**13786, Crissie Fortmeyer**

What’s Trending in the World of Non-Profits?

Good Morning Ladies and Gentlemen,

First I want to welcome you this morning to this meeting. Our ultimate objective is to manage our endowment assets through our Outsourced CIO services. Through these services we manage assets for more than 160 institutions nationwide that amount to approximately $11 million.

I’ve spent the last 20 years advising non-profit boards and investment committees on good governance and best practices in investment management of their endowment portfolios. I have worked with so many boards across many investment environments, that I likely have a story I can fit in where needed. This varied experience helps me to see how a diverse culture can be reached for different projects or even for the same project. I’m also an Air Force brat, having lived all over the U.S. My family moved 13 times before I attended and graduated from Baylor University. So, my personal experience melds with my professional experience. People truly are diverse and my experience with that has proven to be a useful tool in my position.

Overall we need to be more transparent with our stakeholders. We need to provide our donors with the accurate information possible both on the donations made and where those donations are utilized. It is important for our board members to be more focused on their fiduciary responsibility and governance overall.

In today’s world technology is advancing rapidly and with those advancements we are presented with abundant benefits. There is not an industry in existence that has not been affected by the increases and improvements, including Nonprofits. Along with technology has come many new ways for us to communicate with our own staff, our stakeholders, board members, and potential providers of services to your organization. Those technological opportunities include social media, mobile, analytics, big data and the cloud. Along with the opportunities to communicate are the opportunities to cultivate awareness and to create organizational and operational efficiencies.

With everything in the world around us moving so rapidly our board members must keep pace and demand that nonprofit executives research technology in order to improve our existing outreach and processes. I encourage all of you to do the necessary research, no matter what it takes so that you may ensure that your organization stays on the forefront as technology moves full speed ahead.

Another important trend is utilizing Comprehensive service partners (OCIO or outsourcing) to help with our investments and the back office functions such as board reporting and the annual audit as well as help to secure major donors. Utilizing all tools to manage our assets will show our donors that their donations are important enough for us to be as careful as they are with their money.

It is necessary for us to use a more nimble management of assets. We can no longer use a set it and forget method of portfolio management. Quarterly decision making is far too slow in today’s rapidly moving culture. When we can communicate via phone, email, text and social media in an instant we can’t leave important decisions to the antiquated methods of the past.

Two examples of this would be: 1) Committee with hedge fund managers at independent school in NE. 2) Foundation here in TX during financial crisis.

Today’s culture also lends itself to diversity of board membership. We can’t just have boards made up of a group of people who are carbon copies of one another regardless of their individual culture. If we are truly going to diversify our investments and outreaches then we must diversify the boards that made the decisions, goals and plans. If we want to reach people of diverse cultures then our boards must have diversity in membership first.

What previously was called Socially Responsible Investing (SRI) has become Environmental, Social and Governance (ESG). Governance issues include board and CEO compensation and corporate governance issues.

These examples include:

1. 360 movement on campuses and in foundations

2. Divesting fossil fuels – Rice University is currently a No on this issue. They don’t divest. Their endowment funds 40% of their operating budget. The head of the campus group, Rice Environmental Club, informed members recently via email of their 3 goals. Those goals are to encourage Rice to divest from coal, make their investments more transparent and to begin the conversation on campus regarding whether or not they have a responsibility as a nonprofit university to invest sustainably.

Four large nonprofits, Rockefeller Brothers Fund, University of Dayton, Pitzer College, and San Francisco State University have adopted fossil fuel divestment commitments. UNC Chapel Hill is the latest of many to take a closer look at this issue.

Fundraising is another area where new trends are developing for nonprofits, according to Gail Perry’s *Fired-Up Fundraising Blog.* Unlike donations of the past it is time to think big, as in The Mega Gift. Ask yourself, “What is your next big idea or vision for your foundation. Small donations will never go out of style but moving forward, enlarge your vision. Don’t think small, think huge.

We also have to shift our thinking regarding our demographics of who is making the donations. Every generation has its unique personality when it comes to giving. Older generations were very traditional and gave as a sense of duty. Previous generations held strong to a sense of duty, duty to their country, to their community and to their close circle of family and friends. That sense of duty was finely tuned and part of their very foundation.

Today we see a new generation who is taking over as the major donor that we must consider and reach. That is the Boomer generation. Boomers come from a different culture than their parents and grandparents. This generation is more independent and free thinking. They don’t do very much of anything simply out of duty. This generation gives more as a form of self-expression. They seek out ways to give that speak of the causes and interests they have developed over a lifetime. But, one thing that both generations share is an appreciation for transparency and involvement.

I remember this Spring I visited a college campus and two college students approached me in the student union to welcome me to campus. They recognized me as a visitor because I was the only one wearing a suit instead of flip flops. I asked them what experience had impacted them the most since attending that particular college. Both of them, without hesitation, shared with me detailed explanations of their philanthropic work and how it is built into their degree programs on campus. Volunteer work is no longer just community service to earn credits for these students. It is expending large amounts of energy as well as money for causes that reach deep seated beliefs for these students.

Boomers are becoming the major donors in today’s world. They make up 34% of all donors in quantity but give 43% of the funds donated. This ratio cannot be ignored. You must pay attention to where your donations are originating. In order to do this I advise that you let Boomers’ personal interests and passions guide their individual cultivation plans. Use your knowledge and communications to help them to connect with what is most meaningful to them as they decide where they will send their donations.

The very act of fundraising is changing along with the culture. Everything is shifting in today’s culture. We fought a national recession for a long period of time. We have to recognize that post recession donors are very different from their predecessors. You must do your due diligence in getting to know this new donor and adjust your own fundraising strategies to keep abreast of the newest attitudes and preferences of donors.

In researching this we found that 87% of all gifts dome from individuals either through bequests, family foundations or outright gifts. I suggest we track the wants and needs of these donors today in order to offer them the right opportunities to donate to causes important to them. You may not know this, but charitable gifts were up 3% last year and most of that increase was led by wealthy individuals.

When people give at this level they see their gifts as investments to achieve good. They want to know that you, as the recipient of their gifts, are both efficient and effective with their donations. Your best strategy is to go out of your way to demonstrate to your donors that their gifts really do create good in the world. This is where donor communications will do wonders for creating goodwill with your donors. Learn to sharpen your donor communications and make certain you are talking the language your donors want to hear. Speak to their interests, their needs and their wants for where they want to send their donations and your donations will overflow.

It’s very easy to just pay lip service to this goal and give your donors a quick overview. It’s much harder to do it well. Donors don’t just want a spreadsheet or PowerPoint presentation of where, in general, their donations are directed. They want to see your financials tied directly to your impact. It’s more important to show them specifically directed financials that show exactly where their donations are being used than to just show them general information.

This is the greatest opportunity you will have to build trust with your donors. Show them the right financials, show them where their donations are being used, show them the good that is coming from their donations and you will assure them, calm their fears and quiet their doubts, if you communicate that information correctly. In order to do this you have to tie their money directly back to the impact they are creating.

The best way to do this is to use the MPI formula –

Money—How much money you raised (or they gave)

Purpose/Project—What projects you spent the money on?

Impact—What impact did you accomplish with the project?

When you can show them exactly where their money is going you will not only silence their doubts and build their trust you will find they will invest even more in your nonprofit.

Another important thing to know is that major donors who volunteer tend to give much, much more monetarily. We found that 89% of high net worth individuals volunteer with nonprofits. I’ll never forget the time a mega-wealthy donor told me, “We give our money where we give our time.” Clearly the wealthy only make those large donations to causes that are near and dear to their hearts. Don’t ever forget that.

What are ways to involve your mega donors more? You could form a committee or invite them to serve on your board. Another way would be to form a focus group on a particular subject. It’s important that you take them on-site so they can see first hand what is happening, to literally place them in the middle of what you’re doing. Then they can see how their money is being used. After that you need to get them involved in the decision making or policy making roles. In that position you the bigger money can start to come in. When they are in leadership roles for causes important to them they not only donate but they also work on bringing in other funding using their many contacts.

When you are reaching out to donors and putting together your plans remember one important thing – Donors want a big deal! They want to hear about big plans. They want to know that you need their donation for a specific project. Do you remember last year when Stanford University announced that it had raised $1Billion in one year? I was impressed! How did they accomplish this? According to Stanford spokespersons they had, “Very big ideas and they are good at capturing people’s imagination, thinking about what they can do and what they cold be.” They had a vision, a big vision and they put together a creative presentation showing donors that vision and their plans to reach it.

What strategy should you use? First, pull out your very best big ideas. Don’t think small, think as big as possible. The bigger the vision, the bigger the plan, the more donors will see their donation as necessary to help make the vision come true. Use those plans to put together a creative plan to capture people’s imagination. Communicate to your prospective and current donors about what you can do and what you can be to the community and to the world. When you do this you will tell them that you value their donations, you value the causes they value and you value their input. You let them know they are not just dollars to you but that you and they have a common belief and a common cause to work toward. Gaining their trust and getting them to stand with you and not just feel like you want them to send a check and forget about it will cause them to want to donate so they can make a difference in the world today.

Do this and you just might raise mega gifts too!