



Diverse donors pose challenges

Todd Cohen | October 30, 2007

Donors in the U.S. have become more diverse, and charities need to work harder to understand and engage them, experts say. Reflecting greater differences among Americans based on age, ethnicity, race, religion, gender, sexual orientation, geography and source of wealth, they say, the growing diversity among donors has created big challenges and opportunities for nonprofits. Nonprofits have a chance to broaden the base of their donors by connecting them with their organizations' increasingly diverse beneficiaries.

And because they face greater competition for charitable funds, nonprofits that do not reach out effectively to the more diverse pool of prospective donors could put themselves at risk.

"Giving has not kept up with how our landscape in diversity has changed," says Del Martin, managing partner and chairman of Alexander Haas Martin & Partners, a fundraising consulting firm in Atlanta. "The potential is enormous."

Judith Nichols, senior vice president for Covenant House International in New York City, says most nonprofits have not adjusted to the more diverse donor base because they have been able to count on their traditional donors, who have been living longer.

To offset the loss of support from those donors as they get older and die, nonprofits must show greater "relevance" to a diverse set of donors, says Nichols, who also is CEO of New Directions in Philanthropy, a fundraising consulting firm in New York City.

"This is not easy," she says, "but it's necessary because the older donors are simply not going to be there."

Paul Schervish, director of the Center on Wealth and Philanthropy at Boston College, says nonprofits need to find a way, as "intermediaries" between their donors and beneficiaries, to meet both groups' needs for "effectiveness and significance."

So charities should be "broadening the donor's experience of the beneficiaries" the charities serve, he says.

SHIFTING DEMOGRAPHICS

The "default audience" for most nonprofits has been donors who typically are white, non-Hispanic, strongly religious females who make three small gifts a year ranging roughly from \$10 to \$35 each, says Nichols.

Starting in the 1980s, she says, that target group should have begun shifting to reflect changes in the overall population.

But because their traditional donors have been living longer and are easy to work with, she says, "most nonprofits did a very poor job in educating, cultivating and soliciting" the more diverse group of donors born since World War II.

The challenge for nonprofits, Nichols says, is to bring in new donors over the next 10 years while retaining existing donors.

BOOMERS

Different generations approach philanthropy differently, and nonprofits need to better understand the "psychographics" of each generation, Nichols says.

Members of the generation born before World War II, for example, are civic-minded, see philanthropy as an obligation, find an organization's leadership to be important, and are "passive" in their giving, waiting to be contacted by a charity, she says.

"The best way to engage them has been direct mail, and continues to be," she says.

In contrast, the Baby Boomers born from 1946 to 1964 have a vastly different approach to their civic role, she says.

"They want to change the world," she says, but they see society "as needing to change to meet their needs."

Baby Boomers initially may not want to give or may not be able to make a gift as big as \$1,000 a year, yet they want to be courted personally and treated like major donors, Nichols says.

They also are not loyal, so retaining them as donors can be tough.

Nichols suggests nonprofits welcome and show appreciation for Boomers as new donors, and gently suggest setting them up to automatically give a monthly amount that would position them as \$1,000-a-year donors.

GEN X AND Y

Compared to Boomers, "Generation X," or people born from 1965 to as late as 1980, "don't want to change the world; they just want to fix a little corner of it," Nichols says.

Gen X-ers "rarely donate to an organization that they haven't had an operational experience with," she says. "This is a generation that likes to get its hands dirty and know what an organization is all about."

So the challenge for nonprofits is to "get them involved," she says.

Generation Y, or people born between 1980 and 1996, are, like the pre-World War II generation, civic-minded, but their focus is global, not national, Nichols says.

"They tend to be optimistic," she says. "They truly believe the world can be a good place, and they can play a key role in making these changes."

Generation Y also is tech-savvy, lives on the Internet and is pro-active in using the web, blogs and online chatrooms to look for charities to support, Nichols says.

So nonprofits need to cultivate "champions" to talk about their organizations in online venues like MySpace, she says, and retool their websites to appeal to younger people who have grown up on video games.

"Our websites look like letters on a page," she says. "They don't move. They don't entice people into a site. They don't look like games."

REACHING OUT

As a result of the continuing surge of immigration, particularly the influx of non-whites and Hispanics, the majority population in the U.S. eventually will consist of groups that traditionally have been referred to as minorities, Nichols says.

That shift to a "minority majority" creates opportunities for nonprofits, she says, because roughly 10 percent of each ethnic group is "affluent," consisting of people with \$75,000 or more in annual income.

But those groups will be "willing donors" only for nonprofits that do a good job engaging them, making services relevant to them, and diversifying boards, staffs and fundraising professionals.

Equally critical for nonprofits, Nichols says, is the need to recognize that men and women, and gays, lesbians, bisexuals and transgender people, approach philanthropy in different ways.

"We are talking about different kinds of communication styles, different priorities in terms of what people support, different ways of looking at money and how you use money," she says.

Engaging diverse donors also poses an ethical challenge, she says.

"The challenge is to be sensitive without being patronizing," she says. "We want to be clear that we welcome all donors, but we shouldn't be turning our organizations inside out so we would appear to be something that we're not."

UNDERSTANDING DONORS

The key to reaching individual donors in the increasingly diverse U.S. population is to understand their language and motivation, says Martin of Alexander Haas Martin & Partners.

"Talk to the donor in the donor's language," she says. "It's going to be a different communication with a 70-year-old, Republican white male, than a 35-year-old gay man in a committed relationship in an urban setting, or a 45-year-old Catholic, Latino woman with six children whose husband is an illegal alien."

A nonprofit should "look at its donors as part of its constituency, and care as much about them as it does the people its mission serves," Martin says.

Nonprofits, she says, "could not exist and carry out their mission were it not for the generosity of their donors."

To better prepare themselves to understand and engage diverse donors, she says, a growing number of nonprofits are diversifying their boards and staffs, including their development staff, although she says nonprofits "have been more cognizant of the need to diversify their board than their staff" because many foundations ask nonprofits about the makeup of their boards.

Diversifying the development staff is important, she says, "to reach an audience that is vastly different than the one you've depended on."

With diverse populations "proven to be very philanthropic," she says, the challenge is to "reach them so they just see your cause as a natural extension of their own philanthropy."

DIVERSIFIED WEALTH

Schervish of Boston College says the impact of diversity on philanthropy can be "dialectical."

The same forces that are fueling giving by more people and more diverse groups could result in a narrower group of donors if nonprofits "do not understand the trends and respond in an appropriate way," he says.

With the top five percent of Americans by wealth or income giving over 40 percent of all charitable dollars, often in multi-billion-dollar gifts, Schervish says, the remaining 95 percent of Americans might back away from charitable giving because of a perception that "the work of philanthropy is properly the realm of the extremely wealthy."

In addition to connecting donors with their diverse beneficiaries, he says, charities also face the challenge of competing effectively with a growing number of charities vying for an increasing pool of charitable dollars.

That increasingly competitive charitable marketplace can create pressure on individual charities, prompting them to act as if they were entitled to donations, Schervish says.

To work effectively with donors, he says, charities should work with "the donor's natural inclination to want to make an impact," and should avoid "being demanding, imposing your vocation of care on others as if it were their vocation of care."

Email this page



Our Home



Our Partners

