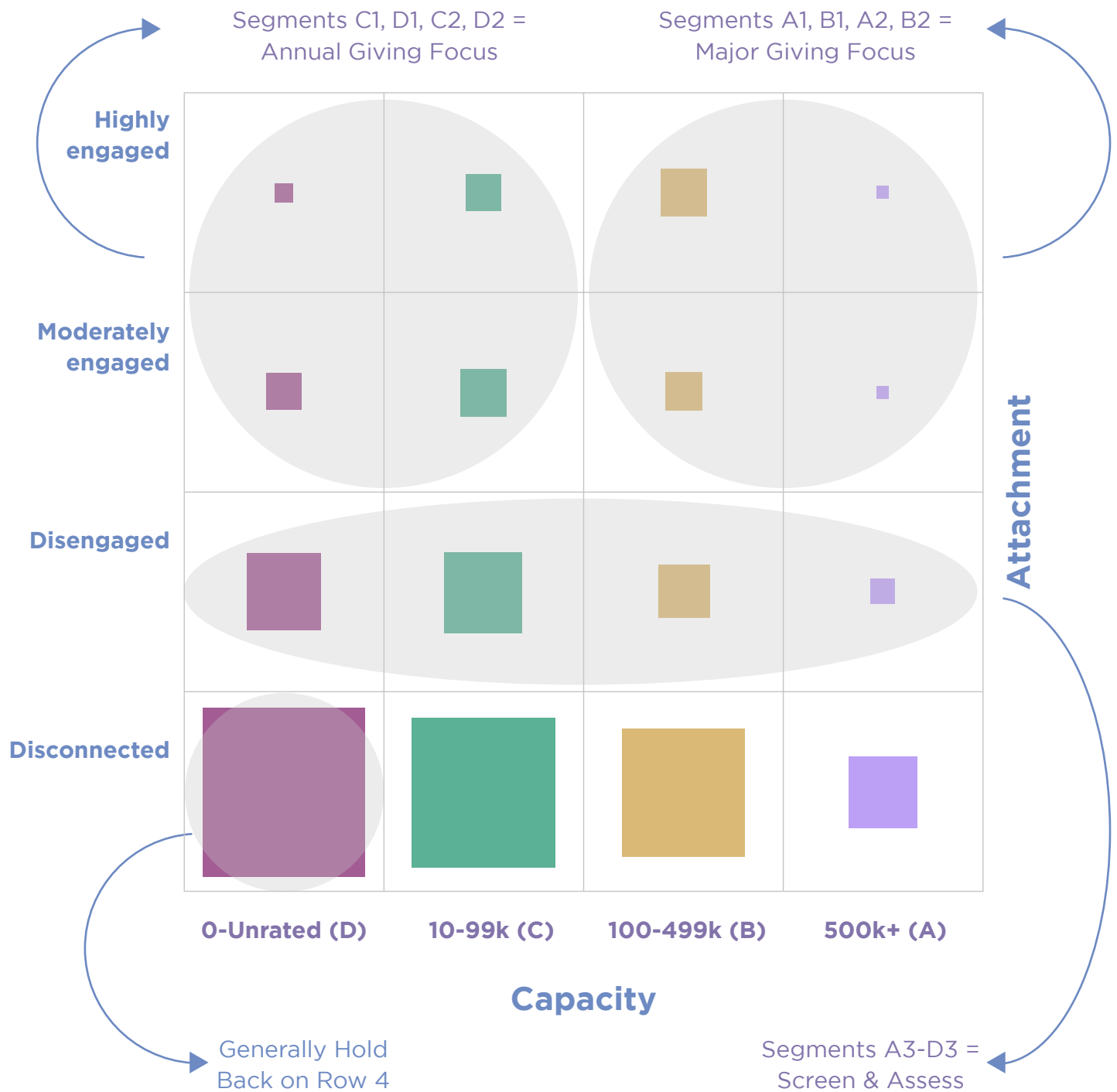




- 3. Invite to Sustainer Programs:** Top-left segments C1, D1, C2, and D2. These donors are deeply engaged and believe in the work you do but may have limited capacity. These prospects are excellent sustainer donor candidates and should receive special invitations to join these programs. Organizations with a high number of prospects in these top-left segments without a sustainer program should consider investing here.
- 4. Build Mid-Level Giving Opportunities:** Top-center segments. Organizations with a large population in these segments without a formalized mid-level giving program likely have a significant opportunity here. Creating a strong mid-level giving base is important for many reasons: it creates an upgrade pathway from the annual program, is one of the most effective ways to build a major gifts pipeline, produces the strongest planned giving prospects, and has one of the strongest retention rates of any fundraising strategy.
- 5. Wealth Screen and Research Further:** Third-row left segments C3–D3. It's possible that the capacity proxies that were used initially missed something here. It would be worth the cost to get more detailed wealth information and better understand who is in this group.
- 6. Explore Planned Giving Interest:** Top row. Prospects with high attachment and connection are the ideal audience for planned gifts opportunities. Additional research should be conducted to understand demographic details of these prospects (which in turn will inform which planned giving vehicle is likely of most interest to the donor).
- 7. Identify Your Pipeline:** Center segments. In addition to identifying your best donor opportunities today, it's critical to think about pipeline planning. Additional research to identify long-term wealth potential and likely interest in future key initiatives of the organization will inform where and how to invest in developing the next decade (or two) of major donors.
- 8. Generally Hold Back:** Bottom-row segments A4–D4. This is the group that has minimal connection to your cause based on their constituent experience. It's possible that there are some people in this group who might step up to your cause, but their constituent experience probably had little to do with that. It may be worth screening the A4 segment because of their higher capacity.



# Nonprofit Segments Sample



## TYPICAL RESULTS: MORE REVENUE, MORE EFFICIENCY, HIGHER YIELD = HIGH ROI!

Doing the work to segment your prospects is virtually guaranteed to pay dividends. Every time we engage in this work we find really strong ROI—essentially a triple-hitter because (1) more money is raised, (2) it's raised more rapidly, and (3) it's accomplished at a lower overall cost. And it makes sense because not all prospects are the same, and they will respond in different ways to the messaging you send and the ask levels you suggest. Understanding this and getting the right mix and balance is the key to improving efficiency and yield. Once you get the mix and balance in place, your segmented donor data will allow you to make informed, strategic decisions that will help boost your bottom line.

**We hope you've enjoyed this content and that it will help you achieve your fundraising goals. If you have any questions about what you've read or would like to discuss how we can help you reach your goals, please contact us at [info@pursuant.com](mailto:info@pursuant.com). We'll get right back with you!**

