

The Static State of Philanthropy

Marc Chardon and Hal Williams

We love talking about philanthropy. It's such a positive word, both in how it sounds and feels — and what it represents. Why is it then, when we look at what's happening with giving, we get so down? The problem, in short form, is that giving isn't really growing on much on its own. It's static. And that word, well, it doesn't make us feel so positive.

Adrian Sargeant, co-author of the report that came out of the Growing Philanthropy Summit and Hartsook Professor of Fundraising at Indiana University, says this. “Despite an increasing effort on the part of nonprofits, individuals today give no more than their predecessors did over four decades ago. Forty years of increasingly sophisticated fundraising practice, the development of planned giving vehicles, the appearance of the Internet, and the rise of new digital channels have done nothing to more the needle on giving. Yet, while giving has remained static, demands on the sector have not.”

That's pretty harsh. Unfortunately, it's accurate. Giving USA, the long standing annual resource produced by The Giving Institute with assistance from the IU Center on Philanthropy, tells us that, in the United States, charitable giving is estimated to be around two percent of average household disposable income. We know from Giving USA's 2012 estimates that 72% of giving is done by individuals — 79% if you fold in charitable bequests. So to significantly increase the ability of the sector both to fund and to address society's growing needs, the amount of giving per household must increase.

Some background

The Growing Philanthropy report offered 32 recommendations that fall into four areas — enhancing the quality of donor relationships; developing public trust and confidence in nonprofits; identifying audiences, channels, and forms of giving with a strong potential for growth; and enhancing the quality of fundraising training and development. Key recommendations included:

- Enhancing the focus on donor retention and building supporter loyalty;
- Blowing the whistle on organizations claiming to have zero costs of fundraising;
- Encouraging the adoption of monthly giving; and
- Developing a public educational initiative that would dispel common myths about the way the sector operates.

We encourage you to read the report for yourself, www.blackbaud.com/growingphilanthropy, and do your part in stimulating the kind of increased investment the sector needs.

That nagging question of growth...

Stepping back for a minute, the key question to us is “Why isn’t the percentage of giving per household growing?” I guess it’s the economists in us, seeking to understand what’s causing numbers to report what they do. So we asked Carol Rhine from Target Analytics what she thought was behind the trend. Carol is an expert in broad-based donor support. She’s passionate about evaluating data and helping nonprofits understand both what data say and what future actions they inform. In response to our question, she gave three potential reasons that all pointed to one disturbing trend — the failure of older generations to pass down the traditions of giving to their children. Here’s what she said.

Hypothesis #1 – Fewer people practicing organized religion

“To me, many Americans learn philanthropy from houses of worship. Your mother gives you a quarter or a dollar — or maybe a \$5 check — to put in the collection plate each Sunday. Week after week, you see giving in action, and this leads you to repeat it as you get older and have your own money. But attendance within houses of worship in the Judeo-Christian tradition is on the decline, which means fewer people are engaging in this very simple but compelling act that is the basis for tradition.”

A quick survey of attendance data from religious bodies in the United States shows that fewer people, indeed, are making it a habit of attending church or temple. The Presbyterian Church (U.S.A.) and the Episcopal Church both reported declines between 54,000 and 63,000 members according to the most recent reports available, and the Evangelical Lutheran Church saw a decline (from 2010 to 2011) of more than 212,000 members. The one religion that appears to be bucking this trend is the Islamic faith, with the number of mosques increasing by 900 in the past decade (to more than 2,100 centers in 2010).

David Brooks, a South Carolina-based pastor, echoes Carol’s concerns about giving, seeing forces at work in his congregation that have had unintended consequences. “We offer ‘sustained giving’ in our church, which allows people to give through a direct draft on their bank accounts. The real irony is that, as we embrace electronic giving, we remove the tangible display that teaches others that giving is a part of our community. We don’t touch the offering plate, and the act of giving as a part of worship disappears. The electronic process blunts the connection between my giving and my worship.”

With giving already such an abstract concept, shifting it to something that happens behind the scenes — or at least away from the community gathering — means we “lose a tangible teaching moment in how we form identity. When we see giving happen, it becomes something we share with our peers and adopt as a part of ourselves.”

As David has seen, when you lose the connection between the community and the act of making a donation, overall giving often goes down. “Newcomers join your group or congregation and pick up on the non-verbal clues — not seeing people putting money in the plate each week and assuming it’s ok if they don’t either.” The same applies to nonprofits in general. If those who care about you most deeply aren’t visibly supporting your organization, how will others see it? We have become, David notes, the

“When you lose the connection between the community and the act of making a donation, overall giving often goes down.”

world Robert Putnam described so aptly in his pivotal work, *Bowling Alone*, which analyzed the shift in culture from front-porch engagement to independent, private action — a community that does not engage as a group.

Hypothesis #2 – Fewer people giving their time

Making a financial donation to a nonprofit is only one way to contribute. For millions of Americans giving the gift of time (and talent) is a part of who they are. This is certainly true at Blackbaud, where 80% of employees volunteer. We have a culture that functions on a belief that serving others really does help make the world a better place. Although it is a personal choice about where to serve, and how, we believe that everyone should do something. Whether you volunteer through physical labor or the donation of your professional skills, we believe the simple act of helping others brings out something that is essential to our make up as humans. We live in communities and, therefore, are responsible for working to ensure that those same communities are healthy, that their needs are met, and those who are less fortunate have access to services. In the end, there's nothing like the feeling you get by giving back, the endorphin rush of being engaged, of being a part of something larger. In the end, employees get the added benefit of learning more about nonprofits, which makes them better at their jobs. It's a huge win-win.

Each spring, when National Volunteer Week rolls around, there's always a lot of news in the media about the power of volunteerism. Blackbaud celebrates this week with a volunteer fair, seeking to match opportunities at local nonprofits with employees who want to serve. The headlines we read in May of each year leave us no doubt that gifts of time and talent help deliver necessary services. They confirm that we, as a nation, heavily rely on people power to do mission work.

Given this, you may be surprised to learn — as Carol reminds us — that the volunteer rate in the United States declined in 2012. According to the U.S. Bureau of Labor Statistics, 64.5 million people volunteered over a year-long period ending in September of 2012. Although that's certainly a lot of people, the rate (how an economist or analyst looks at it) is headed in the wrong direction. This change followed a slight increase in 2011 of one-half of a percent and another drop in 2010 of two percentage points from 2009. So, depending on how you look at the data, volunteerism — at its best — is flat.

In 2010, the Corporation for National and Community Service attributed the drop to the decrease in the number of people who continue to serve (and return year over year). Carol speculates that “this suggests not a problem with the volunteer but a problem with the product. When volunteers get the meaning and see the value and results from volunteerism, they increase rather than decrease their time. Doing make-work, being used inefficiently and having no yard stick to measure success are all factors.”

Hypothesis #3 – Technology that distances people from each other

That brings us to technology, reason number three Carol offered in response to our question. It's no surprise that technology quickly changes the way people interact. We've seen it many times before, with the advent of email, for example, and are facing it now as more than 1.11 billion users (and counting) turn to Facebook® to share up-to-date news with their hundreds of “closest” friends. We've also seen how access to the Internet and cellular technology, have brought opportunity, information, education and

“[It's] not a problem with the volunteer but a problem with the product. When volunteers get the meaning and see the value and results from volunteerism, they increase rather than decrease their time. Doing make-work, being used inefficiently and having no yard stick to measure success are all factors.”

— Carol Rhine
Target Analytics

empowerment to places that didn't have it before. Remember those jokes about correspondence courses or getting your degree from a place advertised on the back of a match book? Today, enrollment in online universities and courses is skyrocketing. More than 6.1 million students enrolled in at least one online class in the fall 2010 semester, according to a study by the Babson Survey Research Group. One thing is clear. Receiving a college diploma is no longer reserved for those who can attend in person.

Although technology has enabled so much that's positive, it has also fostered more breadth than depth of interaction, and Carol thinks we're paying the price for staying on the surface. Although millions of people around the world are sharing an unprecedented amount of information (according to Twitter®, more than 58 million tweets are currently being sent each day) they are doing so in channels that are distanced from actual human interaction. Texting, tweeting, and posting on Facebook® have replaced the face-to-face (or voice-to-voice) interactions we got by meeting in person or talking on the phone. The nuance of verbal expression is quickly being replaced by emoticons.

We are reachable 24/7, but we aren't connected the way we used to be – communication between two people actually talking with each other. Having a device in our hands gives us a method of escape when we're in public, an acceptable way to detach, disappearing into a private conversation and ignoring those around us. We have been given a license to be rude. And we have eliminated the concept of true down time, where reflection leads to deeper thought.

"What's ironic is it's all this technology that is allowing us to keep people away. We end up with a social community that's superficial," Carol says. "What you miss when you have surface relationships with people is empathy. It's harder to get to that kind of connection, and it's much easier to be nasty. My long-term observation is that we're losing something important and, at the same time, encouraging behavior that's less positive in society."

MIT professor and TED2012 speaker Sherry Turkle agrees. In her pivotal book *Alone Together: Why We Expect More from Technology and Less from Each Other*, she talks about how technology is taking "us places we don't want to go," removing the human element, and sanitizing the true "messy" relationships between people. She describes a two-faced coin — the human need to be with people on one side combined with a mobile device that allows us to remain distant. We have all see this in our lives — at work, at home, on the subway, at events, across the table at dinner — a person who might be there, but not actually "present."

This kind of behavior doesn't just affect how we go about our daily lives. It also affects if and how we respond to philanthropic appeals. How we give. If we give. And that makes the challenge of growing philanthropy even tougher.

How to turn the tide

So where do we go from here? As with most things, it's far easier to diagnose a problem than to correct it. But the answer, we think, is not all that difficult to see. In an age when we tend to join in less, when we can easily use technology to create a barrier between us and the rest of the world, what we need



Marc Chardon

Marc Chardon served as Blackbaud's president and chief executive officer from 2005 to 2013. Previously, he served as chief financial officer for the \$11 billion Information Worker business group at Microsoft, where he was responsible for the core functions of long-term strategic financial planning and business performance management. Chardon joined Microsoft in 1998 as general manager of Microsoft France. During his three-year leadership, the subsidiary remained one of the three most admired companies by French professionals and achieved increased customer satisfaction. Prior to joining Microsoft, Chardon was general manager of Digital France. He is an American/French dual national and an economics honors graduate from Harvard University.

are better, closer, tighter relationships. For the nonprofit, that means finding ways to build deeper connections with those who care about us.

We can and should do this by finding ways to generate valuable content *using* technology. Consider the spate of websites that define and verify the plight of individuals and ask supporters to respond to the specific needs of specific people. Another way is to use messages to encourage thoughtful, personal responses from donors to a need. “How and why does this touch you? What would you most want to know before you become really excited about helping this person or this situation?” It is much easier to use smart phones in a way that allows supporters to go deeper with you than to ask them to set the device aside and relate to you in person. Your goal should be to get people to open up, like they used to in old-fashioned diaries, sharing something genuinely real in their texts and tweets.

To David Brooks, building better relationships translates to doing a better job of storytelling. “We must recognize that, as a culture, we do not do a good job anymore of telling stories about our organizational or community identity. We assume, by someone’s presence, that they already know what we’re about, where we’re headed and what we are like as a community.” But David says those assumptions are wrong. People come to the door not knowing what’s inside. You may think their presence comes with vast knowledge, but the reality is that they might know very little. “The single biggest issue is that we often assume we are being heard and that what we say is being received.”

The lessons in this are straight forward but critical. You must remember to communicate, to teach. You should not assume. You should understand that each person comes to you with a different level of understanding and that it is your job, not theirs, to make them a part of the community. In doing so, you must remember that organizations are the conduits through which donors fulfill their desires — not gifts to your organization but *through* it. Finally, remember to resist the urge to talk about your organization’s needs, about what it is and what it does. Values and beliefs, along with lists of activities, soon blur together leaving little to stick or differentiate one group from another. The best story is the result story, beginning with individuals whose lives have improved. Let them say, for themselves, how and why the program enabled that to happen.

Stories have endings that are different from their beginnings. Many nonprofit narratives fail to show that distance, speaking about tactics instead of showing the results on behalf of those they serve. Find a way to take your supporter on that journey with you.



Hal Williams

Hal Williams is a resource for foundations and nonprofit organizations that seek to define, track, verify, and communicate the results they achieve. His clients include the Bill and Melinda Gates Foundation, American Express, Greater Kansas City Community Foundation, and Verizon Foundation. Much of Hal’s career focused on creating and leading The Rensselaerville Institute, where he currently serves as Senior Fellow. The lead author of *Outcome Funding: a New Approach to Targeted Grantmaking*, Hal has served as lead consultant to a U.S. Presidential Commission and consults directly with governors, corporate CEO’s, foundation directors, and other leaders. While an undergrad at Stanford University, he founded that school’s FM radio station and served as West Coast Director of the Intercollegiate Broadcasting System.

► Visit www.blackbaud.com/nonprofit-resources for more resources.