

GG+A Quarterly Review

Philanthropic News & Analysis

Interests and Impact Drive Donor Decisions

As fundraisers work to secure higher and higher levels of philanthropic support for the organizations and institutions they serve, many consider how best to motivate generosity. Much of that time is spent worrying about the tangible and intangible “benefits” that will encourage larger gifts. These may be considerations of potential donor recognition, or simply generalized anxiety about the impact of possible or actual modifications to the tax benefits that may be associated with specific gifts.

Recognizing the extent to which these concerns can affect institutional approaches to their most promising donors, GG+A takes a step back to listen to the donors themselves, as they consider the philanthropic choices to be made, and to test our hypotheses that “benefits” matter more in transactional membership programs than to those considering major gifts. We believe that in many cases fundraisers would do well to worry less about what donors want “in

return” for their gifts and more about what donors would like to achieve.

This issue of the *Grenzbach Glier Quarterly Review* examines how major donors select their philanthropic priorities, what drives them to increase or decrease support, the role of family in philanthropic decisions, and how data can help fundraisers improve the effectiveness of their work.

continued on page 2

The Philanthropic Legacy Takes Shape

The influence of family members and mentors cannot be underestimated in the philanthropic decision-making process.

In fact, a recent study shows many members of the next generation of donors say their funding decisions are driven by values learned from parents and grandparents (*Next Gen Donors: Respecting Legacy, Revolutionizing Philanthropy, 21/64* and the Johnson Center for Philanthropy, 2013).

Whether from families of modest means or those whose wealth spans generations, interviewees cite how family fosters philanthropic values. Howard G. Buffett writes in *40 Chances: Finding Hope in a Hungry World* (Simon and Schuster, 2013), “My parents brought us together in the late 1980s...Each of us would get to determine where \$100,000 a year should be donated.” The amount was enough money to help organizations

continued on page 5

In this Issue

Philanthropy

Expectations Must Be Met...4

Newsorthy

Finding the Perfect Match...6

Nota Bene

New Data Available on
Philanthropy Worldwide...8

Interests and Impact Drive Donor Decisions

continued from page 1

Donors are Motivated to Make a Difference

Few individuals better exemplify the philanthropists of today than David M. Rubenstein, co-founder and co-CEO of the private equity firm, the Carlyle Group. Rubenstein has already, at the age of 64, given away several hundred

million dollars. His approach to giving is straightforward: “To some extent, when you’ve made the money, you feel you can give it away more rapidly” (“A Billionaire Philanthropist in Washington Who’s Big on ‘Patriotic Giving,’” *The New York Times*, February 20, 2014). He serves on a number of charitable boards, including as chair of the **Duke University Board of Trustees**, vice chair of the **Kennedy Center for the Performing Arts**, and as trustee of the **University of Chicago**. “I tell everybody if you want to be a good philanthropist...you don’t just have to give away money: give away your time, your energy, and your ideas” (“Philanthropist David Rubenstein Recommends Giving More Than Money,” *Givesmart*, May 14, 2013). His “patriotic” giving has received particular attention of late, including extraordinary gifts to repair the damage to the **Washington Monument** after the earthquake of 2011, to restore **Mount Vernon** and **Monticello**, and to the **National Archives** – giving inspired, in his own words, by a practical need. “The United States cannot afford to do the things it used to do...It would be a good thing if more people would say,... ‘I think we’re going to have to do more for them,’” he tells *The New York Times*.

How do the charitable motivations of major donors overall compare



"DONORS KEEP WALKING.
PHILANTHROPISTS MAKE
EYE CONTACT."

with those of Rubenstein and other “mega-donors” whose giving has helped shape the not-for-profit landscape in the U.S. and worldwide in recent years? The *2012 Bank of America Study of High Net Worth Philanthropy* (Bank of America and Center on Philanthropy at Indiana University), a survey of 20,000 U.S. households with incomes greater than \$200,000 and investments of at least \$1 million, provides a snapshot of why individuals donate to charitable organizations. Among the most frequently cited reasons for giving: “how a gift can make a difference,” “financial security,” and “giving back to my community.”

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An international leader in philanthropic management consulting, Grenzebach Glier and Associates (GG+A) has more than 50 years of experience with educational, cultural, medical, and other non-profit institutions. The goal of the *Review* is to provide timely information about issues and events that are relevant to philanthropy.

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Making a difference is increasingly important to William S. Thompson, Jr., retired CEO of PIMCO, who with his wife Nancy has funded autism research and treatment centers at the **University of Missouri** and **University of California, Irvine**, among numerous other projects. “I am more focused than ever on leveraging my contributions. Healthcare, education, and entrepreneurship remain high on my list of priorities, but I am careful to find projects that have a big impact on deserving people and situations.”

Philanthropist, entrepreneur, **Harvard Business School** professor emeritus, and fundraiser Howard H. Stevenson asserts, “The challenge for fundraisers is identifying ways that their

organization’s work can make donors feel they can make a difference, such as accelerating progress toward a scientific breakthrough in an area like stem cell research.” Stevenson, a former board chair at **National Public Radio** and a trustee emeritus of the **Nature Conservancy of Massachusetts**, is co-author of *Getting to Giving: Fundraising the Entrepreneurial Way* (Timberline, 2011), in which he identifies four key questions that drive donors’ philanthropic decisions: “Is the organization doing important work? Is it well managed? Will my gift make a difference? Will the experience be satisfying to me?”

Retired lawyer Terrence Donnelly has funded clinical care and research facilities in Canada and the UK.

His most recent gift of \$12 million supports the Terrence Donnelly Health Sciences Complex at the **University of Toronto**, where medical students will be trained. “No one should deny themselves the pleasure of giving or the satisfaction of seeing your worldly assets spent in a manner that you approve. The great programs, the hard work, the sick people that get well – those are the things that keep you giving,” says Donnelly.

Another generous donor, Kathi Willett, reports that her ties to education and healthcare are based on a combination of personal experience and family values. Her 20-year-old daughter was hospitalized with pneumonia as

continued on page 4

Foundation Revises Grant-Making Policies to Seek Maximum Impact

The Teagle Foundation, a private philanthropic organization founded in 1944 by Walter C. Teagle, longtime president and chairman of Standard Oil of New Jersey and trustee of **Cornell University**, had historically supported projects related to undergraduate student learning in the arts and sciences with a focus on what Foundation President Judith Shapiro calls “struggling” institutions – an approach that she characterizes as “kind, charitable, but not very strategic.” The foundation’s move toward operating more strategically began with a focus on assessment in the service of improving teaching and learning. Once assessment became a more mainstream activity,

the foundation moved to concentrate on pedagogy and curriculum with assessment expectations built into grants. Today, the focus is on “supporting new, interesting, and effective pedagogies, including hybrid learning and curricular coherence,” explains Shapiro, president emerita of **Barnard College**. She describes Teagle’s current program as “philanthropy of the middle range: we have spent time figuring out what we can do with a medium amount of money.” To maximize the impact of foundation funding, she says, “We only operate through requests for proposals, and we work hard to fund as many applicants as we can. We like to work with small groups of collaborating institutions on projects that can be replicated. And we often convene grantees so that they can learn from one another, and we can learn from them.”

Interests and Impact Drive Donor Decisions

continued from page 3

an infant, and, says Willett, “That experience led to my interest in helping sick children and their families.” Her volunteer and philanthropic efforts at **Advocate Hope Children’s Hospital** outside Chicago led to the creation of a hospital giving society, the launch of a number of successful fundraising events, and the construction of a Ronald McDonald Guest House. Education has also been important to her family for several generations, as they recognize from personal experience that not everyone has access to the resources they have enjoyed: “My grandmother was forced to leave school and support her family when she was very young,” adds Willett.

Raising the Bar

Once donors have committed their support to a non-profit institution,

fundraisers must continually tap into donor interests and experiences to promote ongoing engagement and raise giving levels. Philanthropist Duncan MacLean, president of MacLean-Fogg Component Solutions and a trustee at the **Loomis Chaffee School** in Connecticut, notes, “Tradition and loyalty can drive some giving, but leadership makes the difference for our really big gifts.” Sandy Maxfield, who manages a family foundation in Arizona, echoes MacLean’s sentiment: “If you don’t hear directly from the leadership of the organization for long periods of time, you lose interest.”

Thompson describes factors that could lead him to boost giving levels with organizations he currently supports. “If a new leader joins an organization and identifies priorities

for improvement, I might dial up my giving.” He adds, “I might also be inspired to give more when an organization begins to deliver very specific, superior results.”

MacLean reflects further:

“Sometimes we don’t make a bigger gift because no one asks.” In addition to the ask, a greater sense of engagement could prompt his additional support. “That does not necessarily mean sitting on the board, but could mean getting better, more frequent information, or watching my children benefit from a particular organization or program.” While his giving has grown in proportion to his disposable income, MacLean attests, “It is not about ‘benefits’ but about what our gift did to help make the institution better.” ❖

Expectations Must Be Met

Despite an institution’s best efforts, specific actions or inactions could lead a donor to withdraw support. The main factors leading donors to withdraw institutional support are too frequent solicitations or solicitations for the inappropriate amount; a change in leadership or activities; or a change in personal philanthropic focus, according to the 2012 Bank of America study cited on p. 2.

Certain signs cannot be overlooked. If the ability to deliver on the philanthropic promise and trust in leadership are lacking at an institution, “I would consider decreasing or ending support,” says Thompson. Similarly, if an organization has received bad publicity and is not doing its job, it may be time to reconsider a gift. “No one wants to read that their support is going to waste.”

Duncan MacLean notes, “If we have long-term involvement with an institution, we want to see that it has changed and will continue to change. It is not good to have a sense that an institution has made no progress in 30 years or that leaders are not able to describe what they would actually do with your money.”

The Philanthropic Legacy Takes Shape

continued from page 1

“...without tempting us to get ahead of our own ability to analyze and make sound philanthropic investments,” recounts Buffett.

Philanthropy has always been an integral part of Kathi Willett’s family life. “My grandfather’s company was based in Orland Park, Illinois, and even though my siblings now are spread over several states, we continue to support this community,” says Willett, who notes that her siblings make giving decisions together and are also allocated foundation funds to support individual giving decisions.

Until he was in graduate school, Duncan MacLean says, he did not fully appreciate his parents’ philanthropic activities. “I do believe that philanthropy is a learned behavior.” Today, his family does not have an organized process for choosing beneficiaries, but family members agree on philanthropic objectives and “how much we contribute as a group.”

In Terrence Donnelly’s working-class family, by contrast, there were few discussions about philanthropy. It was his mentor, Colonel Harland Sanders, founder of Kentucky Fried Chicken, who led by example. “It gave him great pleasure to support institutions that made a difference in the lives of others, and he was a motivating factor that led me to

philanthropy,” recalls Donnelly, president of the **Colonel Sanders Trust** in Canada.

A Family Affair

William S. Thompson, Jr. intentionally has made philanthropy a family affair. “My wife and I make

“ I was taught that whatever resources you have, some of them are owed back to the community. ”

Howard H. Stevenson

significant philanthropic decisions together, and my three children and their spouses have an opportunity to suggest unique or exciting situations to fund,” describes Thompson, whose brother is executive director of his family foundation and has played an important role in funding a number of initiatives in California.

Howard H. Stevenson learned early that generosity can take many forms, including community involvement and volunteerism. “I was taught that whatever resources you have, some of them are owed back to the community. My wife and I make our giving decisions, then I tell each of our children: Here is an amount from our charitable trust that you can spend on philanthropy,” says Stevenson. Over time, his children have supported a variety of organizations and causes, and he

takes great pride in noting that five of his seven children serve on boards of charitable organizations.

The Junior Board of the **Andrew Family Foundation** formally instills philanthropic values among a group of 13 young cousins.

Members meet in person annually, guided by Willett, and communicate via email and conference calls throughout the year to nominate projects for funding consideration. Awards have been made to such diverse groups as a puppet theater in Arizona, a music workshop in Chicago, and an extreme sports program for disabled children. “This has been a great way for the kids to get hands-on experience and feel a sense of responsibility to carry on the tradition of philanthropy,” says Willett. “This board gives younger members of the family a unifying experience around the act of giving to others. They see firsthand how their gifts can make a difference.” ❖

Finding the Perfect Match

Data Informs Alignment of Donor Interests with Giving Opportunities

By Dan Lowman

GG+A Senior Vice President, Analytics

Dan Lowman works with client organizations across sectors on campaign planning, prospect identification and prospect management, analytics implementation, metrics, annual giving programs, and grateful patient fundraising. In 2004, Dan led the team that developed and launched DonorScape®, the first-ever, web-based prospect screening service.

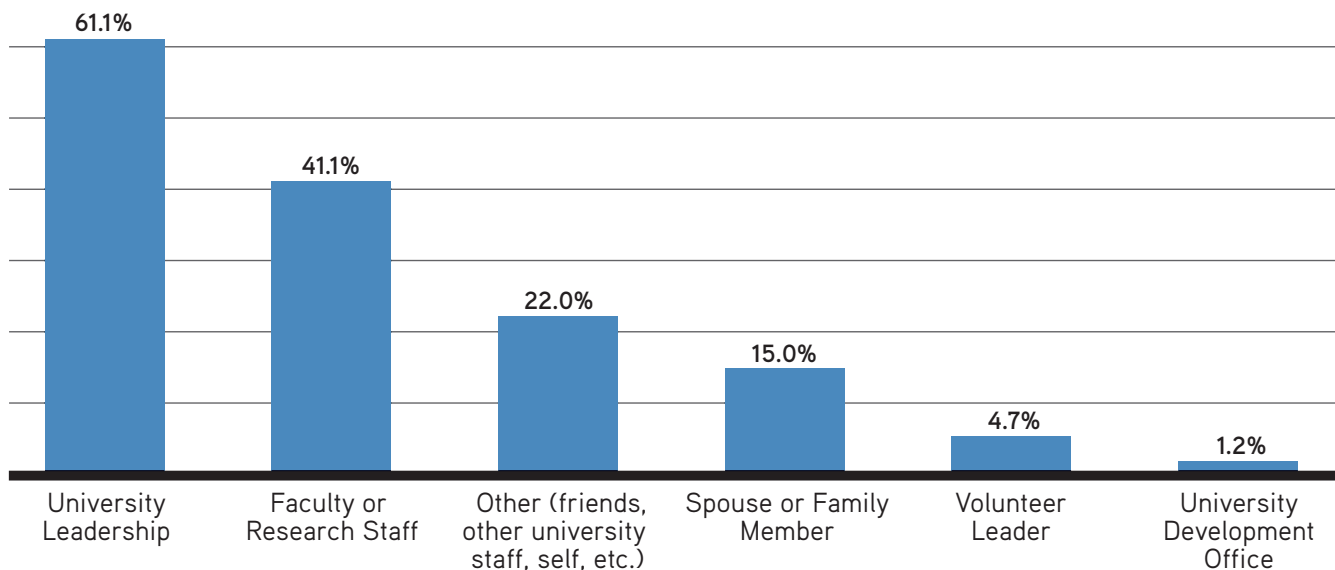
Surveys of donors and high-value prospects can provide insight, both generally and at the individual

prospect level, into donor motivations. Sometimes simply quantifying experiences and perceptions can be useful, particularly for training new staff or engaging non-development audiences.

A recent study of high net worth individuals (*The U.S. Trust Study of the Philanthropic Conversation*, October 2013) demonstrated that the top two reasons for not making a gift were consistent: concern that the gift would not be used wisely and a lack

of connection to the organization. This finding is supported by the Bank of America study, cited on p. 2, on donor motivation, in which the top reasons noted for making a gift include a belief that the gift will make a difference and a history of connection to the organization. These data, in the aggregate, strongly support the need for investment and careful planning in thoughtful gift proposals that clearly articulate specific outcomes and align with donor interests. Further, they demonstrate the importance of a

Who was most influential in your decision to make your gift?



Source: GG+A, Public Research University Surveys (2013)

personal history and relationship: “Pipe-dream” donors of high wealth but little connection rarely become high-level donors.

Recent surveys of prospects and donors at several GG+A clients reinforce these notions and provide guidance for fundraising tactics. For example, one pediatric hospital had tens of thousands of direct mail donors with no known relationship to the organization. In-depth surveys demonstrated that more than 75 percent of those donors were, in fact, non-parent relatives or close family friends of former patients. With this knowledge, the hospital began to focus its upgrade and retention strategies on patient care and family stories.

Data collected by GG+A from \$25,000+ donors at several public universities yielded an interesting result to the question: Who were the two or three most influential people in your decision to make this gift? With 61 percent of respondents indicating university leadership, deans, and department chairs, and an additional 41 percent citing other faculty members and researchers, it is clear that direct connections with the academic community are critical in securing large gifts to higher education.

The remaining responses were alarming at first glance, but intriguing upon further analysis. Only 4.7 percent of donors cited other volunteers/board members as influential, yet 65 percent of that group of major donors were themselves volunteers. While this response could suggest that volunteers are underleveraged in the cultivation of new gifts, it adds great strength to the notion that volunteerism breeds engagement, which often leads to gift commitments.

The finding that only 1.2 percent of respondents listed a member of the development office as influential was initially disconcerting to the development leaders who commissioned our surveys. Follow-up interviews, however, were encouraging. While nearly all 900 respondents were managed prospects who were deeply engaged in the process with development officers, the prospects viewed development staff members as brokers, connecting donor resources to students, faculty, and programs, rather than as ends in themselves. This finding reinforces what the U.S. Trust and Bank of America studies have reported: Matching donor interests and passions to well-articulated outcomes is overwhelmingly the best route to major gifts. ❖

Donors Appreciate Direct, Candid Appeals for Support

Stop competing with other institutions for support, and have empathy for what donors are trying to accomplish.

“Donors are interested in how institutions can solve the world’s problems. Focus your pitch on what is important to the donor, and if your institution does not provide an opportunity in that area, recommend an institution that does.”

Howard H. Stevenson

Do not waste time with pie-in-the-sky promises.

“Tell me about the results you have achieved. There is nothing wrong, day after day, with getting the job done.”

William S. Thompson, Jr.

Invite me to visit and show me who benefits from your work.

“Institutions need to get beyond the paper and online application and interject the human element in their proposals. A visit is a good way to remind philanthropists of an organization’s purpose, and it reassures donors that the organization is in the right space to match their philanthropic mission.”

Kathi Willett

NEW DATA AVAILABLE ON PHILANTHROPY WORLDWIDE

A new study published by BNP Paribas and Forbes (*2014 BNP Paribas Individual Philanthropy Index*), based on responses from 414 individuals with at least \$5 million in investable assets, highlights interesting differences in giving around the globe.

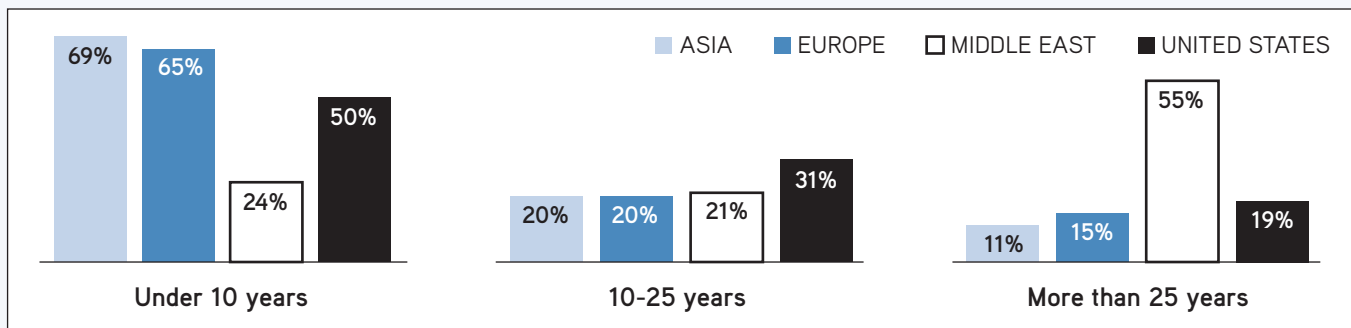
Donors vary by region in their perceptions of the causes most urgently in need of philanthropic support:

Asia		Europe		Middle East		United States	
Health	54%	Health	49%	Education	56%	Health	52%
Environment	38%	Environment	35%	Health	48%	Environment	32%
Education	35%	Preserving Cultural/ National Heritage	26%	Social Change/ Diversity	43%	Education	29%

Furthermore, the primary motivating factors for donors differ by geography:

Asia		Europe		Middle East		United States	
Desire to give back to society	19%	Altruistic desire	22%	Personal experience with area of focus	29%	Personal experience with area of focus	22%
Altruistic desire	19%	Personal experience with area of focus	16%	Religious faith	21%	Religious faith	16%
Sense of duty	16%	Sense of duty	16%	Ethnic or national identity	13%	Sense of duty	14%
Personal experience with area of focus	11%	Family legacy	15%	Sense of duty	22%	Family legacy	12%
Religious faith	11%	Desire to apply business know-how	10%	Family legacy	22%	Desire to give back to society	11%

And finally, the study indicates clear regional differences in the patience of philanthropists, who were asked “How long are you willing to wait to see results?”



GG+A looks forward to studying international differences among philanthropists further in the years to come and to understanding the extent to which the increasing interdependence of nations and regions helps to blur those differences or whether cultural distinctions endure in the face of globalization.