

Philanthropy Corner – 9-8-13

Nonprofit Organizations Must Adapt, Change, or Die

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The usual signs are announcing the end of the ‘lazy, hazy days of summer.’ School is back in session. The King and Queen of Fantasy Fest campaign is in full swing. Announcements of season subscription sales and fall fundraising events are flooding the email accounts of the usual suspects eager to attract repeat donors. For the immediate future it makes sense to focus on seasoned donors who are currently driving philanthropy. But charities that neglect changing demographics on America’s philanthropic landscape may ultimately face extinction.

Today’s most generous donors are people born before 1945, called the Mature generation. On average, donors in this age group give more money to the causes they support and donate to a greater number of causes than younger generations. It’s the Baby Boomer generation born from 1946 to 1964 that is exerting the greatest influence on charitable giving for the foreseeable future. These 76 million Americans make up one third of all adults who give and are responsible for 43 percent of all individual giving.

The Baby Boomer and Mature generations represent almost 44 percent of Monroe County residents according to the 2010 census. In a study done by the Center for Rural Entrepreneurship, nearly 9 percent of Monroe County residents are millionaires. The Center predicts that by 2060 as much as 13 billion dollars will be transferred between generations in Monroe County. This predicted transfer of wealth creates an enormous opportunity for charitable organizations that have built relationships with donors who could include a charitable gift in their estate plans.

Although Baby Boomers and Matures are likely to be the dominant source of donations for the next decade, it’s the generations behind them and other demographic trends that will potentially transform philanthropy. Charities must adapt, change, or die, advises Emmett Carson, an international thought leader in the field of philanthropy and president of the Silicon Valley Community Foundation. *The Chronicle of Philanthropy* advises organizations to start making changes to attract a new group of donors and specialty audiences.

Philanthropic organizations should start wooing the post Baby Boomer generation although the primacy of their place in the donor marketplace is decades away. The Gen Y, or Millennial generation, (born between 1981 and 1995), and Gen X generation (born between 1965 and 1980) currently account for about 31 percent or \$16 billion of individual giving to charity. This population represents one third of Monroe County residents.

Studies show these young adults don’t share the giving habits and allegiances of their parents and grandparents. Younger donors are more skeptical about how their donations will be used and make more demands for accountability, transparency and

fairness. They learn about charities from peer networks and volunteering. They prefer to restrict their gifts to programs rather than give general operating support. They are also more multicultural and socially tolerant, and have an international outlook.

Other demographic shifts are suggesting organizations need to focus on minority groups and special populations. The heightened debate over LGBT rights has elevated the giving and visibility of lesbian and gay donors who may be inclined to expand their giving to other charitable causes. According to the U.S. Census Bureau, people of color will be in the majority in the United States by 2045. In 2010, one quarter of the population of Monroe County was Hispanic or Latino and Black, and 46.7 percent female. With women gaining more economic power as primary breadwinners and increasing their earning potential by entering into high-income fields such as medicine and law, the opportunity to give increases.

The rise in secularism is significantly impacting philanthropy. Religious giving generally garners the largest share of all giving, but its share has decreased over the past several decades, according to Giving USA. A Pew Research Center study revealed one in five Americans claim no religious affiliation, which has strong implications for philanthropy as donors who are religious typically tend to give more to charity.

A report on The Next Generation of American Giving offers recommendations for fundraising in this changing world of philanthropy. Organizations need to focus on current donor retention and satisfaction while laying the groundwork to attract younger supporters. Recommended strategies include listening to donor interests and concerns, utilizing multichannel marketing and fundraising tactics such as direct mail and social media to relay transparency and demonstrate effectiveness, and peer-to-peer fundraising.

Fundraising is an art and science. Studies reveal trends affecting philanthropy, while the art is about applying strategies appropriate for our organizations and audiences. Responding to trends and adapting to change is part of fundraising. The one aspect that never seems to change is that it's about building relationships.

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