
June 16, 2022

## Focus on the Fundamentals—Not the Market

*by Arthur L. Criscillis, Ed.D.*
*Managing Partner*

With concerns about the stock market, the effects on the economy of the Federal Reserve's rate hiking and quantitative tightening, the disruption and fears created by Russia's war on Ukraine, and the disruption of supply chains caused by China's COVID-19 lockdown policy rising to the forefront in the minds of so many, it is difficult not to have some concerns about the impacts of these on philanthropy. Some or all of these are beginning to be raised as concerns for our fundraising efforts by development professionals and volunteers. This has not become widespread and the actual impacts of these on philanthropy are not yet being seen in any widespread basis, but the concern is growing. And the concern has a foundation in what is happening—market declines mean many of our prospects are (and feel) less wealthy, concerns about recession can create uncertainty and even fear (both of which are not amenable to economic activity, including philanthropy), inflation and rate hikes erode the spending (and giving) power of individuals—particularly the lower-end donors.

It is appropriate to be concerned and to be aware of factors that can affect our prospects—effects that could be more deleterious on them than simply ability to give. That having been said, we can't let these cloud our vision or cause us to be distracted. We need to keep first things first and in the spirit of helping us to do that, let me offer the following:

**1. Stay focused on demonstrating the positive impact of your Institution.** Our colleges and universities are doing good, important work that elevates and improves the lives of people and communities through education, the creation of new knowledge, service and economic enhancement. The importance of our work is not diminished by these external factors. In fact, in some instances the importance of our work only increases. Keep first things first—your mission and its importance.

**2. People still give.** Philanthropy has consistently either increased or been flat in current dollars every year since 1979, except for 1987 (tax-reform induced because people accelerated their giving in 1986), 2008 (6% decline) and 2009 (3.6% decline) according to Giving USA. And, as bad as the Great Recession was, giving was still substantial. So, we can and should continue to make the case for our colleges and universities, as well as the case for philanthropic investments that will help us to do our work better, to help us to undertake new initiatives, and to help us to do even more of some things that we already do well.

**3. Don’t decide for others.** If a prospect has demonstrated interest in our work and/or some project that will help us to in doing that work (assuming we have taken the appropriate steps in cultivating them), then we can and should ask for their philanthropic support. We don’t know their financial circumstances or the relative priority that they accord to our institution and its work. Our job is to educate, inform, involve, engage and ask prospects. Their job is to determine if they will give and how much they will give, based upon their circumstances and priorities. If we have done our work well, we may secure the gift. If they can’t give, we are likely to hear why they can’t support us at the level we had hoped and/or also hear when it might be opportune to talk with them about their commitment or an increased commitment.

**4. Bolster efforts to demonstrate exemplary donor appreciation.** Letting donors know the impact of their giving and letting them know how much we appreciate their gifts and them is something we should always do. As times become a bit more challenging, we need to reexamine and redouble our efforts to do so. That applies both to our largest donors, as well as our faithful donors. They and their support for us only increases in value.

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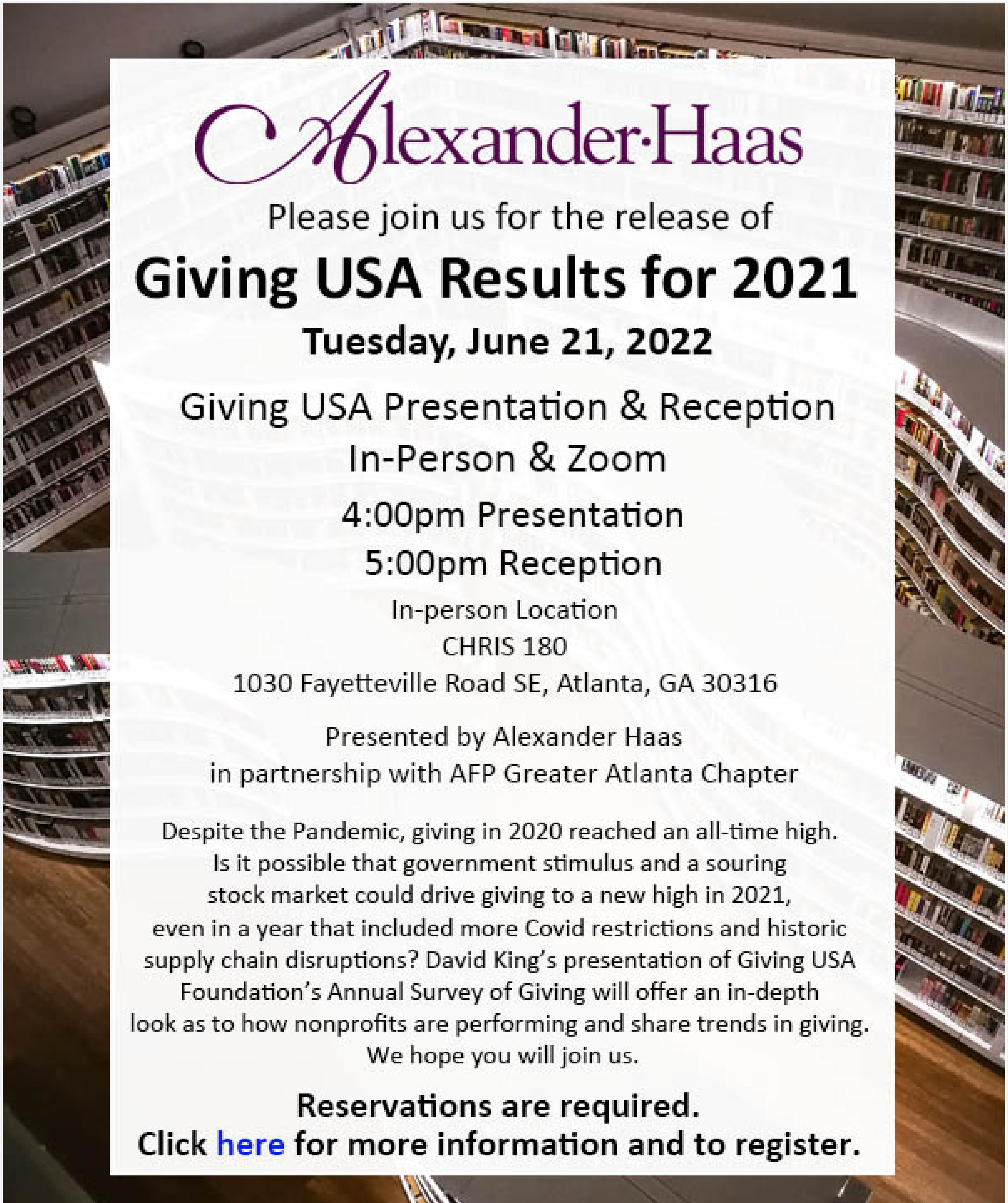
Our Team




## Pandemic Changed Giving Strategy for Many Wealthy Donors, Some Plan to Donate More

Sixty-eight percent of wealthy donors say they plan to increase their giving in the next two years, and 51 percent say they plan to contribute to more organizations. A new study of high-net-worth investors by the wealth-management firm BNY Mellon surveyed 200 adults with at least $5 million of investments, asking about how and why they give to charity.

Key Highlights

More than two in five wealthy donors say they've changed their giving strategy since the pandemic began, as many wealthy donors reported giving more.

Younger donors were most likely to say they thought about giving to charity as they planned their investments. Every Gen X supporter in the survey (ages 39 to 54) said that, as did 97% of millennial donors (ages 23 to 38).

Just 27% said they primarily gave to charity to receive tax benefits. The biggest share of donors — 41% — said they gave to support causes and charities to which they had a personal tie. Thirty-seven percent said it was extremely important for them to give because it made them happy.

Direct solicitation was a top-three consideration for 86% of respondents. Just 29%, however, ranked it as the top consideration in their giving decisions.

Of all donors surveyed, roughly a third gave to three to five charities in 2021.

The survey showed charitable LLCs, charitable trusts, and charitable gift annuities were neck-and-neck for the top spot — familiar to 47 percent, 46 percent, and 45 percent, respectively, of the wealthiest donors.

By comparison, 30% of donors with less than $25 million invested said they were familiar with donor-advised funds. The next most common vehicle for that group was bequests — with 23% saying they were familiar with it. Charitable trusts and charitable distributions from IRAs tied for the third and fourth most familiar vehicles, each 20%.

Health care and medical research combined was the top cause, supported by 57 percent of people surveyed.

Donors with more than $25 million in assets said they were most motivated to give by personal ties to causes or charities and a desire to affect measurable change. *COP, 5-23*

## Events Reemerged Strong in 2021

Events reemerged as an effective fundraising tool in 2021 after the COVID-19 pandemic shut down nearly all in-person events in 2020. Then report found that events generated a 49% increase in donation volume and peer-to-peer fundraising had a 47% conversion rate. The report also found that donors responded to having more choices with higher gift amounts. For instance, average ACH recurring gift was 29% larger than a recurring gift made with a credit card.

According to the study, The State of Modern Philanthropy 2022: The Path to Lasting Donor Connections, having a multi-channel approach to engaging donors on social media was critical to encouraging people to take action. Although Facebook drove 83.4% of social media traffic to campaign pages, platforms such as LinkedIn and Instagram showed the highest conversion potential. LinkedIn had the highest conversion rates on both mobile and desktop, at 30% and 50%, respectively, followed by Instagram, at 20% and 30%. The study was commissioned by Classy, a subsidiary of GoFundMe.

*PND, 5-29*

## DEI Effect on Giving

Two in five people would not donate to a charity that tolerates discrimination, a study from the **Better Business Bureau's Give.org** finds. The report explores whether donors value diversity, equity, and inclusion (DEI) in charities, and whether DEI is a meaningful consideration in the giving process among the general public and different demographic groups. While nearly 41 percent said they would no longer donate to a charity they supported in the past upon learning that the charity's culture tolerates discrimination against people served, 34 percent would no longer donate to charities using culturally insensitive images and language, and 17 percent would no longer donate upon learning the charity's board is not diverse.

In addition, more than half (54 percent) of U.S. respondents said they assumed that having a diverse, equitable, and inclusive board and staff has a positive effect on how trustworthy the organization is. *PND, 6-12*

Download the Give.org Special Donor Trust Report: Diversity, Equity and Inclusion (DEI) here.

Read the report here.

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Our Client Partners

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www.fundraisingcounsel.com
info@alexanderhaas.com

Piedmont Place | 3520 Piedmont Place NE, Suite 450 |
Atlanta GA 30305-1512 | 404.525.7575