



**Center for  
Nonprofits & Philanthropy**  
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

# Building a Culture of Philanthropy within Your Foundation

TEFN Annual Conference  
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# FAIRY TALES FOR BOARD MEMBERS



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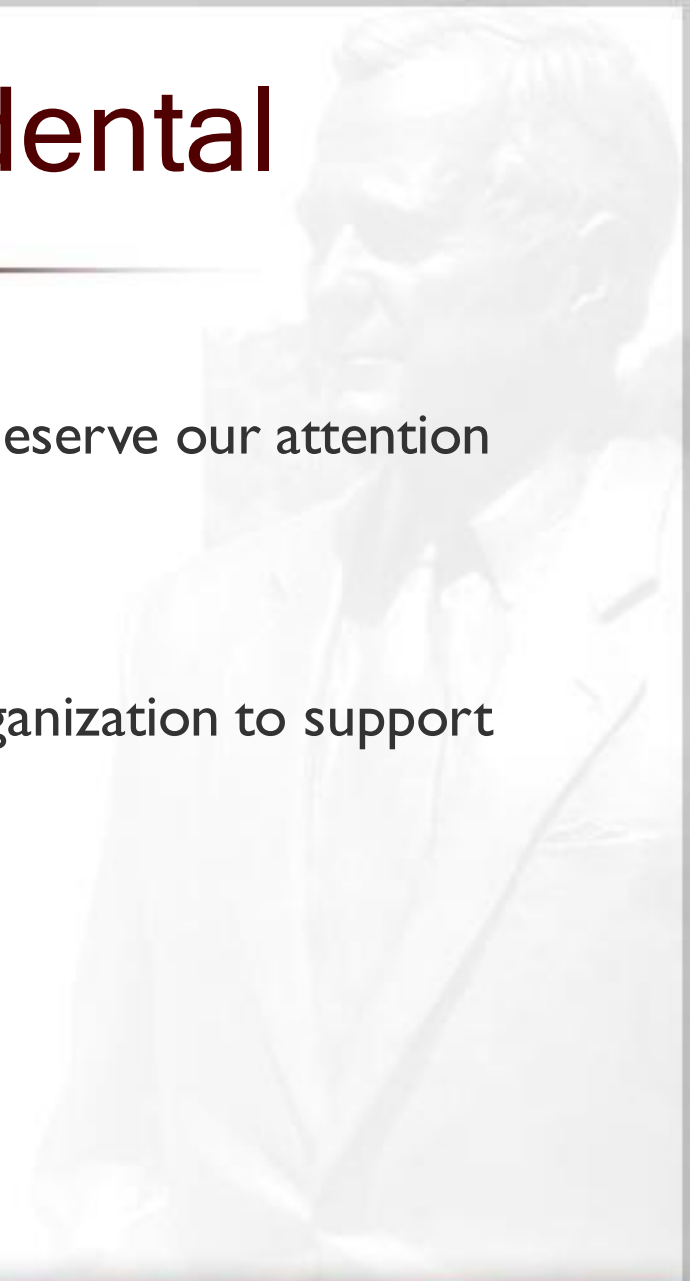
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# Great Boards are Not Accidental



- Explore how boards make a difference in organizations and why they deserve our attention
- Discuss what we know about board fundraising
- Examine some best practices that you can intentionally use at your organization to support your board and improve their fundraising efforts



# Board Theory



Every board is unique and that makes it challenging to understand them. There are not many one size fits all solutions, but we have learned a few basic theories to help us understand boards.

Agency Theory– the board is the principal and executive director is the agent. Goal is to separate the risk functions of decision making and implementation, assuring stakeholders of sound operations

Resource Dependence Theory– the board role is to provide the information and financial resources from external sources to ensure the organization’s survival

Institutional Theory– the organization has its own set of institutional norms and rules that affect board behavior. When a board conforms to these norms, it leads to the “we’ve always done it this way” decisions





# Common Board Models



Various types of board models, and researchers are trying to develop one that best serves nonprofit organizations.

<b>Corporate model</b>	<b>Philanthropic/ Stewardship model</b>	<b>Hybrid models</b>
emphasizes strategic, entrepreneurial and management participation of the board	emphasizes resource dependence; asset and mission preservation	combinations of models based on board functions
few committees	numerous committees	numerous committees
composition is smaller and focused on professional representation; compensated	composition is larger, with wider community representation, limited internal members; compensation and term limits are rare	composition varies and it is tied to the board functions; rarely compensated and term limits vary



# Perceptions of Fundraising



If fundraising and the nonprofit sector are misunderstood...

- What do people think we do?
- What is the general population's perception of fundraising?
- Write down your greatest fear about fundraising.



# Board Fundraising: True or False?



- Boards volunteer time and expertise, but do not have to give money
- Boards most critical role is fundraising, often stated as ensuring financial resources for the organization
- Larger boards raise more money
- Board members must “give, get, or get off” the board
- Board member recruitment should be based on finding people of “capacity and clout”
- Staff is responsible for fundraising





# Helping Boards Understand Fundraising



Boards need to understand:

- fundraising is a profession (certifications, professional associations and degrees)
- general trends in philanthropy, especially around foundations and corporations
- development planning process
- the fundraising cycle
- fundamentals of the process so they can help support and evaluate the process at their organizations

**It is our job as staff to make sure they are properly trained  
and that they are meaningfully engaged**







# FUNDRAISING

Trends and Roles



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# History Reassures Us

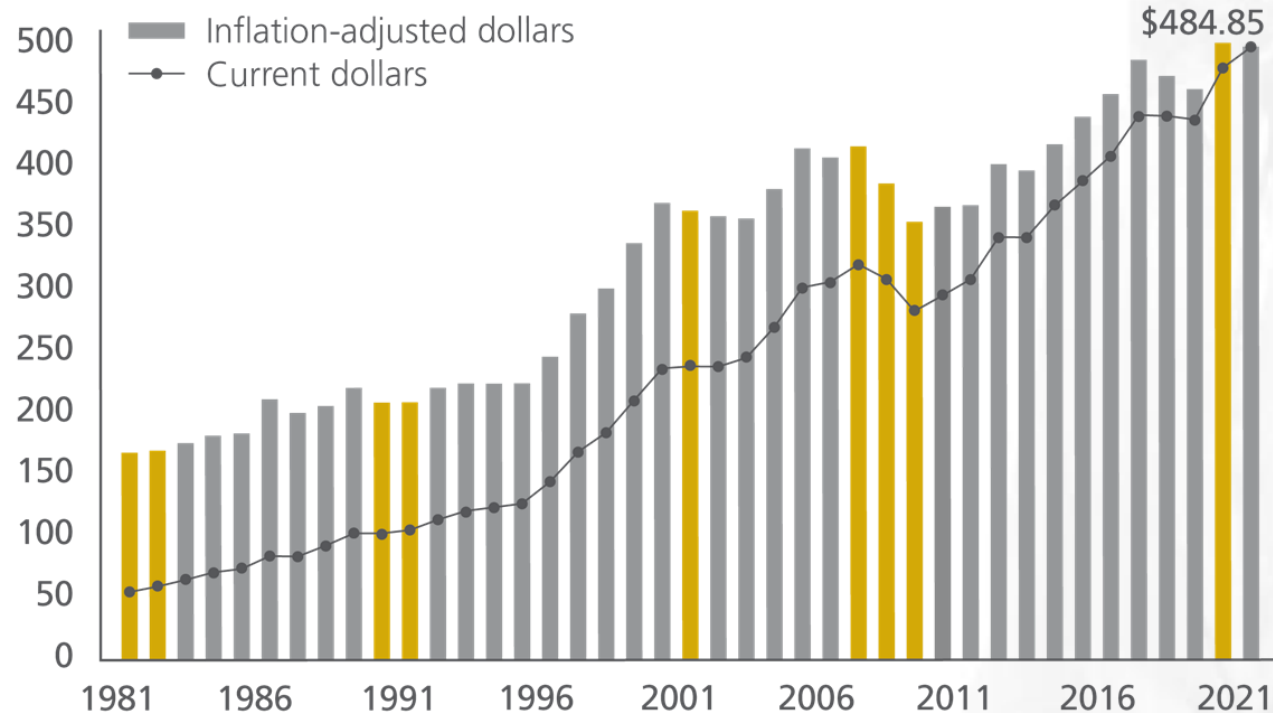


## Total giving, 1981-2021

(in billions of dollars)

Positive giving trend over the past 40 years

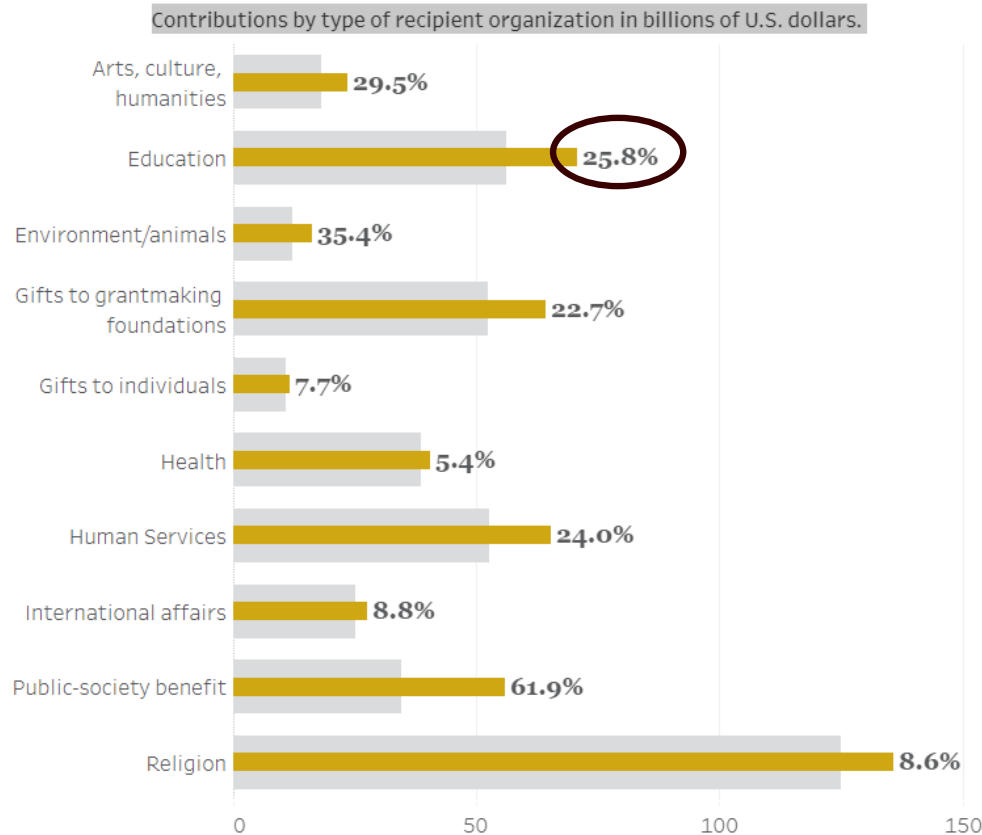
Giving dropped for two years after the Great Recession before it started to recover



Source: Giving USA 2022



# Giving Over the Past 5 Years



From 2017-2022, we have seen significant increases in giving.

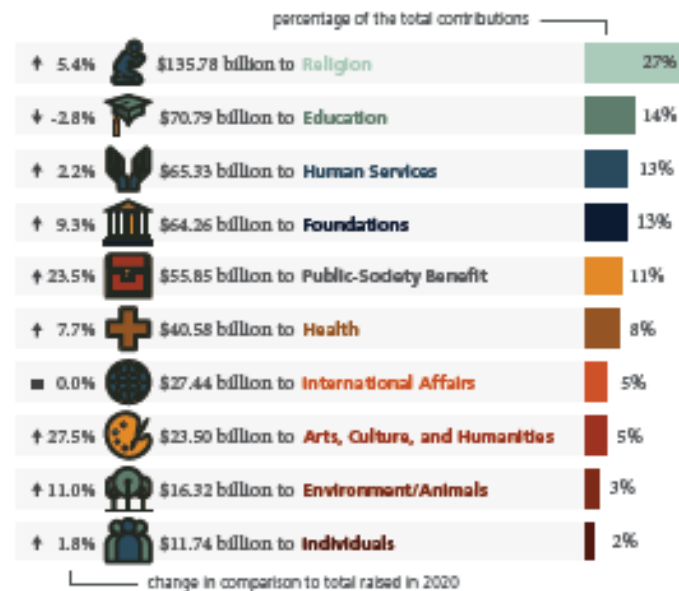
- Public-Society Benefit = 61.9%
- Arts, Culture and Humanities = 29.5%
- Education = 25.8%



# Americans gave \$484.85 billion in 2021



## Where did the charitable dollars go? Contributions by destination



How about the giving by subsector?

Any surprises?

Donor-advised funds are among the fastest growing forms of giving. Learn more in the new chapter on Donor-Advised Funds.

Giving to public-society benefit organizations increased 23.5% in 2021, and is steadily growing larger as a share of total giving over time.

Several subsectors that struggled in 2020, such as giving to health and arts, culture, and humanities, experienced recoveries in 2021.

Giving USA Foundation®, The Giving Institute, and the Indiana University Lilly Family School of Philanthropy are pleased to continue their partnership in providing the most comprehensive, largest-ranging, and most rigorously researched resource on U.S. charitable giving. Giving USA: The Annual Report on Philanthropy® is a privilege to report on American generosity and related historical trends on U.S. charitable giving.



# Americans gave \$484.85 billion in 2021



Does any of the giving by constituent data surprise you?

## Where did the generosity come from?

### Contributions by source

By percentage of the total

**67%** \$326.87 billion

#### Giving by Individuals

↑ increased 4.9% over 2020

**19%** \$90.88 billion

#### Giving by Foundations

↑ increased 3.4% over 2020

**9%** \$46.01 billion

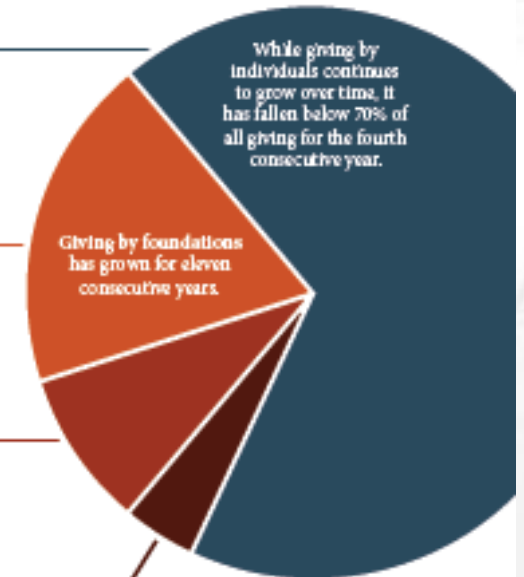
#### Giving by Bequest

↓ decreased 7.3% over 2020

**4%** \$21.08 billion

#### Giving by Corporations

↑ increased 23.8% over 2020



While giving by individuals continues to grow over time, it has fallen below 70% of all giving for the fourth consecutive year.

Giving by foundations has grown for eleven consecutive years.

\*All figures on this infographic are reported in current dollars unless otherwise noted.



# Why Fundraisers Focus on Individuals

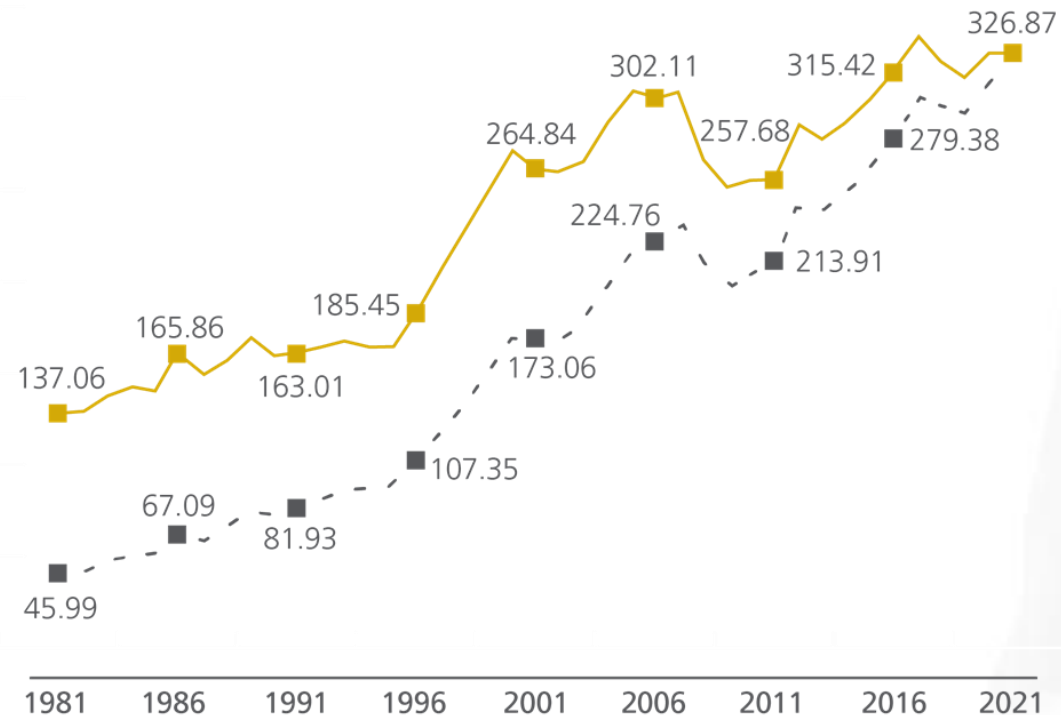


## Giving by individuals, 1981-2021

(in billions of dollars)

- Inflation-adjusted dollars
- - Current dollars

76% of all giving in the United States is by individuals or bequests



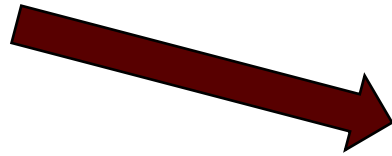
Source: Giving USA 2022



# Giving Cycle



Boards have a role in every stage of the cycle



# Board Members Play Multiple Roles

## Discovery

- Open doors for the staff by introducing people to the Executive Director
- Talk about the education foundation and generate excitement about the work it does
- Find out if the prospective donor has affinity and capacity to support the education foundation

## Cultivation

- Visit with donor or prospect one-on-one or at an event or program
- Host a cultivation gathering or dinner at your home or theirs
- Tour schools or district facilities to show them how their gift will make a difference

## Solicitation

- Lead by example by making a personal gift
- Agree to sign solicitation letters and add personal notes to those you know
- Participate in team asks, describe case for giving and you personally give
- Personally ask for the gift

## Stewardship

- Make sure every donor feels appreciated
- Call donors or write notes to thank for gifts

**Key Point – there is a fundraising role for everyone on the board**







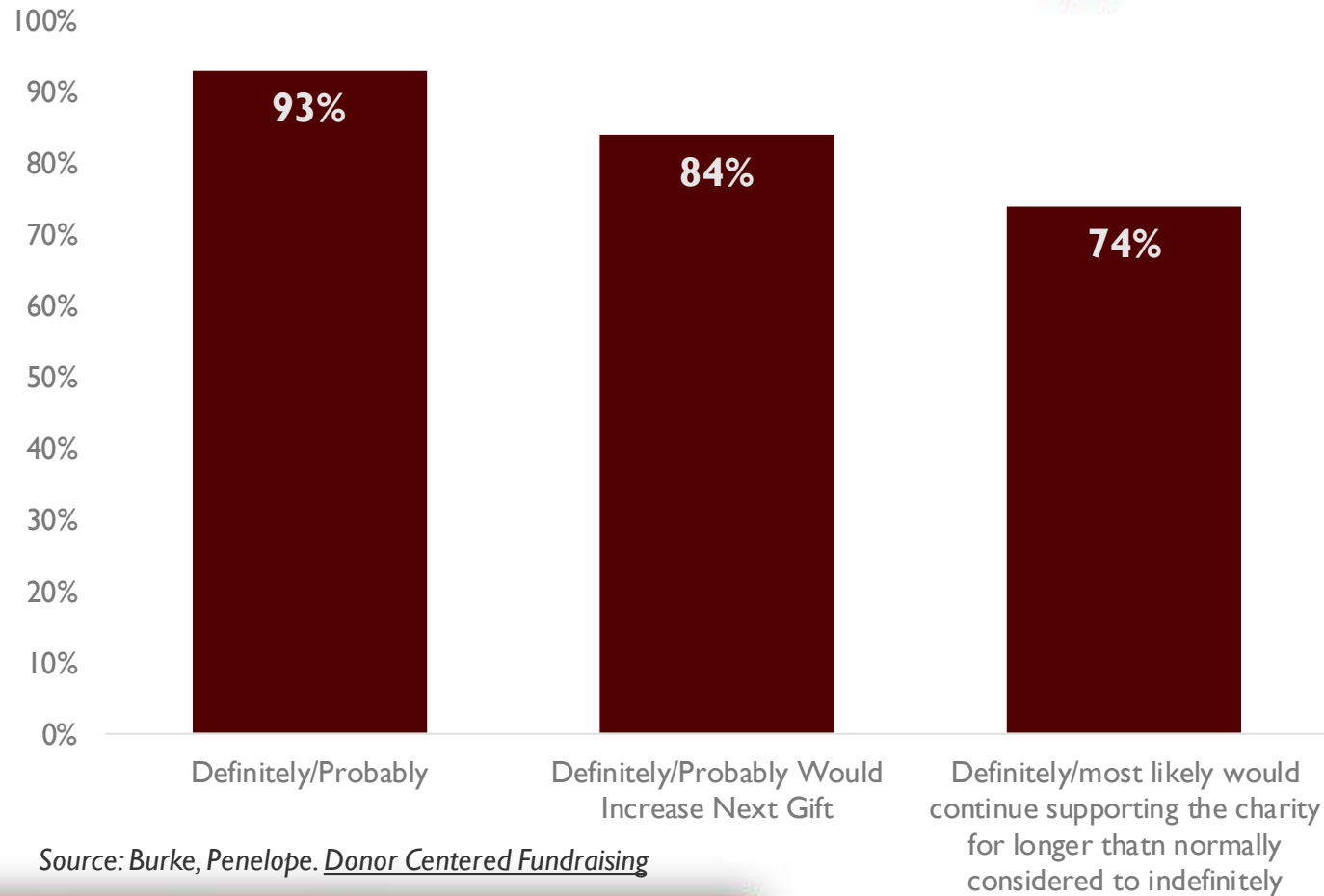
**“No practice is more important in the development process than stewardship, the continued involvement, cultivation and care of those who give.”**

**- Kaye Sprinkel Grace**  
*Beyond Fundraising*



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# Stewardship Research



*“Would you give again to a charity that contacted you personally to thank you for your gift, sent a prompt acknowledgment letter and followed up sometime later with a meaningful update on the program you funded?”*

Source: *Burke, Penelope. Donor Centered Fundraising*



# Stewardship Research



- **94%** of study donors say that charities they support **NEVER** or **HARDLY EVER** call them without asking for another gift
- **98%** say that charities **NEVER** or **HARDLY EVER** pay them a visit without asking for money

Source: Burke, Penelope. *Donor Centered Fundraising*



# Development Committee Roles



- Donates to the organization annually
- Approves annual development plan
- Solicits board and volunteer committees annually
- Chairs fundraising events and programs
- Identifies, cultivates, solicits and stewards prospects and potential donors
- Comprised of board and non-board members
- Involved in creating a culture of philanthropy by
  - Sending thank-you notes to constituents
  - Stewarding donors at events
  - Communicating successes to the public





# Board Members as Fundraisers



## How Board Members are Effective

- Serve as champions of the organization
- Provide their personal story of why the mission is important
- Set example for giving in the organization and community
- Offer knowledge about prospects and donors
- Speak about the importance of giving peer to peer with major gift prospects, as the most involved volunteers at the organization
- Bring relationships and open doors with prospects

## How to help Board Members Succeed

- Most board members are not natural fundraisers, and many of them are not familiar with professional fundraising
- Staff needs to gently teach them about the profession and let them know there are best practices
- Engage them in the planning process, so they have ownership
- Provide them with the tools they need
- Update them regularly on fundraising progress
- Celebrate success





# The Good Board that Does Not Fundraise



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# Case Study



- Let's review the Case Study: *A Good Board That Won't Fundraise*
- What was keeping the board from stepping up and following through?
- What could the Executive Director, Forrest, have done differently to support his board as fundraisers?





# Questions & Answers





# Learn More About Our Center



Our Center's team is committed to strengthening the nonprofit sector, so please contact us to learn how we may help your organization or help you advance your nonprofit career.

For individual CNP staff contact information, please consult our directory under [Faculty & Staff](#).

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