

# AjahFundtracker

## Funder Research Guide

It's a fact: **better research leads to more funding.**

To be successful, a lot of work needs to happen *before* getting to your ask -- that superbly-written proposal won't be worth much if it doesn't land in the right hands.

At its core, fundraising is about **approaching the right funder in the right way at the right time**. A fundraiser acts like a matchmaker between their organisation and its potential funders. Just like any good match, the needs and interests of both parties should be mutual.

**Adopting (and sticking to) solid prospect research process is a crucial first step to successful fundraising.** You'll need **research tools** that can mine all the data out there to give you quick and accurate results, as well as **research methods** that can help situate your organisation within the vast network of potential funders and focus your efforts on your best candidates for funding.

With the appropriate resources and techniques at your disposal, what may have seemed like **a scarcity of potential funders becomes an abundance** -- there are lots of funding possibilities out there and your challenge is to target the best ones while ensuring you're not missing any.

**An efficient prospect research process is the key to meeting that challenge.**

While many resources exist to help you with your funding applications, few offer any insight into the research process itself and how to optimise it. The purpose of this guide is to fill that gap and help you **establish a research process that will support your work, expand your prospect pool, save you time, and allow you to raise more money faster.**

### **STEP 1: Know Yourself**

Before getting to know your funding prospects, you need to **know your own organisation inside out** -- a deep understanding of where you are and where you've been will help you figure out where you're going.

If you haven't done so in a while, **get re-acquainted with the basics: your mission statement and strategic goals.** Think about your areas of focus and why they matter to you, and reflect

on some of your past accomplishments. Prospective funders will know about this, along with details on your finances, operations, and stakeholders.

You'll want this information top-of-mind, but your mission and history are sources of inspiration, and how you describe what you do will result in funders sharing in your enthusiasm for your work.

It's also at this early stage that you'll want to **research your own funding history**. Pull together a list of your previous funders - foundations, corporate gifts, government grants, individuals - and your latest interactions with them. If that's too high a volume, you can keep limit yourself to major gifts only.

This will come in handy in many ways, but right away you can get a sense of which of your pre-existing relationships might be in need of some attention. Maybe it's time to get back in touch, and it's always good idea to refresh your knowledge and ensure you've got the latest info on their focus, requirements and coming initiatives.

**Fundtracker Tip**

Try looking up your own organization under the *Charities* tab. Your granting history is displayed on your profile under *Fundraising* tab, so you can easily access this information even if you don't have the documents on hand.

Here's another important tip to keep in mind as you reflect on your organisation's identity and history: **think broadly about the impact you have had or are trying to have**. Not all funders are looking to fund specific programs or projects, others are looking to affect outcomes and work towards solving the big problems.

Let's say you are fundraising for a food bank. If you look only for funders who've demonstrated that "food" as a funding interest, you'll likely end up with a tiny pool. But food banks might actually work on many issues: they teach people about nutrition and improve community health; any collective gardening aspect supports environmental responsibility; and partnerships with schools and workshops provide education as well as support for youth.

The same goes for any charity — you just have to make it clear to them how your work affects the areas funders are interested in.

**Thinking about all of the societal benefits that flow from your work will help you find common ground with more potential funders and increase your number of quality leads.**

## **STEP 2: Plan, Plan, Plan**

You've now reconnected with your organisation's mission and purpose, and reflected on the different ways the benefits of your organisation's work can be felt (and described) -- great work!

**Before building your prospect pool, you'll also want to be armed with detailed knowledge about your organisation's planned initiatives** -- the specific projects that will need funding, their timelines, proposed outcomes, and their projected short- and long-term costs (i.e., a pilot project that may continue if successful).

**Work with your colleagues to establish effective lines of communication** so you're better equipped to take these plans and secure funding to make them happen.

Despite the best laid plans, often sudden needs or opportunities will arise, and there may be a new project implemented even before you know it! You need to be kept in the loop, so we recommend **working with your organisation for a way to be included in all planning meetings**.

It is critical that you have an opportunity to listen and to participate in all aspects of your organisation's short- and long-term planning. **Development does not exist in a silo, it impacts on all aspects of the organisation** and in order to be strategic, must be part of these discussions.

This will provide you with a better understanding of potential outcomes, maximum lead time, and a feedback loop so that any progress shared with development. **A deep understanding of the projects through consistent participation in organisational planning will help you raise more donor dollars**, while better managing expectations internally.

Then there is the other aspect of planning: efficient use of your (or your team's) time to give prospect research its due. Prospecting takes time and requires thoughtful analysis.

It's a good idea to **establish a set daily or weekly period to dedicate to prospecting and planning**, during which you will research upcoming approaches and add information to your prospect pool.

Some fundraisers prefer to do this all on one day to create efficiencies, while others prefer to dedicate one hour a day for a number of days per week. Figure out what works best for you, but the important thing is that **prospect research is a crucial and ongoing part of fundraising, and needs to be part of your weekly routine**.

## STEP 3: Build your Prospect Pool

Thinking broadly about your mission and the benefits of your work and being in on the planning loop means you'll be able to find **effective connection points** between your organisation and more funders.

You're ready to embark on **perhaps the most important step to fundraising success: looking as widely as possible for new potential funders to build an extensive prospect pool.**

So, how best to look for those connections points? Google will only get you so far -- it turns out **funders are not always great at describing their funding interests.** Some don't publish any information, and some even say the opposite of what they actually fund.

A better place to start looking for funders is by mapping the links between your organisation and other organisations. Research shows that **your most likely new funders are those who've already given to an organisation similar to yours.** By following these connections (and the money that flows through them) you can build a solid list of relevant funding sources to pursue.

That's why we recommend adopting the **"reverse research" method -- instead of searching directly for funders, you start with charities similar to yours** and the gifts they've received. That way you'll learn which funders have a proven interest in what you're doing, allowing you to **focus on the right relationships.** Instead of guessing at who *might* support your cause, look at who has *actually funded* organisations and projects similar to yours.

Here are **three effective methods** to approaching prospect research this way:

- **First, take a good look at your neighbors,** i.e. the local charities in and around your location. Select a few organisations nearby and look at their sources of funding, as they may have uncovered some gems! This will highlight funders involved on a local level, which are sometimes smaller and less publicly visible but really passionate about supporting charities and initiatives in their own community (even more so than any single issue area). This exercise makes sure you don't overlook them! Furthermore, your neighbours may have uncovered provincial or federal government grants that you don't know about.
- Next, you'll want to do a **similar exercise with organisations across the country working on the same issues.** Check out the funding mixes of Canadian charities that share with yours a similar mandate, size and budget. A charity in another part of the country might have a very different mix of funders – and there may be ways for you to take a similar approach for your organisation. Likewise, a foundation based in another city may fund mostly local charities but nevertheless have a national mandate, in which case they may be eager to hear from you.

### **Fundtracker Tip**

That your most likely new funders are those who've given to organisations like yours is the guiding principle of Ajah's data-driven, donor-centred approach to funder research.

**We built Fundtracker to let you easily do this kind of reverse research, by including complete profiles of every charity in Canada.**

- Start by clicking on the *Charities* tab at in the top menu bar
- To find your neighbour charities, go to the 'Charity Location' box in the Search Criteria bar on the left and check your province (or enter your city); OR
- To find charities across the country that are working on the same issues as you are, go to the 'Activities Engaged In' box in the Search Criteria bar on the left and either check your area of activity listed in the dropdown menus or enter a specific keyword.
- You can further filter your search results if needed by size, budget, type of funders, etc – simply enter the criteria you want in the 'Filter Search Results' box in the Search Criteria bar on the left.
- Look through the list of results and choose some that are as similar to your organization as possible.
- On those charities' profiles you will see their Previous Foundation Grants and Previous Government Grants. Look at each funder listed and assess whether their funders might also be interested in funding your charity.
- Add these new potential funders to your Prospect Pool!

- Another great way to find charities similar to yours is through your funding connections. While this is a bit more complicated, it can be fruitful. Refer back to your reflection in step one and **look at your mix of funders, and for each, make a list of the other charities funded.** Then look at which other funders have also supported those listed charities. If a funder supports a charity that “your” funder also contributed to, it's a good sign that these two supporters may have common funding interests. There's a reason your funder gave to both charities -- maybe these other funders will see it too.

### Fundtracker Tip

There's an easy way to find funders that share a significant amount of recipient charities with your own funders -- Fundtracker "Related Funders" feature.

- Under *Foundations* Tab, look at the profiles of your past funders.
- On the right hand side of each profile you'll see the foundation's Related Funders, in order of the number of recipient charities they share
- See anyone you've yet to approach? Many of these related funders will represent a great new opportunity for a successful ask!

This approach is successful because you're casting a wider net and finding better matches than you could by only relying on how funders talk about themselves. You'll be able to make more asks of better prospects with a higher potential for great returns.

### Fundtracker Tip

When looking at the profile of any charity under the *Charities* Tab, an orange bar will appear near the top if your organisation has any funders in common with them. If so, take a close look at the amounts they have received from your common funders. Could you be asking for more?

## STEP 4: Filter, Qualify & Prioritize your Prospects

At this stage you've added many potential funders to your prospect pool. You're now going to want to whittle it down a bit by qualifying prospects and eliminating ineligible or improbable funders, then prioritize your potential asks by ranking your qualified prospects.

Here are some important things to look at when qualifying prospects in your pool:

- **Financial capacity:** Check on the donor's annual giving capacity -- the total amount and average individual grant amounts they've given in recent years. Does it match the needs outlined in your project's budget? If there is a significant mismatch between your needs and their capacity, pursuing this prospects may not be worth your time.
- **Giving history:** In Step 2 you found prospects that you know have funded organisations and projects in your geographic area or your area of activity. Now, dig a

little deeper to see if they have a long-standing history of funding projects and orgs like yours. You can likely eliminate prospects that have been inactive in your neighborhood or area of activity for several years.

#### **Fundtracker Tip**

There are easy way to see the details of a foundation's giving activity using Fundtracker:

- Under *Foundations* Tab, look at the profiles of potential funders.
- The 'Donation History' chart gives you a quick look at the amounts they've given year over year, broken down by focus area.
- The 'Gifts Made' chart gives you a detailed account of every individual grant the funder has made.
- Click on the 'Gift Map' on the right hand side to quickly see a geographic breakdown of all the funder's grants.

- **Your eligibility:** Have you double-checked to make sure your project or organisation meets all of the eligibility requirements outlined for the specific funder or grant you've identified?

Next you'll want to **prioritize your qualified prospects** by ranking them based on certain criteria, including:

- **Your prospect's deadlines and schedules:** Prioritize grants with looming application deadlines. For funders who note "applications accepted year-round", look at their giving history to determine activity. You can check on CRA charities listing to see long and short form financials for more details. You can also try and determine your prospect's fiscal year end to get a sense of when they might be making funding decisions, and prioritize accordingly.
- **Your own schedule and priorities:** What does your own strategic plan for the year look like? Which projects are among your short-term priorities? If you can identify funders whose specific priorities for the year are similar to your most immediate needs, they should be at the top of your "ask" list.
- **Your potential for outreach:** does your organisation have any connections to the funder that could make them more receptive? Perhaps someone in your organisation knows someone on their Board. Better yet, is anyone affiliated with your organisation (volunteers, staff, Board members, partners, allies) also affiliated somehow with your prospective funder?

- **Difficulty level/Likelihood of success:** Do you have a pre-existing relationships with the funder or are you unknown to them? How difficult will it be to secure funding -- would a solid grant application do, or must you build and nurture a deeper relationship in order to gain their support? Is your prospect so high-profile that they are inundated with applications of all kinds, or are you confident there are reasons (e.g., a less solicited funder, a perfect fit with your org.) that your application will stand out?

**We recommend creating a system of Tiers** (usually three) to organise your list and set your priorities, while always keeping tabs on all your qualified funders and ensuring you have a solid plan and timeline for making all your asks.

#### **Fundtracker Tip**

After you've decided on a few prospective funders, look up their board members on Fundtracker. You can find valuable connections between your board members and funders. Relationships are an extremely valuable part of the granting process and a little research into who knows whom can go a long way.

After you have prioritized your list of potential funders you should **build an annual plan** based on those priorities and the deadlines that these potential funders have published. Keep in mind that many funders don't publish specific deadlines: applications for funding may be sent throughout the year. By scheduling effectively you can spread your effort out over time.

## **STEP 5: Reap the Benefits of Your Research**

Effective research means casting a wide net to pull in results from the national, provincial and local level. It also means researching each possible funder to find ones that will be a good fit with your organisation and programs so that you don't waste valuable time. Using this approach, you learn about funders based on their behaviour and activities in the past, rather than just guessing based on rumours and (often) vague mission statements.

This approach is also a powerful way to find new sources of funding. By looking at the funding strategies of other organisations you can learn how they have met their funding challenges – which can in turn help you to think differently about how you will meet yours. This approach helps you gain an understanding of the various types of funding other organisations benefit from, and to understand the language they use to describe their mission and projects so that you may benefit from their insights and experience.

Ultimately, using this approach provides you with the insight you need to get the right information to the right funders at the right time. And now, you're ready to start asking.

Happy Fundraising!