

DINI PARTNERS ASKS MAJOR PHILANTHROPISTS ABOUT *Giving in 2010*

Dini Partners, a nationally recognized management and fundraising consulting firm with a 41-year history of service to the nonprofit sector, has completed its second annual survey of major philanthropists regarding giving.

Last year, Dini Partners inaugurated this survey with a questionnaire distributed to a select group of well-known philanthropists from across the United States. The goal of that first survey was to obtain the opinions of these leaders about the economy and its anticipated impact on charitable giving in 2009.

The year 2009 is one that will go down in the annals of American philanthropy as one of the most historic challenges to both well-established institutions and emerging agencies. Fundraising goals for many were reduced, with some capital

and endowment campaigns put on ice pending a warmer economic environment.

With a clear sense that much had changed and with talk of a slow recovery in the air, Dini Partners conducted a second survey in December 2009 to gauge the philanthropic outlook for 2010.

The more than 100 respondents to the Dini Partners' *Giving in 2010* survey had much to say that reinforces traditional approaches to fundraising and major gift solicitation. At the same time, there are new insights concerning how organizations should conduct fundraising and development programs in 2010.

As many in other economic sectors are suggesting a transition to a "new normal" and changed expectations for the coming years, the same might be said of the philanthropic sector for 2010.



THE PARTICIPANTS

Of the 102 participants in the survey, 64 are individual contributors or representatives of philanthropic families, 31 are foundation trustees or officers, and seven represent historically philanthropic corporations. The individual contributors surveyed were comprised of millionaires with net worths ranging from several million dollars to more than \$100 million. The individual survey participants were donors of gifts of \$100,000 to more than \$10 million. Twenty of the survey participants have made gifts of \$1 million or more, with several individuals exceeding the \$100 million threshold for their lifetime charitable giving. The majority of the foundations surveyed have assets between \$10 million and \$100 million, with one foundation having assets of \$1 billion. The corporations surveyed are leaders in their respective industries and have a history of active philanthropy, making gifts in the seven- to eight-figure range. Approximately three-fourths of the respondents are from Texas with the balance representing areas as diverse as Colorado, Nebraska, Louisiana, Missouri, Ohio, Oklahoma and New York.

The mixed advice of the survey participants is reflected in the two perspectives expressed below:

"This will be a difficult year for the economy and therefore giving; it may be more challenging than 2009. With that said, strong organizations with compelling projects or missions can still be successful in this environment when they are able to properly identify and solicit gifts from their best prospects. It will take more work to achieve fundraising goals than it has in the past."

Cappy Shopneck, Philanthropist; Denver

"I believe 2010 will be a better year. Success depends on good leadership, a clear strategic plan and vision, and measurements of outcomes. Continue to build relationships with donors."

Anonymous Foundation Trustee; Dallas

year-end 2010; 25 percent feel too uncertain to venture a guess as to how the 2010 economy will fare. The comments from respondents reflected a concern that the economy would be "very flat," "at a low level of activity for several years," or that "growth will be slow in 2010 with ups and downs."

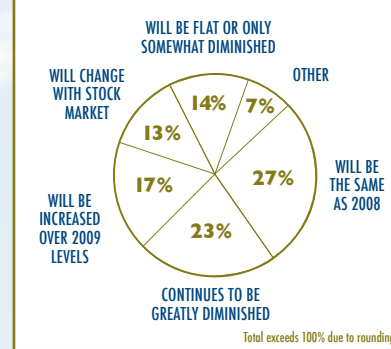
Based upon these projections concerning the economy, it was natural to ask how this economic outlook would impact charitable capacity. The answer presented a more optimistic outlook for philanthropy. Surprisingly, 27 percent of respondents anticipate that giving in 2010 will return to the levels of 2008 prerecession grant making. Another 17 percent suggest that giving levels will exceed those achieved in 2009. Staking out a measured response, 13 percent expect their grant-making capacity to change with the stock market. Finally, 23 percent stated that their grant-making capacity continues to be diminished when compared

to prior years. Fourteen percent chose to respond using statements that suggest a more cautious view of grant-making capacity, with expectations that 2010 grant making will range between "somewhat flat" to "only slightly diminished" when compared to 2009 giving. It should be noted that these answers reflect a substantive improvement over the outlook expressed in the *Giving in 2009* survey when 62 percent expected giving to be adversely impacted, while only 5 percent expected to increase their giving in 2009.

"I am cautiously optimistic about 2010. While it will be a challenging year, relative to 2007, I believe that improving economic conditions and market performance will facilitate increased giving."

James Postl, Philanthropist; Houston

Impact of Economy on Respondents' Philanthropic Capacity in 2010

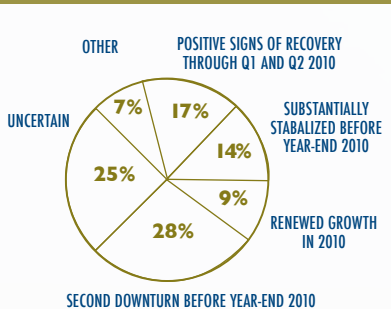


THE RESULTS

The Economic Outlook

When asked about 2010, 31 percent expect the economy to continue to improve through the first half of 2010, with the economy substantially stabilized by the end of 2010. An additional 9 percent expect 2010 to be a year of renewed economic growth. Reflecting a degree of uncertainty in the economic outlook, 28 percent of the respondents anticipate a second downturn before

Expectations for 2010 Economy



Factors Influencing Gifts

When asked about which factors will most influence to whom, when and how much they will give, the leading responses reflected an interesting contrast. The single most important factor in this weighted response question is an existing relationship with the asking organization. The second leading factor is the decision to limit the number of organizations to which gifts or grants would be made.

Three of the survey questions probed which factors are the most and least influential when prospective donors are considering requests for gifts. In the first question, participants were asked which factor has the greatest importance in the consideration of requests for gifts or grant support since the

economic downturn. The answer was emphatic and important — strategic planning. Forty-three percent of respondents to this weighted-response question stated that the organization’s strategic plan is the single most important factor in the evaluation of gift and grant requests in this environment. The second most important factor produced a tie between the sophistication of the organization’s leadership and its balanced operating budget. The third most important factor in evaluating requests is the organization’s transparency and ease of access to financial information, which is to say the receptivity and responsiveness of institutions to requests for information regarding mission, programming, plans, projects or financial data.

Only 3 percent responded that the financial need of the organization will be the greatest weight in gift decisions in 2010. This is a significant shift from the 13 percent response for this factor in the *Giving in 2009* survey.

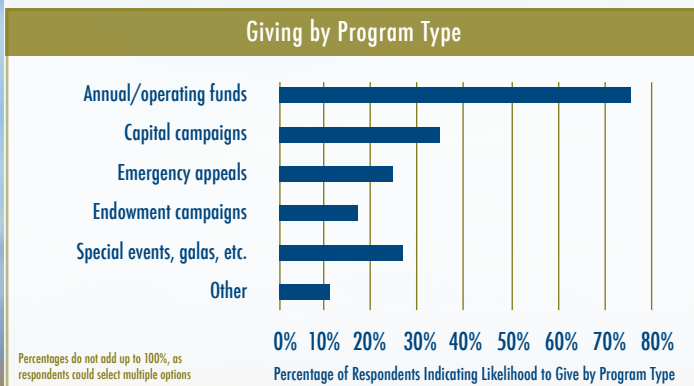
“All of the above [are important] as well as the effectiveness of the management of the organization and the plan for adapting to the economic climate while not compromising the mission.”

Maureen Hackett, Philanthropist; Houston

Participants were asked which factors would be *least important* in the coming year. Surprisingly, the top two answers were the dollar amount or payment period of the request (40 percent) and the person doing the asking (27 percent).

Allocation of Gifts

When asked about what programs donors are more likely to support in 2010, 76 percent responded in favor of annual appeals or programs in support of annual operations. Capital and special project funds for construction and new programs will continue to be supported by 35 percent of the respondents. Additionally, 18 percent anticipate supporting endowment fund campaigns in 2010 — an increase of 7 percent over the 2009 results. Twenty-five percent will support emergency appeals to stabilize an organization’s operating budget. It is important to note that this is a marked decline of 11 percent from the 2009 results.



In a new question, participants were asked what would best summarize their advice to organization leaders and development professionals for 2010. The overwhelming response at 56 percent is to stay the course and do your best to keep annual giving strong. With a strong dose of concern, the next most common answer at 20 percent was to prepare for a very hard year in philanthropy.

“Stay the course, prepare for a hard year, but above all, be creative in crafting your asks in terms of new opportunities. Observe more closely the donors’ needs and try to meet them on a more personal level.”

Anne S. Chao, Philanthropist; Houston

Endowment Insights

In a year in which many organizations saw endowment values fall precipitously, when asked, 60 percent of the respondents stated that they favored very conservative investment and spending policies. Another 20 percent stated that organizations needed to be more creative about investments and distributions. Interestingly, only 9 percent favored an alternative approach of raising substantial cash reserves to provide a greater flexibility than provided by endowments.

“Organizations should be diligent in ensuring that they are receiving sound investment advice. Members of the Investment or Endowment Committees must be serious about their responsibilities and carefully weigh opportunity and risk.”

Anonymous Foundation Officer/Trustee

When asked about their thinking concerning endowment fundraising in 2010, respondents offered a very mixed response. A slight lead was given to those who affirmed that now is the time to begin to rebuild endowments through gifts and reinvestments (47 percent). Fewer were those who suggested that now is not the time to fundraise for endowment (42 percent).

“Raising endowment gifts in this environment will be exceedingly difficult but organizations are well-advised to stay the course in their endowment fundraising activity but think more about the long-term nature of relationship building.”

Anonymous Foundation Officer; Houston

“Now is the time to reassess and further develop strategies and priorities for a financial base that includes adequate cash flow, cash reserves and endowment.”

Anonymous Foundation Officer/Trustee;
Oklahoma City

PARTICIPANT INSIGHTS

THROUGHOUT THE SURVEY, PARTICIPANTS WERE GIVEN THE OPPORTUNITY TO SHARE ADDITIONAL INSIGHTS OR TO OFFER ADVICE TO THOSE WORKING IN THE FIELD OF PHILANTHROPY AND NONPROFIT MANAGEMENT:

“You get nothing unless you ask. Be prepared to communicate a compelling reason of how the funding solicited will make a difference to those who are served by the organization. Competition is fierce for the nonprofit dollar and donors will be selective about their giving and demand well thought out requests.”

Debbie Montford, Philanthropist; San Antonio, TX

“During periods of severe financial stress, it is important for those with the means to do all they can to support those who are underserved.”

Earl and Jan Merritt, Philanthropists; Kerrville, TX

“We need to be very intentional about our gifts in 2010, know what we need to support and not give to everything.”

Anonymous Philanthropist; Dallas, TX

“We will be more conservative and more selective about our grants in 2010. The nonprofit community needs to understand and appreciate the financial challenges that donors face and should not expect a ‘business as usual’ approach.”

Anonymous Philanthropist; Denver, CO

“Focus on one coordinated ask that is supported by a strategic plan rather than multiple asks for smaller, less focused needs and projects.”

J.D. Dell, Philanthropist; Dallas, TX

“Corporate money has been hard to come by and will be until the economy improves. Look to individuals.”

Craig F. Maier, Philanthropist and Business Owner; Cincinnati, OH

“Foundation giving in general will be under some stress, and this will likely carry forward to 2011 as well. Corporate fundraising will remain difficult and probably not recover for some time. Individuals have seen significant losses of their wealth but will continue to give, although at diminished levels.”

Anonymous Foundation Officer; Houston, TX

“This is a perfect time for nonprofits to refocus, plan strategically, to remain true to their mission, to make financial adjustments where needed, to join forces with other groups if necessary, and to streamline their office procedures.”

Joanie Haley, Executive Director of The Robert and Janice McNair Foundation; Houston, TX

“Challenging fundraising times should not limit your vision or your creativity in requesting funds and working with foundations as partners in getting the work done. Don’t be hesitant to ask foundations to work collaboratively with you to solve important problems and to provide the needed seed money to begin new and important projects.”

Jane B. O’Connell, President of the Altman Foundation; New York City, NY

“2010 will be a transition year from the heady days of the early to mid-part of the decade to a more measured giving environment in the next decade.”

Anonymous Foundation Officer/Trustee

“There is no time like the present; if you wait, other unexpected challenges will arise as well.”

Charles Foster, Attorney and Philanthropist; Houston, TX

FOUNDED IN 1969, DINI PARTNERS — WITH OFFICES IN HOUSTON, DALLAS, AUSTIN AND DENVER — HAS SERVED AS FUNDRAISING AND MANAGEMENT COUNSEL TO MANY OF THE NATION’S PREMIER INSTITUTIONS. WITH A CORE BUSINESS IN THE MANAGEMENT OF CAPITAL AND MAJOR GIFT CAMPAIGNS, DINI PARTNERS’ SUBSTANTIVE EXPERTISE EXTENDS TO STRATEGIC PLANNING, LEADERSHIP DEVELOPMENT AND TRAINING, AND SERVICES THAT ADDRESS VIRTUALLY ALL OF THE FUNDRAISING CHALLENGES FACED BY NONPROFIT INSTITUTIONS.

OBSERVATIONS AND CONCLUSIONS

THE FOLLOWING OBSERVATIONS HAVE BEEN GLEANED FROM THE *GIVING IN 2010* SURVEY RESULTS AS DONORS AND INSTITUTIONS CONTINUE ALONG THE PATH OF AN EXTENDED ECONOMIC AND PHILANTHROPIC RECOVERY:

MEASURED:

Survey respondents suggest that nonprofit institutions are entering a new phase of recovery and realignment. This is no simple return to the days of “bigger, larger and more” when opportunity often preceded planning. The word for this year appears to be “measured.” Expectations are measured in terms of what will be funded, how much will be given, and how to articulate visions for development. This year, the measure will not be the competitive shaping of one institution’s goals to outstrip another. Instead, goals will be measured against the mission, tested against anticipated outcomes and community impact, and aligned with the specific collaborative input of donors.

REALISTIC:

A second key thought for 2010 is “be realistic.” Survey participants suggest that we have just lived through two extremes — from the heady days of the mid-decade to the experience of near free fall through the first quarter of 2009. In 2010, institutional leaders and boards are advised to be realistic. Do not return to the goals and high expectations of 2006 and 2007; at the same time, do not remain mired in the anguish of 2009. Now is the time to plan a way to align our organizations and our fundraising with the slowly recovering fundraising environment.

INTENTIONAL:

For years, fundraising professionals have been focused on well-established case development, cultivation and solicitation strategies, and stewardship practices. From the survey results, we hear prospective donors saying, “We are now going to be even more intentional, deliberate and purposeful in our decision-making process.” They expect the organizations they fund to be intentional as well, thus increasing the importance of strategic planning.

CREATIVE:

Perhaps the most important term for the coming year is “creative.” This year, however, creativity is not about new, bolder, larger projects, appeals and campaigns. The creativity that is called for is that of moving from a “reaction phase” to an “action phase” as we transition into this slower and extended economic and philanthropic recovery.

STRATEGIC PLANNING:

In keeping with these key words, there is a renewed emphasis and call for unambiguous, compelling and durable strategic plans. It is these plans that will express the measured, realistic, intentional and creative underpinning of campaign and fundraising objectives and goals. The institutional strategic plan should serve as a firm basis for the development and articulation of the fundraising agenda, plan and strategy. We can expect donors to use the strategic plan to evaluate the significance of all requests.

COMMUNICATION:

Organizations should continue to invest in the cultivation and development of relationships with new potential major gift donors and prospective annual fund donors. At the same time, they should remain in close communication and continue to steward existing donor relationships. In both cases, this continues to be a period in which the close personal stewardship of relationships is paramount.

MERITS OF APPEAL:

In a surprising shift away from traditional thinking, the merits of the appeal — its mission alignment, precision of statement and clarity of presentation — far surpass the importance of the person asking for the gift.

CAMPAIGNS AND ENDOWMENTS:

Good news for all is a strong endorsement of the need to sustain and further develop annual fund support, along with welcoming select capital initiatives and campaigns. Additionally, there is support for efforts to rebuild endowment values through highly selective fundraising efforts, provided the endowment is guided by conservative and very deliberate investment policies and management.

EXPENSE MANAGEMENT:

Given the time that has elapsed since the beginning of the recession, there is an expectation that most institutions have made adjustments to programming and expense management that would move them away from rescue fundraising for the operating budget.

RECOMMENDATIONS

FROM THE SURVEY RESULTS AND THESE OBSERVATIONS, DINI PARTNERS
MAKES THE FOLLOWING RECOMMENDATIONS FOR 2010:

- 1. Institutions should base their 2010 and future development programs on the solid foundation of a clear, well-articulated, compelling, transformational and durable strategic plan.** If the organizational strategic plan is old, lost or no longer valid in this new environment, this is the year to focus on developing a powerful community-based strategic plan that sets the organizational and fundraising agenda for the next five years. Not to be missed is the opportunity to utilize the strategic planning process to intentionally and creatively engage and further cultivate current and prospective major donors.
- 2. This year becomes a time to visit with donors to begin to understand how they will approach giving decisions in this recovering environment.** Last year was a period to stay with donors who were challenged by the faltering economy. Noting that there is no general rule for how donors will manage their giving decisions, it is important to learn whether it is mission, program, timing, values, community impact or other factors that will encourage a specific donor to support annual, major gift, capital or endowment appeals.
- 3. This is a year to focus on board and leadership development,** noting the importance of sophisticated leadership and sound financial and philanthropic counsel.
- 4. Given the emphasis on the merit of the appeal over the person who is doing the asking, it is critical that case development be coupled with the training of staff and volunteer solicitors.** More than how to ask, they must be prepared to thoroughly articulate the merits of the appeal in the context of solicitation conversations.
- 5. Institutions should avoid appeals intended to rescue the operating budget.** Any such appeal in 2010 should include a statement of actions that are being taken to diminish the economic pressures — beyond fundraising.
- 6. Steps should be taken to ensure organizational transparency, especially concerning financial matters.** In an environment where the breach of trust has become a regular news story, prospective donors are asking more questions about finances and are expecting a greater degree of access to the financial information of those organizations requesting gift support.
- 7. Fundraising professionals and volunteer leaders should continue to invest in building the base for annual support.** If a capital campaign is intended to advance core programming and the institutional mission, forge ahead. When appropriate — particularly in concert with planned giving programs — select work to augment and restore the endowment corpus.

As consultants who are actively engaged in capital campaigns, strategic planning, major gift counsel, data optimization, development assessments, and a full array of services across the spectrum of nonprofit institutions, Dini Partners knows that each institution — like each donor — is unique with its own story, relationships and history of philanthropic support. We share the optimism of those who participated in this survey — an optimism that sees a slow and sure recovery, built upon months of adjustments and careful planning. As we continued to see major gifts, capital campaign successes and the wise stewardship of endowments throughout the last year, we look forward to even greater philanthropic activity in the year ahead. Using an image from the American West, one of our respondents set the tone for the work before us in 2010:

“The economy is like the Grand Canyon. The free fall is over, but there’s a river to be crossed before we climb up the other side.”
Anonymous Philanthropist; Dallas

For more information, or to inquire about speaking engagements that present this data in a more in-depth format, contact:

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