TRENDS CAN BE INTERESTING
And certain trends require you to pay real attention. To adapt to changes in the world in ways you can. Ways within your control. Ways that keep you current, relevant, and in the game.

The digital revolution is one such trend. It is a revolution in the way people communicate. Probably bigger even than the printing press. You have to be online as well as offline. It is a good idea to be a presence across multiple channels if you want to be seen and heard. And if you are still doing outbound vs. inbound marketing, you are probably not getting the engagement you need to move folks to passionate investment.

The movement toward digital is a trend where adaptation is within your control. You can take your concerns and turn them into positive action that will move the needle in your favor.

However, not every trend is worth wringing your hands about. And one of those is how much money people give globally or nationally. This article is about the trend everyone in the social benefit sector seems to be talking about right now.

Current news, on the surface, appears concerning.

Let’s take a look at two highly respected recent reports:

> The Fundraising Effectiveness Project [FEP] Q1 2019 Fundraising Report
> The Giving USA 2019 Report

REVELATIONS FROM THE FEP
This report compiles giving data from 20,000+ nonprofits in the U.S. through the end of the first quarter of 2019. This year’s results are compared with last year’s for the same period. You can [download the report here](https://www.givingusa.org/reports), but here are the highlights (lowlights?):

> New donor acquisition down −5%
> Total donors down −7%
> Revenue down −2%
> New donor retention down −5%
> Repeat donor retention down −6%
> Overall retention down −9%
> Recaptured lapsed donors down −1.8%
> Donors giving less than $250 who upgraded their gifts up +2.7%
> Donors giving $250-999 who made a first gift in this range down −1.0%
> Donors giving $1000+ who made a first gift in this range down −2.8%
The red ink looks concerning at first blush. But ... this is for the entire country across every single type of nonprofit. And it is for a narrow time frame. These findings may not hold true nationally beyond this quarter or beyond this year. It is been a particularly interesting year, which will be discussed in more detail below.

REVELATIONS FROM GIVING USA
This report is the longest-running, most comprehensive report of its kind in America, is a public service initiative of The Giving Institute, and is researched and written by the Indiana University Lilly Family School of Philanthropy at IUPUI. You can order the report here, but here are the key take-aways:

> Total giving ($427.71 billion) +0.7%
> Giving adjusted for inflation −1.7%
> Giving as percentage of Gross Domestic Product (2.1%) -0%
> Giving by individuals as % of total giving (68%) −1%
> Giving by foundations as % of total giving (18%) +7.3%
> Giving by corporations as % of total giving (5%) +5.4%

Many are focusing on the red ink for total inflation adjusted dollars and the decline in individual giving from 70 percent to 68 percent of the giving pie. Yet ... these numbers are still quite robust. And when you look at the fact foundation giving increased quite a bit, and consider that much of this giving comes from family foundations—whom you approach the same way you would an individual donor—the changes look much less alarming.

Plus, giving as a percentage of GDP is greater than the 40-year average of 2.0 percent. And ... consider the fact that over four decades this giving amount has remained relatively constant no matter what is going on in the world!

SO ... ARE DONORS REALLY GOING ANYWHERE?
The questions you should be asking are:

> Are donors giving to our nonprofit?
> Did we retain more or fewer donors than before?
> Did we upgrade more or fewer donors than before?
> Did we raise more or less than before?
> Did we raise a significant portion of our philanthropy from individuals and/or private/family foundations
> What can we do about it?
Not-for-Profit Industry
Where Have All The Donors Gone?

THINGS BEYOND YOUR CONTROL
It has been a complicated period in the world generally, and in the U.S. in particular with the new Tax Cut and Jobs Act that went into effect at the end of 2017.

Don’t start adjusting your revenue projections down just yet. Rather, increase your fundraising and marketing expenses to assure you get your piece of the fundraising pie.

> You can’t control world events
> You can’t control legislation
> You can’t control human nature

A few lines in a recent opinion piece by David Brooks:

“Many Americans have lost faith in human nature and human possibility ... Distrustful, alienated people don’t want to get involved in the strange, hostile, outside world.”

Could lost trust and faith be why we are seeing fewer donors nationally? Possibly.

Could loss of the itemized tax deduction for many donors be contributing to less donor acquisition and/or giving at higher levels? Possibly.

Could human beings simply have lost the ingrained urge toward generosity and empathy? Doubtful.

“Charitable giving is multi-dimensional, however, and it is challenging to disentangle the degree to which each factor may have had an impact. With many donors experiencing new circumstances for their giving, it may be some time before the philanthropic sector can more fully understand how donor behavior changed in response to these forces and timing.”

—Amir Pasic, Ph.D., the Eugene Tempel Dean of the Lilly Family School of Philanthropy

THINGS WITHIN YOUR CONTROL
No matter what’s going on in the environment surrounding your nonprofit, you can work smart and employ all the best fundraising practices and tools at your disposal to secure the best possible outcome for your organization.

> Are you working smart?
> Or are you resting on your laurels?
Not-for-Profit Industry
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Averages from collected data are interesting, but ... your nonprofit doesn’t live averages.

> Your acquisition and retention rates may be below the average, and still be excellent for you. Because they are better than where you were last year.

> Your acquisition and retention rates may be above the average, and still be poor for you. Because you have lots of unmined potential and are leaving money on the table. Money that could enable you to do more and help more.

Poor results elsewhere are never an excuse for poor results for you.

No matter how many donors there are, there is no reason for you to give up on them. Don’t assume people are giving less, and therefore you should give up.

TRUTH, DATA, OR NO DATA

> Targeting giving from individuals is your best bet. As a percentage of total giving, individual giving has held steady for the past 30 years at more than two-thirds of all philanthropy. When you add bequests to the mix, the number approaches 80 percent of all giving. If you don’t have a robust individual giving program you don’t have a sustainable fundraising program (IMHO). You are just one pulled grant or sponsorship away from disaster.

> Targeting giving from foundations is your second best bet. There is a lot of money here because people set up foundations as vehicles for their personal philanthropy. Plus there are community foundations to tap into, and these will often make significant grants—including capacity-building grants which can help you build your own ability to do fundraising from individuals.

> Targeting giving from corporations can bring added value, but will not be a viable first “go to” for most nonprofits. The fact corporate giving increased last year should not be viewed as a huge green light. Corporate profits were up as a result of the new tax law; still, the percentage of giving of pre-tax profits remained steady, and pitiful, at 0.9 percent. Additionally, much corporate giving is the epitome of “enlightened self-interest,” and may come with a lot of strings. Plus, many nonprofits just can’t offer the exposure businesses seek.

> Numbers of donors have been declining for some time. Experts have observed a two-decade trend of fewer donors making larger gifts to fewer charities. The so-called “Greatest Generation” made a habit of giving numerous small gifts to multiple charities. As Boomers entered their prime giving years, they began concentrating their giving to make a larger impact in a few selected areas. What does this mean? Investing in individual major gift fundraising is more important than ever.
WHERE ARE TODAY’S DONORS IF THEY HAVEN’T GONE AWAY?

There are still a lot of donors out there. They may be regrouping and adjusting and, in fact, some of the ways they may adapt could work in your favor. Think more about what is going on in the world and how you might help address things about which donors are concerned, and less about sets of undifferentiated data.

You need to worry more about what pond you are fishing in than how stocked the pond is. The pond in which your particular nonprofit swims is smaller than the one with all that conglomerated data, and may be very well stocked indeed.

> For example, the ACLU was a huge beneficiary of the 2016 U.S. election fall-out, increasing their contributions to $120 million, in a period during which they usually raised $5 million. They have been proactive about staying in touch with all these donors to improve their odds of retention.

> Local nonprofits in the vicinities of natural disasters like hurricanes and fires were beneficiaries of donor response to emergencies. The most successful ones were proactive in getting their messages out, were specific about how the money would be used, and were transparent in reporting back on outcomes.

> Nonprofits who reached out to donors with tax-planning strategies in the wake of the new tax law were beneficiaries of bundled, staggered donation planning. Again, these charities were proactive in reaching out to donors with a message that met them where they were.

The donors who are out there may as well go to you. But you have got to go after them.

If you are still operating on a fundraising model that assumes donors will largely come to you (or they would if they only knew you existed), it is time to move to a new model. That is a pre-digital revolution model.

Today’s nonprofits, and fundraisers, must work smarter. Truthfully, that is the new normal for just about everyone.

The preceding is an article by Claire Axelrad, J.D., CFRE, principal of Clairification.