

THE MILLIONAIRE NEXT DOOR

The UK has seen a phenomenal rise in the number of asset rich millionaires over the last few years. Back in 1990 there were around 7,000 millionaires residing in the UK now the figure is in the region of 200,000. It also seems that our interest in the lives of the rich has grown in proportion with this increase. We only have to look at the number of rich lists that have proliferated over the last few years to gauge this fascination with wealth.

Increasingly fundraisers have understood the value of such individuals and those who have achieved the most success are those who have developed a long-term strategy in relationship building with the wealthy. But what has to be understood is that fundraisers can no longer try to engage just the high profile wealthy but also need to seek strategies to engage “the millionaire next door”.

So, just who are these people and where do they live, what do they do and what are their philanthropic activities? The term “the millionaire next door” perfectly encapsulates who these people are. Although one would hesitate to call them nondescript they do not lead the kind of lifestyle that necessarily draws attention. They are (often literally!) the butcher, the baker and the candlestick maker: People who derive significant wealth from a wide variety of less than glamorous businesses. Many of these businesses have been profitable for several generations, creating a whole network of cash-rich family members.

Geographically we see them spread throughout the United Kingdom.

Unsurprisingly many live in London, the South East and Cheshire. However

many of the 200,000 millionaires live in unfashionable areas such as the West Midlands, Lancashire and Ayrshire.

Within this context we can see how fundraisers working both regionally and nationally can find support from “the millionaire next door”. But the crucial question is how do we find them? As with many challenges the solution is sometimes the simplest. Most charities have a database of supporters - individuals making small annual donations, providing gifts-in-kind, volunteers etc. Using a technique dubbed database screening, it is now possible to audit your records to find your millionaire supporters. Agencies like Prospecting for Gold have spent many years developing databases of high net worth individuals and can now electronically compare databases to find matches. Research shows that many of the large charities that have already used this technique have, on average, identified between 1 and 2% of their supporters are “millionaires next door”. This technique allows charities to bypass the costly route of trying to engage with new high value donors and instead focus their attention on developing a deeper and more profitable relationship with a selection of their current supporters.

The “millionaire next door” is no longer a mythical beast but one that can be found. Moreover, evidence exists to show that, time and time again when a high value donor has been asked why they didn’t give more to a charity, the reply has come back as being “I wasn’t asked”.

Andrew Thomas is a Director of Prospecting for Gold Ltd, one of the UK’s leading donor research organisations. If you would like to know more about how donor research can help your organisation please call him on 0118 9401016 or email at andrew.thomas@charityconsultants.co.uk. For charities with larger databases we offer a free sample database screening service to spot those affluent donor who give small sums regularly. Our sister organisation Charity Consultants also offer a free half day fundraising consultancy service to not for profit organisations trying to raise £1million or more

