

Opinion: Many More Strategic Philanthropists Today

Giving Undeterred By Economy

A new report from Barclays Wealth surveyed 500 high net worth individuals in both the U.S. and U.K. and found that donors are becoming more strategic in their giving. These donors are much more "hands on" and ambitious philanthropists in that they seek to strike problems at the root rather than simply being charitable and relieving suffering. What's more, in spite of the implosion of the world economies, more than 75% did not decrease their giving and fully 26% actually increased their gifts over the last 18 months.

Emma Turner of Barclay's Wealth goes on to comment: "In the past, the typical approach was for people to give money and then step away. This new generation of philanthropists are a lot more ambitious and proactive and have perhaps been stimulated by adversity. The findings also show that our younger generations are more socially aware and tuned into global issues."

A Bigger Role For Strategy

It is becoming increasingly clear to me as I work with other donors across the United States that they want to target their grantmaking more precisely to produce a bigger impact on a smaller population. Grantmakers are beginning to work more directly with small and local nonprofits and this strategic approach may eventually imperil larger, less accountable, national charities. After all, a more targeted, strategic grant made to a local nonprofit under the watchful eye of the donor isn't near as likely to get lost as among the many gifts received by big national organizations.

Additionally, as government revenues falter in this recession, more people will look to the wealthy to take up the national slack. They may be disappointed. Donors like to see their money well spent and what better way than to make gifts closer to home?

This conflict between small scale local needs and large scale national challenges appears to be resolving in favor of gifting locally according to this study. The wealthy appear to see their philanthropic role changing in light of stretched government resources and their growing distrust in political parties.

I am glad I am not trying to raise money for a large national nonprofit even as philanthropists give more money away. The net effect of these two forces (grantmaking localism and falling government resources) is a clear call for more thoughtful and strategic spending. We may even see philanthropists collaborating more to gain a large-scale response. Every dollar counts. If ever philanthropists needed to demonstrate their value beyond the money, it is now.

Byron Harrell
October 2009

The report noted that the majority of respondents are becoming more specific about how they want their donations spent. More than half (51%) said that giving would

become more about investing in individual projects rather than just giving to large charities. Half of the respondents (49%) said that because governments are overburdened with debt, giving will become more incumbent on wealthy individuals. This view rose sharply to almost three-quarters (72%) amongst younger philanthropists.

Women Lead The Charge..... Findings revealed that women are playing an increasingly important role in driving the charitable agenda and that women are more generous than men, giving away a higher percentage (2.3%) of their net investable assets than their male counterparts (1.3%). This trend was accentuated in the US where women give almost twice as much in percentage of their investable assets. The report also suggests that women's role in the future of philanthropy goes beyond being more generous than men and that they will also play a key role in influencing future generations' attitudes towards giving. The findings showed that women (38%) were much more likely than men (25%) to involve their children in general conversations about charity. They would also be more likely than men to involve their children in the processes of choosing the charity their family contributes to.

Stronger Advocacy.... The report also revealed that the wealthy would like a greater say in the way public money is spent to drive change. Nearly two thirds (59 per cent) of high net worth individuals feel that they could make a bigger impact by donating directly to charities and causes rather than indirectly through taxation. This is the old spirit of independence and self-sufficiency that seems to be slipping away today. We are all too happy to live off the government dole or to demand that government make life a little easier. But the inefficiencies of government, especially when dealing with social issues, are without peer. Perhaps our collective attitude will improve as more strategic solutions are found for our most vexing social ills. And won't it be particularly impressive if the turnaround is led by women and other marginalized people?

For further information contact:

Will Bowen, Barclays Wealth, Corporate Communications, +44 (0) 20 7114 2434