COMMUNITY-BASED ORGANIZATIONS AND HIGH-CAPACITY DONORS:
RELATIONSHIPS, PERCEPTIONS, AND BEHAVIORS

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The Fidelity Charitable Trustees' Initiative is a grantmaking program of Fidelity Charitable separate from its donor-advised fund program. Its purpose is to strengthen the resilience, sustainability and effectiveness of the social sector's infrastructure-the shared resources, information, networks, research and advocacy that all donors and nonprofits need so they can achieve their intended impact.

I. EXECUTIVE SUMMARY

Introduction

The nonprofit sector in the United States provides necessary services to individuals and families and contributes substantially to the health and vibrancy of local communities. Yet despite the importance of the services they provide, many nonprofit organizations (NPOs) have few to no resources to invest in their organizational capacity beyond core program delivery. Because of the central role wealthy donors play in the funding landscape, their support can be critical to nonprofit organizations, and even more so to community-based organizations (CBOs), which tend to operate on smaller budgets than their national counterparts. Unfortunately, these organizations are often met with distrust on the part of their funders.

Little research examining the contemporary philanthropic behavior of high-capacity donors has been conducted. Given the important role of individual donors in funding NPOs, it is crucial that these organizations—and CBOs in particular—have a better understanding of donors' motivations and practices related to their philanthropic giving; it is equally important that funders learn to build trust-based relationships with NPOs. We hope that better understanding the motivations and behaviors of major donors will allow for the design of new solutions (e.g., frameworks, tools, learning opportunities) that may inspire donors to more effectively support nonprofit capacity.

Methods

This project represents a collaboration between Community Wealth Partners, the Effective Philanthropy Learning Initiative at the Stanford Center on Philanthropy and Civil Society, and ideas42. Researchers spoke with eight nonprofit leaders who represent seven CBOs in the Bay Area and on the East Coast. We asked these individuals about their experiences with high-capacity donors and donors' behavior around giving. We also inquired about challenges their organizations were facing, particularly in relation to capacity building and fundraising. Additional data for this study was gathered through interviews conducted with 34 high-capacity donors across the United States. Interviews were semi-structured and focused on the donor's background and prior experience with philanthropy, the way they structure their gifts, how they find and vet new nonprofit organizations, and if and how they solicit advice related to philanthropic topics.

Findings

Lessons from Nonprofit Leaders: Funding and Donor Relationships

The eight nonprofit leaders with whom we spoke reported that the majority of their funding from individuals came in the form of general operating support (GOS). Despite receiving unrestricted gifts from donors, nonprofits struggled to obtain multi-year pledges. While some of these organizations receive monthly recurring donations, pledged annual gifts were considerably harder to come by. Across the board, the majority of large gifts came in the form of single annual donations. Nonprofit leaders

leaders expressed a desire for more multi-year pledges—and in some cases more large gifts, in general because recruiting major individual donors would allow some organizations to decrease their reliance on institutional funders, who they feared might pivot away from their issue areas in the coming years.

Lessons from Donors: Restricting Funding

Overwhelmingly, donors in our sample preferred to provide unrestricted funding: almost all (30) stated that they almost always give unrestricted gifts. The most important factor that influenced how donors structured their gifts was their experience working with nonprofits—individuals who had experience with nonprofit operations understood the importance of unrestricted funding. When deciding whether to give, the two most widely-cited factors in deciding to support an organization were trust in the organization and support of its leadership. For many donors, these were prerequisites for making medium or large-sized contributions to organizations, and when these two requirements were met, donors did not feel compelled to restrict their donations.

Lessons from Donors: Multi-Year Giving

Providing NPOs with monetary support year after year is an important way that donors can support them in planning, improving their financial stability, and lowering the burdens of annual fundraising. We asked participants if they ever provided multi-year support to NPOs in the form of a pledge. 27 of 34 interviewees reported having made at least one multi-year pledge, while 12 understood multi-year gifts to be central to their giving philosophies. Many donors made their first multi-year gift to their alma mater. The most important factors cited in deciding to make a multi-year pledge were a longstanding relationship with the institution and faith in the organization's leadership. It was common for donors, particularly those whose philanthropic practices were still nascent, to make a personal commitment to an organization without explicitly expressing that commitment to the organization itself. However, many donors expressed a potential willingness to make multi-year pledges if they were asked directly by the NPO.

Lessons from Donors: Measuring the Effectiveness of NPOs

Questions related to the measurement of an NPO's effectiveness elicited strong opinions and a variety of responses. Some donors in our sample cared deeply about receiving quantitative measures of impact, and in some cases refrained from supporting organizations that could not provide this type of measurement. Others were not worried about measuring impact in this way and relied upon an organization's reputation, their relationship with leadership, or their interactions with the organization to gauge impact. All of the donors we spoke with performed some type of due diligence before making a medium- or large-sized gift to an NPO, but the metrics they used varied greatly. Often, donors would use frameworks that were common in their profession to assess the effectiveness of a nonprofit's work. Two of the nonprofit leaders we spoke with described the donors who asked the most questions about metrics and finances as "savvy" and as coming from the financial industry. While they appreciated interest in their work and organization, they felt that an intense focus on measurement was sometimes misguided. Indeed, amongst the donors we interviewed, several emerging donors felt that they should be asking for metrics and proof of outcomes. Regardless of how much actual diligence was being performed, there was a pervasive idea amongst these donors that this was the correct way to approach a large donation.

Lessons from Donors: Making Larger Gifts

The threshold for a "large" gift, as defined by interviewees, ranged from $5,000 to $1 million. In order to make a larger gift, most donors needed to have a belief in the NPO's mission, a relatively longstanding relationship with the organization, some type of personal connection with the mission or organization, belief that the organization was well run, and they needed to trust the organization's leadership. Universities and churches often fulfill those requirements easily and are consequently the recipient of many donors' larger donations. But in the case of CBOs, the way that donors evaluated these criteria varied. For donors who gave at any amount, board service often coincided with their largest gifts. For almost all of the donors in our sample, engagement beyond writing a check increased their level of giving.

Lessons from Donors: Developing Donor-Nonprofit Relationships

While the older donors in our sample did often give in greater amounts than their younger counterparts, we believe this has less to do with age or changing cultural norms and more to do with both net-worth and the level of development of a donor's philanthropic practice. A second factor that played a central role in determining a donor's level of giving, both overall and in terms of grant size, was the level of development of their philanthropic practice. Those who had spent a significant amount of time thinking about philanthropy and engaging with NPOs tended to have more strategic giving plans and gave higher donation amounts or gave more consistently.

Discussion and Recommendations

Donor and NPO interviews suggested that a vast majority of donors do provide general operating support when asked, but do not necessarily provide long-term support or larger gifts to CBOs. Our diagnosis and design efforts therefore focused on increasing sustained support to CBOs from high-capacity donors. We prioritized three sets of potential challenges:

1. Donors may not be able to easily assess their long-term giving capacity, nor know what the norm is for their asset and income level. Donors are not easily able to see what their peers are giving.

2. Donors may use various short-cuts to select which NPOs to support. Many report choosing NPOs with a well-regarded brand, or with whom they have a longstanding relationship. However, smaller charities are unlikely to have a brand, do not have the capacity to develop relationships with high-capacity donors, and many donors don't have the time to engage with charities. This could contribute to racial disparities in the nonprofit sector. Research from Building Movement Project's Race to Lead initiative found that 63 percent of people of color executive directors or CEOs cited lack of access to individual donors as a fundraising challenge, compared to 49 percent of white leaders who said this was a challenge.[1]

3. CBO leaders may not be using advanced fundraising practices, such as those often employed by university fundraisers, for various reasons. They may believe that the best practice is to ask their donors for as little as possible, and for one-off gifts directly supporting programs. The "overhead myth" may also perpetuate that behavior. CBO leaders may have learned that emotional appeals

[1] Nonprofit Executives and the Racial Leadership Gap: A Race to Lead Brief" (2019). pg. 7. Retrieved from buildingmovement. org

appeals work, so don't want to ask for mundane-sounding capacity-building support. These beliefs could have come from past training or experiences. With limited resources, they may not have been able to afford to go through formal fundraising training. CBO leaders also are very time-constrained.

We generated several design concepts of which we detail seven, ranging from simple tools to major systems-level changes by building new platforms. In each case, we recommend some additional steps to prototype and test the concepts with CBO leaders, fundraising professionals, and donors. Of those ideas, we recommend prioritizing two for further development and testing:

- Peer benchmarks: Using data on giving, develop a simple matrix showing a range of annual giving by income and assets.

- Showcasing high-opportunity organizations: Develop curated sets of effective CBOs potentially marketed to donors through intermediaries, with various options for further engagement.

II. INTRODUCTION

The nonprofit sector in the United States provides necessary services to individuals and families and contributes substantially to the health and vibrancy of local communities.[2] Yet despite the importance of the services they provide, many nonprofit organizations (NPOs) have few to no resources to invest in their organizational capacity beyond core program delivery, which results in an underdevelopment of leadership and talent development, communications and marketing, advocacy and policy functions, and learning and evaluation systems.[3]

A majority of NPOs in the United States rely on private funding from both philanthropic foundations and individuals. According to a U.S. Trust report, 90% of high-net-worth households—defined as those with an annual household income greater than $200,000 and/or a net-worth greater than $1,000,000—gave to charity in 2017 at an average annual amount of $29,269.[4] And in 2018, estimated charitable giving by individuals was $292 billion,[5] while independent foundations gave away $57 billion.[6] Over the last several years, gifts from wealthy donors have come to make up an increasingly large percentage of total charitable giving. For example, in 2018, people in the top quintile of the income distribution made 63% of all charitable contributions, excluding those from estates of foundations.[7]

Because of the central role wealthy donors play in the funding landscape, their support can be critical to nonprofit organizations, and even more so to community-based organizations (CBOs), which tend to operate on smaller budgets than their national counterparts. Yet despite the invaluable role that NPOs play in their communities, they are often met with distrust on the part of their funders.[8] Institutional and individual donors express distrust of organizations through certain behaviors, such as relying on overhead ratios as a metric of organizational effectiveness and restricting monetary gifts in ways that constrain organizations.[9] Importantly, these types of practices disproportionately affect organizations led by people of color.[10]

These behaviors further suggest that some funders lack an understanding of the goals and needs of NPOs which contributes to a deleterious relationship between funder and NPO that empowers the former and restrains the latter. In order to build capacity and promote organizational sustainability, nonprofit leaders need the flexibility to direct funding where it is most necessary and require steady

[2] De Vita, C. J., Flemming, C. (2001). Building Capacity in Nonprofit Organizations. The Urban Institute.
[3] Culwell, A. C. Grant, H. M. (2016). The Giving Code: Silicon Valley Nonprofits and Philanthropy. Open Impact, LLC.
Milazzo, L., Raffle, H., Courser, M. (2019). Moving upstream: An intersectoral collaboration to build sustainable planning capacity in rural and Appalachian communities. The Foundation Review. 11(4).
[4] The 2018 U.S. Trust Study of High Net Worth Philanthropists: Portraits of Generosity. (2018). Bank of America Corporation.
[5] Giving USA 2019. (2019). Lilly Family School of Philanthropy.
[6] Key Facts on U.S. Nonprofits and Foundations. (2010). Candid.org. Retrieved from: foundationcenter.issuelab.org
[7] Steuerle, C.E. et. Al. (2018). Patterns of giving by the wealthy. Urban Institute.
[8] O'Reilly, B. (2018). Why don't donors trust us, & what can we do about it? GuideStar Blog. Retrieved from: trust.guidestar.org
Perry, S. (2015) One in three Americans lacks faith in charities, Chronicle poll finds. The Chronicle of Philanthropy. Retrieved from: www.philanthropy.com
[9] Helms, S.E., Scott, B.L., Thornton, J.P. (2011). Choosing to give more: experimental evidence on restricted gifts and charitable behaviour. Applied Economics Letters. 19(8).
[10] Thomas-Breitfeld, S., Kunreuther, F. (2019). Nonprofit executives and the racial leadership gap: A race to lead brief. Building Movement Project.

streams of funding to plan for the future. As social safety nets continue to weaken and NPO's play an increasingly vital role in enriching communities and providing marginalized groups with social services, their abilities to predict and sustain funding will likely become even more important and will strongly impact their ability to weather unpredictable challenges.

Compared to inquiry related to the giving practices of foundations, very little research examining the contemporary philanthropic behavior of high-capacity donors has been conducted. Given the important role of individual donors in funding NPOs, it is crucial that these organizations—and CBOs in particular—have a better understanding of donors' motivations and practices related to their philanthropic giving; it is equally important that funders learn to build trust-based relationships with NPOs.

We are hopeful that we might one day see a nonprofit sector that has the resources it needs to address the root causes of inequities and contribute even further to creating communities where all can thrive. Achieving this vision depends on the development of trust-based relationships with funders and on a shared understanding that nonprofits need capacities outside of core program delivery (e.g., leadership and talent development, communications and marketing, advocacy and policy functions, learning and evaluation systems) in order to deliver programs, advance their strategies, and catalyze systemic change. We hope that better understanding the motivations and behaviors of major donors will allow for the design of new solutions (e.g., frameworks, tools, learning opportunities) that may inspire donors to more effectively support nonprofit capacity. As a result of this and other similar inquiries, we are hopeful that more nonprofits will receive the types of support they need to build their capacity and better serve their missions.

III. LITERATURE REVIEW

We reviewed existing literature about helpful and harmful funding practices according to nonprofits as well as about donors' attitudes and behaviors towards funding nonprofits.

Previous findings on nonprofit perspective

Major donors can be critical allies to nonprofits by providing flexible funding, connections to other donors, and, in some cases, board and volunteer service. Nearly two-thirds of nonprofit leaders would rather receive support from major donors than from foundations because it is easier to manage the relationships and major donors give more multi-year and unrestricted funding.[11] At the same time, the literature review points to ways major donors can provide more helpful support to nonprofits.

Three ways nonprofits say major donors can be more helpful is by making more *multi-year commitments*, providing *more unrestricted support*, and giving *larger gifts*.

The Center for Effective Philanthropy's research found the following:

- 92 percent of nonprofit leaders say it is important for funders to provide repeated support, but only 59 percent say most or all of their major donors do so

- 92 percent say it is important for donors to provide unrestricted gifts, but only 54 percent say most or all of their major donors do so[12, 13]

The literature review also surfaced gaps in capacity and funding among organizations working to advance social change at the local or regional level (which often includes organizations working to reduce societal inequities and organizations led by people of color). For example, research from Bridgespan found that many "social-change" focused organizations don't have the capacity to engage deeply with major donors and raise and steward gifts at the levels that universities, hospitals, and other large institutions are receiving from major donors.[14] A separate study from Open Impact supported this, finding that 74 percent of community-based organizations in Silicon Valley—a region with a high concentration of high-net-worth donors—say they don't have access to high-net-worth donor networks.[15]

Access to funding and building capacity becomes a chicken-and-egg conundrum for many nonprofits. For example, as community-based organizations in Silicon Valley face a rising demand for services amid funding constraints, they often lack critical capacities needed to engage high-net-worth donors and

[11] Buteau, E., Martin, H., and Loh, C. (2019). Crucial Donors: How Major Individual Givers Can Best Support Nonprofits. Center for Effective Philanthropy.
[12] Our research did not confirm these results. Instead, the majority of donors we interviewed reported giving primarily unrestricted funding. Accordingly, the nonprofit leaders we spoke with said they received primarily unrestricted funding from individual donors.
[13] ibid
[14] Ditkoff, S.W., Powell, A., Gardner, K., and Tierney, T. (2018). Four Pathways to Greater Giving: Bridgespan Group.
[15] Culwell, A. C. Grant, H. M. (2016). The Giving Code: Silicon Valley Nonprofits and Philanthropy. Open Impact, LLC.

advance systemic change.[16] Similarly, a study of local and regional organizations focused on substance abuse treatment in Ohio found that many of these organizations lacked the organizational capacity to demonstrate the impact of their services—a requirement for accessing government funding for substance abuse treatment programs.[17] Providing more multi-year funding, more unrestricted funding, and larger gifts are ways major donors can help nonprofits overcome some of these challenges.

Previous findings on donor attitudes and behaviors

When deciding where to give, the literature finds that donors are focused on programmatic outcomes. Donors typically look to nonprofits to provide data about their outcomes and tend to be skeptical about the quality of available online data.[18] A U.S. Trust study found that engaging with donors based on an understanding of their philanthropic goals is more effective than arguments based on organizational need.[19]

At the same time, donors do not seem to be intentional about using that data to guide their philanthropic decisions. A study from Money for Good found that 85 percent of donors said performance was important when deciding who to donate to,[20] but only 3 percent used performance data to make decisions.[21] That same study found that 54 percent of high-net-worth donors do not know if their giving is having the impact they intended. In some cases, engaging with the organizations they support—through volunteering, serving on boards, site visits, or advising—offers donors deeper insight into the impact nonprofits are having and their organizational needs.[22]

To date, most research on individual donors' attitudes and behaviors has been focused on *where* and *why* they give, but much less has been paid to how they give, and there seems to be almost no research examining how they understand or think about nonprofit capacity. While we did not find research uncovering donors' attitudes or behaviors specific to supporting nonprofit capacity, a couple of insights from behavioral science offer some clues. First, a Bridgespan study found that people are fundamentally averse to the possibility of loss. For a risk to be worth taking, the probable gains must exceed the potential losses. Donors may view investing in nonprofit capacity as a risky endeavor because it is more difficult to measure the outcomes.[23] Another study from ideas42 found that giving donors agency to direct their donations increases generosity, even when the option is not taken—most donors did not decide to restrict their gift, but having the choice of whether and how to allocate their giving led to larger donations. [24] This could be a tactic for nonprofits to consider to solicit larger gifts from major donors.

[16] Buteau, E., Martin, H., and Loh, C. (2019). Crucial Donors: How Major Individual Givers Can Best Support Nonprofits. Center for Effective Philanthropy.
[17] Milazzo, L., Raffle, H., Courser, M. (2019). Moving upstream: An intersectoral collaboration to build sustainable planning capacity in rural and Appalachian communities. The Foundation Review. 11(4).
[18] Joshi, P. (2018) Data for Donor Impact. Stanford Center on Philanthropy and Civil Society Effective Philanthropy Learning Initiative.
[19] The 2018 U.S. Trust Study of High Net Worth Philanthropists: Portraits of Generosity. (2018). Bank of America Corporation.
[20] Money for Good. Camber Collaborative. (2015).
[21] The 2018 U.S. Trust Study of High Net Work Philanthropists: Portraits of Generosity. (2018). Bank of America Corporation.
[22] Joshi, P. (2018). Data for Donor Impact. Stanford Center on Philanthropy and Civil Society Effective Philanthropy Learning Initiative. (2018) The 2018 U.S. Trust Study of High Net Worth Philanthropists: Portraits of Generosity. Bank of America Corporation
[23] Ditkoff, S.W., Powell, A., Gardner, K., and Tierney, T. (2018). Four Pathways to Greater Giving: Bridgespan Group.
[24] Behavior and Charitable Giving: 2019 Update. (2019). Ideas42.

IV. METHODS

This project represents a collaboration between Community Wealth Partners, the Effective Philanthropy Learning Initiative at the Stanford Center on Philanthropy and Civil Society (PACS), and ideas42. Researchers from PACS spoke with eight nonprofit leaders who represent seven CBOs in the Bay Area and on the East Coast. Leaders held development or CEO/ED positions and worked for organizations whose annual expenses in 2018 ranged from $1.1-$29.5 million. We asked these individuals about their experiences with high-capacity donors and donors' behaviors around giving. We also inquired about challenges their organizations were facing, particularly in relation to capacity building and fundraising. While this group was small, these conversations were helpful in subsequently developing the donor interview protocol and guiding the analysis of the donor interviews. Because one desired outcome of this work is an improvement in the relationships between high-capacity donors and NPOs that leaves the latter better equipped to pursue their missions and strengthen their organizations, we wanted this work to be guided by the concerns and experiences of actual professionals in the nonprofit space.

Additional data for this study was gathered through interviews conducted with high-capacity donors by video-conference by researchers at the Effective Philanthropy Learning Initiative at Stanford PACS between March 9, 2020 and April 17, 2020. Interviews were semi-structured and ranged from 35-75 minutes, depending on the availability of the participant and the complexity of their philanthropic practice. Interviewers focused on the donor's background and prior experience with philanthropy; the way they structure their gifts; how they find and vet new nonprofit organizations; and if and how they solicit advice related to philanthropic topics. When permission was granted, interviews were recorded and transcribed.

The sample included 34 high-capacity donors, who were recruited purposely via the Stanford PACS network and the personal networks of the researchers, and then subsequently through snowball sampling. We defined "high-capacity" as those whose households make charitable donations in excess of $10,000 annually; however, annual giving ranged from $13,000 to $5 million with a median value of $100,000. We also required that individuals give some portion of their annual donations to CBOs,[25] rather than giving only to institutions such as universities and places of worship. Donors acquired wealth through inheritance, substantial income, or a combination of the two. Participants whose wealth came primarily from compensation typically worked—or had partners who worked—in technology or financial services (venture capital, private equity, investment banking) and less frequently in business and health care. Some participants were employed full-time, while others were employed part-time or were not employed. Several had professional experience in philanthropy or nonprofits. 11 donors were male and 23 were female; their ages ranged from 30 to 74. We did not ask donors to self-identify their race; however, we believe that about eighty percent of our sample were white and twenty percent were of Asian descent—to our knowledge there were no black or Latinx donors included in our sample.

[25] We defined a community-based organization as a nonprofit organization that is located in the United States and is not a membership benefit organization, a religious-based organization, a hospital or university, a foundation, a fundraising entity, or a supporting organization. In addition, these organizations needed to record annual expenses between $100,000 and $100 million and have a positive contributed revenue.

The majority of participants lived in the San Francisco Bay Area (23), while others were located in the New York metropolitan area (3) Southern California (2), Baltimore (2), Seattle (1), Miami (1), Park City (1), Boston (1).

The sample may be biased in two significant ways. First, because many participants were recruited due to their affiliation with Stanford PACS or other donor networks, they often had an awareness of philosophies related to philanthropy that may not be typical of the "average" donor. Second, an outsized proportion were graduates of Stanford University, resided in the Bay Area, and/or acquired their wealth through careers in technology or venture capital. Therefore, our sample is not representative of the broader population of high-capacity donors in the United States, but nonetheless this work provides useful insights about contemporary philanthropic behaviors.

In the following sections of this report we give voice to the individuals we interviewed by using direct quotations from our interview transcripts. These pieces of text have been edited slightly from their original form—we removed repetitions and "crutch words" such as *like, um*, and *you know* to improve readability, adopting a standardized, rather than preservationist, approach to quotations.[26] We realize that in doing so we lose some of the richness and emotionality of the original material, but faced with the "messiness of human talk,"[27] we felt this allowed us to make the meaning of our participants clearer, while also preserving their dignity.[28] Furthermore, since we were primarily interested in our respondents' reported actions and opinions, rather than the peculiarities of their language or discourse, their affect is not central to our project. In addition, we use pseudonyms throughout the paper to protect the anonymity of interviewees.

[26] Blauner, B. (1987). Problems of editing "first-person" sociology. Qualitative Sociology. 10 p. 46-64.
[27] Sandelowski, M. (1994) Focus on qualitative methods: The use of quotes in qualitative research. Research in Nursing and Health. 17(6). Pg. 479-482.
[28] Corden, A. & Sainsbury, R. (2006). Using verbatim quotations in reporting qualitative social research: researchers' views. University of York. Social Policy Research Unit.

V. FINDINGS

Lessons from Nonprofit Leaders: Funding and Donor Relationships

In response to the Center for Effective Philanthropy's study that found that 54 percent of nonprofit leaders say that most or all of their major donors provide unrestricted funding, we anticipated finding that securing unrestricted general operating support (GOS) would be a challenge for nonprofits. To the contrary, the eight nonprofit leaders with whom we spoke reported that the majority of their funding from individuals came in the form of GOS. This occurred for a few reasons: nonprofits asked specifically for GOS support, donors were not given the option to direct funds to a particular program when donating, or the gifts were too small to justify restrictions. Accordingly, almost all of the donors we interviewed also reported preferences for unrestricted gifts, and always directed small gifts to GOS. Some nonprofit leaders even reported declining gifts that were restricted in ways that would hinder their work, or declining to work with major donors who they found overbearing or overcritical.

Almost all of the donors we interviewed reported preferences for unrestricted gifts and always directed small gifts to GOS.

Alternatively, nonprofits struggled to obtain multi-year pledges. While some of these organizations receive monthly recurring donations, pledged annual gifts were considerably harder to come by. These organizations typically did not seek this type of funding from smaller donors, and in most cases did not pursue it aggressively from larger donors. One Director of Development reported asking most major donors for multi-year support and having the majority of his requests declined. Across the board, the majority of large gifts came in the form of single annual grants. Nonprofit leaders expressed a desire for more multi-year pledges—and in some cases more large gifts, in general—because chasing annual gifts requires a significant amount of time and energy on the part of the staff. Furthermore, recruiting major individual donors would allow some organizations to decrease their reliance on institutional funders, who they feared might pivot away from their issue areas in the coming years. It's important to note that gift amounts varied from organization to organization. We asked the nonprofit leaders to define a large gift for their organization. Of the five that responded, two set a threshold of $1,000, one set a threshold of $2,500, and two set a threshold of $10,000.

All of these nonprofit leaders reported receiving questions from major donors, or potential donors, about their mission and operations. While questions directly related to overhead ratios seem to be less common now than they once were, NPO staff are frequently asked for numerical measures of program outcomes. For some of these organizations, this was not problematic. For example, a Bay Area CBO that focused on job training and placement could easily cite the number of students and graduates of their program and the percentage that received and kept jobs—their work is easy to quantify, and this was a boon to their relationship with donors. On the other hand, some organizations struggled to come up with valuable metrics to describe their work. For example, another Bay Area CBO which provides outdoor educational experiences to youth, could not easily quantify the benefit of their programs to participants. They felt that this experience was transformational and would still be beneficial to graduates in 30 years, but that this was difficult to express to donors, as many wanted to see more immediate program effects and wanted numbers to prove efficacy, rather than pedagogical theory. So for organizations whose work was less easy to measure, donor questions about program outcomes

and expectations for numerical metrics were problematic. CBOs particularly valued major donors who asked them what they needed, who were supportive of an organization's learning, and who would engage with them in problem solving and strategizing.

These nonprofit leaders also discussed the challenges they were facing, and a few themes emerged in our conversations. First and foremost, the nonprofit leaders were concerned about financial sustainability and securing funding in the future. In particular, they noticed a generational shift in giving and were concerned that as long-time donors passed away, younger donors would give in a different, perhaps less reliable, way and would be particularly difficult to recruit. In addition, some were afraid that they would come to be seen as not "hot" or "sexy" and this perception would impair their ability to attract funding, and consequently to achieve their mission. Nonprofit staff were aware of trends within the donor community and, in one case shifted their programming—or the marketing of their programming—to better align with popular issue areas.

Lessons from Donors: Restricting Funding

A key way that donors can display mistrust of NPOs—and exert power in their relationships with them—is by restricting their gifts. These restrictions can take various forms: instructing that the money be used only for one of several programs that an organization administers, earmarking the money for the purchase of a specific item, or disallowing the use of the money for overhead or indirect costs. We asked all of our participants if they preferred to give restricted or unrestricted gifts to NPOs. Overwhelmingly, the donors in our sample preferred to provide unrestricted funding: almost all (30) stated that they almost always give unrestricted gifts, while two said they prefer restricted gifts, one restricts about half of their gifts, and one often provides restricted support alongside other support services.

We found that there are some circumstances in which almost all donors will give restricted or unrestricted support. Restricted gifts were more likely as the size of the gift increased. And regardless of size, almost all participants restricted gifts to universities by directing funds to a certain academic program or university initiative. Several donors also made sizeable pledges to organizations during capital campaigns, which resulted in restrictions on their gift, albeit at the request of the NPO. Alternatively, gifts that donors defined as small (small gifts could range from $500-$5000 depending on the level of a donor's giving) were always given without restrictions. In addition, the donors we interviewed reported giving only unrestricted money to their faith-based institutions, with the exception of one large gift attached to a naming opportunity. For example, John, a 64-year-old philanthropist in Baltimore who often put restrictions on his gifts stated "the church can do whatever they want with their $8,000 a year." These donors seemed to have faith that their local religious organizations were spending their money well and felt particularly committed to supporting these organizations. While our interest lies primarily in the relationship between high-capacity donors and CBOs, we feel that it is important to discuss the relationship of these donors to their places of worship and their alma maters, as these institutions are often the recipients of particularly large or regular gifts, and because many donors begin their philanthropic endeavors with donations to them. We found that the donors we spoke with tended to have a high level of trust in their places of worship and their alma maters that allowed them to more comfortably provide these institutions with large grants.

Perhaps the most important factor that influenced how donors structured their gifts was their

experience working with nonprofits. Those who had served on boards, or who had worked for NPOs in the past (there were several cases in which one partner worked for a nonprofit and the other was in business, technology, or finance, or where donors were also philanthropy professionals) overwhelmingly touted the benefits of unrestricted funding. More succinctly, individuals who had experience with nonprofit operations understood the importance of unrestricted funding.
For example, June, a 38-year old Bay Area resident has spent her career in the nonprofit and public sectors. When asked if she gave restricted gifts, she responded "Definitely unrestricted. And this is where I have major opinions." She elaborated on her commitment to providing unrestricted funding to NPOs:

> Currently I'm working for the city [...] I worked for the government, but I've worked for nonprofits, museums throughout a large bulk of my career and actually went back and got an MBA too while I was working. So the MBA has influenced me a little bit in this regard, but also just past work experience, working for philanthropic organizations. You need unrestricted money […] I've worked at museums where you can get money for acquisitions but you can't get money to fix a broken photocopier or a leak in the roof, and you really need to do those things. My feeling is providing the unrestricted funding lets the organization know they can use it however they see fit. And if it's for something totally unglamorous, that's OK. It's totally fine with me because I also think if you're donating to an organization in that way, you need to have a level of trust with them that they're going to use that funding appropriately. And sometimes that's for really unglamorous things that just need to happen.

June understands that organizations need to spend money on "unglamorous things" and is happy to see her money go exclusively to overhead costs if leadership deems it necessary. Another donor, James, a 38-year old financial consultant based in Los Angeles, also believed that unrestricted gifts were superior to restricted gifts. While his experience with NPOs was limited, he explained his decision not to restrict funding: "We don't want to give money to an organization if we don't trust them to spend the money in the way that's most valuable […] If I don't believe in the leadership, why am I supporting the organization?" James mentions what were overwhelmingly the two most widely-cited factors in deciding to support an organization were trust in the organization and support of its leadership.
For many donors, these were prerequisites for making medium or large-sized contributions to organizations, and when these two requirements were met, donors did not feel compelled to restrict their donations. For many donors, these were prerequisites for making medium or large-sized contributions to organizations, and when these two requirements were met, donors did not feel compelled to restrict their donations.

Overwhelmingly, the two most widely-cited factors in deciding to support an organization were trust in the organization and support of its leadership.

In several cases, donors wanted to know how organizations spent money, but did not want to make decisions about how it should be spent. For some donors, quarterly updates or annual reports provided sufficient information about the activities of the NPOs they supported. In the case of very large gifts, donors would sometimes ask the nonprofit to provide information about their budget. Ashley, a 48-year-old philanthropist in Utah, is responsible for disbursing funds from her family foundation. She explains how she asks for budgetary information while still writing unrestricted grants:

> Sometimes with the foundation here, last year I gave the ED a ballpark. I said, 'here's how much we want to give this year. Do you want to come back to me with just a super brief proposal about how you want to allocate the funds? […] Consider general operating support as part of it, please.' And so she came back to us with [a plan], and I was like, 'that sounds great.' So it was written up as an unrestricted grant even though I was curious how they were planning to allocate it.

For donors like Ashley, there was a balance to be struck between allowing the NPO to use funds freely and collecting information about how their money was being used. While she was adamant about not wanting to exercise control over operations, she still wanted to know what was going on at an organization. This was a tension that several donors acknowledged.

Lessons from Donors: Multi-Year Giving

Providing NPOs with monetary support year after year is an important way that donors can support them in planning, improving their financial stability, and lowering the burdens of annual fundraising. We asked participants if they ever provided multi-year support to NPOs in the form of a pledge. 27 of 34 interviewees reported having made at least one multi-year pledge, while 12 understood multi-year gifts to be central to their giving philosophies. Multi-year pledges tended to be associated with both more advanced fundraising practices and more developed philanthropic practices. Universities, in particular, were often the recipient of these gifts, and other organizations that were more likely to receive these types of grants were local schools attended by donors' children, faith-based institutions, and CBOs with which donors were closely involved that were running capital campaigns, in particular to purchase or renovate a building. Donors were well-aware of the sophistication of the development practices at universities, and often agreed to make three or five-year pledges to their alma maters in response to their requests. Similarly, nonprofit leaders were also well-aware that these types of large gifts often went to universities or hospitals rather than smaller, local organizations.

The most important factors cited in deciding to make a multi-year pledge were a longstanding relationship with the institution and faith in the organization's leadership. In the case of universities, most donors were so certain they would continue to support them that a multi-year pledge seemed like a natural progression to their giving. Yet several donors were hesitant to make a pledge to other organizations with whom they had more tenuous relationships. For example, if they had a good relationship with an organization's CEO or ED they sometimes saw their gifts as supporting the specific leadership team, as opposed to the organization more broadly. If the CEO or ED were to leave, they may not want to continue to support the organization. These donors wanted to have greater control over their giving and were not comfortable with the idea of losing discretion over future philanthropic funds. For example, Abagail, a donor in her 50s in the Bay Area expressed strong discomfort at the idea of multi-year giving, stating bluntly, "I don't like that at all." She explained that she wanted to have freedom in her giving and the ability to pull out if she doesn't like the way something is going at an organization. In fact, many participants did provide longstanding, regular support to certain organizations, but did not make a formal commitment to them in the form of a pledge. For example, June gives regularly to a local school her children attends. She explained:

> With the school foundation, that almost is like a recurring multi-year pledge because they have kind of a level, a minimal level and then you can donate more. And we've chosen to donate more than the minimum level. But they sort of hope you will donate that every year. So as long as my kids are going to be in school and I want to donate the minimum, I'm going to at least be doing this. You know, so while it's not a formalized multi-year pledge, we sort of actualize it in that way to a certain extent.

It was common for donors, particularly those whose philanthropic practices were still nascent, to make a personal commitment to an organization without explicitly expressing that commitment to the

organization itself. Importantly, while June perceives her giving to be like a multi-year pledge, it is not structured that way and therefore provides less stability to the school. While the amount of money June gives over three years may be the same with or without a formal pledge, it is decidedly less valuable to the school as they cannot factor her future giving into their financial plans with certainty. For donors who were just beginning to make pledges, their first multi-year gift was typically to a university or as a response to a capital campaign. Many of these individuals learned about multi-year structures from NPOs and had not previously been aware that this was a way they could structure gifts. While this education around grant structures often occurred with university development officers, CBOs were also able to teach doors about multi-year pledge options. For example, Kim, a 40-year-old Bay Area donor, recently made a multi-year pledge as part of a capital campaign to revitalize a park near an animal shelter at which she regularly volunteers. She explains her decision:

It was common for donors, particularly those whose philanthropic practices were still nascent, to make a personal commitment to an organization without explicitly expressing that commitment to the organization itself.

> The first time we're doing it [is] with the shelter […] the park we're sponsoring is $25K and we didn't want to just, you know, even if our budget allows, we don't want to give them all of it at one time to take away from other organizations. So that's [$25,000] over a five-year donation period […] When we looked at the brochure, I saw that it was possible to do it over five years. And so that's when we actually upped it to the park. Before we were thinking something—a $10,000 donation or something like that. But when we saw that it was possible to do it over five [years], then we ended up increasing it because at the shelter, I use the park a lot. So it just aligns with what I do.

In Kim's case, the shelter was successful in eliciting a multi-year gift that was substantially larger than what she was originally planning to give because they were able to educate her about diverse ways that she could give. For Kim, the larger gift felt much more comfortable because she was able to space it out over several years, which gave her the ability to continue her support to other organizations she cared about. Significantly, Kim was already deeply involved as a volunteer of the animal shelter, and so was a prime candidate to solicit for multi-year giving.

While education about multi-year pledges was sometimes an effective way to solicit them, some donors remained resistant to the idea. We asked Kelly, a 42-year-old Bay Area donor who worked for a large technology firm, if she would consider a multi-year to pledge to an organization other than her church. She responded that she would under only specific circumstances:

> I would if I could understand why that's important. For example, the church needed to get actual work done to the facility, right? And there was a campaign for it […] So I can understand why [they made] the request. So, if there was a specific reason where they're adding a new wing or adding a new something, yes, I can get bought into that vision, I can get excited about it. I think it's easier than just, 'hey, can I have money earlier?' Yeah. Right. No, I'll collect the interest on it and I'll give it to you guys next year.

Kelly would be open to supporting an important capital campaign but would require extensive convincing to pledge over multiple years. Her response to our question also showed a limited understanding of the way multi-year gifts are typically structured and a distrust of the motives of NPOs. However, later in our conversation, we asked if Kelly had become aware of any common challenges faced by CBOs through her conversations with staff. She explained:

> Yes. And some of the challenges are really spiky giving—not being able to plan for what might be achievable, and having just that lack of consistency, and feeling like there is maybe too much distraction, that people [. . .] might give a lot one year and then disappear. And not understanding what's driving those things and how they can be respectful for people's budgets and where they are in their lives. But also, you're kind of trying to run a thing here—you need to know how much money is coming in. And so how to get more information on some of those donations earlier [is important for nonprofits].

Here, Kelly astutely describes the struggles many CBOs experience related to reliable funding streams. Her negative reaction, then, to the idea of multi-year pledging seems inconsistent. It is possible that she feels distrustful of NPOs generally, but trusting of specific organizations, such as her church, so that she responds empathetically when imagining a specific organization with which she interacts, but with negativity when she imagines a hypothetical NPO requesting funds from her. While Kelly was not representative of our sample, it is likely that her sentiments are not unique.

For the individuals with more developed philanthropic practices who are used to making a greater number or larger gifts, multi-year pledges were a way to essentially decrease gifts in response to large asks by NPOs. If an organization requested a one-time gift in an amount the donor was not comfortable with, they might instead suggest a multi-year gift of the same amount. In addition, a few donors credited this structure with providing them an easy "exit-strategy" if they did not want to continue to support an organization after the term expired. Furthermore, donors who regularly made multi-year pledges were aware of the value of these types of gifts to the NPOs they supported. They explained that large, one-time gifts could cause problems for the organization if a donor disappears the next year and that formal, multi-year commitments contribute to the health of NPOs by better allowing them to more accurately formulate financial plans. Finally, some donors lamented the large amounts of attention and money NPOs spent on fundraising efforts and acknowledged that they committed to multi-year pledges to help lower fundraising costs or assuage the strain development placed on organizations. Donors typically came to these points of view through extensive board service, through relationships with development officers, by running a family foundation, or through deep knowledge of starting or running for-profit companies.

Lessons from Donors: Measuring the Effectiveness of NPOs

Questions related to the measurement of an NPO's effectiveness elicited strong opinions and a variety of responses. Scholars have noted that contemporary philanthropy is characterized by marketization of the nonprofit sector[29] and a "no money without metrics" approach to giving, which has come to characterize the relationship between donors and NPOs as well as the ways that NPOs communicate the value of their work.[30] It is worth noting that this mindset can deepen inequities, particularly of race,

[26] Blauner, B. (1987). Problems of editing "first-person" sociology. Qualitative Sociology. 10 p. 46-64.
[27] Sandelowski, M. (1994) Focus on qualitative methods: The use of quotes in qualitative research. Research in Nursing and Health. 17(6). Pg. 479-482.
[28] Corden, A. & Sainsbury, R. (2006). Using verbatim quotations in reporting qualitative social research: researchers' views. University of York. Social Policy Research Unit.
[29] Eikenberry, A.M., Kluvan, J.D. (2004). The marketization of the nonprofit sector: Civil society at risk?. Public Administration Review. 64(2). Pg. 132-140.
[30] Horvath, A. Powell, W. (2020). Seeing like a Philanthropist: From the business of benevolence to the benevolence of business. In The nonprofit sector: A research handbook, 3rd ed. Stanford University Press. Stanford, CA.

that exist in the nonprofit sector.[31] Accordingly, some donors in our sample cared deeply about receiving quantitative measures of impact, and in some cases refrained from supporting organizations that could not provide this type of measurement. They were sometimes concerned about how much the organization was spending on overhead and often wanted to see metrics such as meals served, lives saved, etc. Others were not worried with measuring impact in this way and relied upon an an organization's reputation, their relationship with leadership, or their interactions with the organization to gauge impact. A few donors, particularly those who supported primarily social justice causes, were much more concerned about the advocacy work being performed, and less concerned about the outcome of that work. Ashley described this discrepancy as relating to "two buckets of philanthropy:"

> I sort of think of two buckets of philanthropy. There's people that are very impact-focused, like numbers-focused, data. 'Are you really making an impact? How do you prove it? How can you show it to us?' And in the other bucket is more of what I call, sort of trust-based philanthropy or relationship-based philanthropy, which is, 'Do I believe in this person? Do I want to back them?' So we're very much more in that relationship trust-based bucket. And so for us, it was really less about going on a website and seeing the numbers or reading the stories. It really is a lot about the leader of the organization and the people involved with the organization and the beneficiaries. And so I think that if you look at the [organizations] that we get the most involved in, it really has a lot to do with the people themselves.

All of the donors we spoke to performed some type of due diligence before making a medium- or large-sized gift to an NPO, but the metrics they used varied greatly. Often, donors would use frameworks that were common in their profession to assess the effectiveness of a nonprofit's work. For example, Kevin, a 38-year old technology professional in the Bay Area, stated that he approaches giving as "a mathematician or an engineer, like looking at the trajectory of the graph." And Jeremy, a 56-year old investment banker in Seattle looks at giving as "investments in the community." In the same way you don't want to make "silly" investments through your financial investments, he explained, you don't want to make silly social investments. Jeremy acknowledged that this perspective made him more hesitant to give and he had more capacity than his current giving reflects. Similarly, Catherine, a 49-year-old financial services professional in the Bay Area explained that:

> It's funny, right, because I am a math major. [NPO she supports] has been around for 20 years. They are very—it's all about measurement, right? They're just so good, and data and transparency and then also storytelling—they're just masters at it, and have lots of years [of experience] and different trends country to country to show. So I can see the results of their work.

Kevin, Jeremy, and Catherine identify strongly with their professions and prior fields of study and bring their professional identity to their philanthropic practice. Accordingly, Ashley, whose wealth was acquired though her husband's work in venture capital asks whether she believes in a leader and wants to back them before supporting an organization. These types of questions are reflective of practices used to make investments in venture capital firms, and they very much influence Ashley's approach to giving, although in a different way than a background in financial services might.

[31] Bradach, J. (2020). The Bridgespan Group and racial equity: reflections on our journey. Bridgespan Blog. Retrieved from: https://www.bridgespan.org/insights/library/philanthropy/the-bridgespan-group-and-racial-equity-reflections

Two of the nonprofit leaders we spoke with described the donors who asked the most questions about metrics and finances as "savvy" and as coming from the financial industry. While they appreciated interest in their work and organization, they felt that an intense focus on measurement was sometimes misguided. Indeed, amongst the donors we interviewed, several emerging donors felt that they should be asking for metrics and proof of outcomes. Regardless of how much actual diligence was being performed, there was a pervasive idea amongst these donors that this was the correct way to approach a large donation. One donor even described donating to a nonprofit without of the donors we spoke with did give larger gifts without focusing on numbers, and donors with more developed philanthropic practices were more likely to use a broader range of metrics by which to judge organizations.

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While profession affected how donors thought about measurement and effectiveness, the degree to which they expected NPOs to prove their effectiveness varied. Abagail, who cared a great deal about metrics, supported schools in Rwanda and Uganda and was drawn to supporting organizations that have "a lot of measurement and data." In fact, she chose organizations in which the leadership was demonstrably working to make their education programs more efficient and more measurable or which quantified student learning. Alternatively, Catherine, the math major, expressed some amount of exasperation with her peers who insisted on collecting what she thought to be an unreasonable amount of data:

> I find it weird sometimes how people will get all, 'Oh my God, I need to do more due diligence on this organization.' It's like 'you're doing five times the amount of due diligence on this nonprofit versus like the trip you just signed up for.' Like, what? I don't know why. They'll buy a stock or they'll purchase a vacation with a tenth of the due diligence that they feel like they have to do on a nonprofit. I don't know why, but it's something I find curious.

How much data to look for or to require was thus a contested issue amongst the donors we spoke to, and the topic elicited strong opinions in several cases.

In addition to wanting to measure the impact of an NPO's work on the population they sought to affect, some donors felt strongly about being able to observe the impact of their own dollars on an organization's work. These donors were more likely to give to direct service providers, like food banks, which could tell them the number of meals their funds provided; smaller organizations in which their large gifts comprised a significant portion of the budget or where they could observe the work of the NPO in their local community; or internationally where donors felt their dollars went further. Allen, a 54-year-old philanthropy professional in New Jersey stated that the impact of his money could be "so much greater internationally because there's so much more need. I mean, it's just incredible how people live. And when you see it […] you realize such a little bit of money can have such a huge impact." And Charlotte, a 35-year-old Bay Area donor, gives primarily to local organizations. She explained that this decision has to do with her ability to observe the impact of her family's philanthropy:

> It's important for us to say we gave this money and as a result, this happens. And at the level that that we're giving at, it's really hard with national or international organizations. But I imagine that they're just getting so much money that even if we give them a hundred thousand a year […] it's not

> really worth it for them to like say, 'oh yeah, here is how we can break that down for you.' So being able to see our impact is an important part of our philanthropy. And so, it's just easier to do that with some of the more localized organizations.

Lessons from Donors: Making Larger Gifts

Because the donors we interviewed gave vastly different amounts to NPOs, we allowed each donor to define what constituted a large gift. The threshold for a "large" gift ranged from $5,000 to $1 million: roughly a third of our donors' largest gifts were between $5,000 and $20,000, a third were between $20,000 and $80,000, and a third were above $100,000. While some donors throughout the spectrum gave their largest gifts to their faith-based institutions, alma maters, and local schools, this was more common among donors giving at lower levels and among donors with less developed philanthropic practices. Many of our participants, particularly those who gave through their own foundations or practiced philanthropy strategically—by employing such tactics as developing plans for their giving in advance and targeting a narrow set of causes or issues—gave their largest gifts to CBOs. We asked study participants about how and why they choose to make large gifts to certain organizations, and several common themes emerged. In order to make a larger gift, most donors needed to have a belief in the NPO's mission, a relatively longstanding relationship with the organization, some type of personal connection with the mission or organization, belief that the organization was well run, and they needed to trust the organization's leadership. Universities and faith-based institutions often fulfill those requirements easily and are consequently the recipient of many donors' larger donations. But in the case of CBOs, the way that donors evaluated these criteria varied. For example, when assessing the capability of leadership, some donors wanted to have personal relationships with leaders, while others wanted to know that leaders were talented managers, and others cared most about representation in leadership—that organizations were run by those affected by inequalities, namely women and people of color. In terms of evaluating an organization's mission, most donors wanted to feel emotionally connected to the organization in some way. For some, this necessitated participation with the organization, while others were swayed by heart-wrenching videos at fundraising events, and others wanted to make sure that the mission was aligned with their planned giving strategy.

For very high-capacity donors, the role of their individual contribution could also affect the level of their giving. For example, Howard, a Bay Area donor in his 60s, stated that:

> My general rule is I try to give to organizations I care about. And I also want to see that the organizations are relatively healthy, that they're not completely upside down from a fiscal point of view. And I also get nervous—I try not to ever contribute more than 5 or 6 percent of the annual need of the institution. Because I've seen some cases in the past where there's a handful of mega donors. And I think it's very unhealthy for the institutions.

Serving as a "mega donor" was not a relevant concern for many of the donors in our sample, but it did affect gift sizes for the biggest donors. Furthermore, CBO leaders, who would love to attract mega donors, acknowledged that these types of "transformational" gifts were typically reserved for hospitals and universities.

For donors who gave at any amount, board service often coincided with their largest gifts. Howard, for example, gave about $500,000 annually to the arts organization for which he acted as the treasurer, and

when we asked Sarah, a 40-year old Bay Area donor who gives $25,000 annually how she determines which organizations will receive her largest gifts, she responded: "Well on the board, we are asked to give. I think the most is ten [thousand], the least is probably $1000, and so I've given the most […] That's kind of the expectation for being on the board." For almost all of the donors in our sample, engagement beyond writing a check increased their level of giving.

Finally, for younger donors with a less developed philanthropic practice, organizations could elicit larger gifts by setting expectationsof giving and providing hints about the peers' level of giving. Kevin, who graduated from Stanford, explained:

> A large portion of [his annual giving] is actually given to Stanford. We're at the presidential level, or we've been at the presidential level, which is $25K a year for four or five years and [we] had been ramping up to that… I only talk to [my wife] about [philanthropy] really. And we're sort of shooting in the dark, to be honest. But I do think the Stanford presidential level—that's been kind of our anchor in some ways. In some ways, even to other organizations, if we didn't know Stanford's anchor was $25K, we'd probably be donating less.

In Kevin's case, an expectation set by one organization helped him gauge appropriate gifts to other organizations. Donors who have been practicing philanthropy for many years tend to feel comfortable determining the appropriate size of a gift, but for emerging donors, this can present a challenge. In some cases, guidelines for giving that are delineated by NPOs help donors determine the size of their gift—and can persuade donors to make a larger gift than they may have otherwise.

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Lessons from Donors: Developing Donor-Nonprofit Relationships

Several donors in our sample held board positions with CBOs and particularly enjoyed this type of contribution—a few cited contributing to fundraising or growth strategy as their favorite element of philanthropic practice. While emerging donors often gave GOS to organizations, they didn't necessarily support capacity building—like improving communications strategy, updating technology, ensuring thoughtful leadership succession, improving measurement of outcomes, updating facilities, developing financial management—in other ways. More practiced philanthropists supported NPOs in a variety of positive ways and through varied personal styles. We will highlight two of these instances, as we feel they may be particularly useful as strong models for donor-NPO relationships.

First, donors who were focused on social justice issues were particularly concerned with correcting the power imbalance that has historically characterized relationships between wealthy donors and the organizations they support. These donors tended to want to contribute first and foremost to building capacity in both leaders and organizations. Rather than imagining capacity building as one element of their relationship with NPOs, these donors cited building capacity among marginalized groups as a central issue of philanthropic interest. Amanda, a Bay Area donor in her mid-50s, was typical of this group. She explained her philosophy of trust-based philanthropy:

> [My] trajectory has been from services to systems change—[to] advocacy to achieve systems change. Not just advocacy but also power building. So the spectrum has been services which I see

> as helping people, to power building and transferring, and really trust-based philanthropy where I'm trying to find ways to transfer not just the money, but the decision making power and the control to communities that have been under-resourced.

For Amanda, it is important that the organizations she supports are led by a member of the community they serve—typically a woman or person of color. This is a key metric that she uses to vet the organization and sees her gifts as an investment in the capacity of under-resourced communities, regardless of the metrics related to programmatic output. Amanda gives both through her family's foundation and through her personal finances, and strives to make large, unrestricted, multi-year pledges to these CBOs.

Second, a few of the donors in our sample—particularly those who are deeply involved in nonprofit work—see their monetary gifts as one contribution to an equal partnership and feel strongly that they are receiving as much from their relationship as they are giving. As we did not speak to the nonprofit leaders they work with, we cannot know how they might characterize these donor relationships, particularly given the power imbalance that exists between those asking for money and those who possess it. That said, the ways in which these major donors envision and describe their relationships with NPOs may provide valuable insights for NPOs about this type of relationship building. Ashley believes that "being authentic and genuine and relationship-focused is so important, and sometimes I think it just feels transactional on both sides." She elaborated on her thinking about her partnerships with organizations:

> For me, it's just that type of an equal partnership […] The money makes it feel unequal. But I think if you just look at the money as one piece of [the relationship], it's necessary but not sufficient. You know, the money alone does not do anything. The money is only valuable because you have this amazing organization to support. And so I look at it as I'm trying to contribute some funding and maybe some expertise and some connections. And they're contributing their incredible firsthand knowledge and solutions and doing the hard work day in and day out. And for me, that feels very equal. So I think if we can just try to have people think of it more in that respect, it just seems like a healthier, more satisfying relationship on both sides.

As a philanthropist, Ashley is focused on meaningfully contributing to youth leadership in the United States and abroad, and she is fully aware that this is work she cannot do on her own. Because of her commitment to these causes, she sees the work of nonprofit leaders as deeply valuable and equal to the money and support that she contributes to her grantees. She mentions the inequality inherent in donor-NPO relationship and advises other donors to imagine the work of NPOs as equal to or more valuable than the money that they are contributing so that donors can avoid problematic feelings of inequity in their philanthropic endeavors—sentiments that might disincentivize them from giving money or participating in other philanthropic endeavors. From Ashley's perspective, this view has fostered trust in her relationships with NPO staff and thus has led to a more productive, mutually-beneficial partnerships between the two. She encourages her grantees to come to her early with issues so that they can brainstorm solutions, and allows NPOs to set their own budgets before providing large, unrestricted grants to them.

Lessons from Donors: Distinctions Among Donors

There has been some evidence that older donors give larger gifts than younger donors and may be

more motivated by altruism and trust in the social sector. [32] While the older donors in our sample did often give in greater amounts than their younger counterparts, we believe this has less to do with age or changing cultural norms and more to do with both net-worth and the level of development of a donor's philanthropic practice. For donors who accrue wealth primarily via income, wealth accumulation tends to increase over the course of a career, which gives older donors an ability to give more overall and larger gifts to individual organizations. The redistribution of wealth to older Americans in the wake of the 2008 financial crisis further increased the giving capacity of this group.[33]

Older donors in our sample tended to give more than younger donors, although there were notable exceptions to this: one of the biggest donors was Sean, a 21-year-old Bay Area resident who was spending down his inheritance, and two younger women inheritors disbursed large funds from their family foundations on an annual basis. How donors thought about their capacity also changed as they aged. Some middle-aged donors acknowledged that they were much more concerned with saving for their children's education than with their philanthropy. Conversely, older donors felt more confident in their financial standing. Amanda explained how her conceptualization of her capacity changed over time:

> I think I'm heading into a phase where I'll probably step it up again. I think as […] the rest of my life gets a little shorter—which I don't feel like I'm old or anything—but I have a better grasp of my financial picture, and I will not be a homeless older person, and I'm confident about that. So that helps me know how much I can give. And as I get more confident about how much I can give, I give more.

While it may be true that older donors tend to give larger gifts, our data showed that this was likely related to capacity, rather than disparate giving philosophies among the young and old.

A second factor that played a central role in determining a donor's level of giving, both overall and in terms of grant size, was level of development of their philanthropic practice. Those who had spent a significant amount of time thinking about philanthropy and engaging with NPOs tended to have more strategic giving plans and gave higher donation amounts or gave more consistently. Again, older donors, particularly those who were retired or worked part-time, had a greater opportunity to hone their giving practices, but some young donors, particularly inheritors under age 35, also spent a significant amount of time thinking about philanthropy and practicing it thoughtfully. 12 donors in our sample had highly-developed philanthropic practices, while we characterized eight as emerging philanthropists, and 14 were somewhere in between. Highly-developed philanthropic practices were characterized by deep familiarity with different ways of structuring grants, comfort with making multi-year pledges, higher annual giving levels and larger individual gifts, well-articulated interest-areas, extensive involvement with grantees or NPOs, and significant investments of time through board service, the provision of advisory services, fundraising

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[32] Konrath, S. Clark, V. B. (2020). For Good or For Ego? Changing motivations for philanthropy and their impact on funding. A presentation hosted by Stanford Social Innovation Review and Lilly Family School of Philanthropy.
[33] Leonhardt, D., Serkez, Y. (2020). America will struggle after coronavirus. These charts show why. The New York Times.

activities, or volunteering. These philanthropists typically spent a significant portion of their time and energy on their philanthropic activities. They also often had a family foundation or used a donor advised fund to distribute funds and had structured, defined grant-solicitation processes.

Emerging donors were much more likely to want to remain anonymous when giving gifts; while comfort around public gifts varied across our sample, donors with extensive experience in philanthropy all understood that their public support could be beneficial to an organization. Some more experienced donors even cited leverage as the primary value of their gifts. Rachel, a Bay Area donor who gives $5 million annually explained that her greatest joy related to philanthropy came from leverage. She explained that she is content when "my grant somehow levers other grants and has an impact far greater than just its grant." This sentiment was absent from our conversations with emerging donors.

There was one group that typically gave less and had less developed philanthropic practices: working families with young children. Parents of young children frequently expressed difficulty finding time to participate in philanthropy or engage with NPOs —in fact, we had the most difficulty scheduling interviews with some members of this group as they balanced childcare with work and other activities. Many of these donors felt that philanthropy was important to them, but that it wasn't a priority, and it was something they would return to once their children were grown. Allen recently sent his children to college and then increased his annual giving substantially. When pressed about the timing of this decision, he responded:

> I think it has to do really with my lifestyle. My kids' colleges are paid for […] We have college funds. I had enough to save, and so they're now adults. I don't have all those extracurricular activities. So I have more time. And so it really has to do with just lifestyle. I just have more time and more resources. And so that's why I increased it. I would have done more if I had more time when I was younger. But with a young family and being early in my career, I couldn't.

Allen was typical of many donors in our sample and is able to clearly articulate the challenges of developing a philanthropic practice while working and raising children.

While families with young children were not typically the donors who gave the most in our sample, philanthropy did play a unique role in their lives. Many parents found it important to participate in philanthropy in order to establish a model for their children. Veena, a 38-year-old mother in New York expressed this sentiment: "I think with young kids for us, money doesn't really register with them. We want to be able to teach them the values of philanthropy as well." This idea was even more pronounced for parents who did not grow up in wealthy families; these individuals were concerned that their children would grow up with privilege and without a sense of the challenges others face. They were hopeful that interactions with NPOs that provide services to marginalized communities could help teach their children about the exceptionality of their circumstance. Parents expressed a willingness to contribute larger gifts to organizations that engaged their children. Veena, for example, gives one of her largest annual gifts to a local cultural institution that provides programming suitable for families with which her children can engage. Similarly, several parents reported searching for local organizations that might involve their children in some way, although many struggled to find suitable CBOs.

VI. DISCUSSION AND RECOMMENDATIONS

Design Concepts

Donor and NPO interviews suggested that a vast majority of donors do provide general operating support when asked. However, many donors do not provide long-term support to CBOs, and often make smaller gifts. In contrast, donors do make larger, long-term gifts to universities because they are asked for these aggressively and tend to have longstanding, trusting relationships with their alma maters. Our diagnosis and design efforts therefore focused on increasing sustained support to CBOs from high-capacity donors. We prioritized three sets of potential challenges:

1. Donors may not be able to assess their long-term giving capacity, nor know what the norm is for their assets and income level.

2. Donors may use various short-cuts to select which NPOs to support. Many report choosing NPOs with a well-regarded brand, or with whom they have had a long-standing relationship. However, smaller charities are unlikely to have a brand, do not have the capacity to develop relationships with high-capacity donors, and many donors don't have the time to engage with charities. This could contribute to racial disparities in the nonprofit sector. Research from Building Movement Project's Race to Lead initiative found that 63 percent of people of color executive directors or CEOs cite lack of access to individual donors as a fundraising challenge, compared to 49 percent of white leaders who say this is a challenge.[34]

3. CBO leaders may not be using the fundraising practices that university fundraisers do for various reasons.

The sections below summarize the potential behavioral barriers for each of these three challenges and describe design concepts to solve them. In implementing any of the designs below, we would want to avoid providing fundraising tools to CBOs that may not be effective. A separate effort would need to develop the criteria for assessing effectiveness.

Assessing Long-Term Capacity

Diagnosis Hypotheses and Related Psychology

One possible reason donors do not consider long-term support is that they are not able to easily assess their giving capacity beyond the current year. They may also never consider long-term gifts or larger gifts as they cannot easily see what their peers are doing.

The hypotheses above are related to two behavioral concepts:

[34] Nonprofit Executives and the Racial Leadership Gap: A Race to Lead Brief". (2019). pg. 7. Retrieved from buildingmovement.org.

- **Social Norms:** People are heavily influenced by what they see their peers doing, especially when the right course of action is unclear.[35] As there are no widely accepted benchmarks for how much one should donate given income and assets, peer norms become an even stronger powerful influence.

- **Ambiguity Aversion:** When choosing between uncertain options, people tend to favor the one where the risks feel more known vs. unknown.[36] In trying to assess whether they can commit to long-term support, donors may feel that their financial position in future years is much less knowable than in the current year. As such, they may favor one-off gifts versus long-term commitments.

In interviews, donors expressed a need for peer benchmarks, or even simple anchors that tell them what an appropriate giving level would be. From our experience, as well as interviews, we know that universities share peer benchmarks and giving tiers. They also customarily ask for multi-year pledges and are successful in receiving them.

To mitigate this potential barrier, we can design ways to help donors determine their capacity for long-term giving by providing peer benchmarks and other anchors. It is important to note that these solutions alone will not drive giving to CBOs that currently don't have many high-capacity donors. They could, however, drive long-term support for CBOs that do have a high-capacity donor base that is currently providing only sporadic support. We would ideally implement an idea in this section along with others in the subsequent sections so that we also drive support towards effective CBOs that lack funding for capacity-building.

Design—Peer Benchmarks

The benchmarks below were compiled using a sample of XX donors who participated in a survey conducted by experts in charitable giving.

ANNUAL GIVING BENCHMARKS

Income ➡ Assets ⬇	<$500K	$500k-1MM	$1MM – 2MM	$2MM – 5MM	>$5 MM
<$10 MM	…	…			
$10 – 50 MM	…	$25k - $75k			
$50 – 100 MM					
$100 – 500 MM					
>$500 MM					

[35] Cialdini, R. B., Reno, R. R., & Kallgren, C. A. (1990). A focus theory of normative conduct: recycling the concept of norms to reduce littering in public places. *Journal of personality and social psychology*, 58(6), 1015.
[36] Ellsberg, D. (1961). Risk, ambiguity, and the Savage axioms. The quarterly journal of economics, 643-669. A book chapter covering this concept: Machina, M. J., & Siniscalchi, M. (2014). Ambiguity and ambiguity aversion. In *Handbook* of the *Economics of Risk and Uncertainty* (Vol. 1, pp. 729-807). North-Holland.

We show a matrix rather than a tool so that donors can see how their giving could advance as their income and assets grow. Each cell has a fairly wide range of annual giving to account for the wide variance in donors' other financial obligations and preferences for charity. Additional features could include case studies or stories from individual donors illustrating their giving approach, and showing donors where they fall in the distribution of income and/or assets nationally and regionally. The latter could be overlaid on the matrix above for particular regions.

A donor advised fund sponsor, group of financial advisors, or charities could survey a sample of their donors anonymously to ask for their income, assets, and approximate annual giving. Donors may be hesitant to reveal this information to an individual charity, in which case, the survey could ask for giving as a percentage of income and assets. Alternatively, a neutral third-party such as CWP, Stanford PACS EPLI, or ideas42 could run the survey on an anonymous basis.

The benchmarking matrix could then be distributed by any number of entities including CWP, Stanford, and ideas42.

Design—Public Giving Pledges as Anchors

The Gates Foundation's Giving Pledge is a well-known anchor that asks billionaires to pledge to give away half their wealth. While a useful anchor, the Giving Pledge, sets a very high goal that many donors may not feel is achievable or desirable. By limiting the pledge to billionaires, it also creates an identity conflict for other high-capacity individuals. A public pledge does not guarantee that donors will adhere to it, but with sufficient PR, it provides an anchor that many donors are likely to see. In other words, such a pledge is simply a different way of communicating the peer benchmarks in the grid above.

We could design a similarly well-known, global pledge that sets a range of anchors to account for the variance in donors' financial circumstances and preferences. Unlike the Giving Pledge, which sets a very high bar, this design would set a range derived from a sample of donors' actual behavior. The proportions below are placeholders.

Give 5% - 20% of assets during your lifetime and/or 3 - 10% of income each year

The pledge sets anchors in terms of assets because income is a confusing metric for many high-capacity individuals who may have little to no cash income each year. Most of their income may come in the form of capital gains.

The pledge needs to have a globally recognized brand, so partnership with an existing brand will be the most efficient path for implementation. The Gates Foundation's Giving Pledge is one option. Other well-regarded philanthropy/social entrepreneurship organizations could also be options such as Skoll, Ashoka, and Omidyar, but these brands are not as well-known outside the social sector. A top university brand may also work, e.g. Stanford, but funding for marketing would need to be secured.

Fidelity Charitable could also be the implementer of the pledge with some marketing investment and brand partnerships. A strategic reason to invest in this could be to increase DAF balances and giving.

Other implementers could be the UN or World Economic Forum, but both entities are highly bureaucratic and funding-constrained due to the same bureaucracy.

Building Relationship and Brand

Diagnosis Hypotheses and Related Psychology

Ideally, donors would proactively search for effective charities working on the causes they care about. After understanding the charity's work and the charity team's qualifications, they would decide to give multi-year, unrestricted support. Funds would flow to the charities that can turn them into the greatest impact rather than to charities who spend the most on marketing or happen to have leadership with the right demographic background and social connections. Such characteristics tend to affect our judgement unconsciously, which is a risk to equity in philanthropy. As discussed earlier, leaders of color, often working at organizations serving communities of color, do not have the same relationship with donors that larger, often white-led, organizations have. We tend to judge warmth and competence within microseconds based on factors such as ethnicity and socio-economic status.[37] We will like people simply because they are similar to us in some way, or are familiar to us.[38]

Donors report choosing to support charities that are well-known, where they have a relationship with the leadership, have regular engagement with the charity's programs (especially with their kids), or have some other emotional connection. They come across charities through friends and family, or some other serendipitous connection. . This is not surprising from a behavioral perspective. Giving is an emotional act that provides a warm glow[39] whereas searching carefully for a charity is a very tedious (and unemotional) task.There are over 1.5 million charities in the United States alone,[40] there are no common metrics to compare charities, and they typically use complex jargon to explain what they do. Donors also report worrying about the instability of leadership at smaller NPOs, so a brand or long-standing relationship with the NPO would mitigate those instability concerns.

While donors report wanting a relationship or deep engagement before making large, long-term gifts, most also report not having much free time. Donors earlier in their giving journey who would have the capacity to "adopt" new charities are also the ones with the most limited time and attention as they are still working and may have young children. Under-resourced charities also face similar constraints on their time.

In this section we develop ideas for creating a sense of brand and/or relationship quickly and cheaply. The general strategy underlying these designs is to help lesser-known or less-well-connected CBOs to recruit donors via other organizations or NPO executives (e.g. development officers, NPO leaders) who already have a brand or relationship with donors. A brand and relationship are unrelated shortcuts that donors may use, but in developing the ideas below, we assume that either one is sufficient. As such, some ideas endow a brand upon an NPO and others leverage a relationship that some other NPO leader or executive already has.

[37] Cuddy, A. J., Fiske, S. T., & Glick, P. (2007). The BIAS map: behaviors from intergroup affect and stereotypes. *Journal of personality* and social psychology, 92(4), 631.
[38] Cialdini, R. B. (1993). Influence: The psychology of persuasion. Harper Business.
[39] Andreoni, J. (1990). Impure altruism and donations to public goods: A theory of warm-glow giving. *The economic journal,* 100(401), 464-477.
[40] National Center for Charitable Statistics (nccs.urban.org)

Design—Fostering New Connections

We feel there is great value in connecting high-capacity donors with high-opportunity organizations, namely high-quality, community-based organizations that are under-resourced and less known and funded by high-capacity donors. There are three dimensions to this design concept:

- *Who shares high-opportunity organizations with donors*: This could be a community foundation, a DAF, an online giving platform, or a large charity with an existing brand. The key criterion for the "messenger" is that it should be an entity high-capacity donors know and trust.

- *How are those charities selected:* The platform sharing the charities could use their expertise to select them, or we could develop some criteria centrally. As there are no established criteria for measuring the effectiveness[41] of charities, the first approach will be easier to implement, though risk some inconsistency. One criteria we will want to make sure to include regardless of the approach is that the charity is working to address community needs and works in close proximity to people in the community.

- *How are donors exposed to them:* Options include curated lists on websites, weekly "featured charities" emails, highly publicized awards, a periodic virtual or in-person charity "art gallery" showcasing a handful of charities, or even brokered meetings between donors and charity leaders. We would recommend testing several of these options as well as design variations in them. Different formats are likely to appeal to different donors at different times, so we anticipate that the most effective solution will be to implement several of these formats in parallel.

We would recommend first recruiting a partner to test this idea, and then co-designing the selection approach and delivery design with that partner. A DAF or community foundation could be a good partner for testing this idea as they already have access to high-capacity donors and can measure giving. If we partner with a DAF, a different partner would need to help them curate CBOs. We could first refine the design by testing prototypes with a handful of high-capacity donors. Then we could run a small test to see if any donors donate to, and eventually fund, the CBOs that we highlighted.

Design—Shared Services

Seasoned fundraising professionals develop trusted relationships with high-capacity donors, but usually work for a single, large charity. CBOs don't have sufficient budget to afford such individuals, and there are only a few available. CBOs could partner to jointly market to high-capacity donors using shared services including fundraising and marketing. These shared professionals would need to already have trusted relationships with high-capacity donors. Donors would decide how they want to allocate their funds across the charities in the consortium.

Two design questions remain open, and can be best answered by engaging fundraising professionals who might be willing to test this idea:

- How many charities should be in the consortium?

[41] This does not imply that the criteria must include just quantitative metrics.

- Should consortium charities each work on a unique cause?

Naturally, this approach is more easily scalable with many charities in each consortium with no constraint on whether their work overlaps. Possible models for this fall on a spectrum between many independent consortiums to a large, centralized, national "sales force" serving the CBO and small charity sector. The latter approach would need to be combined with the *Fostering New Connections* design above as we would need to showcase charities to donors in a way that we don't simply replicate a giant database like GuideStar or Charity Navigator.

This idea may appear to simply replicate the community foundation, or even United Way model, however the key difference is that the individual CBOs, their work, their strategies, and their leadership will be the highlight. There would be no intermediary financial structure, foundation strategy, nor issue funds here. From a behavioral perspective, that keeps donors closer to the beneficiaries and should increase the warm glow.

Loaned fundraising professionals: A variation of this idea is for universities, community foundations, or other large entities with seasoned fundraising professionals to loan those individuals full-time or part-time to smaller organizations. The executives on temporary assignment could jump-start the CBO's high-capacity fundraising program, train the team there, and enjoy variation in their work.

As a first step, we would need to test this concept with a handful of CBO leaders and fundraising professionals. If we find that there is a group interested in trying this, we would implement with a single consortium of 8 - 10 charities first. Then we could grow the size of that consortium based on the advice of the fundraising professional on consortium size and composition, and also recruit additional fundraising professionals and charities to start new consortiums.

Design—Donor Fundraising Toolkit

CBOs could benefit from simple ways for their existing donors to enlist others to give. We could build a simple toolkit for CBOs to help them make "the ask" of existing donors and, in turn, give them simple guides for helping. The toolkit could cover several approaches:

- Low-cost "galas" for the charity to throw, and donors to invite their friends and contacts

- Guide for donors to host a low-cost event for the charity, or even multiple charities in cooperation with friends who may support additional charities; a guide like this could also be distributed directly to donors via a giving platform

- Ways for a donor to fundraise for the charity on special occasions (e.g. a birthday); this should be easy as long as the charity can accept online donations

- Ways to engage donors and their families to fundraise for the charity

To take this design further, we would recommend re-interviewing a handful of charity leaders, and possibly even donors, to learn what they've already tried along these lines and what barriers come up.

Then we could develop a prototype toolkit solving for those barriers. Finally, we could recruit one or two charities to ask a few friendly donors if they would like to test the items in the toolkit.

Making University Advancement Practices Accessible to CBOs

Diagnosis Hypotheses and Related Psychology

CBO leaders may have a "mental model" (an implicit assumption of how the world works)[42] that they should ask their donors for as little as possible. Or, they may believe that the social norm, or even best practice, is to ask just for one-off gifts directly supporting programs. The "overhead myth" may also perpetuate that behavior. They may have learned that emotional appeals work, so don't want to ask for mundane-sounding capacity-building support. These beliefs could have come from past training or experiences. Some CBO leaders may not have had exposure to more advanced fundraising practices such as those employed by universities. With limited resources, they may not have been able to afford to go through formal fundraising training. As a result, they may avoid asking their donors for long-term support and help with fundraising.

In addition to these potential behavioral barriers, CBO leaders and fundraisers are also very pressed for time. The design concepts below attempt to solve the behavioral issues as well as time constraints.

Design—Market Aggregation Platform

Hundreds or thousands of CBOs from local communities could come together under one brand to raise funds. They could leverage national media partnerships, pool their marketing dollars to build a brand, and be able to afford additional fundraising professionals. Individual CBO teams would not have to devote as much of their time to cultivating donors. Donors could have a choice to earmark their donation for particular regions or even charities in the network, or let the funds be equitably distributed across all member charities. Human Service Charities of America and Feeding America are potential analogs.

Franchise models in the private sector, like McDonalds and many hotel brands, are examples of such market aggregation where the local business owner maintains considerable autonomy and a sense of ownership while benefiting from a national brand and economies of scale from a larger organization. In these franchises, the local entity is an independently owned business, but still uses the national brand. With nonprofit market aggregation, local CBOs are likely to want to maintain their own brands, but a combination of the national brand and local brand could be used. There are several examples in the nonprofit sector such as the Boys and Girls Club, Big Brothers/Big Sisters, and Make-A-Wish Foundation. In the private sector, the large consumer packaged goods companies all operate separate brands under their umbrella.

This is a complex idea that would make a major change to the fundraising landscape so we would recommend further research to develop it further:

[42] Johnson-Laird, P. N. (1983). Mental models: Towards a cognitive science of language, inference, and consciousness (No. 6). Harvard University Press.

- Research any existing analogs such as Human Service Charities of America
- Interview fundraising professionals at those organizations or elsewhere to test the concept with them
- Interview charity leaders to test their interest in joining a large national network

Should the research suggest that the idea is worth pursuing further, we would need to develop a business plan for building the entity and to secure funding. Testing this idea in the field would require building a small version.

Design—Volunteer Fundraising

To solve the problem of limited resources at CBOs, and the need for donors to trust a charity before supporting it, we could develop ways to encourage volunteer fundraising. Unlike short bursts around a walk-a-thon or a special occasion, these mechanisms would engage volunteers for a long period so that they could cultivate donors who may support the charity long-term.

The general design here is to create goals and incentives for donors to become highly effective volunteer fundraisers by implementing a national award, status/title, or inter-community competitions. For example, a well-known national organization that matters to high-capacity donors (e.g. a prestigious university or even faith-based organization) or a well-known philanthropist (e.g. Bill Gates) could recognize 20-30 "change-makers" or "social impact leaders" for their fundraising efforts. Similarly, the program could recognize the most generous communities each year. Charities would submit nominations to the program.

This idea would be more powerful when combined with the fundraising toolkit design above, and would be best to design after the prototyping and user-testing phases for that design have been completed. This is because we must first test the feasibility of donors investing time and effort into raising money for their "adopted" charities. Most donors are likely to have limited time to devote so we may need to develop much lighter touch ways for them to help CBOs connect with other donors. However, we may also be surprised by the take-up from donors if we simply identify and remove some of the behavioral barriers standing in their way. For example, donors may perceive the hassles to be greater than they actually are, and feel discomfort promoting their favorite charity to their friends as they don't see that as part of their identity.

Any research to explore the donor fundraising toolkit idea would also inform this one. Secondary research on any past or existing attempts at this type of a volunteer fundraising program would also be valuable.

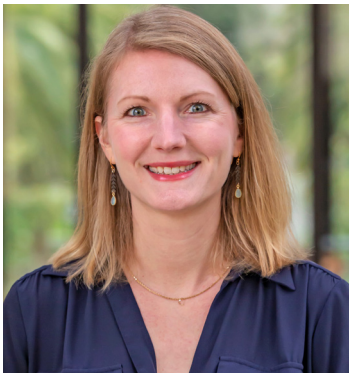
Developing the Design Concepts Further and Testing

The seven design concepts above range from simple tools to major systems-level changes by building new platforms. In each case, we have recommended some additional steps to prototype and test the concepts with CBO leaders, fundraising professionals, and donors. We recommend prioritizing two of the ideas for further development and testing: *Peer Benchmarks* and *Fostering New Connections.*

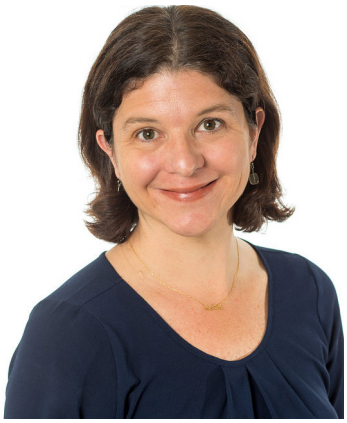
These are also likely to be feasible to ultimately test with randomized controlled trials. We could test the *Fostering New Connections* idea with the help of a DAF if the design were a periodic email or a web page. We could similarly test the peer benchmarks with some quick measurement of self-reported intentions and longer-term measurement of actual giving behavior.

VII. AUTHORS & RESEARCH TEAMS

This report was produced in partnership by the Effective Philanthropy Learning Initiative at the Stanford Center on Philanthropy and Civil Society, Community Wealth Partners, and ideas42.



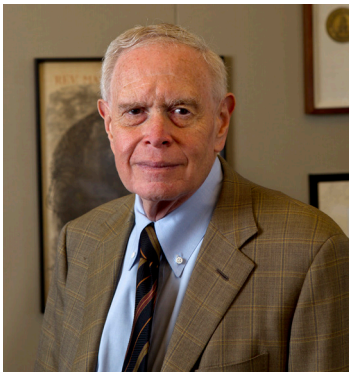
Erinn Andrews is the Director of Research and Education for the Effective Philanthropy Learning Initiative (EPLI) at Stanford's Center on Philanthropy and Civil Society (PACS). In this capacity, she leads EPLI as well as drives all philanthropy education programs at Stanford PACS. As the Chief Operating Officer of Philanthropedia, and later as the Senior Director of Nonprofit Strategy at GuideStar, Erinn has long been a proponent and practitioner of effective philanthropy. She has spent several years researching and developing metrics and methodologies to evaluate nonprofit outcomes and impact. At Philanthropedia, she developed a methodology to identify high-impact nonprofits and at GuideStar, she developed the bronze, silver, gold, and platinum levels of recognition that nonprofits can earn based on the level of data they publicly share. Erinn is also an alumna of Stanford University, having received an undergraduate degree in History, as well as a graduate degree from the School of Education at Stanford.



Lori Bartczak serves as Community Wealth Partners' Senior Director of Knowledge and Content, overseeing their content strategy, development and distribution. In this role, she identifies compelling topics and themes, designs original research and learning experiences to advance them, and creates and disseminates content that assists their clients and the sector more broadly in advancing their missions.

Lori is passionate about strengthening the nonprofit sector and has nearly two decades of experience working with nonprofits and foundations nationally. Her skills include thought leadership and content development; program design, implementation and evaluation; management and talent development; strategy and communications; facilitation; and fundraising.

Previously Lori worked at Grantmakers for Effective Organizations (GEO), where she helped grow the organization and its brand from start-up to a community of more than 600 grantmaking institutions, a staff of more than 25, and a budget of $5 million. Her last position at GEO was as vice president of programs, where she oversaw strategy and execution for all of GEO's content and services, including conferences, publishing, and peer learning programs. Lori also worked at BoardSource where she wrote, edited, and disseminated publications and other resources on effective nonprofit governance. Lori received a master's degree from the Lilly School of Philanthropy at Indiana University and bachelor's degrees in journalism and English from the University of Missouri.



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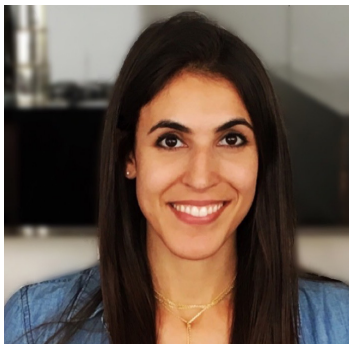
He is co-author of Money Well Spent: A Strategic Guide to Smart Philanthropy (2nd ed. 2018), Problem Solving, Decision Making, and Professional Judgment (2010), and articles on constitutional law, philanthropy, and impact investing. His current courses include Problem Solving for Public Policy and Social Change and Advanced Topics in Philanthropy and Impact Investing. He also is the instructor in an online course, Essentials of Nonprofit Strategy, offered by Philanthropy University. Professor Brest is a fellow in the American Academy of Arts and Sciences, and holds honorary degrees from Northwestern University School of Law and Swarthmore College. Before joining the Stanford Law School faculty in 1969, he clerked for Judge Bailey Aldrich of the U.S. Court of Appeals for the First Circuit and Justice John M. Harlan of the U.S. Supreme Court, and did civil rights litigation with the NAACP Legal Defense and Education Fund in Mississippi.



Rebecca Shamash is a Research Fellow for the Effective Philanthropy Learning Initiative at Stanford's Center for Philanthropy and Civil Society. In this role, she conducts research exploring how and why high-capacity donors participate in philanthropy and develops curriculum related to effective philanthropy. Prior to joining PACS, she designed and executed a research project investigating how ethical issues are taken up in elite business schools in the United States and the mechanisms through which those institutions reproduce cultural and economic inequalities. Rebecca has also taught courses on social problems, inequality, education, and family in the Department of Sociology at Santa Clara University. She received a PhD in Education from the University of Minnesota and a BA with concentrations in International Relations and Italian from the University of Southern California.

Piyush Tantia is Chief Innovation Officer and a board member at ideas42, a social enterprise that uses insights from behavioral economics to invent fresh solutions to tough social problems. Since joining ideas42 in 2009, he has worked closely with leading academics from Harvard, MIT, and Princeton to design and implement solutions in various areas including household finance, education, international development, poverty, criminal justice, and healthcare. As ideas42's founding Executive Director until 2018, he transitioned the organization from a research initiative at Harvard University to an independent 501(c)(3) nonprofit organization.

Prior to joining ideas42, Piyush was a partner at Oliver Wyman, a leading strategy consulting firm. He has been a visiting lecturer at the Princeton Woodrow Wilson School and frequently lectures at Harvard,

Wharton, and Columbia. Piyush has served on the World Economic Forum Global Agenda Council on Behavior and various boards.

He holds a Master of Public Administration from the Harvard Kennedy School of Government, a Bachelor of Science in economics from the Wharton School, and a Bachelor of Science in Engineering in computer science from the University of Pennsylvania.