



# **moving forward**

## **with confidence and clarity**

a special report for ahp members

Graham-Pelton

**COVID-19 is causing widespread disruption across all industries, including the philanthropic sector.**

**While the virus may be novel, nonprofits have always navigated turbulence. Graham-Pelton's experience guiding fundraising strategy has taught us that during a crisis, donors are keenly aware that humanity depends on philanthropy more than ever.**

**This resource presents you with recommendations so you can continue to move your organization's mission forward with confidence and clarity.**

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# 1. philanthropy without fear

## setting fundraising facts straight during the covid-19 pandemic

One need only scan headlines or turn on the television to be inundated with news that only seems to breed, rather than quell, uncertainty.

It comes as little surprise that we at Graham-Pelton have received questions from clients across philanthropic sectors regarding feared negative impacts on philanthropic giving. The unknowns are many, and fear is an understandable response to the unknown.

Whatever the cause of concern, development professionals must have answers for organizational leadership when they ask us how to stave off the loss of philanthropic revenue in the current climate. While none of us have a crystal ball, lessons learned in the past can help us articulate a plan for the future.

Our advice: stay the course. And we have the data and experience to support it.

**First, note past experience of philanthropy during market fluctuations.**

Historically, while significant downturns do impact charitable giving to some



extent, the losses in philanthropic dollars are never as dramatic as the market downturns that drive them. For instance, the 2008 recession resulted in a decrease in giving of 7%, but that is considerably less than the 38% decrease the S&P experienced that same year.

There are three particularly pertinent data points that illustrate why fluctuations in giving are not as dramatic as market fluctuations:

- 1 Giving as a percentage of personal disposable income has rarely varied by more than 0.1–0.2% per year in the past 30 years.
- 2 Similarly, total giving as a percentage of GDP has rarely varied by more than 0.2% per year over the past 20 years. >>

**3** From 2005 through 2010, a period that included the most volatile years of the Great Recession, the net change in philanthropic dollars proved ultimately to be a decrease of less than half a percent.

**Second, philanthropy is driven by factors outside of policy or financial performance.**

Even looking back to 2017 and the concerns about how changes to tax policy might impact philanthropic giving, just 7% of HNW donors planned to decrease their giving based on new tax laws. Philanthropy is driven by other very significant and sometimes intangible factors, including donors' desires to have an impact even when it stretches them financially.

According to the 2018 US Trust® Study of High Net Worth Philanthropy, the top three drivers of philanthropic giving across sectors were:

- 1** Personal values
- 2** Interest in the issue area
- 3** Firsthand or secondhand experience benefiting from the organization in question

None of that changes, even in times of uncertainty.

What's more, there is a powerful argument to be made that for the truly philanthropic, the value they place on making a difference may in fact be heightened by a perception of need in response to crisis.

**Third, past experiences support that while giving does not go down during times of vulnerability, asking**

**for gifts does. And that might be the culprit, not the market.**

So, should you consider forgoing that planned campaign or departing significantly from an existing campaign timeline? Should you hold off on the planned solicitation of an important prospect because your perception is that she or he is heavily invested and will therefore eschew giving in response to volatility?

The short answer is no.

Doing any of these things will, at the very least, lead to a departure from an existing plan and will cost your organization money – possibly not forever, but certainly for now. If you alter course, your investors may put off giving or not give at all. Worst of all, they may never even be asked.

Instead of departing from your plan in the face of uncertainty, the better answer is to double down. Intensify your focus. Dig into your research. Unflinchingly leverage networks. Explain to your prospects why their commitments are more important now than ever.

As your organizations, our clients, and each of us alongside them ride out this particular storm – not the first, and certainly not the last – remember that if you have a well-thought-out and achievable plan in place, your transformative moment is still within your reach. A win of this caliber far outweighs the relatively small risk you accept in going for it. 🌈

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## 2. seven lessons from the great recession

that apply today

**Nonprofit leaders around the world are huddled virtually trying to assess the impact that COVID-19 will have on their day-to-day operations and how to adapt to ensure the safety of their staff and the people they serve.**

Meanwhile, with each passing day, nonprofit leaders are also looking ahead and growing increasingly concerned about the long-term impact this public health crisis will have on the economy – and subsequently, on their abilities to fulfill their missions or their abilities to fundraise.

But consider this: from 2005 through 2010, which contained the most volatile years of the Great Recession, the net decrease in philanthropic dollars was less than 0.5%. What may appear counterintuitive, upon closer inspection, is not entirely surprising; after all, as we discuss in our next piece, humans are wired to give and our missions do not pause.

So, while we cannot predict what will happen as this unprecedented and unpredictable global situation continues to unfold, Graham-Pelton reflects on our work across a spectrum of clients during similarly tenuous

economic times just more than a decade ago to offer seven important lessons:

### 1 Relationships are everything.

When nonprofits hit turbulence caused by outside forces, leaders grow naturally concerned that their actions may damage relationships with donors and constituents. Clients that communicated with empathy and confidence during the recession quickly learned that relationships are buoyant and empathy – in the form of philanthropic support – tends to be given in return.

### 2 Communication preserves and strengthens trust.

Donors and constituents are always grateful to have their voices heard but even more so during times of crisis. Throughout the campaign planning studies that we conducted in 2009 and 2010, we indeed heard concerns about both the future and the future of fundraising. But we also heard elevated levels of trust and respect that donors and constituents had for nonprofit leaders – trust and respect that converted into active participation and giving.

### 3 Donors become more people-centric in their interests.

While there may be a tendency >>

to take a step back from asking, nonprofit leaders are acutely aware that their missions remain paramount. Donors are acutely aware of this, too. During the 2008 recession, with the heightened need to access social services, healthcare, and scholarships, donors rose to the occasion. After all, nonprofit missions continue to be vital (perhaps even more so) to the people served by nonprofits, regardless of what is happening on the S&P.

#### **4 Donors are motivated to solve problems.**

Often, gifts are motivated by the very problems created by turbulent times. In 2009, for example, amidst great uncertainty about the economic future, we counseled a client to solicit the most significant gift of the institution's history to address a massive problem: terrorism. Convinced that a weakened economy created additional post-9/11 vulnerabilities, the donor agreed to an eight-figure commitment.

#### **5 Campaigns can thrive during turbulent times.**

During 2009 and 2010, we saw multiple Graham-Pelton clients launch campaigns while others pulled back. Clients that launched campaigns with confidence and clarity completed on time. Take one client, who launched a campaign on January 1, 2009: they ended at 22% above goal with unprecedented numbers of major, principal, and planned gifts. On the other hand, clients that decided to pull back from campaigns are still working to catch up today.

#### **6 Planning and discipline pay off.**

It's easy to get caught up in the frenzy of a crisis. However, deliberate planning in turbulent times is not only possible but productive. In partnership with our team, one nonprofit entered a disciplined process of campaign planning and budget expansion that created active buy-in from leadership. As a result, the campaign went on to raise more than double the previous campaign, despite launching the quiet phase during a recession. At its conclusion, we celebrated more than 50 gifts of \$1M+.

#### **7 There are alternatives to a campaign with a capital "C".**

A decade ago, many nonprofit leaders asked us, "Do we really need a 'Campaign'?" After carefully considering their situations within the context of data and expertise, we counseled some clients to enter a less visible major gifts initiative that cultivated and solicited their top prospects who understood their acute needs. This is a time for creativity, and all options should be considered when it comes to reaching funding objectives.

There is much that is uncertain. But this much we do know: Americans remain philanthropic even – especially – during times of great uncertainty. We know this both from data and our own experience. It is with empathy, confidence, and optimism that we encourage you to move forward with these same attributes. We'll be with you every step of the way. 🌍

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## 3. four truths for fundraising

### during the covid-19 pandemic

**As fundraisers, we thrive on asking the big questions. In recent days, however, we find ourselves on the receiving end of questions equally significant. What may be the effects of COVID-19, the upcoming election, and market fluctuations on the nonprofit sector and the communities we serve? How do we continue to approach donors during this time? And, perhaps most glaring, should we approach donors at all?**

These are the right questions to ask. It is our job as fundraisers to consider the concerns, needs, and perspectives of donors and to shape our asks accordingly. It is equally our responsibility to frame our response with the appropriate level of sensitivity, transparency, and boldness that cultivates trust and nurtures relationships. Four fundraising truths inform this most important work of deepening connection and honoring mission during times of uncertainty.

#### 1 We have been here before.

In addition to concerns for health and safety, part of current speculation is the potential effect of a pandemic on the global economy, and as a result, on philanthropic giving.

Albeit with a different cause, our industry faced and emerged from this threat during the Great Recession just over a decade ago. Historically, while significant market downturns do impact philanthropic giving to some extent, the losses in philanthropic dollars are never as dramatic as the market downturns that drive them.

For instance, the recession of 2008 resulted in a decrease in giving of 7%, considerably less than the 38% decrease the S&P experienced that same year. And yet, though giving did decline, experience tells us that the decline was at least in part due to a pause in asks.

Had fundraisers continued to ask with the confidence and clarity with which they were asking before the market downturn, the nonprofit sector would have seen even less of a decline in giving.

#### 2 Our missions do not pause.

No matter the external forces, need does not cease during times of uncertainty. If anything, the needs >>

of those served by the 1.5 million hospitals, universities, schools, social service organizations, and religious communities nationwide only intensify during times of crisis.

When the national mood oscillates between the unpredictable at best and the frenzied at worst, nonprofits continue to serve. The richness of the nonprofit sector in the U.S. knows no day off. In fact, humanity depends on it.

### 3 Humans are wired to give.

Even during the status quo, individuals pursue the gratification of giving. Numerous studies demonstrate the positive and compelling effects of gifting one's time or resources.

Scientists describe the "helper's high" and the "giver's glow" as the neurological response, visible on brain scans, that accompanies making a gift of self. In such studies, the "glow" results regardless of the impact of the gift, or the level of need.

Imagine the multiplier of a gift tied to impact, especially when beloved missions face an external threat. This impulse towards goodwill must not be ignored.

### 4 Our words matter.

Donors want to give, and it is our responsibility as fundraisers to keep asking. As with any crisis, however, tailored and targeted donor communications are integral to our response. Proper stewardship demands as much, and it need not occur in person.

Moving forward with confidence and clarity requires a refined approach that speaks to the concerns and needs of our donors and leverages the use of technology to replace face-to-face communication if needed. Regardless of setting, address anticipated questions head on, invite donors into a conversation, and execute asks from the heart; donors will respond with theirs.

During windows of uncertainty, with nonprofits' missions as relevant as ever, fundraising must continue to be a priority.

Moving forward with planned activity is vital, for humanity depends on philanthropy. When viewed in this light, the answer to the weighty questions we face becomes immediately clear.

Fundraisers cannot afford to pause. Without philanthropy, not only does the world we envision slip further into the distance, but the world as we know it ceases to exist. Staying still is not an option. 🌍

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**Graham-Pelton is a fundraising consulting firm for leading organizations worldwide. Our mission: elevate philanthropy so nonprofits can flourish.**

Balancing our data-driven approach with a human-centered philosophy, we enable the people and institutions we work with to achieve unprecedented levels of philanthropy.

We are recognized globally as a leading nonprofit consulting firm, known not only for our extensive fundraising experience, but also for the transformational experience of working together with Graham-Pelton.

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