



THE DRIVE TO Make a Difference

Philanthropy has changed. Today's benefactors are strategic givers who desire an active role in an organization or cause. Giving now goes beyond writing a check to ensuring the donation is properly spent and makes an impact. And for more and more philanthropists, active involvement in a cause is its own reward.

Charity and giving are two of the strongest basic human impulses. Today's social problems may seem bigger and more insurmountable than ever, but opportunities to make contributions to worthy causes have also greatly expanded. Changing the world for the better, however, requires a thoughtful approach, research and an awareness about what a philanthropist wants to accomplish and how. This due diligence is described as a strategic approach to giving.

Strategic philanthropy is defined as "effective giving which is designed around focused research, creative planning, proven strategies, careful execution and thorough follow-up in order to achieve the intended results," according to The Philanthropic Initiative Inc. (TPI), a not-for-profit consulting and research firm based in Boston.

In addition, TPI emphasizes that strategic giving should empower the donor to change the world by energizing his or her passions. Thus, strategic donors are driven by a web of life experiences and personal concerns to devote a substantial amount of time, energy and wealth to a handful of carefully selected causes.

As a result, strategic donors are not satisfied by just writing a check to these causes. They are searching for active involvement and engagement in philanthropy, according to John Stanley, president of the Legacy Group, a Milwaukee-based philanthropic advisory firm. "It could be the negatives like taxes or feelings of guilt that may start a conversation about

philanthropy," Stanley says. "But at the end of the day, it's the positive rewards of giving that motivate someone to say 'yes' to being philanthropic."

Philanthropists seek to progress beyond just a one-time pledge to develop a hands-on relationship with a cause or organization. For these donors, making a difference through their donations and philanthropic work is their primary motivation — an accomplishment that does not require recognition through a plaque at a black-tie dinner. "What matters to more and more philanthropists is the psychological reward of being associated with a group whose work they value," says Dwight Burlingame, associate executive director at the Center on Philanthropy at Indiana University. "Nowadays, people need to feel that they are doing more than writing a check; they need to feel engaged."

A PHILANTHROPIC IDENTITY

The first step toward strategic giving is developing a "philanthropic identity," according to Burlingame. "An intricate mix of motives comes together to create a philanthropic identity and mobilize people to devote their time and money to particular causes," he explains. Those motives flow from an individual's personal history, religious identity and sense of community, he adds, not large disasters that grab newspaper headlines and dominate television news.

Sometimes a personal event — an illness or death in the family, for instance — galvanizes casual donors and transforms them into philanthropists who channel their giving toward a particular cause.

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Responding to that personal situation, they simultaneously narrow their focus and deepen their involvement, becoming more active in selecting organizations they consider as “best of breed” and monitoring how their donations are used.

THE SEVEN FACES OF PHILANTHROPY

According to Russ Alan Prince and Karen Maru File, in their book “The Seven Faces of Philanthropy,” philanthropists fall into one of seven categories:

- 1) Communitarians:** Making up the lion’s share of philanthropists, these donors give because they want to give something back to their communities. They see philanthropy as a “win-win” scenario where they can direct how their money is used and take an active role within the organization in exchange for their gifts.
- 2) Devout:** Religiously motivated donors believe that it’s God’s will that they give. Moral duty and selflessness, rather than a desire for recognition, drives their giving. Even when they give to secular organizations, the recipient must demonstrate that its values and mission are closely aligned with the donor’s religious beliefs.
- 3) Investor:** Investors tackle their philanthropic activities with an eye to maximizing the tax benefits and expect the organizations they support to be effective and efficiently managed.
- 4) Socialite:** Having fun and doing well aren’t incompatible, the socialite believes. Making up about 10.8% of donors, this group is dominated by women, who delight in creating enjoyable ways – ranging from charity balls to wine auctions – to encourage philanthropists to give to an organization.
- 5) Altruist:** These donors expect no recognition. They just want to know that their giving is having an effect, however small, in a world where too many people suffer. They see giving as a moral imperative and prefer to do their own research into potential recipients.
- 6) Repayer:** Some people give because they, at one time, needed help themselves. Now that they have money, they feel an obligation to demonstrate their gratitude by giving to others. Repayers generally seek out nonprofits that focus strictly on their personal mission.
- 7) Dynast:** A number of philanthropists view their giving as a family affair. Either they have inherited their wealth and their philanthropic mission or their childhood socialization taught them that giving is important. These givers support the widest range of organizations, but very few seek active involvement in the nonprofits to which they give.

In other cases, a pragmatic realization is the catalyst. For example, the sale of a family business that leaves an entrepreneur with more money than he or she could imagine using.

But whatever the motivation to give, one of the most important changes in the past decade is a growing focus on what happens to a donation after the check is written or the pledge is made, say wealth consultant Russ Alan Prince and marketing professor Karen Maru File, whose research on philanthropy led to the now-classic 1993 study of philanthropic motivations entitled “The Seven Faces of Philanthropy.” (See sidebar.) “Younger donors are interested not in getting their name on a building, but in a different kind of payback,” says H. Peter Karoff, founder and chairman of the Boston-based Philanthropy Initiative. “They want a sense of engagement in the process, an ability to measure the impact of their gifts and to take a hand in shaping how those gifts are put to work.”

THINK GLOBALLY, ACT LOCALLY

In “The Seven Faces of Philanthropy,” Prince and File describe the largest of the seven groups — about 26% — as “communitarians,” those who give to local charities that work to improve their own communities. Communitarians are the largest segment because “most giving is local; people are drawn to help their immediate community,” Karoff says.

The definition of “community” has changed since Prince and File published their research, however. Community has become more global and communitarians now support national and international organizations. They also take what Prince and File call an “investor” approach to ensure their money is spent properly.

That desire now affects donors’ decisions about what organizations to support, and how their gifts are structured. Today’s philanthropists often favor smaller, grassroots groups because the impact of their giving can be more closely monitored and the donation will have an immediate effect on their favorite causes. In addition, giving to a smaller group allows donors to play an important role within the organization, possibly even helping to shape programs.

The bottom line for more and more donors is getting involved and making a difference in an important cause; writing the check is just the beginning of the process. ■