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FINDING THAT MAGIC NUMBER Net Worth and the Assessment of Giving Ability

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One of the questions most often asked of prospect researchers is, "What is prospect X's net worth?" Fund raisers want this information so that they can assess the prospect's ability to give, and decide on an appropriate amount to ask for. Although it may be possible to calculate a reasonable estimate of net worth for certain individuals who are the subject of intense scrutiny by the media, generally it will be difficult to arrive at a meaningful estimate for the vast majority of prospects. Rather than struggling with an estimate of a prospect's net worth, a more useful approach for determining his/her giving ability might be to identify particular assets he/she owns or income he/she re-

ceives. Armed with information about assets owned or income received by the prospect, the researcher can use certain **guidelines to estimate** (I can't place enough emphasis on the terms *guidelines* and *estimate*) the prospect's giving ability. In addition to estimating the prospect's ability to give, the researcher should work with the fund raiser to determine the *probable* level at which the prospect will give. Using the ability and probability assessments in tandem will provide a more accurate picture of both a particular prospect and the overall prospect pool.

The Whole Picture vs. Pieces of the Puzzle

Accurate financial information is often the most rare, difficult, and important information for a researcher to find. Occasionally, we are fortunate enough to locate an assessment of a prospect's net worth. Most often, such an assessment comes from a magazine or a newspaper (e.g., *Forbes*, *Financial World*, *Wall Street Journal*, etc.) and summarizes an investigative reporter's best estimate of the individual's net worth. In other situations, we have information on several components of the prospect's net worth (value of principal residence and other property, value of stock and salary if with a public company, proceeds from the sale of a business or other asset, etc.) and have to prepare our own estimate of the prospect's net worth. With knowledge of a portion of a prospect's overall holdings, it is possible to extrapolate a prospect's net worth using statistics based on data compiled by Barry W. Johnson and



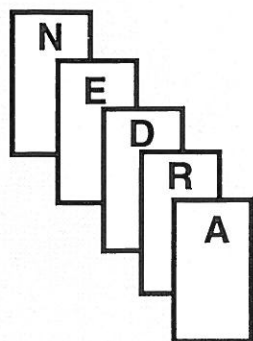
Bert Dane, Vice President for Development at New England Deaconess Hospital, was the featured speaker at NEDRA's Spring 1994 Conference. Story and more photos, page 7.

Marvin Schwartz in a study of personal wealth. These statistics are contained in five tables on the following pages.

Based upon tax returns filed in 1991 for estates of \$600,000 or more, Johnson and Schwartz determined that, on average, the estates consisted of assets in the percentages listed in **Table 1** (page 2). **Table 2** (page 3) displays the percentages of various assets according to size of gross estate. The tables were compiled using data for people who died in 1989, taken from 1989, 1990 and 1991 returns, since estates had up to nine months to file and could apply for a six month extension. According to Johnson and Schwartz, "99% of all returns for decedents who die in a given year are filed by the end of the second calendar year following the year of death." The estate multiplier technique was then used to estimate the composition of the net worth of the wealthiest *living* individuals in 1989 (those with gross assets of \$600,000 or more; see **Table 3**,

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page 4). Johnson and Schwartz estimated the number of people in this "top wealth holder" category to be approximately 3,400,000, with a mean net worth of \$1,410,000. If you know the total amount of an individual's holdings in any one of the categories listed in **Table 3**, you could use the percentages to estimate the individual's overall net worth. A note of caution: In addition to the usual dangers inherent in applying an average to a particular person, this data was not derived from living individuals, but rather extrapolated from data gathered about people who died in 1989, as noted above.

For example, if we know that a particular female prospect owns \$1,000,000 worth of stock in a public company, we might use these percentages to estimate that her total assets are \$5,376,000. **Table 3** shows us that, on average, women with total assets of \$600,000 or more have 18.6% of their assets in the stock of publicly held companies ($\$1,000,000 / .186 = \$5,376,000$). Although we don't know if the stock we have discovered represents her entire portfolio of pub-

licly held stock, we know that she owns at least \$1,000,000 in this particular asset category. We can estimate her net worth by using the 7.6% average debt figure for women with total assets of \$600,000 or more to determine that her liabilities are approximately \$408,576 ($\$5,376,000 \times .076$). If we subtract \$408,576 from \$5,376,000 we arrive at an estimated net worth of \$4,967,424.

As an alternative, we can use **Table 4** (page 5), which estimates the composition of assets of individuals according to overall net worth, and does not differentiate between men and women, to estimate the prospect's net worth. For example, although we don't know the prospect's net worth (that is what we are trying to determine!) we can assume that it is at least \$1,000,000 since she has \$1,000,000 worth of stock. Therefore, we can ignore the percentages for individuals worth between \$600,000 - \$999,999 and start with the percentages for individuals worth \$1,000,000 - \$2,499,999. If we estimate that the \$1,000,000 in stock is 15.5% of the prospect's total assets, we arrive at total assets of \$6,450,000 ($\$1,000,000 / .155$).

We have not factored in the percentage of debts and mortgages carried by that the average individual in this net worth range; however, even with liabilities included, the net worth figure will clearly exceed the \$1,000,000 - \$2,499,999 range. Therefore, we should re-calculate the prospect's net worth based on the percentages in the next higher range of \$2,500,000 - \$4,999,999. Using 18.2%, we determine that the prospect probably has total assets worth \$5,490,000 ($\$1,000,000 / .182$). If we subtract 9.6% for debts and mortgages, we find that our prospect has an estimated net worth of \$4,963,000 ($\$5,490,000$ minus \$527,000). This figure

TABLE 1 - Composition of Assets of Estates with Gross Assets of \$600,000 or More (based on estate tax returns filed in 1991)

| Type of Asset | Percentage |
|---------------------------|------------|
| Real Estate | 21.9% |
| Cash | 12.9% |
| Stock | 22.6% |
| State & Local Gov. Bonds | 11.6% |
| Annuities | 3.5% |
| Life Insurance Equity | 3.3% |
| Other Federal Gov. Bonds | 4.6% |
| Other Assets | 4.3% |
| Mortgages and Notes | 2.6% |
| Closely Held Stock | 7.2% |
| Corp. and Foreign Bonds | 1.1% |
| Non-Corp. Business Assets | 2.6% |
| Federal Savings Bonds | .4% |
| Farm Assets | .4% |
| Limited Partnerships | 1.0% |
| Debts and Mortgages | 4.3% |

TABLE 2
Composition of Assets of Estates with Gross Assets of \$600,000 or More
According to Size of Estate (based on tax returns filed in 1991)

Net Worth

| <u>Type of Asset</u> | <u>\$.6-.99M</u> | <u>\$1-2.49M</u> | <u>\$2.5-4.9M</u> | <u>\$5-9.9M</u> | <u>\$10-\$19.9M</u> | <u>\$20M+</u> |
|---------------------------|------------------|------------------|-------------------|-----------------|---------------------|---------------|
| Real Estate | 27.6% | 25.6% | 19.9% | 19.4% | 17.4% | 10.1% |
| Cash | 20.9% | 13.8% | 10.9% | 8.6% | 7.3% | 4.9% |
| Stock | 16.8% | 20.4% | 23.8% | 24.9% | 27.7% | 32.1% |
| State & Local Gov. Bonds | 8.8% | 11.8% | 14.6% | 14.0% | 13.7% | 10.3% |
| Annuities | 4.6% | 4.7% | 3.4% | 2.5% | 1.9% | .4% |
| Life Insurance Equity | 4.3% | 4.4% | 4.0% | 2.3% | 1.2% | .4% |
| Other Federal Gov. Bonds | 3.9% | 4.1% | 4.7% | 4.2% | 4.5% | 6.6% |
| Other Assets | 3.0% | 3.2% | 3.3% | 4.3% | 5.3% | 9.0% |
| Mortgages and Notes | 2.9% | 2.5% | 2.8% | 2.6% | 2.4% | 2.1% |
| Closely Held Stock | 2.6% | 4.3% | 7.4% | 11.0% | 11.4% | 16.2% |
| Corp. and Foreign Bonds | 1.5% | 1.2% | .8% | .6% | .7% | 1.2% |
| Non-Corp. Business Assets | 1.2% | 2.0% | 2.7% | 3.7% | 4.5% | 4.6% |
| Federal Savings Bonds | .8% | .5% | .2% | .1% | .1% | .01% |
| Farm Assets | .5% | .3% | .6% | .2% | .2% | .2% |
| Limited Partnerships | .4% | .9% | 1.2% | 1.4% | 1.6% | 1.9% |
| Debts & Mortgages | 3.4% | 4.2% | 4.8% | 5.2% | 5.3% | 4.3% |

is close to the top but still within the \$2,500,000 - \$4,999,999 range.

In the above example, the percentages from the two tables produced very similar estimates of the prospect's net worth (\$4,967,424 vs. \$4,963,000). This may not always be the case; I used both tables merely to demonstrate how each might be used to estimate net worth and am not suggesting that one must corroborate the other. Since one table is based on gender regardless of net worth and the other is based on net worth regardless of gender, they will undoubtedly produce different estimates. Applying averages to individuals is always dangerous, especially when working in an area as nebulous as personal assets; however, we could report that this prospect's net worth is probably in the neighborhood of \$5,000,000.

Regardless of the manner in which net worth is determined, one formula that researchers often use is:

**5% of a prospect's net worth
= giving ability***

(* Given ideal circumstances, proper cultivation, good rapport with prospect, etc. With prospects for whom primary residence represents a large portion of overall net worth, this formula should be modified to 5% of *liquid assets* = giving ability.)

However, in most instances we find only a few pieces of concrete (reliable, accurate, current, specific, etc.) information about the prospect's financial status. For prospects at a certain level of affluence, you can estimate total assets using the tables compiled from the Johnson and Schwartz data or some by some other method. However, assets are only one part of the net worth equation; liabilities are another crucial component, and it is extremely rare for researchers to acquire comprehensive information about a prospect's debt. For example, how much

money has the prospect's company borrowed? Or, how much money did the prospect borrow to acquire the prime real estate that is in his/her name? Some of the tables from the Johnson and Schwartz data provide a percentage for borrowed assets, but these are only estimated averages (since they are extrapolated from estate data and applied to living individuals) and should be applied to specific individuals with caution. Rather than trying to extrapolate the prospect's net worth from a few bits of data, it might be more useful to use that data to estimate giving ability directly.

Assessing Giving Ability from Specific Financial Information

I cannot stress enough that estimating a prospect's ability to give is an inexact science at best. In an attempt to determine whether my office's rating guidelines needed to be revised, I asked six fund raisers at the University of Pennsylvania to review a brief

TABLE 3
Composition of Assets of Living Individuals
with Gross Assets of \$600,000 or More by Gender, 1989

| <u>Type of Asset</u> | <u>All</u> | <u>Men</u> | <u>Women</u> |
|-------------------------------|------------|------------|--------------|
| Real Estate | 31.1% | 29.8% | 32.8% |
| Stock | 15.7% | 13.8% | 18.6% |
| Other | 11.1% | 12.6% | 8.9% |
| Closely Held Stock | 10.4% | 12.8% | 7.1% |
| Bonds | 10.4% | 8.4% | 13.2% |
| Cash | 9.5% | 8.6% | 10.9% |
| Non-Corporate Business Assets | 7.2% | 8.4% | 5.4% |
| Mortgages and Notes | 2.9% | 3.1% | 2.6% |
| Life Insurance Equity | 1.7% | 2.5% | .6% |
| Debts & Mortgages | 10.9% | 13.2% | 7.6% |

prospect summary that included annual salary, value of stock owned, and an estimate of the prospect's giving ability. Based upon the information provided, each fund raiser was asked to indicate the level at which he/she thought the prospect could give. Two fund raisers thought that research had rated the individual's giving ability was too high, two thought the estimate was just right, and two thought that it was too low. Needless to say, we did not revise our giving ability rating guidelines.

Some would argue that it is unwise to quantify the rating assessment process using guidelines or formulae. However, researchers need to have some guidelines when attempting to determine the amount for which a prospect could be solicited. As mentioned earlier, the key point to remember is that guidelines are just that--guidelines. Researchers need to be flexible and analyze all available data when calculating an ability rating; simply substituting prospect data for the variables in a rating formula will not yield the most accurate assessments of giving ability. With that caveat in mind, listed below are some guidelines that I have heard in my time as a prospect researcher that may be useful for estimating a prospect's ability to give. All of these guidelines assume ideal circumstances (good relationship with prospect, proper cultivation, strong motivation

for prospect to give, etc.) and are based on the premise that the prospect will make the gift over a five-year period (the length of a typical capital campaign).

1. 10% of annual income = giving ability (2% per year for five years)

For example, a prospect earning \$250,000 annually should be able to make a gift of \$25,000 over five years (\$250,000 x .10 = \$25,000). (According to the 1993 Giving USA, the average American gave away 2.01% of his/her income in 1992.)

2. 1% - 4% of stock and option holdings worth \$1 - \$499,999 = giving ability

5% - 9% of stock and option holdings worth \$500,000 - \$999,999 = giving ability

10% of stock and option holdings worth \$1,000,000 or more = giving ability

(In general, the higher the value of the stock and options, the larger the percentage used to calculate giving ability.)

3. 20 x the level of consistent annual giving = giving ability

Private Company Holdings

To evaluate a prospect's holdings in a private company, you can use the Fortune Formula (required information: percentage of company which prospect owns and estimate of company's overall market value), which is as follows:

a. 25%-50% of the value of an individual's holdings in a company equals their net worth in that company; where the percentage actually falls in the 25%-50% range depends upon how heavily merchandised (how much equipment, how much property, etc.) a company is (manufacturing firm vs. an accounting firm).

b. 1.5%-5% of an individual's net worth in the company is the formula for assessing their giving ability; determining the appropriate percentage is based upon the liquidity of the holdings in the company.

Example: Ima Rich owns 50% of a paint manufacturing firm called Rich Hues Co. We have determined that paint manufacturing firms usually sell for 1 x annual sales (from published industry research, opinions from board members, faculty, volunteers, etc.). We also know that Rich Hues had 1991 sales of \$100 million. Assuming that Rich Hues could sell for \$100 million (1 x \$100 million), Ima's 50% stake is valued at \$50 million. The Fortune Formula dictates that we work with 25%-50% of this value (frankly, I am not sure why; perhaps to factor in corporate debt). Since Rich Hues is a manufacturing firm and has lots of vats, mixing machines, boilers, trucks, etc. (i.e., tangible items which can be sold) we will work with 50% of \$50 million or \$25 million as Ima's net worth in the company. The last part of the formula is to take 1.5%-5% of Ima's net worth to determine what size gift she could make. Determining the percentage to use is another educated guess, based on how easily Ima could convert her stake in the company into cash. What sort of market is there for paint companies? Would the other owners be interested in buying her out? Could she donate shares of the company's stock? We will assume that the market for paint manufacturing firms is weak and work with 2%. Taking 2% of Ima's \$25 million net worth in Rich Hues we arrive at a giving ability of \$500,000.

Although trying to estimate the value of a prospect's holdings in a private company can be extremely vexing, it will usually prove to be very worthwhile. Unlike salary, which can usually be estimated based upon published averages for various positions, or personal assets, which may be identified by volunteers or journalists ("she owns this incredible 80-foot yacht . . ."), accurate and reliable information about a private company is almost invariably difficult to attain. Dun & Bradstreet business information reports usually provide the best information on private companies. Sometimes, these reports state the percentage of the company owned by the principal(s), and may also include annual sales and net worth. Unless the prospect mentions the extent of his/her ownership (to a staff member, volunteer, or journalist), the only other source for ownership and net worth information would be if the state in which the company is located required disclosure of that information, which might be the case if it was above a certain size or had more than a pre-determined number of shareholders, etc. One thing to keep in mind is that the net worth listed on D&B reports reflects only assets less liabilities; the figure is not indicative of what a poten-

tial buyer might be willing to pay for the company.

Sometimes you will have enough information to allow you to use more than one of these guidelines; which guideline you use depends on your assessment of the accuracy and reliability of the relevant information. For example, your records show that a particular prospect has given your organization \$1,000 every year for the last five years. You could apply this data to the "20 x consistent annual giving guideline" and arrive at an estimated giving ability of \$20,000. In addition, there is a comment in the prospect's file from one of your volunteers that this prospect earns "at least \$400,000 a year." Applying this information to the "10% of annual income guideline" you estimate a giving ability of \$40,000. However, you also know that the prospect is a partner in a mid-size accounting firm, and you question the accuracy of the volunteer's estimate of the prospect's income. Since the volunteer's salary estimate seems high given the other information you have about the prospect and your knowledge of the accounting industry in the area, you should use the "20 x consistent annual giving" guide-

line and an estimated giving ability of \$20,000.

The following is an example which may help to illustrate the use of these giving ability guidelines. Our prospect is Jane Jones, senior vice president with Acme Chemical Corp. We have obtained a copy of Acme's latest proxy statement from the company's investor relations office and have determined that Jane's combined salary and bonus for 1993 was \$350,000. In addition, we have discovered that Jane owns 20,000 shares of Acme stock directly and has options to buy another 40,000 shares at \$20 per share. Currently, Acme's stock is trading at \$50 per share. At this price, Jane's 20,000 shares are worth \$1,000,000; in addition, her options are worth another \$1,200,000 (if she were to exercise her options now, she would be able to buy 40,000 shares of Acme stock for \$800,000; since these 40,000 shares are worth \$2,000,000 at the \$50 per share price, Jane would have a gain (profit) of \$2,000,000 - \$800,000 or \$1,200,000 if she were to sell them).

If we use the "10% of annual income" giving ability guideline, we would estimate that she

could make a gift of \$35,000 (10% x \$350,000 = \$35,000). However, if we use the giving ability guideline for stock ownership for her combined stock and options, we would estimate a giving ability of \$220,000 (value of stock and options is greater than \$1,000,000, so we take 10% of \$1,000,000 + \$1,200,000 = \$2,200,000 and arrive at an ability of \$220,000). Clearly, since the data are equally reliable (both came from the proxy) and the stock and options are much

TABLE 4
Composition of Assets of Living Individuals
with Gross Assets of \$600,000 or More by Net Worth, 1989

| Type of Asset | Net Worth | | | | |
|---------------------------|-----------|-----------|------------|----------|--------|
| | \$6-.99M | \$1-2.49M | \$2.5-4.9M | \$5-9.9M | \$10M+ |
| Real Estate | 35.9% | 33.4% | 29.6% | 23.5% | 17.3% |
| Cash | 14.4% | 10.5% | 7.9% | 7.6% | 5.4% |
| Stock | 13.2% | 15.5% | 18.2% | 19.3% | 20.7% |
| Other Assets | 12.0% | 12.0% | 9.3% | 8.8% | 9.7% |
| State & Local Gov. Bonds | 5.8% | 7.2% | 7.9% | 9.6% | 7.9% |
| Closely Held Stock | 4.6% | 8.0% | 11.8% | 13.8% | 20.8% |
| Non-Corp. Business Assets | 4.5% | 5.6% | 8.5% | 9.7% | 10.9% |
| Mortgages and Notes | 3.5% | 2.9% | 2.8% | 3.2% | 2.3% |
| Other Federal Gov. Bonds | 2.5% | 2.5% | 2.3% | 2.6% | 3.8% |
| Life Insurance Equity | 1.9% | 1.5% | 1.0% | 1.0% | .3% |
| Corp. and Foreign Bonds | 1.0% | .7% | .6% | .9% | 1.0% |
| Federal Savings Bonds | .5% | .2% | .1% | .05% | .02% |
| Debts and Mortgages | 8.4% | 8.8% | 9.6% | 7.1% | 6.4% |

TABLE 5 - Composition of Assets of Living Individuals with Gross Assets of \$600,000 or More by Age, 1989

| <u>Type of Asset</u> | <u>All</u> | <u>Under 65</u> | <u>Over 65</u> |
|-------------------------------|------------|-----------------|----------------|
| Real Estate | 31.1% | 34.3% | 24.8% |
| Stock | 15.7% | 12.5% | 22.2% |
| Other | 11.1% | 12.6% | 8.1% |
| Closely Held Stock | 10.4% | 12.0% | 7.3% |
| Bonds | 10.4% | 6.9% | 17.3% |
| Cash | 9.5% | 8.1% | 12.4% |
| Non-Corporate Business Assets | 7.2% | 8.7% | 4.1% |
| Mortgages and Notes | 2.9% | 2.9% | 3.0% |
| Life Insurance Equity | 1.7% | 2.1% | .9% |
| Debts & Mortgages | 10.9% | NA | NA |

larger than the salary, we should focus on the \$220,000 estimate more than the \$35,000. However, your organization may rank prospects according to giving ability ranges, in which case you might want to consider the salary and stock and options together. For example, perhaps your organization has one rating category for prospects who are capable of a gift between \$100,000 and \$249,999, and another for prospects capable

of giving between \$250,000 and \$499,999. If we look only at Jane's stock and options, we might assign her to the \$100,000 - \$249,999 group (albeit at the upper end of that group); however, if we add the \$35,000 we think she can give based on her salary alone to the \$220,000 we think she can give based on her stock and options, we arrive at a giving ability of \$255,000 which would put her in the next category.

Qualifying Ratings

Although estimating a prospect's giving ability involves a considerable amount of work, it is important to go one step further and estimate the probable gift that the prospect will make. The giving ability is just that --ability; it does not reflect factors such as the prospect's feelings toward and relationship with the organization. It is important to work with the fund raiser and review the prospect's history (if any) with the organization so that a probability rating can be assigned. When reviewing prospects, it is important to consider both their giving potential as well as the level at which they are likely to give. This process is an even more inexact science, but it is important to determine some estimate of the amount that the prospect is likely to give to the organization.

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All tables: Johnson, Barry W. and Schwartz, Marvin 1993. *Personal Wealth, 1989. Statistics of Income Bulletin* (spring 1993; Internal Revenue Service). Extrapolated from estate tax returns for decedents who died in 1989.



JOB NOTEBOOK

Development Officer/Research, Hebrew Rehabilitation Center for Aged.

Responsibilities: this individual will be a key member of the development team, reporting directly to the Senior Development Officer, as part of a \$26 million capital campaign. The primary responsibilities of this position include the preparation of in-depth biographical, financial and business information research reports on Center trustees and members, individuals, identified prospects, and corporations and foundations, for cultivation and solicitation purposes.

The individual will also be responsible for maintaining the research library, will work in conjunction with staff to prepare the annual budget, and will be responsible for some foundation and corporate relations activities, including docu-

ment/proposal preparation. **Requirements:** Bachelor's degree; one to two years prospect research and other fund development related experience; familiarity with computers, including WordPerfect and online databases; familiarity with standard reference texts; organizational skills and the ability to interact with other staff and volunteers. Must maintain highest level of confidentiality. **Contact:** Patricia Gartland, Senior Development Officer, Hebrew Rehabilitation Center for Aged, 1200 Centre Street, Boston, MA 02131.

Research Associate, Boston University.

Responsibilities: Develop and implement a strategy to identify prospective individual and institutional donors, and write reports which analyze and evaluate biographical, business and financial resources. **Requirements:** BA/BS required; experience in writing, researching or editing preferred. Macintosh experience desirable. Position available in early September. **Contact:** Carol McConaghy-Thorp, Director of Research, Boston University, 19 Deerfield Street, Boston, MA 02215; phone 617/353-2648.

To place a job description in the Job Notebook or to learn about job opportunities between issues of NEDRA News, contact Dick Luxner at 617/353-2648 (days) or 508/562-1288 (evenings).

Some Sources of Financial Information

Proxy statements (salary, bonus, dividends, stock, stock options)

- a. Invest/Net database (800-933-4446) -Contains historical (back to 1983) insider stock ownership data; most sources of insider information focus on current insiders and ignore former insider stock owners
- b. *Quantus* (616-263-5017)
- c. *SEC Summary of Transactions and Holdings* (U.S. Government Printing Office, Superintendent of Documents, Washington, DC 20402)
- d. *Spectrum 6 Report* (800-232-6362)
- e. SEC Online (516-864-7200)

Property value information (tax assessor's office)

- a. Local tax assessor's office
- b. REDI (800-345-REDI) - probably the best option for properties outside of your local area
- c. Lexis/Nexis Assets file (800-227-4908)
- d. DAMAR (California; 800-873-2627)
- e. *People, Property, Prospects* (Taft; 800-877-8238)

Private company data (ownership, sales, employees, branches, etc.)

- a. Dun & Bradstreet reports (800-234-DUNS) -Virtually the only reference that may have percentage of company owned by a prospect
- b. *Million Dollar Directory* (201-605-6000)
- c. *Dun's Regional Business Directories* (201-605-6000) - Good if the organization's constituency is concentrated in one region
- d. *Ward's Business Directory* (800-877-4253)
- c. *Standard & Poor's* (800-221-5277)
- d. *Corporate Technology Directory* (800-333-8036)
- e. *Owners and Officers of Private Companies* (800-877-8238)
- f. *Medical and Healthcare Marketplace Guide* (215-790-7090)
- g. State department of corporations
- h. Federal government for certain regulated industries

**Source List
by Rob Millar**

Income and net worth estimates(published annually)

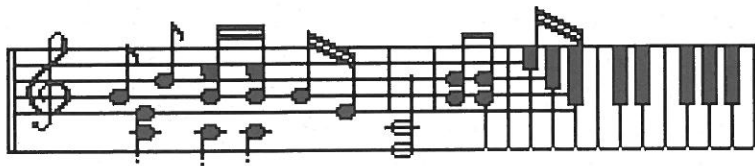
- a. Wall Street 100 (*Financial World*; July; 212-594-5030)
- b. Forbes 400 (October issue of *Forbes*; 800-888-9896)
- c. Texas 100 (*Texas Monthly*; September; 512-320-6900)
- d. Virginia 100 (*Virginia Business*; July; 804-649-6999)
- e. *Wealth Holders of America* (415-896-1903)
- f. *Who's Wealthy in America* (800-877-8238)
- g. Atlanta's Richest People (*Atlanta Business Chronicle*; March; 404-249-1000)
- h. Boston 100 (*Boston Magazine*; April, 1990 and 1991; 617-262-9700)
- i. Executive Pay (*Business Week*; May; 800-635-1200; *Wall Street Journal*; April ; 212-416-2000)
- j. Chicago's 50 Wealthiest (*Chicago Magazine*; July; 312-222-8999)
- k. Regardie's 100 (*Regardie's*; August; DC area; 202-342-0410)

Gifts to other organizations

- a. *Chronicle of Philanthropy* (202-466-1200) - Lists city, state, and sometimes occupation of donor as well as purpose of gift
- b. *Philanthropic Digest* (708-655-0177)
- c. Annual reports and donor lists
- d. *Major Donors* (Taft; 800-877-8238)
- e. Super Santas (*Town & Country*; December (annual); 800-888-2665)

Personal or family foundation information

- a. Guide to U.S. Foundations (Foundation Center; 800-424-9836)



BY SHELLEY KOORIS
RESEARCH ADMINISTRATOR
BOSTON SYMPHONY ORCHESTRA

FROM ACADEMIA TO THE ARTS-- SOME OBSERVATIONS

Last February I was given the opportunity to join the development team at the Boston Symphony Orchestra as the prospect research administrator. The BSO had no prior formal research function, but rather several people who dabbled in research while primarily working in major gifts or corporate and foundation development. Having worked at a women's college for the past two years, I considered what the differences might be for a prospect researcher leaving academia for a new adventure at an arts institution. After almost four months and a little bit of reflection, I am struck by certain differences, both subtle and obvious.



Challenges

Systems - the challenge of setting up systems and processes for sharing information. Most colleges and universities have a history of using contact reports, comprehensive central donor files, and a reasonable way of sharing information through computers. While the longevity of development staff members is an obvious benefit for cultivation and stewardship purposes, it is a major challenge for prospect research at an organization new to high technology. Abundant and meaningful information is stored in the memory of a few veteran development officers. Transferring this information into data that is easily accessible to the entire staff is a primary goal in my first 12 months. There is a huge data base at the BSO from which to cull prospects and this is a blessing and a curse. Unlike a college, where an academic degree or a donation is the standard criteria for adding a name to the data base, here a single ticket purchase will put an individual in the computer, swelling the system to several thousand records. Triage and maintenance of the data base is of paramount interest to the research operation.

Lack of a department that resembles alumni relations - Obviously any arts organization does not have the advantage of "piggy-back-

ing" on an alumni relations department. Reunion reports and other biographical information that can provide a very personal account of the donor's life are not available. Most of what is found in the donor file is correspondence between the institution and the donor over many years. It is more difficult to find that "hook" when there is no class affiliation or reunion weekend.

Lack of In-house libraries - although the Boston Public Library is a 10-minute walk (or two T stops away), the transition has made me more aware of one advantage I had at Harvard/Radcliffe: direct access to one of the best library systems in the world. I miss the ability to be steps away from specialty libraries with helpful and remarkably competent librarians. I have been forced to plan more carefully, saving up library research for one library outing per month. I have also learned to use the telephone more, taking advantage of public and newspaper libraries.



Advantages:

Volunteerism - volunteer support at the BSO is remarkable. There is an office dedicated to volunteer activity staffed by three full-time employees. Recently a devoted volunteer spent several hours checking the *Globe 200* against our data base as a means of finding new individual and corporate prospects. Last year a volunteer ran approximately twenty Boston area donor lists against the data base and created a donor list disk, making it easy to very rapidly look up this information while doing a profile. As in any prospect research department, confidentiality is always an issue. The projects that involve volunteers do not include gift histories or other confidential information. Interestingly enough, the same volunteers who may come in to help with an annual fund mailing or a research project may also be major donors, generous with money as well as time.

Access to the governing board - As a researcher, I have spent endless hours digging through libraries and old files with little success, only to discover that a particular individual knows the prospect in question intimately and would be more than happy to share key information for a research profile. One phone call can result in a vital piece of information that guides the direction of the research profile. Direct access to trustees, overseers and other volunteers is encouraged. In talking with colleagues at other small, non-academic institutions, this seems to be the norm. The hierarchy is less rigid and thus the information flow is less restricted.

Events - Most of the events connected with the Symphony have a feeling of celebration and joy. As a researcher who is part of the major gifts team, attending events has enabled me to meet patrons and donors, get a better sense of the motivation behind the support, and acquire new names of potential donors. At larger universities where the job functions are highly specialized, it is less likely that a researcher will have the opportunity to gather information on the front line.

Community - The Boston Symphony Orchestra and particularly the Boston Pops have always had the reputation of belonging "to the people." This sense of community is felt throughout the BSO staff as well. Members of the board, the development office, the house crew and the ticket office all attend concerts and enjoy the performances our work makes possible. When one works for an arts organization, one only has to feel a passion for the purpose. It is not necessary to be an alumna to feel connected.

Awareness of the mission - It is difficult for a day to go by, without being acutely aware of what the institution's mission is and why the prospect research function is vital. The

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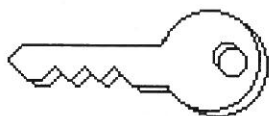
music of rehearsals and performances is piped in through speakers throughout the hall, including the development offices. Approaching Symphony Hall on a Friday morning and seeing a crowd lined up for "rush" tickets or leaving work late in the evening and fighting the crowds, gives a sense of reality and a positive kind of urgency to the fundraising process. My awareness of the mission was more abstract working at a college where the development function was separate from the daily lives of students, faculty and program directors.

Benefits - While no institution in the Boston area that I know of can offer the comprehensive benefits of Harvard/Radcliffe, the ability to secure tickets to a rehearsal of John Harbison's new piece featuring Yo Yo Ma should not be minimized! The thrill of stumbling into a taping of Itzhak Perlman narrating "Peter and the Wolf" was certainly a high point of my first few months in Symphony Hall.

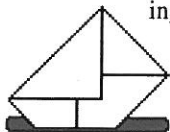
Having joined the BSO after my Harvard/Radcliffe experience, I am grateful for having had an excellent training ground on which to learn. The sophistication of the Harvard/Radcliffe development research offices provided the knowledge of systems, sources and tools to enable me to create an appropriate research operation for a smaller and very different kind of organization.

Key Volunteer Needed!

A volunteer who works or lives in Cambridge, Massachusetts is needed to perform what is literally a "key" function for NEDRA.



When we acquired the mailbox on Massachusetts Avenue as our mailing address, there were three board members working in Cambridge; this fall, there will be none. We would like to recruit a volunteer who will be responsible for picking up NEDRA mail from the mailbox on a weekly basis, sorting it and distributing it to the appropriate board members. If you are willing to take on this task, please contact Sandra Larkin at 617/496-6160. Thank you!



Select ProPhone Select

telephone directories on CD-ROM



RESOURCE REVIEW BY ABBEY SILBERMAN
ASSOCIATE DIRECTOR FOR ENDOWMENT
COMBINED JEWISH PHILANTHROPIES OF GREATER
BOSTON

ProPhone Select
CD-ROM Product for MS DOS, Windows
Cost: \$159-\$199

ProPhone Select is one of several CD-ROM products with directory assistance listings for homes and businesses in the United States. Variations of the product are also available for just US residences, US toll-free numbers, Canada, and Europe (businesses only, I think). Like any product that deals with such flexible data, ProPhone Select has its faults and limitations. In spite of that, it was perhaps the best two hundred dollars I spent in my research budget. It provides me with the ability to quickly locate home and vacation addresses, to trace business and residential phone numbers, to identify neighbors as contacts, and, on a limited basis, to acquire new prospects.

What is the data?

ProPhone Select comes on four geographically organized CDs, which contain directory assistance listings for homes and businesses. In all cases, the complete address (including zip code) is included, as are SIC code and number of employees for many businesses. Portions of the entire database are updated quarterly, although those updates cross the geographic breakdowns, so the entire Northeast disk takes a year to complete.

When I first purchased the disk, I tested the data by checking for family and long lost friends from college and summer camp. I found that the quality of the data is quite mixed. I have been living at the same address for nearly three years (and have appeared in several phone books), and did not appear in a search of my name. I checked the Cole's Directories, however, and noted that I have been listed in that source for two years. On the other extreme, I have two friends from college who moved in together

four months ago, and they were listed. When I searched for a long lost boyfriend, I found him listed under an address where he lived in 1989. Certainly, old numbers (particularly when dealing with those of college or post-college age) reflect how and if people delist.

Similarly, directory assistance listings take several forms. While most people list by last and first name, searching by initials, and spouse names may help you find the local or vacation address for which you search.

Since most of the prospects I research are not recent college graduates and not very transient, I haven't found the aforementioned shortcomings to significantly impact my work. I still rely on current directory assistance and the prospect's input to confirm critical address and telephone information.

What are the search features?

While the search features for MS DOS and Windows are essentially the same (both interfaces come on the current versions of the product), I **strongly** prefer the DOS interface—simply put, it is easier and faster to use. It is not yet available in a Macintosh-compatible format, but the company expects to issue a Mac version this fall.

ProPhone Select allows the user to search by all combinations of criteria (with the exception of number of employees for businesses). The criteria are:

- name (searchable by last name alone)
- address (searchable by street name or building number)
- city
- state
- zip
- phone (searchable by all or part of the number)
- SIC code

Once you complete your search terms, all of the corresponding entries or those you choose to tag can be output in variety of formats (including mailing labels) to a printer or an

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New Book Will Share NEDRA's Best

NEDRA is proud to announce the impending publication of *Researching Donors, Raising Dollars: The Best of NEDRA News*. This anthology of articles published in NEDRA News since 1987 will be available in the fall of 1994.

Over the past seven years, a variety of topics of interest to prospect researchers have been covered in NEDRA News. Last year, the Board of Directors decided it would be useful to have a comprehensive index of what had been published. Carol McConaghy-Thorp took on this task, and when she had finished, the question of how best to use the index arose. Rather than distributing reprints of individual articles on request, as had been done in the past, the Board decided to compile those that had lasting interest into a book. This would make the collected expertise of NEDRA's members available not only to NEDRA, but to others in the development profession who want to learn more about research.

David Eberly, Sandra Larkin, and Sean Gillery first met in March to look over seven years' worth of NEDRA News and choose the articles to include in the book. It was interesting to see how the publication had evolved over the years, from the original single photocopied page that announced the formation of the New England Development Research Association in 1987 to the format you have in your hands now. The committee looked for articles that answered questions still being asked in research shops. More than 75 pieces by over 40 different authors were selected for inclusion. Many of the authors are still active NEDRA members, while some have moved on to new careers. David, Sandra, Carol and Sean have shared editing responsibilities for the book.

Researching Donors, Raising Dollars will be divided into six sections, covering Research Management, Sources, Corporate and Foundation Research, Techniques and Methods, International Research, and Ethics. The price has not yet been set but is expected to be around \$10.00 per copy, and NEDRA members will receive a discounted rate.

[CONTINUED FROM PAGE 9]

ASCII file. With a modem hook up, you can even dial the numbers.

How I Use ProPhone.

To identify neighbors. There are several ways to identify potential contacts who live on the same street as your subject. For starters, once you identify a listing, you can hit a function key to see a list of most immediate neighbors. If you want to see who lives on the entire street, simply enter its name and perhaps the zip code, and a list sorted by address will quickly appear. If, however, you are searching for a particular condominium building, or trying to see who lives at a particular address, the search can be somewhat time consuming (up to several minutes). My advice would be to request the address, then scroll to the address for which you are looking. No matter how you develop them, lists of condominium buildings will be very interesting and valuable. We have identified several local and Florida buildings which have concentrations of high-capacity philanthropic prospects, and will develop strategies for those residents who are giving us only \$25 per year through telemarketing!

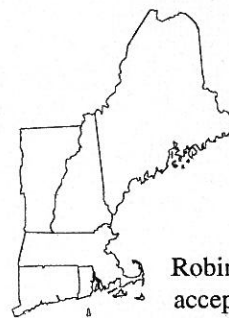
To trace phone numbers. Sometimes our donors supply us with only a work phone number. In many cases, I have traced the number to identify the name, location, and type of the business. If I suspect a number to be an extension which is not listed, I can search the area code plus the exchange and the next few numbers. The same principle works for tracing home phone numbers.

To identify seasonal addresses. In searching just the Northeast disc to confirm Boston addresses, I found a number of Cape Cod residences. In the middle of the search, I insert the Southern disc, press a function key, and search the same name in Florida. I have found that there are several major donors who are unlisted locally, but who list in their seasonal addresses under both the husband's and the wife's name.

To acquire new prospects. In order to add someone to our database, we need to have a complete home address and phone number. Having ProPhone Select helps me to add appropriate individuals to our database as

they are identified. We are also working with a noted sociologist on using the product to inexpensively download names and add them to our database.

ProPhone Select is available through many mail-order catalogs and large computer stores. For more information from its producer, call the company customer service line at 617/631-0900.



WHO'S WHAT, WHERE

Robin Good has accepted the position of Director of

Prospect Research and Management, University of Massachusetts-Lowell. Robin, a NEDRA director, was formerly Director of Prospect Research at Brown University.

Dick Luxner, formerly of Marywood College in Scranton, PA, has joined Boston University as Senior Research Associate. Dick will also be taking over the NEDRA Job Notebook.

Who's What Where is a regular feature of NEDRA News, reporting on promotions, job changes and new faces. If you have recently made a job change, please share it with NEDRA News by faxing the information to the Editor at 617/496-3919.



Free to Good Home

The Hebrew Rehabilitation Center is giving away the following books; contact Patricia Gartland at 617/325-8000, x440.

Directory of Corporate Affiliations, 1993 (Vol. 1-4 and Master Index)
Directory of Directors, Boston, 1990
Martindale-Hubbell Law Directory, 1990



David Eberly introduces morning panelists John Bowen and Bert Dane.

On May 20, approximately 130 NEDRA members gathered in Boston for a day of networking and learning. At the annual business meeting, vice president Susan Cronin Ruderman (a founding member of NEDRA), membership chair Ann Marie Michel, and director Rob Millar were thanked for all their hard work as they had stepped down from the Board of Directors. The membership ratified the nomination of three new directors: Georgia Glick, Director of

plify the process of sending out membership renewals and publishing the NEDRA directory; it has the added benefit of extending the 1993-94 year to 15 months, at no extra charge!

The conference opened with a keynote address by Herbert P. Dane, Senior Vice President for Development at New England Deaconess Hospital. He was joined by John J. Bowen, Vice President for Resource Development who was to speak on her experiences as a philanthropist. Unfortunately, Mrs. Child was unable to attend due to the sudden death of her husband just a week before the conference.)

The afternoon included six breakout sessions. *Fundamentals of Prospect Research* were covered by David Perkins, of Boston College, while *Sacred Cows of Research* were dissected at a panel discussion featuring Carol McConaghy Thorp (Boston University), Shelley Brown (Massachusetts Institute of Technology), and Kim Watson (Bentley College). *Net Worth and the Assessment of Giving Ability*, offered by Boston College's Rob Millar, was so popular that it has been called back for an encore—as the cover story of this issue of NEDRA News. Case studies of research in different types of institutions were presented: *Social Service Agencies*, with David Eberly and Joel Evans (AIDS Action Committee); *Libraries and Cultural Organizations*, with Abbey Silberman (Combined Jewish Philanthropies), Bill Kissick (Dartmouth College), and Mary Leen (MIT); and *Secondary Schools*, with Mary Pat Mendonca and Patricia Edmonds of Phillips Andover Academy.



Conferees wait for the next session to begin.

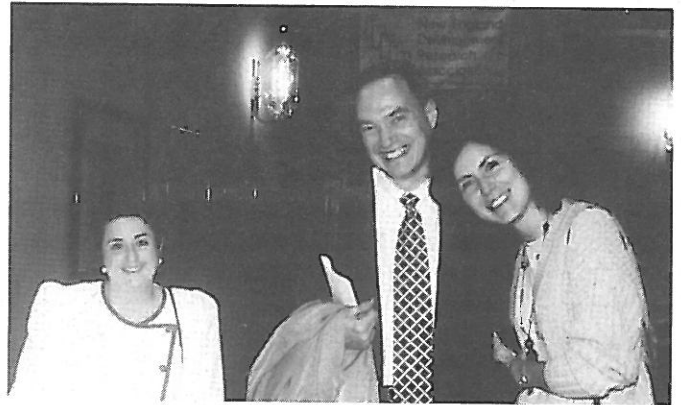
Research at Bentley College; Julie Joyce, Development Associate at Plimoth Plantation; and Ann Hodges White, Director of Development Resources at the Moses Brown School. (Profiles of all current directors will appear in the Fall 1994 NEDRA News.) Also announced was a change in NEDRA's membership year, which will now run from September 1 to August 31 (the previous membership year was July 1-June 30). This will sim-



NEDRA directors in attendance. Back Row: Rob Millar, Ann Marie Michel, David Eberly, Anne Hodges White; Front Row: Laurie LaMothe, Robin Good, Margaret Link, Sandra Larkin, Margaret Dreger.

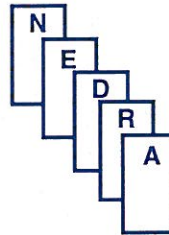
NEDRA HOLDS 1994 SPRING CONFERENCE

focusing on their experience not only as fundraisers, but as donors and trustees. (NEDRA had planned on a third panelist, celebrity chef and cookbook author Julia Child,



Directors Sandra Larkin, David Eberly and Ann Marie Michel seem pleased with the day's events.

If you or someone you know would like to join The New England Development Research Association, please complete this form and send it to NEDRA, 1770 Massachusetts Avenue, Suite 288, Cambridge, MA 02140. Please enclose \$25 for an individual membership, or \$50 for a business membership (for-profit consultant or vendor). Our membership year is September 1-August 31.



NEDRA OFFICERS

President
Laurie LaMothe

Treasurer
Margaret Link

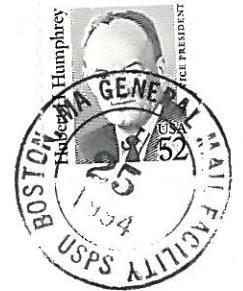
Secretary
Robin Good

Directors
Margaret Dreger
David Eberly
Georgia Glick
Julie Joyce
Sandra Larkin
Anne Hodges White

Name: _____
Institution: _____
Title: _____
Address: _____

Phone Number: _____
Fax Number: _____

NEDRA
1770 Massachusetts Avenue
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Cambridge, MA 02140



~~Richard M. [redacted]~~
Research Analyst
Northeastern University

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