

The Healthy Board Notebook

March 12, 2008

Their generational age group gives us clues about them, but we must always seek out, understand, and relate to the individual.

“Generations Giving”

Throughout our lives, our attitudes, our needs, our goals, and our expectations change. We understand and accept this for ourselves, but we don't always reflect that understanding when we work with donors. Too often, we make sweeping generalizations based simply on our perceptions of the wealth and position of the donor. We should be considering other factors—especially the effect that the donor's age and generational status has on his or her charitable giving. In *Generations Giving*, I hope we can give you a different way of looking at and using age-related information to increase your success in fundraising.

Generations Giving is a new workshop developed by *the hedgepeth group, llc* to provide governing board members and executive staff a better understanding of the impact age and generational position has on giving patterns. The workshop's goals are to help participants:

- » Understand how age and generational status influence donor decisions
- » Improve fundraising performance by gaining a better understanding of age and intergenerational issues
- » Enhance their ability to work with donor families engaged in multi-generational philanthropy
- » Inject new energy into identifying, qualifying, and engaging prospective donors

Four concepts underlie *Generations Giving*: chronological age, social age, multi-generational philanthropy, and the multi-trillion dollar transfer of wealth.

Chronological Age

The *Generations Giving* workshop begins by dividing the adult population into ten-year age groups to help us understand how our philanthropic values and decision making are shaped by our chronological age. Our life stages—entering the job market, getting married, starting families, raising children, having children in

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college, changing jobs and, perhaps, careers, retiring—are a major influence on how we utilize our resources, particularly discretionary income and capital assets that may be directed toward charitable giving. Understanding and using the information we gain by understanding the dynamics of chronological age will help us better design and implement plans for donor cultivation, solicitation, and stewardship.

Social Age

In its second step, *Generations Giving* explores the importance of social age—the influence that culture and cohort groups have on attitudes toward and decisions about giving. Is it important to know that Gen Xers have a different world view than their Baby Boomer parents or the Millennial generation that follows them? Boomers are a generation shaped by Vietnam, rebellion, and sheer numbers. They desire to improve the world and today are a generation poised to be the most philanthropic in history. Their children, born between 1965 and 1976, value the individual, don't trust the institutions that they perceive to have failed their parents, and have an enhanced capacity for multi-tasking. Civic-minded Millennials, the under 25 group, are socially conscious and feel personally responsible for making a difference in their world.

Effective generation-based fundraising requires a substantive understanding of the broad implications that social age has for charitable giving, family relationships, and related financial matters. We need to avoid making sweeping generalizations about any social cohort while recognizing the impact that social forces have on our donors. At the same time, we must never lose sight of the fact that each prospect and donor is an individual within that cohort—an individual whose values and attitudes we need to understand very well.

Multi-generational Giving

One of the dynamics that we are just beginning to understand and use is the advent of significant levels of multi-generational philanthropy—parents and children and even grandchildren who are jointly making decisions about charitable giving. A good colleague recently was convinced that a very significant gift was coming from a long-time donor and organization friend. As my colleague explored why a very unexpected “no” had occurred, the fact that the donor's adult children had not been consulted emerged as the reason for the apparent change of heart. Lengthy discussion with the donor **and** the children finally got the gift back on track.

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Another colleague is fond of saying, “We must be involved in transferring values across generations, not just transferring the value of money.” To do this effectively we must be developing new conversations, new cultivations, and new donor relations strategies that effectively involve multiple generations in the philanthropic process.

Multi-Trillion Dollar Transfer of Wealth

We hear a lot of talk about the almost mythical multi-trillion dollar transfer of wealth that is currently taking place — and will continue to take place for the next fifty years. We know that approximately \$41 trillion will move from one generation to the next by mid-century. And, whether we admit it or not, we know that having our organization benefit from that transfer will not be as easy as “getting a slice of the pie” or “getting our turn to dip in the well.”

We need to keep three facts clearly in mind when seeking assets that are transferring from one generation to another. First, the potential donors are not sitting idly by waiting for us fundraisers to show up to help them. They and, often, their families are actively planning what will happen with those assets and how. Dealing with multiple generations is challenging as we work with the generation transferring its wealth and the generation inheriting the wealth. It is even more challenging when we need to work with them together.

Second, we need to remember that much of the wealth being transferred is closely held property, non-financial assets, and family businesses — in fact, as much as 80% may be held in family businesses. Securing gifts funded with these assets requires an extraordinary level of both skill and patience on our part.

And third, at least two-thirds of the wealth being transferred is held by the top 2% of the estates involved. We and our boards must be highly attuned to identifying and cultivating those who have the wealth **and**, at the same time, not lose sight of the fact that new wealth is being created constantly and we must be vigilant in our pursuit of that potential source as well.

The bottom line is our donors are just like us — they are products of their age, social cohort, and values — and they care about their communities and the world.

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Capitalizing on Generational Issues

So how do we capitalize on inter-generational opportunities for fundraising? On one hand, we need to stick to basics—we need to engage these prospects creatively with mission-focused, outcomes-based appeals. We need to show them how they can make the world a better place—whether it’s a very local world or a much broader world—and how they can make a difference. It’s what has been successful in the past and will sustain us in the future.

On the other hand, we need to recognize that the world of philanthropy is changing and that we need to understand the heightened need for accountability in our philanthropic transactions, the push for greater involvement once the gift has been made, and the reality that more and more donors see themselves as investors who want to see, touch, and feel the results of their giving. We cannot just promise powerful change; we must deliver on the promise.

Our prospective donors are different, but they also have important similarities. They are the products of birth, their social cohort, and their family relationships. *Generations Giving* provides insights about the similarities and the differences, and helps you and your board use them effectively to expand your fundraising capacity. For example, it will help you answer the questions, “When do we bring the members of the ‘Sandwich Generation’ together in the philanthropic enterprise? And who? And how?”

To repeat a time-tested mantra, to be successful with generational giving, we must find ways to tap into our prospects’ values and passions and involve them in our mission. *Generations Giving* will increase your confidence and competence to do just that.

The Bottom Line

The bottom line is our donors are just like us—they are products of their age, social cohort, and values—and they care about their communities and the world. They also want to care about our causes. Their generational age groups and family structure gives us clues about them that help us more effectively relate to them and their families, and engage them more fully in using our organizations to create a better world. It’s up to us to remember that each prospect is an individual, no matter when they were born.

All the best!
Royster

