



Individual Donor Trends

by Valerie Reuther

AS I WRITE THIS ARTICLE ON TRENDS AMONG individual donors, I am reminded of the quote “The best qualification of a prophet is to have a good memory.” It’s not that things don’t change in individual giving; it’s just that a lot also remains the same. These interviews suggest that there may be times when the excitement of noticing something new leads analysts or proponents of a certain kind of philanthropy to paint with too broad or vivid a brush.

The Generation Gap

Carol Pencke has her finger on the pulse of what donors are funding and how, particularly regarding social change. Not only does Pencke have 30 years of experience as an active donor; if she joins

your board, she knows to bring her Rolodex.

When asked about the philanthropic trends she’s observed, Pencke makes what she admits is a “gross generalization” about donors with earned income versus those with inherited wealth. According to Pencke, the new generation of donors under the age of 40 has made its fortune in business, and these philanthropists view nonprofits as businesses. They are less concerned with organizational mission and values and more concerned with budgets, salaries, work plans, strategies, and tactics.

“I grew up, as did the older donors I work with, during the civil-rights movement,” Pencke says. “We were taught to be part of a movement and to work collaboratively. The donors of my generation with inherited wealth ask more

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touchy-feely kinds of questions—questions about mission, values, who’s involved. Younger donors were brought up with the entrepreneurial model that says an individual can change his or her life.” As a result, these younger donors often look for some stellar project or individual to fund that will propel things forward.

Rick Johnson, the executive director of the Idaho Conservation League, echoes these observations. Johnson does conservation work in a resource-rich and politically conservative state. He sees younger, entrepreneurial donors with “a certain element of real or perceived sophistication about how we do our work,” he says. “This comes from their experience in business. I am meeting with people younger than I am—people in their thirties and forties. The younger donors want to be players. They want to be engaged in the philanthropic work. They want me to understand that they are paying attention.”

In addition to asking more detailed questions, many younger donors are more interested in funding specific projects, not simply institutions. “My older donors are giving to the organization out of habit and respect for history. The younger

donors have more of a project focus. . . . The project pieces are more dynamic for them,” observes Johnson.

Eve Tai, a major gifts officer with the Nature Conservancy of Washington, agrees. Tai sees the difference in the way older and younger donors act as a function of experience. “Our older donors know how philanthropy works,” she says. “They have been members for 20 years, and they have fewer questions. They trust the institutions like ours. . . . When you talk about the younger philanthropists, you are talking about people who got wealthy because they are driven. They made the money in businesses where information is key.” Tai also observes that whereas many older donors care about a particular place or project, younger donors bring together lots of interests. “For example, they want to see things that involve not only conservation but also community and sustainable economies. They are more holistic in their concerns, so their information needs increase.”

Lisa Karl, the associate director of major gifts at AmeriCares, agrees that donors differ by age and profession. “I am working with donors in the

finance sector who behave similarly to donors in technology,” she observes. “They want to understand how effective you are and how you measure the organization’s success. They want concrete numbers and other measures of success.” Karl elaborates, “We measure success in terms of pounds of medicines delivered, but some funders want to look at disease patterns in areas before and after our project started. . . . Some donors want to know how we are working to eradicate the problem—reducing poverty and increasing health-care infrastructure—in the countries we work in.”

Karl also notes the challenge of satisfying a major donor who wants to be involved in a particular project within an organization. Those in the nonprofit sector can trade stories of donors who want to use their skills in helping with child care when what the organization really needs to do is upgrade its software or better yet, of donors who want to facilitate an organizational restructuring when an organization has already done one.

Is There Really a Trend?

Despite these observations, the general consen-

sus among interviewees is that even with a new generation, donor involvement has changed little over the years.

Lisa Byers, the director of OPAL Community Land Trust, sums it up. “Most donors don’t want to be involved.” Byers’s organization works to create affordable homes on Orcas Island in Washington State. Her board is made up of a mix of high-income major donors and low-income residents of OPAL housing communities, plus others—who support the mission. “We recruit board members who are the right fit: the right mix of decision maker and doer for the organization,” she says. “The major donors don’t exert any more influence than other board members. I attribute that to our consensus-[based] decision making, which comes out of our commitment to people of all economic classes having an equal voice.”

Funder and artist Kat Taylor, who is involved with the Women Donors Network based in Menlo Park, California, is clear. “My job is to be a sculptor,” she says. “I can’t sit on committees. I don’t want to be on a board. I want to be in the studio.” But Taylor acknowledges the delicacy in being an at-arm’s length funder. “Money has power. I am

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figuring out how to give support and let the money flow." She recognizes that as a funder, she has a one-step-removed perspective. "I am a witness. I see myself as valuable as a question holder."

At Corporate Accountability International, the organization's leadership has worked to get its donors more involved. Since voluntarism and donations have always been linked, there is nothing new about this approach. Recently, one major donor offered to host a house party to raise money. Of the five women who attended, two became volunteers; one in the office, and the other as the volunteer assistant to the recruitment and training director.

Somewhat contrary to the trends noted earlier, however, Kelle Louaillier, Corporate Accountability's executive director, says that younger donors are more eager to get involved at that level than are older donors. "The older donors want to teach you about good nonprofit governance and how to make money off the money they give you," she says. "The younger ones want to be involved in advising on the program and helping to implement plans."

In her forties, Kathryn Gardow also fits the description of a "younger entrepreneurial donor:" those who have made money in the technology and finance sectors and now follow their passions and give away money. Gardow's husband has done well in the high-tech industry and the couple is giving away more money than they ever thought they would. But Kathryn doesn't feel a need to be involved with the groups she funds, and most of the donors she knows don't take an active role in the organizations they fund. Kathryn and husband make their funding decisions largely based on personal connections.

And like many donors, Kathryn has pretty low demands when it comes to reporting. "I don't want much," she says. "I don't read it. I don't go on a lot of Web pages. I do like getting reports that say, 'This is what we did and what we accomplished.'" Tai of the Nature Conservancy sees the same with her donors. "Many donors ask for very little. What they really value is seeing you and seeing the work."

It's All about Relationships

Robert Stoll, a major donor and political fundraiser in Oregon, agrees. "I like an annual report followed by one-page newsletters," he says. Stoll goes on to articulate commonly voiced

ideas about the importance of building old-fashioned relationships with donors. "The most important thing is to sit down face to face with donors. It builds the relationship. You have the donor's attention for longer than it takes to read your letter or take your call, and so you can share more information."

For several years, Byers and Louaillier have made a practice of visiting donors. As a result of that face-to-face contact, both have seen relationships with donors deepen and donors' questions grow more sophisticated. Over time donors understand the basics of the program and come to focus on the longer-term organizational vision and purpose. Louaillier sees her long term-donors as caring more about the longevity of the organization. "They want to know how we are building the institution for long-term sustainability. I have been visiting some people for long enough that they are asking me, 'Why haven't you asked me for an endowment gift?'"

Louaillier sees these institution-building questions as part of a trend. As conservatives have stayed in control of federal agencies, progressives have begun to understand the importance of building progressive institutions. They are making more serious investments in the organizations that will become the mainstay of a progressive movement. "To many donors, building progressive institutions means a deeper level of giving and involvement," she says.

Finally, Pencke is a major advocate of using search engines like Google to find information on donors. But she warns that too much time spent on Web research without corresponding face-to-face time with donors crosses a line. "I know people who are creating massive tomes on donors and never going to talk to the donor in person," she says. "The heart of the matter is writing the letter, visiting the donor, making the case, and asking for the gift. Google doesn't change that."

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