

THE CHRONICLE OF PHILANTHROPY



FUNDRAISING

By *Drew Lindsay*

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Not long after she started at the [Houston Food Bank](#) in 2020, Abby Trahan unwittingly tackled a problem threatening the nonprofit world and bedeviling its biggest thinkers. Her solution? Food recipes.

Arriving directly from graduate school at Texas A&M, the 25-year-old took over managing the organization's portfolio of monthly donors. Some early proponents of such programs cautioned that it's best to let sleeping donors lie — roused by too many emails, they might cancel their automatic renewal.



Fundraising and the Generosity Crisis

Fewer than half of American households give to charity, down from two-thirds in the early 2000s. Misdirected fundraising might be part of the problem. Nonprofits can help turn things around — if they work to forge stronger connections with supporters. Read more:

[Charity:water Believes Donors Have More to Give Than Dollars — if You Ask](#)

[9 Ways to Forge Stronger Connections With Supporters](#)

[How Mother Jones Defies Fundraising Rules to Build Community and Grow](#)

[2021's Surprisingly Strong Giving Followed by Dark Clouds](#)

Nonsense, Trahan thought. These are our most loyal donors. They need to be drawn closer.

Over the next two years, Trahan took every excuse to connect with her donors. She introduced herself to the group, called Faithful Friends, through email and a video and splashed her contact information across the website. Get in touch if you have questions or need help, she urged.

In her first year, Trahan handwrote 900 holiday cards and called 800 donors. She sent monthly updates, some with videos as well as stories of the group's impact. When a winter storm hit Texas last year, Trahan was helping with the organization's relief efforts when she met a family who had just arrived in the state and had little in the larder. She quickly dashed off a note to the Faithful Friends about the family and how the food bank had helped.

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And, yes, she sent recipes. On birthdays, monthly donors received a Trahan-signed postcard with a chocolate-cake recipe. Her unspoken message: We know you, and we care about you.

In two years, Faithful Friends grew from about 2,000 to 5,000 donors. One whom Trahan got to know well committed to a planned gift. Another called when inflation hit — not to cancel her pledge but to give more. Costs for the group, the donor said, would be going up.

Staring Down Hard Truths

Trahan's story is instructive for a nonprofit industry staring down the hard truth of declining rates of giving. [Fewer than half of American households give to charity](#), down from two-thirds in the early 2000s. That's 20 million households that once opened their wallets for nonprofits but now say "No, thanks."

Last fall, philanthropy leaders backed by national grant makers created the [Generosity Commission](#) to find ways to reverse this decline. The group of nonprofit and foundation leaders — no fundraisers among them — aims to "inspire," "reignite," and "reinvigorate" generosity. It's a mission that presupposes that the charitable impulse of Americans is atrophying, if not at risk of withering away altogether. "The future of generosity in America is not guaranteed," the commission warns.



COURTESY OF ABIGAIL TRAHAN

While at the Houston Food Bank, Abby Trahan personalized the monthly donor program, which grew from 2,000 to 5,000 supporters.

But what if generosity is healthier than giving data suggests? Maybe as strong as ever? You might come to that conclusion looking at the explosion of giving on platforms like DonorsChoose and GoFundMe, which bypass traditional charities and funnel cash directly to people and projects. Or the [growth of mutual-aid groups](#) during the pandemic. Or the surge in corporate-initiated, consumer-focused social enterprises such as Patagonia or Toms shoes.

“We are seeing the numbers of donors to 501(c)(3)s going down,” says Mari Kuraishi, co-founder of the [GlobalGiving crowdfunding platform](#). “Maybe the same number of people — and possibly more — are engaged in acts of generosity that don’t get captured in the flow of funds to 501(c)(3)s.”

The Generosity Commission is exploring Kuraishi's hypothesis. Among other things, it commissioned [research](#) by philanthropy scholar Lucy Bernholz that highlighted the many ways working-class Americans express generosity apart from charitable giving.

But if Kuraishi is right and generosity hasn't faded, another national commission might be in order — this one to study nonprofits themselves. Why did 20 million households stop giving to charity? Answers may lie in the signs that misdirected fundraising is doing little to stoke humans' innate generosity. Indeed, an obsession with cash may be tamping down the desire to give, threatening not only revenues but also the standing of nonprofits as a primary force for good — this at a time when Americans enjoy a superabundance of choices for doing good.

Relationships or Transactions?

Nathan Chappell delivers a similar message from a stage at the MGM Grand Conference Center in Las Vegas, where some 3,000 fundraisers gathered in May for the annual national conference of the [Association of Fundraising Professionals](#).

Chappell, a former fundraiser who's now an executive at the data firm DonorSearch, flashes onto a screen a chart showing the decline in giving over two decades — from its high point in 2002 at 68 percent of all American households to less than 50 percent in 2018, [the latest year](#) for which the Indiana University Lilly Family School of Philanthropy has numbers.

While crisis-related giving has pushed the dollars going to charity higher in recent years, there's still concern that fewer donors are stepping up. Donations by individual Americans, which decades ago made up as much as 85 percent of all giving, now account for only about two-thirds, according to the [annual "Giving USA" report](#).

Other data points to fraying connections between nonprofits and their supporters. The rate of volunteerism has dropped from 65 percent in 2013 to 56 percent last year, according to [Gallup polls](#). Donor-retention rates have fallen from about half to around 43 percent over the past 15 years. Nonprofits can attract donors, it seems. But building the relationship that makes them want to give again? That's another story.

The night before his talk, Chappell signed a publishing deal to co-author a book titled [The Generosity Crisis](#). The phrase also features in promos for his talk, which may explain why just 30 or so people fill the hundreds of seats in the room. Who comes to Vegas to hear bad news?



DEBRA KAPLAN, SHARE OMAHA

Share Omaha expanded the giving-day concept to encourage residents to contribute money and goods and to volunteer at events like this one at the Nebraska Diaper Bank.

Chappell, who has been raising alarms about the declining rates of support for some time, has met largely with indifference. People discount the numbers when they see each year's tally of total giving break records, driven by bigger donations by the wealthy. "Maybe it's like *The Inconvenient Truth*," Chappell says later, referencing Al Gore's doomsday documentary about climate change. "In 15 years, people will say, 'I wish I'd paid attention back then.'"

He ticks off nearly a dozen likely reasons for the decline. The [flagging attendance](#) in houses of worship. The [decline of happiness](#) among Americans. Slumping [trust in institutions](#) and [nonprofits specifically](#).

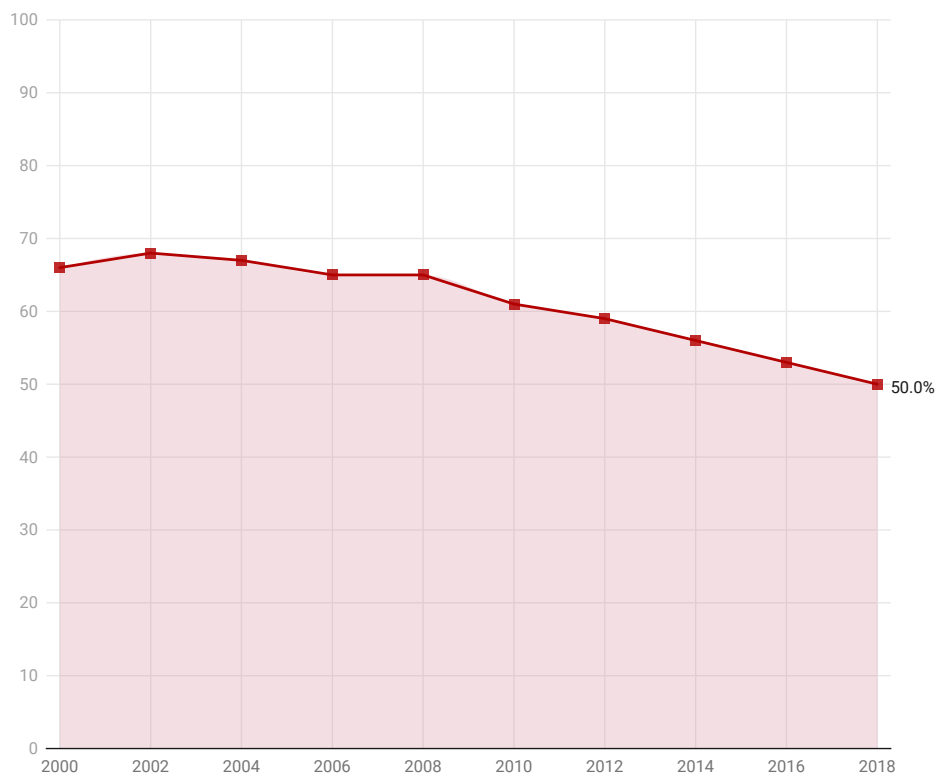
Chappell doesn't mention them, but critiques by some conservatives argue nonprofits have lost favor with Americans because they are pursuing increasingly political agendas. Others point to the [hollowing out of the middle class](#); economic calamity hammered average Americans in the Great Recession-to-Great Pandemic years.

Nonprofits, obviously, can't control the economy or improve the country's collective state of mind. But Chappell doesn't let fundraisers play the victim. Many nonprofits have depersonalized philanthropy, he says, letting the chase for dollars dominate their messaging and relationships with supporters.

"Nonprofits over time have traded the relationship for the transaction," he says. "When revenue is the ultimate goal, what's sacrificed is the long-term relationship."

Other nonprofit leaders and advocates share Chappell’s concerns. They talk of a growing estrangement as charities center interactions with supporters on money. “People generally want to participate and to feel part of something,” says [Rhodri Davies](#), a philanthropy scholar. “But too many traditional nonprofits are coming to them with offers or asks that feel very much like a transaction — ‘give this amount of cash.’”

Share of Households Giving to Charity



Source: Lilly Family School of Philanthropy • Created with [Datawrapper](#)

The examples are legion. The closing screen for an online donation that reads, “Transaction complete.” Communications sent only at the fiscal year’s end or during the holidays. Emails always — always — accompanied by asks. Monthly donor solicitations whose ask is predicated on the notion that gifts will save the organization money and time.

There’s a pervasive money-first attitude driving these tactics, Davies says. He has encountered organizations that decline to work on community events because they don’t see a financial return. He is also puzzled by the push to make giving “frictionless” and create a glidepath from donation impulse to dollars hitting a charity’s coffers.

It’s almost an inducement to give without thinking, Davies says. “That always struck me as an odd idea; it goes against the grain of really what giving should be about.”

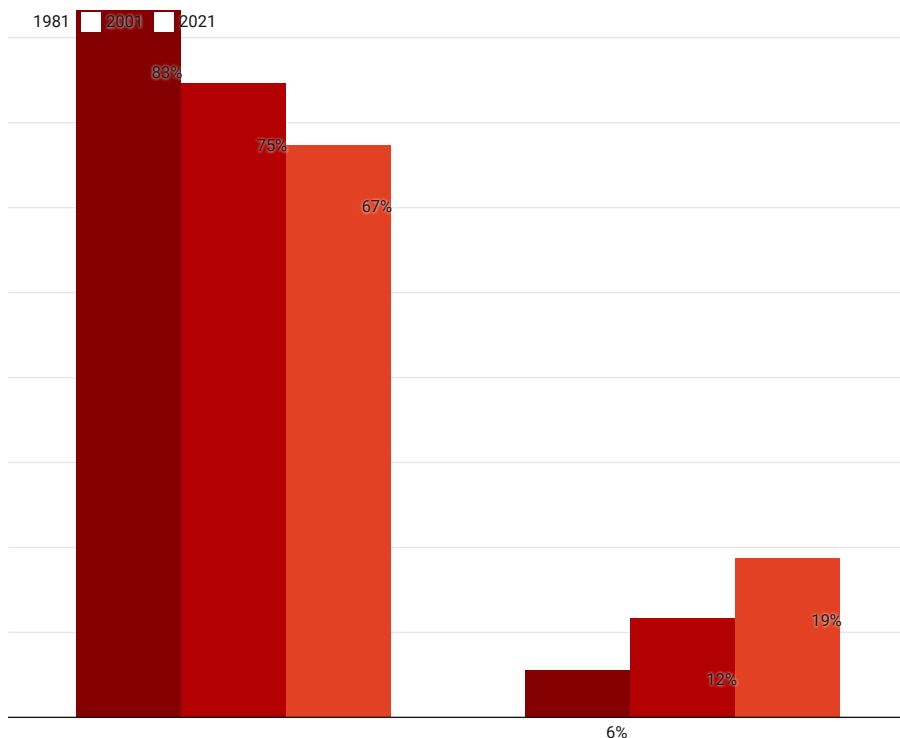
The problems lie not just with how nonprofits seek support; it’s who they ask. Pressed to make short-term revenue goals, groups are creating or expanding big-gift operations, siphoning resources from the annual fund and other efforts to generate everyday giving.

“The focus has shifted to big-game hunting” as the only means to achieve maximum return on fundraising investments, says Laura MacDonald, chair of the Giving USA Foundation and founder of the Benefactor Group, a fundraising consultancy. But that’s a mistake, MacDonald says. A major-gifts officer might bring in \$2.5 million from five or so gifts, but a fundraiser working with a portfolio of 400 donors could easily bring in the same amount.

“It’s the same ROI, but we reserve most of our resources and attention for that gift officer who’s bringing in five gifts,” she says. “We have created models in which we focus on major gifts at the expense of the modest donor.”

Individual vs. Foundation Giving

Contributions from individuals have declined in the past 40 years as a share of total giving as foundation support has grown.



Foundations

Source: Giving USA 2022 • [Get the data](#) • Created with [Datawrapper](#)

Foundations deserve a lot of blame for the disconnect with donors, says Mario Luga, senior innovation director for [Justice Funders](#), which supports philanthropy to advance social justice. In the past few decades, Luga argues, grant makers have invited nonprofits to turn to them for help, to stop chasing small-dollar gifts. Foundations [now account for almost one out of every five dollars](#) given to charity, according to “Giving USA,” up from just 6 percent in the early 1980s.

That means nonprofits spend less time building community and more time writing grant applications that attest, explicitly or implicitly, to their organization’s value and superiority over similar groups. Such self-promotion soon bleeds into all fundraising, Luga says. “You start to absorb that approach. And it keeps going and it keeps going and 20 years later, we are the most narcissistic folks.”

Personalized Giving

On the Las Vegas stage, Nathan Chappell has moved the discussion from diagnosis to treatment. Generosity and giving are a manifestation of connection, he says, and nonprofits must do more to personalize giving and build relationships.

“It’s about going back to the roots of what nonprofits are built to do, to bring people together to accomplish something that they couldn’t do alone,” Chappell says after his talk. “There’s been a trade-off — money for relationships — and it’s time to reverse that. Otherwise, this crisis won’t end.”

There's no lack of ideas for how to forge stronger connections with supporters. For some fundraising experts, it's about investing in basic but neglected stewardship of small-gift donors — spell names correctly, send prompt thank-you notes, and so on. Chappell and others promote artificial intelligence and other technologies as a means to segment large numbers of donors and build relationships digitally with targeted communications that speak to the aspects of a group's work that each supporter cares most about.

Nonprofits may also have to break with convention. Fundraising with groups that are seemingly competitors for dollars — and even pitching your donors on their behalf — could, oddly enough, increase an organization's giving and standing. Mother Jones, a nonprofit news outlet, uses its gift thank-you notes to bring similar journalism ventures to the attention of its donors — a practice supporters have cheered.

[Share Omaha](#), a nonprofit and online platform serving groups in the Nebraska city, has expanded the popular giving day concept to three days: It encourages supporters to make donations on one day, volunteer on a second day, and buy items on nonprofit “wish lists” on a third.

Fundraisers at the [Children's Home Society of Florida](#) are evaluating prospects for more than giving potential. They look for circles of influence — professional associations, sororities and fraternities, workplaces, and houses of worship — in order to identify and court potential ambassadors for the group. “If we can build the right relationships with them, we see bigger opportunities than just a \$1,000 check,” says Anthony Sudler, chief philanthropy officer.



KEVIN PAINCHAUD

Community Foundation Santa Cruz County is trying to build connections in a region divided by race, culture, and income. Estrellas de Esperanza, a Mexican folklórico dance group and grantee, performed at a celebration of Rise Together, an intercultural racial-equity coalition led by people of color

[Charity:water](#), the international development group that pioneered birthday fundraisers, created and promotes a “[lifetime impact](#)” measure for supporters. It tallies an individual’s donations as well as the gifts from their DIY fundraising drives and referrals of friends and acquaintances. Supporters who bring in 10 donors who give \$40 a month are celebrated for making clean water possible for 120 people, 10 times the impact of a typical \$40 gift. That’s a signal that the group values someone’s connections and advocacy in addition to his or her cash.

The number of Americans who give to nonprofits has dropped. Some experts believe they’ve found other ways to do good.

The [Community Foundation of Santa Cruz County](#) in California is trying to build relationships that bridge divides between communities that are racially and economically divided. One new approach: bring together nonprofit leaders and foundation donors interested in a particular issue like homelessness. As a group, they develop an action plan and solutions to problems big and small.

The result is often more gifts but also engagement with donors that translates into increased impact, says CEO Susan True. Nonprofits that seek only cash “end up without relationships to help them advance change. They’re left without advocates, without partners. It’s not good for anyone.”

‘Competition for Connection’

More is at stake than the declining rates of giving that threaten the bottom line. The “doing good” landscape has grown crowded in the past couple decades. Limited liability corporations — vehicles increasingly put to use for social good — have become a favorite tool of big donors who want to pursue change through politics and for-profit enterprise as well as through nonprofits. Nearly a third of Americans give money to structured community organizations that aren’t registered charities, such as mutual-aid groups or rent-relief funds, according to [new research](#) from GivingTuesday.

Also, corporations are selling themselves and their wares in the language of nonprofits. “Nonprofits are in a competition for connection” with the business sector, says Brian Crimmins, CEO of Changing Our World, a philanthropy consulting firm, and co-author of the forthcoming *The Generosity Crisis* with Chappell. “There’s growing concern that a 20-something might think, ‘I can have more impact on the environment if I buy from this company and if I use this product than if I give \$100 to this nonprofit.’”

Technology, meanwhile, is providing new means to connect donors directly with people in need, bypassing traditional charities. While millions in donations have gone to aid groups during the Ukrainian war, cryptocurrency investors worldwide have funneled more than \$100 million directly to the country for military and humanitarian assistance. One group of crypto holders even organized direct aid to individuals who applied for help through a website.

Since its start in 2010, the crowdfunding giant [GoFundMe](#) has processed more than 200 million donations and raised more than \$15 billion. Mari Kuraishi, who was running GlobalGiving when GoFundMe launched, says it has changed the giving landscape.



GLOBAL GIVING

GlobalGiving encourages donors to support nonprofits like APOPO, which organizes this tree-planting effort in Tanzania. The crowdfunding platform also promotes individuals and groups that aren't registered charities.

GoFundMe appeals are powerful because they are personal, emotional, and direct, says Kuraishi, now the president of the Jessie Ball duPont Fund. “All the research shows that people give to people. That pull of ‘there is a specific person who needs my help’ is psychologically very, very compelling.”

It's debatable whether these new entries in the charity space are direct competition for traditional nonprofits. Research suggests they don't pose a threat, says Woodrow Rosenbaum, GivingTuesday's chief data officer. Studies show that generous people give in any number of ways — to neighbors, to politics, to mutual-aid groups, and to charities. It's not a zero-sum equation, he says.

“There's a lot of misplaced worry about cannibalization and competition,” Rosenbaum says. “That's a shallow view of the data available.”

If nothing else, nonprofits have to respond to an evolving marketplace for doing good, Kuraishi says. “They have to up their game.”

Is Your Mission Enough?

At the Houston Food Bank, Trahan's success led to deeper investment as growth in the monthly donor program outstripped capacity. The organization used a vendor to make the introductory call to new donors, with Trahan writing a script. She used an

autopen to sign holiday cards last year. Still, she wrote all the communications, sacrificing none of her personal style for an organizational voice. And she continued to help any donor who called.

Trahan doesn't understand why organizations neglect their monthly donors and simply hope for renewals. "We really need to think about these donors in a different way — not transactionally," she says. Why not talk up your group's mission — the "why" that drives giving — at every opportunity? "Are you afraid that your organization's mission isn't enough? If that's the case, then you need to change something at the organization to make it something interesting."

Trahan's work got her noticed. In March, she was hired as a development officer at the University of Houston. Her assignment: personalize the leadership annual-giving program for several of its colleges.

Her exit argues against building a program around a single person. But frontline fundraisers come and go as well, Trahan notes, and organizations don't discourage them from building relationships. "If a major-gift officer had left after two years, no one would ask any questions."

Faithful Friends sometimes call the food bank asking for Trahan. "I still remember most of them," she says.

Correction (July 13, 2022, 12:42 p.m.): A caption in a previous version of this article called an intercultural racial-equity coalition Rise Up instead of Rise Together.

A version of this article appeared in the [July 5, 2022, issue](#).

We welcome your thoughts and questions about this article. Please [email the editors](#) or [submit a letter](#) for publication.

MASS FUNDRAISING

FUNDRAISING FROM INDIVIDUALS



Drew Lindsay

Drew is a longtime magazine writer and editor who joined the *Chronicle of Philanthropy* in 2014.

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