The Changing Nature of Corporate Philanthropy

And How Successful Nonprofits Are Responding
Trends in Giving
(Chronicle of Philanthropy/Giving USA as sources)

• The Numbers for 2015 Charitable Giving by Source:
  – Individual giving, $264.58 billion, increased 3.8 percent in current dollars (and 3.7 percent when inflation-adjusted) over 2014.
  – Charitable bequests, $31.76 billion, increased 2.1 percent (1.9 percent when inflation-adjusted) over 2014.
  – Corporate giving, $18.45 billion, increased 3.9 percent (3.8 percent when inflation-adjusted) over 2014 giving.
  – Foundation giving, $58.46 billion, was 6.5 percent higher than 2014 (6.3 percent when inflation-adjusted).
Trends in Giving
(Chronicle of Philanthropy/Giving USA as sources)

• Giving to educational institutions remained strong
  – growth exceeded 5 percent in 2015
  – it also did in four of the five years between 2010 and 2014...

• Giving to foundations was the only category in 2015 where donations decreased—by 3.8 percent in current dollars.
What Do You Know About Your Donors?

• Donors -- “Show me that you know me.”

• How much do you know about yours?

• What would your major donors say motivates them to give?
Ten Principles to Guide Donor-Centered Giving

Understanding motivation is the key to building relationships and keeping your donors loyal.
1. Rethink Old Generalizations About Motivation

- Younger generations, women, people off the social circuit and people of color are not always motivated by the old “carrots” – recognition, peer pressure, guilt, quest for immortality
- They are cause-drawn and outcome-motivated
- They are also keen on accountability and transparency
2. Motivation Grows Out of Values

- Match the donor’s values – if they value history, match them with history projects
- Convey values by linking prospects with projects and people -- words alone don’t do it
- Motivate donor-investors by connecting them with the values impact of your projects
  - Involving donors with cultivation of new donors also works wonders
  - Create “donor champions” through your stewardship
3. Remember the Three Basic Motivations for Giving

• Connection (linkage)
  – Knows someone on staff or board
  – Is passionate for the mission at hand

• Concern (interest)
  – Issues you address are relevant to them

• Capacity (ability)
  – Relative and absolute
  – The least important motivation in giving
4. Motivation is Ignited by Passion for the Mission

• The age of passive philanthropy is ending
• A heightened interest in outcomes is replacing a need for rewards (and premiums)
• Recognition must be increasingly mission-connected
• Passion is fueled by involvement
• All meetings involving donors and volunteers need to have a “mission moment”
  – with a direct message from those who benefit from what you do
5. Research Can Give Clues About Motivation - but the Donor Knows Best!

- Get to know your major prospects and donors (“Show me that you know me”)
- Use research to provide a platform for exploration
  – but rely on personal interaction and mission exposure to learn more about “psychographics”
- HOWEVER: many “new” donors are either not on our radar screens OR not known to us at all
  – they may be looking at us because of the issues we are dealing with
- We focus on motivation to get the gift, but often fail at keeping that motivation alive once the gift is received (transactional – vs - transformational approach)
6. Motivation is *Internal*: You Provide *External* Messages that Connect with Existing Motivations

- You cannot motivate people
  - they are already motivated
  - your job is to find out what motivates them and give the messages and create the environment for involvement that will help their motivation flourish and engage them with you
- Listen (two ears, one mouth ratio) to what donors say and ask
  - observe who they gravitate towards at events
- Most of all, listen for the nearly audible “click” when your org’s values combine with theirs
7. Giving and Renewing is a Matter of Connecting to the Vision and Seeing it Unfold

• People buy in to a **vision**: if you want BIG gifts, make it BIG

• Cultivation is based on enrolling prospects in a vision.

• Solicitation is based on engaging a prospect to become an investor in the vision while acting on his/her values.

• Stewardship is based on the progress towards vision, and how the donor’s investment is helping advance that vision.
8. The Goal of Good Stewardship is to Keep the Donor Relationship Strong

- Stewardship
- A key ingredient in effective stewardship is the ability to communicate progress towards vision
- We retain our donor-investors through stewardship
  - their commitment to us motivates them to become ambassadors, advocates and askers – in short, our champions –
  - helps us bring in new prospects and donors who share our values and vision
The Tradition Relationship Bell Curve
Transformational Giving: The Infinity Loop

High Impact Philanthropy
Kay Sprinkel Grace, Alan Wendroff
9. Motivated Donors Should be Linked with Motivated Volunteers

- Staff-only soliciting is not a good trend
  - it may be more efficient and in some cases more effective,
  - volunteers represent the community, evidence commitment to the organization.

- The peer ask is still the most effective and most motivating in most major gifts programs
  - volunteers can also learn the “cues and clues” for having a conversation about planned giving

- The best approach is to have trained and knowledgeable staff working with motivated and committed volunteers
10. The Self Solicit

• Ultimately, if you do your job right and build relationships, the most motivated major donors will “self-solicit.”
• It also works for well-stewarded donor-investors
Corporate Cause Marketing Trends

• **Corporate Cause Sponsorship**
  – $1.68 billion in 2014, predicted to grow to $1.73 billion in 2015. (Was $120 million in 1990)

• **Consumers Crave Communication**
  – 93% want to know what companies are doing to make the world a better place
  – 91% also want to be heard by companies. Unfortunately, 71% report being confused by the message companies use to talk about their efforts and impacts.

• **Millennials, more than Non-Millennials**
  – Prefer active engagement in cause campaigns, such as volunteering their time (31% versus 26%)
  – Prefer cause-support purchasing (37% versus 30%)
  – Prefer Encouraging others to support a cause (30% versus 22%)
  – Prefer Participating in fundraising events (27% versus 16%)

• **And on the horizon – ”Generation Z”**
Emergence of a New Reality

- Acknowledging business support matters more
- Marketing is influencing corporate giving
- NPO’s assuming a **Marketing Posture** is more important than ever before
- NPO’s must be prepared to speak the Marketing language
Cause Marketing

• A Partnership between a nonprofit and for-profit for mutual profit

• The Profit comes in two forms:
  — For nonprofit, the profit is money and reinforced branding/visibility
  — For for-profit, the profit is greater favorability with consumers, and increased sales
  — Premise is very simple: Consumers buy from companies they like and respect. Cause Marketing is a conduit to earning their favor.
Types of Cause Marketing

- Point-of-Sale – active or passive
- Purchase or action-triggered donation program
- Licensing
- Message Promotion Program
- Employee Engagement
- Digital Programming – most critical to future Cause Marketing Efforts
Cause Marketing Marriages
(What to Look for When You’re Looking)

• If you are the Nonprofit Cause:
  – Does the company support other causes?
  – Is the Company a “good” business?
  – Does your cause and the business share a natural connection?

• If you are the Company:
  – A cause that “gets it”
  – A cause that understands technology and social media
  – A cause that isn’t cause-centric
Examples of Cause Marketing

• Susan Komen Race for the Cure
• Grocery Tear-Off Coupon Front End Checkout Program
• Valero Corner Store Shamrocks for MDA
• Toyota Green Clean-Up Event with City of San Antonio
• Coin Collection Boxes at various Restaurants
• Starbuck’s/Ethos Water -- five cents from the sale of each bottle goes to clean up the world’s water supply
An Example of Cause Marketing Opportunities

✓ 75,000 businesses in San Antonio, Texas
✓ Partnerships with banks, credit unions, restaurants, auto repair and sale shops, hair salons, laundromats, cleaners, repair shops, law firms, medical firms, grocery, telecommunications, etc...
✓ Think in terms of businesses who know you and your cause, and have an opportunity and interest to work with you in a mutually beneficial manner
✓ Consider traffic-generating opportunities
Cause Marketing Pointers

- Start small – learn to crawl before you walk
- Keep expectations low – don’t expect to break the bank with Cause Marketing... At least not right away
- Choose your partners wisely
- Prepare your leadership for cause marketing thru continuous education (Cause Marketing Forum website)
- Make sure programs are win-win – don’t get caught up in yourself, and forget your partners
- Remember that raising money is only one of the benefits of successful marketing
Ultimately...

- For NPO’s, thinking like a for-profit doesn't strip them of their “special quality.”
- It provides new paradigms and possibilities for success.
- It gives rise to partnerships and collaborations.
- It realistically supports expectations for success.
Focus on the Person, Not Their Wallet

• We need to put the relationship and the individual ahead of the money
• We need to maintain stewardship with donors even in “off giving” years (invite them, write them, excite them)
• It is the strongest indication of our true attitude towards our donors
First Class Attention for Your Donors

• Keep them connected with your mission, vision, values, of course!
• Be donor-centered and nurture the relationship
• Engage them in ways that show them that you know them: let their outreach to others help you keep the pipeline full of people who want a relationship with your organization!
Questions?

Thank you!

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