

philanthropic

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philanthropic trends analysis
in Canada

TRENDS

SPRING 2006



Canada's non-profit sector continues to play an integral role at the heart of the communities we want and the quality of life we enjoy. In 2004, Canadians gave \$7 billion to charities, donated 2 billion hours to volunteer work, and bought 139 million memberships in organizations they care about. Our country has one of the most vibrant non-profit sectors in the world.

Never before have Canadians been asked to give so much to so many: Katrina, Wilma, and Rita, Pakistan, Live 8 – 10,000 new charities since the start of the decade. The pace is faster – and

it's raising the bar for Canadian non-profits, who are achieving increasing levels of sophistication and agility in everything they do.

In this issue, we explore integrated philanthropy: how successful organizations are rising to the challenge by working to build a robust philanthropic culture at every level. Organizational messaging, human resources, community relations and stakeholder relations provide the platform from which to optimize fundraising potential. More and more, our clients are recognizing that giving and fundraising can no

longer stand on the sidelines of organizational strategy, but must take their place at the heart of the overall message and mandate.

Once again, a special thank you to the members of our National Advisory Board, who provided insights for this edition, and for the ongoing support of all of you in helping KCI advance with the sector to tackle the most pressing challenges facing us all.

Marnie Spears
President and CEO

Inside Spring 2006



- BUILDING A PHILANTHROPIC ORGANIZATIONAL CULTURE
- NON-PROFIT SECTOR: ACCOUNTABILITY CRITICAL
- ADVANCING YOUR MESSAGE: THE POWER OF STORIES



advanced philanthropy™
KETCHUM CANADA INC.

Building a philanthropic organizational culture



The road to excellence

Any development officer can quickly list the keys to a successful fundraising program: a strong case for support, committed leadership, an engaged volunteer team, and adequate resources would be at the top of the list. And while this list would be accurate, it would also be missing an element that is now considered critical to achieving the level of success now expected at many Canadian charities.

That element is a “philanthropic organizational culture.” According to the Salvation Army’s Captain John Murray: “Top performers understand it’s not enough to have great staff and

“Philanthropy is about the web of connections that link people who give, people who serve, and people in need.”

volunteers on the fundraising team. Philanthropy is about the web of connections that link people who give, people who serve, and people in need. Donors and volunteers are central players in that web. They’re not on the

sidelines. Through their gifts, they hold hands with each and every person who works in your organization, each and every person the organization serves, and each and every leader whose vision they will help bring to life.” Charities that successfully embed philanthropy into all aspects of their organizations are more likely to succeed and achieve the sustained excellence in fundraising results required in today’s environment.

In the Spring 2004 edition of *Philanthropic Trends*®, KCI defined a philanthropic organizational culture as “an understanding of and respect for the way philanthropy helps an organization achieve its mission. A culture in which every member of the organization understands the role they can play in achieving fundraising goals.” Through interviews with members of our National Advisory Board, and KCI’s work with organizations across the country, *Philanthropic Trends*® has identified a set of characteristics consistently found in top-performing institutions – characteristics increasingly described as the presence of a “philanthropic organizational culture.”

The defining characteristics of a philanthropic culture

1 ROLE OF PHILANTHROPY IN ACHIEVING THE MISSION IS WELL UNDERSTOOD

While some would argue it is axiomatic that philanthropy is required to achieve the vision of a charitable organization, it hasn’t always been as obvious in the Canadian non-profit sector where government funding still dominates revenues for the majority of non-profit organizations. Building a philanthropic organizational culture requires a widespread understanding that achieving the organization’s vision relies on securing a significant level of philanthropic support.

The link between robust fundraising results and the fulfillment of organizational mission has always been unequivocal at charities



where revenues are predominantly generated through fundraising. In recent decades, Canada's hospitals, colleges, universities and arts organizations have had to become more reliant on private philanthropy. In order to reach the fundraising results they now require, leaders at these institutions have had to raise awareness about the role of philanthropy in achieving the mission. "You need to have a sense of vision and where the organization is going, an appreciation of the role of philanthropy in achieving those goals," explains Cathy Daminato, Vice-President of Advancement at Simon Fraser University. "When the organization succeeds in building momentum and action through philanthropy, there is recognition of philanthropy as a strategic element for success."

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2 UNWAVERING SUPPORT FROM LEADERS IS WIDELY EVIDENT

The role of senior leaders is critical in setting the stage for a philanthropic organizational culture. The unanimous refrain of our interviewees is that without their support, an organization cannot maximize its fundraising capacity.

The most obvious manifestation of leadership support is the dedication of significant time to the business of raising funds. Relationships are often formed first by the leadership, who promote the organizational vision and need, through events, personal visits, and the media. A CEO committed to the organization's philanthropic mission makes time for meetings with donors and prospects and instinctively integrates donor messages in speeches, setting an example for others in the organization.

But equally important to this investment of time is the role that the CEO and the board play in championing the need to invest resources in the development function. Especially when

KCI Leader in Philanthropy

KCI's Leaders in Philanthropy © series provides a national forum for sharing ideas and issues affecting the charitable sector. Prominent opinion leaders across the country are invited to share their perspectives on revenue generation for Canada's charitable sector. During September Faye Wightman, who joined the Vancouver Foundation last year as President and CEO, spoke in Vancouver about the role of community foundations and the changing face of philanthropy in a speech entitled "Harnessing the Power from Within". Below are selected highlights from her speech.

"In 1921 the first community foundation in Canada was established in Winnipeg, followed closely by Victoria and then Vancouver. Since that time community foundations have arguably become the fastest growing charitable sector in Canada, dedicated to improving the lives of people by building and strengthening Canadian communities. Their numbers have more than quadrupled in the past 15 years – increasing from 32 in 1990 to 144 in 2005."

"From research conducted by Imagine Canada we learn that between 1997 and 2000 the most significant changes in donation trends were:

- An increase in the total amount donated
- An increase in the average annual donation
- Fewer but larger donations

These findings are what one might consider "good news". However, there were also some other significant findings giving cause for concern, including:

- Much continuing to come from the few. The top 25 per cent of donors accounted for a greater percentage of total donations in 2000 than they did in 1997.
- An increase in strategic giving. More donors are making prior decisions about where to direct their gifts.
- A decrease in donor loyalty. Fewer donors reported that they supported the same



VANCOUVER FOUNDATION PRESIDENT AND CEO FAYE WIGHTMAN

organization regularly.

- An increase in donor concerns about fundraising and the use of donations. More donors reported that the way in which funds are solicited is a barrier to giving more. Almost the same percentage said they did not give more because they did not think the money would be used efficiently.

These last four findings suggest that charities need to exercise great care with donors, especially the top 25 per cent who give the most!

Add to this the fact that our population is becoming one of the most ethnically diverse in the world. We also know that more women are earning high salaries and generating significant wealth, giving this group more decision-making when it comes to philanthropic decisions."



the culture is being built, the CEO needs to influence others in the organization to support fundraising efforts and participate in them. Often this involves removing roadblocks or stepping in to address resistance to new approaches.

3 ACCOUNTABILITY IS DEEPLY INGRAINED THROUGHOUT THE ORGANIZATION

In the wake of the federal sponsorship scandal, incidents of corporate misconduct and other recent news headlines, governance and accountability are top-of-mind. "The number one reason donors say they stopped giving is the sense that 'you didn't do what you said you would do with my money,'" says Guy

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Mallabone, Vice President, External Relations, Southern Alberta Institute of Technology. Organizations with a philanthropic culture consider accountability to be more than simply meeting technical and regulatory requirements. They understand it entails both a com-

mitment to openness and transparency and a duty to fulfill a donor's intent.

4 DEVELOPMENT IS RECOGNIZED AS A CORE FUNCTION

"Increasingly, organizations are realizing that fundraising is not a separate activity that happens 'over there', but actually lies at the centre of their organization's ability to achieve its vision. Advancement today must move beyond its traditional 'rain maker' role and take its place at the very heart of an organization's mission, position and growth," explains Gary Durbeniuk, Chief Development Officer, University of Calgary. To achieve a philanthropic organizational culture, the professionals who raise

How will you know if you've got it?

What are the signs of a philanthropic organizational culture? How do you know if you've got it? Here are some of the recognizable signs and markers:

- The important role of philanthropy for the organization is frankly acknowledged and championed with passion by the CEO.
- Staff and volunteers participate in the organization's fundraising activities naturally and with enthusiasm. One leader we spoke to noted that she knew she had achieved real progress when non-fundraising staff began complaining when they didn't have a chance to thank a donor.
- There is authentic respect for the development team throughout the organization, but particularly among the CEO and senior team.
- The organization takes pride in honouring the commitments donors have made to the institution.
- Passion for the case and the institution is palpable among staff and volunteers. At high-performing organizations, the commitment and engagement of staff and volunteers is powerful and manifests in outstanding levels of performance as well as in high levels of participation in giving to the organization.
- Relationships are nurtured naturally and collaboratively. While disciplined commitment to recognition policies and steward-

ship programs remain important, the work of sustaining relationships with donors takes on a life of its own.

WHAT DO YOU DO IF YOU DON'T

A clear message from those we interviewed is that it doesn't just happen overnight. You can't snap your fingers and be instantly



transformed. Three to five years is a conservative timeline according to many observers for creating a philanthropic organizational culture. Here are some basic guidelines for getting there:

- Find champions within your organization who will assist in building a broader understanding of philanthropy's role. Volunteers and senior leaders are integral. The building of culture begins with the commitment and support of these individuals.
- Identify milestones and celebrate your suc-

cess as you reach them. Nothing helps to build support faster than strong financial results.

- Celebrate non-financial indicators of success. Particularly in the early years of a major gift program, tangible results may be slow to transpire so it's important to take time to point out successes such as the number of prospect visits.
- Tell your success stories repeatedly. Don't be afraid to brag both within your organization as well as to donors.
- Establish trust and create value by doing what you say you will do. Make sure that your development office has clear processes and policies that provide a transparent framework for raising and disbursing donations, while minimizing unnecessary bureaucracy.
- Encourage ongoing, open communications at the senior leadership level about fundraising priorities and realistic expectations for achieving objectives.
- Invest time in educating board members and staff about the impact of philanthropy on the organization and the ways they can personally help to maximize that impact.
- Ensuring everyone understands the role of philanthropy for the organization and the part they can play increases the organization's capacity. Your front-line people may not be out there raising money per se, but the level of commitment and performance they deliver on a day-to-day basis may lead to a significant donor gift.



funds in support of the mission and vision must be valued and senior development professionals should have input and impact at the most senior levels of the organization.

At the same time, leaders, volunteers and staff organization-wide need to understand that while the fundraising team is building the bridges to donors, donors give to causes. As a result, everyone is responsible for enhancing relationships with donors, and thus strengthening the development function.

5 DONORS, BENEFICIARIES HAVE OPPORTUNITIES TO INTERACT

"You know the philanthropic culture is present when frontline staff can tell the story of a donor and what motivated them to give," says Darrell Gregersen, CEO of the National Arts Centre Foundation. Successful organizations seek opportunities to build personal links among donors, leaders, staff, and those who benefit from support. At Simon Fraser University, advancement staff host a 'thank you' booth at key university events, giving staff and faculty the chance to thank donors personally – and to talk about shared goals and interests, share further dreams of what might

on their faculty they are motivated to participate in seeking additional support.

6 DONORS ARE VALUED FOR MORE THAN JUST FINANCIAL SUPPORT

Organizations that come to see donors not just as a source of funds, but as true partners in the enterprise – through good times and bad. It's not enough to invite donors to an annual fundraising dinner. Front line staff should know who the supporters are – and make them a part of everyday successes, milestones, and impacts.

Donors often lament that the only time they intersect personally with a non-profit organi-

zation is when they are being asked for money. "When we look at the bank account, instead of the values, we miss a chance to build a fulsome relationship with our donors. By going for the short term win, we limit our chances for long-term success," says Suzanne Bone, Executive Director, The Foundation of Guelph General Hospital.

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Why do it?

Although building a philanthropic organizational culture takes hard work over a long period of time, according to those we interviewed,



Including a broad range of staff in fundraising activities and events helps build internal understanding.

be possible, and review successes and challenges. At the National Arts Centre, creating opportunities for musicians to meet with donors has increased their understanding of why donors contribute and how meaningful their contributions are to them personally.

"Including a broad range of staff in fundraising activities and events helps build internal understanding," says Michael Sullivan, Partner, The Strategic Counsel. "At first, they may say: Why should I do this? But once they meet and interact with donors, they begin to see fundraising as a holistic enterprise." Seasoned university fundraising professionals note that when faculty members see the impact of a major donation

zation is when they are being asked for money. "When we look at the bank account, instead of the values, we miss a chance to build a fulsome relationship with our donors. By going for the short term win, we limit our chances for long-term success," says Suzanne Bone, Executive Director, The Foundation of Guelph General Hospital.

When donors feel appreciated and strongly connected to a charity they support, they begin to take on responsibility for an organization's health. The organization is fortified by their becoming constituents, advocates and speakers on the organization's behalf. "These days, donors are giving to a smaller number of charities, hoping to have a bigger impact. They want to make long-term commitments to organizations whose values align with their own," says Michael Weil, President & CEO, YMCA Canada.

7 PHILANTHROPIC SUCCESS IS CELEBRATED

Nothing helps to create a strong philanthropic culture faster than celebrating success. At a

the benefits are worth the effort. Few organizations in Canada can be said to have definitively created the ideal culture. However, those that have made strides toward it are more likely to attain and sustain new levels of success. The intangible impact of a \$1.2-million gift to the Faculty of Fine Arts at the University of Calgary – unprecedented for that faculty and uncommon for most Fine Arts faculties – provides an illustration. While the gift created several new initiatives including a faculty position, scholarships and naming opportunities, it did even more to motivate faculty members and enhance their appreciation of private support for their faculty's mission "When a faculty receives its first gift of magnitude, there's an incredible validation that occurs within. It's the knowledge that somebody cares and values their contribution to university life and the broader community. I am struck by how valued and honoured they felt by this gift. For some it is a validation of their lifelong work and it's tremendously motivating," says Gary Durbeniuk, Chief Development Officer at the University of Calgary.



Accountability a critical variable

With more than 10,000 new charities established in recent years, decreased government funding and increased revenue needs to achieve ambitious goals, the operating context for non-profit organizations continues to increase in complexity. We asked our advisory board members to name the top trend they felt sector leaders should be concerned about, in this challenging environment.

“Donors are highly invested in the contributions they make, and with that comes a desire to be sure funds are used well”

Accountability remains a critically important issue and was the trend most frequently cited by those interviewed. “Donors are highly invested in the contributions they make and, along with that comes an intense desire to be sure the funds are used well,” notes Susan McIsaac, Vice President, United Way of Greater Toronto.

It’s this impulse that has led to the considerable efforts organizations are putting into being able measure, evaluate and report on the impact of the funds they receive. For exam-

ple, individualized reports on how a donor’s endowed fund has performed have become standard practice at Canadian universities.

Additionally, increasing interest in accountability on the part of governments may result in greater expectations for the sector. For example, federal government attention to stronger accountability mechanisms for politicians and civil servants alike may create an atmosphere in which similar mechanisms for nonprofit

organizations are deemed appropriate. In Ontario, hospitals have accountability agreements with the provincial government, which may heighten expectations for hospital foundations in that province.

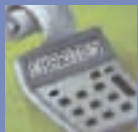
While no-one would deny that being accountable to those who provide funding is a legitimate activity and an important responsibility, the pressure that these activities create for scarce resources is similarly undeniable. Seasoned observers noted that it is crucial for donors and funders to understand the time and resources required to measure, evaluate and report – and balance their expectations in that context.

Role of volunteers evolving

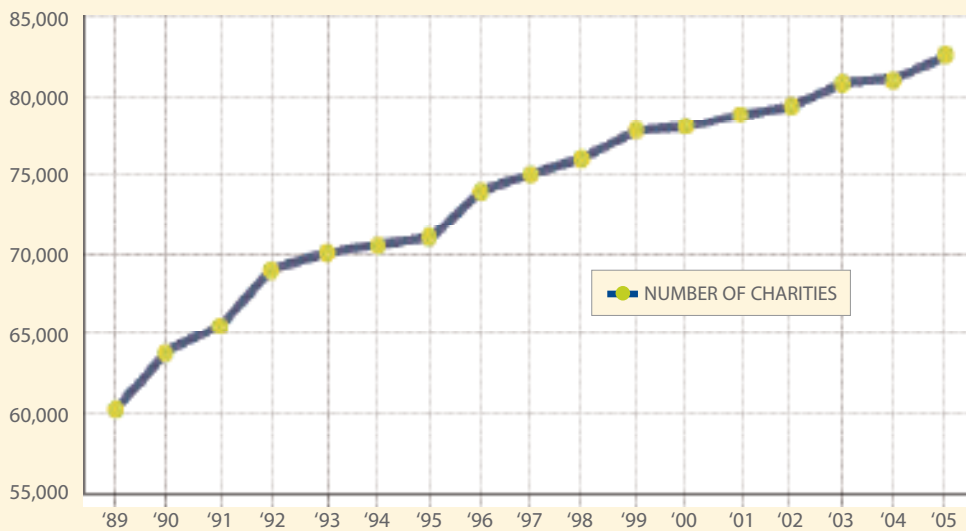
The paradigm for volunteer engagement has shifted dramatically in recent years. At one time, the volunteer cabinet for a fundraising campaign was the primary sales force for securing gifts, and played a hands-on, labour intensive role in making the campaign happen. “I like to think of it as ‘sequential’ volunteering. People want a short time horizon for their volunteer commitment. As an organization, we have to think about who will be with us at the beginning of a campaign and who will replace that team when they have done their bit,” says Dale Godsoe, Vice President at Dalhousie University.

Today, the engagement of volunteers has become highly strategic and selective, with keen attention paid to maximizing impact while optimizing the time required of a volunteer. However, it’s clear that volunteers remain a critical ingredient for success.

Savvy leaders understand that engaging donors and supporters as volunteers is a key way to expand an organization’s networks and potential avenues for support. Volunteers can be utilized not just to open doors to potential new donors, but also as advocates at critical junctures in an organization’s history. When a change in government threatened the long-term viability of an important out-



Number of charities



SOURCE: CRA

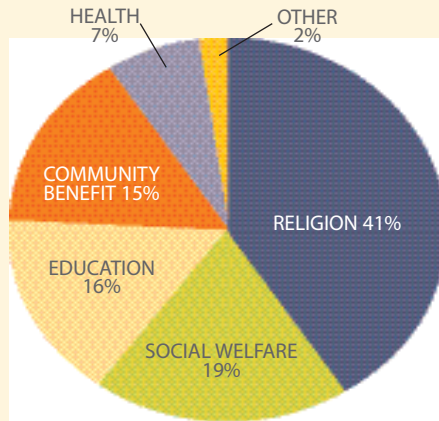




Distribution of charities

The number of charities continues to grow, with a reported 82,518 registered in Canada in 2005. Of these, close to 2,000 were newly registered as charities in 2005. In addition to the registered charities, there are an additional 80,000 non-profit organizations without registered charity status.

Non-profit organizations have a major impact on Canadians, touching on virtually every aspect of their lives. According to Statistics Canada's national survey of non-profit and voluntary organizations, the non-



SOURCE: CRA

profit sector posted \$112 billion in revenues in 2003, including donations, sponsorships, funding from government, fees for services and other such forms of revenue. These organizations are a considerable presence in the economy, as measured by GDP (gross domestic product). In recent years, GDP for the core non-profit sector as a whole has increased at an annual average rate of 7.1 per cent, slightly faster than the economy as a whole. Many people are surprised to find that the overall non-profit sector's extended GDP exceeds certain key industries.

reach program for one organization, donors and volunteers were first in line to lobby local MPs to fight for continued funds. Without active engagement of a volunteer group, these resources would not have been available.

Responding to the world we live in

In their efforts to succeed in the increasingly complex and competitive non-profit sector, fundraising professionals are working harder to respond to the fast-paced lives of their donors and volunteers.

Donors and volunteers live in a world with shorter business cycles than in the past, greater reliance on technology, more two-career families and demanding schedules. Tailoring communications to fit in that world is critical. Whereas in the 1990's, cabinet meetings were a regular feature of campaigns, today's interactions with fundraising volunteers are tailored to each individual's preference: conference calls and emails are de rigueur.

This notwithstanding, variations in fluency in e-communications create challenges when technology is used to facilitate interaction. For Generation X and those younger, communicating through technology is as natural as speaking in their first language. For older gen-

erations, it remains a "second" language, meaning that even when one is fluent in it, there are still some nuances lost and barriers that can't be overcome. Smart organizations ensure that communications with donors and volunteers are available through a variety of channels, and tailored appropriately.

Increase in giving continues

Charitable giving in Canada saw another year of growth in 2004, the most recent year for which statistics are available. KCI estimates charitable giving in Canada by individuals, foundations and corporations at \$9.478 billion in 2004, a 4 per cent increase from the previous year.

Donating shares to Canadian charities may soon get a boost

Following expressions of support from all federal political parties, there is significant optimism that the Federal Government will remove the capital gains tax on listed stocks donated to charities in its first budget. From 1997 to 2000, gifts of publicly traded securities to public charities soared from \$69.1 million to \$200.3 million, following the reduction in the capital gains tax on such gifts. Nonprofit leaders have argued that the complete removal of the tax would unleash even more giving. TD Bank Financial Group reports that the market value of stocks held by Canadians is \$1.3 trillion, half of which is unrealized capital gains. Exempting capital gains from taxation will undoubtedly unlock more of these security holdings and see their value distributed to charities, according to TD's Chief Economist Don Drummond.



NON-PROFIT SECTOR

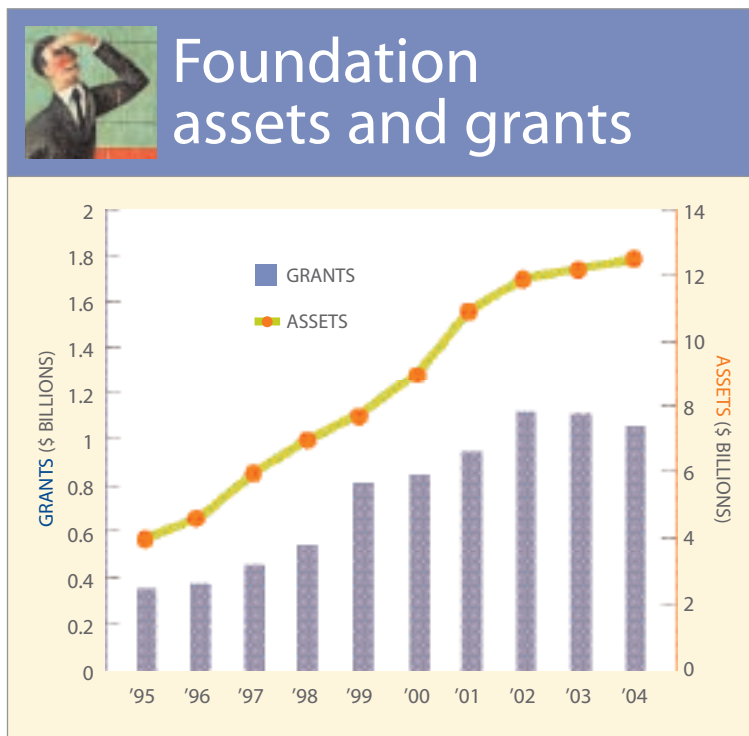
Individual giving remains the critical factor in the continued growth in charitable giving in Canada. Canadians donated \$6.9 billion in 2004, according to Canadian Revenue Agency data. A 6.3% increase from 2003, this represents a continuing growth trend in the total amount donated by Canadians personally. Giving by individuals accounts for the largest proportion of dollars raised in Canada – some 73% of total Canadian giving. Corporations contributed 16% and foundations 11%.

Just as the amount donated continues to grow, so too does the sophistication of Canada's donor base. A recent article in *The Philanthropist* argued that donor involvement is becoming the issue that is most likely to define philanthropy in the future. And this is certainly echoed by the experiences of Canadian charities in recent years.

At one time, donor involvement manifested itself in the "venture philanthropy" movement which called for hands-on involvement by donors in the fulfillment of an organization's mission. Today, time limits and a greater appreciation of the professional capacity of management has dampened the growth of such efforts.

But the impulse behind it – donors seeking to have a demonstrable impact through their giving – remains as strong as ever. And seasoned fundraisers argue that all involved in attracting dollars to nonprofit organizations need to fully recognize this fact.

"To some extent, donors control the agenda. It's up to them how long the pledge period will be, what size of gift they'll make and where they want to see their funds distributed," says Bill Hallett, President and CEO, Niagara Health System Foundation. "As fundraising professionals, we have a role to play in educating donors about our vision and priorities so that they are convinced to make donations that



“We have to demonstrate to donors the link between unrestricted giving and capacity to fulfill mission”

align with our objectives.” The role of educating extends to ensuring that the senior leaders of an organization fully appreciate the desire of donors for impact and involvement and the role they must play in its fulfillment.

Making the case for unrestricted gifts

An outcropping of donor involvement has been the continued growth in restricted and designated giving, whereby donors specify the use of their donated funds to a particular program or initiative. Some Canadian charities report that as much as 93% of their gifts are designated. An imbalance toward restricted gifts can create challenges for charities, both by restricting what's available for basic needs and infrastructure as well by limiting the organization's discretion to make decisions about priorities, based on their expertise.

Bill Bean, Executive Director, QEII Health Sciences Centre Foundation, reports that he and his team have made a concerted effort to make the case to donors that unrestricted gifts can have a powerful impact and enable an organization to respond to new needs and emerging opportunities. "It's taken a lot of work to make that case but it's been worthwhile. We have secured a gift of \$2 million that was undesignated, allowing us to work with the health centre to determine the most effective and strategic use of these funds," said Mr. Bean.

Other organizations report success in this area as well. At the University of Western Ontario, every donor is asked to make an unrestricted gift, even if only as a portion of a larger, designated gift.

Making the case for unrestricted giving is linked to accountability. "The reality is that there is a general lack of confidence in institutions and organizations in our society, which has contributed to the rise of restricted gifts. To combat this trend, we all have to step up our efforts to demonstrate to donors that unrestricted gifts are not only used wisely but also contribute to the organization's capacity to fulfill its mission," notes Guy Berthiaume, Vice Rector, Université de Montreal.

Corporate giving: Epicentre of intensity

Nowhere is the competition for charitable dollars more intense than in the corporate arena. The RBC Financial Group reports that its foundation receives about 20,000 requests for funding each year – more than 10 requests every hour of the business day. The list of organizations that BMO Financial Group supported in 2005 runs to fifteen pages. This level of demand for charitable donations and sponsorship support has continued to lead to more scrutiny of requests and the use of professionally trained grantmakers, highly codified policies and procedures, and employee committees, in the decision-making process.



Corporate support has become more multifaceted in recent years. Beyond the terrain of charitable donations, sponsorship support, which is more commercial in nature, has become a critical revenue stream throughout the nonprofit sector. Of the more than \$65 million RBC Financial Group contributed to community causes worldwide in 2004, 41% was contributed via sponsorship of community events and national organizations.

Corporations are encouraging organizations to be creative and strategic when seeking sponsorship support. Most sponsorship proposals offer standard sponsorship recognition packages that include such items as complimentary tickets, sponsor mention on promotional materials, and program advertising, signage. Charities can think more creatively by involving co-sponsors, suppliers and affiliates in inventive cross-promotions.

Sponsors are looking for rich marketing benefits, reputation enhancement and community relations activities.

Foundation giving: Maximizing impact

The foundation sector in Canada has seen incredible growth in recent years as more and

more individuals seek out opportunities to take a structured, thoughtful approach to their charitable giving. And observers report that there are few signs of this abating. In fact, some speculate that interest in starting foundations is actually on the rise.

A key issue for this part of the non-profit sector is how to maximize the impact of grantmaking. For community foundations, part of the answer lies in collaborative philanthropy. The idea behind collaborative philanthropy is for foundations to work together in their grantmaking in a particular issue area to achieve greater impact, rather than working in silos with little awareness of what other organizations are doing to affect similar problems.

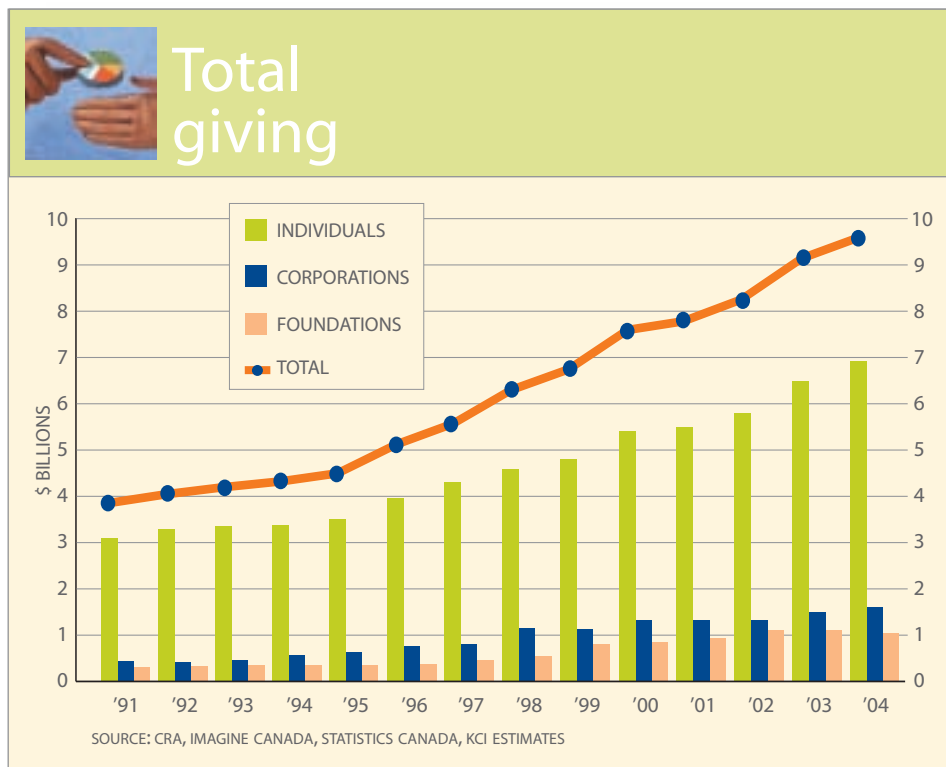
Hilary Pearson of Philanthropic Foundations of Canada reports that members of her organizations are also grappling with how to be effective grantmakers. "Getting the applications you want," a recent seminar in PFC's professional development series, provided strategies for effectively communicating a foundation's objectives and granting interests. The next session will focus on evaluating the impact of grants.

Proliferation of donor-advised funds

Many have characterized the entrance of financial institutions into the philanthropic world as yet more evidence of the maturation of philanthropy in Canada. "Any mechanism that encourages people to be more philanthropic is a positive development," notes Monica Pattern, President and CEO, Community Foundations of Canada. "Some donors are looking for support both for making the transaction as well understanding how to have the most impact. While some want one or the other, many donors turn to community foundations because they want both. It's great that those options are out there for them."

This notwithstanding, observers agree that these developments raise the bar for charities. "Professional fundraisers need to be aware of the growing number of professional advisors in banks and financial institutions who advise on philanthropic giving," says Ted Garrard, Vice President (External) University of Western Ontario. "Fundraisers need to see this emerging industry as a new target market, ensuring the advisors themselves know the benefits your organization has to offer."

Following the rapid growth of private philanthropic services in the U.S., many charities there are getting into the wealth advisory business themselves. A new development in Canada is the establishment of donor advised funds at SickKids Foundation, the first hospital foundation in Canada to offer such an avenue for giving. With a minimum contribution of \$50,000 to the new SickKids Charitable Giving Fund, a donor can establish a donor-advised fund and then advise on the annual disbursement of the investment income to SickKids Foundation as well as to any other registered Canadian charities.



Advancing your message: The power of stories



In today's competitive fundraising environment, establishing, building and maintaining your organization's reputation and profile are increasingly recognized as key drivers for success. Whether it be engaging and stewarding donors; demonstrating impact to governments; attracting great volunteers; or building internal pride, relationships depend on clear, consistent messages that link the fundraising strategy to the organizational vision and mission.

Managing a cause-related brand is a complex task. In the sea of messages that characterize today's media-saturated world, for-profit and not-for-profit narratives don't compete on equal footing. Procter and Gamble can spend liberally to build "market share" and "brand loyalty". The non-profit organization has to establish a far more multifaceted narrative with a fraction of the resources.

Advancing your message today has less to do with spending a fortune on advertising and glossy brochures, and more to do with establishing a clear and competitive organizational vision, communicated through masterful and emotive storytelling.

Branding as culture

The most powerful non-profit brands are culture-building brands. The impact, the vision, is so compelling and makes such a contribution, that caring communities begin to form based on mutual identification. The stories are so moving to people, they actually choose to *become* actors in the play.

United Way of Greater Toronto is a good example. United by the over-arching "Without you, there would be no way", tagline, every ad, every one on one ask, every media release,

every donor report, every speech tells of individuals whose lives are impacted today, while at the same time clearly communicating the organization's role in meeting pressing social needs. People who give to United Way don't just become donors, they become part of a community.

Last year's many world tragedies – the Tsunami, the hurricanes, the crisis in Pakistan – showed the power of media stories as community and culture-building tools. Unforgettable images that brought home the tragedy were linked with messages about how and where to give, making it possible for caring donors to have an immediate impact. Those individuals have become a part of the extended culture and

“The successful non-profit communications strategy is multifaceted, involving everyone the organization touches”

communities of organizations like the Red Cross and Doctors without Borders – and in doing so have built a sense of mutual commitment to shared values and goals.

“Leaders today should think of themselves as directors of a play – telling a magical story and casting a part for everyone,” says Simon Brault, Director General, of the National Theatre School of Canada. “The successful non-profit communications strategy must have a very personal connection – bringing staff, students, friends, donors, and government – everyone the organization touches – into a close, visceral contact with the vision and mission. We cannot and should not ask donors to ‘sit in the audience’ and view us from afar. They need to be like actors in our play – each with a meaningful role at the heart of the production.”



Leaders as storytellers

The role of the non-profit leader is fundamentally changing. In today's media-saturated world, CEOs, executives and University deans are being thrust into the public spotlight as never before. While they've always needed to operate beyond public reproach, now, they're increasingly asked to function as media and public figures – keynote speakers, bloggers opinion leaders and news columnists.

It's more important than ever for the leader to become a master storyteller – to articulate a clear and compelling vision that is utterly unique in the marketplace, and to communicate it consistently across all aspects of the media mix – speeches, one on one meetings, newspaper articles, proposals, brochures, and the internet. It's not enough to list goals and needs – “Our organization gave scholarships to 15 students last year and hopes to give 100 next year.” Talk about the single mother who dreamed of becoming a lawyer and who is now entering her final year, thanks to a donor who refused to let dreams die. “We're not wasting any time finding the next 100 dreams – with your help, we're committing to 100 more next year.”

Passionate champions

While advertisements, brochures, and websites are important tools in the external relations mix, successful non-profits know the importance of engaging diverse communities in building support for the brand. Broad marketing and mass communications are no substitute for the passionate commitment of individuals.

Employees are important brand builders – both at the nonprofit and at the donor's own organization. Employees should always be part of the stewardship mix through regular communications. Email updates, short thank-you announcements, updates at employee meetings, and involvement of employees at every level in donor events and activities build a sense of shared commitment.

The same goes for employees in organizations that donate. When a corporation has made a gift, take key employees on a tour, introduce your staff, provide information for their employee newsletter, and offer free passes/invitations to events as a thank you to people

at all levels of the organization. When TELUS made a gift to name the TELUS Centre for Performance and Learning at Toronto's Royal Conservatory of Music, the two organizations worked hard to build a sense of shared community. The following year, TELUS employees in Vancouver launched a separate employee drive to raise operating funds to support schools in the Conservatory's *Learning Through the Arts* program.

Increasingly, corporate donors need to see that your messaging strategy is aligned with theirs and that the impact or knowledge of their gift will be felt by audiences they care about. You have to think about the role you can play in bringing like-minded communities together.

Building better profile

Booz Allen & Hamilton consultant Sam Hill, in his book *Radical Marketing*, studied entrepreneurial brands that we now know as household names. How did entrepreneurs like Oprah Winfrey and Richard Branson establish Harpo and Virgin, from a standing start and with only a fraction of the resources of their competitors? He identified six key success factors found in culture-building brands.

1. CEO image is consistent with the brand.
2. Paid advertising is minimal. If used, it's a “content blast” with a specific message, not a continuous stream of general image advertising.
3. Marketing focuses on creating strong visceral ties with specific audiences, creating the sense of a “club” or a “community of consumers”.
4. Publicity and public speaking are top mass market external relations tools, used strategically to position the brand, with the CEO as the central media player.
5. “Market research” is minimal. Close ties with target audiences provide needed information, and feedback is continual and built into day to day operations.
6. Staff and constituents are energized and act for the brand as “passionate champions”.

Local community and civic leaders can also be powerful champions. Remember that jobs brought to the community, improved quality of life locally, and economic impact are compelling messages for governments, community groups, and local businesses.

Existing donors need to be brought into the innermost circle of an organization's community. Letters – warm and full of emotion, showing examples of people who have been helped, are still the most powerful communications tool with donors. A hand-written note with the latest media clippings and a few photographs from a recent event makes donors feel part of the success. Don't leave communication to an annual stewardship report and subsequent ask. Dinner with an interesting speaker or key leader from your organization, invitations to press conferences, and inclusion in events thanking other donors are also powerful ways to keep people engaged.

When major donors step forward to fund an important priority, the strength of their name can become a powerful sub-brand within the organizational narrative. Think: The Munk Centre for Cardiac Care, The Rotman School of Management, and The Schulich School of Medicine. “Large naming gifts can be a powerful magnet for attracting more support,” says Tennys Hanson, President & Chief Executive Officer, Toronto General & Western Hospital Foundation. “When donors lend their name to your organization, it boosts your reputation and profile – their name, in effect, endorses both the caliber of the work you are doing and its potential to make a real difference. Others are naturally attracted to getting more involved as a result.”

Richard Fisher, Chief Marketing & Communications Officer for York University, says: “York's overall brand narrative is about a university that is new, innovative, always forward-looking. The sub-brands of, say, our law school and business school, provide unique opportunities to extend that narrative. Osgoode is a law school with a deep commitment to social justice issues; Schulich is a non-traditional business school with a deep commitment to corporate citizenship. These stories coming out of these and other faculties at York are a vital part of delivering authentically on our brand story at all levels.”





Marnie A. Spears
President and CEO
KCI

Gillian Morrison
Vice President,
Research Services
KCI

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214 KING STREET WEST, SUITE 508, TORONTO, ON M5H 3S6
t: 416.340.9710 f: 416.340.9755 e: toronto@kciphilanthropy.com www.kciphilanthropy.com
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