

PGgrowth
WELCOMES YOU
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**Recession proofing
your fundraising:
lessons learned and
strategies to consider**

FEBRUARY 16, 2023





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THE RUNDOWN

- 01 Your Presenters
- 02 Setting the stage: what are we here to discuss
- 03 Recession proofing is all about diversification
- 04 Questions



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PRESENTING TODAY



What are we here to discuss?

- COVID brought a unique risk and opportunity to our sector
- A difficult economic environment was added to our already unique reality
- Donors were seeking out ways to help, this was a surprise to many organizations

5

What are we here to discuss?

- Our thinking and view of fundraising needs to change to programs of revenue
- Organizations that had diversify or could quickly move to these 'revenue streams' were able to maximize those programs
- BUT, even as we are experiencing continued pandemic/economic related uncertain times, there has been 'slippage' back to silos and mono-focus on single channels of fundraising – what do we mean by this?

6

What is diversification? Let's start here.

Three programs of fundraising* – the 'three-legged stool':

Annual Giving

- Events, Direct Response, Giving Clubs, etc.
- Cash flow and in-kind gifts
- Supports annual needs

Major Giving & Campaigns

- Individuals of high net worth, corporations, foundations
- Cash flow and in-kind gifts with some asset gifts
- Supports annual needs and capital needs

Planned Giving

- All individuals connected to the mission, no matter their net worth
- Primarily asset gifts – from estates
- Supports the future and long-term needs



* Source: AFP Fundamentals

7

HOW TO WE ENGAGE IN DIVERSIFICATION?

We need to change our thinking.



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Diversification is about maximizing your opportunity

Three programs of fundraising* – the ‘three-legged stool’:

- Some organizations feel that engaging in multiple Annual Fund activities is diversification
- Many organizations are involved with Major Giving only in campaigns - if at all
- Often organizations operate their Planned Giving program as a series of ‘happy accidents’ and invest little to nothing in this area of profound opportunity



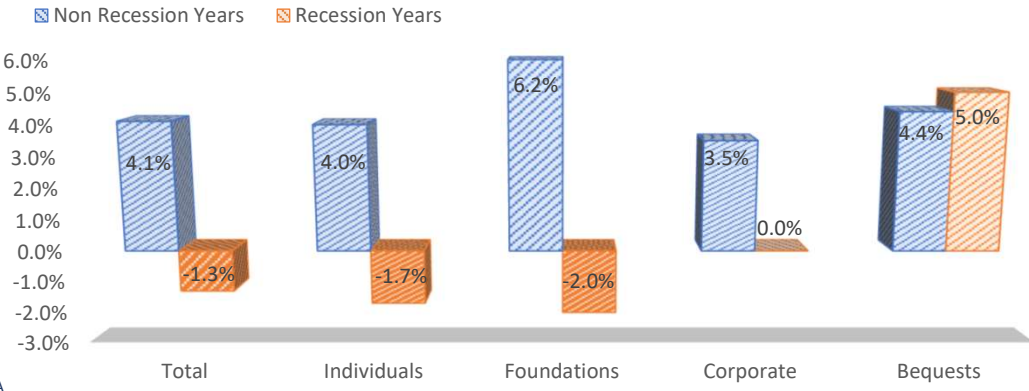
Most organizations are sitting on a stool with one or one and a half legs that are firm and solid – leaving them at risk



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Is This a Good Time to Diversify?

AVERAGE ANNUAL GROWTH RATES BY SOURCE OF GIVING 1966 - 2000



Source : Giving USA

GIFTS OF CASH AND NON-CASH ASSETS



GIFTS OF CASH AND NON-CASH ASSETS



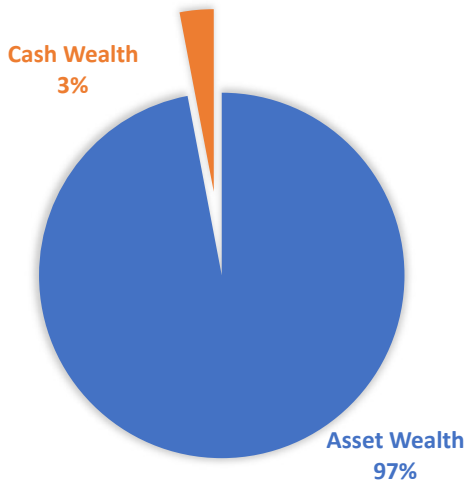
- First and smaller pocket – Annual gift or multi-year pledge
- If you are only asking for gifts of cash - you may be leaving many large gifts on the table

GIFTS OF CASH AND NON-CASH ASSETS

- Second and larger pocket – Greatest wealth from individuals is held in non-cash assets
- These assets may be held by an individual, their family, family foundation or business



GIFTS OF CASH AND NON-CASH ASSETS



Other financial assets:
(stocks, bonds, retirement accounts, life insurance, mutual Funds, etc.)

Cash:
Checking, savings, money market deposit accounts, and similar

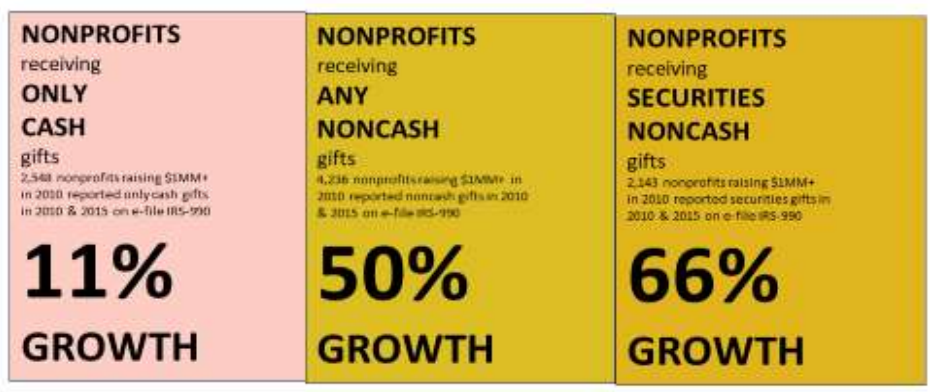
Russell James, J.D., Ph.D., CFP®
Webinar, May13, 2020



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STRATEGIC SWITCH TO PROMOTING GIFTS OF ASSETS

5-YEAR AVERAGE GROWTH IN TOTAL FUNDRAISING



Russell James, J.D., Ph.D., CFP®
Webinar, May13, 2020



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WHY ASSET GIVING?

We continue to be faced with the largest intergenerational transfer of wealth in history.

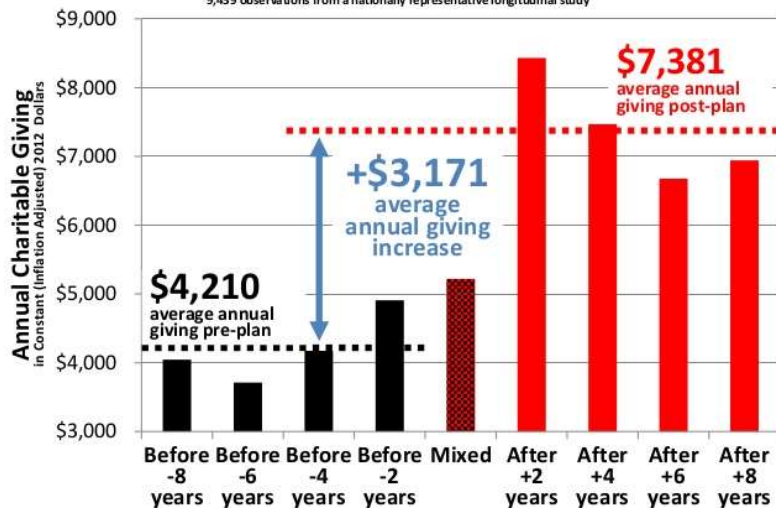
It is estimated that over \$750,000,000,000 will be realized by heirs and charities.*

*CAGP March 2020

The relationship between revenue channels

Giving Before and After Adding Charitable Beneficiary to Estate Plan

9,439 observations from a nationally representative longitudinal study



17

WHAT SHOULD WE BE ASKING OURSELVES?

- Our supporters and donors are committed to us – are we committed to them?
- Through our engagement activities – acquisition, retention, gift elevation, and stewardship - are we providing ways to increase our giving opportunities with our current stakeholders? Future stakeholders?
- Are we looking at investment into fundraising as an ‘either/or’? Should we be considering it ‘this AND that’?
- Beyond our own approaches, competition is increasing. Are we prepared for these competitors – including other charities and financial institutions? They are talking to your donors.

A review of diversification

Three programs of fundraising* – the ‘three-legged stool’:

- Annual Giving
- Major Giving & Campaigns
- Planned Giving

Three areas of fundraising that are purposefully integrated, focused on donor engagement through cultivation and stewardship, and look to maximize the desire - and the value - of donors to help our causes.

People want to make the world a better place. We have to offer them as many opportunities as we can to achieve that through supporting our causes with their donations.



19

SOME QUESTIONS TO CONSIDER

- 1 Why are organizations NOT diversifying?
- 2 How do we change that?
- 3 What if we don't change?
- 4 What will happen to these organizations in the next recession, societal event or program disruption?

20

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**THANK
YOU!**


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