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Researching Funds in Europe: A Trip Deep Into The European Donor's Soul

By DIETER HERNEGGER, DIRECTOR, SEARCH & FUND

Europe is home to some of the richest countries in the world. Professional fundraising is not new over here. But why is it that only a few European fundraisers make research part of their strategy? And what's in there for researchers from abroad? This article will take a closer look at key sources of wealth, some of the obstacles to funding, and how to open the gates to companies, foundations and rich people.

Let's start with a short overview of the fundraising market in Europe, which consists of some 30 countries and twenty languages. 'The market' in Europe is, in fact, a patchwork, colourful at first glance but rather fuzzy when you take a closer look. General statements are difficult.

Take professional fundraisers. You can find a fully developed market with a wide array of fundraising organizations in the U.K., and you will find professional fundraisers in almost every country. In some countries, though, this would be a close encounter in a small pub.

Take the strategies applied by local fundraisers. You can find full-scale direct marketing everywhere and on the start in Eastern Europe. You can find telemarketing and some form of door-to-door or street collections in most of the Western European countries. You will find foundation and major donor fundraising in most of them, as well, though not always in a

systematic pattern, but based on connections and personal contacts. When it comes to planned giving, payroll giving or legacies, you will probably need a microscope to find more than the famous exceptions to the rule.

Fundraising research is not used by many, and only those at the leading edge use it systematically. Those that do prefer not to talk about it. Prospect research, development research, advancement research—whatever you call it, it's a very new tool in Continental Europe.

When you look at the financial base for fundraising, you can find exceptionally rich people in every country but you will not find a broad, wealthy middle class everywhere. For example, in South and Eastern Europe, what you will find instead is the cutting back of state funds. Due to that general trend, competition amongst organizations for private donations will increase in the next years. New organizations from health, education and cultural sectors will be out there trying to substitute former state subsidies on the private giving market.

This is only a very rough sketch. You're not dealing with one country, not even with a number of countries from the same (Anglo-Saxon) cultural background. Europe is not a uniform fundraising landscape, but a market in development. Before you head off to

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Editors' Note

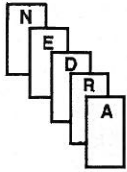
In the Spring issue of NEDRA News, we feature two popular topics among prospect researchers: international research and peer screening. Dieter Hernegger discusses prospect research and taps into the giving culture in Europe. In an accompanying piece, Carol Byrne interviews Helen Brown about her research efforts overseas. Mary Lawrence describes her recent foray into the world of peer screening of a targeted constituency. Both issues are sure to be addressed further at workshops and roundtable discussions during this year's annual conference.

We look forward to seeing all of you at NEDRA's Spring Conference, April 12-13, at the Sheraton Ferncroft in Danvers, MA. Bring questions, ideas and research tips to share with your peers, and we'll have plenty to offer in return. See you then!

Carol Byrne, Co-Editor
Mary Lawrence, Co-Editor

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Researching Funds in Europe: A Trip Deep Into The European Donor's Soul

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Europe, be aware of some key differences to the U.S. Privacy, data protection, freedom of information, different languages and giving cultures are realities that fundraisers face in Europe. These realities don't make life easier.

Same Needs, Different Mindsets Language.

Fundraising research has grown in an Anglo-Saxon culture and still is a nearly exclusively English speaking endeavour. That's fine as long as fundraisers, researchers and prospects are all linked to the English speaking world.

Europe, however, is home to dozens of languages. Research is much harder once you deal with a prospect from, say, Germany, an Italian foundation and a company network spread all over Europe. If you have a local speaker or an office there, that's perfect. You're on-site for libraries and public records. If not, you have to rely on on-line information or an external researcher.

Although English is spoken all across Europe, don't expect public administrations to use it for their official work. Public records are in the country's official language, and so are the registers and most of the private databases. On-line translation tools can be of use for single words, but don't expect them to convey the whole message of a document. Use them when you need a laugh.

Tax Frame. Another part of the patchwork are European charity tax laws. They can fill your library easily. To get an income tax waiver for your organization you will need to have a base in the EU and qualify as charitable or public benefit. Deductibility of donations is regulated differently in each country. Channelling funds to the U.S. directly, without a base in Europe, is tricky. Donating is not the problem, but without a partner organization in Europe no European country will be inclined to provide tax incentives to the donor.

If you really want to understand your European donors and their motivations, you have to take a deep look into their souls. For the beginning, let's start with some cultural and social characteristics:

Privacy. Europeans, in general, have a more favourable view of the government's role in society and a more skeptical view of the market. In the U.S., privacy is something that has to be protected *from* the government. In Europe, privacy is something that has to be protected *by* the government. Together with data protection, this European concept of privacy has a strong impact on modern fundraising.

Data Protection. Europe is home to the most comprehensive data protection regime in the world. There is one binding legal frame for all EU members, the data protection directive, imposing strict rules on all member states, including protection agencies and registrations. Additionally, many states and regions have their own regulations. In the U.S., by comparison, the data protection regime is sector-specific and emphasizes self regulation.

Want a taste of European data protection rules? Take a deep breath. Under the European regime, fundraising researchers deal with four types of information. Public domain information can be processed without major problems. This is information publicized by a person or made publicly accessible by law (company register, etc.).

Private information is information that makes a person identifiable (name, address, birthday). It can be processed only when the donor has agreed (by signing a contract, by clicking the 'I accept' button and so on). Sensitive information, the third category, deals with ethnicity, political opinion, memberships, religious or philosophical belief, health and sex life. It can only be pro-

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cessed with the explicit consent or when the information is made public by the person itself.

The fourth category is cross-border information. Data can be processed across borders (what a neat idea in a global information society) when it was made public legally in the home country, or when a 'safe harbour' agreement exists between the EU and non member states. The U.S. and the EU concluded this agreement in 2000. The idea of the safe harbour is that the recipient country must have comparable regulations safeguarding data coming from the EU. Data protection watchdogs criticised the agreement. For many of them the U.S. model of protection is, in their European view, inadequate.

For a fundraising researcher, this means that you are on the safe side only when you concentrate on public domain data. You might be interested in political attitudes of a prospect, though this is sensitive information. You can only use it when it was made public, for example, in an interview or a petition. If you get this information in a personal conversation with a third person, however, you should be extra careful because it is not just private but sensitive information. You are not allowed to use this in a profile, e.g., without the explicit consent of the prospect.

Whatever the historical reasons, these concepts of privacy and data protection are deeply rooted in European mentality. Every fundraiser, every researcher, everyone in marketing is well advised to take this into account before making a potentially harmful decision. Think of it when selecting research sources; think of it when dealing with personal data. Don't expect to be cheered at when you introduce your new over-the-top data-mining or screening tool in Europe.

Freedom of Information. Closely connected to data protection and privacy is the issue of transparency. Fundraising researchers love sunshine laws. Unfortunately, the sky was clouded when Euro-

pean transparency and public records laws were drafted. Freedom of information is a weak concept in Europe and public records are defined narrowly, except for some role-models like Sweden.

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FACT BOX 1 – Public Records Access in Europe*	
Company Register	Yes, but filing requirements often not taken seriously by companies and not sanctioned by authorities.
Real Estate Register	Yes, but name search not available for the public, individual address needed.
Party Donations	Yes, but not centrally stored and only when over a certain amount.
Biographical	No way. Where available: Telephone or residency lists, electoral roll.
Legal Cases	No central parties to case, no case records. Yes for bankruptcies, liquidations, highest level courts.

Take a look at fact box 1 to get an idea.

You will rather find countries with elaborate official secrecy laws. Having records is not the problem - having public access is. In some cases you have to be party to a case to get access, in others you have to explain your interest – and a bureaucrat takes a discretionary decision. This attitude is changing, albeit slowly. For your own sake, don't expect U.S.-like sunshine for researchers. Dress warmly.

Giving Culture. There is a deeply rooted culture of not boasting with donations (and with money in general) in Europe. Sure, you will find some high-profile donors who like to show off. Others just want to be public role-models. But most likely in Europe, prospects will not be enthusiastic to be presented on the golden plate and praised in public. The predominant attitude of donors is low-key.

Why that? Some just don't want others to know about their wealth and to spark more solicitations. The main reason, however, is a kind of modesty, dating back far into (protestant) religion. Life's been good to the donor, the donation is part of one's contribution to the commu-

nity, and it's not worth boasting about. High-profile ideas might work with some, but they might be counter-productive with many others.

FACT BOX 2 – Types of Research Sources in Europe
Internet
News Archives
Private Databases
Public Records Databases
Libraries, Information Providers

Where and How to Find

Information. Now, let's get back from the soul and on our feet. How do you cope with these obstacles? Assuming that you cannot travel to all the great places in Europe, and assuming that you do not have partners based in Europe, five types of sources might be of help (see fact box 2).

Europe has a high internet penetration. It's not all on the net and it's not all for free, but you can expect to find at least something of relevance – if you include the local languages in your search. This will not solve the problem of translation, but it might give you clues or serendipity results like the English section of a website.

News archives, private and public databases are much trickier. Unless you

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have a correctly spelled name or keyword in the local language—not too narrow, not too broad—you might have severe problems using these databases to your favour. You won't be able to make use of all the advanced search tools (English grammar is much simpler than most others).

Time can rapidly become your greatest obstacle. If you're not sure about which sources to use, consider aligning with a local speaker or researcher. Look for libraries, information providers, freelance researchers. It will save you time, nerves and money.

On-line access to databases and the internet have made it much easier for fundraisers to identify and research foreign prospects and funds in Europe. You won't be able to make estimates on giving capacity that easily but you do have high quality press databases, some public registers, biography and other private information collections at your disposal.

Easy-access, cost-efficient sources for researching prospects, companies or foundations in Europe:

Companies. Your best bet is researching companies. Marketing rules are the same everywhere, so start with first hand—biased—marketing information: Website (often with an English section), press releases, annual reports, marketing brochures, product information, governance, management and contact information.

There is a strong emphasis on the protection of creditors in Europe. Thus, you can expect to find a considerable amount of public records on companies in Europe, including data on main shareholders, incorporation files, balance sheets, audit reports and bankruptcy records.

Beyond a certain market size, additional data can be obtained on creditworthiness, corporate strategy, management and governance, investor and market analysis. When you profile a company

for your fundraising, you should also look at media reports, NGO statements and philanthropy (corporate foundations, sponsoring, donations). Company registers are available everywhere. A small fee is usually a good investment to clarify and reaffirm your route.

You're always on the sunny side with quoted companies. Stock exchanges, shareholders, investors, analysts and creditors all create pressure for transparency, although you'll still have strange encounters with the issue of privacy even in this segment. More than 50% of the Top 30 Aktiengesellschaften (corporations) listed on German indices refuse to make public the individual salaries of the members of their management boards.

Corporate structure in Europe is dominated by small and medium sized companies, most of which are limited liability companies. When these companies are in the hands of families, expect to find only very limited information on their financials and profits. Some excel in hiding the real information behind a wall of legal constructions.

Publicity requirements do exist; however, their scope depends on the size of the company and a considerable portion do not file. That's a result of the weak sanctions linked to violations of these requirements. Expect to have very little chance of finding solid information on companies that are not listed. Europe is not far away from the U.S. in this respect (with the notable exception of the UK).

Here's a rough selection of sources on companies: 1) Company Registers. 2) Company Financials Databases—Creditreform, Bureau van Dijk, Hoppenstedt, Dun&Bradstreet. They compile and recycle primary information from company registers, creditors, annual reports and their own research. 3) Credit Reports—Creditreform, Bürgel, KSV.

4) Quoted Companies—look for Annual Reports, analysts' reports, holders of

considerable voting rights and director's dealings. 5) Press Databases/Internet—Genios, GBI for German speaking countries. Business portals and press sections have proliferated in the past decade. 6) Last Resort—if all this is of no help, chambers of commerce, trade associations, government investment agencies or embassies might be your strategy.

Foundations. There are thousands of foundations in Europe. You will find grant making, operative and family foundations. Fundraising from foundations in Europe has great potential and is growing steadily. While they are usually easy to find because of registration requirements, many of them try hard to completely hide from the public. You can research existence, purposes and people involved, but it can be impossible to find out about the foundation's assets, activities or grant-making. This is not surprising. Take into account that (family) foundations are partly seen as a tax-efficient, if not a tax-evading way of managing wealthy estates.

So how do you research a foundation and its grant making in Europe? It is usually a good sign to come across a foundation when you research a prospect—you have detected big money. Although many founders try to stay out of the public eye, because of their money, they are the focus of magazines, rich lists and the yellow press. These can be helpful to estimate the money involved, although it is impossible to get exact figures on income and wealth in Europe. Whenever you come across such figures, be extra careful—it will save you disappointment.

Another great source are foundation registers which contain founders and trustees. Look for committees, councils and the like—they give a good impression of the personal network of a founder. People may have been invited to foundation bodies because they expressed clear views on certain topics, thus reflecting the values of the founder. Look at the charter to learn more about the

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purposes of the foundation. Sometimes it's simply support of family members, but in many other cases you will find charitable or social change links.

Similar to the U.S., foundation directories are available in Europe, although much less detailed in terms of activities and grant making history. For a comprehensive overview, you will need one for each country, if available.

People. People are the most complicated area of fundraising research in Europe. Take all the things you read and heard about privacy and data protection, low profile donors and restrictive public records policies, and you get the picture.

According to the latest Cap Gemini World Wealth Report 2004, Europe has 2.6 million people with assets over US \$1 million, compared to 2.5 million in the U.S.. Some of them can be researched because they are public figures, celebrities or other renowned folk. If your target is a successful businessperson, scientist, politician, artist or athlete, there will be information in the press or on some website. Using press archives and interviews, you can learn about their views and their motiva-

FACT BOX 3 – Research tools rarely of use in Europe

Charity Filings – 990s
Convictions, Party to Cases
Residency, Marriage, Divorce Records
Voter Registrations
Professional Licences
Ownerships (Cars, Aircraft, Boats,...)
Memberships

tions to give. Information is also available in biographical archives like Munzinger. Most of the company databases do have index fields for people, as well.

If all these approaches yield nothing, there is still one human element helping you—vanity. Various publishers provide Who's Who directories for countries or industries. People have to pay to get in there, keep that in mind—and keep a close eye on the quality of the data.

Don't expect the full load of information available in the U.S.—not even parts of it. See fact box 3 for examples. Take a structured approach—look for biography, education, career, company affiliations, wealth, philanthropy, board positions, contacts and networks. Even then, some prospects will still remain invisible.

Globalizing Fundraising Research.

People move across borders in Europe permanently. So does their money. Europe is a market comparable to the U.S. in size but consisting of some 30 countries. Thus, prospect research in Europe is international. On the organization side, many have gone international already. Think of pioneers like Greenpeace or WWF establishing world-wide networks in the past decades.

Today, we notice a new trend: more and more organizations based in only one country globalize their fundraising, as well—without building an international network first. Think of universities and their alumni. Think of museums, art centers, opera houses and their international visitors. Think of renowned hospitals, academies and so on. They look for prospects and funds in other countries, they plan international fundraising campaigns, and they use new on-line tools to research prospects. Europe is a great example of this new cross-border activity.

For fundraising researchers, this facet of globalization has unique rewards and challenges. On the one hand, we have to get over new obstacles—language skills, sources, different giving cultures, need for cross-cultural co-operation. The reward, on the other hand, is manifold: we can enlarge our prospect pools. We are able to refine our research skills. We can make better decisions on whom to approach and how to state our case effectively. In the end, all this will make our search for funds more successful and personally rewarding. Thus, let's go international, no matter what condition we research in: clouded skies or sunshine laws.

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Targeted Peer Screening: A Case Study

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already reunion volunteers and offered to assist in reconnecting classmates whom they had identified. All in all, it was a successful cultivation tool for this previously elusive group of alumni.

Follow-up contact has also proven to be a rich source of information. One screener disclosed that he had recently started a hedge fund with his father, who is also a prospect, and that it had been doing so well that plans to expand their offices wouldn't be a problem because his father owned the office building. Another screener informed us of his new venture at an investment firm which would substantially increase his annual

compensation. Those unable to attend the screening session were asked to meet personally with gift officers, thus ensuring another opportunity for cultivation.

We are pleased with the success of this session and already have plans to use it as a model for future sessions in other geographic locations. Having a database which can segment various target populations and customize screening lists is an essential part of the process. Equally important is having clear expectations of the screening outcome and being committed to a team effort in executing the session.