

Week Four: Fundraising

- Who Donates
- Motivations for Donating
- Donor Profiles
- Prospect Research
- Trends in Fundraising



Who Donates?

Who Donates?

A True/False Quiz

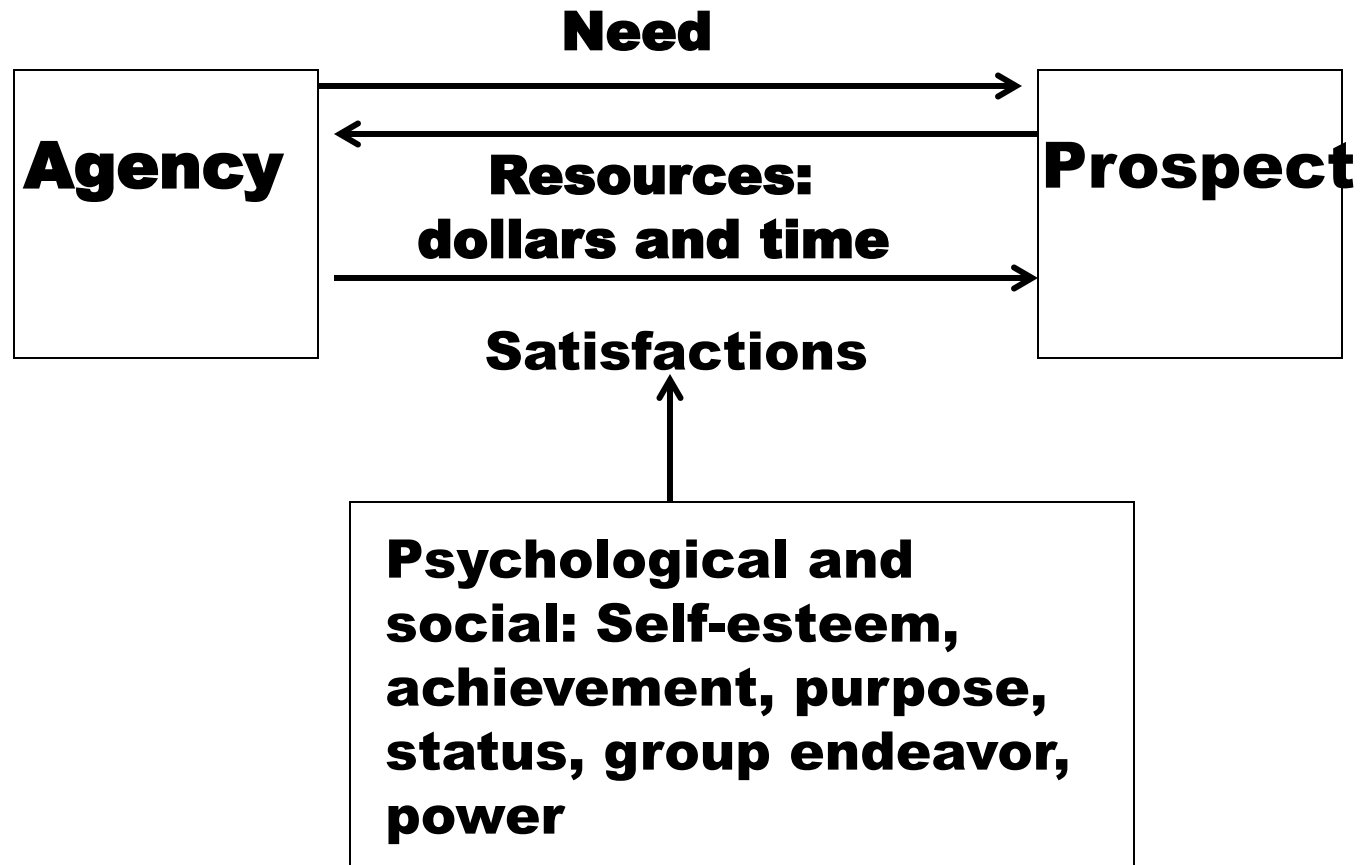
Who Gives Away Money?

- About 7 in 10 adults in the U.S. give away money.
- Middle and lower income donors are responsible for a significant percentage of the money given - from 50-80% -- and are the majority of givers.
- Most people who give to nonprofits give to at least 5 and as many as 15 groups.
- About 20% of people on welfare give away money and about 97% of millionaires give away money.
- Volunteers are more likely to be donors than people who don't volunteer.
- More people give away money than vote.
- Most people who give away money describe themselves as religious or spiritual.
- **PEOPLE GIVE WHEN THEY ARE ASKED!!!**

Why Do People Give?

- People give to people
 - Social relationship between donor and recipient

The Social Exchange Model of Giving



Other theoretical explanations:

- The Samaritan's Dilemma
- The Prisoner's Dilemma
- The Free-Rider Problem

Motivations in Philanthropy

Values that affect philanthropy include:

- Philanthropic motivation
- Concern about effects of wealth on heirs
- Desire to control access to wealth by succeeding generations
- Desire to create a legacy
- Sense of moral or legal obligation

Motivations for Giving

- Should help those in need
- Feeling of personal satisfaction
- Desire to give something back
- Meet request of personal friend/associate
- Ensure continuation of services
- Serve as example to others
- Fulfill community obligation
- Memorial
- Tax deduction
- Meet request of employer

Internal Motivations

Personal Factors

- Self-esteem
- Achievement
- Growth
- Cognitive interest
- Guilt reduction
- Meaning of life
- Personal gain/benefit
- Spirituality
- Immortality
- Survival

Social Factors

- Status
- Affiliation
- Altruism
- Power
- Group endeavor
- Family

Negative Factors

- Frustration
- Insecurity
- Fear and anxiety
- Unknown situations

External Motivations

Rewards

- Recognition
- Personal
- Social

Stimulations

- Human needs
- Personal request
- Vision
- Private initiative
- Efficiency and effectiveness
- Tax Deductions

Situations

- Personal involvement
- Planning and decision-making
- Peer pressure
- Networks
- Family involvement
- Culture
- Tradition
- Role identity
- Disposable Income

Why Do People Give In the Czech Republic?

Seven Profiles of Donors



- **The communitarian**
- **The devout**
- **The investor**
- **The socialite**
- **The altruist**
- **The repayer**
- **The dynast**

Why Do People Not Donate?

- In the Czech Republic, fifty-three percent of households made no financial or material donation in 2006.
- In the U.S., twenty-eight percent of households do not give to any cause or purpose.



Reasons for not giving

- Inadequate financial resources
- Lack of trust
- No support for cause
- Other priorities
- Fundraising tactics

- Not Asked!!!!

Methods for Determining Who Will Give: Prospect Research

Determining:



PROSPECT RESEARCH

- Basic Principles:
 - ❖ System for research that begins with determining internal and external constituents
 - ❖ Process is cumulative and on-going
 - ❖ Confidentiality, accuracy timeliness of data is critical
 - ❖ Prospect identification is the responsibility of board and directors

How Can You Identify Prospects

- Board members
- Staff
- Volunteers
- Friends, relatives, neighbors
- Directories
- Donor get a donor
- Clubs (Rotary, Lions etc)
- Professions/trade unions
- Mail order buyers
- Subscribers
- Buy a list
- List swapping

Challenges of Identifying Prospects in an Emerging Fundraising Market

- Reluctance of Board of Directors
- No experienced fundraising vendor partners
- No colleagues with experience to draw upon
- No lists of donors to other organizations
- Few, if any, good prospect lists available
- Prospects not accustomed to giving
- Major infrastructure and cultural challenges

Prospect Research: An Exercise

Andrew Carnegie, 1889:

- *"Rich men should be thankful for one inestimable boon. They have it in their power during their lives to busy themselves in organizing benefactions from which the masses of their fellows will derive lasting advantage, and thus dignify their own lives."*

Is Fundraising a Profession?

- Professional training
- Ethical standards
- Business relationships
- Valuable products and outcomes
- Sophisticated tactics and resources
- Movement beyond volunteer origins
- Societal contributions



Getting over the Tin Cup Mentality

- Be committed – personally
- Be confident of the purpose and value of work
- Understand that you are giving an opportunity to do something rewarding
- Understand that philanthropy will happen



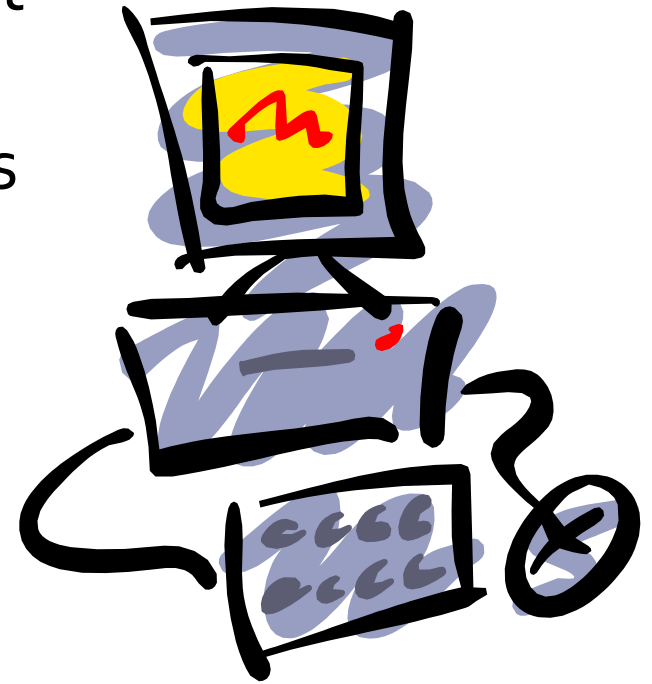
Evolution of the Fundraising Field

- Regulations
- Professional associations
- Education/training
- Testing and professional designations



Trends Impacting Fundraising

- Growth of nonprofits
- Transfer of wealth
- Changes in regulatory treatment
- Internet use to raise funds
- Commercialization of nonprofits
- Competition from for-profits
- Professionalization
- Changing face of volunteerism



Trends Impacting Fundraising (cont.)

- Focus on outcomes
- Recession and economic conditions
- Devolution
- Strategic partnerships
- Ethics oversight

New Philanthropy



- Generation of newly super-rich
- Impatient disdain for cautious and unimaginative check-writing
- Tackling giant issues
- More strategic in focus
- More global in approach
- Demands results
- Involves more creativity and innovation
- Social return on investment
- **YouTube: Key Traits of Social Entrepreneurs**

Review

- Who donates?
- Why do people donate?
- Profiles and motivations of donors
- Prospect Research
- Fundraising as a Profession
- Trends impacting philanthropy