



Exploring the New Philanthropy

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Philanthropic Giving by Entrepreneurs in Canada

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Thank you

- Research Innovations Inc. – Edmonton, Alberta
- Canadian Centre for Social Entrepreneurship
(School of Business, University of Alberta)
- NSFRE - Calgary Chapter
- CharityVillage.com – Brampton, Ontario
- NSFRE - Toronto Chapter
- NSFRE – Edmonton & Area Chapter
- NSFRE Foundation - Alexandria, Virginia
- Southern Alberta Institute of Technology
- University of Alberta

Overview

- Why did we do this?
- What did we do?
- What is an Entrepreneur?
- What did we want to discover?
- What did we find?
- Next steps?

Outcomes

- Increase understanding of motivators and barriers to giving in general
- Acquire new knowledge pertaining to Canadian giving trends
- Distinguish between entrepreneurial and non-entrepreneurial donors
- Learn how the findings affect fundraising application and practice

Why did we do the study?



Rationale

- We believe there is a renaissance of the entrepreneur in North America and around the world
 - fundamental restructuring of society around the world
 - globalization
 - democratization

Rationale

- Maturing of philanthropy and development in Canada.
- Growing sophistication in approaches to fundraising & need to understand new emerging trends.
- Increased sophistication calls for better understanding of the factors that motivate/de-motivate giving.

Rationale

- The results of the study will impact the University of Alberta (Edmonton) and the Southern Alberta Institute of Technology (Calgary).
- The study will contribute to the general body of knowledge on philanthropy and fund raising in Canada and around the world.

Problem Statement

- There is a need to understand what motivates Canadian entrepreneurs to give philanthropically, and what impedes their motivation to give philanthropically.

Thesis Statement

- There is a direct correlation between the degree of entrepreneurialism of a donor and that donor's propensity to give a philanthropic gift

What did we do?

- *Qualitative and quantitative* research on the motivations and barriers to philanthropic giving by entrepreneurs and non-entrepreneurs in Canada
- Phase I (*Masters Thesis*)
 - Literature review
 - Key informant interviews
 - Focus groups
 - National baseline survey

What are we going to do?

- Phase II
 - Interviews with **prominent** EPS donors
 - Interviews with **emerging** EPS donors
 - Creation of a model that would assist in categorizing entrepreneurs by their giving characteristics
 - Publish Phase I and Phase II findings, results, comparisons, and models

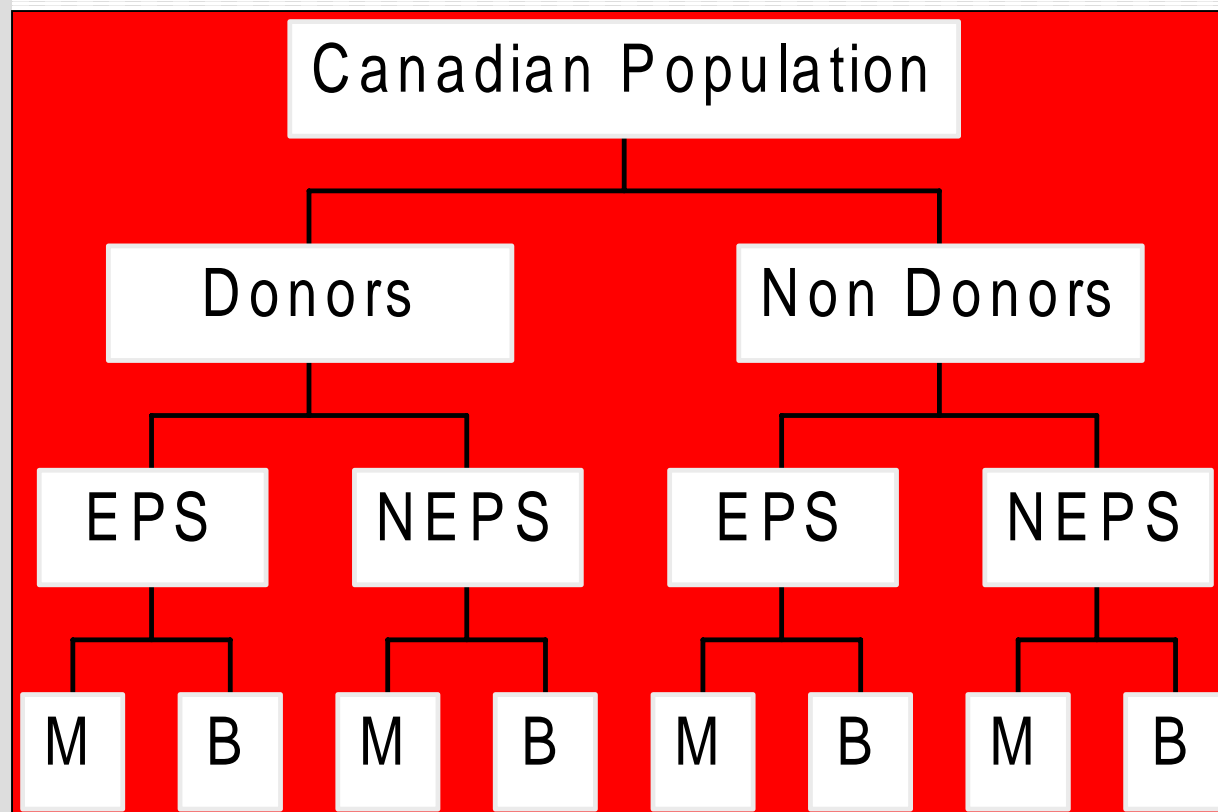
What are we going to do?

■ Phase III

- Tracking survey, to follow up on the baseline survey completed in Phase I
- Publication of information pamphlets comparing and contrasting the findings in Phase I (baseline) and III (tracking)
- Targeted distribution to major third sector organizations, and related stakeholders

Methodology

Research Map



- **EPS** = Entrepreneur
- **NEPS** = Non Entrepreneur
- **M** = Motivator
- **B** = Barrier

Methodology

- Literature Review
 - Global context (English-speaking world)
 - Areas of review
 - General motivational factors
 - Entrepreneurial motivational factors
 - Definitions of entrepreneur
 - 70 referenced sources
 - Purpose: to assist in pre-determination of motivators and barriers

Methodology

- Key Informant Interviews
 - North American context
 - Twenty interviews
 - Audio taped and transcribed
 - Benefit from depth of expertise
 - Purpose: to assist in pre-determination of motivators and barriers

Methodology

Key Informant Interviewees

- Ted Bayley
- Jim Bowers
- Blake Bromley
- Ron Carroll
- Jon Dellandrea
- Lisa Dietlin
- David Dunlop
- Elaine Goldie
- Bill Hallett
- Ebert Hobbs
- Pat Lewis
- Susan Luenberger
- Charles MacLean
- Sherrold Moore
- Judith Nichols
- Jerold Panas
- Martha Parker
- Charles Sizemore
- Bill Sternavent
- Shannon Von Kaldenberg

Methodology

- Focus Groups
 - Canadian context
 - Three groups
 - Calgary, Winnipeg, Toronto
 - Audio/video taped and transcribed
 - Purpose: to assist in pre-determination of motivators and barriers

Methodology

- Canada-wide Baseline Survey
 - Random sample of Canadian population
 - Telephone interviews
 - 1,203 responded (response rate of 36%)
 - 1/3 EPS and 2/3 NEPS
 - March/April, 2000
 - Computerized response input
 - Computerized analysis based on demographics, region and EPS vs other
 - Provincial breakdowns
 - Accuracy = +/- 3.5%, 19 times out of 20

Entrepreneur Exercise

Personal Characteristics

- Identify
- Pursue
- Resources
- Direct
- Risk



Defining Entrepreneur

- **Identifies** new and unique **opportunities**
- **Pursues** those **opportunities** (innovative)
- Finds or **levers resources** for organizations or enterprises
- **Makes decisions** that provide **direction** to organizations or enterprises
- Assumes and **takes risk** in the process
 - Making \$ is not a criteria
 - Owning a business is not a criteria

FINDINGS:

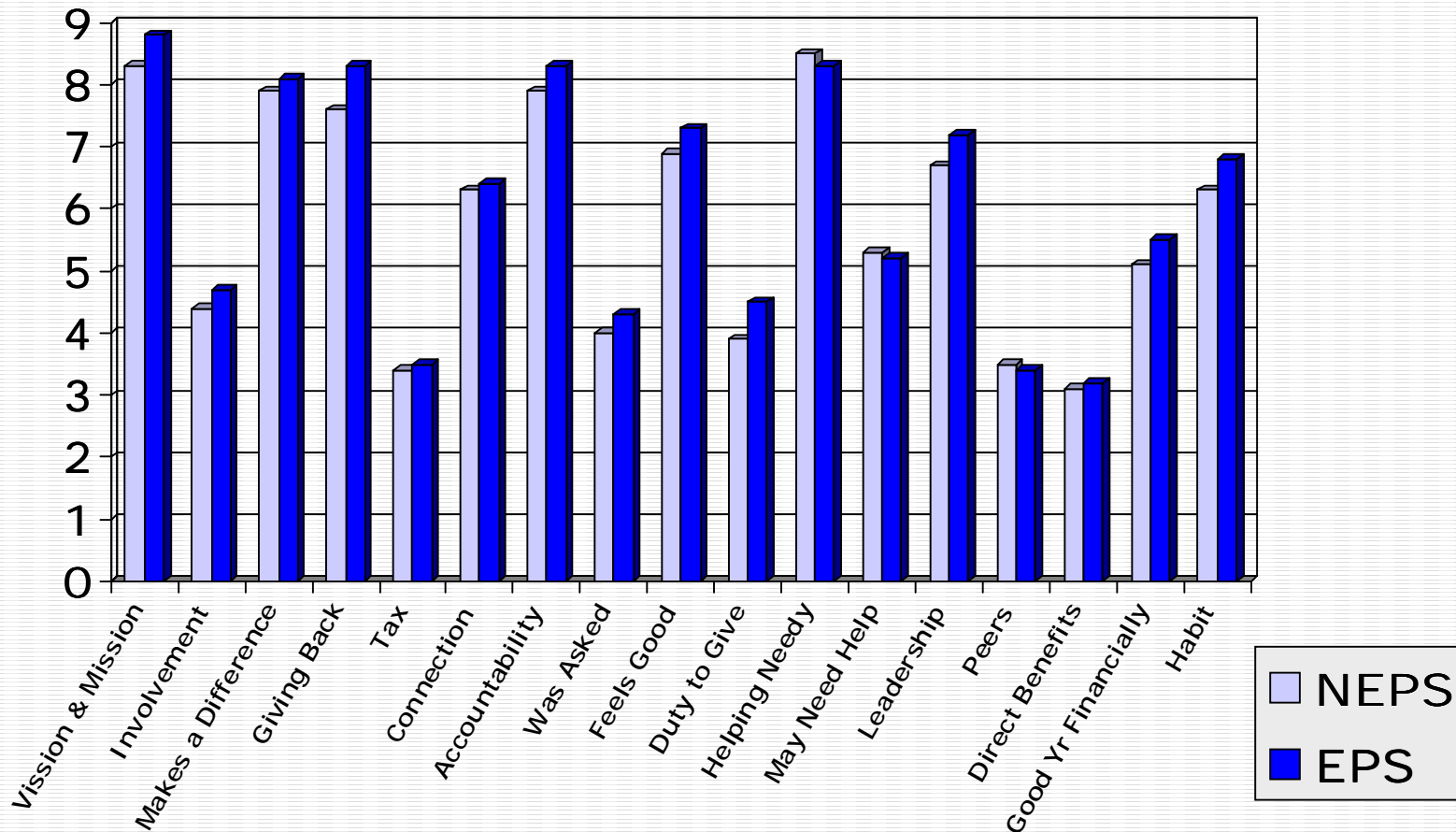
- Motivators for the **next** gift
- Motivators to **increased giving**
- Reasons for **refusing** to give a gift
- Reasons to **stop giving**
- Motivators to **giving ultimate gift**
- Bonus findings

Question

- To what extent will various motivational factors affect the giving of the **next** philanthropic gift?

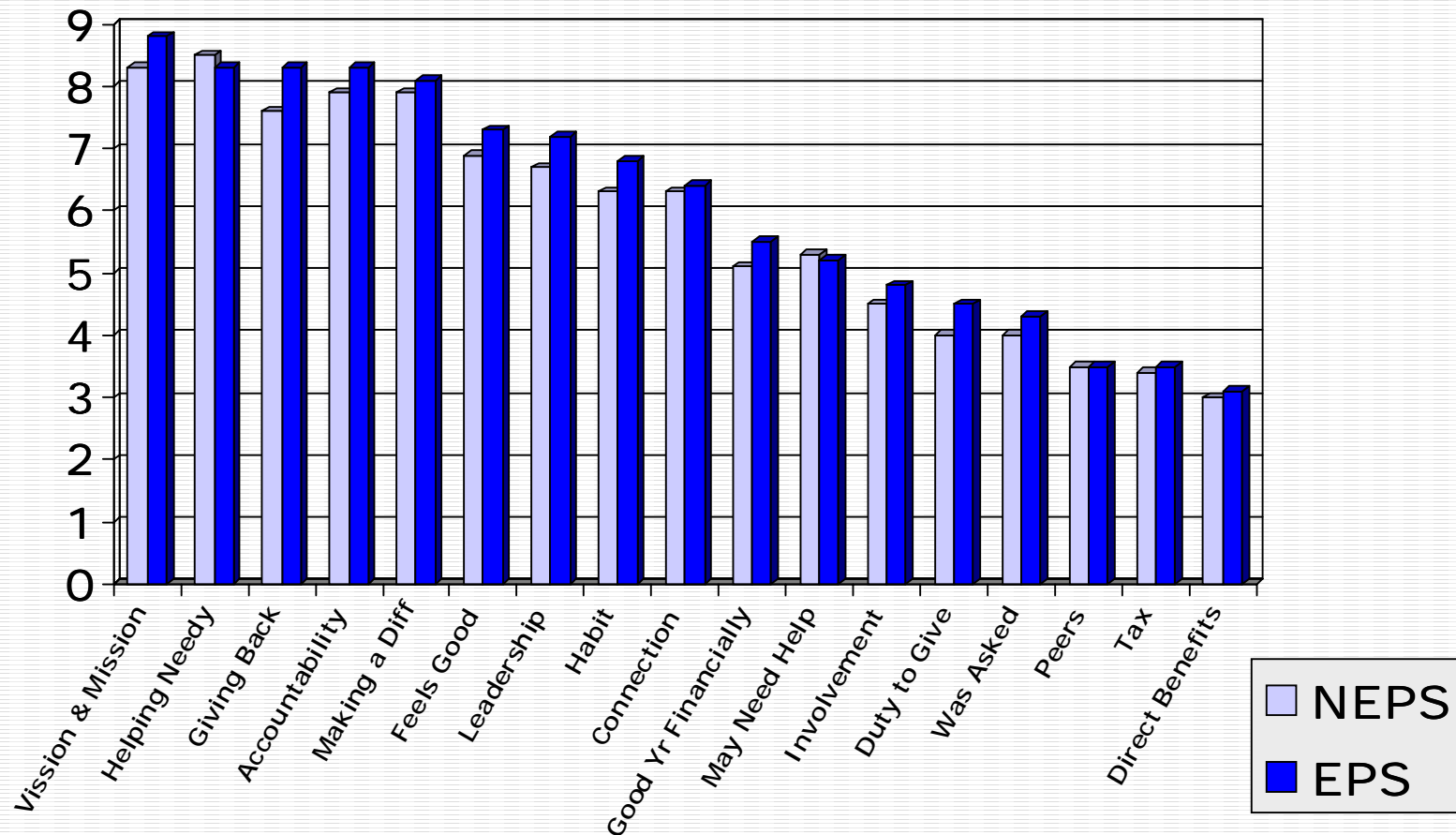
Motivators for Giving Next Gift

Non-Entrepreneurial donors (NEPS) vs Entrepreneurial donors (EPS)
Mean score responses for all respondents.



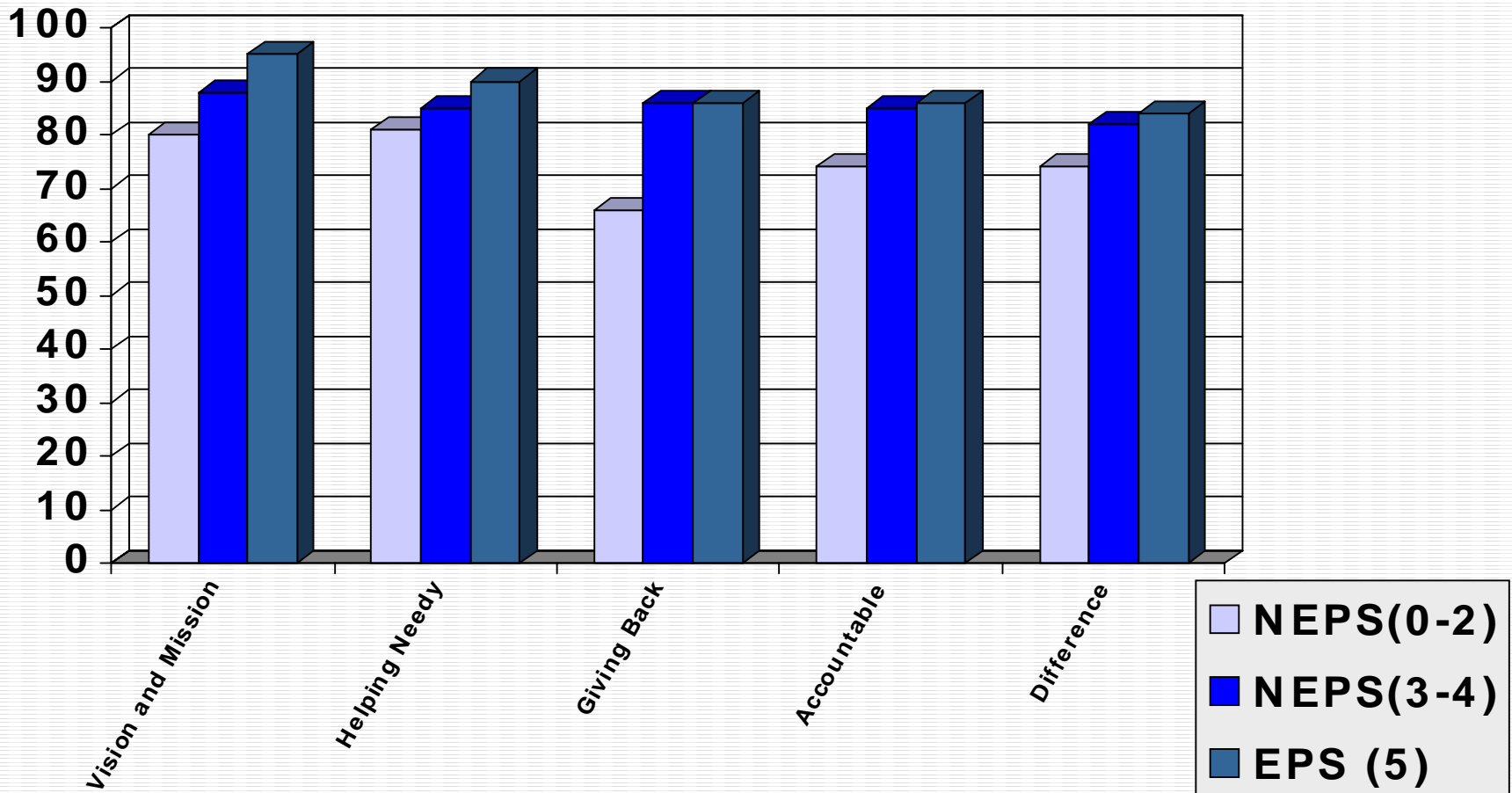
Motivators for Giving Next Gift

Non-Entrepreneurial donors (NEPS) vs Entrepreneurial donors (EPS)
Mean score responses for all respondents, **sorted by EPS**



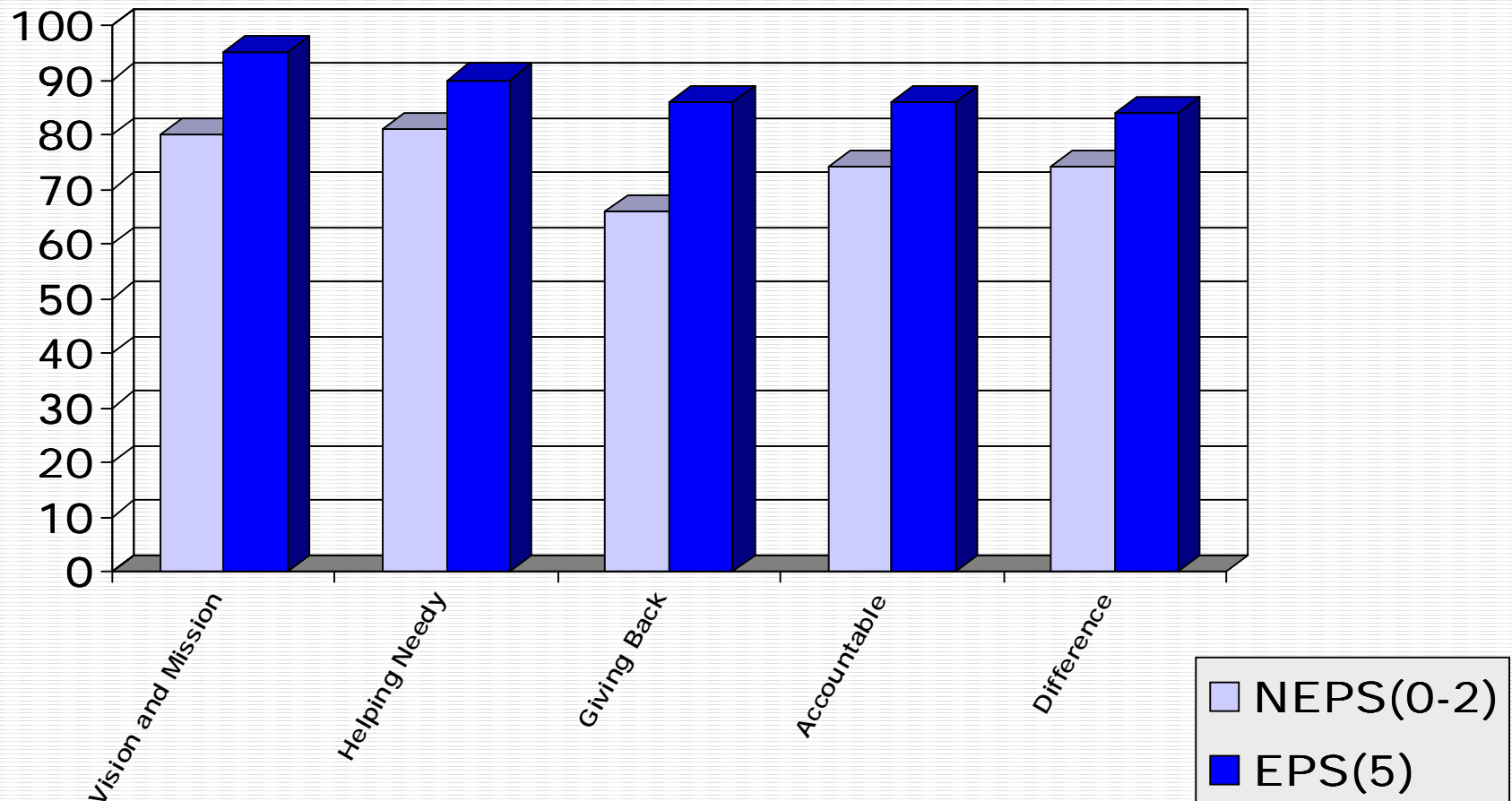
Motivators for Giving Next Gift

Motivators for Giving Next Gift by respondents, **scoring 7-10 on the response scale.**



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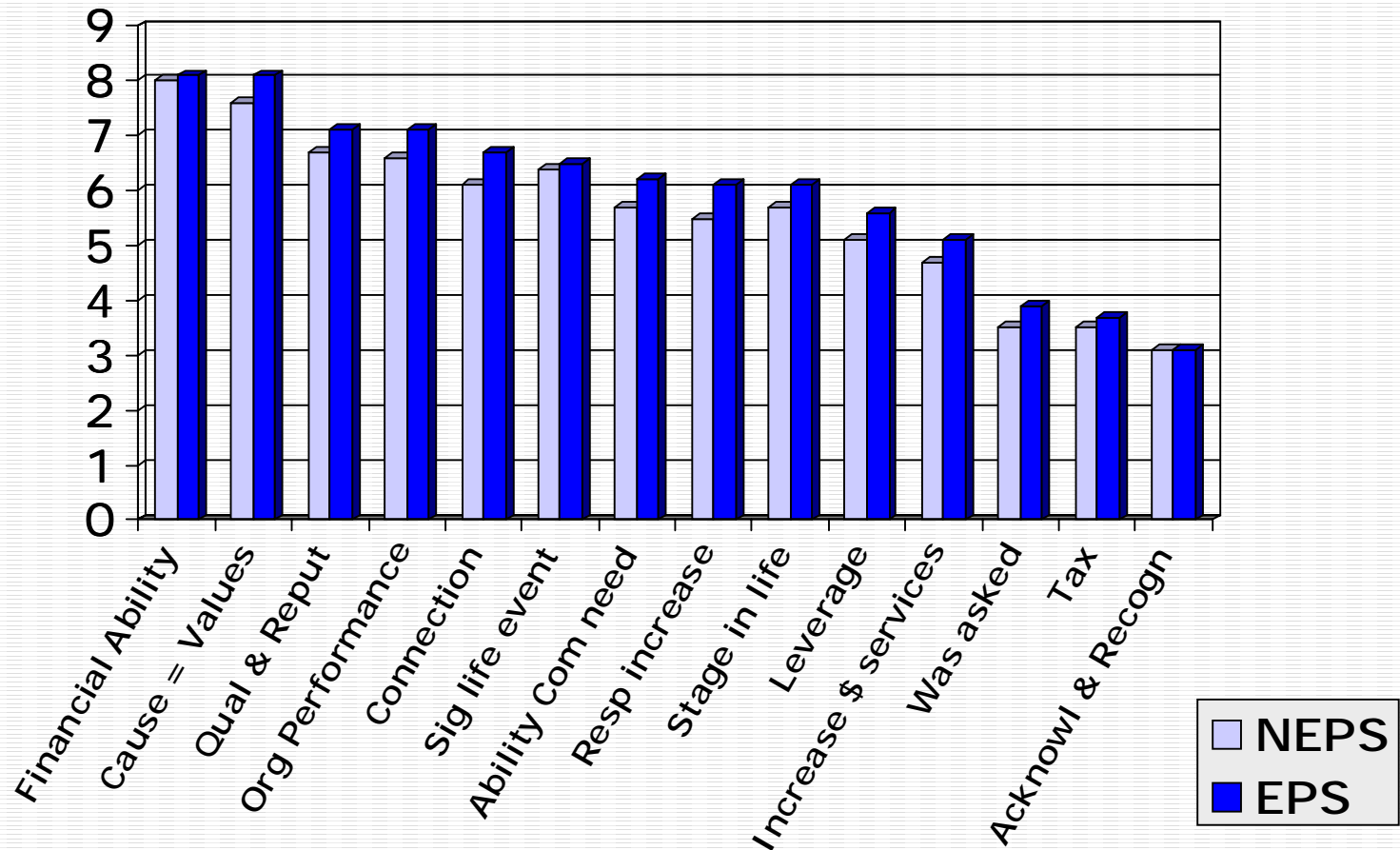


Question

- To what extent will various motivational factors affect **increased** philanthropic giving?

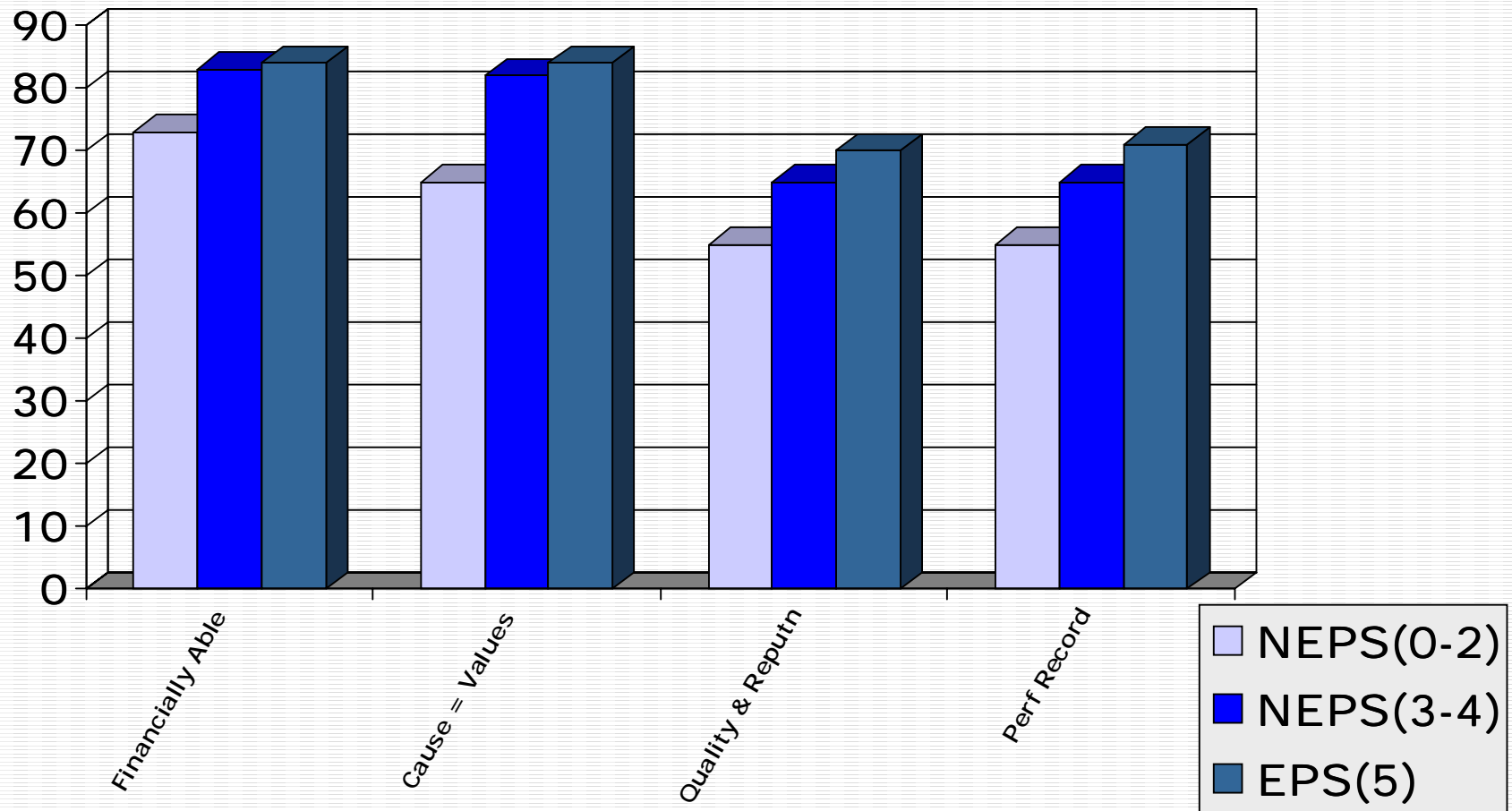
Motivators for Increased Giving

Non-Entrepreneurial donors (NEPS) vs Entrepreneurial donors (EPS)
Mean scores responses for all respondents, **sorted by EPS**



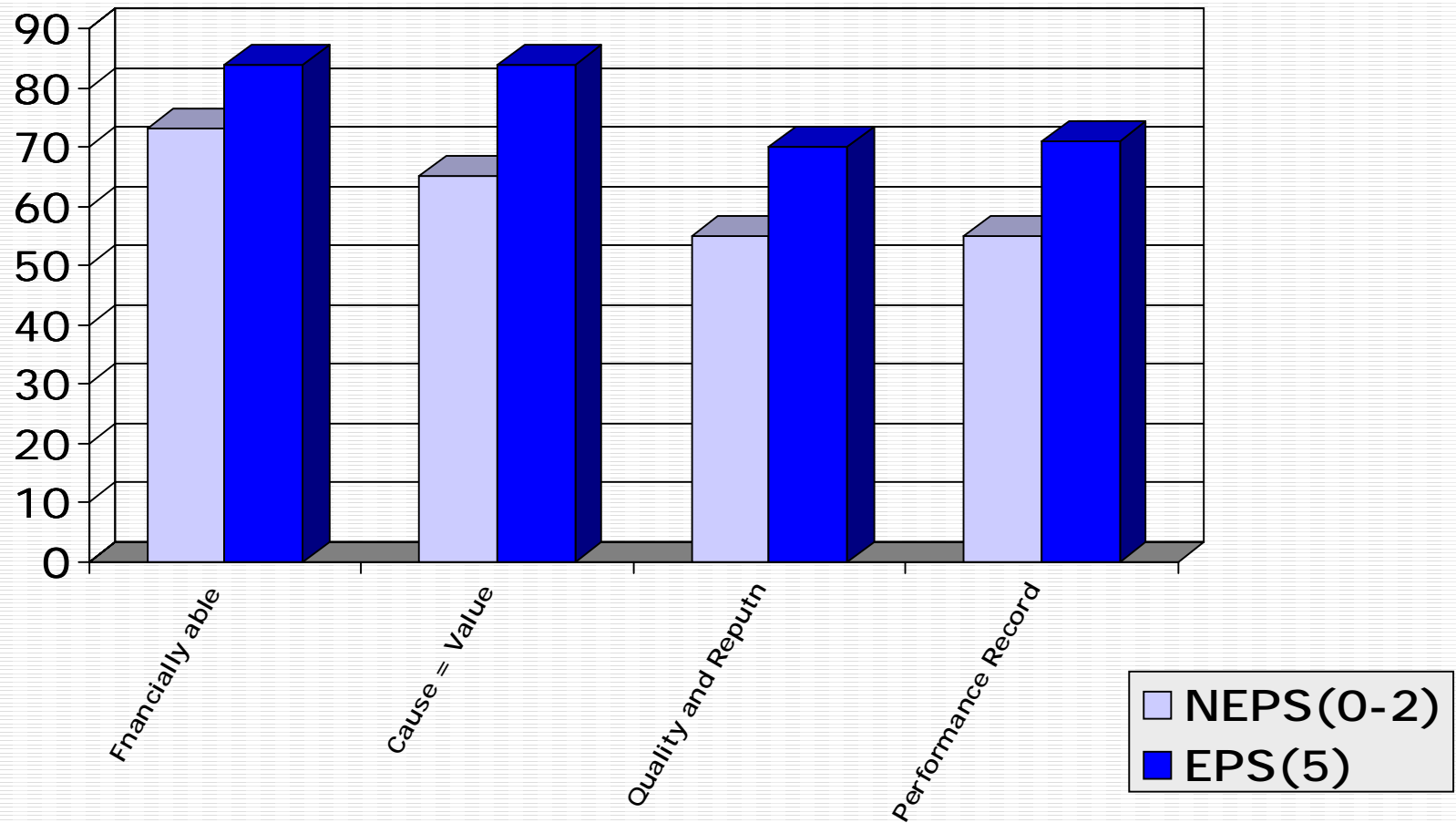
Motivators for Increased Giving

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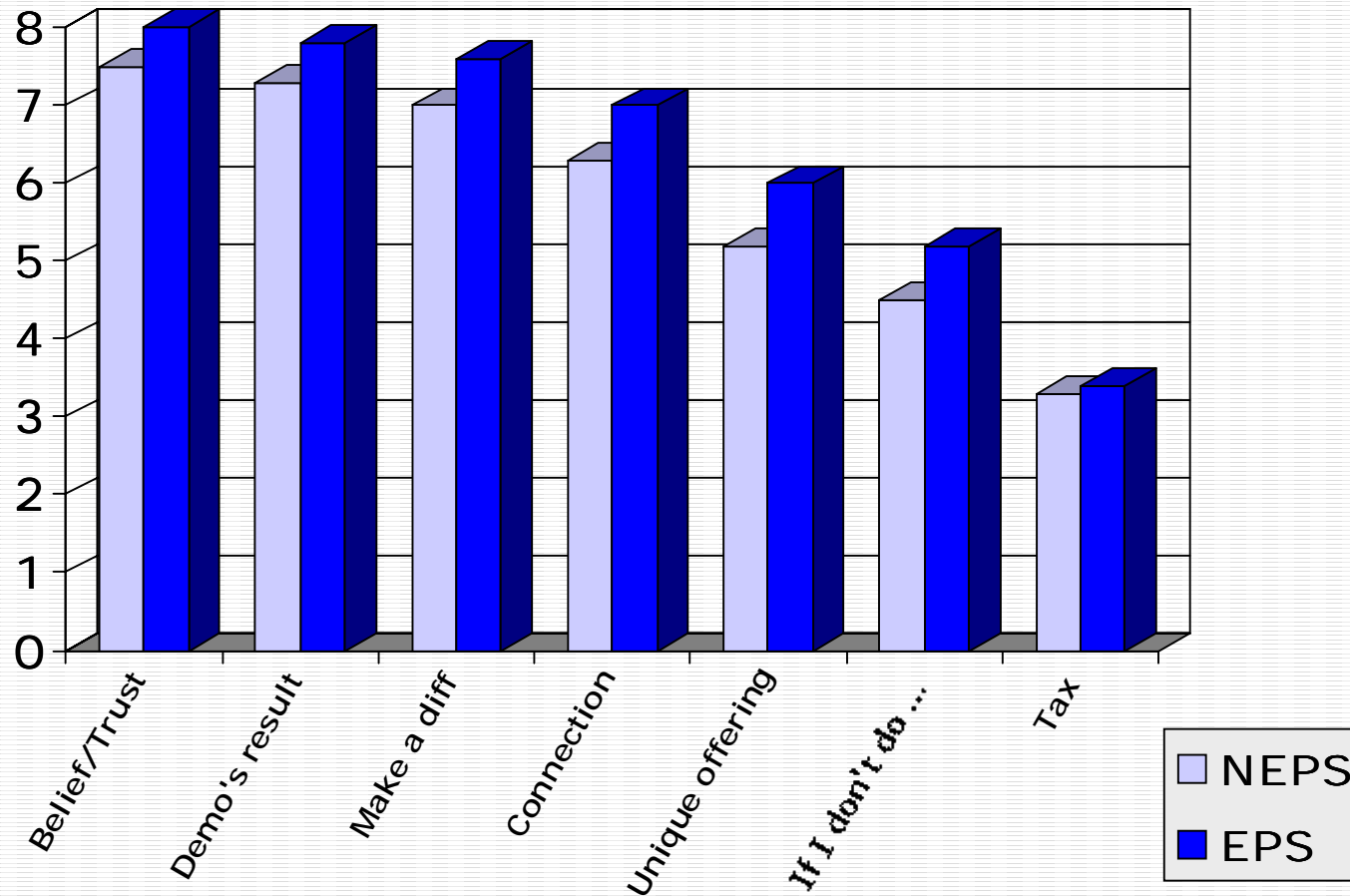


Question

- What motivates people to give the **“ultimate”** philanthropic gift?

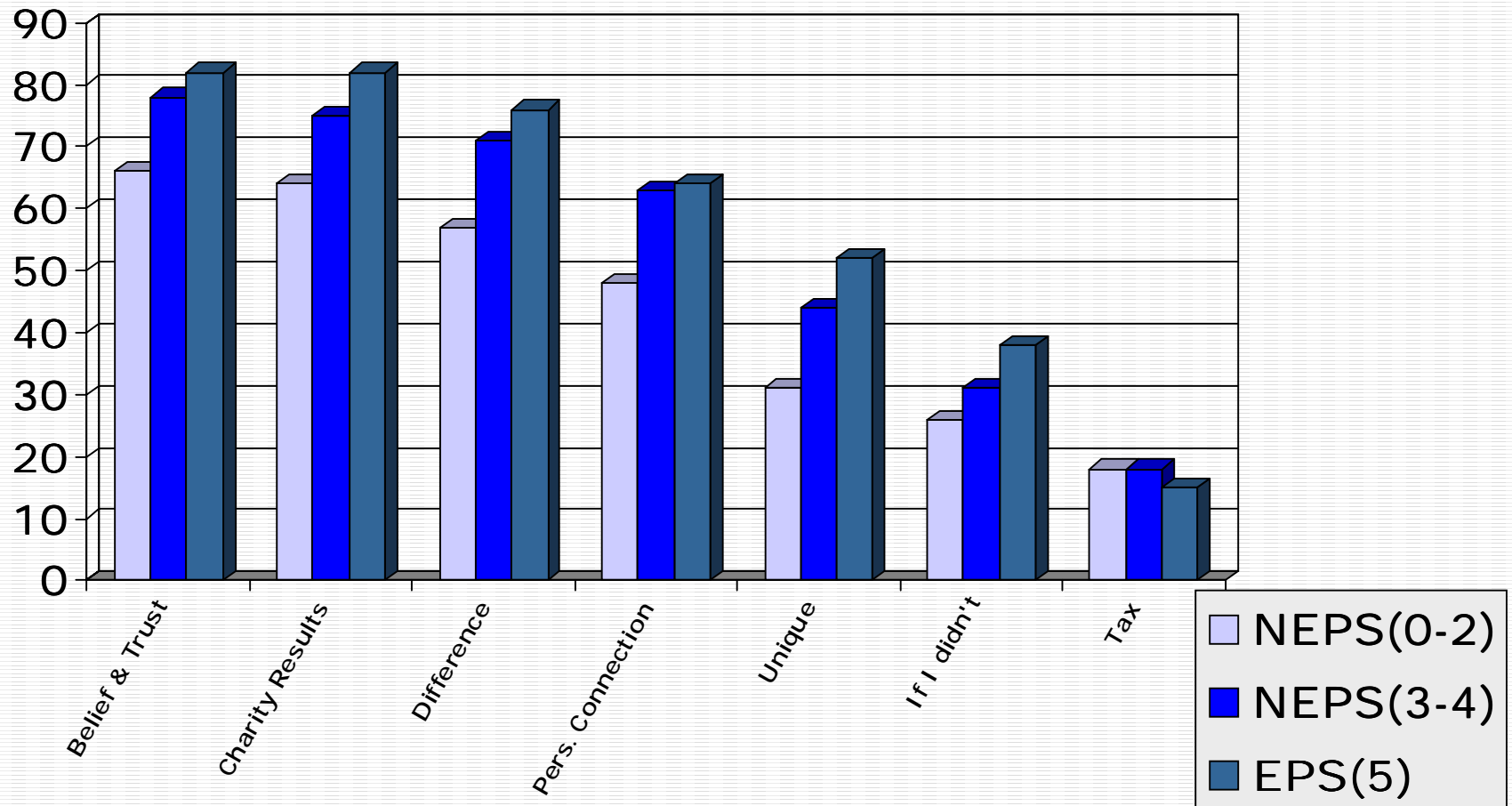
Motivators to Giving Ultimate Gift

Entrepreneurial donors (NEPS) vs Entrepreneurial donors (EPS)
Mean scores responses for all respondents, **sorted by EPS**



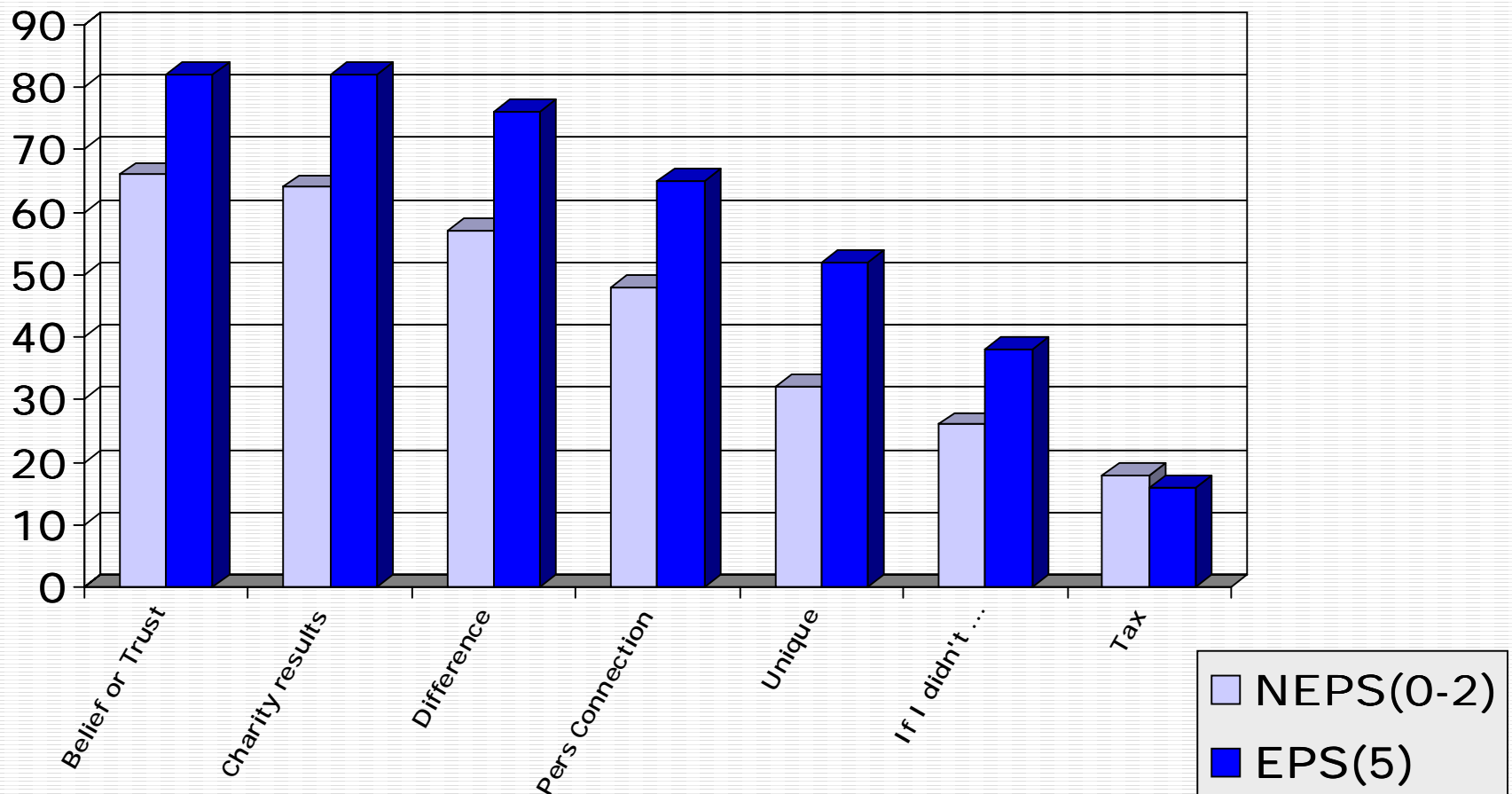
Motivators to Giving Ultimate Gift

Motivators for Giving Ultimate Gift by respondents, **scoring 7-10 on the response scale**



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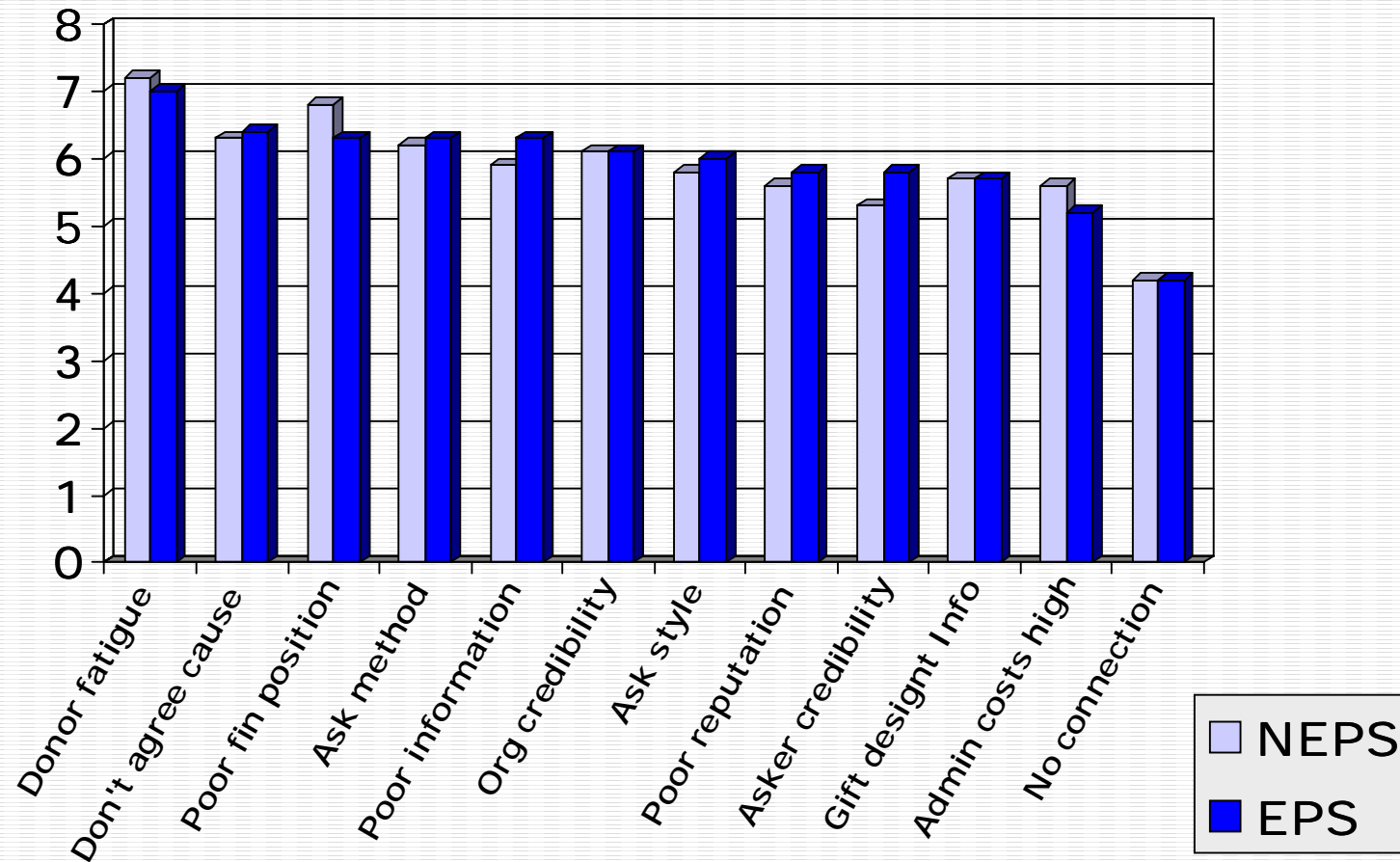


Question

- What motivates a **refusal** to make a specific philanthropic gift?

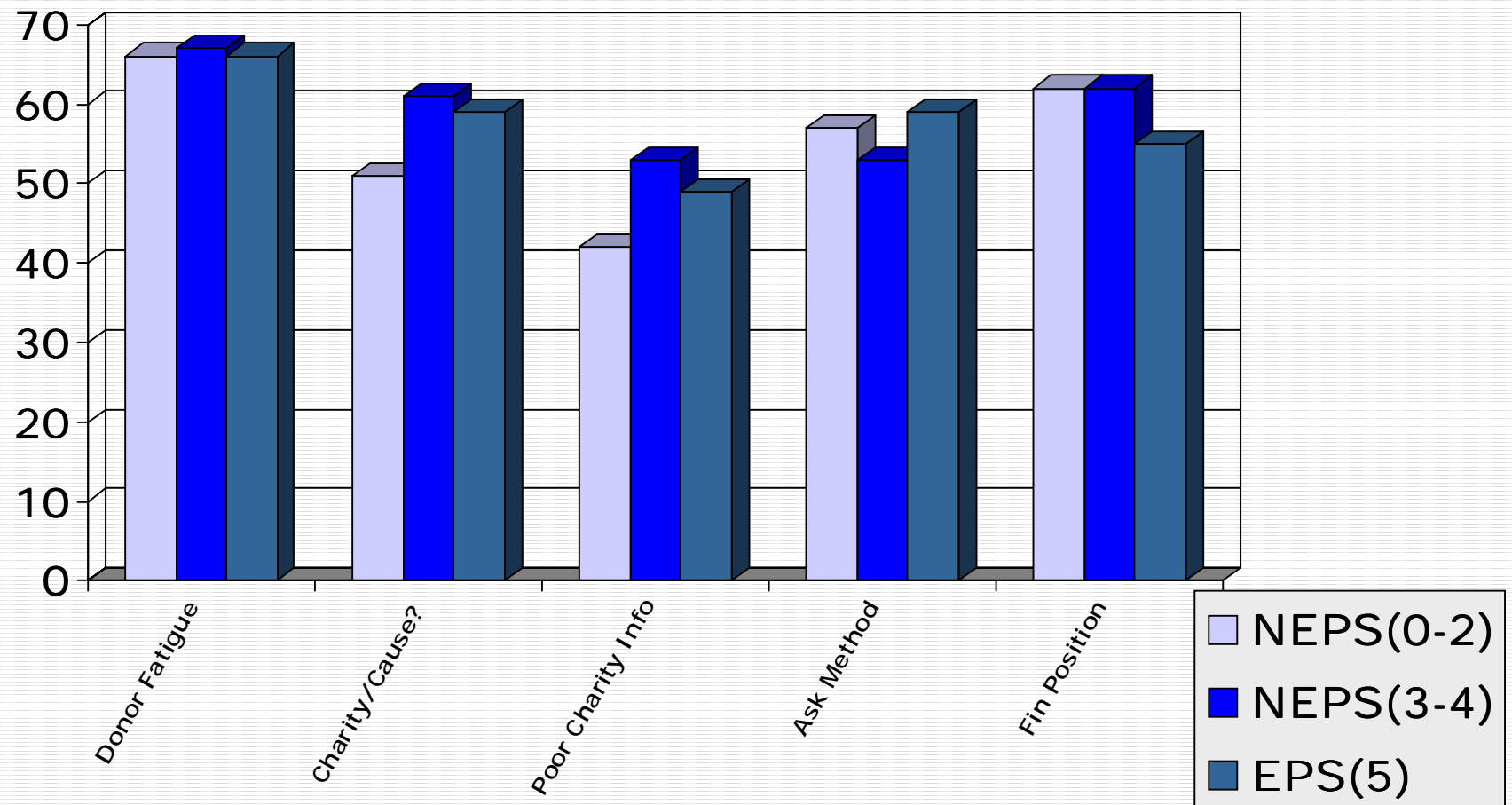
Barriers to Making a Gift

Non-Entrepreneurial donors (NEPS) vs Entrepreneurial donors (EPS)
Mean scores responses for all respondents, **sorted by EPS**



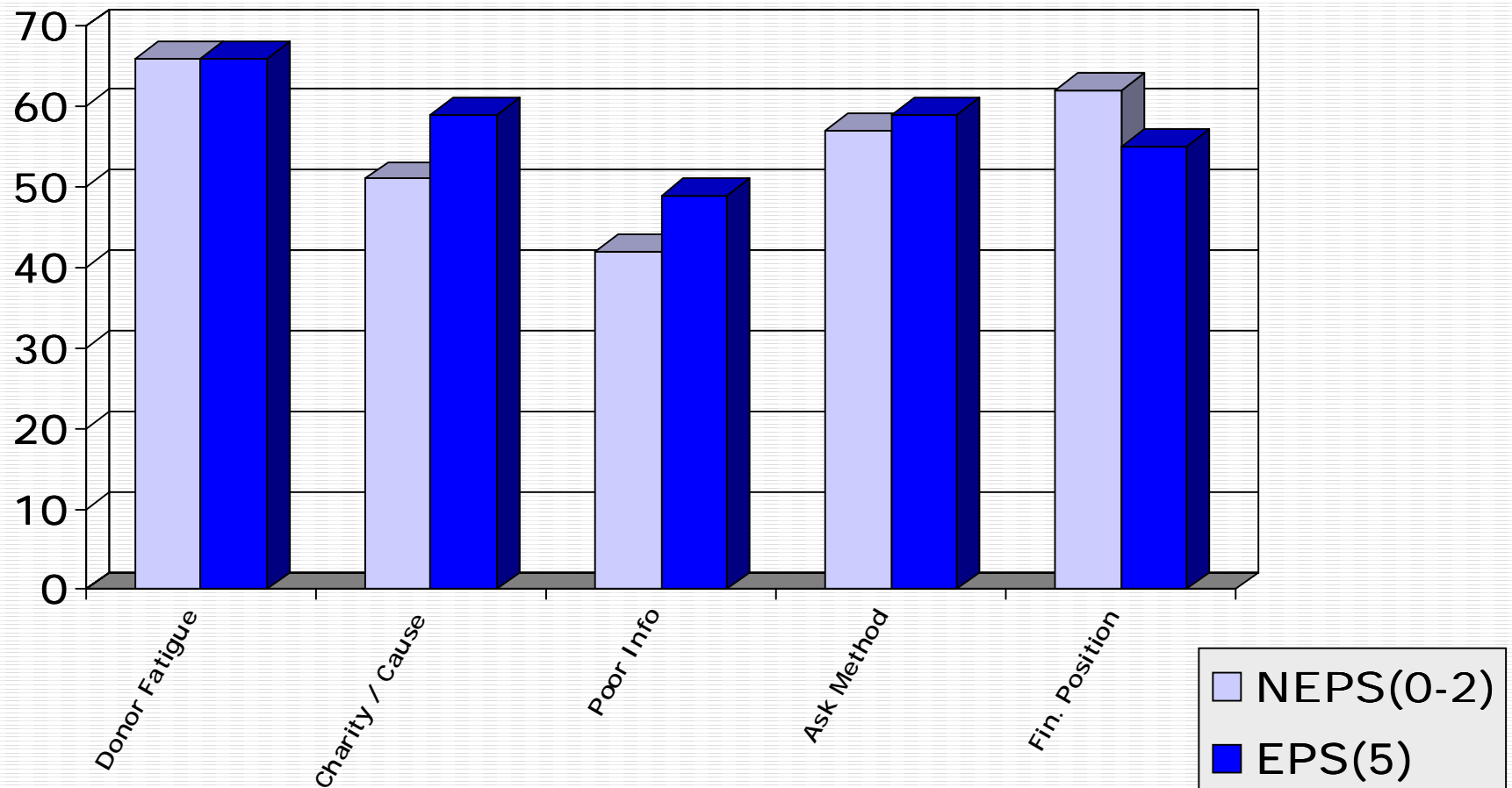
Barriers to Making a Gift

Motivators for Refusing to Make a Gift by respondents, **scoring 7-10 on the response scale**



Barriers to Making a Gift

Motivators for Refusing to Make a Gift by respondents, **scoring 7-10 on the response scale**

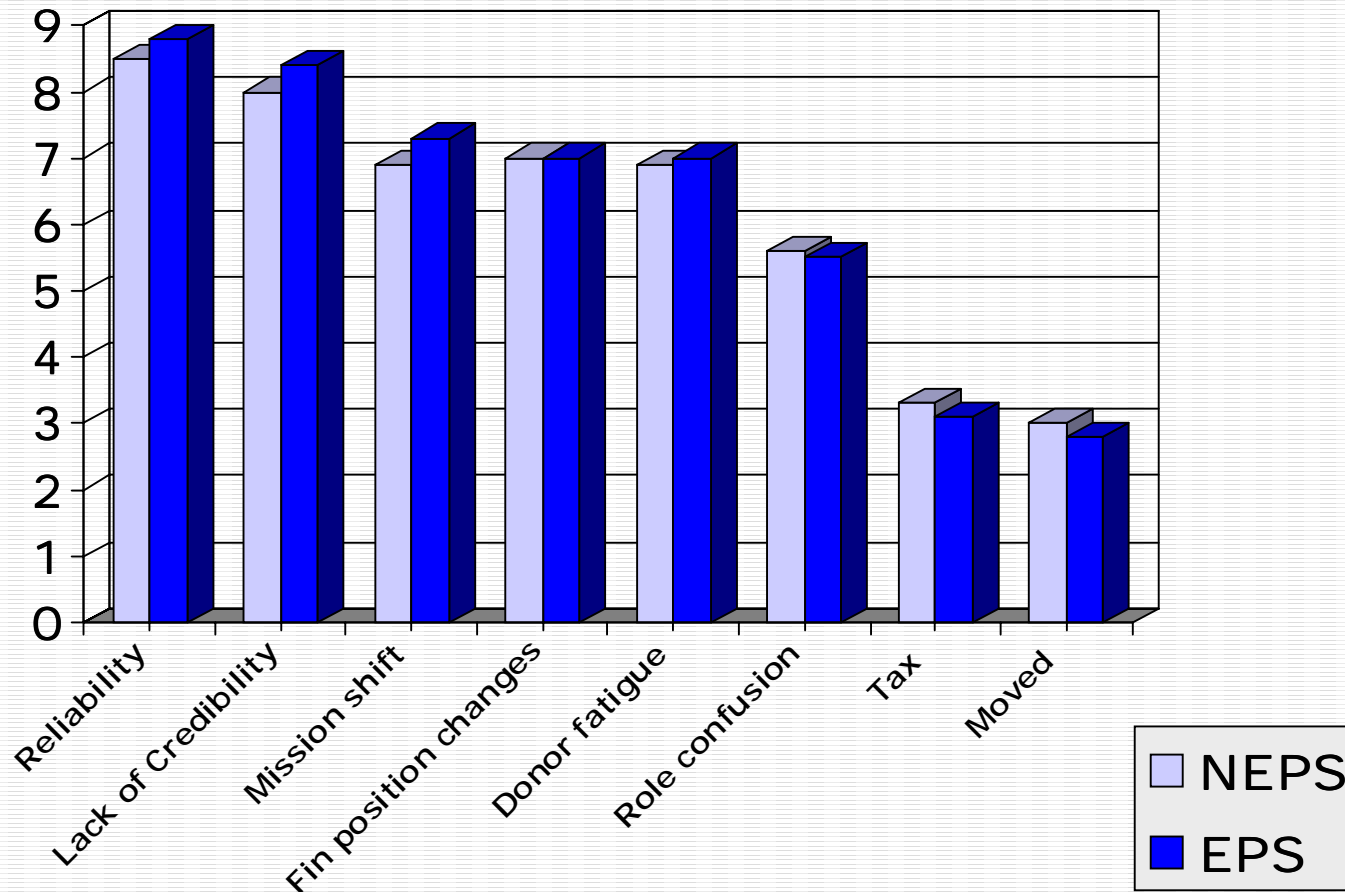


Question

- Why do people **stop giving** philanthropically to a specific charity or non-profit organization?

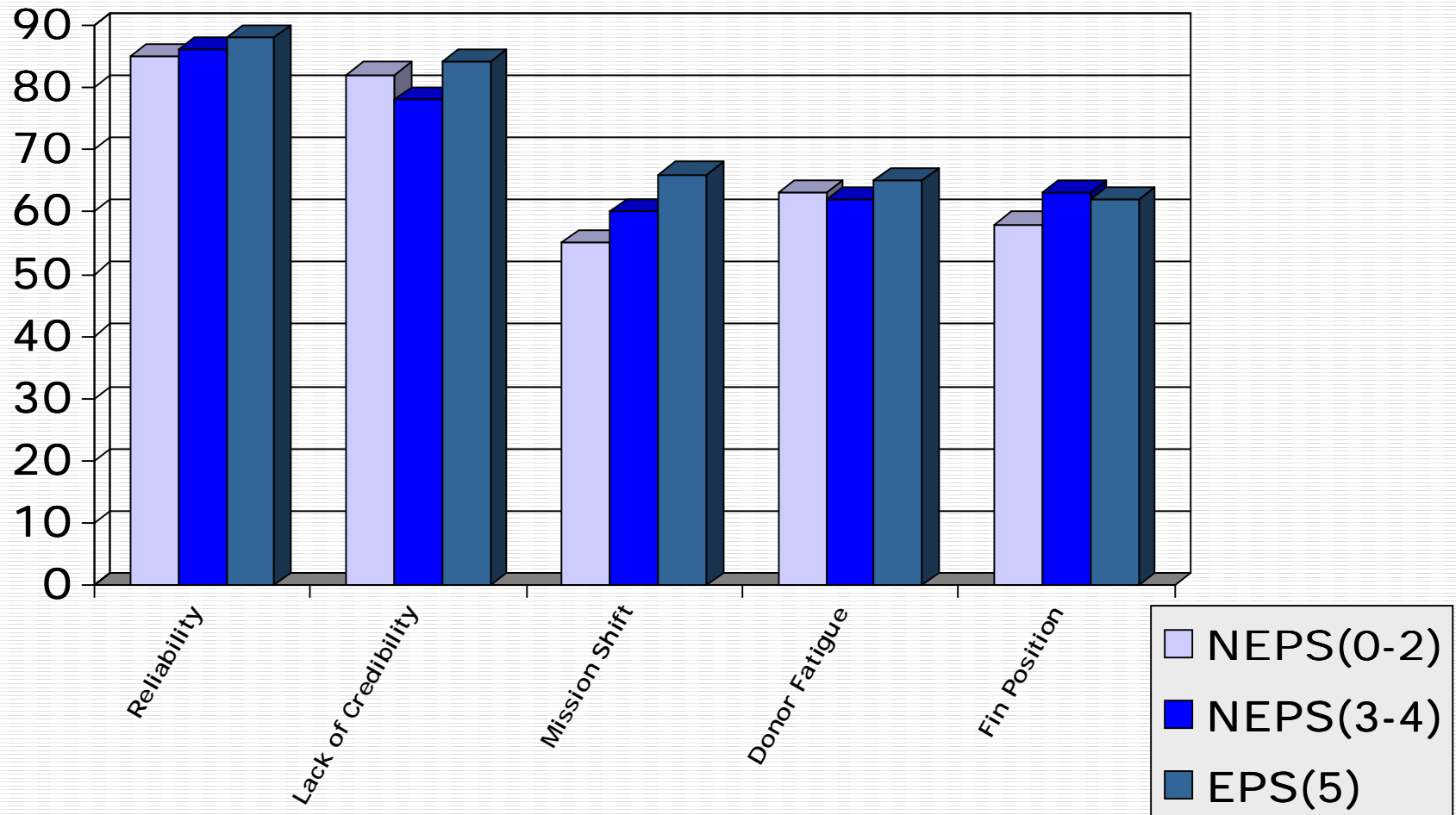
Motivators to Stop Giving

Non-Entrepreneurial donors (NEPS) vs Entrepreneurial donors (EPS)
Mean scores responses for all respondents, **sorted by EPS**



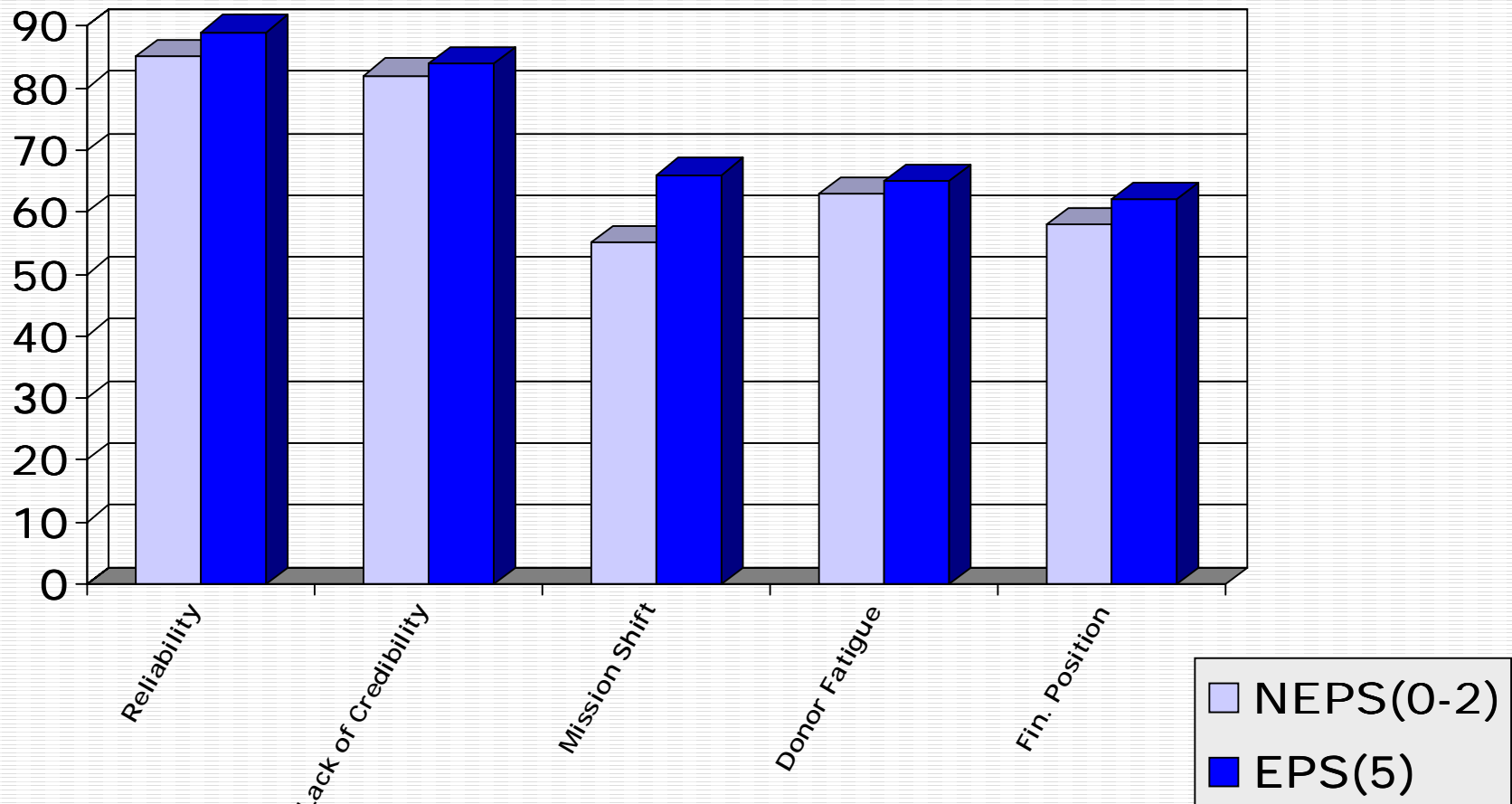
Motivators to Stop Giving

Motivators causing Donors to Stop Giving by respondents, **scoring 7-10 on the response scale**



Motivators to Stop Giving

Motivators causing Donors to Stop Giving by respondents, **scoring 7-10 on the response scale**



Additional Discoveries

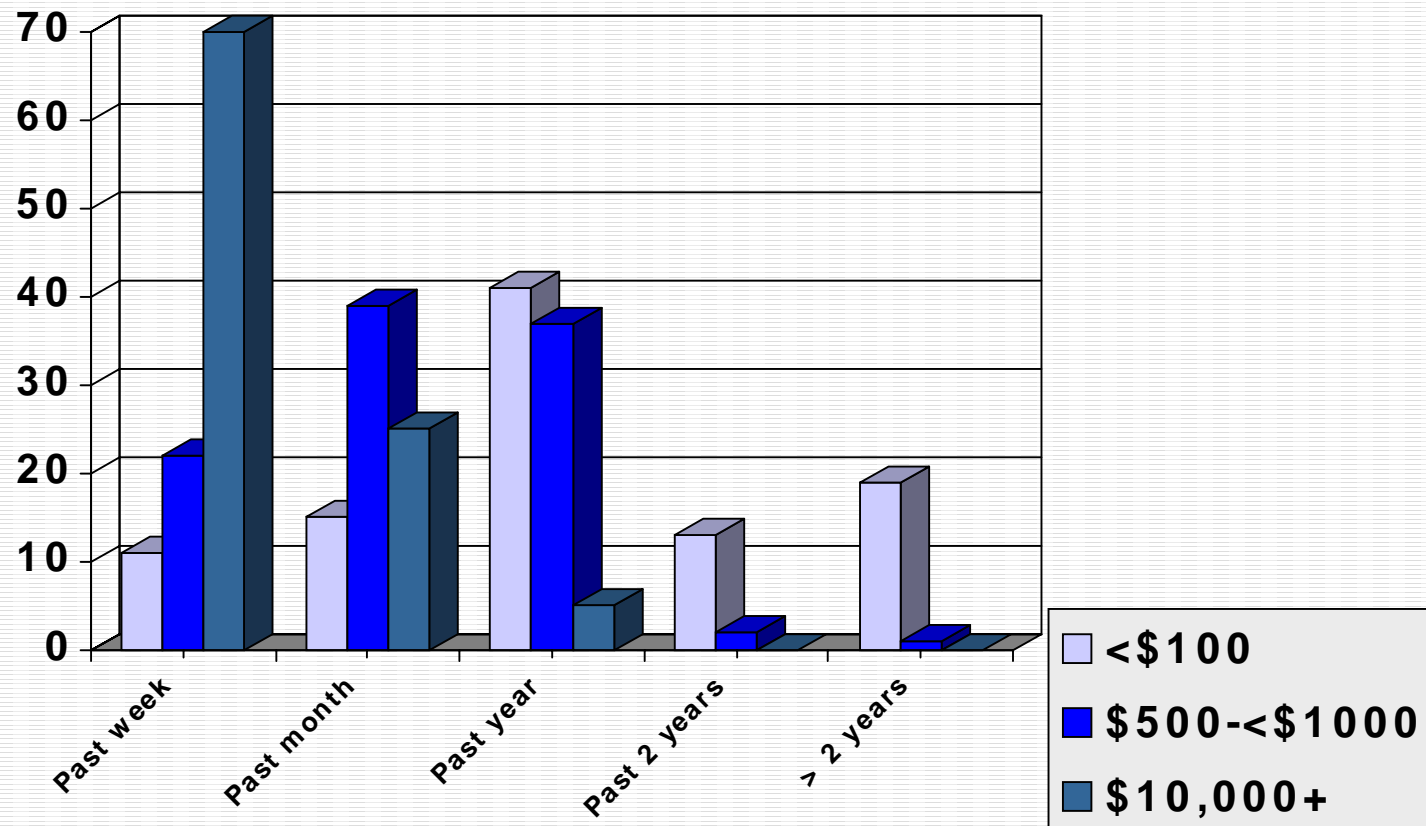


Question

- What is the relationship between **annual giving** level, and when the **last gift** was given?

Time Lapse from Last Gift Made

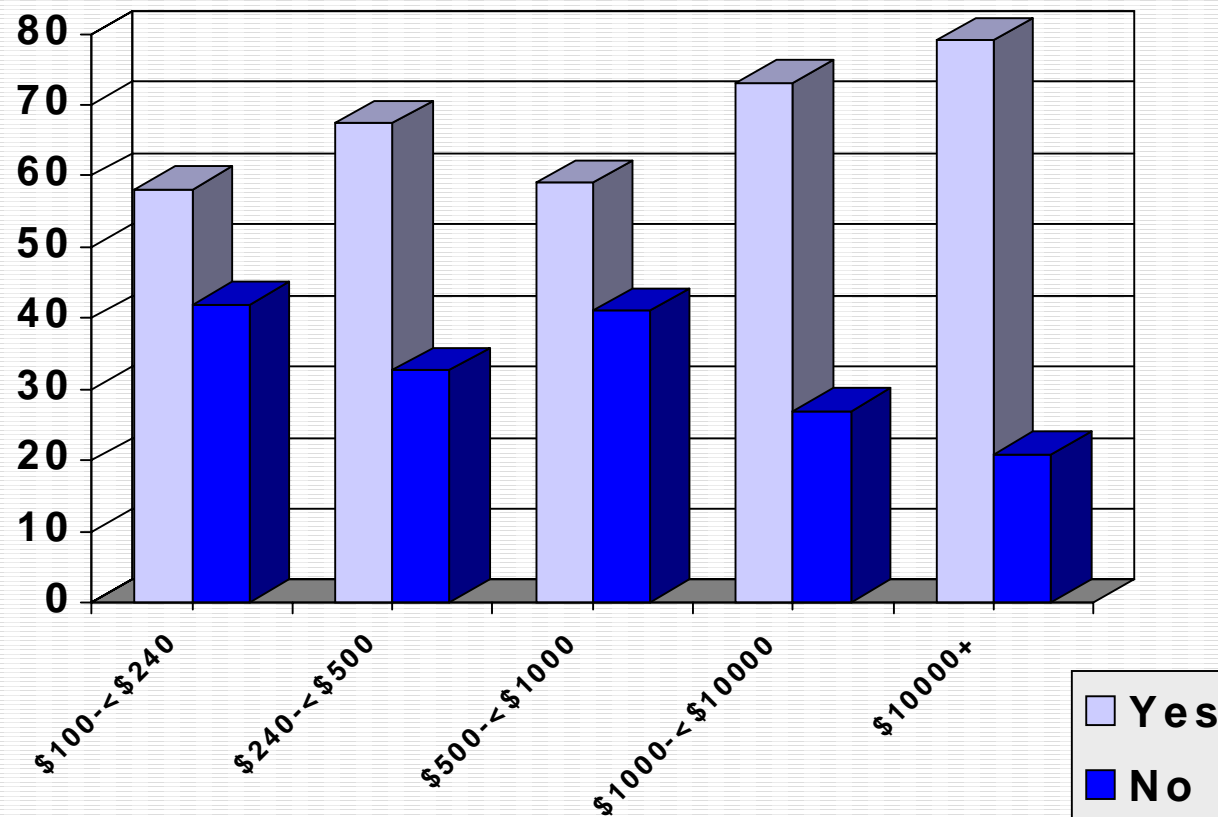
Annual gift amount relative to when last gift was given



Question

- Have donors decided **where** their next gift will go?

Designation of Next-Gift Relative to Giving Level

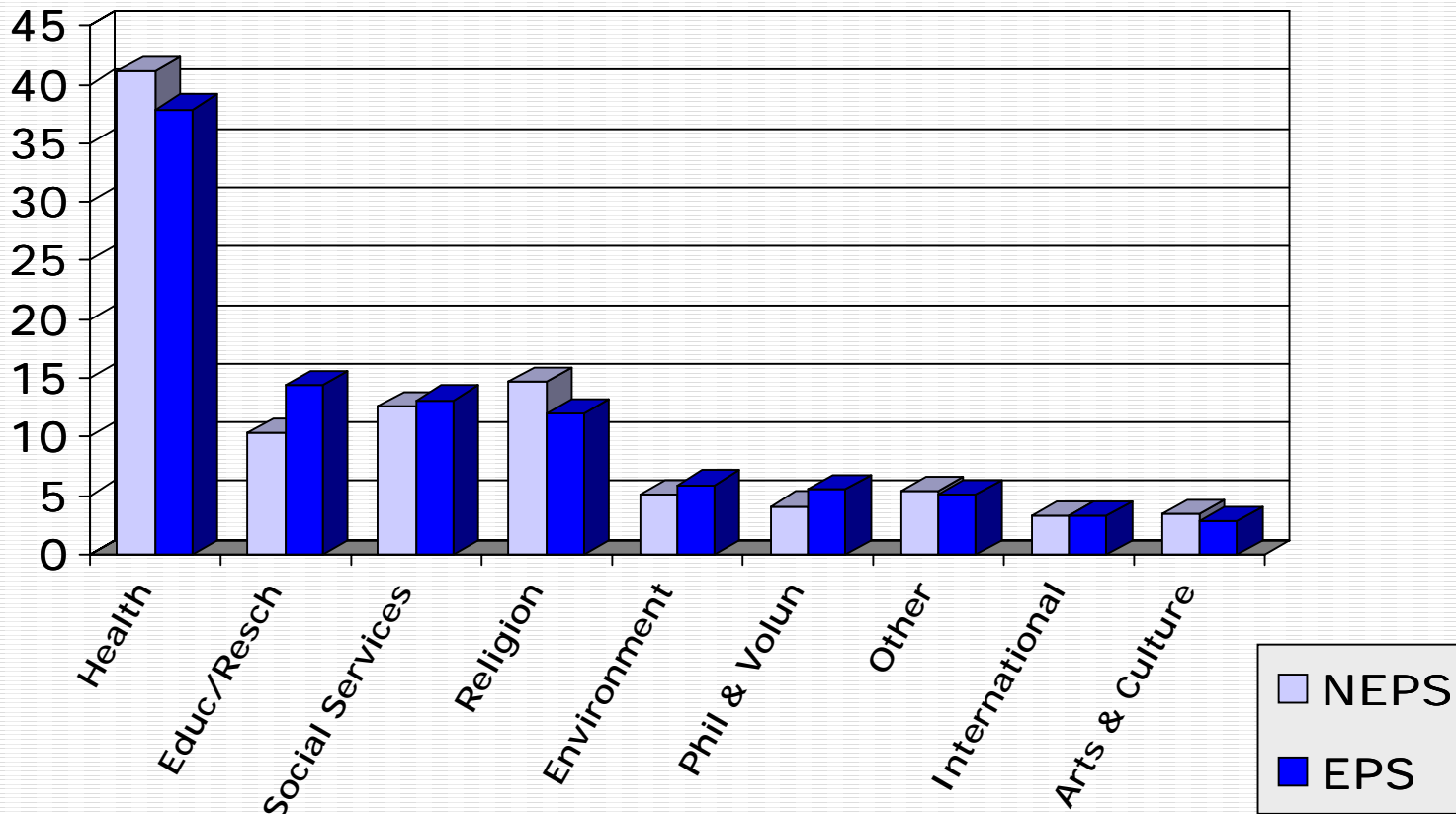


Question

- To which **charitable sector** will donors likely designate their next gift?

Donor's Next Gift by Charity Classification

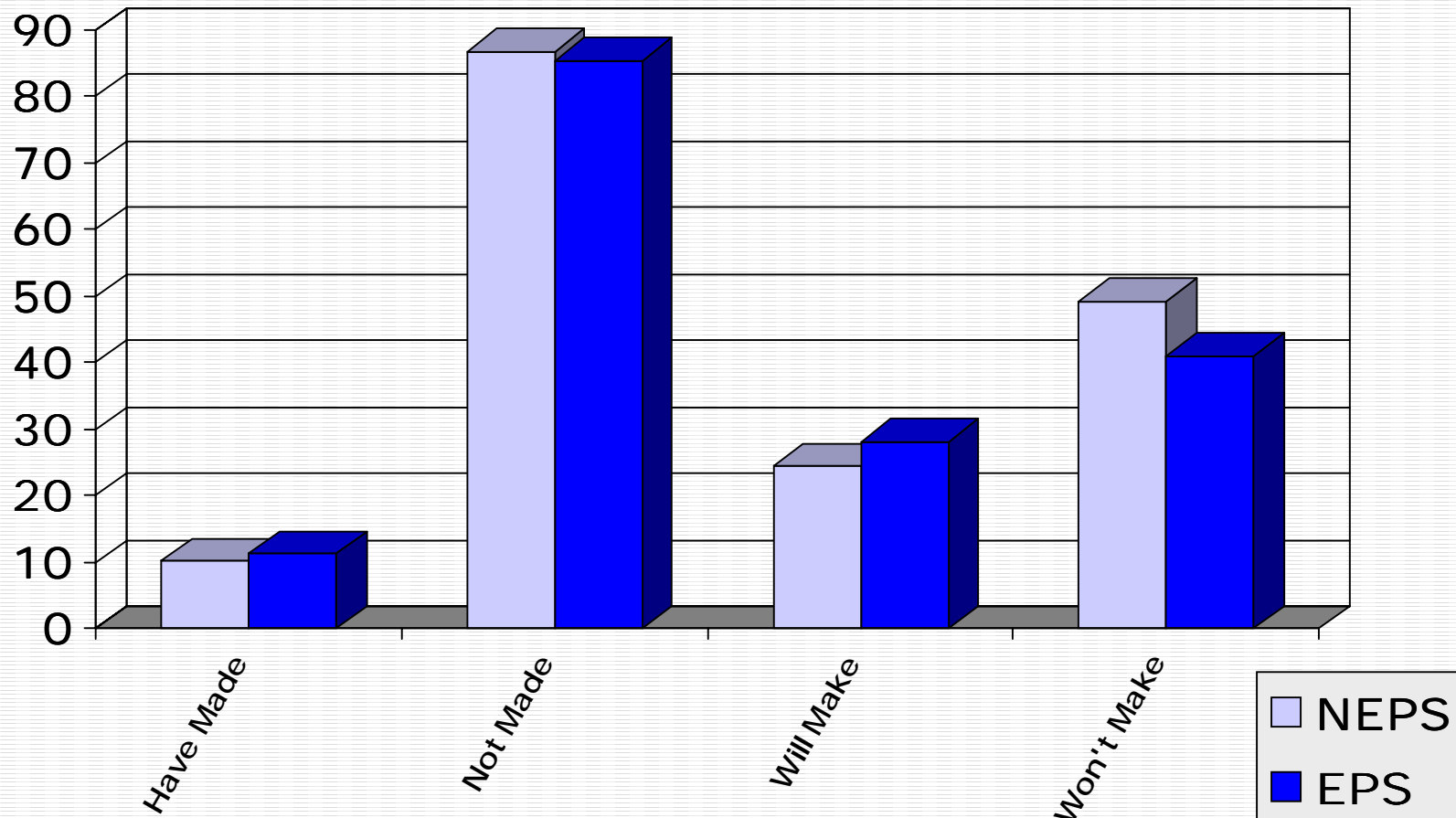
Non-Entrepreneurial Donors (NEPS) vs Entrepreneurial Donors (EPS)
Percentage responses, sorted by EPS



Question

- What percentage of the Canadian population, plan to make provision for a philanthropic gift in their will for a charitable organization?

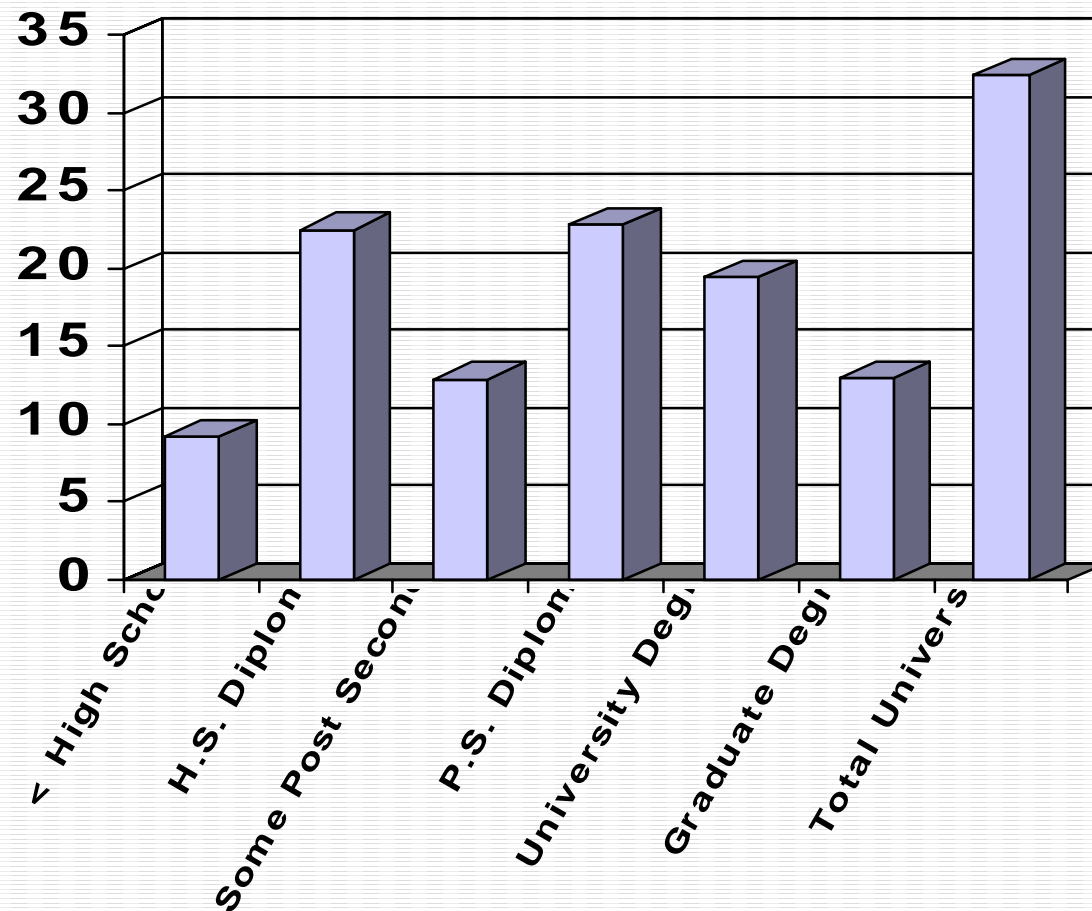
Canadians who leave/plan to leave a bequest.



Question

- How does education level affect annual giving in Canada?

Canadian Donor's Annual Giving by Education Level

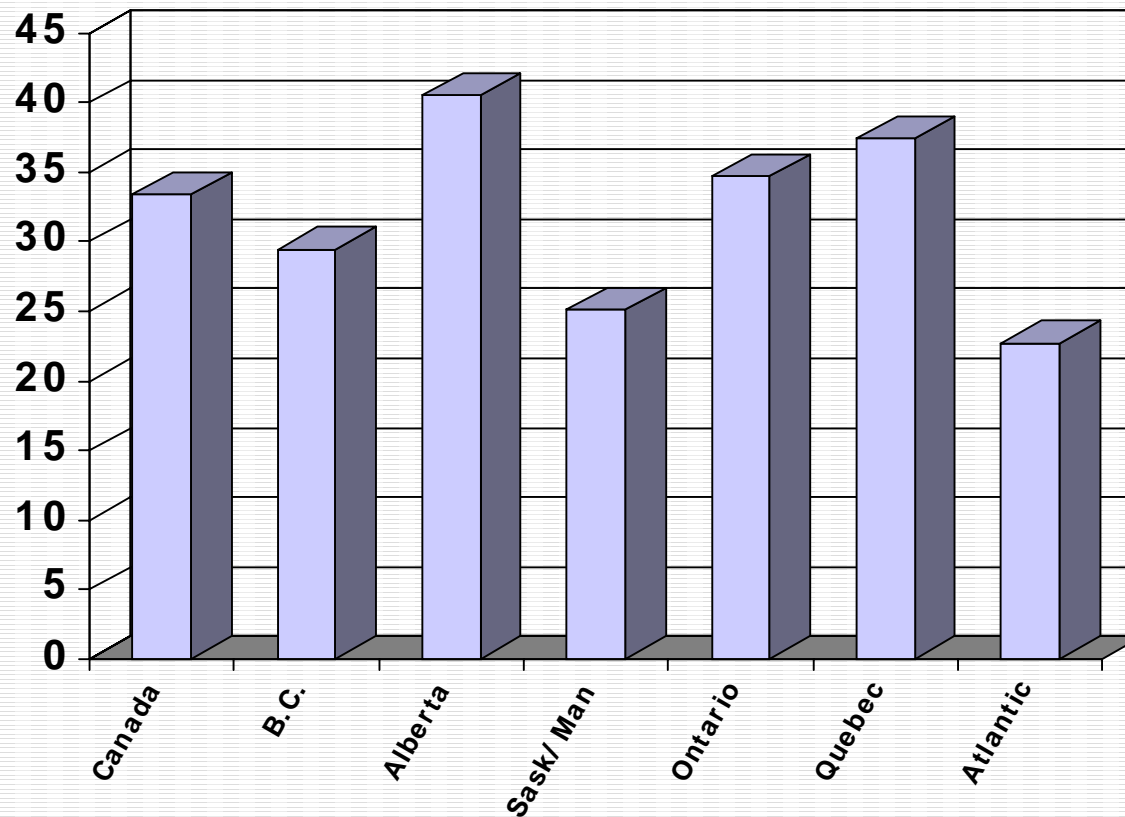


Question

- How do the levels of entrepreneurial donors compare regionally in Canada?

Percentage of Entrepreneurial Donors by Region of Canada

Percentage responses



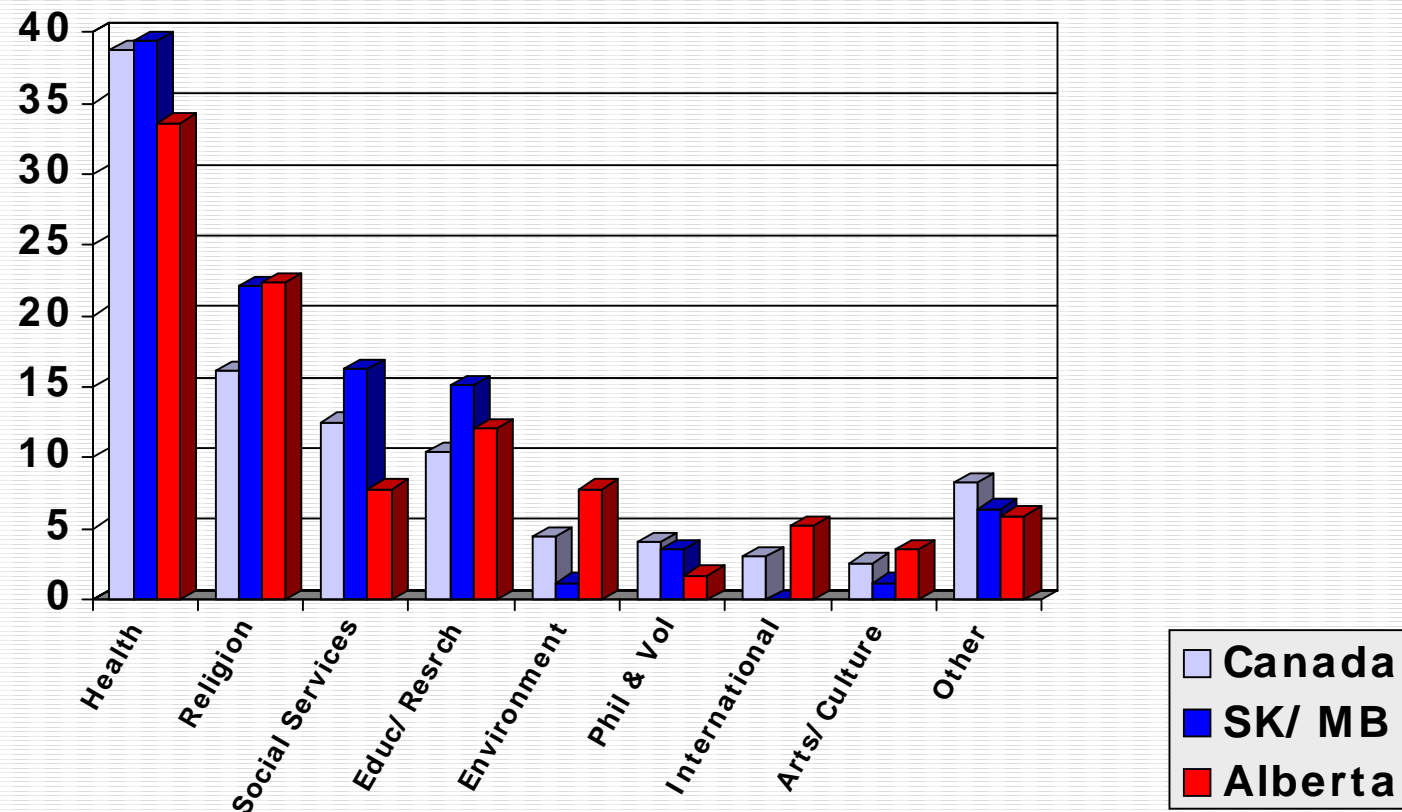
Question

- To what charitable sectors will donors in Ontario, Quebec, Alberta, and Canada make their next direct financial contribution?

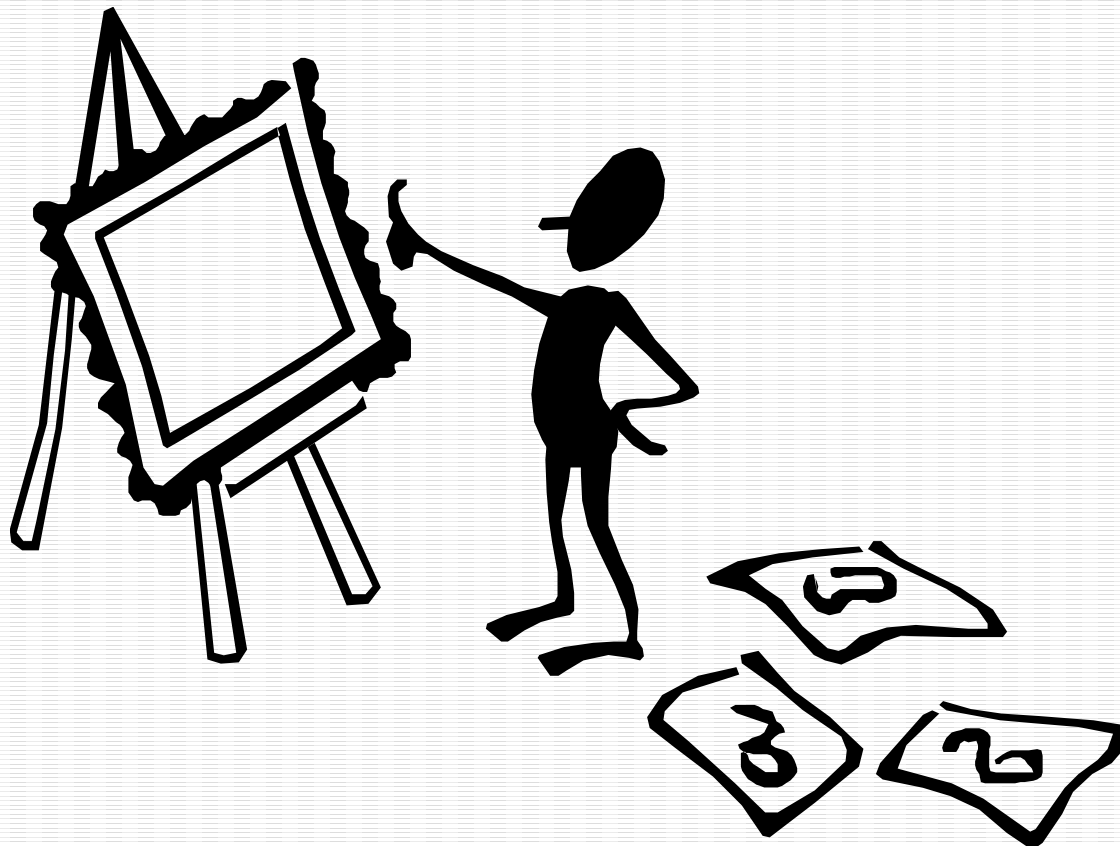
Percentages of Donors by Charity Classification

Canadian Donors vs SK/MB Donors vs Alberta Donors

Percentage responses, **sorted by Canada**



Conclusions



Conclusion #1

- Entrepreneurial donors are more motivated to give than non-entrepreneurial donors, when:
 - it comes to giving a next gift
 - it comes to increasing a gift
 - it comes to making an ultimate gift

Conclusion #2

- The top five motivators for giving the next gift by entrepreneurs are:
 - *Vision and mission of the organization*
 - *Helping those in need*
 - *Giving back to the community*
 - *Accountability of the charity*
 - *Gift makes a difference*

Conclusion #3

- The top four motivators for increasing giving by entrepreneurs are:
 - *Financially able*
 - *Cause consistent with personal values*
 - *Quality and reputation of charity*
 - *Performance of charity*

Conclusion #4

- The top three motivators for making the ultimate gift by entrepreneurs are:
 - *Belief and trust in organization*
 - *Charity demonstrates results*
 - *Desire to make a difference*

Conclusion #5

- Ability-to-lever-resources is the characteristic that most distinguishes an entrepreneur from a non entrepreneur

Conclusion #6

- When it comes to barriers to giving it really doesn't matter how you alienate a donor ... if you alienate a donor – you alienate a donor

Conclusion #7

- The two top reasons donors stop giving to a charity are:
 - *Reliability*
 - *Loss of credibility*

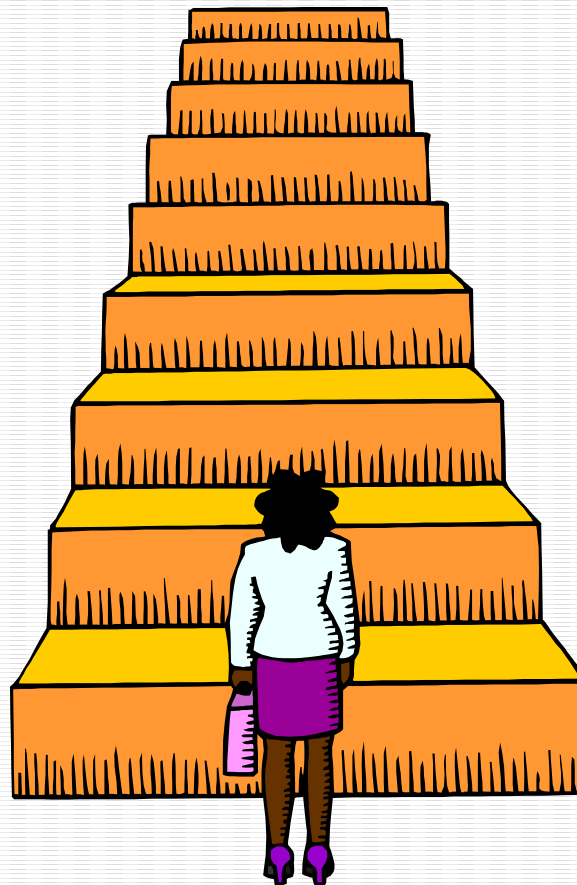
Conclusion #8

- The more donors give on an annual basis, the more likely they will know where their next gift will go. Conversely, the less donors give on an annual basis, the less likely they will know where their next gift will go.

Conclusion #9

- There is a measurable unmasked capacity in the bequest market

Next Steps



Recommendations for action

- Practitioners should consider **entrepreneurial segmentation** of their donor base
- Practitioners should consider using the study's **definition of entrepreneurs** in screening their donors
- The information in the study can be applied in the **cultivation, solicitation and stewardship** of entrepreneurial and non entrepreneurial donors

Recommendations for Further Study #1

- Further analysis be done on the data set to identify findings on age, gender, educational level, income level, business ownership and giving level

Recommendations for Further Study #2

- This initial study be complemented by further in-depth interviews with established and emerging entrepreneurs (288 of the 401 EPS respondents have already agreed to further conversation regarding this study)

Recommendations for Further Study #3

- A tracking survey be conducted in 2002/2003 to compare new findings against the results of the initial baseline study conducted in March/April 2000

Recommendations for Further Study #4

- Additional business data be sought during the tracking study. Additional business data should include type of business owned by respondents, as well as annual revenues generated by the businesses

Recommendations for Further Study #5

- Additional demographic data be sought during the tracking study. Additional demographic data should include a further breakdown of the \$1,000 - <\$10,000 giving levels

Recommendations for Further Study #6

- Demographics regarding education be reviewed so as to differentiate between level of education and type of education institution to determine if significant difference exist

Final Thoughts

- We've learned much
- It's been a humbling experience
- Leave with the following five findings:
 - There is a relationship between the degree of entrepreneurship and motivation to give
 - It doesn't matter how you turn off a donor
 - #1 reason why people stop giving is reliability
 - The more you give ... the more recently you have given
 - The more you give ... the more likely it is that you know where your next gift will go

Comments/Questions?



Final Thoughts

- Leave with the following five findings:
 - There is a relationship between the degree of entrepreneurship and motivation to give
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