

Donor-centred philanthropy: putting givers at the heart of the charitable universe

NCVO Funding Commission think-piece

By Beth Breeze

Ten years is a long time in philanthropy. Back in the year 2000 philanthropists rarely troubled the public consciousness: philanthropy had virtually no presence in the UK media, and Bill Gates and Warren Buffet were viewed as examples of insufficiently generous rich people. By 2010 the world's richest men are now also high-profile philanthropists, and philanthropy has become a commonplace part of daily life in the UK, with major donors appearing in our newspapers, on the small screen in programmes like Channel 4's *Secret Millionaire* and even on the big screen, with the baddie in the latest James Bond film *Quantum of Solace*, masquerading as an environmental philanthropist. But as this last example shows, the higher profile of philanthropy is not an entirely positive development, because negative images of philanthropists abound.

Recent newspaper reports have described big givers as 'Ruthless philanthropists', 'Tax-ruse philanthropists', 'Dickensian philanthropists' and 'Status-seeking philanthropists'. Recent books on the rich have assumed that self-interest is the sole motivation for giving, describing philanthropy as simply a means to impress and therefore, "*the rich person's equivalent of a peacock's tail*" or simply, "*another way of exerting power and control*". Despite warmer and more neutral receptions from some quarters, it is the negative sentiments that echo loudest in the ears of the generous rich, as shown in Theresa Lloyd's 2004 study, which quotes rich donors expressing concern about hostile reactions: "*whatever you do will be rubbished... If you are giving money away people will think you are doing it for self-aggrandisement*".

The widespread lack of cultural affirmation for philanthropists is deeply unhelpful: it discourages current givers, dissuades people from becoming philanthropic role models and – worst of all - it deters those with the potential to 'give big' from opening their wallets for fear of opening the floodgates of criticism. Countering the proliferating negative images of philanthropists will be one of the biggest challenges facing those seeking to encourage philanthropy in the coming decade. So the first of my six suggestions for cultural changes that could positively affect philanthropy in the coming decade, is that:

1. Philanthropy needs to be repositioned as part of the solution, rather than part of the problem, of riches

Ordinary donors already enjoy widespread cultural affirmation: people who give what they can from limited means are understood to be a 'good thing' and are often depicted as local heroes whose generosity deserves praise. Why then do rich givers face a more hostile reception when they stick their head above the philanthropic parapet? I would argue that it is not because they are generous but because they are rich. Wealth was once considered a sign of success, but in these later stages of capitalism there has been

something of a backlash against the rich, as any 'fat cat' or 'casino capitalist' will attest. The highly charged cultural atmosphere surrounding wealth is particularly noticeable when it comes to the self-made rich, who lack social and cultural legitimacy, however economically successful they may be. Philanthropy could prove to be a solution for people who have achieved financial success but not socially upheld significance, because it enables an individual to be judged on the basis of how they *spend* their riches rather than on how they *made* them. Philanthropy could also increasingly become a useful strategy for the newly-rich in confronting 'sudden-wealth syndrome', which refers to the problems inherent in dealing with the destabilising experience of the sudden possession of a huge fortune. This leads on to my second suggestion, that:

2. Philanthropy could be viewed as an essential part of a successful life in the 21st century

Every culture offers its citizens an image of what it means to be a man or woman of substance, but that image changes over time and in different places. In the 'greed is good' era at the end of the twentieth century, the definition of success revolved around materialistic acquisition, concerned with getting rather than giving. At the start of the 21st century we are still a voraciously consumerist society but the dominant image of an influential individual - as personified by Bill Gates in the US and the likes of Richard Branson, Tom Hunter and Chris Hohn in the UK - is now someone who is both rich and generous. As the American commentator David Brooks jokes: "*To calculate a person's status, you take his net worth and multiply it by his anti-materialistic attitudes*". This simultaneous promotion of competing values (getting and giving) may be confusing, but it creates extremely fertile territory for philanthropy which can be positioned as the thinking rich person's answer to conspicuous consumption.

The idea that philanthropy can help to create and communicate a more positive identity will no doubt trouble those who feel that givers should gain absolutely no benefit, however intangible. Yet as every study of gift-giving throughout history and across different cultures has shown, all gifts are reciprocated, whether with something of equal monetary value or an equivalent 'return' of respect, affection or regard. As a society, we have no problem rewarding 'ordinary' givers with gratitude and praise, yet we appear to have trouble granting similar benefits to richer philanthropists, insisting they should be motivated purely by altruism and stand to gain nothing from their act. This stance informs the what's-in-it-for-them reaction that greets announcements of major donations, and the widespread (if mathematically unlikely) assumption that charity tax breaks must somehow make it profitable for the rich to give. The issue of the rights and wrongs of philanthropists getting any return on their gifts needs to be addressed eventually, so why not tackle it in the next decade? Legitimising donor benefit could remove public concerns and assure potential donors that they will receive cheers rather than condemnation. Therefore my third suggestion is that:

3. Donor benefits could come to be understood as normal and acceptable

Public understanding of donor benefit could change so that it becomes acceptable to acknowledge that all types of charitable giving involve some sort of 'return' to the giver. Instead of concealing the truth that donors get something out of giving, both charities and donors could start to celebrate this fact more openly and loudly. Just as ordinary donors are 'allowed' to enjoy participating in popular events like charity TV telethons and challenge events without the purity of their altruistic intentions being called into question, it could become acceptable for richer donors to admit they get just as big a kick out of supporting their favoured causes. Once donor benefit is accepted as a perfectly normal - even beneficial - part of philanthropic transactions, there would be less time wasted tip-toeing around the issue of how to recognise donors, less coyness about the wording of thanks and more time and opportunity to enjoy the 'warm glow' feeling that comes from using one's private wealth to promote the public good.

Allowing donors to enjoy being donors relates to my fourth suggestion, that:

4. Fundraisers could increasingly focus on donors' tastes rather than beneficiaries' needs

Giving and philanthropy have always been supply-led rather than demand-driven: the freedom to distribute as much as one wants, to whom one chooses, is what distinguishes giving from paying tax. Yet the methods used to encourage donations tend to assume that philanthropy depends on objective assessments of need rather than on donors' enthusiasms. Fundraising literature often focuses on the dimensions and urgency of the problem for which funding is sought, assuming that donations are distributed in relation to evidence of neediness, when in fact much giving is taste-based rather than needs-based. Despite popular beliefs that charitable giving should be directed primarily to the needy, donors often support organisations that promote their own preferences, that help people they feel some affinity with and that support causes that relate to their own life-experiences.

In the coming years, fundraisers will hopefully feel freer to acknowledge the reality behind giving choices, and be more upfront in matching donors' tastes with causes that need their support. The newly-emerging philanthropy advisory industry works on precisely this principle: helping clients to work out what matters to them and then guiding them to causes that best meet their own criteria. This shift from "you should help" to "you might want to help" has been described by fundraising expert Ken Burnett as the difference between twisting someone's arm up their back and draping an arm around their shoulder in friendship. That the latter produces better results is a truism we might come to accept by 2020.

All four suggestions described so far are merely aspects of the central proposal of this think piece, that:

5. Donors ought to be understood as the centre of the charity universe

By 2020 the relationship between donors and charities needs to be turned on its head so that givers become the centre of the charity universe. As Paul Schervish has suggested, the accepted wisdom that charities need donors in

order to help them achieve their organisational mission, ought to be replaced by an understanding that donors choose to support charities in order to achieve their personal missions. The nature of this transformation has been compared by Canadian philanthropist Charles Bronfman, to Copernicus' revelation that displaced the earth from the centre of the universe. In this analogy, the donor, not the charity, is the sun around which all else must revolve. This donor-centred universe will be a far cry from the current widely-held attitude that the people with the cash are a necessary evil who must be recruited at minimum expense and kept happy with minimum fuss so they are ready for maximum tapping when required.

Once the charity sector's version of the Copernican revolution takes place, the implications will affect all aspects of the fundraising profession.

One such implication concerns the belief in a strict dividing line between 'major givers' and 'ordinary donors'. Nothing that has been written about the richest donors, often in the context of describing the so-called 'new philanthropists', is truly unique to the wealthy, so my final suggestion is that:

6. All donors will demand, and receive, the level of care currently reserved for major donors

Ernest Hemingway is supposed to have replied to F. Scott Fitzgerald's claim that "The rich are not like you and me" by saying, "Yes, they have more money". So too, the only significant difference between those able to give away a lot or a little wealth, is the amount of money at their disposal. Every supporter of a charity would like to enjoy the kind of donor-care that is currently the prerogative of the biggest donors. This includes having some control over how their money is spent (witness the popularity of the 'buy a goat' phenomenon), receiving feedback on what their gift actually achieved and being known and appreciated in some meaningful sense by the organization that they support. The technology now exists that enables fundraisers to offer major donor level stewardship to *all* donors. Furthermore the dividing line between the minnows and the whales of the donor world cannot be confidently drawn until the entire life-span of a donor is in view: the modest contributor who leaves a big legacy may eventually out-give the more celebrated 'major donor'.

It might seem hopelessly optimistic to suggest that charities will have the will, the inclination or the resources to treat the smallest donor as well as they currently treat their treasured 'new philanthropists'. But that's the kite I would most like to fly in this think-piece, I do hope it gets a decent gust of wind behind it.

Recommendations

- 1. Government should continue to provide strategic funding for initiatives that support the philanthropic infrastructure and should ask fundees to engage with audiences outside the wealthy donor community in order to address issues of public concern, such as donor benefit and donor motivations.**

Since 2006, the Office for Civil Society (OCS, previously known as the Office of the Third Sector) has provided much-needed core funding for a variety of organisations that seek to promote philanthropy. This funding has enabled the co-ordinated creation of stronger and more effective organisations that support major donors and champion pro-philanthropy initiatives. However, the impact of this work now needs to reach beyond the relatively tight confines of the philanthropic sector in order to make an impact on wider society. For example, it would be beneficial to share the learning, insights and experience of working with major donors with the wider charity sector, policy makers outside OCS, people working in the media and others who have unanswered questions - and possibly deep-seated prejudices - about the rationale for private citizens giving away large sums of money to promote the public good.

2. Government should recognise the failings and consequences of the Substantial Donors Legislation and accept that it is inappropriate for any further initiatives in this area to follow a 'precautionary principle' approach, given the widespread cynicism regarding major donor motives.

Whilst it is clearly right for government to tackle tax avoidance and prevent exploitation of the charity tax relief system, recent measures, notably the Substantial Donors Legislation, have had the unintended consequence of causing widespread and unnecessary concern amongst both donors and charities, and quite possibly deterring further large gifts. Rather than passing legislation that risks tarring all major donors as potential fraudsters, it is more sensible for efforts that deal with abuse to proceed on a case-by-case basis, which avoids casting aspersions on the entire community of major donors.

3. Charities should encourage greater co-operation and communication between those staff members who deal with major donors and the rest of their colleagues, in order to demystify this area of fundraising and to extend the principles of major donor stewardship to their interactions with all types of donors.

Major donor fundraisers are still a rather exotic breed in UK fundraising. Those with substantial experience and success in this field can command high salaries and widespread admiration. Yet their 'exalted' status may risk creating unhelpful divides within fundraising departments and exacerbate any differences in care shown to richer and ordinary donors. Clearly, it makes sense to allocate more resources to stewarding the handful of donors whose contributions are significantly higher than the mass of average donors, but new technologies make it possible to provide better donor care to *all* supporters. Ensuring that the whole fundraising team is familiar with the cutting-edge efforts used with the biggest donors, for example providing real-time reports on how their money is being spent, should result in better donor care across the organisation.

4. Initiatives to recognise and honour philanthropists should receive wider support from within the charity sector, the government and the media.

Schemes such as the Beacon Awards and the honours system do a good and important job in recognising individuals for their philanthropic achievements. However, they have yet to achieve much impact on the general public consciousness. For example, the eager media coverage of knighthoods and damehoods received by celebrities such as actors and sports stars far eclipses the interest in those honoured for their altruistic acts. Yet this type of recognition plays a central role in efforts to reposition philanthropy as an integral element of a successful life and a 'norm' for those who wish to demonstrate they have achieved more than mere economic success. The charity sector needs to be prouder of the achievements of major donors that receive public recognition, whether or not they support their particular organisation, and the umbrella groups within the charity sector need to make greater efforts to emphasise the importance of these honoured individuals, in their communications with the media and the public.

5. Pro-philanthropy organisations need to become more proactive in robustly rebutting spurious accusations about major donors, in order to stem the tide of anti-philanthropy sentiment.

Groups that exist to promote philanthropy in the UK are all relatively young organisations and, as noted in recommendation 1 above, currently focus their efforts on working within the major donor community. Whilst looking inwards is understandable during the nascent period of their existence, it is time to look outwards and engage more assertively with other audiences - especially those that are critical - in order to educate wider society about the role and contribution of philanthropists. Many myths circulate about philanthropy – even well-educated people can convince themselves that tax breaks must result in some sort of net gain for big donors, and there are many armchair psychologists willing to attribute big donations to motives such as guilt and power-seeking with no evidence for their diagnosis. Side-swipes, insinuations and outright attacks on philanthropy are a common occurrence within the UK media. Those who seek to promote a philanthropic culture need to engage with detractors, expose weaknesses in their arguments and offer alternative explanations, in order to ensure that philanthropists gain the widespread cultural affirmation they deserve, and in order to create the more welcoming environment that is necessary to encourage more rich people to become philanthropists.

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