



Re-Thinking the Classic Gift Pyramid:

Applying Internet Strategies to the Middle and Bottom of the Gift Pyramid in a Changing Economy

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VISIONARY

Philanthropic Consulting, LLC

Today's Discussion

- Begins with the confluence of:
 - An economic recession and its
 - Impact on charitable giving
 - Growth in new technology and
 - Resulting e-commerce and on-line giving
- Concludes with new models for
 - Charitable fund raising and
 - Campaign planning

Classic Campaign Pyramids

Gift Pyramid of the last Decade

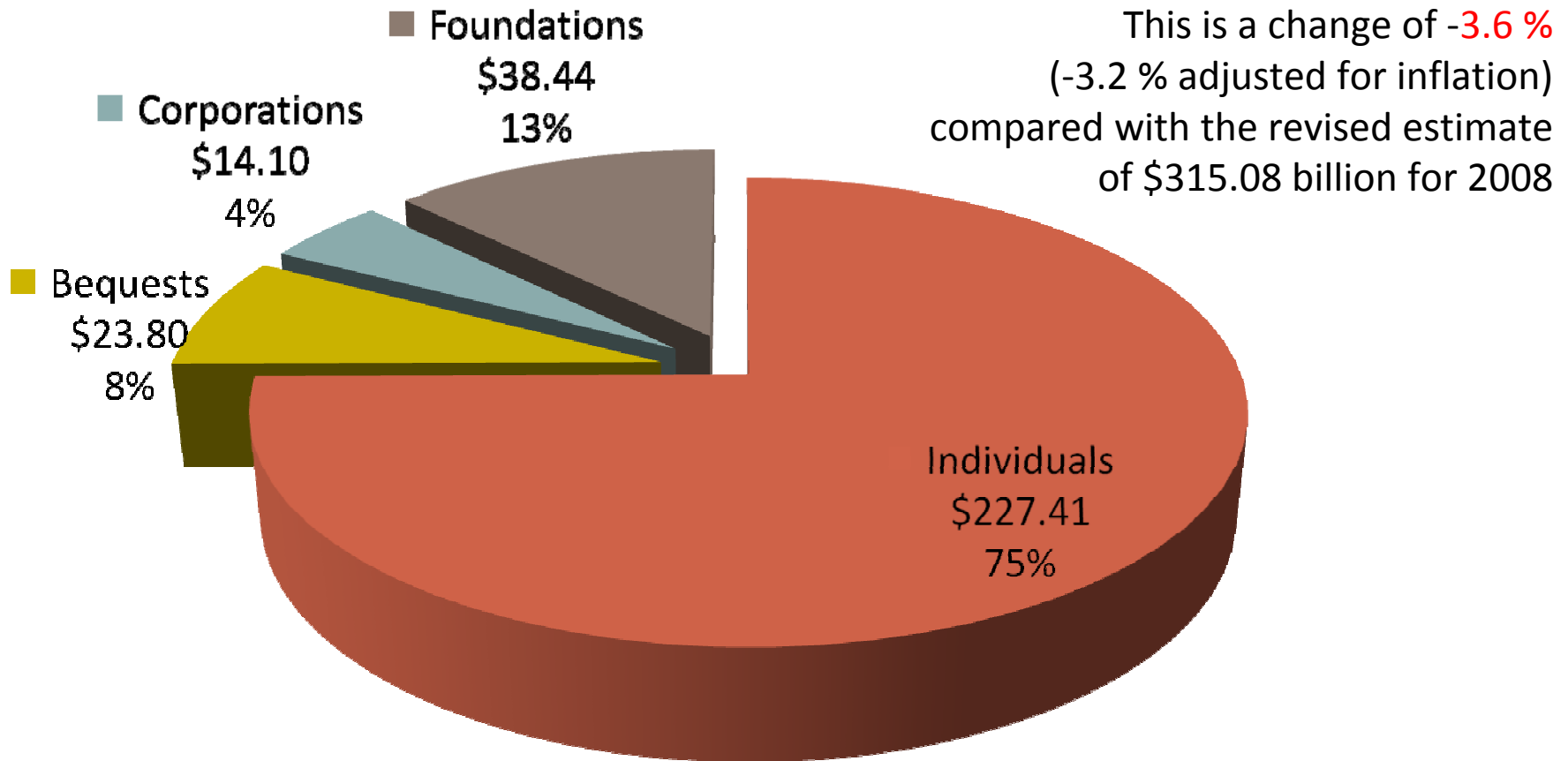
\$50,000,000 Campaign

Gift Level	Donors Needed	Prospects Needed	Associated Dollars	Cumulative Dollars	Cumulative Percentage of \$	Cumulative Donors
\$10,000,000	1	4	\$10,000,000	\$10,000,000	20.0%	0.9%
\$5,000,000	2	8	\$10,000,000	\$20,000,000	40.0%	2.6%
\$2,500,000	5	20	\$12,500,000	\$32,500,000	65.0%	6.9%
\$1,000,000	8	32	\$8,000,000	\$40,500,000	81.0%	13.8%
\$750,000	6	36	\$4,500,000	\$45,000,000	90.0%	19.0%
\$500,000	5	30	\$2,500,000	\$47,500,000	95.0%	23.3%
\$250,000	6	36	\$1,500,000	\$49,000,000	98.0%	28.4%
\$100,000	10	60	\$1,000,000	\$50,000,000	100.0%	37.1%
\$50,000	5	30	\$250,000	\$50,250,000	100.5%	41.4%
\$25,000	10	60	\$250,000	\$50,500,000	101.0%	100.0%
Total	58	316	\$50,500,000		101.0%	

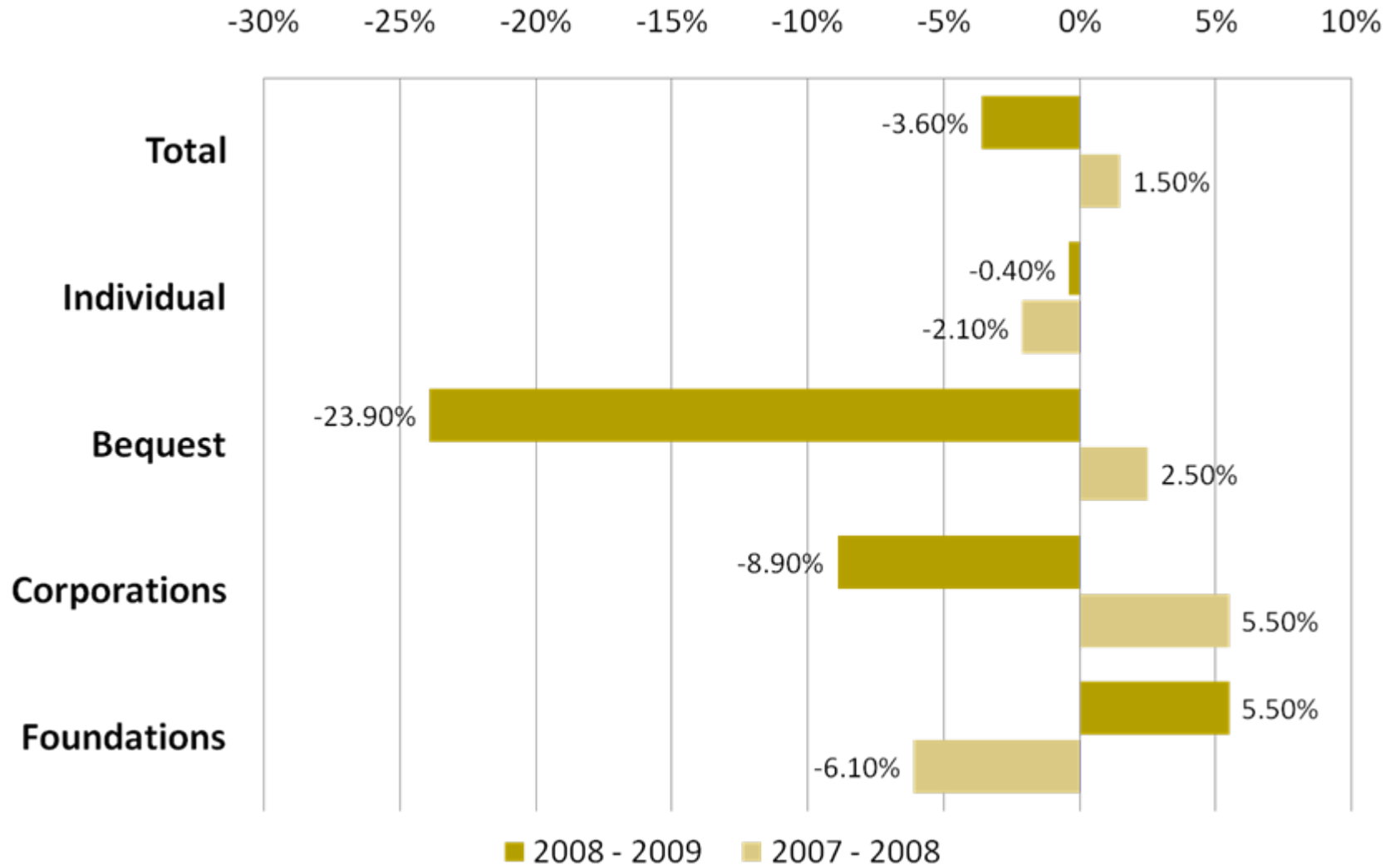
Applying the 90/10 – 80/20 Rule of Thumb

2010 Giving USA Report & Estimates

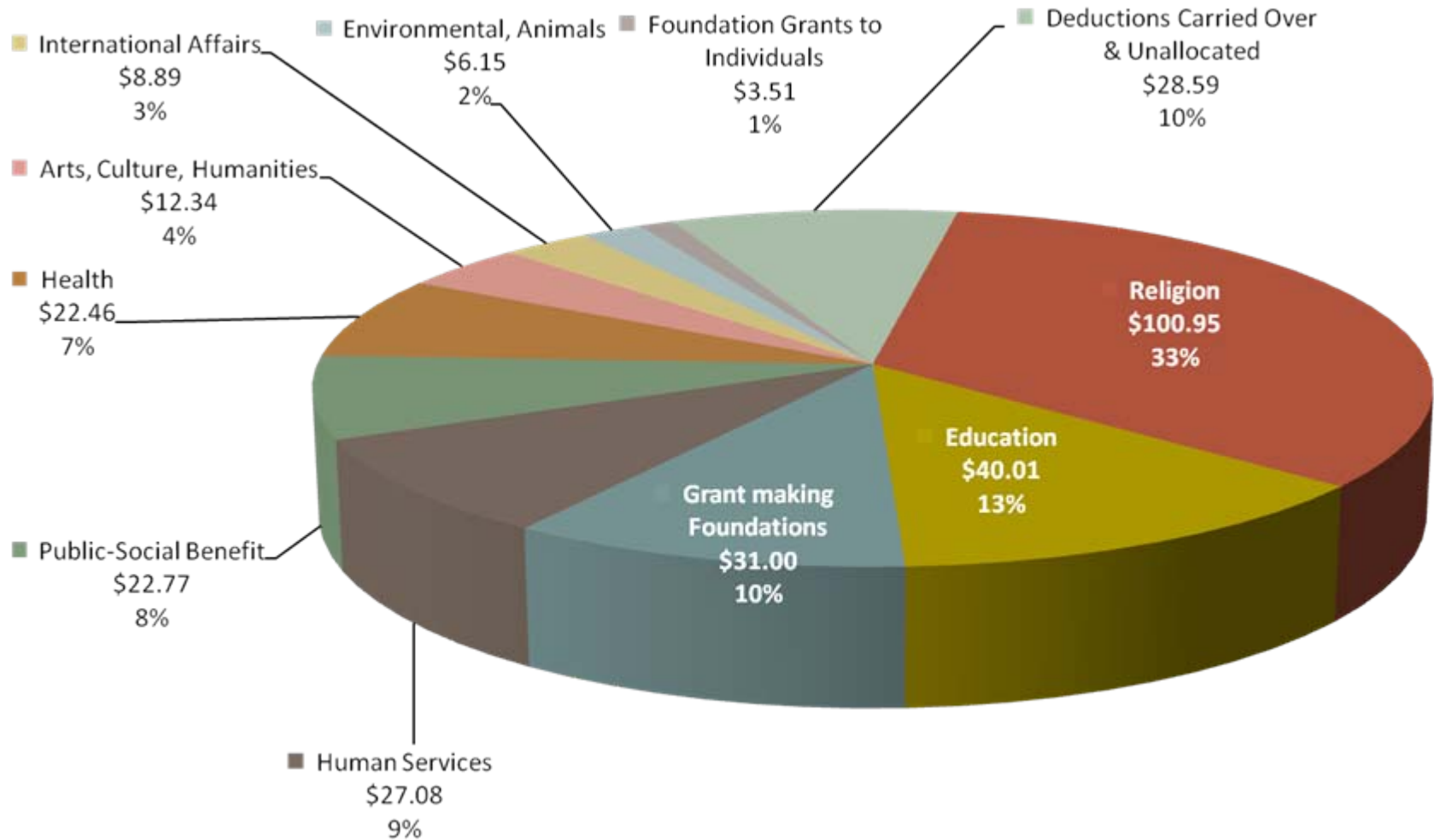
2009 Contributions: \$309.75 Billion



Change in Giving Year over Year

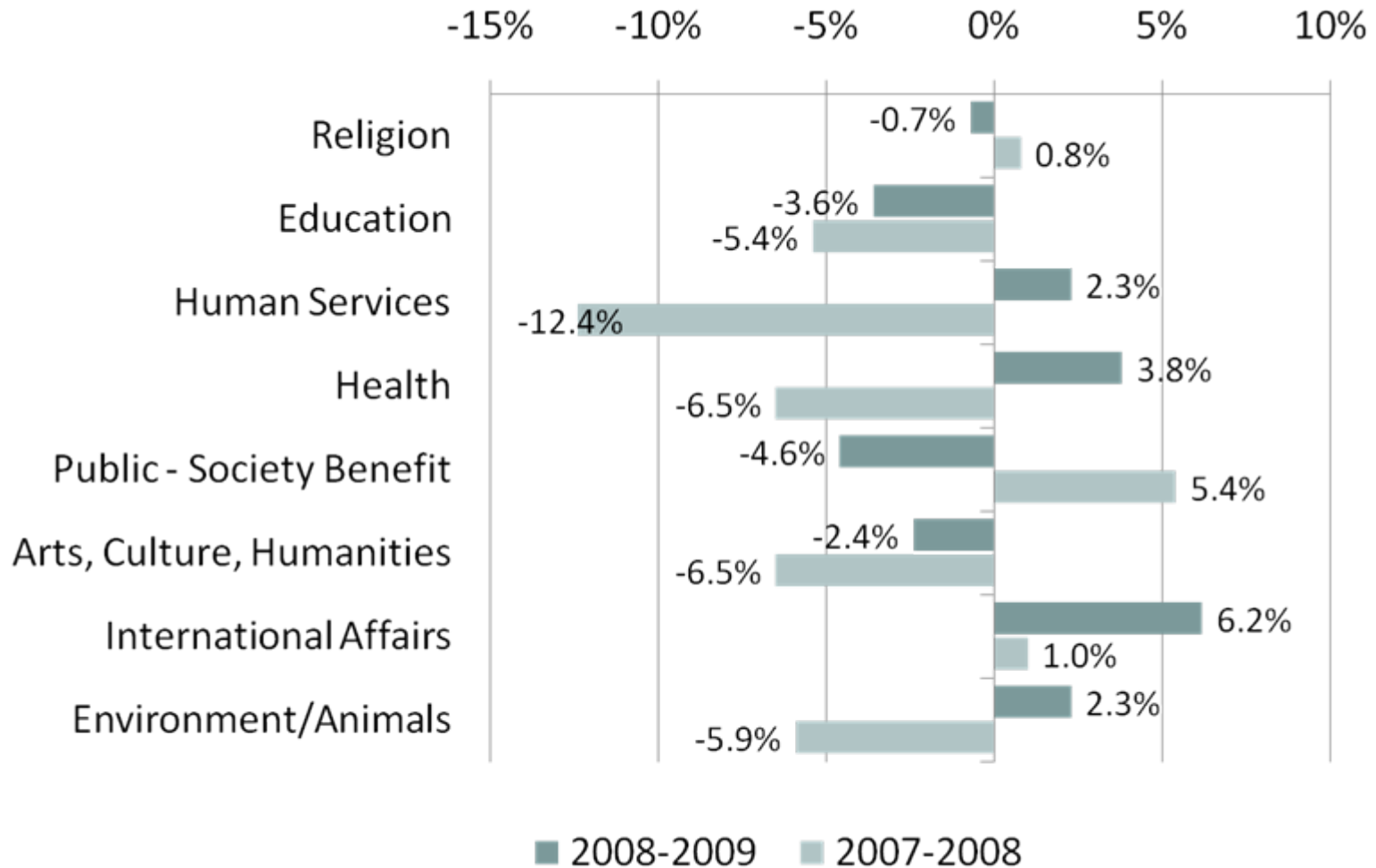


Distribution of Contributions 2009

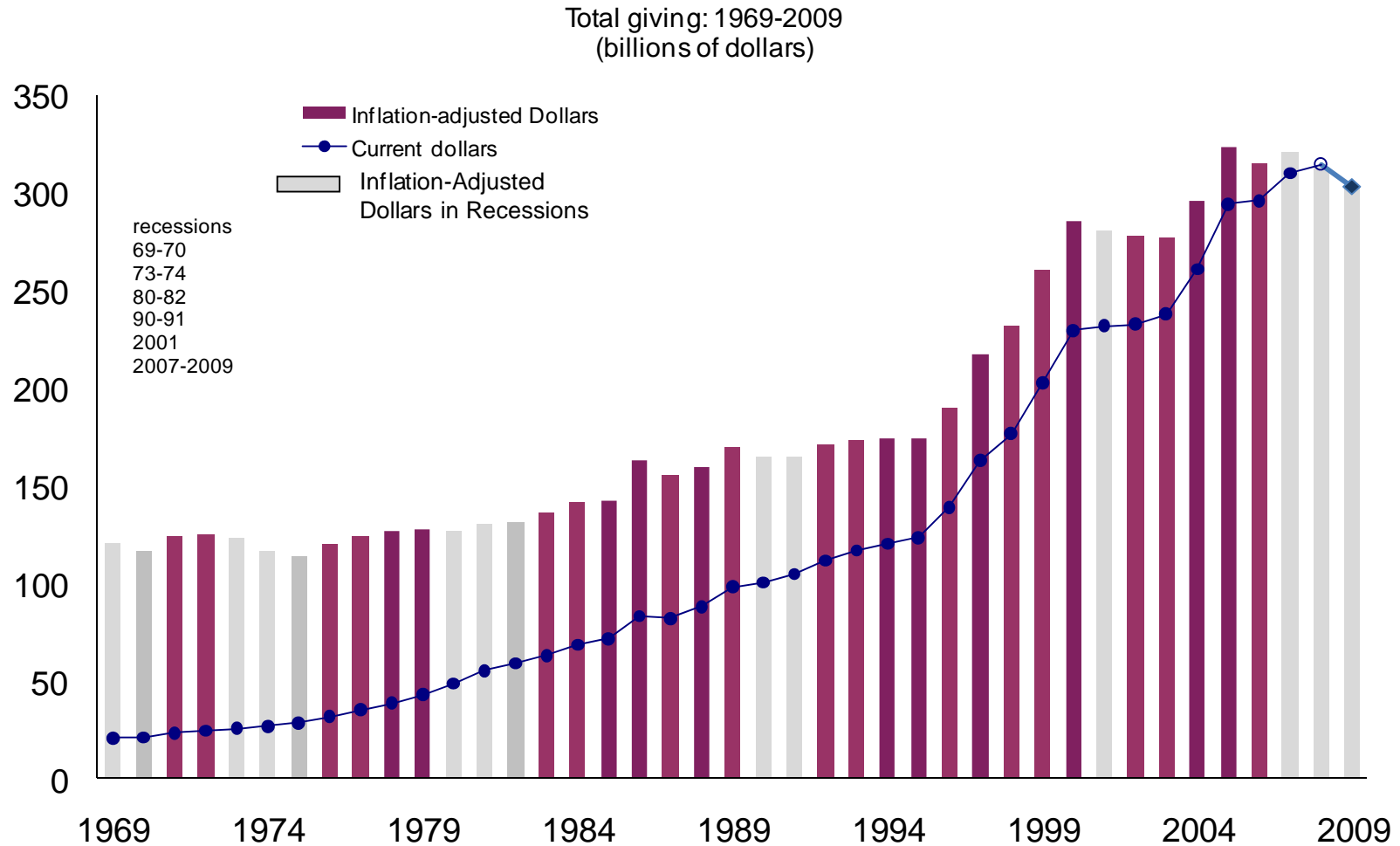


Source: 2010 Giving USA, 10 June 2010

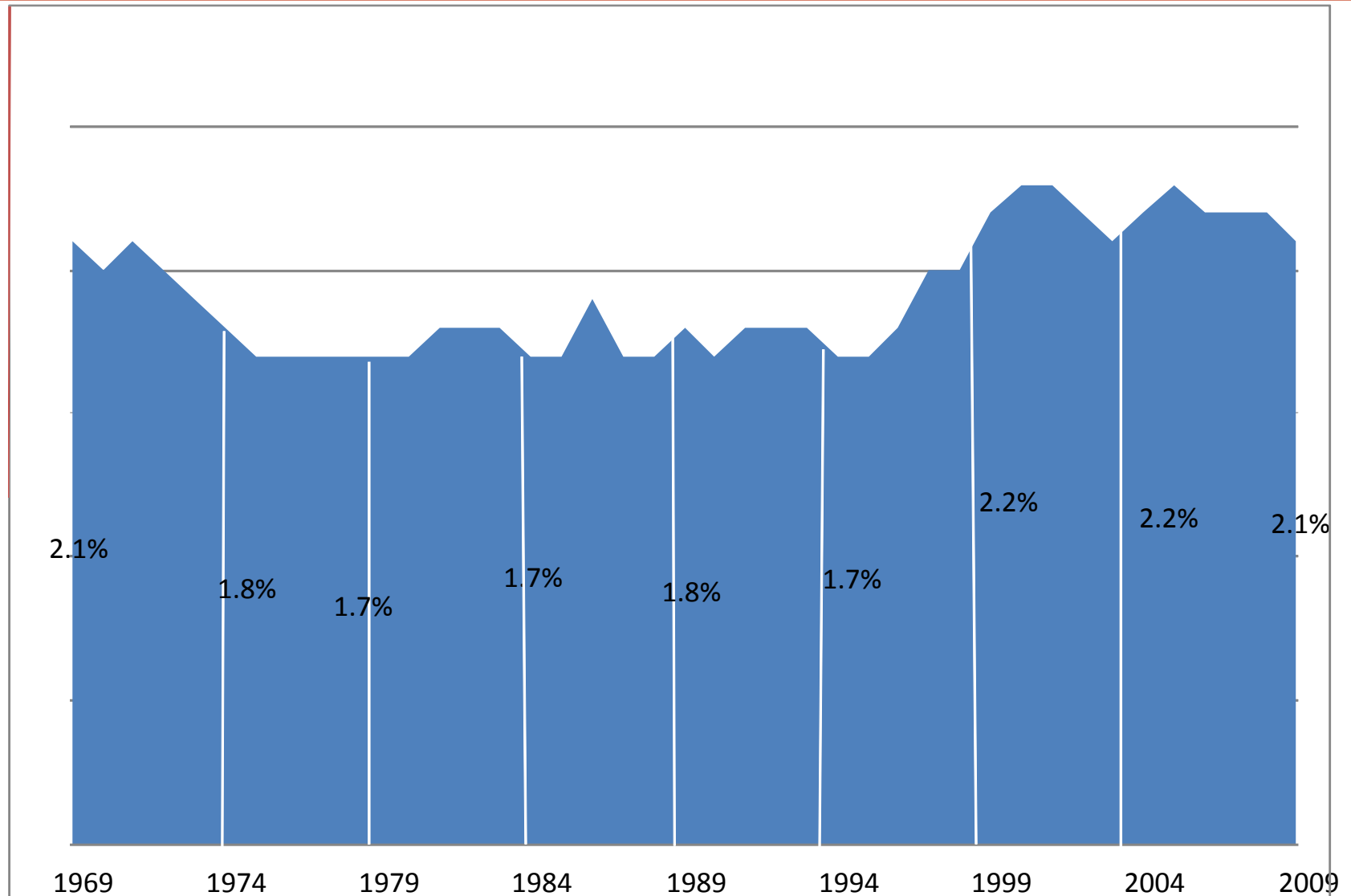
Change in Recipients Year over Year



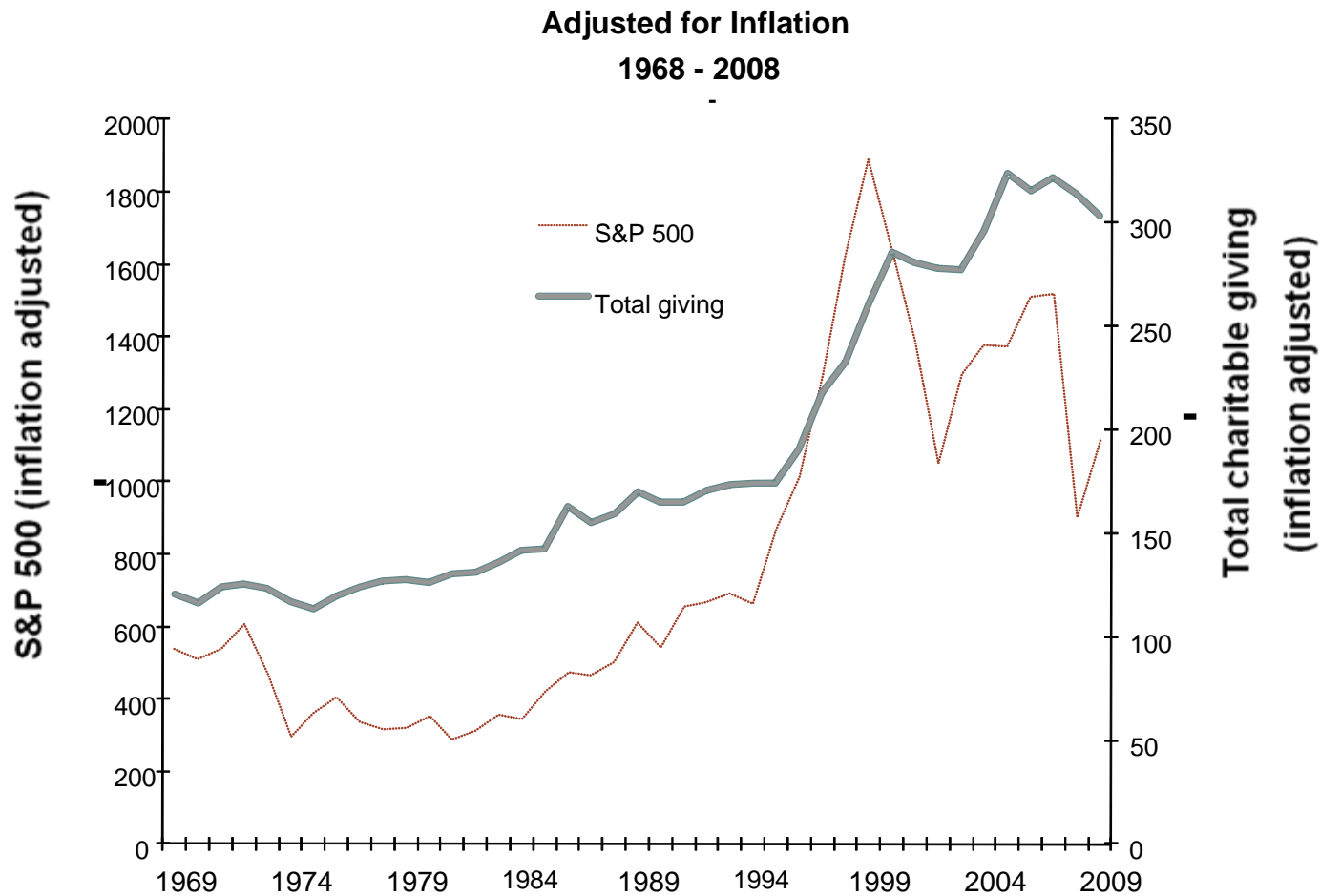
US Charitable Giving over Time



Total Giving as a Percentage of Gross Domestic Product (GDP) 1969-2009



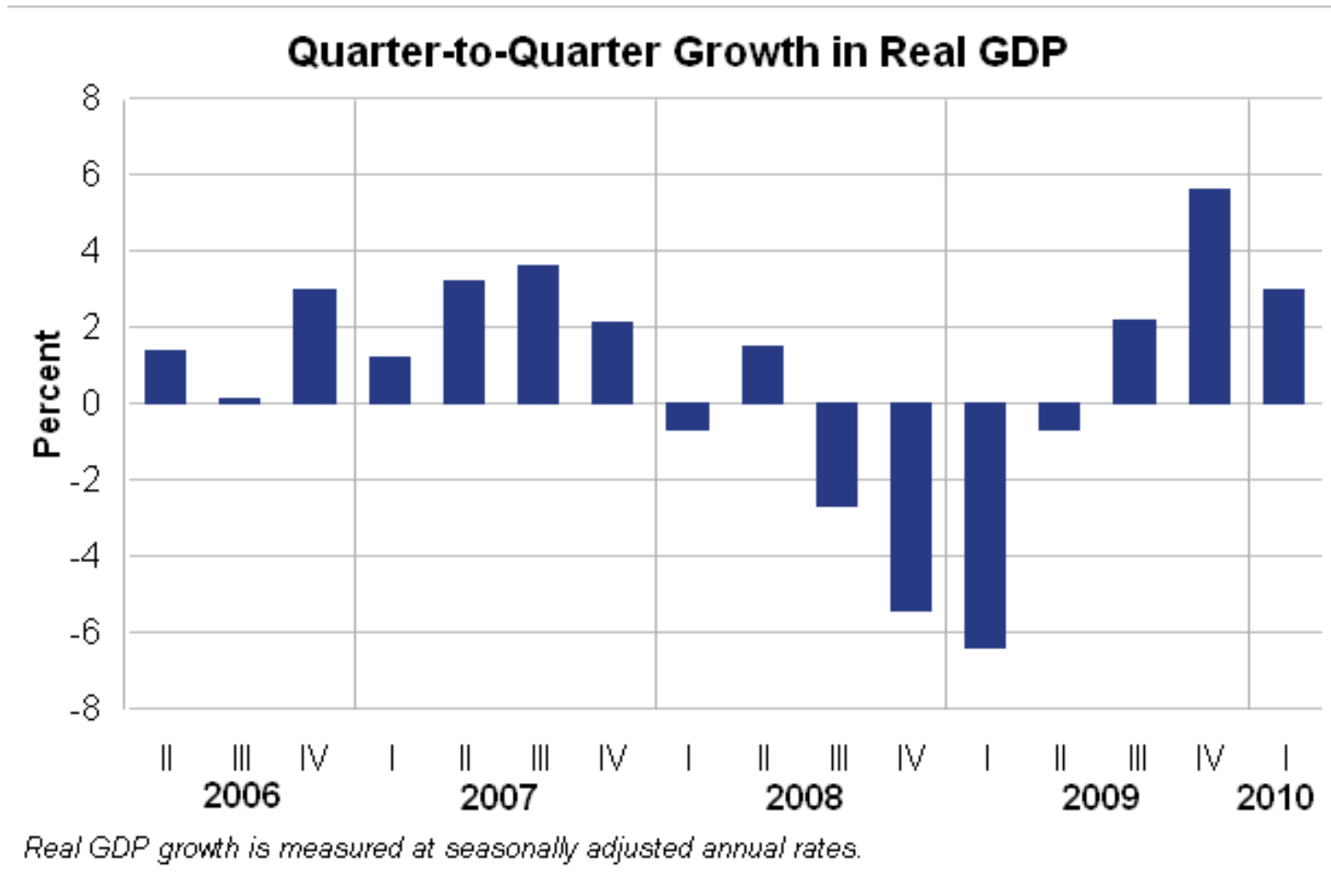
Charitable Giving Graphed with the Standard & Poor's 500 Index



Source: 2010 Giving USA, 10 June 2010

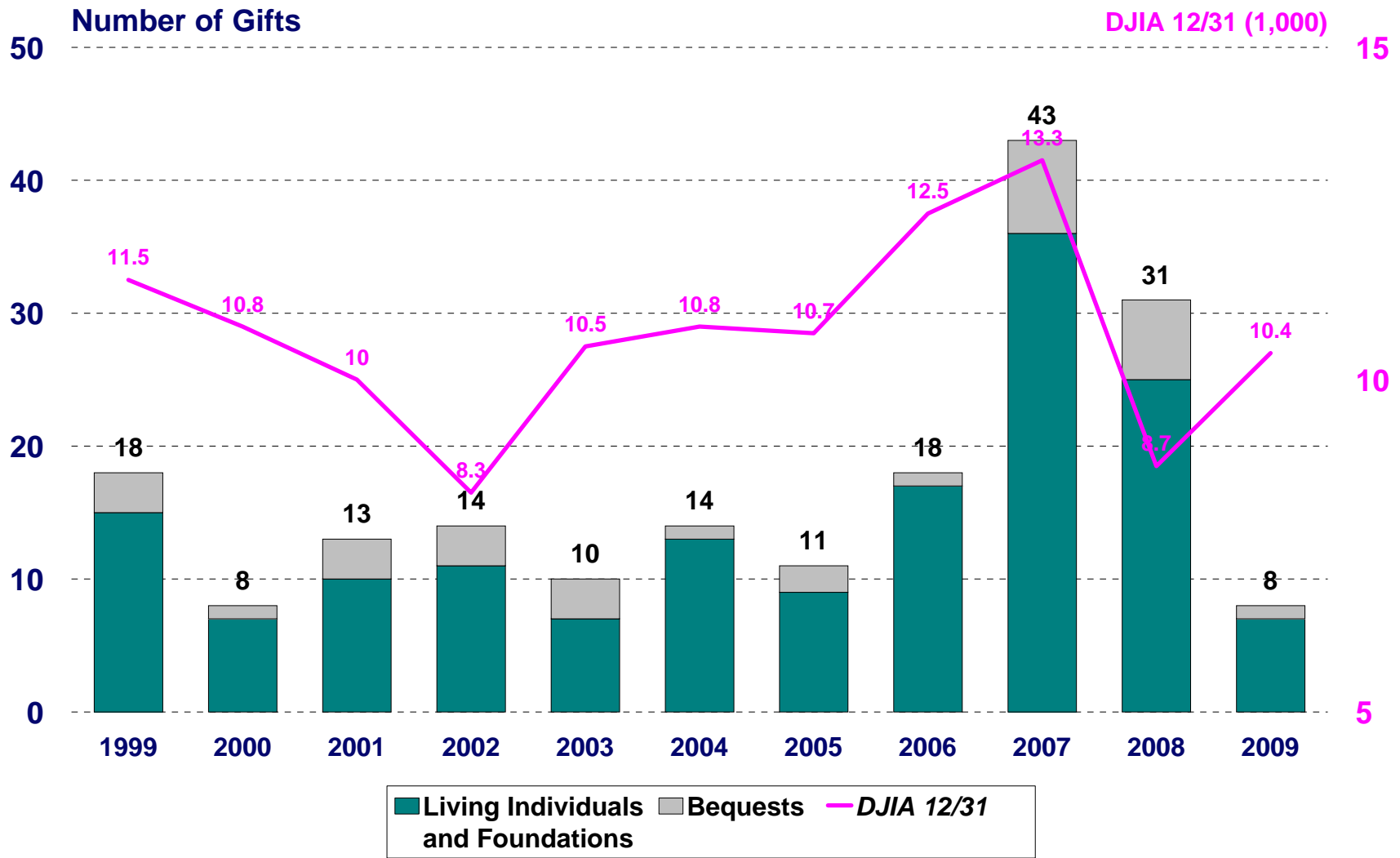
Economy & Impact on Giving

Gross Domestic Product



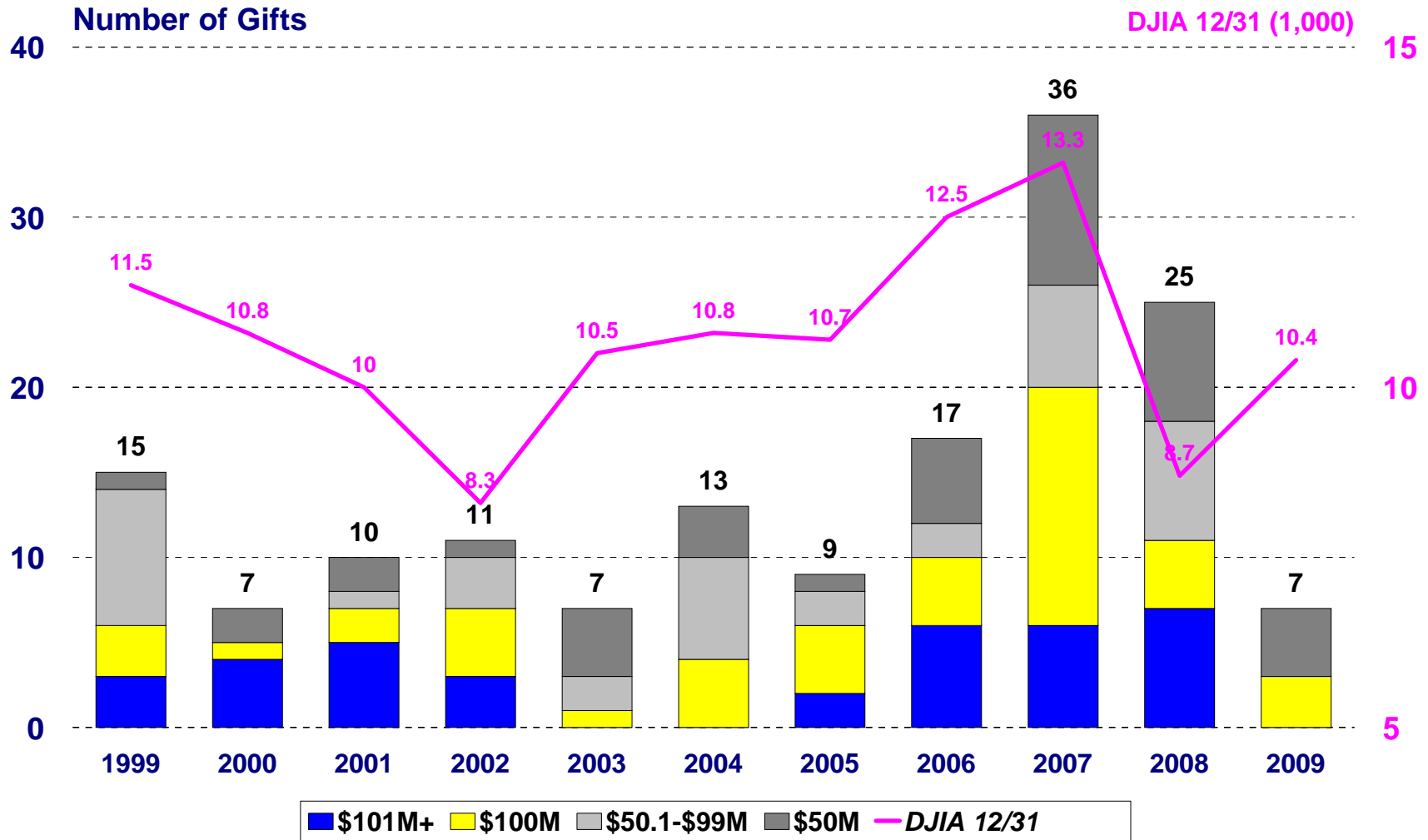
Source: Bureau of Economic Analysis US Commerce Dept

Distribution of 187 Gifts of \$50M+ to Higher Education for 1999 - 2009



Source: *Chronicle of Higher Education* and *Chronicle of Philanthropy*

Distribution of 157 Private Gifts of \$50M+ exc Bequests to Higher Education from by Year 1999 - 2009

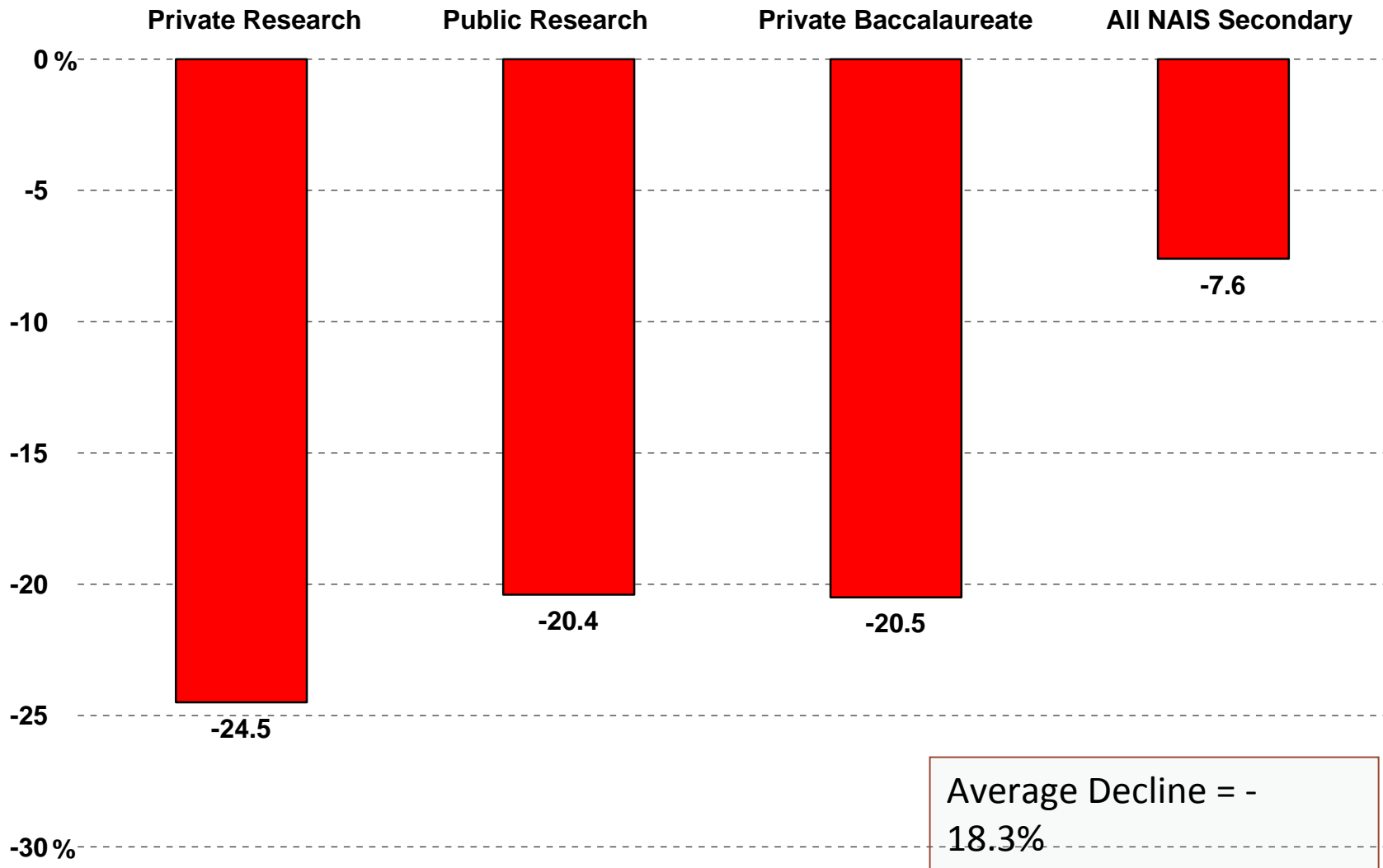


Source: *Chronicle of Higher Education and Chronicle of Philanthropy*

Chart 2

% DECLINE IN DOLLARS BY PURPOSE: 2008-2009

TOTAL GIFTS

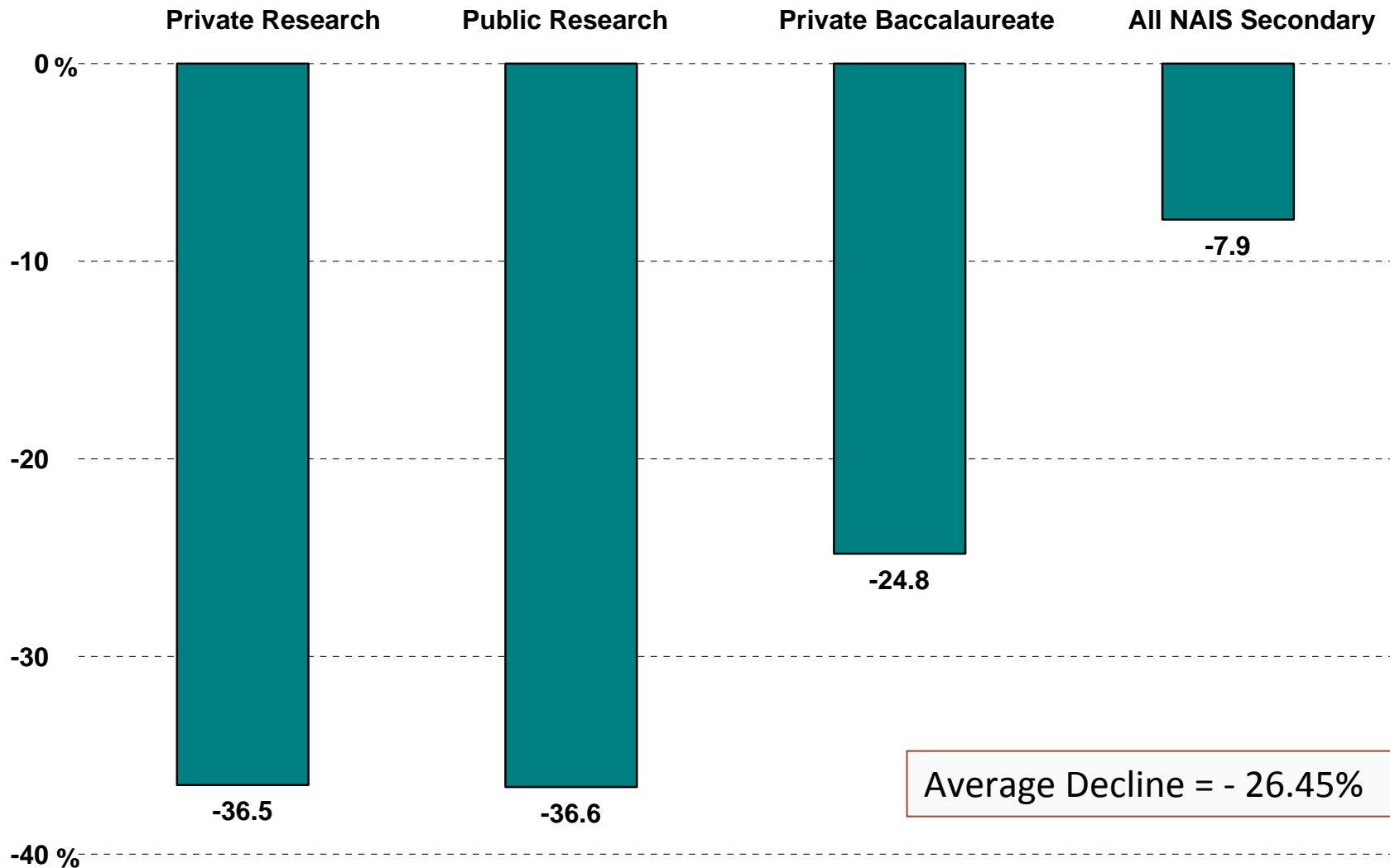


Source: CAE, compiled by Nelson Lees

Chart 3

% DECLINE IN DOLLARS BY PURPOSE: 2008-2009

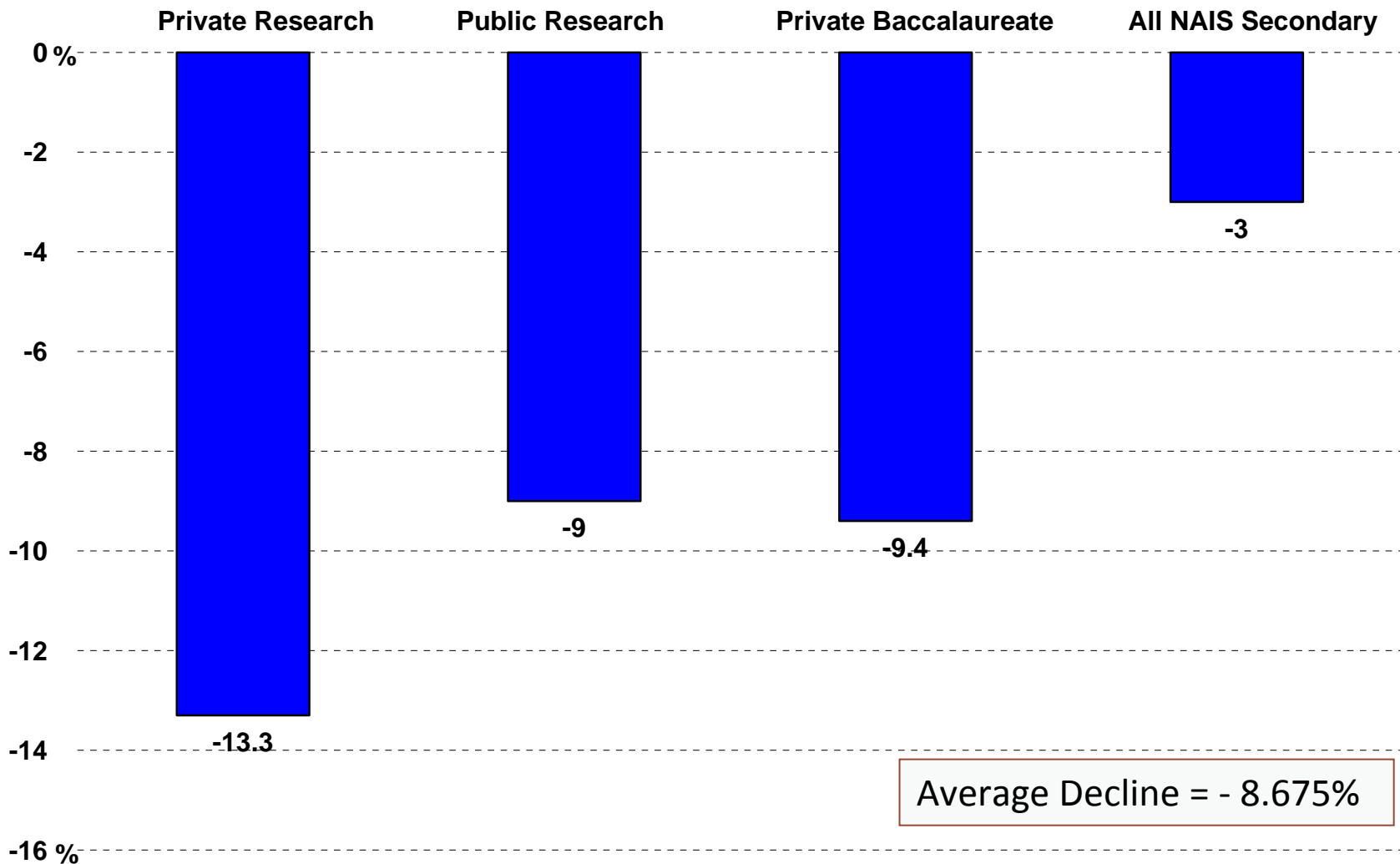
ENDOWMENT



Average Decline = - 26.45%

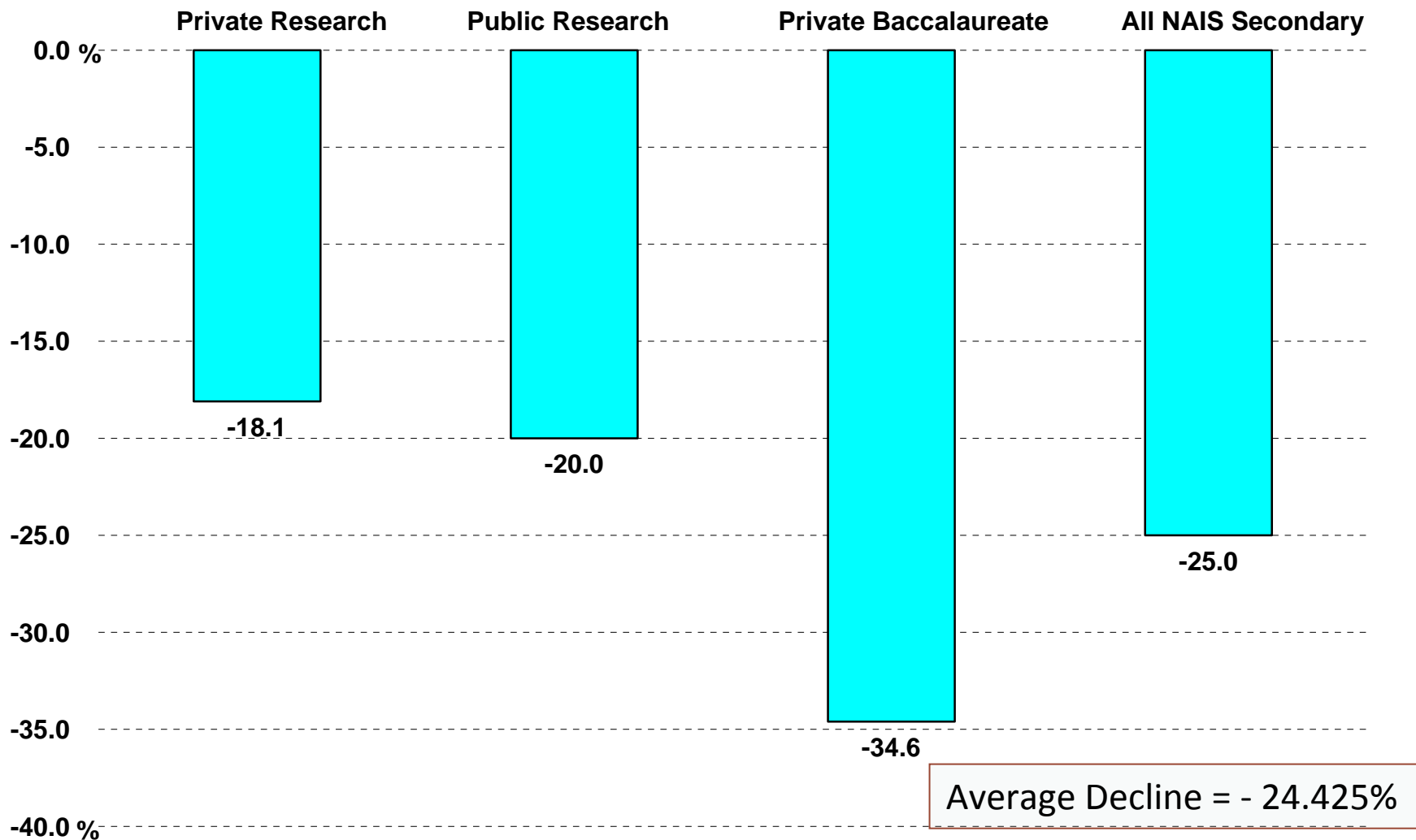
% DECLINE IN DOLLARS BY PURPOSE: 2008-2009

CURRENT OPERATIONS



% DECLINE IN DOLLARS BY PURPOSE: 2008-2009

FACILITIES



The Internet

Internet Value Creation

Value creation through the Internet takes place along three paths.

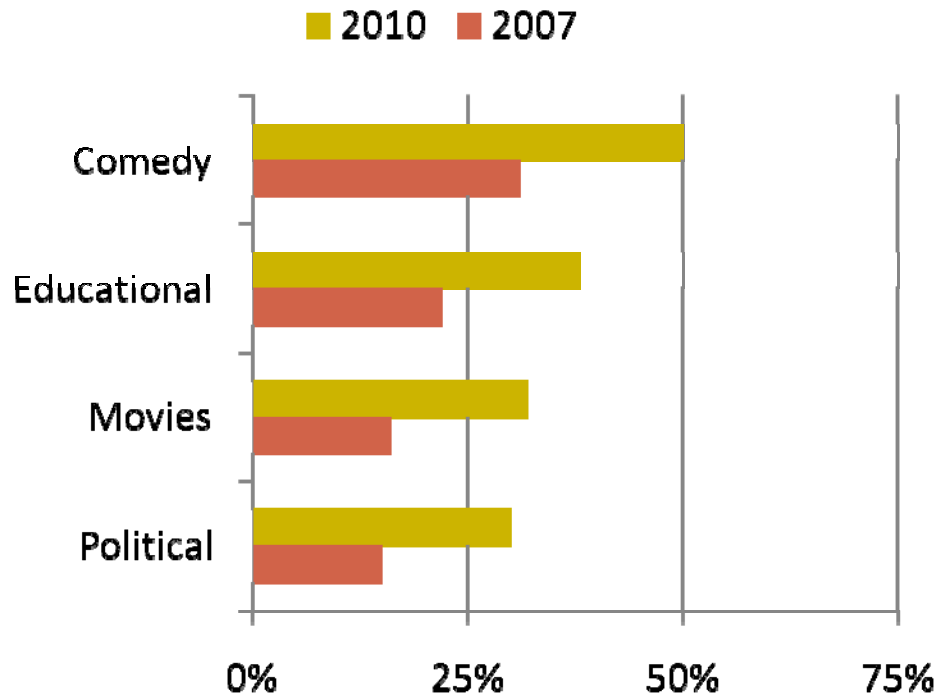
1. Allowing organizations to create value through **one-to-one** marketing.
2. Permitting **cost-effective** integration of online philanthropy and volunteering into an organization's core development strategies.
3. Enabling charities to **learn** about their best donors, one donor at a time, and **provide customized stewardship**.

Internet Video activity has increased

69% of adult internet users have watched or downloaded video on the internet

Representing 52% of all US adults

Growth in Viewers:



Diet Coke + Mentos



[Share](#) [Favorite](#) [Add to Playlists](#) [Flag](#)

Rate: ★★★★★

Views: 3,577,983

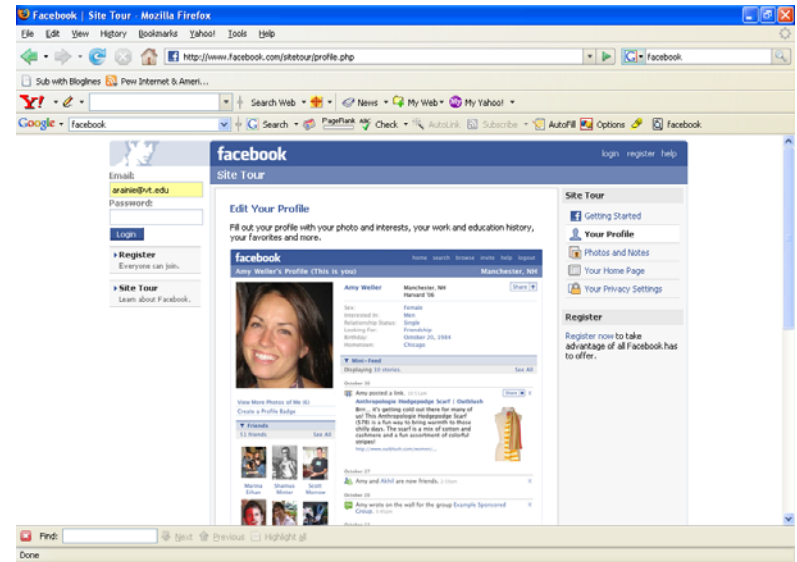
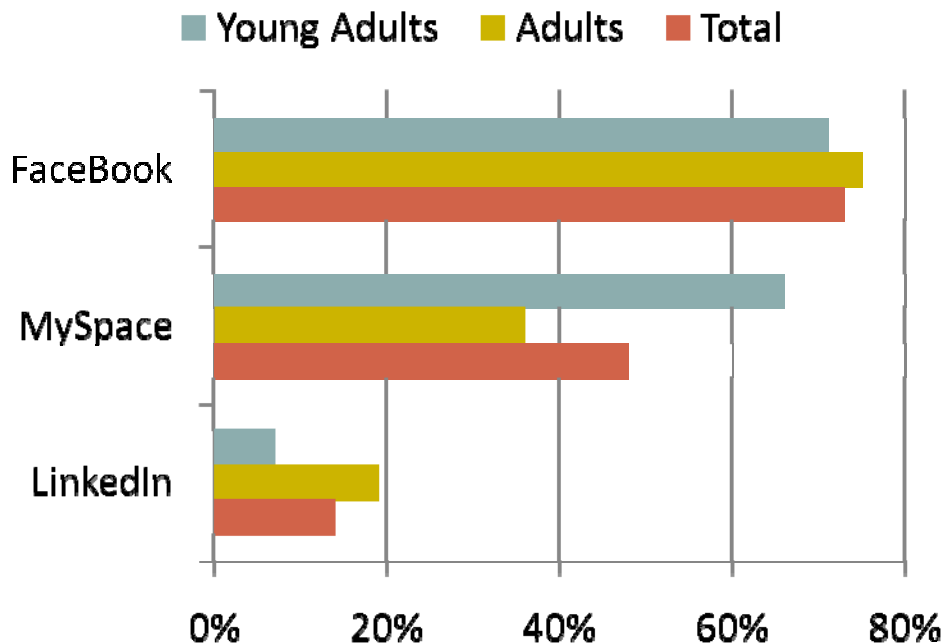
data from 74.125.1.16...

Social Network Sites Continue to Grow

73% of online Teens have profiles on a social network site

72% of online Young Adults use social networking sites

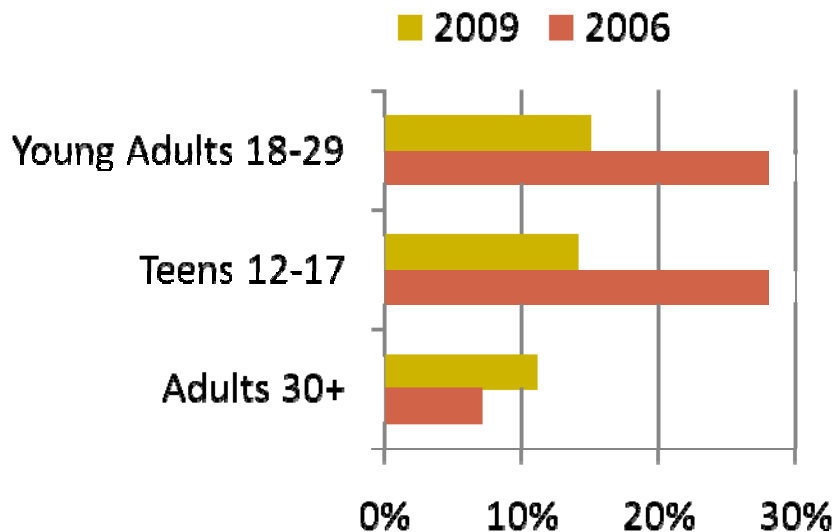
40% of Adults 30 years and older used social sites in Fall of 2009



Date: 3 Feb 2010

Blog use Declines

“Micro blogging and status updating on social networks have replaced old-style “macro-blogging” – Amanda Lenhart



My most recent flickr photos:

DAILY LINKS (NOT ADS):

Chuck Norris Action Jeans
"They are pants specifically designed to be worn while you are kicking people in the face. And they retail for..."

I'M HEATHER B. ARMSTRONG. THIS IS MY WEBSITE.

I TAKE PHOTOS EVERY DAY.

I TAKE PHOTOS OF MY DOG EVERY DAY, TOO.

FAQ CONTACT ME

NUBBIN ARCHIVES MONTHLY ARCHIVES

MASTHEADS SHOP

Despite taking my meds regularly

TUESDAY, 10 APRIL 2007

The final wall in our new house is being painted this afternoon, and later today the first plank of the new hardwood floor is being laid in the living room. The previous owners installed brand new carpet about three years ago, really beautiful carpet that I'm sure would be totally fine except for, you know, that small percentage of my personality that is Type A or, for lack of a better word, "psycho." No way my heart would survive a week knowing the things that Leta could spill on that floor, things that would leave permanent stains and odors. And yes, I know, I am perfectly aware and comfortable with the fact that this is only one of many parts of my personality that she will bring up with a therapist in

Twitter Demographics

- 8% of internet users 12-17 use Twitter
 - 5% of those are ages 12-13
 - 10% of online teens ages 14-17
 - 13% of online girls 14-17
 - 7% of online boys 14-17
- 19% of adult internet users use Twitter
- **33% of young adults 18-29 post social status updates**

Source: Pew Social Media & Young Adults

February 2010

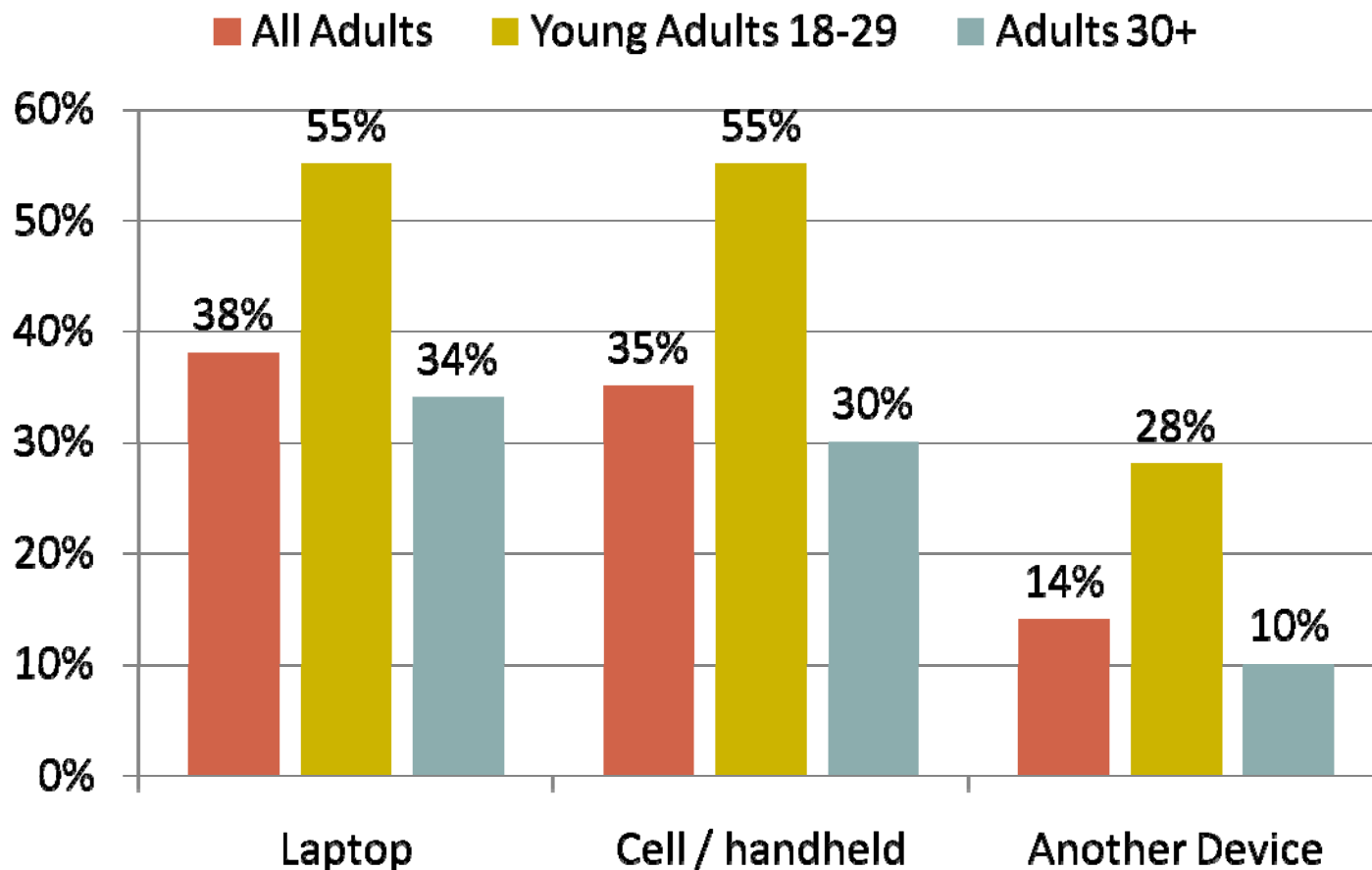
Age Group	Audience	Composition
2 - 17	250,000	3.6%
18 - 24	***	***
25 - 34	1,379,000	19.6%
35 - 49	2,935,000	41.7%
55 +	1,165,000	16.6%
65 +	477,000	6.8%
Source: Nielsen Ratings 02/2009 *** Insufficient sample size		

More than 60 percent of U.S. Twitter users fail to return the following month, i.e. Twitter's audience retention rate, or the percentage of a given month's users who come back the following month, is currently about 40 percent.

Nielsen April 26, 2009

Internet use By Age

63% of Adult Internet users (access the web from multiple devices; this is 70% of Adults 50 and younger access the internet with more than one device.



World's Most Popular Online Brands

Brand	% of World's Internet Population visiting brand	Time per person (hh:mm:ss)
Google	82%	1:21:51
MSN / WindowsLive / Bing	62%	2:41:49
Facebook	54%	6:00:00
Yahoo!	53%	1:50:16
Microsoft	48%	0:45:31
YouTube	47%	0:57:33
Wikipedia	35%	0:13:26
AOL Media Network	27%	2:01:02
eBay	26%	1:34:08
Apple	26%	1:00:28

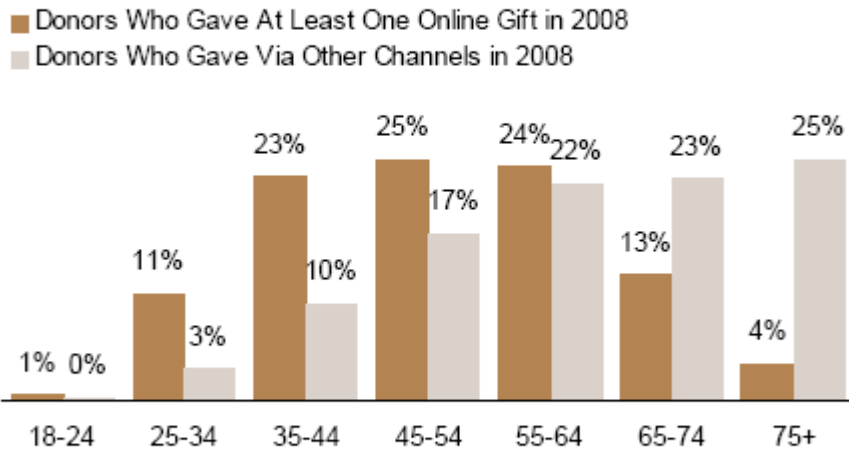
Source: The Nielsen Company, June 15, 2010

**Global refers to AU, BR, CH, DE, ES, FR, IT, UK & USA only*

Online Giving

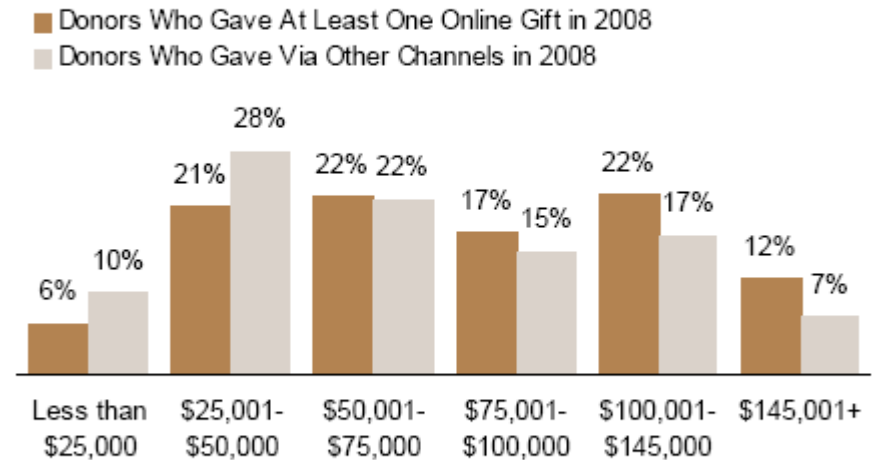
Online Donors: Young and Affluent

Fig. 4: 2008 Median Donors by Age as Percentage of Total File
Group 1 Organizations



Note: percentages for non-online and online donors will not necessarily add up to 100%, as each is a median of the percentages of the 12 participating organizations.

Fig. 5: 2008 Median Donors by Income as Percentage of Total File
Group 1 Organizations



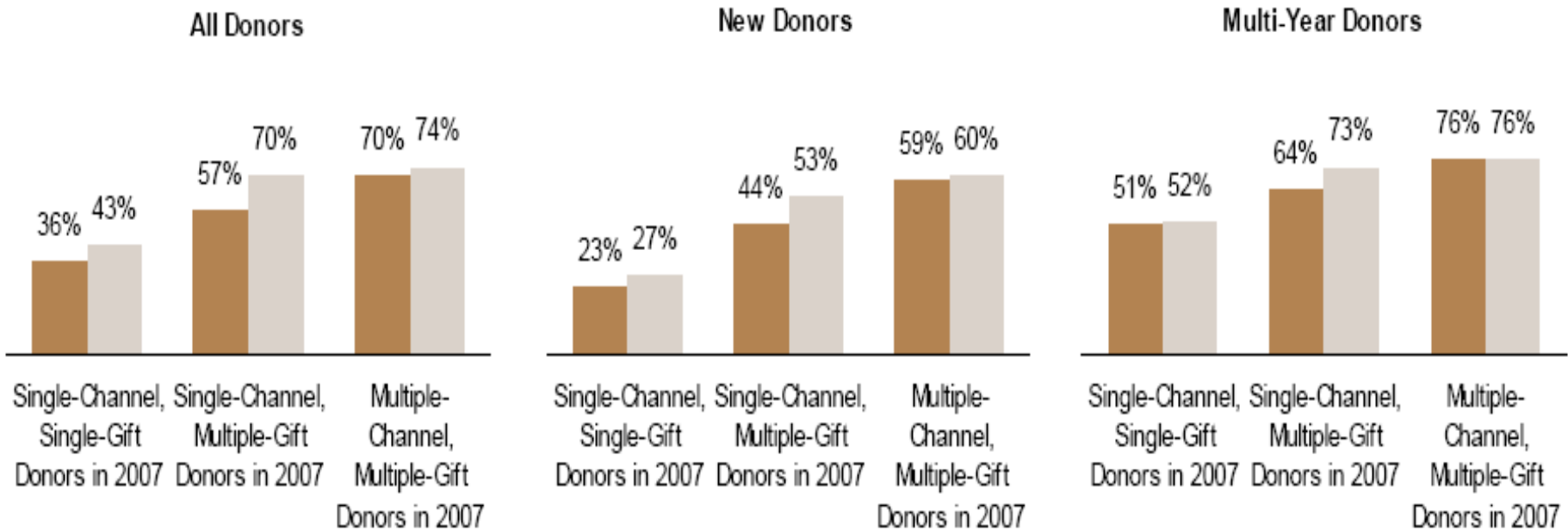
Note: percentages for non-online and online donors will not necessarily add up to 100%, as each is a median of the percentages of the 12 participating organizations.

On-line Retention Rates

Fig. 10: 2008 Median Retention Rate of 2007 Donors

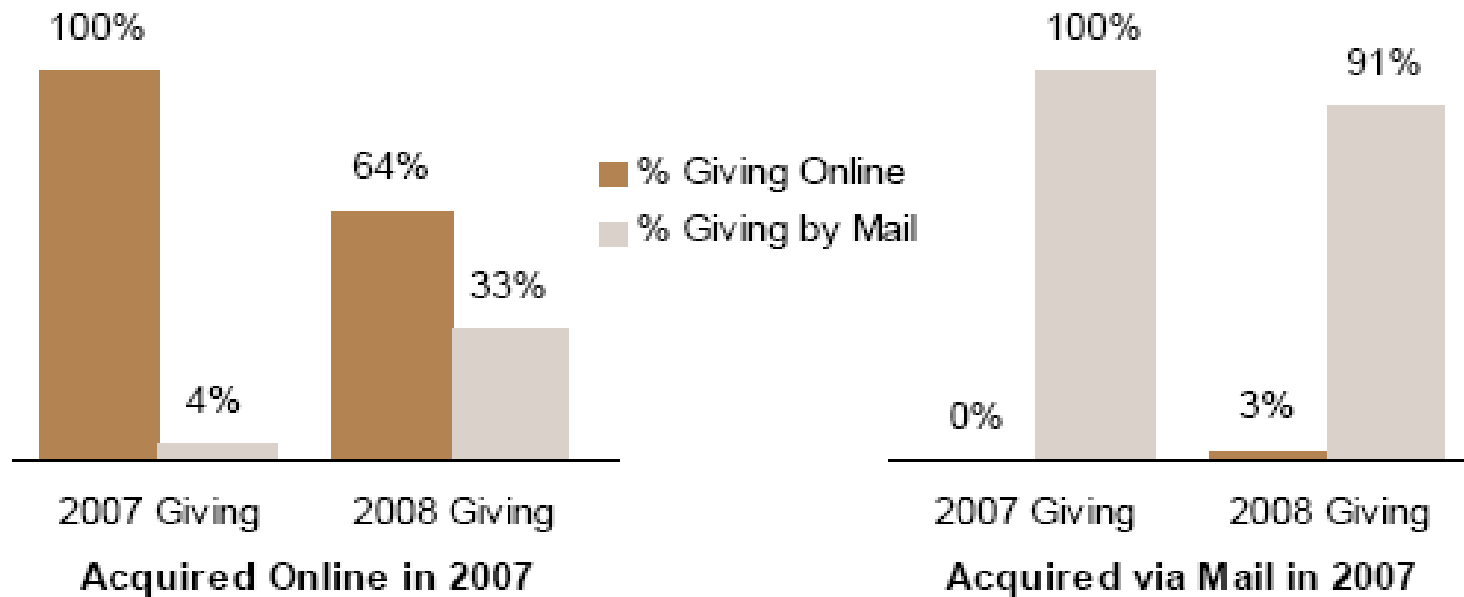
Group 1 Organizations

- Donors Who Gave At Least One Online Gift in 2007
- Donors Who Gave Via Other Channels in 2007



Retention 2007 to 2008

**Fig. 17: Channel Migration of Donors Acquired in 2007
Who Renewed in 2008**
Group 1 Organizations



Since donors may give both online and via mail in a single year, or may give to neither of these two sources in a single year, percentages may add to more or less than 100%.

The Chronicle of Philanthropy 2010 Annual Survey of Online Giving

April 18, 2010

Online Giving Continues to Grow but at a Slower Pace, Chronicle Survey Finds

Internet gifts to charities rose by 5% in 2009

Organization	Category	Amount raised via the Internet in 2008	Amount raised via the Internet in 2009	Percentage change
United Way Worldwide (Alexandria, Va.)	United Ways	\$245,280,281	\$335,339,633	36.7
American Cancer Society (Atlanta)	Health	\$101,272,941	\$114,268,083	12.8
Leukemia & Lymphoma Society (White Plains, N.Y.)	Health	\$78,380,083	\$75,936,704	-3.1
National Multiple Sclerosis Society (New York)	Health	\$45,700,000	\$67,100,000	46.8
Educational Media Foundation (Rocklin, Calif.)	Religious	\$54,379,516	\$55,572,119	2.2
Heifer International (Little Rock, Ark.)	International	\$30,414,490	\$29,949,406	-1.5
American Red Cross (Washington) 1	Social Service	\$40,946,450	\$25,849,429	-36.9
World Vision (Federal Way, Wash.)	International	\$27,000,000	\$24,500,000	-9.3
Alzheimer's Association (Chicago)	Health	\$14,047,279	\$16,969,516	20.8
Salvation Army (Alexandria, Va.)	Social Service	\$11,305,792	\$13,948,709	23.4
Cystic Fibrosis Foundation (Bethesda, Md.)	Health	\$11,078,526	\$13,189,148	19.1
World Wildlife Fund (Washington)	Environmental and Animal Welfare	\$8,998,357	\$12,524,303	39.2
Jewish Federations of North America (New York)	Jewish Federations	n/a	\$12,000,000	—
	International	\$12,977,529	\$11,408,111	-12.1
Dana-Farber Cancer Institute (Boston)	Health	\$11,190,973	\$11,205,947	0.1
Young Life (Colorado Springs)	Religious	\$6,397,468	\$10,444,089	63.3

The New Economy Applied to Campaigns

How Endless Choice Is Creating Unlimited Demand

The Long Tail



Why the Future of Business
Is Selling Less of More

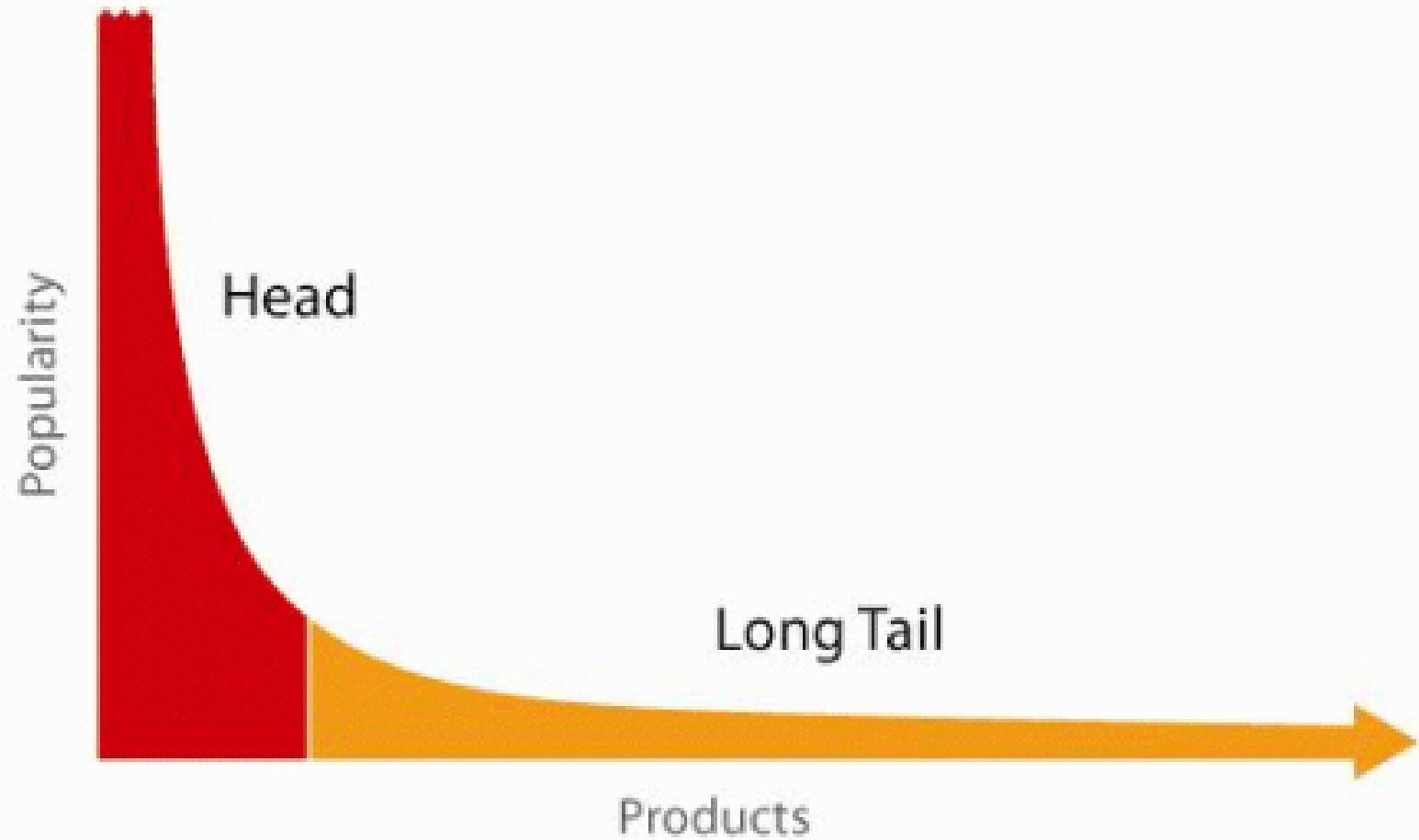
CHRIS ANDERSON

"Anderson's insights influence Google's strategic thinking in a profound way.

READ THIS BRILLIANT AND TIMELY BOOK."

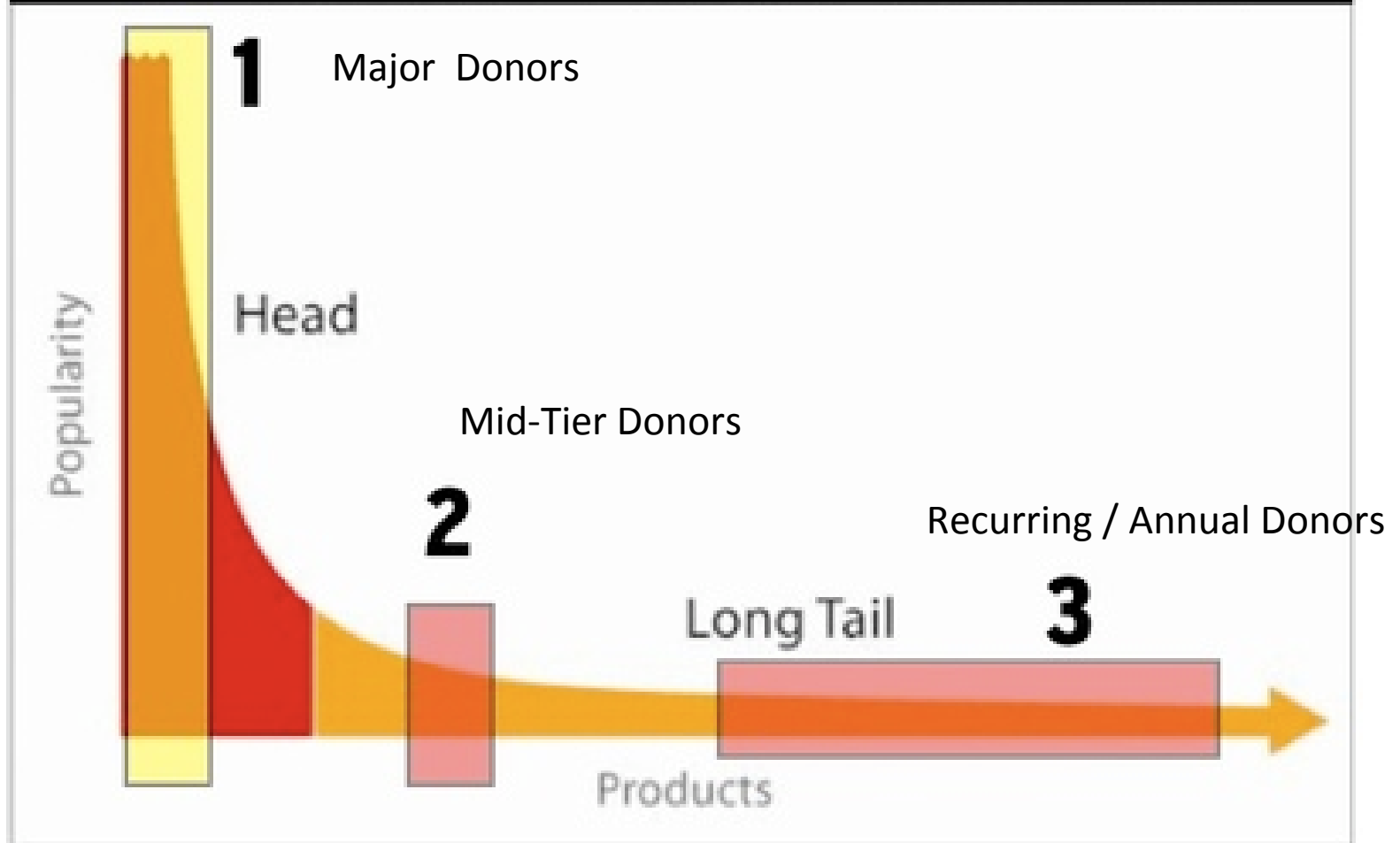
—ERIC SCHMIDT, CEO, GOOGLE

The New Marketplace



Reviewing Seth Goodin's Contribution

Three Profit Pockets on the Tail



Results of Client DonorSearch™ Screening

Capacity Rating	Total	Previous Donors	Non-Donors & Philanthropist	Non-Donors & <u>Not</u> Philanthropic
\$10,000,000 +	7	5	2	0
\$1,000,000 - \$9,999,999	54	37	16	1
\$250,000 - \$999,999	138	101	35	2
\$100,000 - \$249,999	227	171	45	11
\$25,000 - \$99,999	687	406	125	156
Total:	1,113	720	223	170
Percentage of Total	100.0%	64.7%	20.0%	15.3%

Qualified Prospects represent top 1% of the total file

2010 Screening Results: Projected Major Gift Philanthropic Potential

Capacity Rating	Projected Donors	Anticipated Gift	Philanthropic Potential	Donor Percent of Total	Gift Percent of Total
\$10,000,000 +	2.0	\$10,000,000	\$20,000,000	1.0%	39.0%
\$1,000,000 - \$9,999,999	15.3	\$1,000,000	\$15,250,000	7.3%	29.7%
\$250,000 - \$999,999	32.5	\$250,000	\$8,112,500	15.5%	15.8%
\$100,000 - \$249,999	52.3	\$100,000	\$5,230,000	24.9%	10.2%
\$25,000 - \$99,999	107.8	\$25,000	\$2,693,750	51.4%	5.3%
Total:	209.75		\$51,286,250	100.0%	100.0%

8% of Donors Would Generate 69% of the Total

Non-Major Gift (Annual) Prospect Pool

Rating	Total	Donor	Non Donor
\$10,000 - \$24,999	764	655	109
\$2,500 - \$9,999	915	867	48
\$1,000 - \$2,499	440	281	159
Less than \$1,000	9,318	3,680	5,638
\$1	50,000	2,500	47,500
Total	61,437	5,483	55,954

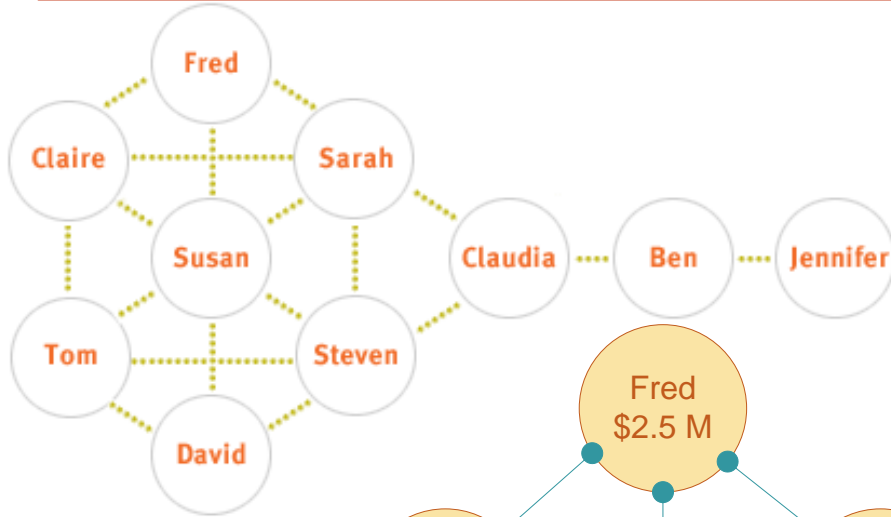
Non-Major Gift (Annual Fund) Potential

Rating	Projected Donors	Gift Level	Annual Projection	Five Year Total
\$10,000+	147	\$10,000	\$1,473,500	\$7,367,500
\$2,500 - \$9,999	224	\$2,500	\$559,875	\$2,799,375
\$1,000 - \$2,499	118	\$1,000	\$118,225	\$591,125
Less than \$1,000	3,692	\$500	\$1,845,900	\$9,229,500
\$1	6,175	\$125	\$771,875	\$3,859,375
Total	10,356		\$4,769,375	23,846,875

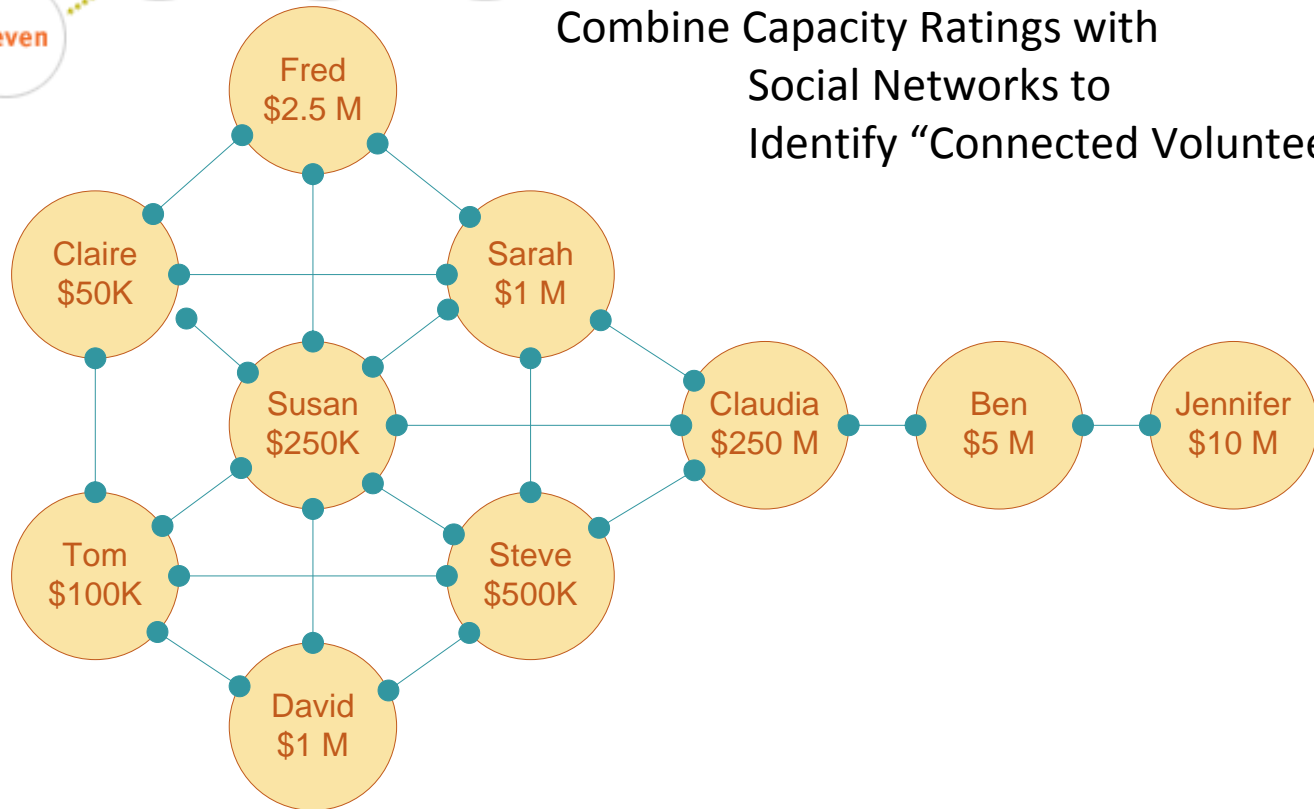
Roughly Equal to half of the Classic Campaign Gift Pyramid

Apply The New Technology

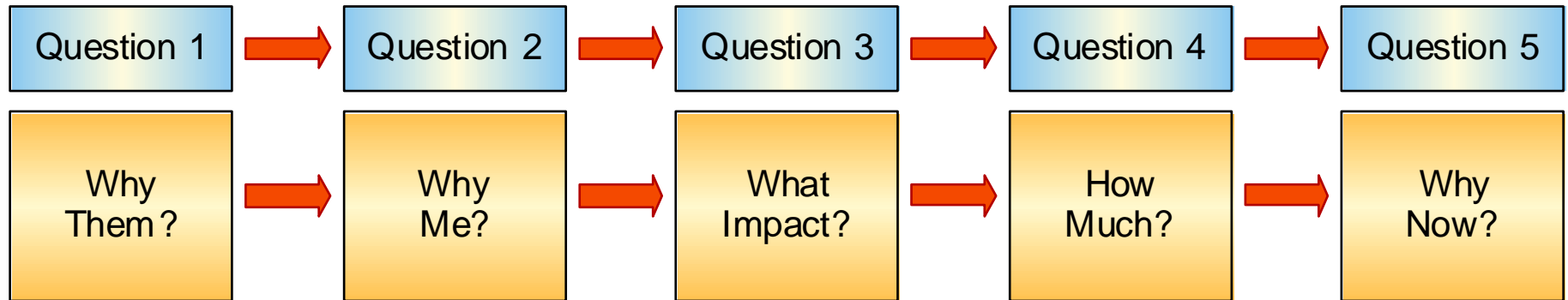
Major Gift & Social Network Mapping



Combine Capacity Ratings with Social Networks to Identify “Connected Volunteers”

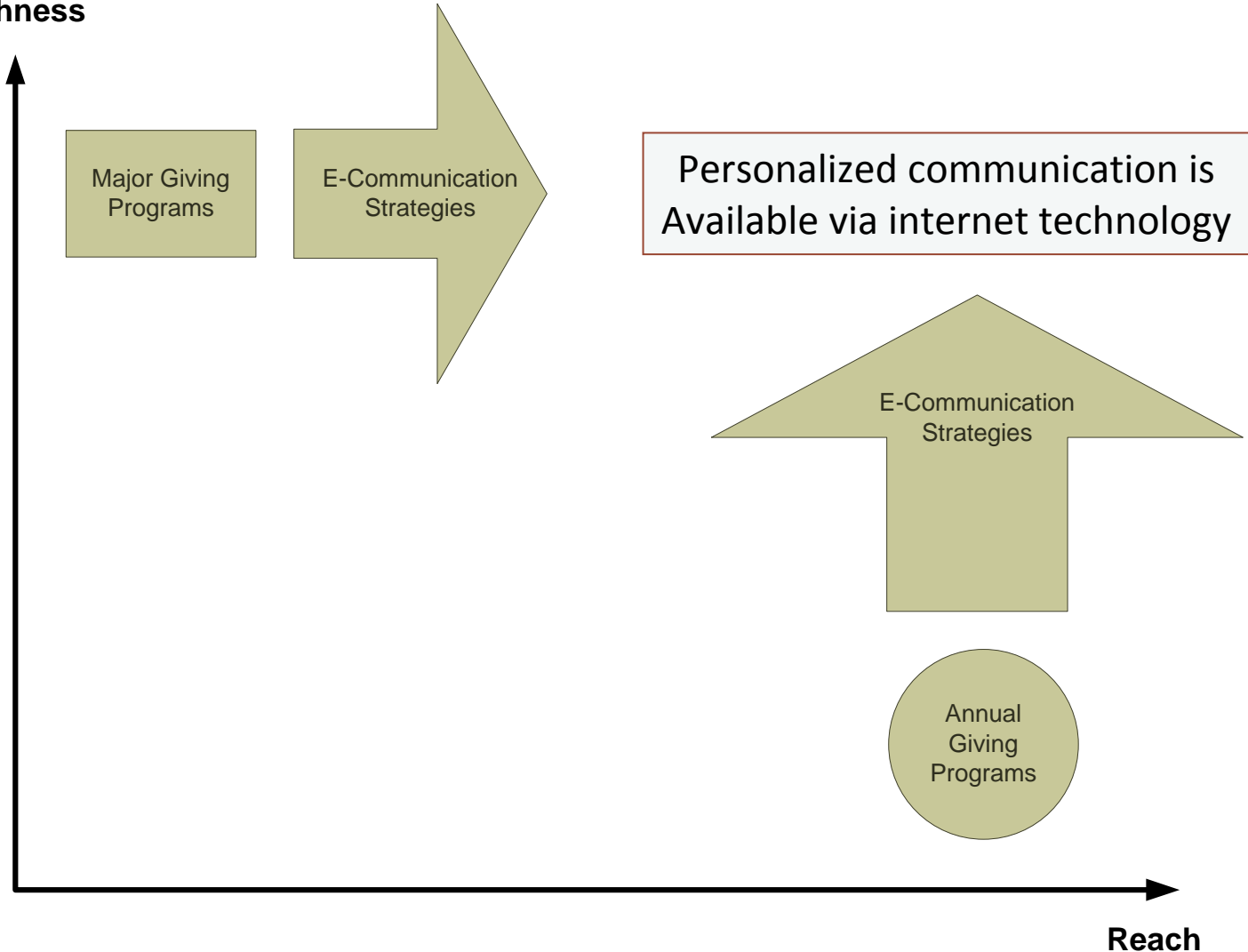


Recognize the Donor Thought Process



Communication Strategies Merge

Richness



Personalized communication is Available via internet technology

E-Communication Strategies

Annual Giving Programs

Reach

Blend Multi-Channel Application



Post Recession Campaign Pyramid

Impact of the Economy on the Pyramid

\$50,000,000 Campaign

Gift Level	Donors Needed	Prospects Needed	Associated Dollars	Cumulative Dollars	Cumulative Percentage of \$	Cumulative Donors
\$10,000,000	0	0	\$0	\$0	0.0%	0.0%
\$5,000,000	1	4	\$5,000,000	\$5,000,000	10.0%	0.1%
\$2,500,000	1	4	\$2,500,000	\$7,500,000	15.0%	0.3%
\$1,000,000	5	20	\$5,000,000	\$12,500,000	25.0%	1.0%
\$750,000	6	36	\$4,500,000	\$17,000,000	34.0%	1.9%
\$500,000	10	60	\$5,000,000	\$22,000,000	44.0%	3.4%
\$250,000	30	180	\$7,500,000	\$29,500,000	59.0%	7.9%
\$100,000	80	480	\$8,000,000	\$37,500,000	75.0%	19.8%
\$50,000	140	840	\$7,000,000	\$44,500,000	89.0%	40.6%
\$25,000	200	1,200	\$5,000,000	\$49,500,000	99.0%	70.3%
\$5,000	200	1,200	\$1,000,000	\$50,500,000	101.0%	100.0%
Total	673	4,024	\$50,500,000		101.0%	100.0%

A shorter, Wider Pyramid

- Nothing at the top range
- 70% of the gifts derived from 20% of the donors

The New Pyramid: Combined Potential

Constituents	Projected Donors	5 Year Projected Donations	Percent of Total
Major Gift Donors	210	\$51,286,250	78%
Non-Major Gift (Annual) Donors	1,389	\$23,846,875	22%
Total	1,599	\$75,133,125	100%

Campaign Expands from \$50,000,000 to \$75,000,000 with lower level gifts

Net Impact of Recession

- Major Gifts track with the Dow Jones Industrial Average
 - Mega Gifts are fewer and far between
- Total Giving has declined
- Operating support declines less than capital and endowment giving
- Everyone is on the Internet
 - Younger, more Affluent Donors are being acquired Online

Impact on Planning

- Donors set priorities and continue to support the enterprises they view as important
- Donor Relations (Stewardship) and Case Stating are keys to
 - Continued donor satisfaction and
 - Market differentiation
- Campaign Gift Pyramids shift from 90/10 to 80/20 or 70/30
- Electronic Communication is essential

**“This is no time for ease
and comfort. It is time to
dare and endure.”**

Winston Churchill (1874-1965)