

A proceedings paper based on the first *Philanthropists' Forum* December 2009

advancing philanthropy initiative

effective giving during tough times



from the director

Dear Reader,

Understanding what variables contribute to livable and sustainable communities is incomplete without examining philanthropy in our society. As Robert Payton reminds us, philanthropy is “voluntary action for the public good.” Such action is demonstrated by people who give time, money and know-how to causes they care about. Often it is through philanthropy that social, economic, environmental and cultural advances are made in a community.

The mission of our ASU Lodestar Center for Philanthropy and Nonprofit Innovation is to help build the capacity of the social sector for those who lead, manage and support nonprofits. Our Advancing Philanthropy Initiative (API) is designed to provide knowledge and tools that can advance effective practice. To that end, we look forward to communicating widely our research, education, technical assistance and convening activities that emanate from API in the future.

This publication reports on our inaugural Philanthropists' Forum held in December 2009. The purpose of the Forum was to bring selected philanthropists together to engage in structured conversations that revealed important insights you will find throughout this publication.

We look forward to keeping you informed of our efforts to understand and advance philanthropy in Arizona and beyond.

Sincerely,



Robert F. Ashcraft, Ph.D.
Executive Director, ASU Lodestar Center
Associate Professor of Nonprofit Studies

“To give away money is an easy matter and in any man’s power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man’s power nor an easy matter.” -- Aristotle

about the facilitator

Dr. Salvatore LaSpada is the CEO of the Institute for Philanthropy. Established in 2000, the Institute for Philanthropy is one of the world’s leading organizations working to increase effective philanthropy by providing donor education, building donor networks and raising the awareness and understanding of philanthropy. Formerly, Dr. LaSpada was Director of The Philanthropy Workshop at the Rockefeller Foundation, a strategic philanthropy training and networking program for high net worth individuals and new foundation trustees.

about the panelists

Don Budinger is the Founder and former President of Rodel, Inc., a garage start-up that grew to become the world’s largest manufacturer of the surface finishing chemicals used to make computer chips, rigid memory disks and specialty optics. Budinger started the Rodel Foundation to improve the pre-kindergarten through 12th grade public education systems in Arizona and Delaware so that they will be widely recognized as the best in the nation.

Nita Francis is President of the F2 Family Foundation, a private foundation focused on improving health-care and education. She serves as a member of the board of the Valley of the Sun United Way Foundation and is current chairman for The Wellness Community – Arizona “Voices of Hope” campaign. Nita has worked as a women’s health nurse in Illinois, Ohio and Massachusetts, and has received several awards recognizing her outstanding community service and professional achievements.

Carol Schilling has been a Trustee for the Nina Mason Pulliam Charitable Trust since its founding in 1997. Carol is an active community volunteer and philanthropist and was selected as Arizona Philanthropist of the Year in 2008 by the Association of Fundraising Professionals. Carol currently serves on the board of directors for Ballet Arizona and the National Audubon Society. A retired journalist, Carol was a reporter and editor for The Phoenix Gazette from 1967 to 1972.

Patricia Lewis, ACFRE, serves as Senior Professional-in-Residence and Faculty Associate at the Lodestar Center for Philanthropy and Nonprofit Innovation at Arizona State University. Pat has acquired more than 30 years professional experience in not-for-profit management, governance and fund-raising focused on professional development, youth causes, mental health and civic work.

“Once you’ve established a rainy day fund, it’s important to be able to recognize when it’s raining.”

Advancing Philanthropy Initiative

The Lodestar Center for Philanthropy and Nonprofit Innovation at Arizona State University exists to promote the understanding of the nonprofit sector and philanthropy in community life with a particular focus on those who lead, manage and support nonprofit organizations.

In these tough economic times, the health and vitality of nonprofit organizations in our community is more essential than ever. They provide a valuable range of community services to those most in need and help strengthen and enrich quality of life. As the economy has experienced significant upheaval and uncertainty, nonprofit organizations find demands for their services at record levels. The ASU Lodestar Center seeks to support the local nonprofit community to manage through tough time and good times alike through practices for effectiveness.

Adding to the knowledge and tools available to support the nonprofit and philanthropic communities, the Center has created the Advancing Philanthropy Initiative, a suite of programs designed to support philanthropists—individuals giving their time, money and talent for the benefit of the common good—in communities across the state. Although this is a relatively new initiative, the concept of philanthropy is not new to the Center’s mission.

The ASU Lodestar Center believes a vibrant and healthy philanthropic community helps ensure a thriving nonprofit sector and, through the Advancing Philanthropy Initiative, seeks to understand, inform and inspire the practice of effective and innovative philanthropy. By extending knowledge of effective nonprofit practice to the community of philanthropists who provide precious resources to nonprofits, the ASU Lodestar Center is supporting its vision of strengthening quality of life. Whether they call themselves philanthropists, community volunteers or social investors, it is these benefactors who allow communities across Arizona to survive and thrive—especially during tough times.

Philanthropists Forum 2009



The Inaugural Philanthropists' Forum

The ASU Lodestar Center serves as a touchpoint for those who are passionate about nonprofits—including those who dedicate their time, talent and treasures, toward seeing that they thrive. This inaugural Philanthropists' Forum brought together 20 Arizona philanthropists and community leaders to discuss their giving and the effect of the economic downturn.

Throughout the discussion, philanthropists were lauded as those who “move mountains”—taking relatively small amounts of money and solving some of society’s toughest issues. This enormous privilege—to share wealth in the form of giving—was not taken lightly by those who served as panelists or by those who participated in the forum.

Several philanthropists also commented that this was the first opportunity they have ever had to engage in a discussion about philanthropy that didn’t involve the power dynamic of grant-seeker/grant-maker in the room. Recognizing the importance of having a comfortable space for candid idea exchange, it was remarked that the Center could play the role of neutral convener to explore important topics in philanthropy.

Several key themes emerged throughout the discussion:

- Rainy day funds are meant for times like these—there comes a time to dip into your foundation’s corpus.
- Effective giving involves an investment in a nonprofit organization’s infrastructure—unrestricted gifts are one of the best ways to invest in building organizational capacity.
- Donors have more to offer than money—their talents, management experience and connections all serve as resources available to nonprofit organizations.
- Donors working collaboratively toward a common goal are key—working singularly, one may not have the same impact.
- Volunteers become donors—so engaging with volunteers and establishing key relationships can go a long way toward building capacity.
- Tough times can be good times—while there may be less “giving” to fewer charities, those that are funded have the potential to have the greatest impact on society.
- Moving big issues with limited resources takes the partnership of all sectors—business, nonprofit, government and faith-based organizations.



“I give to healthy organizations that can absorb the gift—it is possible to give too much.”

How has the economy affected philanthropists' giving?

It's hardly a surprise to find that even those with wealth have been affected by the economic downturn. The need for donations is greater at a time when their own resources have diminished. Still, donors have found ways to remain generous, while adapting their giving strategies to the changing times.

Focusing on Large Donations

Although foundations are rarely, if ever, taking on new projects these days, they are focusing on those areas where they have historically been a mainstay supporter. Several philanthropists described their efforts to maintain larger donations while, regrettably, foresaking smaller donations.

Foregoing Pledges

One donor remarked that the foundation she represents no longer pledges money, viewing the act as rather like taking on debt. Another said that while they are still making pledges, they are having to extend payments on some.

Doubling Down in Tough Times

One foundation leader remarked that they apply the same philosophy to giving that they did to their business practices—expanding during recession and pulling back during good times. They have instructed their leadership to “double down” now and to replenish the corpus later.

Giving More to Human Service Programs

Some philanthropists remarked that they are foregoing funding some of their passions—the arts, environmental concerns, etc.—and instead focusing on meeting basic human needs. One foundation no longer gives endowments or contributes to capital campaigns so they can free money up for social programs.

Designating Unrestricted Gifts

Many donors recognize that there is great value in supporting the overhead of a nonprofit by giving an unrestricted gift. They allow the organization's leadership to make decisions regarding where the money can best be used to ultimately further its cause.

Encourage Collaboration

Great value was given to the power of collaboration. When several groups share a similar mission, philanthropists saw part of their role as bringing them to the table to discuss ways they could use their resources more effectively while still meeting the same goal.

“This distress has caused much introspection. Ultimately it comes down to the governance of the nonprofit.”

And how are the nonprofits faring in this economy?

In a word—stressed.

The latest statistics on Arizona's 15,000 public charities report that they receive about \$3.4 billion in contributed revenues. Therefore, philanthropy can make a huge impact on the health and well-being of the nonprofit sector.*

It is still too soon to have much reliable data from the impact of the economic downturn itself on nonprofit organizations in Arizona, but there are signs that nonprofit leaders are considering changes in strategies and operations.

some recent trends are:

- Increased interest in mergers, collaborations and dissolutions
- Exploring social entrepreneurship opportunities and earned revenue strategies
- Utilizing creative, innovative fundraising techniques
- Expanding the use of volunteers

other challenges:

- While many of the trends listed here do save money, they also have associated expenses and may not ultimately prove to be cost-effective.
- Sometimes restricted gifts prevent nonprofits from using donations where the money can do the most good.
- Excessive reporting requirements take away from the time spent running the nonprofit when the focus needs to be on maintaining service levels and staying afloat.

The economic challenges certainly present opportunities—tough times can be good times. There's no more efficiently run organization than a nonprofit, so few entities are better able to weather a storm. Now is also a good time for nonprofits to focus on building relationships with current and potential donors. The ASU Lodestar Center can offer many resources, such as board training and self-assessment tools to help nonprofits do even more with even less.

**advancing
philanthropy
initiative**
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**Source: Arizona State University Lodestar Center for Philanthropy and Nonprofit Innovation, Scope of the Sector, 2010*



A R I Z O N A S T A T E U N I V E R S I T Y

The mission of ASU's Lodestar Center is to help build the capacity of the social sector by enhancing the effectiveness of those who lead, manage, and support nonprofit organizations.

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We thank the following individuals for their efforts in producing this publication: Robert Ashcraft, Amy O'Hara, DeEtte Person, Aaron Stiner and Jill Watts, with layout and design support from the ASU College of Public Programs (Felipe Ruiz).

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