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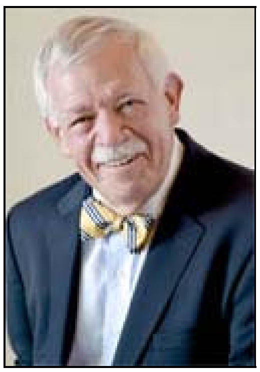

from the coastal-desk of
David T. Shufflebarger | Senior Partner

First Principles

A friend gave me Thomas Ricks' recent book, ***First Principles***, an examination of the impact of the Greek and Roman classics on the thinking of our first four American Presidents. As a political science major and a recovering Virginian, I immediately took to it and was delighted by Ricks' portrayal of how Washington, Adams, Jefferson, and Madison were influenced by the classics in their approach to governing with a central theme of virtue. (Just in case you missed it, three of the four are from Virginia).

Now, you may wonder, what place does this have in a newsletter devoted to philanthropy? Well, *First Principles* reminded me of what influenced me the most and shaped my thinking about our work in development. My two classics are *Designs for Fund-Raising* (1966) by Harold J. Seymour and *The Raising of Money: Thirty-Five Essentials Every Trustee Should Know* (1983) by James Gregory Lloyd. I suspect I am not alone in having been greatly impacted by their enduring wisdom.

To be sure much has changed in the 55 years since Seymour and the 38 years since Lloyd put pen to paper. Indeed, when the Fund Raising Institute published a second edition of Seymour's work in 1988, it included annotations from Charles E. Lawson, the then Chairman and CEO of Brakeley, John Price Jones, to reflect changing trends in the 22 years since it was first published. While Lawson cited 21, most of them were statistical updates. The major changes noted included the increasing role of women, computers, and phone-mail; annual giving becoming a year-round program; and Seymour's rule of three in campaigns (one third of the total from the top 10 gifts, one third from the next 100, and the final third from all of the rest) morphing into 40-40-20 (40% from the top 10 gifts, 40% from the next 100, and 20% from all the rest). Alexander Haas updated that with our study focusing on the outsized role of the top 10 gifts which we presented to the *CASE Annual Assembly* in 2006.

But while much has changed including the role of social media, the sophistication of prospect research with predictive modeling, and the use of artificial intelligence, the core principles endure. Indeed, as I reviewed Lloyd's 35 essentials, all ring true today and are well worth repeating:

1. Organizations Have No Needs	19. People Prefer Structure
2. Seek Investment, Not Charity	20. Take One Step at a Time
3. Position Your Organization Relative to its	21. Scheduling Creates Momentum

Competition

4. Listen to the Donor Community

5. Listen to What Each Donor Has to Say

6. Donors Will Tell You What They Want

7. Make Your Case Larger Than the Institution

8. Go for the Gold

9. Create Authentic Involvement

10. The Process of Planning is More Important Than the Plan Itself

11. Share Your Plans Without Asking for Money

12. Use a Feasibility Study to Build a Strategy

13. If You Seek Average Gifts, You Get Below-Average Results

14. A Few Will Do the Most

15. The Early Donor Sets the Pace

16. Trustees Have an Opportunity, Not an Obligation

17. Staff Giving Lends Credibility

18. Make Great Investments Possible

22. Build a Sense of Campaign

23. Create a Climate of Universality

24. Winning is Fundamental

25. Meetings Keep Things Moving

26. People Give to People

27. The Right Person Makes the Difference

28. The One Who Asks Must First Give

29. See Each Prospect Face to Face

30. Ask for a Specific Amount; As for Enough

31. Qualify the Prospect

32. Tenacity Prevails

33. Ask for the Order

34. The Donor Deserves Good Stewardship

35. The Best Advocate is Both Donor and Volunteer

Underlying all of this is the principle that ours is a virtuous endeavor, exemplified by Seymour's inclusion of a quote from John R. Mott the legendary leader of the YMCA:

Blessed are the money-raisers. For in Heaven they shall stand next to the martyrs.

We Think You Should Know

Stocks Faltered in September, But Fundraisers Shouldn't Fret

Nonprofits face a mixed bag of economic news in the early days of October. While jobless rates have continued a slow rebound, the stock market in September was topsy-turvy, and consumer confidence remains depressed. The following economic indicators, which experts say are important to nonprofits, showed notable developments.

Stock Market
For the first time in 2021, major stock indices fell month-to-month. However, the long-term picture is more optimistic. So far this year, all major stock indices are up considerably — from 13% to 17%. Experts say September's economic news likely won't have a big effect on giving patterns.

Consumer Confidence
Consumers were more optimistic in September, but only slightly. Over all, consumer sentiment stands at a score of 72.8 out of a possible 100, up 3.6% from August but down 9.5% from last year.

Unemployment
The national unemployment rate fell slightly to 5.2% in August, a steady decline from around 6% at the start of the year. The number of long-term unemployed people fell to 3.2 million, still 2.1 million more than before the pandemic in February 2020. These figures suggest persistent demand for services from nonprofits that assist the poor and unemployed. *COP, 10-1*

Foundations Increase Investment with Diverse-Owned Firms

The largest foundations showed increased investing with diverse-owned firms in 2021 as compared to 2020. Conducted by the Knight Foundation, the report, *Knight Diversity of Asset Managers Research Series: Philanthropy* found, among 30 participating foundations:

- $11.07 billion (16.6%) is invested with diverse-owned firms.
- $6.24 billion (9.3%) is invested with women-owned firms.
- $6.70 billion (10.0%) is invested with minority-owned firms.
- The average foundation invests 16.3% of its assets in diverse-owned firms.
- The median foundation invests 16.0% in diverse-owned firms.
- 90% of the participating foundations invest some portion of their assets with diverse-owned firms, with 63.3% investing more than 10% and four foundations (13.3%) investing more than 30%.

Among the foundations included in the analysis, the share of assets managed by diverse-owned firms ranged from 0% at the Bill & Melinda Gates Foundation, to 7% at the JPB Foundation, 22.4% at the Robert Wood Johnson Foundation, 34.4% at the Silicon Valley Community Foundation, and 35.9% at Casey Family Programs. Of the top 55 foundations, which collectively hold $300.34 billion in total assets, 14 elected not to disclose diversity statistics or data at all. ***More Here***. *PND, 10-4*

More Philanthropic News

More Donors Made One-Time and Monthly Online Gifts in 2020

Charities' revenue from one-time online donations grew more than 15% in 2020, according to a new report from **Blackbaud**. Before the coronavirus outbreak, revenue from one-time online donors declined 1% from 2019 to 2020. But as nonprofits moved the bulk of their fundraising appeals online during the pandemic, the average size of those gifts grew to $169.59 — a more than 3% increase.

Other Key Findings

- The charities in the study recorded 43.2% more gifts in response to a fundraising email in 2020 than in 2019. Revenue from these transactions grew by more than 42%.
- Nonprofits increased the volume of emails they sent nearly 14%, and the volume of readers who clicked on links in the emails jumped 29%.
- The number of one-time donors who gave online grew by nearly 16% in 2020, despite declining in 2019.
- Monthly donors boosted their giving 18% from 2019 to 2020, and the monthly gifts were slightly larger — about $1 more in 2020 than in 2019.
- One in 40 donors now makes a monthly recurring gift.
- Growth in revenue from sustaining donors has now outpaced growth in dollars from one-time donors for nine straight years.

COP, 10-6

America's Wealthiest Got Wealthier in 2020, But Their Giving Was Stagnant

Forbes magazine assigns wealthy Americans a philanthropy score from 1 to 5. The number of those with a top score of 5 (for giving away at least 20% of their wealth) dropped from 10 to eight last year. Most of the rich on the list received a score of 1, meaning they have given away less than 1% of their net worth, or no philanthropic information was available. **George Soros** was the biggest giver relative to his wealth for the second year in a row. Others who were notably generous included MacKenzie Scott, Michael Bloomberg, Gordon Moore, Julian Robertson Jr., Amos Hostetter Jr., Lynn Schusterman, Ted Turner and Denny Sanford. The laggards include **Jeff Bezos** and **Elon Musk**. *Forbes, October 2021*

Charitable Giving by the Affluent Increased 48% in '20 Over '17

Based on a survey of 1,626 U.S. households with a net worth of at least $1 million (excluding the value of their primary home) and/or annual household income of at least $200,000, The *2021 Bank of America Study of Philanthropy: Charitable Giving by Affluent Households* found that 88.1% of respondents gave to charity in 2020, comparable to survey results from 2017 and 2015. According to the report, issues-based philanthropy is becoming increasingly important for the affluent, who were nearly as likely to base their giving decisions on issues as on organizations (44% vs. 45%), with donors ages 38 and younger more likely to be focused on issues over organizations (55% vs. 34%).

When asked how their charitable giving would change if they were to receive no income tax deductions, 72% of respondents said it would "stay the same," while 6% said it would "increase" and 22% said it would "decrease." *PND, 9-30*

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