

2015: New York City Board Giving Adding Facts to Anecdotes

Why are some boards more philanthropic than others? This is the question we set out to further explore in this third year of research on New York City boards, which included a refined exploration of strategies our past research suggested relate to higher average gifts and higher giving overall. Our goal is to use this research to develop approaches nonprofits across organizational sizes and sectors can adapt to their particular circumstances. We are finding that this is, in fact, happening. Organizations are applying the research — sometimes inviting us to be a part of the conversation with their boards.

Over the past three years, 128 organizations (84 of which are unique) have participated in our board giving research. Of our 43 respondents this year, there were 16 from higher education, 13 arts and culture organizations, 6 independent schools, 5 from human services and 3 healthcare institutions.

At the conclusion of our 2014 research, we recommended four key actions:

1. **MANAGE** Board Size, Desired Profile and Composition
2. **SET** Giving Expectations
3. **PLAN** Board Recruitment, Review and Renewal
4. **ENGAGE** Board Members from the Beginning

Our 2015 data suggests that these four remain top-line strategies to increase board giving. Our analysis of this year's research, informed by the past two years of findings, led us to present our tactical recommendations in a manner familiar to us all: The Top 10. Though not infused with the humor of David Letterman, the list is practical and worth hanging on your wall (literally).

TOP 10

Manage Board Size, Desired Profile and Composition

#10 Bigger Is Better

Throughout our three years of research, we have consistently found that the average board gift was higher at larger boards, no matter the size of the organization’s operating budget. Our 2015 findings indicate that for boards with 30 members or fewer, the average gift was \$115,895 compared to boards with more than 30 members, which enjoyed an average gift of \$567,055.

#9 Wealth: AND Not OR

Organizations that report wealth as a top criterion in board recruitment realize higher board giving, \$17.1 million versus just \$2.1 million in organizations that do not cite it as among their top two criteria. When special talents and expertise were among the top two, board giving averaged \$21.5 million. Organizations that cited wealth but did not include special talents and expertise in their top two realized far lower levels of board giving, \$5.3 million. When talents were cited but not wealth, the average was \$2.3 million. So it would seem that the combination of the two — wealth AND special talents and expertise — is a factor in cultivating a highly philanthropic board.

Set Giving Expectations

#8 Pay to Play

Across our three years of research, participants consistently indicated that all board members are expected to give. This year we saw an increased percentage of organizations setting minimum expectations — 68 percent in 2015 compared to less than half last year. When there are minimum expectations, board members exceed them. In Group A, the median expected gift was \$17,500 compared to the median actual of \$86,211. Group B reported a median expected gift of \$25,000 and an actual median gift of \$65,017. In Group D, the median expected was \$25,000 and the actual median gift was \$530,398. The only exception this year was Group C: however, other data points from this group were inconsistent with past and current trends exhibited in the research.

#7 Campaigns Reveal Leaders

As with any donor, board members give generously when they are passionate about how their gifts will be used. Campaigns give board members reason to reignite their passion. Longtime members become part of a fresh, new effort. Younger leaders learn what it means to be in a campaign. In both cases, the work of the board becomes more public and their role as leaders and fundraisers becomes clearer. Our research indicates that this translates into an increase in board giving as a percent of total gifts. The share of board giving at organizations not in a campaign was 10 percent compared to 50 percent at institutions in the Quiet Phase and 30 percent in the Public Phase.

#6 Give Not Get

Average board giving is higher when the minimum expectation is calculated solely on the board member’s giving, \$18.1 million for “give only” compared to \$14.7 million for “give and get.” Higher education represented the highest percentage of “give only” calculations at 38 percent. Around 30 percent of respondents across other sectors reported a “give only” measure, with the exception of human services with 20 percent.

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Plan Board Recruitment, Review and Renewal

#5 Set Terms, Talk, But Don't Limit

The majority of respondents have term definitions but well over half do not have term limits, and this seems to have an impact on board giving. Average board giving for those with term limits was \$5.5 million compared to \$16.3 million for those without. We've seen that bigger boards correspond to higher board giving. A larger board provides an organization the capacity to introduce new members while allowing members who give at high levels to stay on. This practice requires clear communication with board members on criteria for renomination and relies on adherence to the criteria by those responsible for board member evaluations.

#4 VEEP Vets Volunteer

The perspective a Vice President (VP) and Director of Development (DoD) bring to the board nominations committee seems to have a considerable impact on board giving. On average, respondents that include the VP and/or DoD in the nominations process realized \$18.3 million in board giving compared to \$4.8 million who do not include them. In organizations that reported wealth or talents as the most important board nomination criterion, 76 percent also said the VP or DoD was part of the nominations process. In organizations reporting diversity as the top criterion, 50 percent reported that the VP or DoD was included.

#3 Building Pipeline

Organizations that indicated board members are added "as needed" are realizing higher board giving on average: \$18.3 million compared to \$7.9 million among organizations adding board members annually and \$8.9 million that do so semi-annually. We've seen that being intentional about the composition and size of the board as well as involving the VP or DoD can correspond to higher giving. These would be difficult to accomplish if the work didn't begin until a board member was needed. It is more likely in these "as needed" cases that a pipeline of potential, qualified candidates is maintained and tapped when there is an opening on the board.

Engage Board Members from the Beginning

#2 Orientation

Average board giving is two times higher at organizations that have a formal orientation for board members: \$16.3 million versus \$8.3 million. Board giving at institutions that include a fundraising component in their orientations was also higher compared to those that don't: \$16.5 million and \$8.6 million, respectively. More than two-thirds of organizations (69 percent) report having a formal board orientation and 36 percent report a component dedicated to fundraising — up slightly from 27 percent reporting a fundraising element in our previous study.

#1 Healthy Engagement

Organizations that ask board members to provide background information or to rate prospective donors realize overall giving of \$23 million compared to \$16 million realized by organizations that simply ask for names and contact information of potential donors. More than 80 percent of organizations ask board members to provide contact information for potential donors. About 78 percent of respondents ask members to make a personal introduction, but only half (51 percent) ask members to provide background information on these prospective donors.



MANAGE

Board Size, Desired Profile and Composition

#10 Bigger Is Better



#9 Wealth: AND Not OR

When wealth AND special talents and expertise are in the top two recruitment criteria, average board giving is significantly higher.

When **wealth** is in the top two criteria, giving average was

\$17.1 million

When **special talents and expertise** are in the top two criteria, giving average was

\$21.5 million

When **wealth** is in the top two criteria but

not special talents and expertise, giving average was

\$5.3 million

SET

Giving Expectations

#8 Pay to Play

When boards set minimum expectations for giving, actual giving exceeds those minimums.

median actual giving  **median expected gifts**

Median expected giving was \$25,000 and median actual gift was \$72,260 (for all groups combined).

#7 Campaigns Reveal Leaders

Board members' campaign leadership translates into increased board giving as a percent of total giving:

50% **quiet phase** v. **30%** **public phase** v. **10%** **not in campaign**

#6 Give Not Get

Average board giving when minimum expectation is based on:



PLAN

Board Recruitment, Review and Renewal

#5 Set Terms, Talk, But Don't Limit

Setting terms but not term limits seems to impact board giving.

increase in average board giving when there are no term limits

With Term Limits, average giving is \$5.5 million; without is \$16.3 million.

196%

#4 VEEP Vets Volunteer

Including a Vice President (VP) or Director of Development (DoD) in the nomination process of new board members seems to have considerable impact on board giving.

VP and DoD not included
board average giving is
\$4.8 million



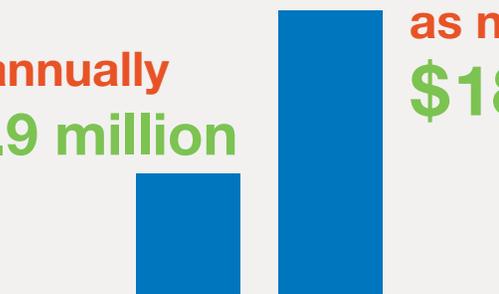
VP and DoD included
board average giving is

\$18.3 million

#3 Building Pipeline

Organizations that add board members “as needed” are realizing higher board giving on average.

annually
\$7.9 million



as needed

\$18.3 million

ENGAGE

Board Members from the Beginning

#2 Orientation

Providing a formal orientation for board members seems to increase giving.

2x

average giving doubled when formal orientation is provided to board

#1 Healthy Engagement

Asking board members to provide background information on potential donors is associated with higher overall giving — 51% of organizations reported doing so. All of these top six ways to engage are important.



78%

ask friends or business associates to give

\$16.5M



78%

ask for personal introductions

\$16.9M



78%

host an event in own home, business or club

\$15.7M



80%

ask for contact information

\$16.3M



85%

chair an event or campaign

\$14.7M

But only



51%

ask for background information

\$25.5M

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