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## *Handling Prospect Research*

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Few topics have caused as much debate and discussion among fund raising professionals in higher education in the last few years as the activity called prospect research. The majority of development officers who must use or produce prospect research information are comfortable with the process and content, but occasionally they encounter situations in which they recognize a conflict between advancing their institution's goals and being sensitive to the privacy of individuals who support the institution financially. The overall goal of philanthropy is to foster a mutually beneficial relationship between worthy institutions and interested benefactors for the purpose of advancing the institutions' missions. Development officers are the professionals who serve as intermediaries in this relationship, garnering financial support for their institutions and overseeing stewardship and recognition activities directed toward donors.

This chapter is intended to increase awareness of ethical issues inherent in prospect research, which we identify as issues of privacy, confidentiality, and secrecy, and to recommend guidelines for making responsible decisions about research activities. We use hypothetical examples of ethical problems throughout the chapter. Some reflect the kinds of problems that come up routinely; others are meant to be exaggerated. The purpose of the latter examples is to illustrate what development officers as a professional group probably would agree is unethical behavior. Sometimes the point of ethics is to clarify what makes certain actions wrong rather than to present a single "right" answer.

Morality, at its core, is a system of rules and ideals for how people should treat one another. When an individual is being harmed, we have the makings of a moral problem. Privacy, confidentiality, and

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secrecy are moral considerations in prospect research because harm can be caused to prospects by

- the methods of collection;
- the information contained in files;
- the sharing of the collected information;
- the secrecy involved in the process.

Prospect research, sometimes known as donor or advancement research, generally is defined as the ongoing investigative and synthesizing process by which an institution identifies prospective contributors (individuals, corporations, foundations, or governmental agencies), assesses gift capacity and inclination, and explores a prospect's interests in order to motivate the prospect to contribute.<sup>1</sup> That information then is woven into an ever-changing tapestry that development officers use to create a philanthropic relationship between the institution and the potential contributor.

### The New Environment of Prospect Research

It is difficult, if not impossible, to pinpoint exactly where or when sophisticated prospect research activity began in the United States. Prospect research was initially done informally at private educational institutions. It may have been no more than a quick review of a file maintained by the chief development officer to recall the name of a prospect's spouse, basic information about family and business, and the prospect's gift and degree history. Sophisticated recordkeeping was more difficult before computer technology. Interactions between prospect and institution tended to have a highly personalized nature. Prospects were fewer in number, and they were generally known to development officers, who tended to be alumni themselves and, frequently, longtime university or college employees.

The fund-raising environment in which prospect research activities take place today is very different. Information technology is complex. More staff members, many of whom are not alumni, are involved with fund raising. Financial goals are larger, and the volume of prospects being cultivated for support also has increased. The institutional status and importance of prospect researchers have grown with pressures on development organizations to meet ambi-

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tious campaign goals and to compete with other nonprofit organizations, sometimes for the same prospects.

Increasingly, technological advances within institutional advancement are changing the nature of prospect research. A trend exists toward putting a scientific veneer on decision making about gift capacity. Development officers now have access to such large-scale resources as electronic geodemographic screening of prospect pools that try to predict giving behavior of individuals; profiles-on-demand from private firms that search centralized public records in order to produce profiles; on-line commercial databases that contain business information; and sophisticated prospect-tracking programs. These technological tools form a pyramid in which the bottom represents large-scale, impersonal information and the top represents the most specific information that can be found regarding an individual.

At the bottom of the pyramid are what are known as geodemographic screening systems, which are marketed by several fund-raising consulting firms in the United States. Geodemographic are statistical analyses of where people live and what demographic characteristics they display, for example, their age, education, income, and spending habits. These systems enable institutions to compare their donor databases with geodemographic information supplied by consulting firms. From these broad "lifestyle" ratings an institution may discover its most affluent potential donors and then match them with institutional needs. The institution thus manipulates its own information about existing alumni and donors, but within a new structure.

Next up the pyramid are commercial electronic databases, such as DIALOG Information Services, containing prospect research information that is accessible by anyone with the appropriate computer tools. Information potentially found includes addresses, phone numbers, occupations, salaries, and stock holdings of officers of publicly held corporations, as well as records of real estate property ownership.

At the top of the pyramid are prospect research profiles-on-demand, based on public records and produced for a flat fee by some consulting firms. The third-party aspects of such services set them apart from the usual prospect research activities, conducted internally by institutions. In addition, an institution can now purchase

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computer software to track progress in soliciting prospects. Such software enables the internal tracking of practically thousands of prospects, including dates of events and meetings, staff and volunteer assignments, wealth ratings, and anecdotal comments about relationship-building, or "cultivation," activities. This software is different from the pyramid in that it does not provide new information. However, by comparison and compilation, new understandings can be derived from existing material.

Prospect research is intended to help an institution focus its efforts on contributors who may be inclined to give an appropriate amount of money at the best time for both contributor and institution. Decisions constantly must be made regarding what information to acquire and what to retain. Once the information has been acquired and retained, the moral question concerns how access to it can be controlled to preserve confidentiality. The question is not new; the new technology only makes potential problems more obvious.

### The Collection of Information: A Problem of Privacy

The first group of ethical issues inherent in prospect research relate to how material is collected and what material is retained in research files. Philosopher Sissela Bok defines the concept of privacy as the "condition of being protected from unwanted access by others—either physical access, personal information or attention."<sup>2</sup> How prospects define unwanted attention or access to personal information will vary. This is what makes prospect research work so sensitive. Some prospects may even expect the institution to "do its homework" before cultivating them. Other prospects may be quite offended if the information retained about them comprises more than degree, gift, and address.<sup>3</sup> Realizing that prospects exist at both extremes does not change the need for the research office to set its own limitations.

For example, everyone would agree that it would be immoral for a development officer to bribe a prospect's psychiatrist for information that might help influence the prospect to make a donation. On the other hand, everyone also would agree that no ethical problem is presented by a development officer's asking, "Who else in your class do you think we ought to contact?" The latter instance presents no

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ethical problem because the donor decides whether and upon what basis to respond.

What makes the first instance immoral is that if the development officer is successful, he or she deprives the prospect of the privacy expected in confidential relationships and causes harm by using the prospect's psychiatric status in a way that the prospect did not authorize. Even if the development officer is not successful, he or she has violated social expectations in the act of trying. We certainly do not want doctors, lawyers, or others with whom we have confidential relationships to disclose our secrets. Nor do we want other groups in society to even attempt to persuade, let alone pressure, our fiduciaries to reveal those secrets.

This exercise of deciding what clearly is in the scope of acceptable behavior and what is not also can help clarify what justifies unusual actions. If we trace our outrage at the hypothetical development officer who thinks it appropriate to bribe psychiatrists, we find that two tests for justification emerge. Usually the tests give the same result. First, what is the societal consequence of allowing this kind of action? If damage to societal trust is likely to result from the action, it is very difficult to justify. Second, would the development officer be willing to publicly disclose his or her actions? Since morality is a public system, basically a system of rules for how people ought to act in regard to one another, exceptions to the rules need to be public as well.

We allow physicians an exception to the rule "Don't cause pain," magicians an exception to the rule "Don't deceive," and judges an exception to the rule "Don't deprive of freedom." Although these exceptions have different justifications, they are publicly known and accepted. A final test for any questionable action is, "Would you be willing for your process to be known publicly?"

Let us take a look at a dilemma that is closer to the situations that development officers usually face. No development officer is going to bribe a psychiatrist to further prospect research, but how about asking psychiatrists, lawyers, accountants, bankers, and other fiduciaries to serve on screening committees? In many cases clients will not be among those screened, but sometimes they will. Does the development officer have a moral obligation to avoid those conflicts or to include a clear statement that the professional *ought not* to comment on any person with whom he or she has a confidential relationship?

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Let us apply the tests: Is the development officer engaged in conduct that has the potential for damaging societal trust? Probably not, as long as the inclusion of fiduciaries on a screening committee is accidental. What about the test of public disclosure? How would the community of prospects be likely to respond if they knew that their fiduciaries were among those on the screening committee? They would probably feel best about it if it were clear that the development officer had done everything in his or her power to protect against the disclosure of confidential information. A clear request for nondisclosure in such instances is not likely to cost the development officer anything and will make the institutions' intentions clear. The researcher wants information but does not want anyone to do anything unethical in disclosing it.

### The Content of Research Files: Another Problem of Privacy

What are the limitations on what can ethically be included in a research file? Informal information acquired and retained from volunteer and staff contact with prospects is most problematic. The challenge is to retain relevant information without including information that might harm or embarrass the prospect.

Let us assume, for example, that a volunteer mentions to a development officer that a prospect (a peer of the volunteer) has "deep pockets and short arms" when it comes to contributing money. That comment is then recorded verbatim in a contact report by the development officer and sent to the prospect research office. Let us apply the test: First, retaining such information would damage trust in that the prospect would feel that his relationship with his classmate has been misused. Second, the inclusion of such offensive statements could not withstand public scrutiny. The development office would not want to publicly explain retaining such information. The prospect research manager should ask the development officer to rewrite the comment. The revised text, "volunteer feels prospect may not be philanthropically inclined at this time," can relate the relevant information while maintaining respect for the prospect. The same decision path could be followed in other instances in which the content of nonpublic information is questionable but potentially relevant to the philanthropic relationship between prospect and institution.

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In a somewhat different but related example of sensitive information from a nonfiduciary source about a prospect, a development officer has dinner with an elderly prospect who has put the institution in his will. The resulting file memo about the dinner discusses at length the prospect's rambling conversation and confused state of mind. The author's tone is patronizing. The development officer ends the memo by diagnosing the prospect as suffering from Alzheimer's disease and recommending no further personal cultivation, because it is "frustrating and unproductive."

Once again the research manager must decide whether such information is factual and, if so, relevant. Without a direct call to the prospect's physician or family, it would be hard to verify a medical condition. Yet the recommendation not to spend the institution's time and money on further cultivation possibly is well-founded. The ethical approach is to include what is relevant in a way that both maintains public trust and withstands public scrutiny. The research manager could ask the development officer to delete the subjective information about the prospect's mental state and tone down the recommendation to a statement such as "further personal contact with prospect probably would not be productive."

Another key to achieving acceptable ethical standards regarding the content and relevancy of prospect research information is to avoid documenting or verbally spreading information that could be merely gossip. This is more easily said than done, since almost everyone engages in some form of gossip occasionally. Sissela Bok defines gossip as having four elements: "It is 1.) informal 2.) personal communication 3.) about persons who 4.) are absent or excluded." She also differentiates between harmless or supportive gossip and speculative, degrading, or invasive talk that harms the privacy of a person.<sup>4</sup>

If two development officers are chatting about a prospect and one says, "I hear Barbara is a fantastic tennis player," that is an example of harmless, unimportant gossip. However, if the comment is, "I hear Barbara doesn't give a darn about her kids, and my friend, who is her neighbor, says she has huge credit card debts," that obviously is invasive, speculative gossip and should not be recorded in the file.

Even information that is part of the public record can be problematic. For example, having in one's research files a copy of a prospect's messy divorce settlement found in court records is defensible, since it already is public information, but it may have little cultivation

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worth. In addition, serious disruption of development relationships may result if prospects know such information is included in their files.

Again, it is helpful to separate some actions that clearly are acceptable from some that are not. Everyone would agree that it is appropriate to include in the research file a newspaper clipping about a prospect's business venture. Everyone would also agree that it is not appropriate to include sensitive nonpublic information about a prospect's family. Sensitive family information, such as being married to a philandering spouse, represents an intimate part of the prospect's life that ought not to be used without permission, even if it is helpful in figuring out how to present a funding opportunity. Use of such information violates the privacy of both prospect and spouse.

Some forms of communication need to be protected except in extraordinary circumstances. A societal need to understand the mind and life of some great thinker or notorious criminal may override protection of intimate information, but the desire to encourage philanthropic behavior is not compelling in the same way. Again, the idea of public disclosure applies in situations like this. The public approves of the collection and dissemination of morally obtained intimate information in the cases of published biography; however, there would likely be a public outcry if it became known that everyone's college development office housed such personal information. Retaining intimate information about individuals without their knowledge and consent, with the intention of using it without their direct knowledge, deprives them of freedom.

Now, we assume that people generally can gain certain information about us, such as our physical appearance, address, phone number, car, and so on. It takes little sophistication to realize that in some ways other people know more about us than we know ourselves, for example, our unconscious mannerisms. Personal knowledge is different from information that is collected, printed, and disseminated to others. The prospect who shares information willingly with the development officer who he thinks is a trusted friend might well feel differently about the information residing in his research file. The knowledge that he has been the subject of a systematic collection of information, whether from the public record or personal



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recollection, may well be troubling to the prospect. He may feel violated, harmed and deprived of freedom.

Applying the tests for justification can help development officers decide which information it is acceptable to retain in the file: Does the development office damage societal trust by holding the information? Probably not, so long as the information has been collected from public sources. If, however, observations by purported friends have been included, damage to the friendship might result. What about public disclosure? The more secretive the process, the more vulnerable the target of investigation. What the development office is willing to retain should be identical to what the development office is willing to publicly admit to holding.

### Confidentiality: The Control of Information

According to Bok, confidentiality means guarding access to the information on a prospect that is already known and deemed acceptable to keep.<sup>5</sup> The effort to keep information confidential often is complicated by the scattering and fragmenting of information beyond centralized prospect research files among different offices within the institution. Information also is stored and transmitted in many different formats, such as written, electronic, microfiche, and fax.

Let us assume, for example, that a major prospect's son or daughter is severely ill with AIDS and that the family does not want this information to be publicly known. The information is shared orally with the prospect research manager, but in order to protect the family's privacy, it is not written down or stored electronically. Later, a copy of the obituary mentioning the cause of death is placed in the prospect's hard-copy file, so that a public record is available for future reference when cultivating the prospect. In this way, the confidentiality of private information is maintained until it becomes part of the public record.

A second point of confidentiality is the distribution of information held by the development office. Most development officers would agree that a prospect's file may be shared among senior development officers. Most development officers would also agree that it should not be sold to a commercial enterprise. There are many possibilities

in between. What can development officers do with the information? What would they be willing to disclose publicly? The answer to this second question can be found in the intent behind the collection of information. Information about prospects is collected to further the relationship between the institution and the individual. Any other use of the information without explicit permission of the prospect is misuse.

### Secrecy: Who Knows What about Prospect Research

The major stumbling block in ethical considerations relating to prospect research often seems to be public disclosure. There are no examples in the literature of institutions that have communicated openly the presence of research activities and offered to reveal to prospective donors the contents of their files; however, some academic and media representatives have suggested that institutions should do just that.

All systems of morality are dependent upon the players' knowing the rules. Secrecy can be tolerated in some cases in even the most open society, but the scope of agreeable secrecy must at least be acknowledged to all concerned. Secrecy in government provides a good example. Some information collected by the government is open; some is not. Individuals may not be able to access that information, whether it be a defense strategy or notes concerning the individual's own security check—but they know the arena of secrecy and can check into the safeguards that protect that information.

It is important to public trust that university development officers offer the public no less than the government in this regard. The existence of prospect researchers and research files should not be concealed. For example, an institution's prospect research director should be introduced to volunteers as exactly that, rather than vaguely as a "development staff member." It is in the institution's best interest to be open about the existence of researchers and files; however, the institution can still exercise professional discretion in revealing the exact content of the files. For instance, a prospect's lecherous behavior with development officers can be noted neutrally in a file for future reference as follows: "Development officers or volunteers are encouraged to speak to the Director of Prospect Research

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or the Vice President for Development before contacting this prospect.”

Ethical collection and use of information concerning donor prospects correlates with the hypothetical test of what the development office would be willing to disclose publicly. Many of the ethical difficulties relating to prospect research could be solved with a true test of public disclosure. Colleges and universities could take the initiative to inform donors about the prospect research process.

### Suggested Guidelines for Prospect Research

Guidelines for acceptable handling of prospect research will vary among development offices. Reasonable individuals at different institutions can disagree. We offer the following guidelines for development offices concerned with holding high ethical standards for information collection and use:

- Establish written prospect research guidelines that are supported by top management and communicated to all staff and volunteers. Such guidelines encourage responsible decision making and set content and access boundaries. Ideally, guidelines would be communicated to new development staff as part of their training and reviewed with all development staff annually.
- Periodically review prospect files to make sure information is both current and relevant. In line with the institution's overall policy for records management, old or irrelevant file information should be shredded or deleted.
- With the institution's public relations office, develop a plan for responding to inquiries from prospects, volunteers, and the press about files or research activity. The purpose of such a plan is to inform and reassure the public that only relevant information from public records and carefully chosen internal sources will be gathered, retained, and disseminated on a prospect. The institution's president, chief development officer, chief public relations officer, and prospect research director all should be involved in developing the plan and should be supportive of the final product. The three main components of the plan would be:
  - a. *A written prospect research ethics policy statement* signed by the

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chief development officer. For example: “[Institution’s name] strongly believes in protecting the privacy of our philanthropic supporters and the confidentiality of information concerning them. It is our policy to abide by specific written guidelines for handling prospect research activities in an ethical way. These guidelines are available upon request from the chief development officer. Individuals who wish to review the contents of their own paper or electronic development files may do so following a request to the chief development officer.”

- b. *Written guidelines* appropriate to the institution.
- c. *Specific steps to handle inquiries from prospects.* For example: “After reviewing written policy and guidelines, if the prospect wants to see his or her own file, the chief development officer notifies the prospect research staff; the prospect reviews materials in the presence of a senior development officer who can explain material as appropriate or comply with requests to delete information.”
- Prohibit deceptive techniques regarding prospect research.

It would be unethical, for example, to keep a “viewable” set of prospect records in one place and second, secret set somewhere else. It also would be unacceptable for researchers to attempt to obtain public records information without revealing the institution’s identity. Being honest about prospect research activities ensures accountability and responsibility.<sup>6</sup>

The Council For Advancement and Support of Education (CASE) and the American Prospect Research Association (APRA) have also produced guidelines for ethical prospect research. The extant guidelines—the prospect’s right to privacy, the principle of information relevancy, maintaining the confidentiality of prospect information, restricted sharing of information with another institution, and not revealing prospect information learned at one institution when changing jobs—reinforce what we have discussed above.<sup>7</sup>

Above and beyond institutional and professional association guidelines, individual moral judgment inevitably will be required to protect prospect privacy and further worthwhile institutional advancement goals. Even with guidelines, prospect research still comprises more art than science. However, by planning ahead rather than waiting until a crisis occurs, the institution may minimize po-

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tential distrust. If institutions responsibly administer prospect research programs, regulation by other agencies may be avoided. It is in the fund-raising profession's enlightened self-interest to regulate itself and maintain control over the legitimate processes by which higher education institutions raise private money.

Finally, as Michael J. Worth noted in a June 1991 article in the journal *Fund Raising Management*, ethical prospect research activities and guidelines can enhance greatly the relationship between an institution and a prospective donor by providing realistic, relevant information and by building trust between the two parties.<sup>8</sup> Trust is the foundation for all good relationships.