

## Be strong, visible and on mission in tough times

With financial markets experiencing unsettling turbulence and talk of a recessionary period in the air, responding strategically and effectively to these conditions is front and centre for staff, donors, board members and volunteers.

“We at KCI certainly can't predict where the economy, stock market or even charitable giving levels are heading in the very short-term. But just as 'staying invested' for the long-term is universally understood as the right strategy for investors during uncertain times, 'staying active' in building relationships with donors is the right strategy for charities during these times as well,” advises Marnie Spears, President and CEO of KCI.

### Adjust strategy, maintain momentum

Without a doubt, past history demonstrates that a long-term outlook is a key success factor for weathering volatile markets and economic slowdowns. For example, at the outset of this decade, the bursting of the tech boom led to market downturns. Not long after, the September 11<sup>th</sup> terrorist attacks resulted in considerable market turmoil and many charities grappled with how to react. At the University of Waterloo, the team was just launching their *Building a Talent Trust* campaign, hoping to secure gifts from alumni who had generated significant wealth in the “dot-com” era.

“We knew that many of our donors were affected by the downturn in the market and the timing wouldn't be right to make a gift. Our response was to focus on the other aspects of our relationship with them: for example, their company's interest in joint research or hiring of our co-op students, their leadership role on our Board or Faculty Councils, their engagement in alumni events or student recruitment, or simply to continue to say thank you to them and keep them informed about what was happening at Waterloo,” remembers Linda Kieswetter, Associate Vice President at the University of Waterloo.

The net effect of this strategy was that when the markets began to recover, the University's donors and prospects were ready to contribute. Today, Waterloo's campaign has topped \$400 million.

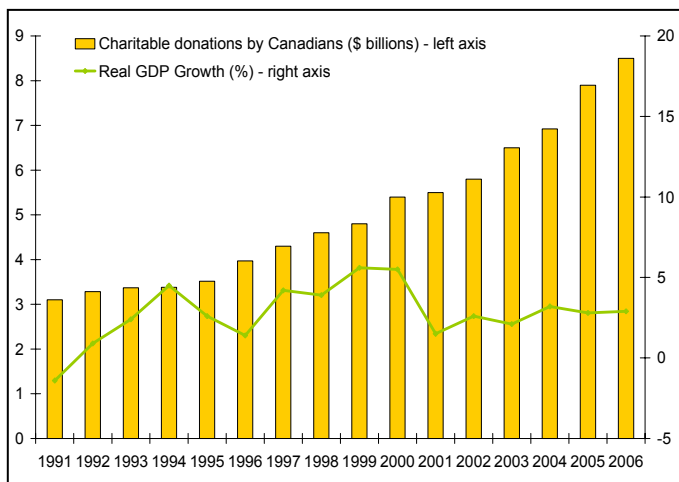
Building relationships during tough economic times paid dividends at Waterloo. Their experience shows that rather than putting efforts on hold, it's important to be strategic with fundraising efforts, and to ramp up stewardship and cultivation programs.

In the current environment, KCI is seeing donors respond prudently but without undue fear. At a community hospital foundation in the midst of launching a \$5 million campaign, one board member came forward last week with a \$100,000 gift, double the amount the campaign had planned to ask for. This board member saw the importance of showing leadership and investing in his community during economically challenging times.

### Fundraising in challenging times

1. Don't panic. Step back calmly; assess your situation honestly and create a plan for moving forward. Engage your board members in crafting your strategy during these times: they'll play a big role in deploying that strategy.
2. Intensify your cultivation and stewardship efforts. Inform current and prospective supporters of the work you are doing and its impact.
3. Assess your communications plan and case for support. Being clear, consistent and compelling is paramount during turbulent times
4. Suggest vehicles for making a gift, such as gifts of property, life insurance, or bequest as alternatives to giving cash or stock in the coming months. It's important to remember that stock market conditions have a direct impact on donors considering gifts of securities but the majority of donors continue to make gifts via cash.

## Learning from experience



Canadian charitable giving has seen extraordinary growth in recent times, set against a backdrop of the second longest economic expansion in Canadian history. In the 10 years from 1997 to 2006, giving by Canadians grew dramatically, almost doubling from \$4.3 billion to \$8.5 billion. Much of this growth was fuelled by gifts of appreciated securities, unlocked by changes in tax policy.

The unprecedented nature of the financial services crisis in the United States and its effect on market and economic conditions around the globe has led many to ask whether we should anticipate an end to the unmatched growth in giving seen in recent years. Statistics here in Canada and in the United States clearly suggest that while we should be cautiously optimistic about continued positive results, our expectations about the rate of growth should be moderated.

### U.S. experience

In the United States, giving has historically been resilient during periods of recession and economic slowdowns. Using data from 1967 to 2007, the Giving USA Foundation has reported that total giving in the United States has risen every year but one. However, this data also shows that when the economy slows, giving tends to grow more slowly. In years without a recession in the United States, giving has grown an average of 4.3%. By contrast, giving grows an average of 0.8% in years with a slowdown.

### Canadian experience

A similar pattern can be found in Canadian data. According to Imagine Canada, from 1984 to 1990, total donations grew at an annualized rate of 5%. From 1991 to 1994, when economic times were more challenging,

donations grew at a much slower annualized rate of just 0.6%. Since 1995, the annualized growth rate has been 7.2%. The slowest annual growth rate in the last 10 years was in 2001 when giving grew by just 1.9% following the technology bust and September 11<sup>th</sup>.

Imagine Canada has also reported that donations trends have reflected trends in GDP (Gross Domestic Product). Donations have tended to increase when GDP increased. When GDP has declined, giving has held steady or grew more slowly. Since 1996, donations have increased more rapidly than GDP.

### Maintaining campaign momentum

To maintain momentum for your campaign during the current financial crisis, follow these tips:

1. Consider offering extended pledge payments. The campaign timeline may also need to be adjusted as a result.
2. Keep in touch with donors and any prospects with whom you have been discussing gifts. Make your communications with them timely and effective.
3. Critically assess the solicitations you have planned and consider whether to revisit the timing of your strategy. Donors planning to make gifts of stock may want to wait until they regain lost value, but others will still be in a position to make a gift. Remember to be respectful and sensitive to a donor's needs and preferences but be courageous in offering them the opportunity to contribute.

### What's ahead?

Philanthropy can and does thrive even in tough times. Our current experience with our clients tells us that donors are still prepared to make gifts. However, navigating the choppy waters ahead will take rigorous planning and steady direction. Maintaining momentum and following through with cultivation and stewardship will be key. So too will be retaining your current donor pool. The number of Canadian donors is not expanding and, with the current economic forecast, we can expect that trend to continue. Through these challenging times, the ingredients for success will include maintaining contact with donors, offering them the opportunity to continue contributing whether through major giving or annual gifts, and being accountable for how you spend their contributions.

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