

The 4 Categories of Prospects

When a development team organizes its fundraising prospects, it's important to put like prospects together. Why? It's because the approach is often similar for the same *type* of prospect, so the synergy of ideas, strategies, and tactics are easier to compare. It also helps focus volunteer fundraising leaders.

These are the four categories of prospects a development program will consider:

1. Individuals

This includes individual people, married couples, extended families, and advisors. It also includes estates. While family foundations are *technically* foundations, they *operate* like individuals do, so they are classified here. *Historically, 80-85 percent of all philanthropy comes from individuals.*

2. Businesses

Businesses include corporations, limited liability corporations, smaller to mid-size companies, mom 'n pop companies, private companies, public companies, and entrepreneurial organizations. Corporate foundations are classified here because they are usually a direct extension of a corporation.

3. Foundations

There are large foundations staffed by professionals dedicated to the foundation and there are many smaller foundations that operate in other circumstances. Often, the latter are located in the law firm an individual uses for his or her financial affairs. There are also community foundations and family foundations (see #1 above). Most foundations are required to give away a certain percentage of funds every year.

4. Organizations

This is the "catch-all" classification for groups like service clubs (Lions, Kiwanis, Rotary), churches and houses of worship, Booster organizations, grassroots volunteer organizations, United Way and other federated organizations, and Chambers of Commerce. In some cases, other non-profit organizations make gifts to other non-profits.

Why are government organizations not on this list? The reason is that government funding is *not* philanthropy. When a non-profit receives a grant from a government organization, it's in the form of a *contract* for services. That's why government groups don't count as fundraising.

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