



# Surviving the Economic Storm with Stewardship and Serenity

*Re-invigorate efforts and don't assume giving will drop*

by Bob Jones, Ph.D., Chair of the Resource Development Services Advisory Committee

It has been said that serenity is not freedom from the storm, but peace amid the storm.

An economic storm the likes of which few of us have ever experienced is now upon us. Some predict it will be deeper and longer lasting than any in history. Grim news and predictions abound, fueling anxiety and reactive decision making.

The simple and elegant Serenity Prayer offers sage advice for our current economic environment: Accept the things we cannot change, change the things we can, and know the difference. Let us focus on what we know about philanthropy and what we can do during challenging economic times.

Remember that total philanthropic giving has only declined once in the past 27 years, including during past recessions. B.W. Voight in "Resilient Philanthropy" (*Advancing Philanthropy*, September/October 2008) points out that total philanthropy weathers economic storms with much greater resiliency than the stock market. In fact, there is surprisingly little direct correlation between the two.

Furthermore, there is a danger in interpreting data through an anxious lens. For example, a recent *Forbes* magazine survey of high net worth families reports that 73 percent experienced significant adverse effects compared to only 59 percent last April.

*Forbes* reports that when asked about their giving for the coming year, 51 percent of high net worth families

responded they will give less and only 16 percent will give more. Let me state the same data a different way: Of the 49 percent of high net worth families who report no intention of reducing their giving, more than 16 percent of them report they intend to give more. Therefore, it is quite conceivable that the total dollars from the combined pool will be greater than last year. And in fact, that is the very case for human services in hard times.

Philanthropic giving covers a huge spectrum of entities. Statistics need to be analyzed by sector and market. Simply reading the popular press or reacting to global statistics can be very misleading. *Giving USA 2008 Spotlight* (Issue 3, 2008) reports that giving to human services actually grows during recessions and demonstrates even higher rates of growth in longer recessions. Health, education,

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and the arts are much more likely to see significant reductions in giving.

The many months ahead surely will include challenging days; I am not in denial. Yet, at the same time, there are things we can do to maximize every opportunity that is available to us. We need to focus on those opportunities and

invest in our capacity to respond and harvest those opportunities.

## Don't Forgo Planned Gifts

Believe it or not, an economic downturn or bear market is the best time to seek planned gifts. Why? In difficult times donors are focused on their estate and the immediate impact of the downturn; they are rethinking their overall plan. A planned gift allows the donor to be engaged with an organization they care about in a significant way, it strengthens the relationship by allowing the donor to make a delayed yet significant difference, and it does not require dipping into current assets or cash to which the donor may or may not have access. Failing to put effort into planned gifts in this environment would be a lost opportunity.

## Current Donor Relationships

Stewardship of current relationships will be the most important activity we can engage in. It may be difficult to find new donors, but current donors have a relationship with the agency and that relationship needs to be actively nurtured. Failure to do so in tough times will result in many lost relationships and opportunities.

We need to communicate with our current donors. We need to acknowledge their realities, we need to thank them for what they have done, we need to recognize that many of them are hurting, we need to realize that some still have the ability to give—even give more—and we

must inform them of the agency's need for support.

Keep in mind that among the most important factors in giving is an individual's prior giving history with the organization—this is all about good stewardship of the relationship. Do not neglect your current donor relationships in order to seek new donors. That tactic will probably result in a net loss from current donors and at best a marginal acquisition of new donors at great expense in this economic environment.

## Continue Communications Efforts

The delicate communication balance is to articulate the needs of our clients and community and to highlight meaningful outcomes delivered by the agency. But beware of crossing the line and implying

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an organizational crisis. Donors want to invest in organizations that are making a positive difference in the community; they do not want to put money into a sinking ship.

The most devastating mistake an agency can make in these times is to pull back from investments in communications and development. Stewardship of current relationships is the core ingredient to survival and ultimate recovery. Cutting the organizations' capacity to support the donor and community relationships and cutting the ability to drive home a clear message to the community is a reactive, yet frequent, impulse and a tragic mistake.

Of course, it is painful to cut mission commitments. The programs and services that we provide are so very important to those we serve and the community. However, the board and management must balance mission commitments with

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current revenues and also understand their responsibility to ensure that the agency maintains its "capacity to deliver" on the mission now and in years ahead.

## Do Not Cut Efforts for Short-Term Gain

The revenue generating aspects of the agency must be identified and investments in those capacities will be essential. For example, in times such as these we must communicate in personalized ways to the various segments of our donor and constituency base. To do so effectively requires maintaining our ability to do so. The obvious metaphor is the goose and the golden egg. A short-term and ill-advised survival tactic that cripples future capacity can result in grave long-term consequences for the organization's capacity to deliver on its mission and even survive.

A clear example of why extra efforts in stewardship are important is shown in research demonstrating that when we do engage a new donor, it is most likely due to relationships with current supporters. Most donors rely on peers and social contacts much more than rating entities such as Guide Star or Charity Navigator to decide what new charities they will support. Thus, engaging your current donors (regardless of their current giving capacity) in spreading the word about your agency is a rich opportunity. Engage them in the ambassadorial efforts; it gives them an equity stake in the agency and its success.

"Friend raisers" hosted by current board members and donors are the royal road to new relationships. "Friend raisers" focus on the network of relationships, the agency's message, and its positive outcomes for the community rather than immediate gift acquisition. They do not result in short-term economic gain, yet long term they provide significant returns on investment.

Furthermore, a wise investment of energy and resources at this time would be to enhance the engagement of the board as donors and as ambassadors.

Remind them that philanthropy is first about relationships. Free board members up from solicitor panic: use a "Friend Raising" frame and encourage them to have conversations with others about the agency and its important outcomes. Provide them with the communication tools and a simple message that empowers them to be effective ambassadors for the agency and its mission.

In summary, good stewardship of relationships, as well as the wisdom needed to maintain investments of scarce and precious resources required to do so, will be the cornerstone of ensuring the long-term health of our agencies and our missions.

As the Serenity Prayer advises: Accept the things we cannot change, change the things we can, and know the difference. We actually do know a good deal about what will make the difference in the coming months and years; we simply need the resolve and courage to act on that knowledge. ■

## Save the Date!

The RDS Fund Development Conference will take place on April 21-22, 2009, in Milwaukee, Wis. This dynamic two-day program is hands-on training for fund development professionals, nonprofit executives, and board members. Watch the *Alliance E-News* and [alliance1.org](http://alliance1.org) for more information.



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