



Apra North Texas

The Value of Verifications

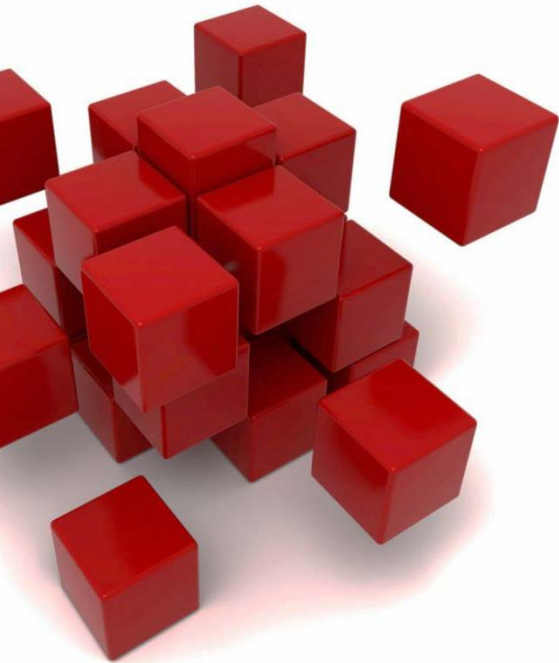
November 9, 2018

About Me

- Director of Prospect Research Services at BWF
- Located in Atlanta, GA
- Previously:
 - Director of Prospect Research at Morehouse College
 - Assistant Director at Harvard University



Today's Presentation



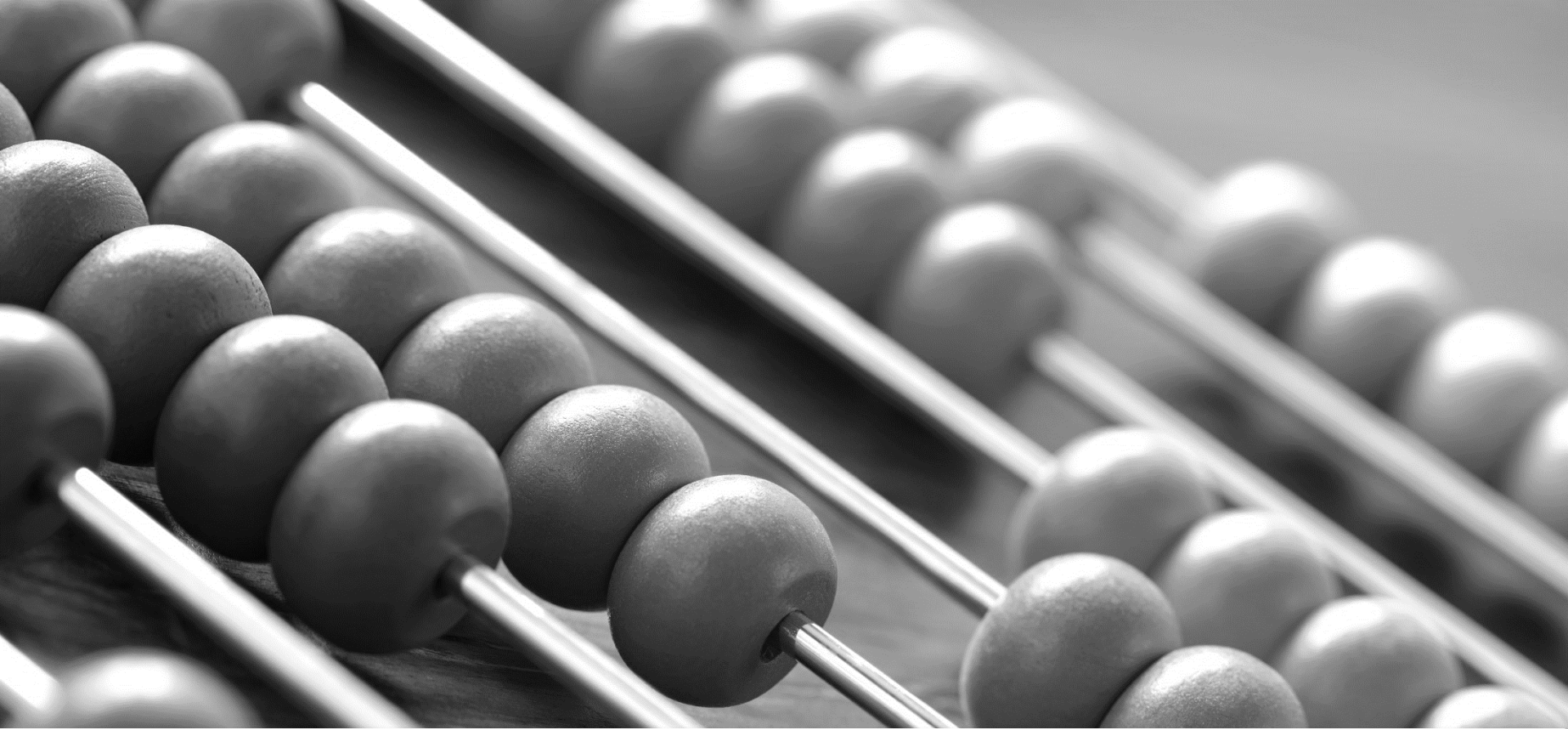
Value of Wealth Screening

Define Verification

Verification Strategies

Lessons Learned

Value of Conducting
Verifications



Value of Wealth Screening

Goals of Wealth Screening:

Identify and verify new top prospects.

Understand wealth of database.

Predict future giving trends.

Help align fundraising plans and priorities.

Typical Process:



Wealth Screening Process:

Vendors typically screen your donor list using data from 30+ public and proprietary databases.

They then analyze the returned data to find donors with both the inclination and capacity.

Client receives an excel export with key data on every prospect, ready to sort, filter, organize and output.





Define Verification

Purpose of Verification



Estimate giving capacity over a 5-year period



Illustrate philanthropic inclination

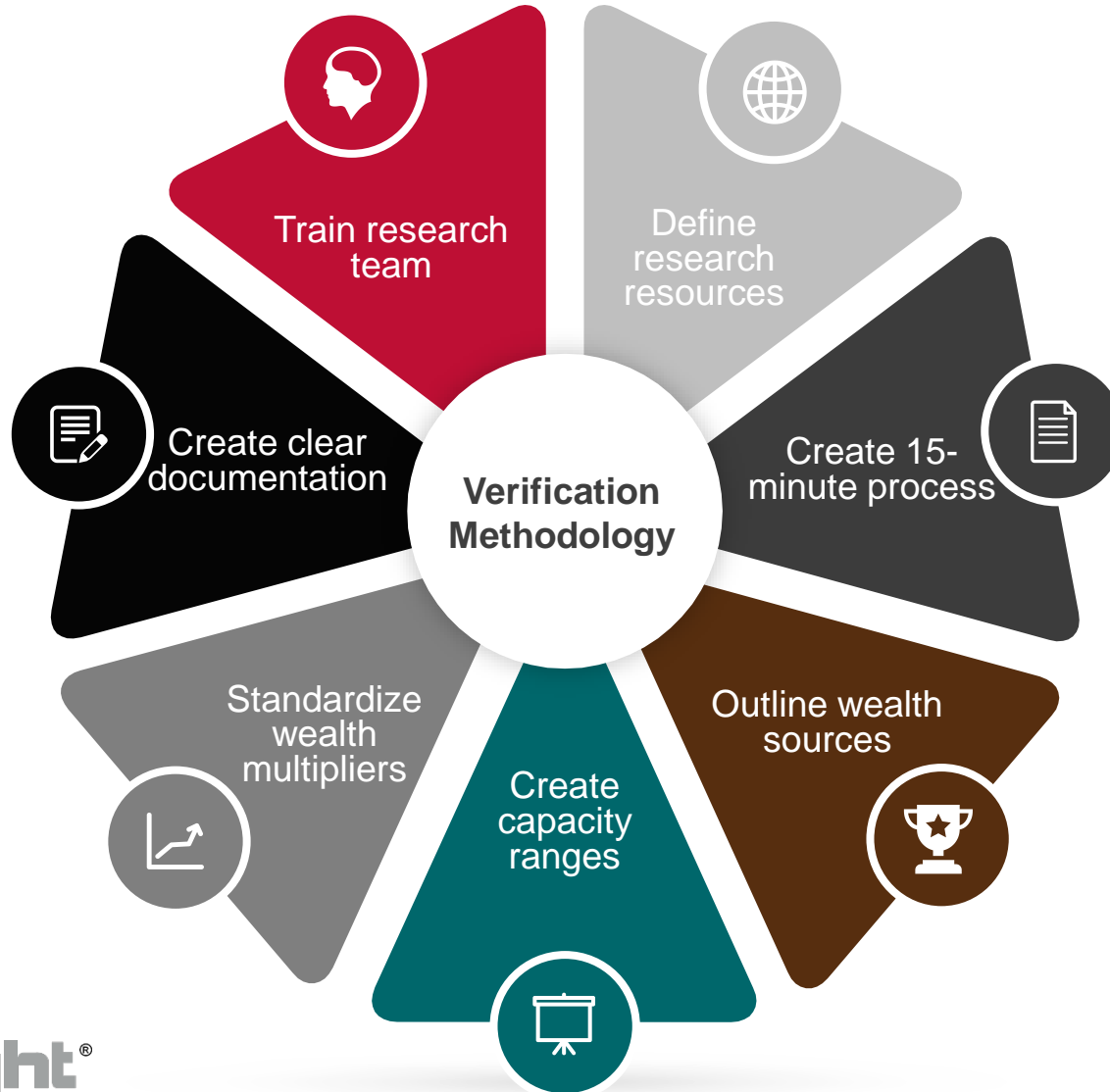


Identify opportunities to engage

Components of Verification:

- Capacity Rating System
 - Information Tracking Systems
 - Philanthropic Interests
 - Industry Expertise
 - Possible Engagement Opportunities
 - Relationships and Networks

Developing Standard Methodology:



Methodology

Capacity Ratings Matrix:

Initial Rating	Stock*	Private Company Sales**	Income	Property	Other Gifts
\$10M	\$67M+	\$100M+	\$100M+	\$67M+	\$10M+
\$5M	\$33M–\$66.9M	\$50M–\$99.9M	\$50M–\$99.9M	\$33M–\$66.9M	\$5M–\$9.9M
\$2.5M	\$25M–\$32.9M	\$25M–\$49.9M	\$25M–\$49.9M	\$17M–\$32.9M	\$2.5M–\$4.9M
\$1M	\$10M–\$24.9M	\$10M–\$24.9M	\$10M–\$24.9M	\$6.7M–\$16.9M	\$1M–\$2.49M
\$500K	\$5M–\$9.9M	\$5M–\$9.9M	\$5M–\$9.9M	\$3.3M–\$6.69M	\$500K–\$999K
\$250K	\$2.5M–\$4.9M	\$2.5M–\$4.9M	\$2.5M–\$4.9M	\$1.65M–\$3.29M	\$250K–\$499K
\$100K	\$1M–\$2.49M	\$1M–\$2.49M	\$1M–\$2.49M	\$1M–\$1.64M	\$100K–\$249K
\$50K	\$250K–\$999K	\$500K–\$999K	\$500K–\$999K	\$750K–\$999K	\$50K–\$99K
\$25K	\$75K–\$249K	\$250K–\$499K	\$250K–\$499K	\$500K–\$749K	\$25K–\$49K

*Varies based on diversification of holdings.

**Private Company Sales: Use only if rating Owner, President, or CEO.

Prospect Verification Skillset:

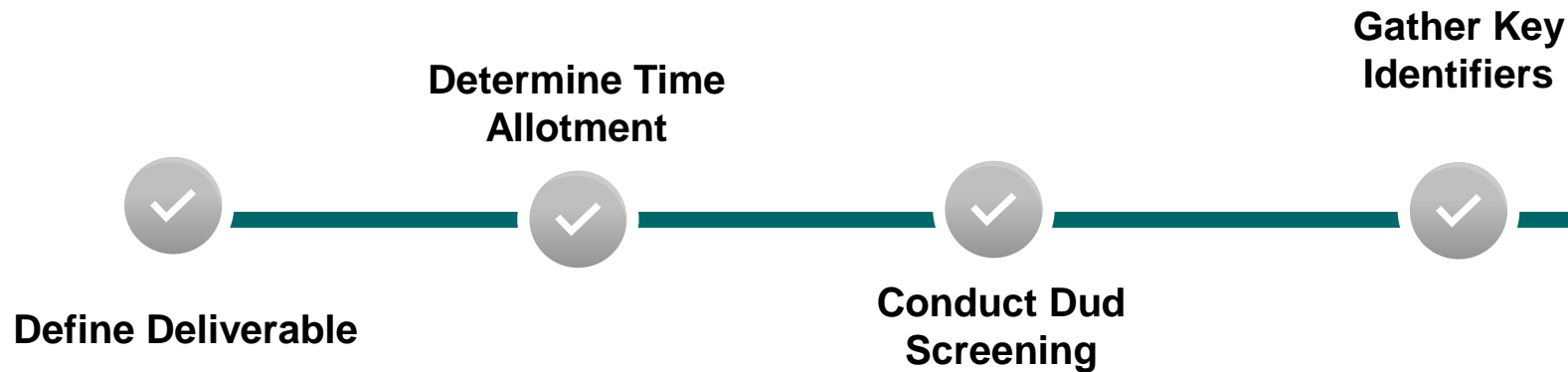
- Knowledge and utilization of research resources.
 - Wealth screening tools: ResearchPoint, WealthEngine, DonorSearch, iWave, etc.
 - Network and relationship mapping: Prospect Visual, Relationship Science, BoardEx, NodeXL, etc.
 - Interest identification.
 - Financial capacity evaluation.
- Ability to make a decision on a prospect quickly.
- Written and verbal communication.
- Project management.



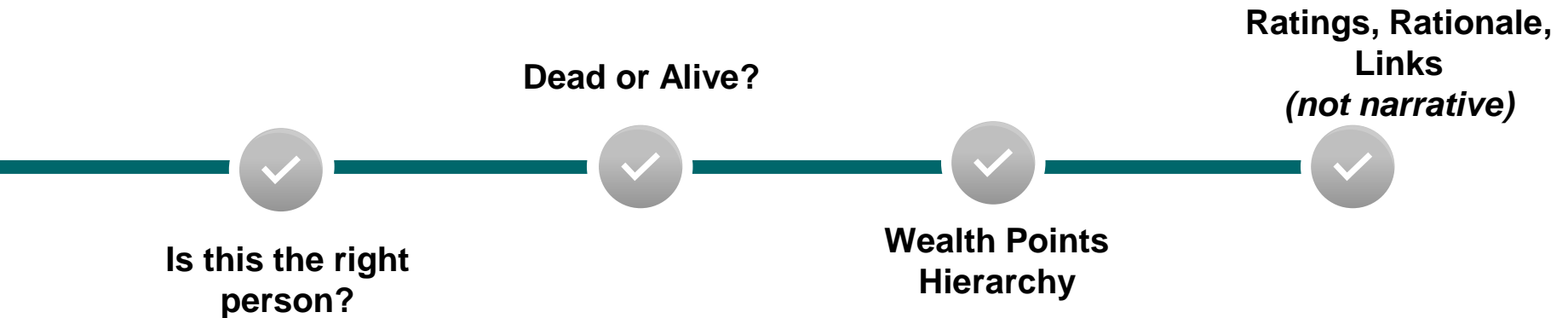


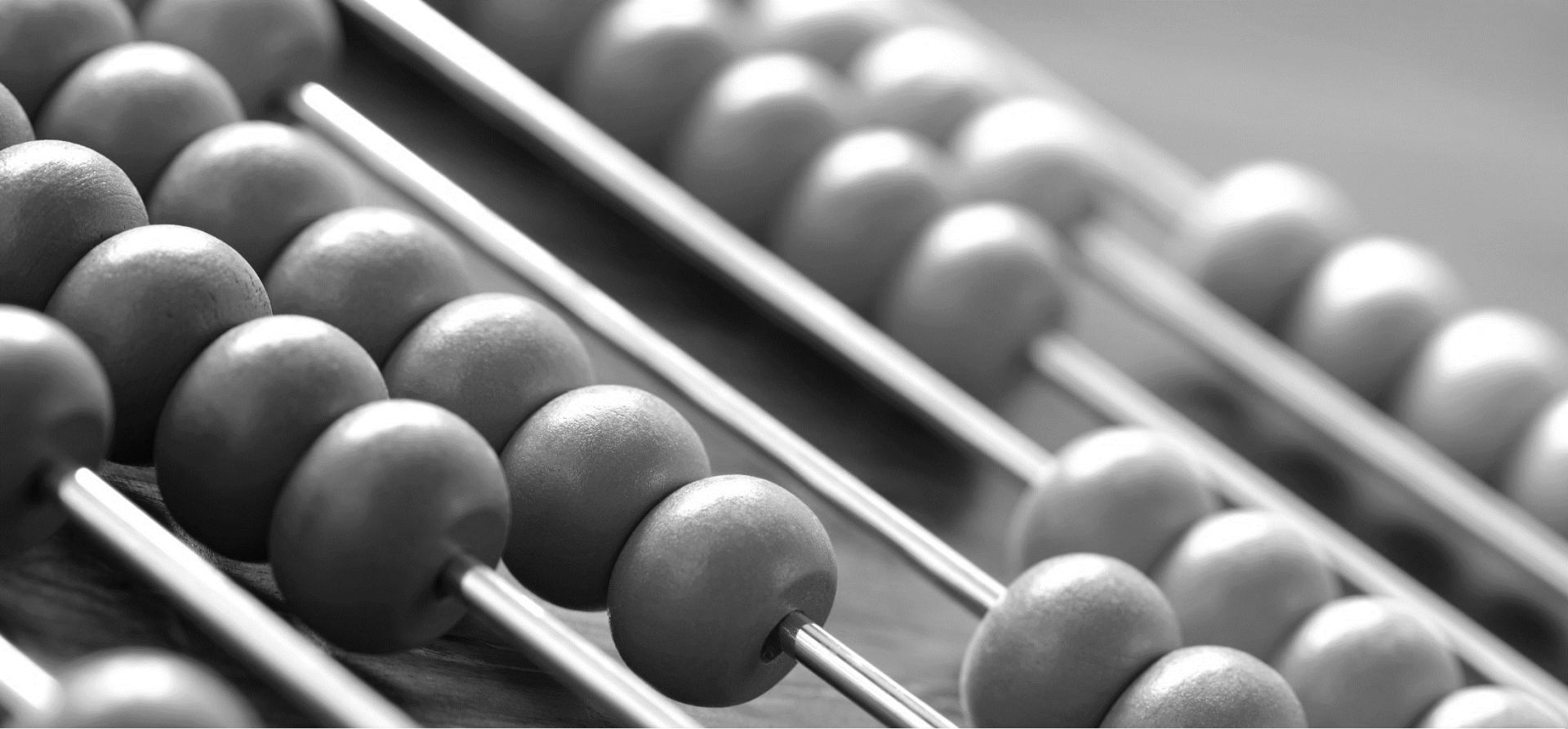
Verification Strategies

Verification Strategies



Verification Strategies





Lessons Learned

Taking My Own Advice...



1

Do not go down the prospect research rabbit hole

2

Add a Needs More Research flag for names that need more than 15 minutes

3

Add a Warning flag for names that your organization should be careful pursuing

4

Conduct a mass dud screening. Look for common names and 20+ properties

5

Keep a timer to help stay on track

6

Create a Reviewed, Not Rated to quickly move past low capacity names

7

Create an Unable to Rate to identify names that do not have enough concrete information for a rating.

“Mass Dud Screening”

Screened Rating Source	Total Property Count	Total Property Value	Rating/Comment
Real Estate	1	\$1,534,864	For Verification
Real Estate	5	\$2,984,930	“2 Minute Rule”?
Real Estate	32	\$15,980,762	Reviewed, Not Rated
Real Estate	3	\$11,138,974	For Verification
Real Estate	21	\$9,855,121	Reviewed, Not Rated

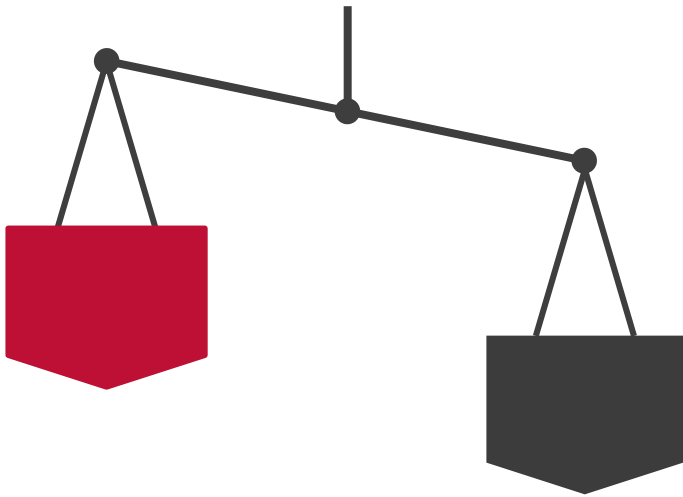


Value of Verifications

DonorSearch Methodology

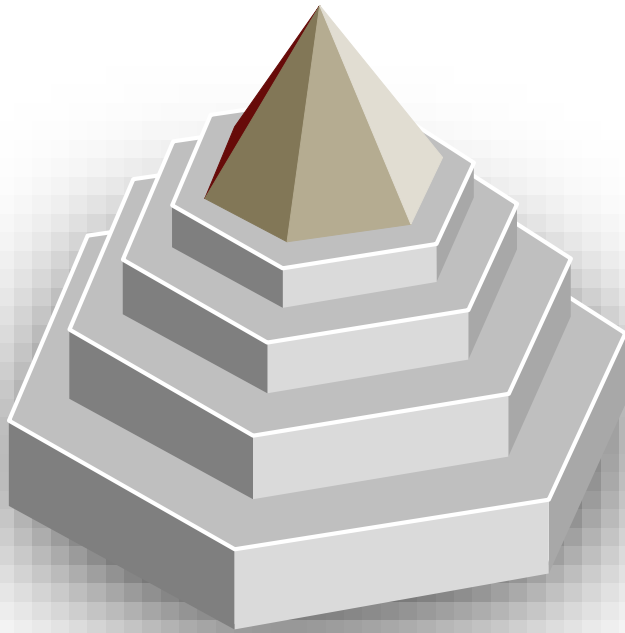
BWF conducted a comparative analysis of vendor screened capacities and BWF verified capacities for over 500 records.

Findings:



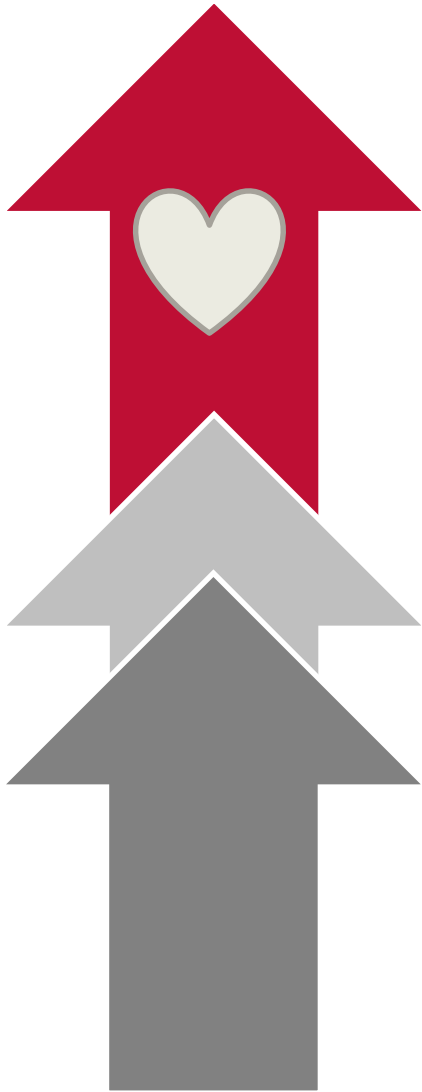
In cases of exact matches, screening ratings continue to be slightly higher than verified ratings.

Findings (Continued)



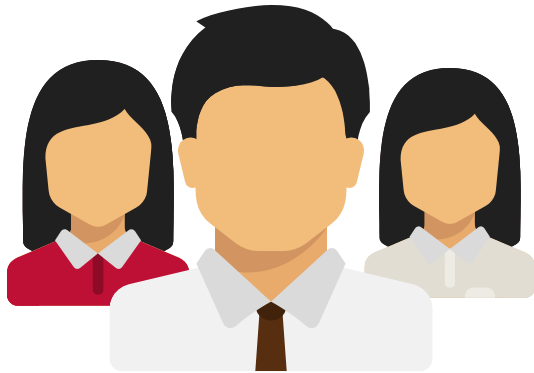
Verification is especially helpful at the highest capacity levels even in instances where the screening rating is within one level of the verified level, as at the highest rating levels this can still amount to 8-figure differences.

Findings (Continued)



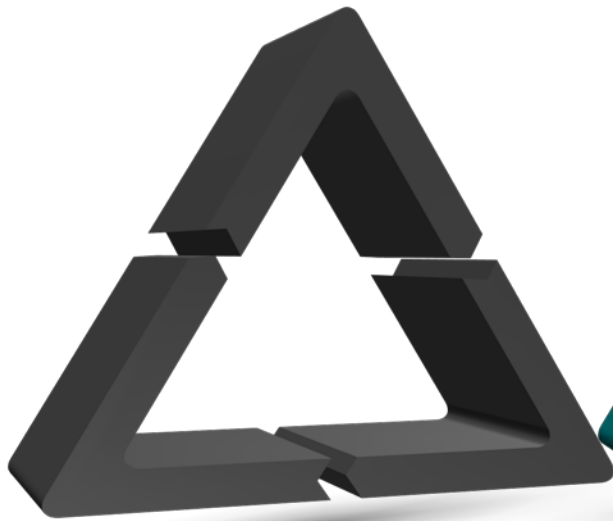
BWF was able to discover substantially greater philanthropic capacity for individuals screened at every capacity level.

Findings (Continued)



BWF found substantial examples of inflated capacity among constituents who screened at the \$500K+ levels.

Findings (Continued)



Records with a “Y” Foundation Flag match were slightly Foundation Flag (4.5x) more likely to have their screened capacities be exact or close matches with verified capacity. The “M” Foundation Flag did not have the same likelihood factor.



Adding Middle Initial, Age, or Spouse First Name to the screening file did not significantly impact the likelihood for that record to be a close or exact match between screened and verified capacities.



Records with matches for charitable contributions, political gifts, SEC Insider (Y or M), or multiple real estate matches were no more or less likely to be Exact or Close matches to the BWF Verification.

iWave Methodology

BWF conducted a comparative analysis of vendor screened capacities and BWF verified capacities for over 170 records.

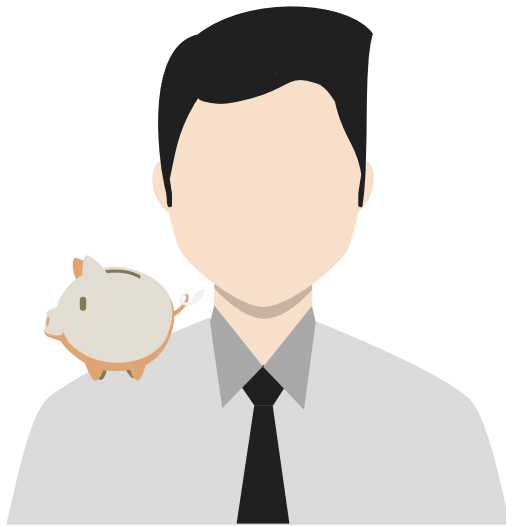
- Two Dimensional Analysis of Screening Rating Source (real estate; political giving; income; charitable giving) compared to:
 - Likelihood of screening rating to be accurate
 - Likelihood of verified capacity to be at \$100K+

iWave Methodology



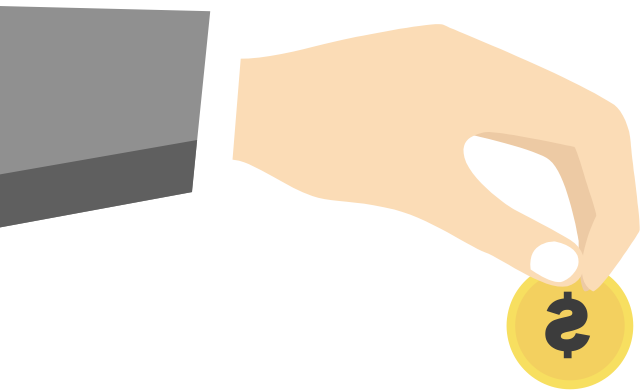
Research verification confirms that approximately 50%-75% of screened capacities are either accurate or within one capacity level. Therefore we can confirm that screening ratings are accurate enough to add real value for prioritizing large data sets where capacity information is not otherwise known.

iWave Methodology



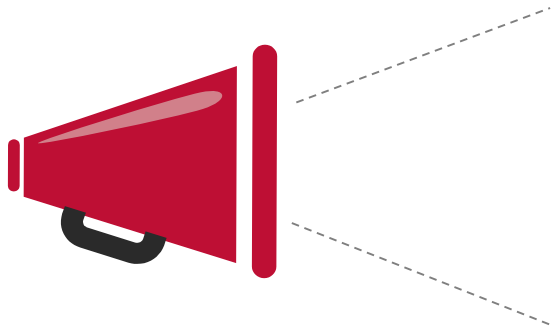
Screening matches will underestimate true capacity in 1 out of every 10-15 prospects, whereas verification may turn up substantial capacity here.

iWave Methodology



Records that screened with charitable contribution matches were more likely to have higher verified ratings than initial screened rating.

iWave Methodology



Records that screened with political contributions were more likely to have higher verified ratings than the initial screened rating.

DonorSearch and iWave

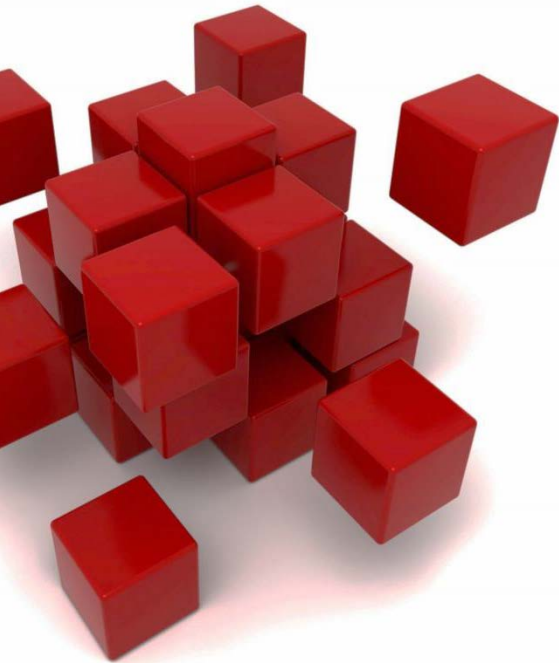
About 1 in 4-5 records with high screening capacity matches are inflated. These capacities will be downgraded two or more levels after verification or qualification efforts.



Questions?

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