

Helping Donors Give: Scenario Planning

By Pat Brault

The financial crisis has impacted philanthropy and donor gifts are stagnating.

Scenario modeling can help restore donor confidence to make financial gifts to non-profits again.

Across the nation, development staffs of non-profit organizations have felt the impact of the financial crisis on philanthropy. It's a perfect storm: endowments' asset values are down twenty-five to thirty percent, costs are rising and donor gifts are stagnating.

- Ninety-two percent of the nearly 100 non-profit leader respondents in a survey conducted in May by the Bridgespan Group said they were feeling the effects of the downturn.
- Eighty percent reported that their organizations were experiencing financial stress. In another study conducted in April by the Johns Hopkins University's Listening Post Project, forty percent of the respondents describe the stress as "severe."

More than eighty-five percent of all private donations in America are made by individuals representing a wide range of incomes and contribution levels. Significant gifts, especially repeatable ones, are typically made by individuals and families whose assets are equally significant.

It is no surprise that previously generous donors have pulled back in the face of financial uncertainty. Our firm provides financial planning and investment advisory services to wealthy individuals and families. Through a partnership with a well-known financial planning technology firm, we have introduced a technology-enabled, real-time scenario planning service that allows clients to consider a wide variety of real time "what-ifs" examining the possible outcomes of a variety of different choices. One of the filters of the program looks at the impact of the timing and size of charitable gifts. Because these options are modeled interactively, clients are more able to make positive decisions about giving today because they can see the future impact of those gifts on their wealth over time.

By sharing our scenario planning service with non-profit organizations, our consulting team can be a strategic partner, helping development staff realistically address current donor concerns. Our non-profit clients and colleagues tell us that being able to introduce a visual way to consider gifting scenarios helps to restore gifting habits. For further information, please don't hesitate to contact us for a demonstration.

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