



Using Data Analytics to Improve Planned Gift Prospecting



Date: April 30, 2015
Time: 1:00 – 2:30 Eastern Time
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Agenda

- The Consecutive Giving Theory, Improved
- Getting into Analytics and Big Data
- Models and Clues to Prioritize Portfolios
- Planned Giving: The data helps explain the donors
- How do you get started?



University of Texas Study of Planned Gifts

- Loyal donor theory: consecutive years given as a simple predictor for bequests
- Is it true? Yes.
- Is there more to it? Yes.
- What is the donor thinking?



Observations

- Recent consistent giving is more significant than past history.
 - I don't remember every gift I've given
- Larger donors are more likely to make planned gifts
- Giving to diverse causes within the institution suggests understanding of the whole mission



Partnership with Analytics

- Analytics tests and improves on the working knowledge of the professionals
- Analytics helps bring the cream to the top, but doesn't pick winners
- Only a gift officer can produce a gift
- Analytics weeds out losers quickly



Analytics Come to Development

- First used in Annual Giving, where there is constant, measurable activity
- Next to Major Gifts, where researched prospects can be scored and prioritized
- More recently to Planned Giving, where the volume is lower and statistic less conclusive



Roles of Analytics in Development

- Identify and evaluate prospects faster
- Provide insights into constituent behavior
- Compare groups within your population, establish segmentations
- Where you experience success with a particular audience, expand that audience
- Evaluate strategy and results



In the Beginning, There Was Counting

- University of Texas, late 1990's, “How many female donors do we have, and what do we know about them?”
- Current reporting software could pull lists, but couldn't count before pulling
- More female donors than we had guessed, and they clustered by degree, and geographic location



New Tools, More Data, and Far More Questions

- New tools for slicing and dicing
- Add new ingredients to the salad
- Philanthropy is still about individuals with unique stories, and listening to them
- But the more we know before we meet them, the more prepared we are



The New Buzzwords

Marketing!

Targeting!

Messaging!

“Sales is getting rid of what you have, while marketing is having what you can get rid of” - a former CEO and Sales VP



First Data Acquisition Project, 2002

- For Annual Fund planning we acquired wealth and consumer information from national credit agencies
- Home value, estimated income
- Ages of children
- Licenses, subscriptions and giving to various types of causes



Hunting Licenses

- People with hunting licenses are more likely to give to UT annual fund! (Fishing licenses only a slight boost.)
- What does this suggest?
 - A surrogate marker for wealth?
 - A concern for passing down heritage?
 - Killer instinct gets them ahead?



Becoming the Count Von Count

- So many things to count, correlate and try to explain. So many stories to discover.
- My nose was getting pointy and my accent Transylvanian
- Relieved of my IT management responsibilities and sent to my castle to practice counting and alchemy



Traditional Institutional Data

- Data captured internally through contacts and transactions
 - Name and contact info
 - Gift history
 - Event attendance
 - Institutional connection (e.g., degrees)
- Anything beyond that usually depends on manual research



Big Data! More Every Day!

- Electronic information of many types
- Exportable or downloadable from websites and other sources
- Some free, some for a nominal fee, some at a price per record.
- Collect it, and keep it securely in your own database.



Start Where You Are Today

- Focus primarily on wealth and philanthropy
- Collect opportunistically
- Keep it. It may be useful in the future



Collectibles

- Antiques Roadshow – one very good thing
- American Pickers – A barnful of stuff, everything has a story, and we think we can find it
- Hoarders (A&E) – no idea what's buried there



Hoarders





University of Texas Campaign Planning

- Wrapping up campaign in 2004, contemplating the next campaign
- Decided to do our own scoring, rather than outsource to consultant for screening
- Two dimensional scoring for gift history, apparent wealth
 - Replaced the old PPR score 1 – 33.



Gift Score Based on Three Factors

- Largest single gift
- Total number of gift transactions
- A recency score, based on fiscal years
- Roll them together into a statistical value

Simple and easy to explain, if not sophisticated



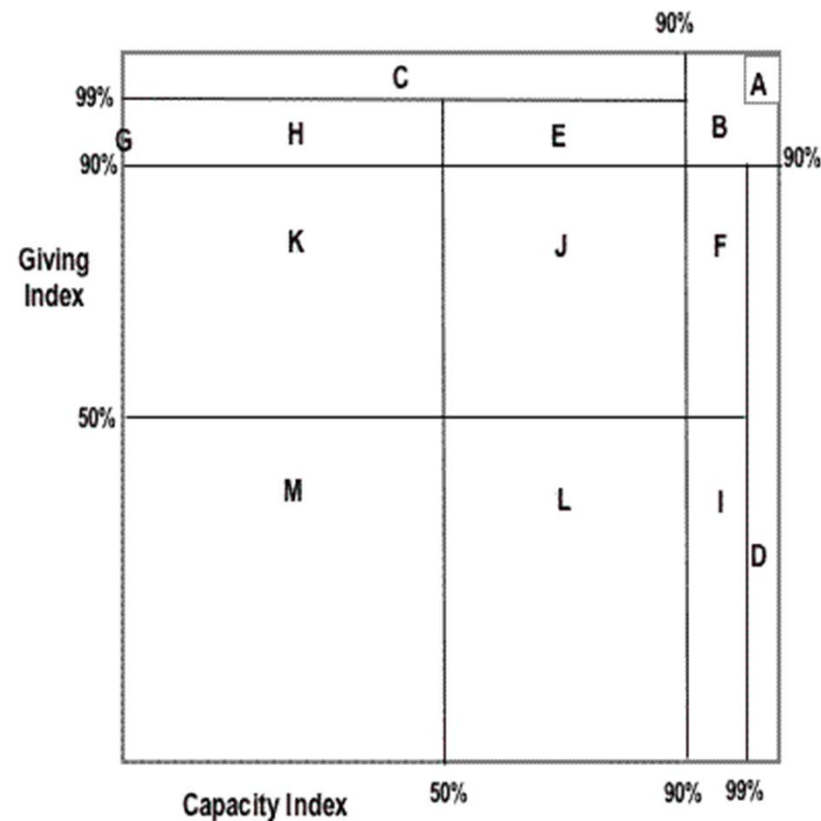
Capacity Estimate

- Based on income and known assets
- Researchers have many standard algorithms to choose from, depending on what information is available
- We calculate all that we can, and use the mean, an estimated five-year capacity



Put the Two Scores Together

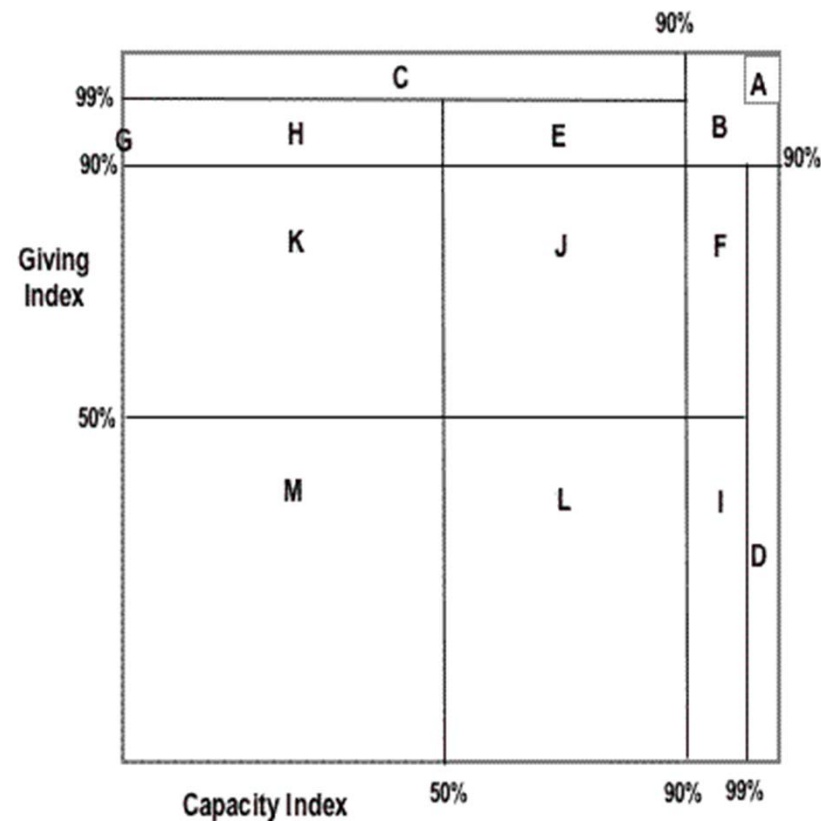
- Convert scores to percentiles and drop into grid
- The best prospects are at the top right
- Upper left loyal, right edge wealthy but inconsistent



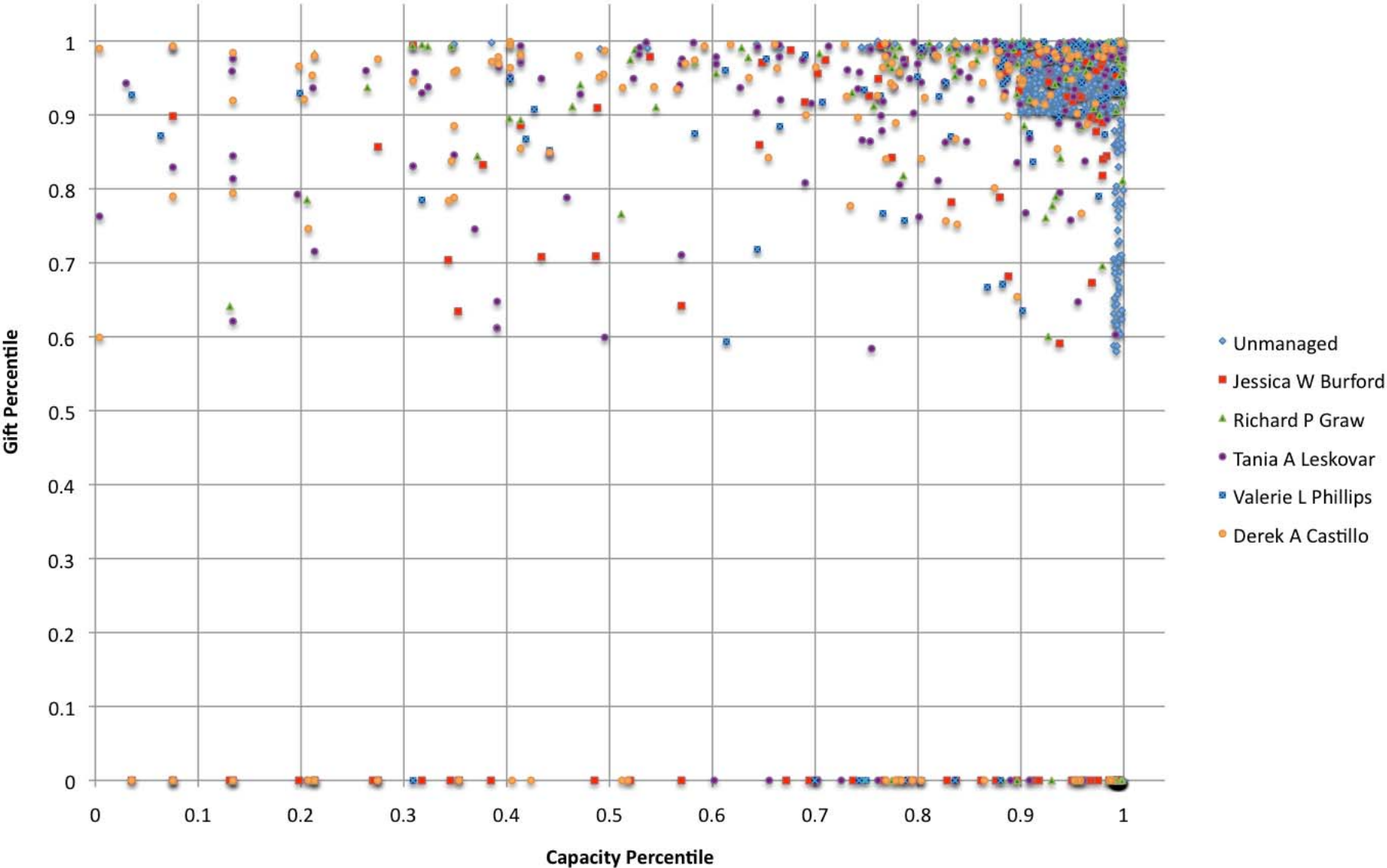


“Stealth Model” Named After Fighter Plane

- Labeled the sections by letter
- C & D are the wingtips of the plane
- Concentrate on the A & B prospects



College of Communication Portfolio





Children and the Child-Free

- We know that individuals without children leave the most to charity
- Acquired data tells us ages of children at home, but doesn't tell us who has grown up and left home
- Acquired consumer data has a “grandparents” marker, based on (?)



Children, Over Time

- Monitor admission applications, link students to parents, add to our database
- Periodic consumer snapshots since 2002
- If no children anywhere along the way?



Special Interests

- The Steinway Challenge: we need to find donors with an interest in pianos
 - Major gift prospect where the gift officer mentioned a piano in a contact report
 - Former student who took a course in piano
 - Concert-goers, determined from ticketing information



Special Interests #2

- Former students of beloved professor Q, for whom we are establishing an endowment
- Anybody who mentioned estate planning, bequest or annuity in a conversation with a major gift officer and has not been contacted by planned giving



The Planned Gift Model Where This Presentation Began

- Began with the premise that multi-year consecutive giving is the best predictor for likelihood of a bequest
- Also the null hypotheses that the amounts given are not important, and that identified wealth is not important
 - Based on many experiences of unexpected gifts from small donors



Looked at Gift Histories Many Ways

- Largest single gift
- Total giving last 5, last 10 years
- Number of years given in past 5, 10, 15
- Recency pyramid score
- Average gift, first and last gift amounts
- Number of distinct designations



Logistic Regression

- The statistics attempt all the variables, and different combinations of them.
- We don't expect them all to be useful
- The method chooses those which have the most predictive power



The Results: The Model Equation

1. The maximum single year gift
2. Adjusted downward for average giving in the past five years
3. The number of distinct designations
4. The marker for giving in the past five years consecutively
5. The fifteen year pyramid score



Bequests and Other Planned Gifts

- Two thirds of our planned gift experience is with bequests. Enough for sound statistics.
- Many other types of planned gifts often follow after a bequest
- A bequests, an insurance policy, or the gift an an IRA or retirement plan is the most common entry path



Donor Age and Instrument

- Bequest
 - median age 66. Range 21 to 100
- Charitable Remainder Trust,
 - median age 70
 - With 60%, there is also another planned gift in the picture.
- Charitable Gift Annuity,
 - mean age 81.
 - 80% of them follow a bequest, and typically the CGA is 10-20% of the estimated bequest



Age and Gender

- Males outnumber females 2 to 1, across almost all ages
 - Except among those under 40
 - And those over 85
- Recording practices for alumni couples may bias this
- Unable to reconstruct marital status as of document date



The Best of Intentions

- From Professor James and Health and Retirement Longitudinal Survey
- Survey indications of intent to leave a charitable bequest may be fulfilled less than 50%
- Final revisions to Will less than five years prior to death



Data Sources

- Our own development data
- Commercial partners
 - Phonathon, email, directory hosts
- Other Institutional data
- Public data
- Third party data



Development Activities

- Contact reports
- Call results and mail sent
- Emails sent, opened, clicked
 - It is a positive interaction when a constituent asks to be excluded from a particular category of email



Institutional Data

- Past and current employees, from HR
- More student history, from the registrar
 - (subject to FERPA, but usable)
- Accounting transactions not recorded as gifts
- Grateful Patient info, subject to HIPAA
- Clubs and internal associations



Using Institutional Data

- Reach out to other officers and build bridges
- Extract what they allow
- Keep it in a place and shape accessible when you need it
- Refresh periodically



Public Information, Free or Cheap to Download

- Licenses and certifications
- Election contributions
- Advisory boards of nonprofits



Third Party Data, for a Price

- Wealth data, from credit agencies and bundlers
- Behavioral data, from marketing firms and bundlers
- Employment information
- Philanthropic giving



Curious Discoveries from the Hoard

- Cats and Dogs => Arts and Athletics
- Too much home entertainment: tuned out in my cocoon, not interest in you
- Premium credit cards and big purchases show wealth but don't mean generosity
- Runners, Walkers, and Michael Dell



Questions and Answers





Still Have a Question?

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