

# Philanthropy Matters<sup>®</sup>

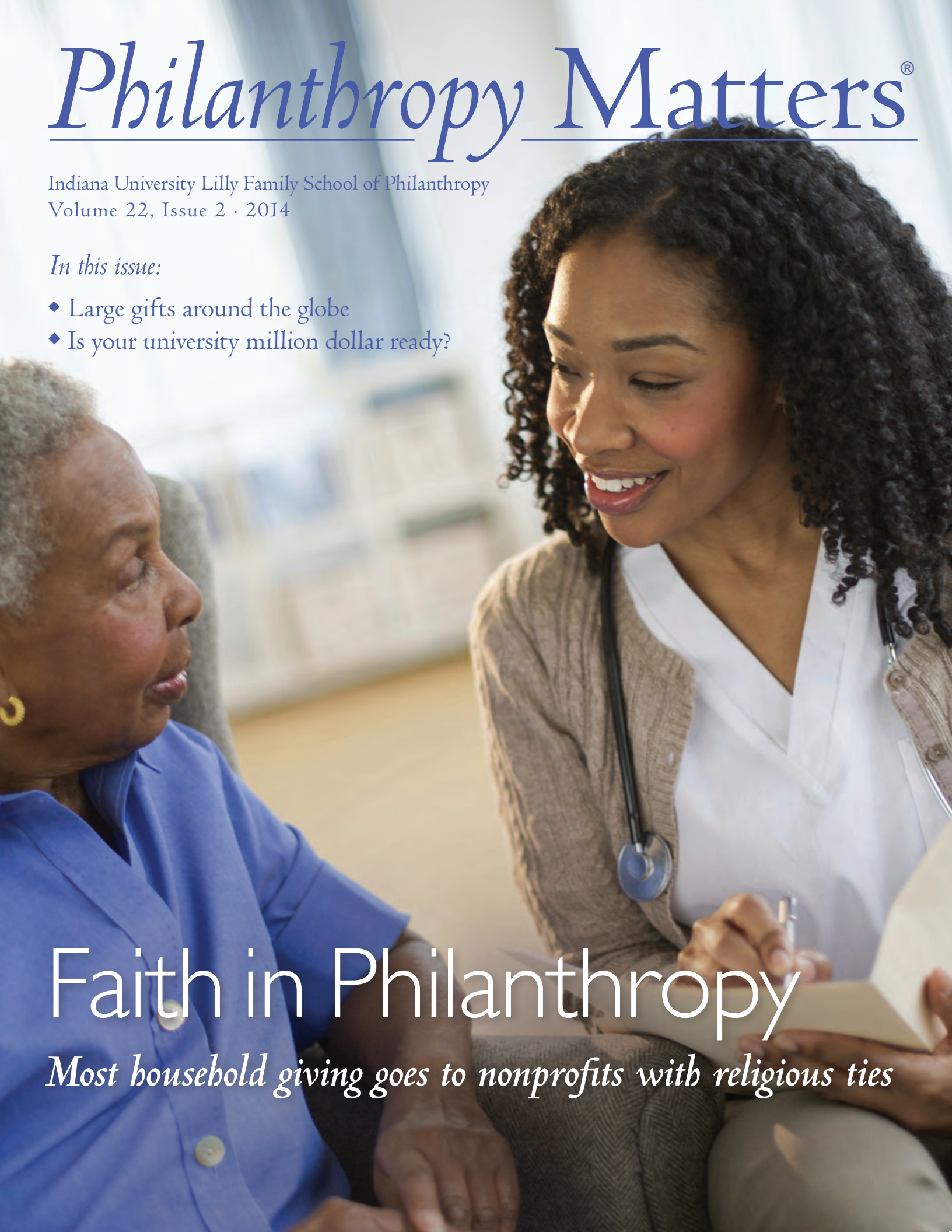
Indiana University Lilly Family School of Philanthropy  
Volume 22, Issue 2 · 2014

*In this issue:*

- ◆ Large gifts around the globe
- ◆ Is your university million dollar ready?

## Faith in Philanthropy

*Most household giving goes to nonprofits with religious ties*





## Leading Questions

Successful leaders continually look at what they *think* they know with fresh eyes. Revisiting conventional wisdom and commonly accepted practices from a fresh perspective often yields surprising, productive results.

Together with our partners, the Lilly Family School of Philanthropy is asking these kinds of leading questions, uncovering opportunities for nonprofits, fundraisers and donors. For example, researchers have developed a new, three-dimensional way of looking at religion and philanthropy that

demonstrates that faith's influence in giving is far larger than previously documented.

Examining institutional characteristics as well as donor preferences is helping colleges and universities identify factors that make them more likely to receive million dollar gifts. A groundbreaking, international million dollar donors report is revealing similarities and differences in giving in six key regions around the globe.

Claude Levi-Strauss said, "The wise man doesn't give the right answers, he poses the right questions." What questions should your organization be asking?

Cordially,

Gene Tempel  
Publisher and Founding Dean  
Indiana University Lilly Family School of Philanthropy

## Lilly Family School of Philanthropy Research Partners

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## Nearly three-quarters of household giving goes to nonprofits with religious ties

When recipients of charitable giving in the U.S. are delineated, there are religious congregations – and everybody else. Right? Not so fast, leaders of a recent study by the Lilly Family School of Philanthropy and Jumpstart, a Los Angeles-based philanthropic research and design laboratory, say. The groundbreaking report offers an important new perspective that highlights the multidimensional nature of religion and giving and provides valuable insights for all nonprofits.

*Connected to Give: Faith Communities* differentiated between religiously identified organizations and not religiously identified organizations and found that 73 percent of all giving in America goes to organizations with religious ties. That total percent is made up of the 41 percent that goes to congregations and ministries which exist to advance spiritual development and the 32 percent that goes to organizations with religious identities that pursue other purposes, from basic needs and health care to the environment and international aid. Organizations without religious identities received the other 27 percent of contributions.

In other words, when gifts to congregations are set aside, charitable giving is divided almost evenly between organizations with religious ties and those without a religious identity.

“To me, that’s the takeaway and it’s surprising,” says Mark Ottoni-Wilhelm, the co-author and a professor of economics and philanthropic studies at the Lilly Family School of Philanthropy and IUPUI.

“Much of what has previously been thought of one-dimensionally as giving to ‘secular’ purposes actually goes to

religiously identified organizations,” Ottoni-Wilhelm says, adding that innovative research methods allowed for a clearer picture of the way religious ties shape the giving landscape.

### Adding Dimensions

“It’s like putting on 3-D glasses,” Shawn Landres, chief executive officer and director of research at Jumpstart and the report’s co-author, says. “In addition to looking at congregations, when we also look at the religious identity of the organization and the religious or spiritual orientation of the donor, it turns out that a majority contribute to organizations with religious ties and a majority of Americans cite religious commitments as key motivations for their giving.”

“I was surprised by the strong appeal of religiously identified nonprofits, even to younger Americans not affiliated with a religion,” Landres adds.

Other findings included:

- ♦ For most charitable purposes, donors make contributions to both religiously identified and not religiously identified organizations rather than only to one type or the other.
- ♦ Americans affiliated with different religious traditions give at similar rates, regardless of their particular affiliation.
- ♦ Among Americans who give, more than half (55 percent) say their commitment to religion is an important or very important motivation for charitable giving.

The study also found that 65 percent of people with a religious affiliation make charitable contributions while 56 percent of those without a religious affiliation make contributions. Ottoni-Wilhelm cautions that this doesn't mean that those not affiliated with a religion are less generous.

The difference, he says, is largely driven by contributions to congregations, something people with a religious affiliation are understandably much more likely to do.

## Connecting with Donors

The study suggests ways charities may attract new donors and deepen existing relationships, Ottoni-Wilhelm says. For example:

- Organizations with religious identities must ensure that prospective donors can relate to their mission, if not their religious affiliation, and recognize their success in achieving it. These charities already benefit from the generosity of both religiously affiliated donors and non-affiliated donors (a third of the latter give to charities with religious ties). By benchmarking their outcomes with other charities in their field, these charities can demonstrate their viability.
- “It’s clear that religiously identified nonprofits are important to donors, and play an important role in the nonprofit sector,” Landres says. “But that also means operating on a level playing field and communicating effectively with existing and prospective donors outside their communities and comfort zones.”
- Organizations without religious ties can appeal to givers motivated by religious convictions. “Typically, such groups explain they are non-sectarian or not affiliated with any particular religion or belief system,” Ottoni-Wilhelm says. He suggests adding, “However, the compassionate quest for social justice that motivates our efforts also motivates deeply religious people to support our work.”

Giving to religiously identified organizations plays a larger role in some subsectors than in others, the study found. For example, among people who give to meet basic human needs, 66 percent do at least some of their giving to religiously identified basic needs organizations, but among people who give to environmental organizations, 42 percent do at least some of their giving to religiously identified environmental organizations.

Nevertheless, says Ottoni-Wilhelm, “the implications are clear for all types of charitable organizations, whether or not they have

religious ties: they should pay attention to the religious orientations of their donors.”

The report is one of a series based on the National Studies of American Religious Giving and American Jewish Giving, spearheaded by Jumpstart in collaboration with a national group of private, family, community, and federated funders.

◆◆MORE INFO◆◆

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## Why I Give

Ask Cindy Simon Skjodt about philanthropy and she beams instantly. “I’ve been very fortunate, and I feel a

responsibility to give back,” she says. “Both my parents taught us from an early age to do what was right and to help lift up others.”

Cindy recently created the Melvin Simon Chair in Philanthropy at the Lilly Family School of Philanthropy to honor her father’s prolific generosity and help the school attract and retain world-class faculty members.

“My father would be so proud to have his name associated with the school,” Cindy says. “I’m honored to be part of it, to help influence the future. It’s important to teach students about philanthropy and to have good, well-prepared people running nonprofits.”

Making a difference is a passion for Cindy. It’s why she founded the Samaritan Foundation, and why she volunteers tirelessly for numerous causes.

“I hope to inspire my children and others to do what they can, whether they give money or time,” she says. “And I hope to encourage people to provide scholarships and endowed chairs to grow what is already good at the school, to make an even bigger difference.”



# Are you million dollar ready?

## Factors that help higher ed attract large gifts

Colleges and universities that hope to receive million-dollar-plus gifts must present a strong vision and encourage prospective donors to be part of it, a new study finds.

*Million Dollar Ready: Assessing the Institutional Factors that Lead to Transformational Gifts* examined institutions of higher learning that received publicly announced gifts of \$1 million or more from 2000 through 2012 to identify characteristics associated with receiving gifts of that size.

It offers a new approach to studying these gifts, says Una Osili, director of research at the Indiana University Lilly Family School of Philanthropy, which partnered with Johnson, Grossnickle and Associates to conduct the study.

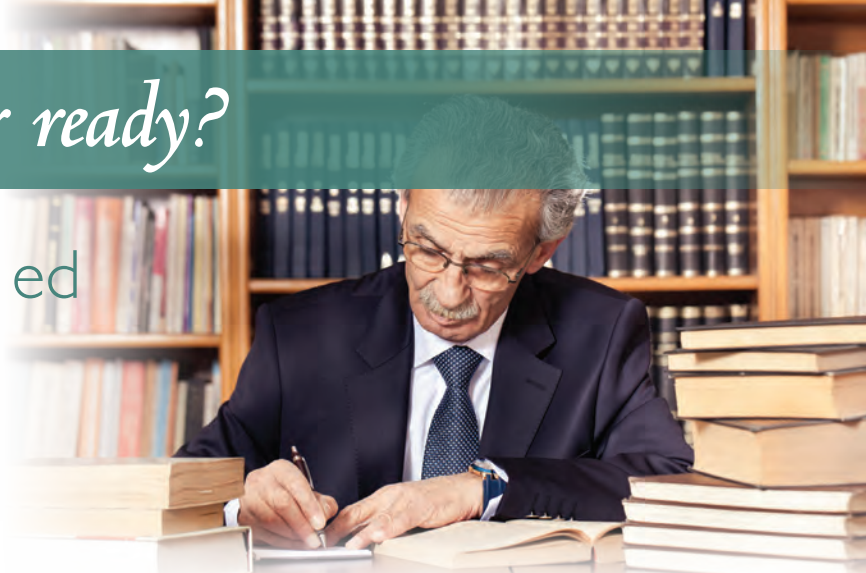
### Starting at the Top

Institutions with presidents who had longer tenures in office were more likely to receive gifts of \$1 million or more.

“The president is the key to building donor relationships over time and to presenting a vision that leads to transformational philanthropy,” says Angela E. White, senior consultant and chief executive officer at Johnson, Grossnickle and Associates. “In addition, the role of the institution’s board in collective generosity inspires a higher level of investment at \$1 million-plus. It is important to remember that it starts at the top.”

National rankings also matter; placement on the *U.S. News & World Report’s* “Best Colleges” list in 2000 was associated with a 61 percent increase in the number of million dollar gifts received by a college or university and an increase of 156 percent in the total value of those gifts between 2000 and 2012.

Institutions that invest more in tenured faculty and that spend more on employee expenses are more likely to attract large gifts, and those with large endowments receive more and larger gifts of \$1 million and up.



Some factors closely associated with the incidence and size of large gifts, such as the age of the institution (schools founded before 1900 tend to receive more large gifts) or its location (rural schools don’t fare as well as their urban counterparts), are less able to be influenced by institutions, but there are other attributes schools can change to improve their ability to attract large gifts.

### Preparing for Success

“Some factors that contribute to a favorable climate for million-dollar-plus gifts are measurable, while others aren’t easily quantifiable,” Osili says. “The study identifies ways every school can make itself more attractive to prospective donors.”

For example, colleges and universities should:

- ♦ Articulate a strong vision that engages donors. The president and trustees should be the chief communicators of this vision.
- ♦ Invest in excellence and donors will invest in the institution.
- ♦ Expect the board to set the example.

“This report reveals major themes that can help colleges and universities assess their own million dollar readiness and what they can do to improve their ability to attract large, transformational donations,” White says. “The role of leadership, by both the president and the board, is key to articulating a vision that inspires transformational support.”

#### ◆◆ MORE INFO ◆◆

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# Small World, Big Gifts

*First international million dollar donors report explores giving around the globe*

**F**undraisers and nonprofits occasionally may be tempted to ask, “Where in the world are the big gifts?”

A first-of-its-kind report that examines charitable gifts of \$1 million or more made in six regions of the world begins to answer that question, finding both common themes and key differences.

The new study, the first to compile information about million dollar gifts across regions beyond the United States and the United Kingdom, was conducted by the Lilly Family School of Philanthropy and Coutts, a U.K.-based private bank and wealth manager. It analyzes publicly announced gifts made by people and institutions in the U.S.; the U.K.; Russia; China; Hong Kong; and members of the Gulf Cooperation Council – Bahrain, Kuwait, Oman,

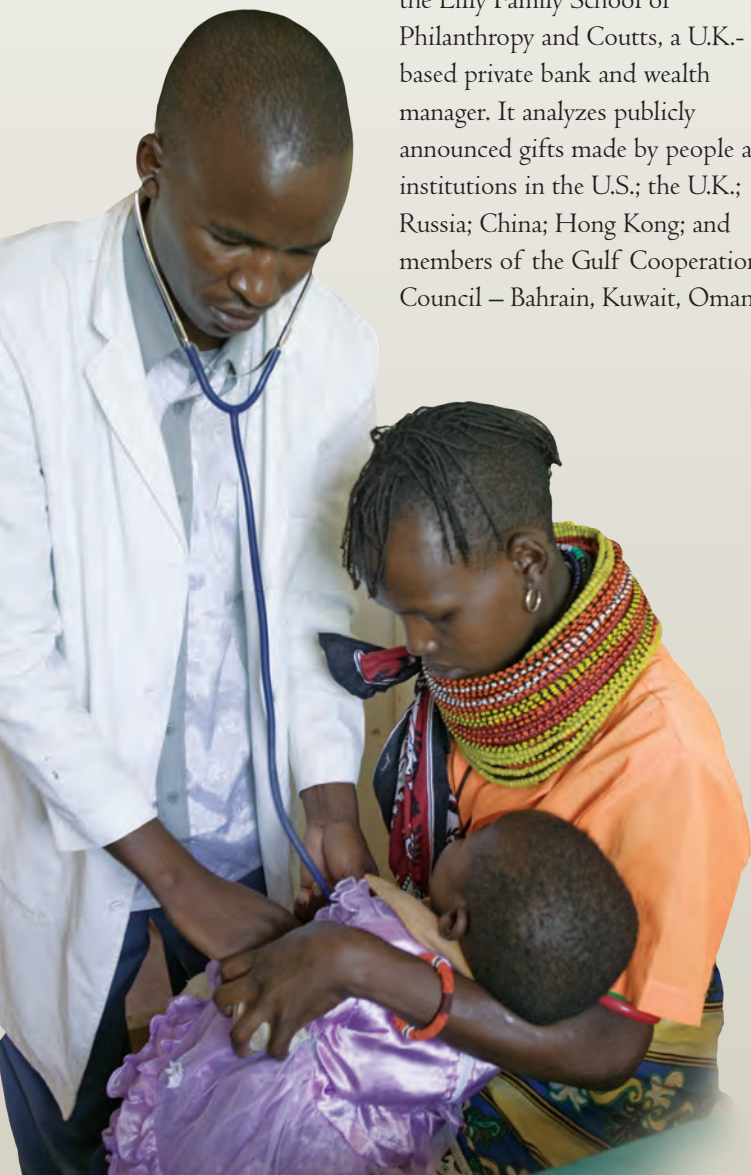
Qatar, Saudi Arabia and the United Arab Emirates.

“Philanthropy varies across cultures, across regions, and across geographies, and while there is a lot of interest in understanding those differences, there hasn’t been a lot of data collected on giving patterns globally, especially very large gifts,” says Una Osili, director of research at the school. “This study expands knowledge about the nature of transformational giving.”

The *Million Dollar Donors Report* is not intended to be comprehensive, nor does it compare the regions. Osili says this is because important cultural differences and institutional differences in the scope of the philanthropic sector may lead to differences in the extent to which gifts are publicly reported in some regions, making comparisons difficult and potentially less accurate. Rather, the study explores why and how donors at this level in various regions are making philanthropic decisions.

The report builds on distinct, complementary efforts in the U.S. and the U.K. to track charitable gifts of \$1 million or more. The Lilly Family School of Philanthropy has produced the Million Dollar List since 2000, carrying on the 33-year tradition of the list’s founder, the late Arthur C. Frantzreb, to record large gifts. Frantzreb and Robert F. Hartsook, then chairman emeritus and chairman, respectively, of Hartsook Companies, Inc., gave the list to the school in 1999. Coutts has produced a similar Million Pound Donors Report since 2008 that is modeled in part on the U.S. study.

“Many of our international clients have a desire to give back or make a difference and look to Coutts for advice and insights,” says Mark Evans, managing director for strategic solutions at the Coutts Institute. “They see major philanthropy as a growing trend and they want practical tips in considering potential solutions. They also want to avoid the most common pitfalls. The better informed we are on what is happening in international philanthropy and the more examples we can give of people who are doing major philanthropy well, the better we can inspire and inform philanthropists, charities and others at all levels.”



## Generosity Spans the Globe

The new study found that, in 2012, a total of \$19.04 billion in publicly announced gifts was given by 1,249 donors to 1,417 recipients in 1,955 separate donations of \$1 million or more.

Wealthy donors' affinity for higher education was especially strong—across the six regions, they gave the most dollars, a total of \$7.05 billion, or 37 percent of the total—to colleges and universities. Foundations were the second most frequent recipient of large gifts, garnering \$2.87 billion, or 15 percent of the global total.

The study found that foundations in four of the six regions also gave the largest number of gifts, but individuals gave more money – \$8.8 billion, or 46 percent of the total.

Foundations are playing key roles in other ways as well, Osili says. “Many \$1 million-plus donors are establishing foundations to formalize and sustain their philanthropy and to be more strategic. This approach, which is well-established in the U.S. and the U.K., is a growing trend in Hong Kong and Russia and an emerging trend in the Middle East and China.”

Causes in their own countries were the focus of most wealthy donors' support, except in the Middle East, where donors sent 71 percent of their large gifts outside their countries' borders. This was a departure from the other regions: just 5.6 percent of the total value of large gifts went overseas.

## Engaging for Transformational Giving

Leaders of charities that have received gifts of \$1 million or more were interviewed for the study. They offered advice on laying the groundwork for large gifts:

- ♦ Dream big about what you would do if your nonprofit were given \$1 million and identify a clear way to communicate that strategic vision.
- ♦ Engage the interests, talents and resources other than money that your donors possess. Involve them in your organization.
- ♦ Be an expert in your field. Demonstrate that you understand the problem your nonprofit seeks to solve and the way you'll go about solving it.



Photo: spirit of america / Shutterstock.com

Donors were asked to advise others considering making large gifts. Among their recommendations:

- ♦ Be clear about your motivations and goals.
- ♦ Balance your heart and your mind. Trust your instincts but do your homework to understand the impact of the organizations you are considering supporting.
- ♦ Trust that the organization you choose is capable of delivering solutions, respect the ways it puts your donation to use and commit for the long haul.

“People all around the world and in every culture are generous,” Evans says. “By understanding the causes and communities million dollar donors are passionate about, the ideas they have and the ways they like to work with others, charities can advance their important missions and help donors make a greater difference.”

♦ ♦ ♦ ♦

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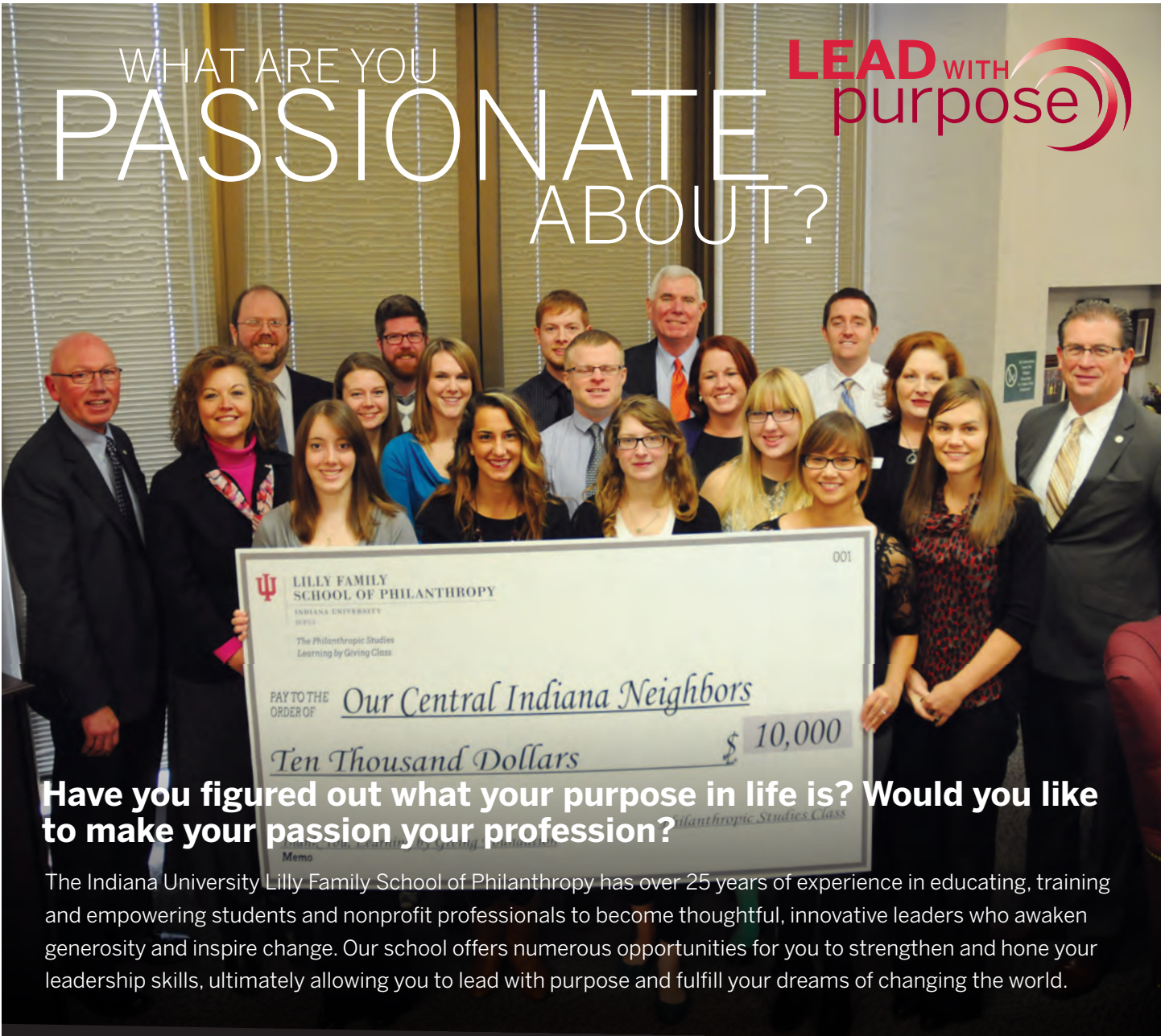
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The Indiana University Lilly Family School of Philanthropy has over 25 years of experience in educating, training and empowering students and nonprofit professionals to become thoughtful, innovative leaders who awaken generosity and inspire change. Our school offers numerous opportunities for you to strengthen and hone your leadership skills, ultimately allowing you to lead with purpose and fulfill your dreams of changing the world.