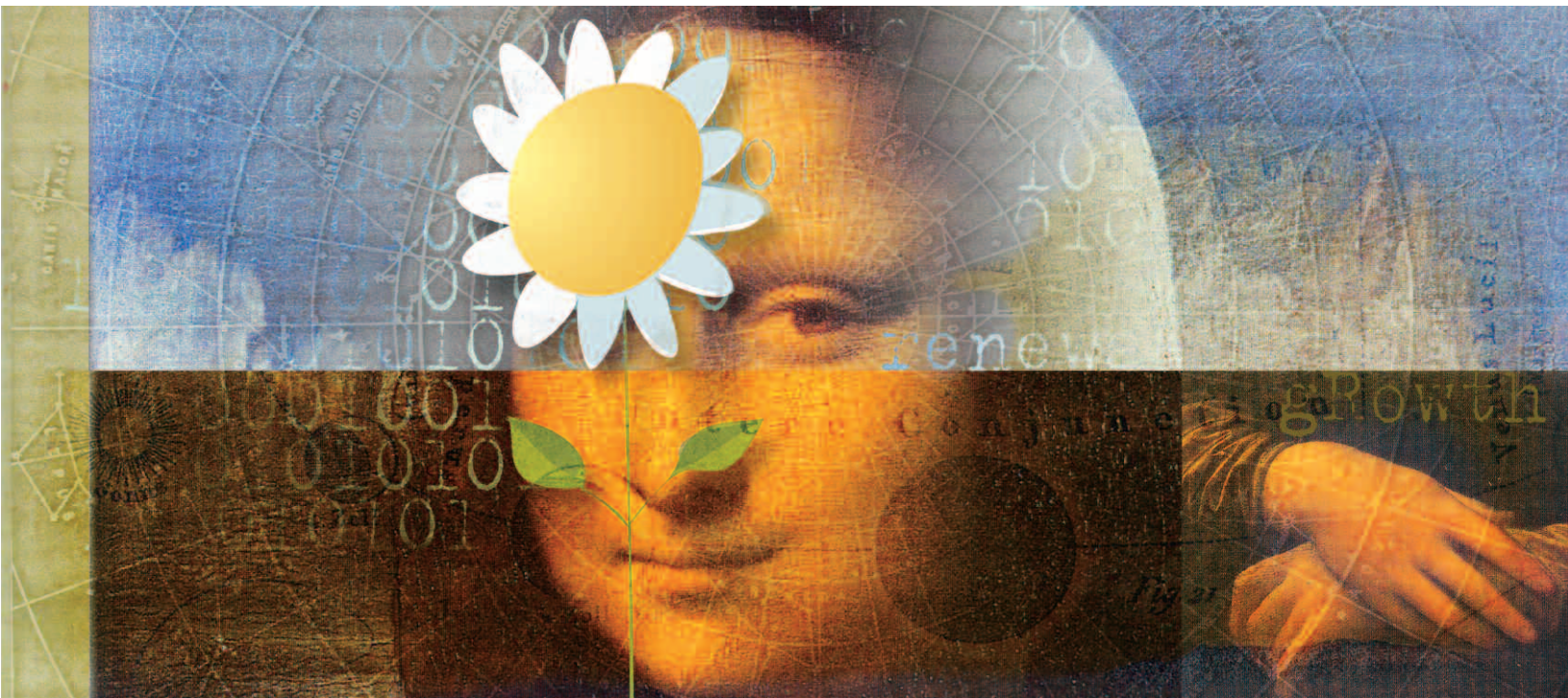


> trends [4]

The definitive [4] times per year source of philanthropic trends analysis in Canada



Spring is always associated with renewal and rejuvenation, and this year I must admit I am feeling that sentiment more strongly than in others.

Buoyed by our outstanding performance at the 2010 Olympics in Vancouver coupled with the re-emergence of the global economy, there seems to be a strong sense of optimism on the part of sector leaders across the country. And from a philanthropic point of view, the overwhelming response of Canadians to the relief efforts in Haiti illustrates that the philanthropic spirit continues to be alive and well in this country. These factors when combined with all we have learned during the recent economic upheaval lead me to believe that we are on the verge of a philanthropic renaissance in Canada and around the world.

A powerful statement, I know, but I believe that the upcoming few years will emerge to fit the definition of all periods of renaissance – new beliefs, new discoveries and new ways of doing things, resulting ultimately in some form of transformation. What does a philanthropic renaissance look like? I believe it involves creating an overall

stronger culture of philanthropy, which will manifest in three key themes – engagement, impact and integration.

And it will also involve a re-engineering of how things get done. While the concept of 'we need to do more with less' is often promoted as a key outcome of tough times, we have come to understand that while this may be realistic for short periods of time, it is not sustainable. What is sustainable, and in fact required after tough times, is the ability to assess processes, tools and techniques to determine how to streamline in light of fewer resources.

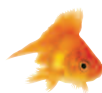
So, this is where we turn our attention in this edition of *Philanthropic Trends Quarterly* – to an exploration of the trends that are expected to change the way we as fundraisers do business in the future. As always, we interviewed a number of our Philanthropic Trends Advisory Board members but we also polled a cross section of our clients and colleagues to get a broader sense of what the trends are in the sector. The most dominant trends are explored in the following pages, but you can find a full list by visiting

www.kciphilanthropy.com/trends. We are planning to take an in-depth look at a number of specific issues in upcoming editions of *Philanthropic Trends Quarterly* and look forward to exploring these trends more closely.

While none of us has a crystal ball with which to predict the future and undoubtedly some of these trends will shift and evolve over time, the information in the preceding pages represents the collation of thinking based on what we currently know. As is the case with all our editions, we hope that what we present here serves as a conversation starter about where we can take our sector and hope that it provokes thought, discussion and perhaps even some healthy debate!

I wish you and your organization all the best in your own philanthropic renaissance!

Marnie Spears
President and CEO



Trends in Philanthropy



While we're certainly not 'out of the woods' yet, it feels as though the non-profit sector, along with our counterparts in the public and for-profit sectors, are now able to collectively exhale and start to shift our gazes from the singular focus of 'how to survive' to one that contemplates 'what we now must do to grow'. Taking into account all that they learned during the last 18 months, savvy organizations are now starting to look to the future and are considering what needs to be done in order to grow and develop their fundraising activities throughout the upcoming decade and beyond.

Increasing Engagement...

Key to such growth and development will be broadening the reach of philanthropy by connecting with new donor groups in new ways.

Many in the sector believe that engaging new prospective donor groups like younger generations, varied ethnicities as well as those who are not current givers to charity will be critical to future fundraising growth. "In order to truly

...savvy organizations are now starting to look to the future and are considering what needs to be done in order to grow and develop their fundraising activities...

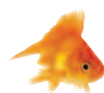
grow philanthropy in Canada, we will need to expand our horizons and engage people who have not traditionally been involved," says Susan McIsaac, Chief Development Officer United Way Toronto. "This shift will require movement beyond the traditional, including traditional fundraising methods, traditional donor markets and traditional giving tools."

Branching out into non-traditional groups is something many organizations have been thinking about for years. So, what's different now? One difference is the degree of focus that is being devoted to this activity. For many organizations, the recent economic challenges

revealed the vulnerabilities that can arise from a lack of diversification among fundraising programs. So, while the development of new donor markets and fundraising methods was historically a secondary or tertiary priority, it has moved up significantly on the priority scale.

The second difference can be summed up in one word - technology.

Emerging technology is providing new tools for the fundraising arsenal and many organizations are exploring the opportunities associated with new technological applications. The area of greatest applicability to date appears to be at the level of mass philanthropy. For instance, the volume of donations that were made through mobile philanthropy to the relief efforts in Haiti provides evidence of technology's power in reaching out to large numbers of donors. In the US, more than \$30 million was donated via text message through mGive, one of the providers of text donations services. Perhaps even more interesting is that many of these donations were \$5 and \$10.



“Emerging technology is providing new tools for the fundraising arsenal and many organizations are exploring the opportunities associated with new technological applications.”

BC Children’s Hospital Foundation is an example of an organization that has begun to use the power of new technology in their efforts to communicate and connect with donors and other stakeholders. One initiative being introduced by the Foundation this year is the use of an application that enables users to make donations using an iPhone or, soon, BlackBerry. Once the user has downloaded the application to their handheld device and entered their credit card information, they can then use their handheld device to photograph a bar code with the charity’s information, specify their donation amount and hit send. It’s a secure, easy and cashless interaction. The bar code can be placed in a multitude of places, from t-shirts worn by volunteers at Foundation events to the television screen as a prompt for donating during the Foundation’s annual telethon.

...driven by even greater desire for Impact

Another way the concept of engagement is

Big Boom? The impact of demographics on philanthropy

From the aging of the Baby Boomers to the increasing ethnic diversity of the population, the changing landscape of Canada’s demographics can’t be denied.

Demographics expert, economist and best-selling author Dr. David Foot has long spread the gospel of the power that can come from understanding the meaning and impact of shifting demographics. In a recent interview with KCI, Dr. Foot shared his thoughts on how changing demographics will impact the non-profit sector and philanthropy in Canada. Dr. Foot identifies two main trends – more dollars and fewer volunteers.

Both are related primarily to the aging of

the Baby Boomers generation. “The good news is that people become more generous as they age,” says Dr. Foot. “As their children grow up and their personal financial commitments diminish, people donate more to charity.” However, he notes that the impact on availability of volunteers may be less positive. “People in their 50’s and 60’s are more likely to travel, especially internationally, as well as be away from home for many months of the year, which leave less availability for volunteering.”

For more from KCI’s interview with Dr. David Foot as well as further information on the impact that this and other demographic shifts will have on philanthropy, please visit www.kciphilanthropy.com/trends.

evolving in the non-profit world relates to how donors at the upper end of the giving spectrum are beginning to engage with the organizations that they support. Among major and transformational level donors, the trend is towards a deeper and more meaningful involvement with the organizations they support – an involvement that goes far beyond simply writing a cheque.

This type of engagement, recently coined ‘catalytic philanthropy’ by the Stanford Social Innovation Review, sees funders becoming

implicated in the creation and delivery of the solution to a problem rather than passively providing funding. Philanthropists who behave in this way don’t think about supporting an organization – their primary objective is to have impact on a particular issue. In Canada, we are seeing more and more of this type of giving on the part of corporations and foundations who see it as a way to get greater leverage from their financial contributions.

One example of this type of philanthropy is the approach taken by the Quebec based Lucie

What about 2010?

While emerging from the recession means we now have the luxury of being able to think longer term, it is vital not to lose sight of keeping the ship afloat in 2010. For a great many organizations, 2010 will be a year to stabilize activities and donors after a very challenging 2009. So, what should they be doing to ensure that they maximize results for this year as well as set themselves on the road for continued success? Regardless of size or the state of recent fundraising results, there are a number of activities that should be on every organization’s “to do” list for this coming year.

Revisit your strategic and operational plans – Whether your plan is relatively new or nearing the end of its tenure, 2010 is the year to

take a closer look at it. While it may not make sense to develop a long term plan, now is the time to review it to, at a minimum, acquaint yourself with its contents and ensure the ongoing relevance of your strategic priorities over the near term.

Conduct a prospect audit – Do an audit of your current prospect list, looking at it through a lens that is filtered by a more positive economy. Many organizations were appropriately considering their prospects and approach to them through a cautionary lens in 2009, taking into consideration the diminished state of most Canadians’ personal finances. While not time to throw all caution to the wind and begin soliciting all prospects

for gifts, it is prudent to review your list of prospects to determine those that are ready for an ask, even if that ask is adjusted from original expectations.

Get out there – Getting out and talking to prospects and donors was a best practice adopted by many organizations throughout 2009 and it is critical not to let up on this activity in 2010. As the economy continues its anticipated recovery and is accompanied by renewed optimism, now is the time to position your organization in the minds of your donors as prospects as one that is ready for investment when they feel ready to invest. Use your volunteers, CEO’s, board members and senior staff wisely in this activity to augment staff resources.





and André Chagnon Foundation. Currently the largest private foundation in Canada, it is involved in a variety of programs that are examples of a catalytic approach to philanthropy. One example is its involvement in Quebec en Forme. Created to address the urgent need to prevent childhood obesity and its related costs, the program promotes a healthy eating and an active lifestyle to Quebecers from birth to age 17. With a keen interest in this issue, Mr. Chagnon was a catalyst in making the project a reality, and the involvement of the Foundation continues to go far beyond simply providing a portion of the funds.

Whereas this concept of 'catalytic philanthropy' applies to major and transformational level donors, this desire for impact has become increasingly apparent at all giving levels. It is no longer enough to assure donors that their gifts will 'do good'. Organizations now have to be specific about results. "One of the biggest trends we have noticed is that donors want to understand quite specifically the difference that their gift is making," says Arthur Peters, Executive Director of ShareLife. "Whereas previously, it would have been enough for donors to know their donations would be used in a 'Catholic way', parishioners are seeking more detail about how their donations will be used and what will be the impact." Interestingly, Peters notes that there appears to be a generational difference. In general, the older generation of donors indi-

The more things change...

Notwithstanding the innovations and trends that will undoubtedly have a significant impact on how money is raised in the future, there are a number of enduring principles that must never be forgotten when crafting your fundraising strategy. So as the title to this section implies, while things are changing, there are certain key principles that continue to remain unchanged.

Relationships reign supreme - Fundraising has been, is now and always will be a relationship business. It is critical to never forget that building and maintaining relationships with donors is the most important key to success and a donor centred mindset must permeate all that you do.

Volunteers always in fashion - While the role of volunteers may be changing, there will always be a place for volunteers within non-profit organizations, whether serving as members of the board and guiding the organization's activities or helping to raise funds. So it is important that organizations continue to have robust volunteer recruitment and engagement strategies.

To thine own self be true - Regardless of the trends in technology, demographics and their resultant impact on fundraising, maintaining a clearly defined vision and mission will always be critical to an organization's success. It is crucial to know who you are as an organization, what it is that you are trying to achieve as well as how you fit in the overall non-profit marketplace. Coupled with this well defined sense of purpose is an ability to articulate it.

Fail to plan? Plan to fail - Planning, both

strategic and annual, will never go out of style. Strategic planning should be undertaken every 3-4 years and be accompanied by an annual commitment to developing strategies and tactics to advance the strategic plan's priorities in each fiscal year.

What gets measured gets done - Measure and monitor your performance on an ongoing basis using a performance scorecard. The scorecard should be populated with metrics that have been strategically chosen because of their relevance to your organization's success. It is important, however, that care be taken to ensure that metrics don't replace management.

Organizations are only as good as their staff - Staff are critical to the successful implementation of fundraising strategy, so it is always important to pay attention to your human resources. Maintaining a sound, up-to-date plan related to recruitment, retention and succession planning will always be critical to success. It is also important for organizations to create organizational structures that can evolve as situations and strategies change.

Manage the middle - Major gift fundraising has been a cornerstone to growing fundraising results and nothing is pointing to a significant change to its importance in the future. And we know that building a solid pipeline of prospects has always been key to major gift fundraising success. As a result it is really important to continue to focus on the middle band of prospective donors. Identifying prospects, dedicating staff to developing those relationships and creating investment opportunities that are of appeal to this cohort of donors are some keys to success.

cates that they trust ShareLife due to its affiliation with the Catholic faith and while the next generation of donors maintains this trust, they are much more apt to want details of how their gift will be used.

...facilitated by Collaboration and Integration

In looking for ways to maximize impact, players in the non-profit sector have recently

begun to examine the paradigms under which they currently operate, particularly related to how they work, or in some cases don't work, together. A result of that examination is a growing interest in the power and potential of collaboration. This collaboration is coming in many forms. Instances include collaborations between funders, between charities, between sectors (public, private and non-profit) as well as any combination of the three.



“Many of the issues tackled by charitable organizations, particularly in the domains of social services and healthcare, are tough, complex and interconnected so they can’t be tackled by one organization working in isolation.”

*Monica Patten,
President and CEO of Community
Foundations of Canada*

There are a number of reasons for this heightened interest in collaboration. Monica Patten, President & CEO of Community Foundations of Canada, notes that one of the most compelling is the complexity of many of the issues being tackled. “Many of the issues tackled by

charitable organizations, particularly in the domains of social services and healthcare, are tough, complex and interconnected so they can’t be tackled by one organization working in isolation,” she says. “In addition, many of them require long term strategies that require long term funding.”

One example of collaboration is a Calgary-based project called Teen Zone. Teen Zone is a program of comprehensive after-school activities for youth aged 11 – 16 that was put together by a group of funders including the City of Calgary, Burns Memorial Fund, UpStart and The United Way of Calgary. All these organizations had identified that time spent out of school was a critical at-risk factor for many of Calgary’s youth. Research had shown that youth who are unsupervised during this time are at greater risk for a myriad of negative consequences and destructive behaviours including alcohol and drug use, poor academic achievement, criminal activities as well as anger, depression and decreased self-esteem. Research also revealed that involvement in



Trends in endowments

Although the downturn in the economy affected the non-profit sector in many ways, the impact was probably most acutely felt in relation to endowments.

Many organizations saw their endowments drop between 30% and 50% and the impact of these drops has been undeniable. Universities and hospital foundations that rely on their endowment for operating income found themselves scrambling to find ways to make up the shortfall. And foundations, which use the income from endowment as the source of their grants, found themselves having to make difficult decisions about their grant making activities.

Happily, the markets, and as a result the situation related to non-profit endowments, have begun to stabilize. However, the recent upheaval has led to some interesting conversations and innovative thinking around endowments.

The first relates to how foundations are thinking about how they can best support their grantees. Hilary Pearson, President & CEO, Philanthropic Foundations of Canada notes

that while private foundations are not generally planning to radically change their granting activities, the recession has made them even more aware of the challenges faced by their grantees. “Our members tell us that while the recession had an obvious impact on them, they have also seen the impact reduced revenue has on the organizations that they support,” she says. “As a result, they are looking to better understand the challenges faced by recipient organizations and are starting to think about how they can provide them with more tailored support.” Some strategies being considered include providing unrestricted and/or operational funding as well as providing advice, information and other help that goes beyond financial support.

The upheaval has also created heightened interest in examining whether the current endowment model of preserving capital while spending only a portion of annual income continues to be the best, or at least the only, option. “The recent economic challenge has sparked a healthy debate about the ability of this traditional model to balance short term mission based objectives with longer term perpetuity objectives,” says

Monica Patten, President & CEO, Community Foundations of Canada. “While no conclusions have been reached, we have begun to explore in earnest whether there are alternatives that are better suited to balancing these sometimes competing objectives.”

Finally, institutions are also thinking of other creative ways to manage in situations when endowment income is not sufficient to cover costs. The University of Toronto has begun to speak to its donors about capital declining gifts, wherein donors agree to have a portion of the capital used to cover expenses when the income from the endowment is not enough. And the University of Calgary has made some changes to its conversations with endowment prospects. “In speaking to donors, we are not positioning this as to endow or not to endow,” says Gary Durbeniuk, Chief Development Officer, University of Calgary. “Rather, we ask donors to tell us about the short and long term objectives they have with their gifts. And, as an institution, we have come up with alternatives that will be able to meet a variety of objectives.” These alternatives include full endowment or a split between endowed and expendable gifts.

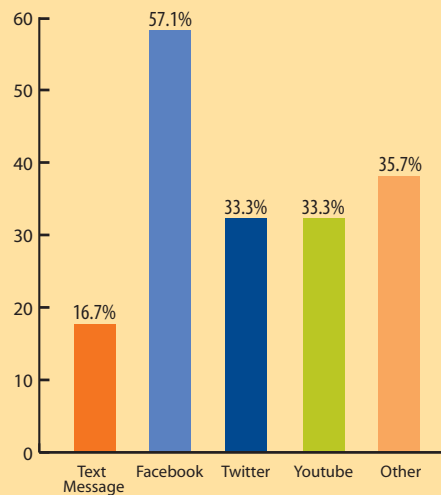


Just send me a text message

Consider the following numbers: 24.7 billion text messages from Canadian cell phones in the first nine months of 2009; more than 10 million Facebook users in Canada; 50 million tweets a day worldwide. Mind boggling in their size, these figures illustrate the tremendous impact that new technology has had on how Canadians interact and communicate with each other. And, when you consider that sites like Twitter and Facebook didn't even exist five years ago, these numbers and the speed with which these applications have become part of our daily lives become even more astounding.

The impact that new technology, including social media, will have on the business of philanthropy is one of the biggest and most preoccupying trends on the minds of sector leaders and the findings from our recent poll confirm that this is an area of interest and focus for most organizations. Of all respondents, more than 85% indicated that they

Use of new technology in fundraising



are integrating social media and new technology into their fundraising and communications activities, with Facebook being the

most commonly cited mechanism.

Although most organizations have begun to use the latest technology in some way and certain pioneering charities have applied it very successfully to both their communications and fundraising activities, the majority of the sector is still grappling with understanding how to make it work for them. Many questions remain, such as: What are the best practices in using it to raise funds? What kind of infrastructure is required? Does the type of giving facilitated by this new technology lend itself better to certain types of causes? Or can it apply to all organizations?

While the topic still falls into the category of more questions than answers, one thing is certain – this new technology is here to stay. And, it will unquestionably play a key role in widening the net of engagement, which will be critical to advancing philanthropy in Canada.

quality after-school programming could significantly reduce these risks. Recognizing a response to the problem was beyond the scope of any one organization, the funders, along with an agency partner, the Boys & Girls Clubs of Calgary, created a collaborative response to this issue.

Slow and steady

So, what does all this mean and what should be an organization's response in light of these emerging trends? The best answer is to take a slow and steady approach.

This is definitely not a matter of abandoning long-held and still relevant fundraising principles to jump on the bandwagon of a new way of doing things. Rather, it is about adopting an orientation of openness to emerging opportunities while devoting time and energy

This is not a matter of abandoning long-held and still relevant fundraising principles...rather, it is about adopting an orientation of openness to emerging opportunities

to taking a thoughtful look at how they fit into specific organizational realities. Once this understanding is achieved, organizations must plan the integration of these new techniques and tools into their fundraising programs as well as their budgets. And the last piece is to develop structures and strategies that maximize current strengths while capitalizing on new opportunities.



> Next issue:

- Our next issue will focus on harnessing the power and potential of new technology in fundraising
- Watch for it in June!

Marnie A. Spears
President and CEO

Nicole Nakoneshny
Senior Consultant & Editor,
Philanthropic Trends Quarterly

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