

**Donors of the Future
Research Summary
June 2009**

Background

A coalition of eight philanthropic organizations in Greater Cincinnati underwrote a qualitative research study to better understand emerging generations of the some of the region's wealthiest families, who, over time, have demonstrated strong records of generous philanthropic support.

These insights will also help these organizations frame future solicitation efforts to other families with means, but who have not been as actively engaged in community support.

Participants were promised anonymity and a written summary of the research.

Research Objectives

- Identify the motivations behind the philanthropic history that these families have established across generations
- Understand how the philanthropic beliefs and behaviors may differ between the generations within these families
- Determine the levels of commitment (not specific to monetary amount) to future philanthropic support that may exist across the different generations
- Uncover any barriers that may be preventing the junior generations (G2) from participating at the same levels as their parents, the senior generation (G1)

Methodology

In February, after the 10 families were identified, an introductory letter from Kathy Merchant and Dick Rosenthal was mailed to members of the senior generation (G1) to share details on the research and to alert them to be ready for a scheduling phone call from John Bloomstrom. This same letter was also sent to a few members of the junior generation (G2).

Beginning in March, John Bloomstrom called both generations and wrote follow-up letters to these family members to reaffirm the purpose behind the research and to schedule one-on-one meetings with each. From April through June, Bloomstrom moderated 17 one-hour confidential interviews in either their office or home with a total of 10 senior generation members and 16 junior generation members. Spouses participated in seven of the interviews. Thank you letters were sent after each completed interview.

A research summary in PowerPoint format was shared with representatives of the eight sponsoring charitable organizations on June 22, 2009 at the offices of The Greater Cincinnati Foundation. Afterwards, this written summary was mailed to each research participant with a letter from Kathy Merchant and Dick Rosenthal.

To help separate the different generations in this summary report, we've labeled them as:

G1 = The senior generation, with age ranges from the 60s to 90s

G2 = The junior generation, with age ranges from the 40s to upper 50s

G3 = The new, emerging generation, under 25 years of age

Executive Summary

"Donors of the Future" are wary of clumsy donor overtures, tired of impersonal gestures of appreciation, a bit discouraged by presumptions that they'll simply follow their parents philanthropic practices, publicity shy, alarmed about their declining wealth, and they are becoming somewhat uninspired by local philanthropic opportunities that don't fuel their passions or make a difference in something that's personally meaningful to them.

To earn a greater share of the next generation's philanthropic support, local charitable foundations must establish intimate relationships to truly understand their interests, gain their trust; then *personally ignite their passions* with specially tailored gift opportunities that will make significant, life-altering differences they can see firsthand while sharing the experience with their children.

Several key themes emerged from the interviews:

- Although the generations share many similar philanthropic traits, each generation has many different charitable support beliefs and behaviors. Plus, each of the generations also face different barriers to better giving.
- Personal philanthropic philosophies have strong emotional and rational components, and are deeply rooted by family history and life experiences.
- Both generations express universal disappointment with their peers with means who shun their "giving back responsibility" - with more strident reactions from G2
- Regardless of generation, the term "philanthropy" does not resonate well with wealthy donors. The phrase "giving back" is preferred and used more often.

Learnings and Observations

Philanthropic learning is primarily anecdotal and observational. Every family has an inspiring story of a beloved past relative with modest means who found unique ways to share with others. These stories are lovingly passed down from generation to generation. All interviewees recalled family dinners where they overheard examples of their parents' philanthropic activities.

The family's pattern of community support is closely tied to its history and helps shape the rationale for why it supports different areas of interest like: the arts, family services, education, health care, abolishment of poverty, religious faith, cultural values and human rights/justice.

Most philanthropic teaching begins very informally, with more formal education and instruction coming later in their 20s when the family finances are revealed and trusts are set up. A few G1 (senior generation) used an "activist" approach to engage their young children in hands-on philanthropic activities designed to teach giving back/sharing principles and illustrate the impact of human rights, women's health and labor organizations. A few G2s are also doing this with their young children. Interestingly, several G1s are now engaging with their grandchildren (G3) to demonstrate which organizations they support and sharing firsthand the background, family history and rationale behind their support. They want to instill giving principles and show the positive impact that's been gained by their support to this newest emerging generation.

Philanthropic sharing is respectful and private between the generations. Although a few families are quite open about their philanthropic activities; for most, there's a veil of secrecy and respect that prevents these families from speaking often and openly between the generations about philanthropic issues. Because of their childhood observations and the more public reputation surrounding their parents' community support, G2 knows a lot about G1 philanthropic activities. And, because G2 often keeps a lower profile on their philanthropic activities, and they have yet to establish a philanthropic history like their parents, G1 knows much less about G2 community support levels. As a result, G1 often worries whether or not G2 is actively involved in community support, or will be very supportive in the future.

G2 are likely to support several of the same organizations as their parents, but resent the "automatic expectations" of these organizations, or comments that imply their support levels are not as robust as their parents.

Families with organized, formal family foundations seem more open and comfortable with philanthropic issues between generations. This transparency, productivity and order help to quell or minimize any potential chaotic or divisive decisions. They also encourage the spouses of all generations to participate. Some of these foundations will create a public image to help others know what types of causes or audience groups they want to support, and they will seek to support a diverse set of opportunities within a few focused areas. One of the interviewees made it clear that they do not expect the family foundation to last into perpetuity; it is designed to slowly deplete its resources carefully and methodically over time to maximize its effectiveness.

Families often share several common philanthropic traits across all generations like:

- They feel a similar responsibility to “share/give back” and leave a legacy of giving for subsequent generations.
- They believe the following generation - G3 - will be more generous. Perhaps not as financially generous, but more generous with their time and talent.
- They want their large gifts to “make a difference” versus becoming a small part of a “general fund” contribution.
- They prefer to mix smaller repeat gifts with new, larger initiative-driven gifts.
- They utilize a small set of peers with whom they can privately discuss personal and professional philanthropic issues.
- They share the disappointment that several other families with significant financial resources aren’t being as generous as their potential.
- They are not comfortable with the word “philanthropy” and prefer the term “giving back” to describe their actions.
- They shared that last year’s (2008’s) charitable philanthropy was diminished somewhat by their increased political activism.
- Most decisions are shared between spouses prior to making a gift. And, spouses often have different interests, but still agree on amounts and timing.

Both generations have high expectations for the charitable organizations that they support to deliver greater:

- Relevancy - Serve a well-defined, higher order purpose that meets a critical need.
- Sustainability - Assume a long-term approach, and build adequate resources to ensure survival.
- Operational efficiency - Proven careful financial stewardship and minimal waste in the allocation of resources.
- Leadership - Stay on course, both at the board and executive director level.
- Results - Show a positive return on investment.
- Appreciation - Express genuine appreciation frequently.
- Personalization - Offer unique, “game-changing” ways to aid organization that align with and excite the donor’s personal passion.

There are many philanthropic differences that exist between generations

Senior Generation - G1

- There’s some concern that G2 will not be as generous due to reduced financial capability, time-consuming family and business commitments, less conservative saving practices and different passions.
- They wish they had better prepared G2 on philanthropic issues and infused them with stronger beliefs about community service.

- They are reticent to interject their philanthropic values on G2 especially now they are “grown” - they are more comfortable sharing the same with G3.
- They are somewhat honored and flattered to be asked to help solve a big problem - “it’s part of our value system, our lifestyle.”
- They follow stronger faith-based rationale and cultural values in their giving practices.
- They direct their giving with more of a local focus. They may support some international foundations (ecology/environment preservation, health, etc.), but they prefer to see their gifts working closer to home.
- They have a keener interest in an organization’s operational efficiencies. They all have stories of seeing charitable organizations fail because of poor financial underpinnings and they are more careful as a result.

Junior Generation - G2

- They are still in a learning mode in making decisions regarding community support and feeling their way to establishing their own personal philanthropic approaches.
- They don’t yet have the time to devote to philanthropy decision-making as many are still consumed by raising their family and running the business.
- They feel some giving pressure - “there’s a target on my back.” And, this is seen occurring in their adolescent children - G3.
- They are concerned they cannot be as financially supportive as G1 in the future - “we’ve had to cut back our giving.”
- They are not too comfortable with their “last name” notoriety as philanthropists. And, don’t want their name on buildings. They want more privacy.
- They are turned off by assumptions they’ll automatically follow in parents’ footsteps regarding philanthropic support.
- They currently have a more narrow philanthropic focus, which may broaden as they get older, more experienced.
- They are less focused on supporting the arts due to their lack of connecting closely with some of the programming - “Arts don’t change the world.”
- The younger G2s are sharing more hands-on teaching with G3 to instill their family’s “giving back” principles and to demonstrate the program’s impact (both economic and humanitarian). This role is shared between spouses.
- They are actively looking to support organizations that are helping disadvantaged people help themselves to become more productive/self-sufficient.
- They appear more comfortable “soliciting” their peers.

- They are slowly becoming more comfortable expanding their philanthropic influence outside of region. This growing interest has them beginning to participate in global-oriented organizations - ecology, famine relief, health and human services - who administer programs outside the US. And, they will take their family to see the programs in action.
- Although they claim to be more education-oriented in their giving, which is fueled by their current focus on their children; this giving is primarily manifested in supporting their own children's private schools and summer camps.

Both generations have experienced similar barriers to better giving - things which keep them from going deeper and being even more supportive of their chosen causes

- Poor solicitation practices.
- Lack of solicitation attention - "no one is asking."
- Wary of approaches by unfamiliar people and organizations with low awareness or "fuzzy missions."
- Poor follow up by organizations.

Each generation has experienced unique barriers to better giving

Senior Generation - G1

- Waning interest - Not as engaged as before, no longer serve on the board, etc.
- Other complicating factors like declining health and lifestyle (live away from Cincinnati for a longer period of time each year).

Junior Generation - G2

- Time constraints - other competing activities - family and work related.
- Economic uncertainty.
- Personal passions are still evolving.
- Publicity shy - "afraid of losing their privacy" and don't like the notoriety that goes with big gifts - name in program, ranking of gift sizes, etc.

Each generation has different perspectives on efforts to approach low or no-giving peers

Initial Contact Decision

- G1 believes that it is critical once the prospective donor is identified that the organization enlists a contact person who has a very close personal relationship with the target. This would be a person with a similar background, same network of friends, long history, etc., as the prospective donor.
- G2 also thinks having the contact person know the prospective donor is important, but they are OK with having someone who knows the prospect perhaps professionally or even casually.

Approach

- G1 takes a very deliberate, measured, relationship-oriented approach prior to making the ask. They are willing to “court” the person, knowing it may take some investment time and perhaps several subsequent conversations.
- G2 seems more transactional and time sensitive in making their ask. They will make their approach on a personal level, and are willing to be more direct in the initial ask. They are less likely to take a long time to woo the target and will promptly move on if the prospect declines participation. One of the Gen 2s feels it’s acceptable to even “shame” them into participating by making them embarrassed about saying no to an ask in front of their peers.

Other Recruitment Issues

- G1 will enlist the Board Chair or the Executive Director early in the process. These people may be inserted into the solicitation process in the first or second stage as the contact person builds a relationship and comfort level between the prospect and the organization.
- G2 may do this, but this “tandem approach” mentioned above was not offered. G2 seems more driven to soliciting the prospect on their own and using the Board Chair or Executive Director later to answer questions or to formalize the relationship after the prospect has indicated his support.

Gift Nomenclature

- G1 doesn’t use the word “investment” when describing to the prospect their gift’s potential impact to the organization. They are more likely to talk about the gift making a “big difference” or creating a “significant change.”
- G2 will mention the gift is like making an “investment” as a way to help prospective donors get more comfortable with giving to the organization and to demonstrate that a tangible return will likely result from the gift. It’s a word they felt the prospect would understand since they are comfortable making other investments with expected returns.

Personal philanthropic philosophies evolve slowly. Initially their philanthropic philosophy is formed during their childhood by hearing about specific family examples, then observing the parents’ charitable beliefs and behaviors in action. Later it is shaped by their own ever-evolving personal interests which are primarily fueled by their growing participation and stronger familiarity with local charitable organizations coupled with ongoing life experiences and personal maturity. Then, their personal philanthropic philosophy is polished overtime by other family members, peers and other external leaders.

Personal philanthropic philosophies are rooted by strong emotional and rational components. It was difficult to get the interviewees to immediately articulate their own personal philanthropic philosophies in a succinct phrase. But as they struggled with defining it, they usually started with an emotional description of a major event that involved a close family member or how they were touched by an older relative's personal experience, and its impact on their early giving principles. This was usually followed by comments regarding their parents' philanthropic practices and the impact they've made. Then, the intersection of their philanthropy and their personal passions are covered, so they reveal why they give and to whom. Finally, they mention the rational parts of their philosophy like being thoughtful, deliberate and responsible.

Once defined, three philanthropic themes emerged:

- Entrepreneurial - They want to keep something special alive or initiate something new to the world - "how can I make a big difference" and "be a catalyst to change" and "calculated whimsy."
- Business-like - This is the investment approach that maintains a narrow, well-defined focus with closely monitored progress - "expect a dollar return versus a social return" and "invest in successful, long-term programs."
- Civic Responsibility - This is the local community supporter that works with their gifts to preserve and improve existing regional assets - "participate in your community" and "giving gets you more involved"

As a term, "giving back" is preferred more universally than "philanthropy" when describing their support activities. Both generations are somewhat uncomfortable with this label. Regardless of generation, the word "philanthropy" conjures images of older, well-known, wealthy patrons who have spent the last years of their lives supporting local charities and keeping well-intended, under-funded organizations from folding. It's an "old-school" word or "title" that is earned only after a long history of recognized local community giving.

The G1 interviewees were too modest to assume they are currently considered philanthropists. In fact, one physically shuddered at the mention of the word. And another said he refused to be called a philanthropist, because it sounded too close to the word, "philanderer!"

Both generations acknowledge they act "philanthropically", but they seemed uncomfortable agreeing that the label fit them. To a few, it seemed more like a term that's more appropriately applied in an obituary, and that they were more comfortable seeing themselves regarded as community supporters, activists or boosters who deliver "game-changing" support of specific organizations or better meeting the needs of under-served, disadvantaged audience groups.

Of the two generations, G2 are most uncomfortable with the term. This is due to their feeling they are still in the early stages of their community support practices, and they feel they have not yet done enough to warrant earning a label like this. Again, this generation has not yet become totally comfortable with the public associations that come from their charitable support. Several prefer more anonymous giving practices than their parents.

The phrase “giving back” is the one that was most often volunteered as the best description of how they all view their philanthropic activities. They readily recognize they’re now in a responsible, unique, privileged position of wealth; and this “giving back” activity is their way of sharing this wealth with others who haven’t been as successful, unique, blessed or lucky as they have been. One G2 mentioned that “giving back” was part of their company’s mission statement.

Almost all interviewees struggled to come up with a word that described their personal philanthropic practices. These words/phrases were offered: supporter, community docent, making a difference, activist and charitable person. The words: “patron, booster and servant,” were never used.

When prompted, both generations recommended these successful solicitation practices:

- An open, transparent approach from someone they trust who demonstrates knowledge and respect for their current interests and past support levels
- An offer of an unique opportunity that is aligned with a personal “passion” and with high potential to make a significant “game-changing” difference
- Adequate time to evaluate and assess needs
- The ability to closely interact with the senior leadership within organization - development of mutual respect
- Some control to custom tailor the program’s details and set effectiveness measurements to their specs

They also shared these examples of unsuccessful or irritating solicitation practices:

- Obvious form letters/misspelling of name
- Phone calls and other impersonal approaches from someone they don’t know
- “Ambush” breakfast or lunch meetings
- Lack of familiarity with their past interests and previous support practices
- Poor follow-up
- “Wasteful mailings” - too frequent, poorly timed
- The solicitor exhibits knowledge gaps in organization’s mission, operating efficiencies or program’s intent

- Delivering guilt for reducing support from previous year
- Lack of interest from organization's leadership
- Insincere or no appreciation
- Last minute appeals (although several are happy to bridge the gap)

When asked to give suggestion how to best encourage non-givers to participate, they shared these ten steps.

- Understand the prospect's personal interests.
- Match with local organizations with missions that are contiguous to the prospect's personal interests/passions.
- Cultivate repeatedly - enlist close, persuasive peers in the solicitation process.
- Engage them in the organization to build initial familiarity - introduce to leadership and other influential board members.
- Inject their passion with high profile, non-financial roles then move them into a board role.
- Expose them to other peers in giving roles and demonstrate their gifts' ROI - "treat it like any other investment" & "untangle the foolish questions they are afraid to ask."
- Use a series of modest gifts to spark initial participation.
- Express genuine appreciation for their commitment.
- Create a unique gift opportunity that makes a significant difference - even if it is small.
- Determine the level of exposure the donors will permit (some may not want their name or gift made public).

Next Steps

The eight charitable organizations that underwrote this cross-generational research have already begun to share the learnings with their key stakeholders and the larger nonprofit community and to integrate this information into future campaign strategies and messaging.