



## Interactive Technology

### Article Four

# Affluent Donors Expect Direct Access to Relevant Information

**“... Donors are seeking opportunities for peer conversation. Specifically, they want to create communities of change that are global, and they want to do that through the technology that they are accustomed to using.”**

~Robin Ganzert

Deputy Director for Philanthropic Service,  
Pew Charitable Trust

In order to reach high net worth donors, younger contributors and multi-generational families, non-profit organizations are recognizing a need to provide quality, in-depth information in a more accessible and timely manner. They realize that the traditional “push” marketing strategy of creating a beautiful, glossy brochure or website filled with heart-string-pulling photos is no longer the most effective means for wooing today’s inquisitive and exacting donors.

*The Chronicle of Philanthropy* reports, “While direct-mail appeals worked well with donors born before World War II, who felt loyalty toward well-known charities, they have proven less successful for soliciting baby boomers, who are more distrustful of authority.”<sup>[1]</sup>

While organizations may disagree about the definitions of demographic segments, most conclude that increasingly sophisticated philanthropists of any age want not only to make an impact with their contributions but are demanding that the recipients of their philanthropy demonstrate sound business practices as organizations. According to the *2008 Study of High Net Worth Philanthropy*, four of the top six factors which donors rank as important when making a charitable gift relate to financial and fiduciary responsibility.<sup>[2]</sup>



Philanthropy today is more than just donations. High net worth participants expect to see a return on their philanthropic investments. But effective investing requires extensive research as well as the formulation of a giving strategy. Melanie Schnoll-Begun, Managing Director of Morgan Stanley Smith Barney Philanthropic Service, has found that her clients want accurate, detailed information about organizations specific to their areas of interest. She says, “High net worth donors want to know which organizations are doing the best work in leveraging their resources and philanthropic dollars. They want to

know which non-profits are working well with outside agencies and closely with their investors, and they want to know which organizations are doing the best job of governing themselves well and utilizing best practices in their programs.”

The due diligence process can be a daunting task for philanthropists. While they may have lacked information in the past, the Internet gives donors access to more than can ever be assimilated and; accessibility doesn’t always equal relevance or integrity. The proliferation of propaganda makes it difficult to discern fact from fiction, complicates decision making and increases the guardedness of an audience that is already wary.

As a result philanthropists often depend upon a financial planner or other trusted advisor. Robin Ganzert, Deputy Director for Philanthropic Service for Pew Charitable Trust, has found that, “An affluent family often turns to their financial advisor as their first point of contact for information when they start talking about making a difference in the world – and having some sort of measurable social impact – because they already have a close relationship with them.” In fact, financial advisors, attorneys and CPAs have seen significant increases in support requests from their philanthropic clients relative to their charitable planning, during the same period that nonprofits have seen broad based declines in donor interaction.<sup>[3]</sup>

Crown Philanthropic Solutions is a pioneer in interactive technology for non-profits. Their flagship product, DonorFirst™, is a web-based dashboard that combines account management, charity research and due diligence, social networking, grantee communication and more. [www.donorfirst.org](http://www.donorfirst.org)

It then becomes the responsibility of that financial or other trusted advisor to help design a giving strategy, deliver reliable information to clients and help them make wise decisions with regard to their charitable endeavors- often integrating multiple generations in the process, and even facilitating volunteer participation or trips to get whole families more involved in their giving. Face-to-face meetings with clients have historically been an effective method of communication for these families. However, as wealth is transferred to heirs and as younger entrepreneurs accumulate assets, many desire to assert more control and be assured their contributions have a deeper impact.



It has been estimated that more than \$40 trillion will pass to heirs by the year 2052.<sup>[4]</sup> These heirs, as well as the large number of younger donors who have accumulated personal wealth through entrepreneurship, increasingly expect to use technology to control and allocate their assets. Ganzert says, "Donors are looking for tools that allow them to have immediate access, 24 hours a day, seven days a week, to their philanthropy portfolios much like they have access to their banking and investment portfolios." She continues, "In addition, donors are seeking opportunities for peer conversation. Specifically, they want to create communities of change that are global, and they want to do that

through the technology that they are accustomed to using."



Ganzert is quick to point out that face-to-face interaction is integral to the process. At the same time, online collaboration can support strategic philanthropy and can serve as a meeting place where non-profits and donors can exchange information with each other.

Schnoll-Begun agrees that, while there is no replacement for face-to-face interaction, technology has a role in today's non-profit arena. "If technology can act as more than just a portal of self-serving information from a non-profit, if it can be a venue of exchanging information which is timely, relevant and based upon the specific interests of an individual client, not just a perceived group, then it can be a valuable tool."

Too often non-profit organizations miss these opportunities to leverage technology for engagement and donor development efforts by thinking of communication as a one-way street. They offer information they think donors should want to know rather than providing resources that engage individual donors and specifically demonstrate the effectiveness of their programs. Such resources would enable current and prospective donors to determine if their contributions could make a real impact, and help facilitate their financial participation.

As Schnoll-Begun says, "While I have not seen it yet, I think a technology solution that connects ultra-high net worth individuals to organizations, where they can 'see behind the curtain' and have a better understanding of and appreciation for the work that a non-profit is doing, would increase contributions, and would definitely add value to the relationship between a financial advisor, an individual client and the non-profit that client is supporting."



***"If web technology can act as more than just a portal of information from a non-profit, if it can be a venue of exchanging information which is timely, relevant and based upon the specific interests of an individual donor, then it will be a valuable tool."***

~ **Melanie Schnoll-Begun**,  
Managing Director of Morgan Stanley Smith  
Barney Philanthropic Service

1. Wasley, P., Changing Demographics Could Be More of a Challenge to Charities Than The Recession, *The Chronicle of Philanthropy*, June 14, 2009.
2. Bank of America Study of High Net-Worth Philanthropy, Issues Driving Charitable Activities Among Affluent Households. *The Center on Philanthropy at Indiana University*, March 2009.
3. IBID Issues Driving Charitable Activities... [pg 61 CPAs, +67%, JDs +165%, FAs +70%, NPOs - 35%].
4. Schervish, Paul G. and Havens, John J., *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*, Social Welfare Research Institute, Boston College, Boston, MA, October 1999.

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