

## A PAUPER'S GUIDE TO ELECTRONIC SCREENING

By Peter B. Wylie

You're right. I cheated a little. I chose this title to grab your attention. (Actually I "borrowed" it from an old travel book about Paris.) However ... even though you and the school you work for are not impoverished, your budget for electronic wealth screenings may not be as big as you'd like. If that's the case, I want to offer some thoughts on how you can do a pretty good job of identifying major giving prospects – ones that may not be on your development officers' radar screens – without doing an electronic screening.

I wrote this piece to build on another article I did several years ago ("Where the Alumni Money Is"). In that one I showed that the lion's share of any school's alumni donations come from the oldest 25% of alums who are not listed as 'single' or 'missing' in the marital status field. The data I used were from a group of eight schools that covered the gamut between public and private, large and small, and well known and less well known.

In this paper I used a similar but different group of four higher education institutions that allowed me to go a little farther than I did with the first article. Here's a basic outline of what I'll cover:

- The main question I was trying to answer
- The bet I was making
- How I did the data analysis for the paper
- What conclusions I think we can draw from the data analysis
- Some specific suggestions for "action steps" you, your IT folks, and your development officers can take

### **The main question I was trying to answer**

In the three years since I wrote the last paper I've learned a few things about major giving in general and prospect research in particular (things I had only an inkling of back then). One of the biggest things I've learned is this: When it comes to major giving in higher education, we rely too much on the data we gather on prospects from *outside* sources, and we don't rely *enough* on the data we have in hand on these prospects.

Don't get me wrong. I think getting data about prospects in your alumni database from outside sources is fine. The more you know about these folks (not just their wealth), the better. On the other hand, I'm bothered that most schools ignore the huge amount of internal data they already have on their alums.

At the risk of being a little *too* frank, here's the kind of process I see go on far too often:

1. In anticipation of a major campaign, a school will spend a considerable sum on an electronic screening of several thousand alums by one of the excellent firms that do that kind of work.

2. The firm will return a huge amount of data to the school, most of which is designed to assess an alum's capacity to make some type of major gift to the school. (Sadly, there is a good chance this data will not be used as part of the campaign. Why this is so often the case is a bit of a puzzle to me. But it happens far more frequently than any of us would like.)
3. In the meantime the school will not delve into the huge store of data it keeps on its alums. Data that can point an accurate finger at which alums are most likely to give and which are least likely to give. Class reunion attendance is a good example. Unfortunately, most schools don't store this information in their alumni databases. Those that do store it don't use it to help them identify new major giving prospects -- even though reunion attendance may well be the best single predictor of giving in higher education advancement. (At least I've never found a better one.)

Okay. Let's say the scenario I've offered here is not atypical: A school isn't going to do an electronic screening, or it's going to ignore the screening data even if it does one. Beyond that, the school is not going to do any serious mining of its wealth of alum data to find good predictors of giving. Can we then come up with a reasonably quick and easy way for the school to still identify good prospects for major giving?

### **The bet I was making**

I think the answer is an unequivocal yes. Why? Because for the last several years I have become more and more convinced that if you know an alum's age along with a few other pieces of information about his/her marital status and contact information, you can do a pretty good job of determining whether that alum is a major giving prospect?

Does that sound farfetched? All I ask is that you withhold judgment until the end of the paper.

### **How I did the data analysis for the paper**

For each of the four schools I mentioned above, I took these steps:

**One.** I gathered a representative sample (no less than 5,000) of alumni records for these fields:

Home phone listed (yes/no)

Business phone listed (yes/no)

E-mail address listed (yes/no)

Listed as something other than "single" or "missing" for the marital status (yes/no)

Preferred year of graduation

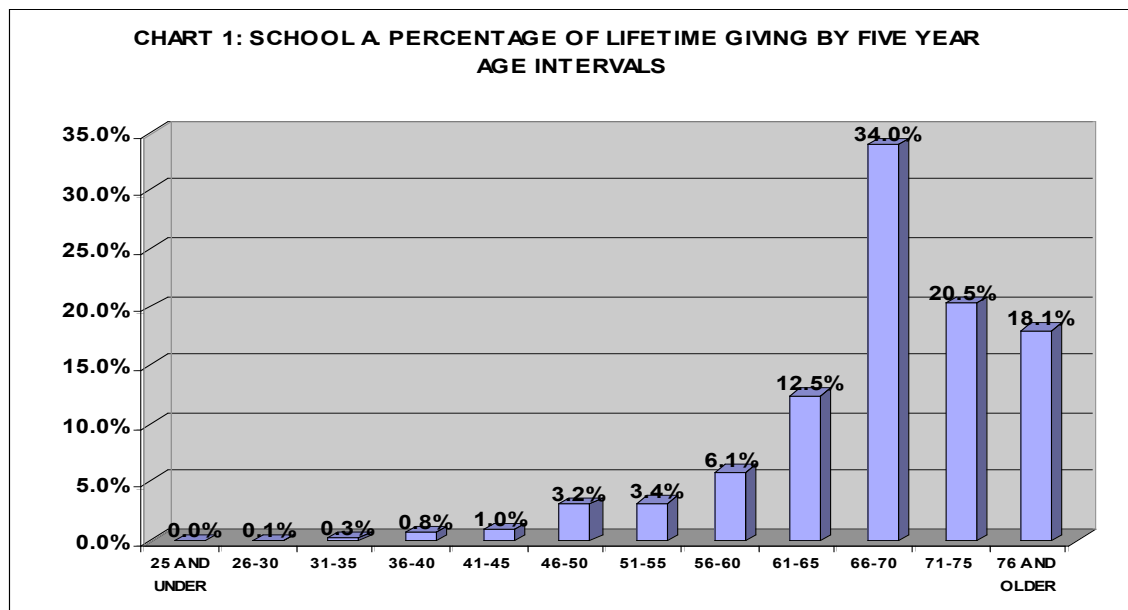
**Two.** I “guesstimated” the age of each alum by subtracting their preferred year of graduation from the present year and then adding 22 – the age that a lot of students receive their undergraduate degrees.

**Three.** I computed the percentage of total lifetime dollars by alums in each five year age interval.

**Four.** For every alum I created a simple score with a range from 1-5 based on whether or not that alum had a home phone listed, a business phone listed, an e-mail address listed, and whether or not the alum was listed as something other than “single” or “missing” for the marital status field. (For a further explanation of how this kind of score works, see the paper titled “A Simple Score.”)

**Five.** For the five year age interval with the highest percentage of lifetime giving, I computed the mean (average) lifetime giving for every alum by simple score level.

Let’s see what these steps yielded for School A. Take a look at Chart 1.



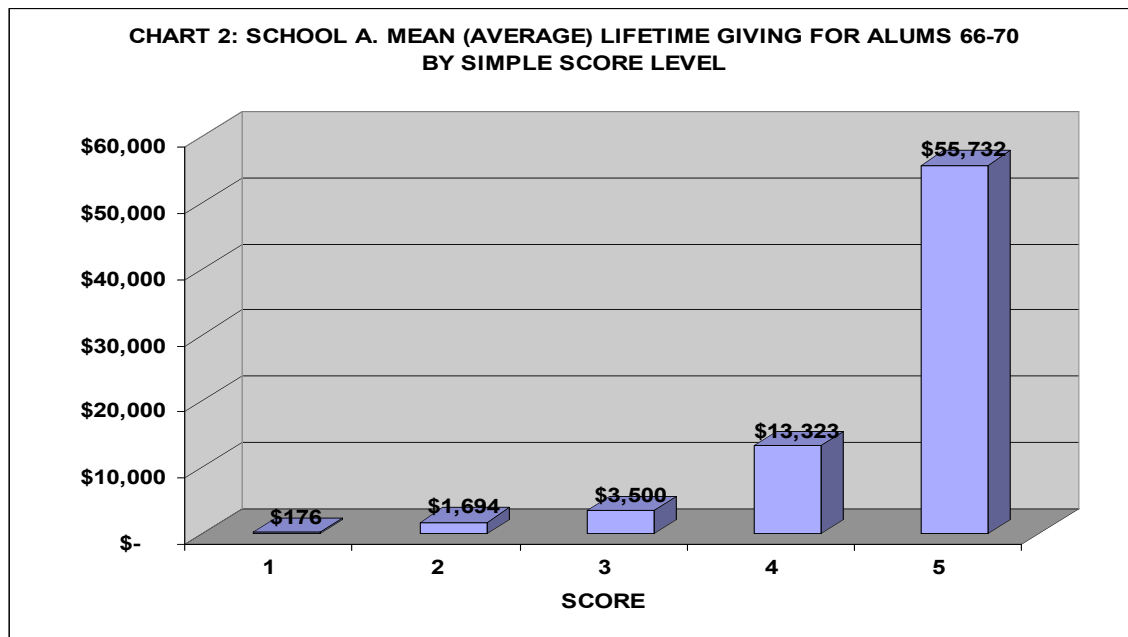
Just to be clear, here’s how I constructed this chart. I used a sample of over 20,000 records from this school. For all of these records I computed the total amount these alums had contributed to the school at the time the sample was gathered. This value exceeded 100 million dollars. I then computed the total amount that alums in each five year age interval had contributed and converted these amounts to percentages of the total amount. For example, 34% of this lifetime amount of more than 100 million dollars had been contributed by alums aged 66-70.

A couple of things stand out for me about this chart:

- Well over 80% of the lifetime giving comes in after alums reach the age of 60.
- The under 50 crowd has contributed less than 10% of the total lifetime giving.

What do these facts say about where the focus ought to be on an upcoming capital campaign? We'll talk more about issues like this a little later on.

Now let's look at Chart 2 which shows the mean (average) lifetime giving by simple score level for this group of alums aged 66-70.



Here's the algorithm I used for this score: 'HOME PHONE LISTED' + 'BUSINESS PHONE LISTED' + 'EMAIL LISTED' - 'SINGLE' + 2. It's pretty simple:

- If an alum had a home phone listed, they got a 1 otherwise a 0.
- If they had a business phone listed, they got a 1 otherwise a 0.
- If they had any kind of e-mail address listed, they got a 1 otherwise a 0.
- If they were listed as "single" in the marital status field, they got a *minus* 1 otherwise a 0 (people who are listed as single in a marital status field invariably give less than any other marital code).
- Then, for each record, I added these numbers together and added a 2 to each number so there wouldn't be any zero or negative scores. (Zero and negative scores tend to confuse people.)

So what we've got here is a very narrow age group of alums (66-70) who've given a huge amount of money to the school. Beyond that we've got a very simple score that sharply differentiates these alums with respect to how much they've given.

### **What conclusions can we draw from the data analysis?**

Let's assume that the simple score is a rough measure of likelihood of giving to the school. Let's call it affinity. And let's say we isolate the alums in this group that have a score of 5 on this affinity scale. As it turns out there are just over 450 alums in this group that is between 66 and 70 years old and have a score of 5. Okay, now let's look at the top ten lifetime givers in this group in descending order of giving:

\$ 5,364,619  
\$ 5,038,707  
\$ 4,072,701  
\$ 1,644,404  
\$ 1,466,562  
\$ 979,197  
\$ 520,501  
\$ 496,978  
\$ 479,202  
\$ 256,006

What do you think? I think all these people are under stewardship – or at least they should be. You certainly don't need to do a wealth screening on them. Right?

All right, now let's look at the next ten alums in this group in descending order of lifetime giving?

\$ 157,439  
\$ 110,621  
\$ 107,475  
\$ 88,834  
\$ 67,281  
\$ 60,017  
\$ 49,728  
\$ 41,825  
\$ 38,154  
\$ 35,728

Now it starts to get kind of interesting, doesn't it? Finally, let's look at the next ten alums in this group in descending order of lifetime giving.

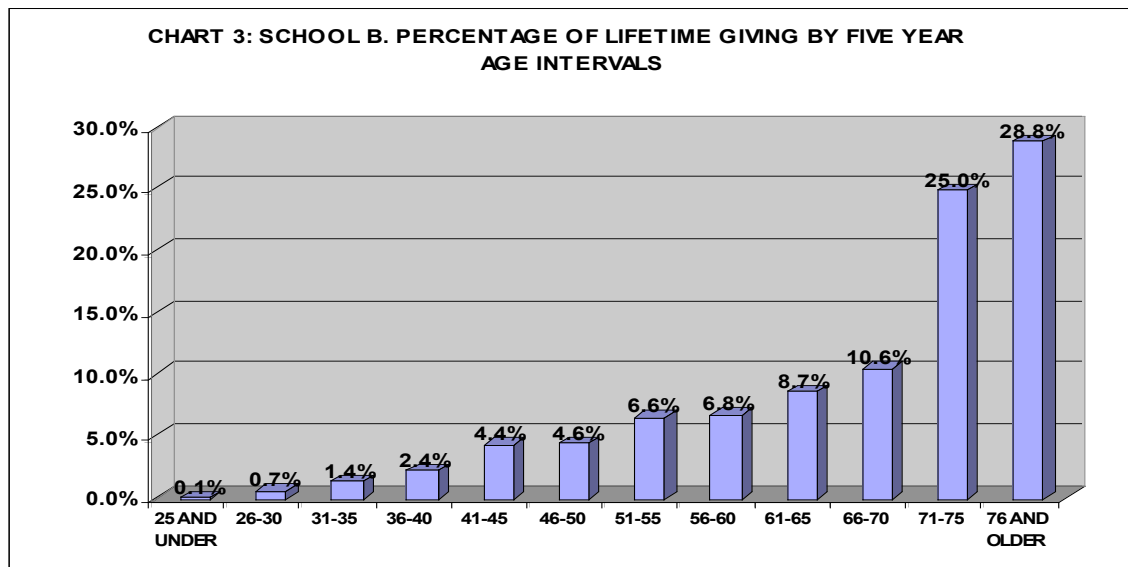
\$ 35,287  
\$ 35,202  
\$ 33,186  
\$ 32,190  
\$ 28,493

- \$ 28,366
- \$ 27,225
- \$ 25,401
- \$ 21,826
- \$ 21,359

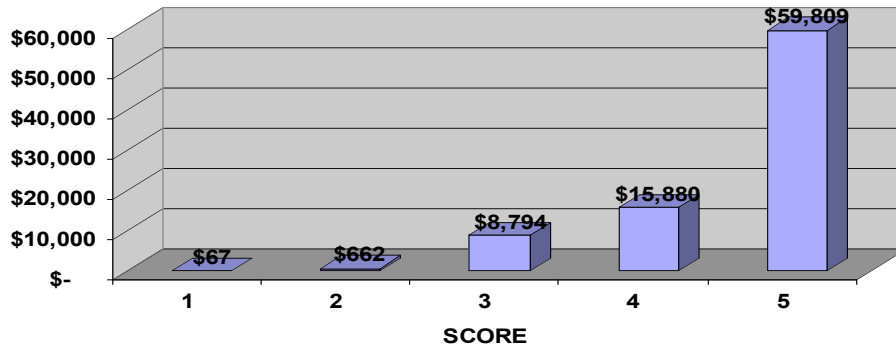
You've probably anticipated me, but here's where I'm going with this. As we get further and further down this list of 66-70 year olds who show high affinity to the school, we run out of people who are already on our radar screens, who are already assigned and being actively appealed to for a major gift. But I think a lot of these alums *should* be on our radar screens. So what if we don't have wealth screening data on them? They've given something more than a pittance to the school already. They are by far in the highest giving age bracket of alums. And they have an affinity score that says they like to give to the school. Somebody should be reaching out to these folks. Why? Because some of them are poised to make a major gift. It's that simple!

And how much did it cost us to identify them? A few hours of time from a talented IT person? I think it's worth it.

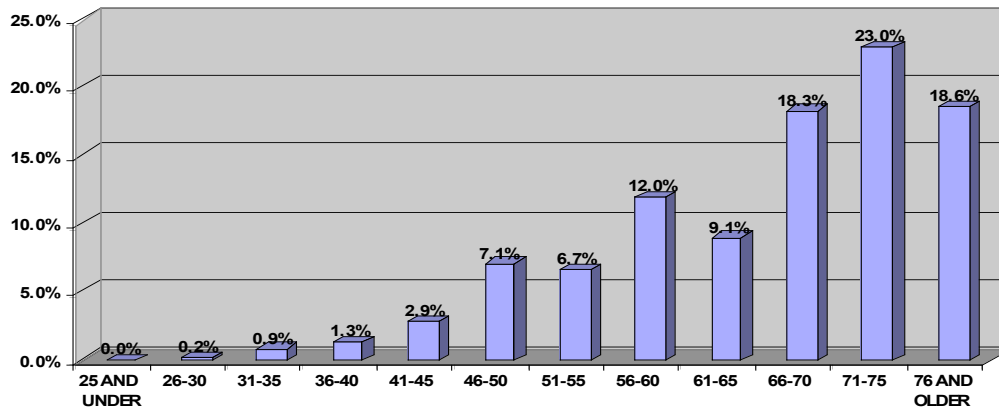
At this point, I've either got you seriously interested in my line of reasoning or I've lost you. If I haven't lost you, let me show you the equivalent of charts 2 and 3 for the remaining three schools whose data I looked at to prepare this article. Then we can step back and get some perspective on all this.



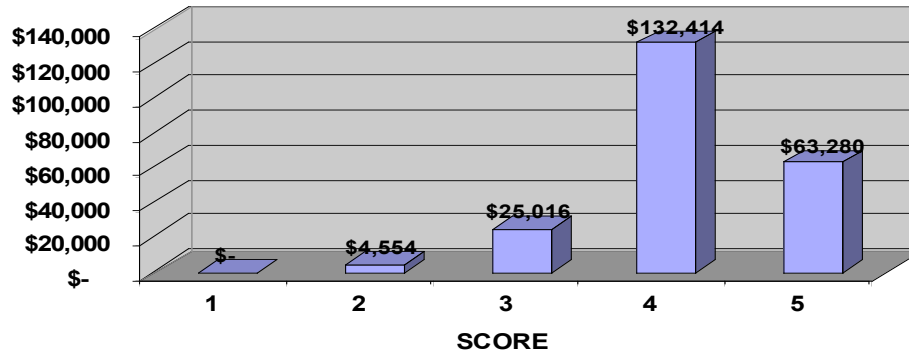
**CHART 4: SCHOOL B. MEAN (AVERAGE) LIFETIME GIVING FOR ALUMS 76 AND OLDER BY SIMPLE SCORE LEVEL**



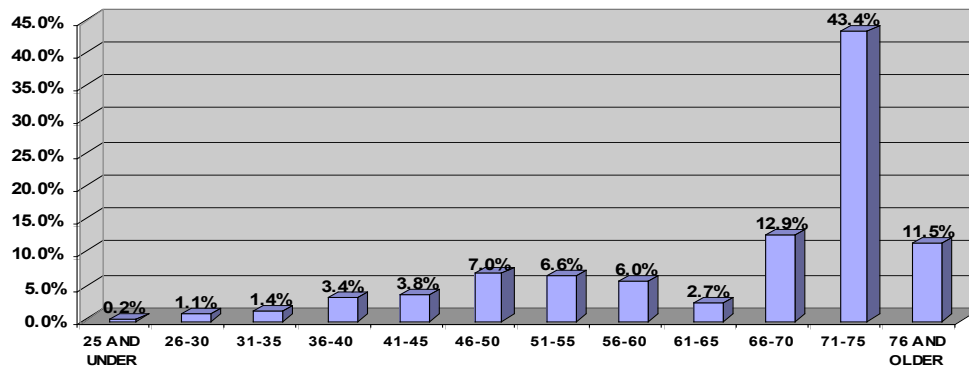
**CHART 5: SCHOOL C. PERCENTAGE OF LIFETIME GIVING BY FIVE YEAR AGE INTERVALS**

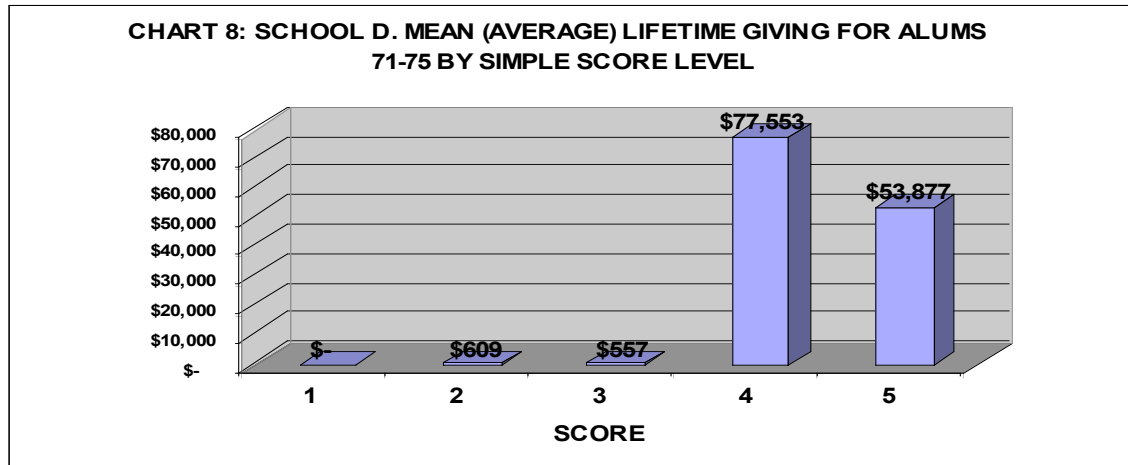


**CHART 6: SCHOOL C. MEAN (AVERAGE) LIFETIME GIVING FOR ALUMS 71-75 BY SIMPLE SCORE LEVEL**



**CHART 7: SCHOOL D. PERCENTAGE OF LIFETIME GIVING BY FIVE YEAR AGE INTERVALS**





That's a lot of charts and data to look at. But let's go back to the basic question I was trying to answer. *If a school doesn't do an electronic screening, can we then come up with a reasonably quick and easy way for the school to still identify good prospects for major giving?*

Again, I think the answer is yes. Why? Let's summarize the logic I'm invoking from the data I've presented from these four schools:

- Most of the lifetime giving in a school doesn't start rolling in until alums reach at least the age of 55. So if you're spending a lot of time looking for good prospects under that age, I don't think you're making great use of your time.
- Within this older crowd of alums, you don't need a lot of information beyond home phone listed, business phone listed, etc. to create a very simple score that sharply separates the big givers from the small or non-givers.
- You can use the top end of that simple score to identify alums who aren't yet on your development officers' radar screens but who should be.

Now I've already said that the last thing I'm doing here is recommending that your school *not* do an electronic screening. Not at all. But I am saying that if you can't do a screening, you have an option here that can help.

### **Some specific "action steps"**

And finally, what about all you prospect researchers? After all, I wrote this thing for you guys. Here's a suggestion on some steps you can take:

1. Get your IT folks to do the same kind of analysis I've done here for your own school. Sure, you'll get some push back from them. They're overworked. But you can get them to do it for you.
2. Look up those alums in a higher age category who have a high simple score but who aren't yet assigned to a gift officer. Some of them will look very promising. I guarantee it.
3. Take a few of the promising ones to a gift officer who thinks this data driven decision making stuff is sort of cool and ask him/her to contact these alums.

What do you have to lose?