

## *Building a Culture of Stewardship and Philanthropy* *September 28, 2013*

### **Section 1 - What is a Culture of Stewardship and Philanthropy**

Philanthropy generally is a desire to benefit humanity or a desire to improve the material, social and spiritual welfare of humanity through charitable activities

Culture – shared beliefs and values of a group – usually evident in the activities of the group

Stewardship – total accountability and responsibility of acknowledging that God is the source and owner of all gifts. And we are the caretakers "As each one has received a gift, use it to serve one another as good stewards of God's varied grace" (1 Pt 4:10).

Combining the word culture with stewardship and philanthropy leads to exciting possibilities and opportunities to further the mission of any organization.

Stewardship

- The safeguarding of material and human resources and using them responsibly
- generous giving of time, talent, and treasure.

But being a Christian steward means more. As Christian stewards,

- we receive God's gifts gratefully,
- nurture cultivate them responsibly,
- share them lovingly in justice with others,
- and return them with increase to the Lord.

(pastoral letter Stewardship: A Disciple's Response)

When we recognize that God is the origin of all life, the giver of everything that we have and are, the source of our freedom and giftedness, the healthy person responds by thanking God through prayer, by serving God and God's people through ministry, by sharing our financial resources with those in need. Stewardship is a way of life based upon conversion of heart.

Gratitude is the cornerstone of stewardship. All is gift for those who see life with the eyes of faith. God gives us our existence and talents, our time and our treasure, our family and friends. Stewards express their gratitude by a life of generosity.

Stewards share. What has been given to us is not simply for our own use. Recipients are to become benefactors. So we return to the Lord and our needy sisters and brothers a just and sacrificial portion of all that comes our way.

## Section 2 – Christian Stewardship

### Vision and Mission

Creating a culture of stewardship essentially depends on

- A clear vision
- A defined mission for the organization

Without a vision and a mission why would a donor contribute to your organization?

What is vision?

The vision is a rallying invitation to further the mission of the organization. A religious congregation does this by defining how its various ministries flow from its charism.

A sponsored ministry must articulate its roots in the religious congregation and demonstrate how its ethos and programs embody the charism of the Sisters of Charity in the world.

Social service agencies have a golden opportunity to trace their roots to a founding vision that animates service to the poor and marginalized in society today.

Critical to establishing a culture of stewardship is the commitment of leadership to promoting such a culture through the organization. All stakeholders (donors, staff, volunteers) must see leadership valuing the contributions -- time, talent and treasure. Leadership must communicate with constituents in ways appropriate to each .

Leadership can excite donors and animate staff with a dynamic strategic plan that supports the vision and mission of the organization.

Building a Culture of Stewardship and Philanthropy needs

- Structure
- Commitment
- Communication
- Leadership

to grow and be effective.

## Section 3 - The Culture of Stewardship and Philanthropy in Practice

Not-for-profit organizations are different than for-profit organizations. And this difference is no more apparent than in the relationship of philanthropy to the not-for-profit. Without charitable giving, most not-for-profits cannot survive

But too often, organizations do not fully understand the value of stewardship and philanthropy and the importance of development. Many organizations isolate development in one corner of the organization. Other organizations value development but assign it to staff and/or a committee of the board.

Philanthropy and development belong to the entire organization.

- Every individual.
- Every department.
- All volunteers.

For a not-for-profit organization to be truly successful and effective, the organization must develop a *culture of philanthropy*. This means that everyone in the organization ... from the janitor to the president of the board ... understands that philanthropy and development are critical to organizational health AND that each individual (both the janitor and board president) has a role in the process.

First and foremost, everyone is an ambassador for the organization's service, and for philanthropy and development. Being an ambassador means doing one's own job well, understanding how all the various jobs in the organization create one integrated system, and -- most especially -- treating all of the organization's customers (clients, donors, volunteers, community people, etc.) with care and respect.

Everyone is an ambassador for philanthropy and development.

- If the quality of the program is not good enough, it doesn't matter what the fund raiser does.
- If board members don't talk enough about the organization with their friends and colleagues, it doesn't matter how hard the executive director tries to raise funds.
- If the receptionist isn't sufficiently helpful, the best direct mail solicitation will not be as effective as it can be.

This is the culture of philanthropy.

- An attitude.
- An understanding.
- A behavior.

After the culture of philanthropy is firmly established, development is more effective. Many organizations hire development staff or assign development to their executive director. All organizations should establish a board-level development committee. But regardless of staff or

committee, the board is ultimately responsible for the financial health of the institution. That means that the board is ultimately responsible for development.

The board's development committee is responsible to provide leadership, to institutionalize the process of development within the board. The staff provides leadership and information and support and lots of content.

But the best staff and the best committee engage each and every board member – and other volunteers -- in the process of development. Every board member is responsible to do the following:

- Understand and promote the culture of philanthropy.
- Serve as a philanthropic ambassador within the organization and community.
- Give an annual contribution to the best of personal ability. When there are special campaigns, give an additional gift.
- Cultivate relationships on behalf of and in support of the organization.
- Help identify and cultivate prospective donors and fund-raising volunteers.
- Participate in some fund-raising task every year.

Every staff member is responsible to do the following:

- Understand and promote the culture of philanthropy.
- Serve as a philanthropic ambassador within the organization and community.
- Program staff (or any individuals with direct contact with clients and community) are expected to help cultivate relationships on behalf of and in support of the organization. This doesn't mean help fund raise. It means being sensitive to and aware of others, providing them with quality service, and paying attention to their interests.
- Many staff are also expected to work with development staff to support grant applications and other development activities related to program.
- (And, organizations should give their staff an opportunity to give a charitable contribution.)

## Section 4 - Comments on LinkedIn about turnover of development officers

This question was recently posted to a fundraising discussion group on LinkedIn.

Why is the turnover of development staff so great within Catholic institutions? A diocesan employee answered succinctly:

1. The leadership of the Catholic institution (pastor, principal, board, pastoral council) does not really understand development.
2. Everything is measured by the amount of immediate money that "must" be raised.
3. There is no written strategic plan in place with measurable, reasonable outcomes.
4. No training is provided for new development directors and continued professional growth.
5. The development director is hired, and the people who have been involved in the past seem to wash their hands of the responsibilities and take the attitude, "I'm glad that's out of my court."
6. The entire effort is simply one fundraiser after another fundraiser, and the "nickel-and-dime" mentality never ceases. Total burnout.
7. Too many "guarded kingdoms" to overcome. Therefore there's a lack of acceptance of the new development director's vitality, energy and creativity.
8. Not enough team building on all fronts, and this is really all about people engagement.

### The good news?

You can avoid many of these pitfalls. How? Start by creating a culture of philanthropy within your organization.

Fundraising is ultimately about building relationships. A culture of philanthropy is merely that — an attitude that embraces relationship building. Once everyone realizes that fundraising is, in many respects, everybody's job, your organization is on the right path. Shift your focus from money to building lasting relationships, and the money will follow.

Stewardship of the relationship of the donor to the organization and its mission is key to the success of your program. Once the donor recognizes the values of your mission and wants to be more engaged in it, a relationship begins. Nurturing that relationship and recognizing the donor's need to more actively participate in your mission empowers both the donor and your mission to grow and expand. The dollars are the consequence of the relationship. The mission, not the bottom line, is the reason for the relationship.

(I'll talk more about relationships and how they are transformational for the donor, you and your mission in a little bit.)

### **How do you know that your organization has embraced a culture of philanthropy?**

- Everyone understands the need to raise money and is willing to do what it takes to support the effort, regardless of his or her role in the organization.
- Everyone represents the organization — and everyone helps identify potential new friends.
- Everyone can articulate a case for giving and how a gift will be used.
- All of your internal processes are donor-centric.
- You welcome donor visits to your offices and program sites.
- Everyone takes turns welcoming at the front desk and phoning donors.
- Your executive director sees him/herself as the face of the agency.
- The executive director is 100 percent committed and personally involved in fundraising.
- Your organization's clients and donors are viewed as experts in how the organization carries out its mission and are regularly invited to share their stories.
- 100 percent of your board members contribute financially.

### **What are some signs that your organization hasn't embraced a culture of philanthropy?**

- Your fundraising is constantly in nickel-and-dime crisis mode.
- Your development staff doesn't have a budget for training.
- The responsibility for fundraising is assumed by one or a few people (usually the development director or your executive director).
- You rely on activities such as special events or direct-mail campaigns, rather than focusing on a comprehensive strategy embracing multiple streams of income.
- When major gifts or bequests do occur, they're surprises. There's no one in charge of making asks, and staff is rarely, if ever, out of the office meeting donors face to face.
- You know that when the founder leaves next month she's taking half of the donors with her.

Where does your organization stand? Remember, as the development director (or executive director), you are primarily responsible for building a culture of philanthropy. Don't ask for permission to lead. Take the reins, and be prepared to lead your organization's staff, board and, yes, even your executive director.

### **What are some ways you can begin to lead?**

1. Ask a program staff member his or her advice on an appeal letter. People love it when you ask their advice, and it's a lesson in the importance of story gathering.
2. When you receive special "thank-yous" from clients, copy them and send them on to board members.
3. Keep a desk drawer full of cards — birthday, anniversary or "just because" — to send to your board members.

4. Schedule time when your board members pen thank-you notes to donors. Make it a fun experience by scheduling 20 to 30 minutes within the course of a board meeting, serving refreshments.
5. Spend one-on-one time with board members getting to know them individually.
6. At every staff and board meeting, share your latest "story," whether it's about one of your agency's clients, a donor or even a recent visitor to your organization. Encourage staff members to share their stories as well.
7. Shadow a member of your program staff for several hours or even a day. Get to know what they do.

When you reach 100 percent board participation, celebrate it at your next board meeting or by breaking out a bottle of champagne! Has a board member brought in three new donors? Send a thank-you gift or present a token of your gratitude publicly at your next board meeting. Celebrate what you want to see more of!

Building a culture of philanthropy absolutely will not happen overnight. It takes patience, consistency and commitment.

## Section 5 - Fundraising is a Ministry

Nouwen - From the perspective of the Gospel, fundraising is not a response to a crisis. Fundraising is, first and foremost, a ministry. It is a way of announcing our vision and inviting other people into our mission.

Ministry – service to God and God’s people

How is Fundraising a ministry? It is a ministry because it is a service to God and God’s people. Fundraising is holy work – it’s helping to build the bridge between service organizations that need money to fulfill a mission and the people who have the need to give. Henri Nouwen wrote that it is within the ministry of fundraising where “Those who need money and those who can give money meet on the common ground of God’s love.”

As fundraisers we are performing a service to others when we are enabling them to live their Gospel call to stewardship. Nouwen wrote “Every time we approach people for money, we must be sure that we are inviting them into a vision of fruitfulness and into a vision that is fruitful.”

In the Ministry of Fundraising we

- Proclaim what we believe in exuberantly
- Offer others the opportunity to participate in our vision and mission

The Ministry of Fundraising is relational

- It is not claiming weakness or failure
- It is not begging
- It is about giving others the opportunities to participate in building the Kingdom of God
- It is about the relationship of the donor to our mission, our Gospel vision

The Ministry of Fundraising is transformational for the donor

- The donor’s heart is expanded to embrace the mission
- The donor’s relationship to the world is changed
- The donor’s relationship to his/her money is changed. (Money is no longer a commodity – it is an instrument of change)

The Ministry of Fundraising is transformational for us

- Our hearts are expanded as we invite and engage others in our mission
- Our relationship to our world is changed
- Our relationship to money is changed

The Ministry of Fundraising is transformational to our mission

- Our mission becomes more inclusive, more expansive
- Our mission is empowered to impact our world in new ways

- Our mission is infused with new resources to grow

The Ministry of Fundraising is rooted in the Gospel

- Asking people for money is giving them the opportunity to put their resources at the disposal of the Kingdom of God
- Out of generosity always comes abundance

## Section 6 – Statistics from GivingUSA

What's happening in 2013? Well, the news isn't great. According to a recent study, donations barely rose last year and individual givers held back. Researchers predict it will take at least six more years to raise as much money as was donated before the recession.

The study I'm referring to is called **Giving USA 2013**.

**Giving USA** is the annual report on philanthropy in America. It reports on the sources and uses of charitable giving. The research for this study is conducted by Indiana University Lilly Family School of Philanthropy. The researchers look at

- 12.4 million corporations
- 99,000 estates
- 76,000 foundations
- 117 million households

The donations they give go to 1.1 million charities (registered) and 220,000 religious organizations.

**Fundraisers and philanthropists alike rely on this yearly publication to provide the most comprehensive charitable giving data available**

Donations to charities are inching up so slowly that it could take at least five more years for most organizations to raise as much as they did in 2007, before the recession. Donations rose just 1.5 percent last year after inflation.

Some highlights from the 2013 Giving USA

- Donations by living individuals, which account for nearly three-fourths of all charitable giving, rose by just 1.9 percent last year, to \$229-billion
- Bequests fell by nearly 9 percent in 2012

Causes

- Religious causes suffered a more than 2-percent drop in donations, though religion still attracted a bigger share of contributions than any other cause.
- Contributions to international relief organizations were flat last year, growing by less than 1 percent.
- Giving to health organizations rose 2.8% and human services organizations grew 1.8%

**However, Billionaire Donors Are an Exception**

At least one exception can be found to the gloomy state of giving by individuals: America's wealthiest are starting to give at rates not seen since the beginning of the downturn.

So, what can we do? Intensify your development efforts. **When you're going around a curve and up a hill, it's time to step on the gas.**

The National Psoriasis Foundation, which raises money to fight the skin condition, raised nearly \$9-million last year and expects an increase in giving again this year, not including bequests, by **accelerating fundraising**. The charity has hired a fundraiser to seek big gifts, expanded its telemarketing, and hired additional staff members to manage volunteers who organize events to raise money. Its first-ever ballroom gala last year raised \$820,000 after expenses.

Catholic Relief Services has **also expanded its development staff**, adding seven junior fundraisers who focus on building ties to people who give less than \$10,000 but are capable of contributing that much or more.

By sending handwritten thank-you notes and cards to such donors, calling them on the phone, and providing updates since their last gift, the development associates hope supporters will meet with one of the charity's 14 big-gift fundraisers scattered around the country. The approach is working: So far this year, the charity has received 216 gifts of at least \$10,000, up from 100 in 2011.

Other groups have focused on reaching new types of donors.

Drexel University has started soliciting the parents of its students and seeking donations from people who didn't attend the institution.

In Summary, after adjusting for inflation, donations from individuals, corporations, and foundations are still 8.2 percent below their peak just before the recession started in 2007, when \$344-billion was donated.

If growth continues at the modest rates of recent years, it will be at least 2018 before charities can expect to raise as much as they did before the economic crisis.

## Section 7 – Some Thoughts about Generational Giving

### Younger Donors

75% of Young Donors are turned off by out-of date- web sites

3 out of 4 donors born from 1979 to 1994 (20-35) – often called the millennials said they were turned off when a nonprofits' web site had not been updated recently.

6 out of 10 said they wanted non profits to share stories about successful projects and programs and appreciated information about an organization's cause and the people it serves.

What really bothers them? Too much information about the group itself

They don't always want to give cash, sometimes they want to give their time.

So, what do they want?

These are small givers (less than \$100, but 52% said they would be interested in giving monthly

70% said they would help raise money for an organization they cared about – and 64% said they had done a fundraising walk or run for a group

How do they want to give?

Online or in person – such as at an event.

What do they want to see on your web site? Results

They want to see actual pictures that detail the effects of contributing online.

### Frustrations

If the website cannot be read on a smart phone

65% said they receive email or newsletters from as many as 5 orgs and 49% said they follow up on social networks.

75% have retweeted, liked or shared non profit content

## 4 Things Charities Do that Turn Off Young Donors

- 1 Talk at me instead of with me
- 2 Send me junk mail
- 3 Undervalue my capacity to give
- 4 Never ask for my advice

### Talk at me instead of with me

Young people exist almost solely in the virtual space. We can't keep sending messages to places where they don't see them – like the mailbox, television ads, etc. We need to find creative ways to use social media platforms, pinterest, blogs, twitter, facebook

### Send me junk mail

Direct mail campaigns are relevant and are a useful way to secure gifts from baby boomers, however direct mail is unlikely to capture dollars from young adults. It's not the mail that's the problem – it's the reply that we are asking for. You can't ask young people to handwrite information on a donation slip and then, write a check and then find a stamp to mail it to us. They are not going to handwrite credit card info either. So you need to be ready to have your website accessed from their smartphone and be able to accept credit/debit card info on your site. Direct mail is OK if it elicits a quick response on a smartphone.

### Undervalue my capacity to give

Young people see the value is giving a small amount to be bundled with other donor's gifts to create something great. A gift of \$25 on Kickstarter goes a long way because it's part of a solution. Relate their gift to a monthly gym members or a Starbucks latte. Tell them how their gift, when joined with 1,000s of others can make a difference and have an impact. Young people do have the capacity to give – don't undervalue that and turn them off.

### Never ask for my advice

Young people want to be asked for meaningful feedback. They have been raised to expect constant information sharing with constant feedback loops. This will make young people feel meaningfully engaged and their commitment and generosity will continue to grow.

### What about Baby Boomers?

Baby Boomers (1947 – 1964) are now the dominant source of income for most nonprofits. Together with the generation born before 1946, they are responsible for the vast majority of giving to charities.

Baby boomers make up 34% of the donor pool, but give 43% of all money contributed by individuals. Donors at all stages of life are not poised to increase their giving over the next year, and it will be harder in the future to win support from generations that follow the boomers.

While younger donors want to see results, only 30% of baby boomers were using results to determine which charity or how much they would support.

## Section 8 – Conclusion

Stewardship of our donors

- how are we nurturing our donors?
- Identify, cultivate, ask, thank, thank, thank, ask again.

Stewardship of the mission

Some implementation ideas

- 1) Mission integration should be part of new employee (new board member) orientation
- 2) Everyone in your organization needs to know the names of your top 10 donors
- 3) Consider give the Development Officer a seat at the decision-making table.  
Development (who are the main communicators with your donors) can't be the "last to know." Development is more than fund-raising, it is about fostering and facilitating relationships that promote and strengthen the mission and vision of the organization.
- 4) .
- 5) .
- 6) .