



Trends Supply Knowledge, Facts, and Power

More than 80 percent of giving is from individuals ... plan accordingly

by Bob Jones, Ph.D., Chair of the Resource Development Services Advisory Committee

Trends matter, and so does our awareness of them. That was one of Jimmie Alford's clear messages delivered at the Alliance for Children and Families Fund Development Conference this past April. Alford, former president of the Alliance board, current president of the Families International board, and chairman of The Alford Group, Evanston, Ill., provided the keynote presentation, "Critical Issues Impacting Trends in Philanthropy," and he made it quite clear that we all need to be aware of the critical economic, demographic, and revenue trends impacting the United States.

With that awareness, we should understand the marketplace in which we work while also improving our fund-development strategies. A group of trends assists us in developing strategies to be more persuasive in articulating our cause, as familiarity with facts and figures brings credence to our case. Best of all, with knowledge and facts come the power to meet our competition head on—and prevail.

Consider the realities of the nonprofit sector for a moment. First, its magnitude and significance: There are 1.4 million organizations registered with the IRS, and these organizations employ more than 12.5 million people. Our sector now accounts

for 8.3 percent of all wages and salaries paid in the United States, and comprises more than 5 percent of our Gross Domestic Product. Add to that the more than 61.2 million people who volunteered at a nonprofit organization during 2006.

What are some of the major giving trends according to Giving USA Foundation/Giving USA 2006 that Alford shared with us? Some of the most powerful were on who is actually doing the giving. Individuals account for more than 76.5 percent of all giving, while bequests account for 6.7 percent.

Our sector now accounts for 8.3 percent of all wages and salaries paid in the United States, and comprises more than 5 percent of our Gross Domestic Product.

When you combine those two categories, it shows that 83.2 percent of the \$260.3 billion given in 2005 was from individuals. That is staggering and well worth paying significant attention to in our planning. The fantasy for many is that corporate and foundation giving is the key to success. With corporate giving at 5.3

percent, one might characterize corporate America as something other than "key" when it comes to philanthropy. Foundations, which are at 11.5 percent, also are not the major factor.

Of course, the role foundations and corporations can play in assisting national associations, research hospitals, and universities make a difference. But, for small- and modest-size local providers of child and family services, they are obviously not the dominate player. For the local agency, a relationship with a solid base of individuals who share our values and aspirations remains the bedrock of philanthropic health and the best long-term opportunity.

There is much good news contained in the latest trends for human services. In 2003, we received less than 7 percent of the total giving in the United States. But, as of 2005 we have moved up to almost 10 percent. The very good news for us is that children, senior, and family issues are rising in importance for America's donors. They hear you and they are responding.

In a previous article, I highlighted the Bank of America-funded study by the Center on Philanthropy at Indiana University. Published in 2006, that study adds significant information for us to work with and from which to focus our

strategies and tactics. Most important is the finding that 66 percent of all household giving (individuals) is from the wealthiest 3 percent of households (defined as having incomes of \$200,000 or more and/or investment assets of \$1,000,000 or more excluding primary residence).

What is motivating this generosity in the affluent? It is the desire to “give back.” Leaving a legacy is important, but giving back and making a difference is a real and primary driver with donors today. In fact, giving back, combined with meeting critical needs and a feeling that those with more should give to those with less accounted for more than 86 percent of the motivation for giving. Again, great news for us, and our message can be found in this trend.

My personal and professional favorite trend suggests a simple fact that I believe is at the core of philanthropy: *relationships matter*. It is not about the capacity to give the money. It is about the relationship and shared values and vision. The study explores the myth that people of affluence just want to write a check. In fact, the level of giving to charity increases significantly (massively) in relation to the number of volunteer hours contributed. What wonderful affirmation of what we strive to accomplish for others.

SAVE THE DATE

3rd Annual Resource Development
Services Fund Development Conference

April 17-18, 2008

Hilton Milwaukee City Center
Milwaukee, Wis.

The data shows the average gift of a volunteer who spends more than 200 hours a year involved with us increases by four times over the volunteer who spends one to 50 hours with us. In other words, the more they know, the more they understand, the more they share our passion, and the *more they donate*. The studies also suggest that our most generous donors will be the entrepreneurs of

society—those who invest and seek a return on that investment. Again, this is important news for crafting our messaging and positioning our appeals. Those donors whose wealth was achieved through real estate or simple savings tend to be more cautious donors, but still significant ones.

The data offer important insights into technology and philanthropy as well. In 2004, more than 8.6 million households donated more than \$3 billion online in the United States. Of those donors, 35 made half of their total gift amounts online while another 22 percent made all of their donations online.

Furthermore, 65 percent of all donors now visit an organization's Web site before they make a donation, and 75 percent of these visitors say that their visit made a difference in their giving. The current statistics about online giving versus direct mail are powerful. A 100,000-piece direct-mail campaign effort will return about \$0.60 on \$1, while the online effort will return approximately \$42 on a \$1 dollar investment, often achieving a response rate of 8 percent, much better than the 2 percent achieved by the typical direct-mail campaign.

As with wine and cheese, age matters when it comes to donors. It is most important to recognize that the motivators for each generational cluster are quite different, as are the vehicles for communication and donations. Most of us have strategies that were developed on the norms of the Greatest Generation and few of us have considered the changes required to speak with and appeal to the “Gen Next” group.

When one thinks about the numbers alone, it is clear that we need to do some thinking and planning. The break out is as follows: Gen Next (1981-2002) account for 84.5 million individuals compared to Gen X (1963-1980) at 68.3 million; the Boomers (1946-1962) at 69.2 million; the silent cohort (1925-1945) at 44.3 million; and the Greatest Generation (1901-1924) at a mere 14.9 million.

Needless to say the loss of numbers in the Greatest Generation is quite significant and accelerating and the magnitude of the Gen Next cohort quite significant.

It is not possible to summarize all the useful data Alford provided at this wonderful plenary session in April. Thanks to the Alliance's Severson Center, the entire

My personal and professional favorite trend suggests a simple fact that I believe is at the core of philanthropy: *relationships matter*.

presentation is available to you on the Web site at www.alliance1.org/Conferences/RDS2007/workshops.htm.

In addition to Alford's keynote presentation, the Fund Development Conference offered a number of provocative and useful workshops and opportunities for networking. Some of the many topics covered included: demystifying endowments; prospect research; the details of managing the development process; the basics of board partnership in communication, a toolbox for beginners; how to reenergize the endowment; telling our best stories; and a roundtable with Ilene Mack of the William Randolph Hearst Foundation.

It was a very informative and productive conference on philanthropy in the child, senior, and family serving sector, and more than 85 development colleagues participated. Mark your calendar for the third annual conference April 17 and 18, 2008, in Milwaukee. It promises to be even bigger and better. I hope to see you there. ■

Bob Jones is president and CEO of Children's Aid and Family Services, Inc., in Paramus,



N.J. To find out more about Children's Aid and Family Services, visit the organization's Web site at www.cafsnj.org. He is also a member of the Alliance Board of Directors.