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# SECTOR SERIES 2022

Where do we  
go from here?

# CANADA'S NON-PROFIT SECTOR IS DIVERSE. AND YET, IT IS COMMONLY TALKED ABOUT AS A HOMOGENEOUS WHOLE.

This blunt approach to our sector is not only limiting it also fails to adequately consider the unique characteristics and nuanced realities of the distinct sub-sectors that make it up.

In recognition of this diversity, KCI has developed a set of reports focused on each major sub-sector in Canada to explore where they go from here.

## **It's a timely undertaking.**

Between the COVID-19 pandemic, the ever-evolving definition of who and what is charity, and the re-examination of Canadians' beliefs around issues like equity and reconciliation, it's hard to think of a time when a greater number of transformative factors have affected fundraising and philanthropy in Canada. Through this series, we examine how this convergence of factors is impacting organizations in each major sub-sector, as well as how they and their fundraising models are adapting to remain relevant in 2022 and beyond.

We would like to thank the many sector leaders from across the country who contributed through their insights to the KCI Sector Series.

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When the pandemic hit, the first priority for national health organizations was to determine how to best support and advocate for their community in navigating a new reality. Motivated by the urgency of this mission, staff and volunteers worked tirelessly to mitigate the impacts of program interruptions, severe fundraising revenue losses, layoffs and restructuring. Social distancing meant that community mobilization – the essence upon which many national health charities were founded – was fundamentally changed.

With heavy reliance on event revenue, many health charities were hit particularly hard financially. In the first year of the pandemic, national health charities were reporting revenue [losses of 50 per cent](#), on average. Though arising from a crisis, many agree that the fundraising lessons learned throughout the pandemic will, in the long-term, improve the financial sustainability of their organizations.

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## 1 / REENERGIZING AND REDEFINING COMMUNITY /

“*All national health charities started around kitchen tables. But as we expand and grow, there is an important piece of work [to be undertaken] around community presence and what that means.*”

Jane Parsons, Executive Vice President, Revenue Development, Canadian Cancer Society

In order to stabilize fundraising revenue to the greatest extent possible, national health charities tapped into their proven experience in mobilizing communities. Going back to the fundamental principles of donor relationship management and engagement, many health charities took immediate steps – through digital and phone engagement as well as targeted fundraising campaigns – to reach donors directly and reinforce the need for sustained giving through the pandemic.

Though these efforts didn't necessarily recoup all event revenue losses, it demonstrated the adaptability and loyalty of the donor base as well as benefits of revenue diversification. As one sector leader put it “we'll never go back to having so many eggs in one [events] basket”.

Outreach efforts also reinforced a pre-pandemic trend for national health charities: the definition of ‘community’ in a digital world is evolving. Unbound by geographic borders, national organizations are exploring how to develop communities by area of interest, funding priority and demographic (as examples). Pandemic outreach efforts provided new insights into how to mobilize communities in different ways while continuing to demonstrate impact at the local level.

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## 2 / GETTING TO BETTER KNOW THEIR DONORS /

“*[The pandemic forced us to] change the narrative and shift [from events] to storytelling. This has had a huge impact on engagement. We re-energized and created three new events geared to relationship and awareness building.*

Jennifer Stewart, Chief Development Officer, Arthritis Society

The swift pivot to a focus on donor relationship management and engagement compelled organizations to examine their donor database in new ways and employ segmentation strategies to engage donors as effectively and quickly as possible. Some feel that taking a more holistic and less fundraising channel or program-centric approach to donor relationship management was long overdue.

Success in this regard is predicated on the depth and quality of the organization's donor data and its nimbleness in being able to harness it. Outreach and engagement efforts also allowed organizations to gather valuable donor intelligence that will inform fundraising acquisition and renewal strategies moving forward. The hope is that increased understanding of the benefits of an integrated donor approach will be sustained post-pandemic.

And what of all those fundraising events that were the staple of fundraising in national health charities? Although there may be a collective yearning for things to return to normal, many feel that the days of events, as we knew them, are over. Though some organizations achieved success at shifting to virtual events, the general consensus is that the future of events is likely a mix of virtual and in-person opportunities.

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## 3 / PLAYING THE 'LONG GAME' FOR MAJOR GIFTS /

*“We have [major] donors who want to address the big questions around the barriers to them living a better life or curing a disease.*

Doug Earle, President and CEO,  
Fighting Blindness Canada

With strong direct marketing and unrestricted giving programs, major gifts have not historically been an area of strength or focus for many national health charities. And while that's changing and inroads are being made in this type of fundraising, organizations must play the long game when it comes to building the major gifts prospect base and engaging donors.

Inspired by breakthroughs in patient treatments funded by health charities, major donors at all levels are increasingly demonstrating interest in investing in research. And fundraisers are seeing success at engaging 'communities' of major donors who collectively invest towards a research goal.

But determining how to most effectively position and manage research investment opportunities also presents some challenges. Given the long-term nature of scientific research, major donor relationships must be managed strategically to be sustained over multiple research phases and with the understanding that not all research will yield significant results. The scale of research at the national level must also be balanced with donor interest in local impact.

The restricted nature of major gifts can be an adjustment for charities that are accustomed to generating unrestricted fundraising income. Organizations need to anticipate that giving by major donors tends to be restricted, while also being ready to advocate with the donor for less restricted funding, if that is desired. In this sense, charities need to be prepared with a bifurcated case that speaks to both sides of the funding equation. With the right approach, it's possible to engage major donors in a 'hybrid' ask for both restricted and unrestricted support. Some organizations with a longer history of major gifts (e.g. hospital foundations) have also introduced levies on restricted major gifts – typically in the 10 to 15 per cent range – to ensure that unrestricted funding is generated through restricted gifts.

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Developing the case for major gifts can also be a steep learning curve for organizations that have historically engaged more heavily in annual fundraising. First, the case is likely to be multi-year in nature and will require the organization to align its longer-term strategic objectives with funding opportunities. Building this type of case is a time-intensive effort that typically requires close collaboration between fundraising and research, program and/or service-delivery staff.

National health organizations must also carefully craft their research case to ensure their unique value proposition breaks through in an ever more competitive landscape. Actors from the private and

academic sectors are increasingly operating in the same research space as national health charities. New approaches to funding health research, including the [impact-investing model](#), are also pushing national health charities to evolve. As Ronan Ryan, the Chief Executive Officer of Alzheimer Society of Canada asked, “*what is the unique voice of the health charity in that world?*”.

This summary of the number of gifts of \$500,000 demonstrate that major and transformational giving is still in its infancy among national health charities in Canada, something that may begin to change over the coming years.

## Distribution of \$500K + Gifts by Size Across Sectors of Interest (Last 5 Years only, 2017-2021)

	Arts & Culture	College	Hospital Foundation	National Health	Social Services	University	Other	Grand Total
\$10,000,000+	12	5	53	1	16	51	23	161
\$5,000,000 - \$9,999,999	12	7	36	2	17	55	27	156
\$500,000 - \$4,999,999	80	67	314	18	284	300	152	1,215
<b>Grand Total</b>	<b>107</b>	<b>81</b>	<b>407</b>	<b>21</b>	<b>317</b>	<b>408</b>	<b>204</b>	<b>1,545</b>

Source: KCI

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## 4 / EDI EFFORTS MUST BE ROOTED IN BOTH ORGANIZATIONAL STRATEGY AND PROVEN OUTCOMES /

*“People understand that there are inequities in the [health] system and by galvanizing our community’s voice we can improve the health care system for them, and it could be a rallying cry for funding as well.”*

Dave Prowten, President & CEO,  
JDRF Canada

Mindful of the fact that national health charities serve many underrepresented and marginalized communities, organizations are making efforts to serve these groups with equity, diversity and inclusion (EDI) top of mind. This is of particular importance given the increasing role health charities play in [bridging gaps](#) in the national health care system.

From a fundraising perspective, equity is a topic that resonates with donors on multiple levels. It also expands the case for support beyond a specific cause or community to the importance of reducing inequalities in the system overall. But as we heard from leaders across all sectors, EDI efforts must be meaningfully embedded in organizational strategy – and with proven ability to advance initiatives – in order to attract donor support.

## 5 / SUSTAINING MEANINGFUL GAINS /

A greater focus on integrated donor relationship management, enhanced use of donor data and more targeted positioning of the case for support are just some of the fundraising gains that have been made despite the turbulent times.

Organizations are now faced with the challenge of sustaining these gains, but with a staff and volunteer workforce that has been fundamentally changed. Driven by the individuals and families whose lives are fundamentally improved through their efforts, and buoyed by advances in research, national health charities are unwavering in their resolve. And as they have throughout the pandemic, they will continue to mobilize communities towards improved patient and client outcomes and to strengthen our national health care system overall.



## **About KCI**

We are Canada's leading consultants to the non-profit sector with professionals across the country in fundraising, strategy, research & analytics, and executive search.

Our core purpose is to inspire and enable organizations to raise money, to make the dream of better communities and improved lives a reality. And through our nearly 40 years of experience, we've helped thousands of organizations craft their strategies, build their teams, and raise billions of dollars in the education, health, social service, arts & culture and religious sectors.

In doing that work, we firmly place our focus on values and people... both ours and yours. We are proudly and resolutely guided by our core values: the highest integrity in all our actions; commitment to excellence and innovation in everything we undertake; openness to new ideas; and collaborative and respectful relationships with our colleagues and our clients. We hire to these values and live them every day. And because we know the future won't look like the past, we hold capacity building, knowledge sharing and insight creation at our core.

We have made it our business to know What's Next.



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