



**Altruism, Values, and Simple,
Breakthrough Concepts of Giving**

Written by Chris Dann

Competition among nonprofit organizations for individual support and the increasing costs of attaining and keeping donors call for challenging conventional classifications of both donors and nonprofit organizations. A simple but profound new model has emerged from looking expansively at giving patterns and from determining what donors have to say about giving and the organizations they support.



Some years ago, we were challenged by two big questions posed almost simultaneously from virtually diametric nonprofit sectors: First, why were the membership retention rates of public television stations falling? Second, why hadn't Red Cross chapters been able to retain more than a paltry number of donors among all those who donated in response to the tragic events of September 11, 2001 or later in response to Hurricane Katrina?

These questions arose because at the time we were studying six years of fundraising data among 23 chapters of the American Red Cross, trying to discern patterns and their causes. At the same time, we were

probing the connections between our own national survey research studies of public television members, conducted for PBS, and extensive research commissioned by the Corporation for Public Broadcasting into why members let their support lapse.

While it was clear both situations represented donor relationship problems, they were also problems with a distinct difference. Public television stations were losing people whose support they had retained; the Red Cross was unable to retain support in the first place.

Both situations represented relatively extreme examples of symptoms we had observed elsewhere, albeit with less intensity. We have observed post-disaster retention problems with animal welfare organizations¹ as well as their generally lower rates of retention. And we had many times observed advocacy organizations suffer declining donor retention when they changed programs so substantially as to shift the set of values they had been advocating.²

More research for the American Red Cross and public television has occurred and has been corroborated by our research for other organizations. Hypotheses came into focus that we have been able to test in examinations of fundraising program and campaign performance across a variety of organization types. And this year we tested those hypotheses in a study of giving across three years and among approximately 7.7 million donors to 23 national organizations.

¹Many new donors found their way to the Oakland SPCA after fire devastated much of the Oakland hills area in 1991, and the donor ranks of The Marine Mammal Center swelled when El Niño resulted in extraordinary marine mammal stranding in 2001. But neither organization was able to retain donors very well.

²As the Persian Gulf War approached in late 1990 and early 1991, Greenpeace Canada decided to shift its mission from the environment to opposing the war. Most donors didn't follow. Coincidentally, a short time later, Greenpeace US declared itself principally a 501(c)(4) organization with intention to focus its resources on lobbying the federal government. It immediately lost approximately one-third of its donors even though it did not follow through with its plans.

Altruistic and Values Giving

We found a fundamental distinction between giving intended to provide aid and comfort to humans and animals – altruistic giving is a good term for this – and giving intended to support the advocacy or perpetuation of distinct sets of values – we call this values giving. Organizations that have broadly-based individual support are either exclusively or largely agents of altruistic giving or they are exclusively curators of societal values. While agents of altruistic giving are also to some degree curators of societal values, organizations whose missions are to be curators of societal values are most often not also altruistic agents.

When we assigned those 23 national organizations on the basis of their programs and missions to one category or another³, and then looked at the giving of their donors over three years, we saw distinctly different patterns of donor retention and gift values. We were able to look not only at the exclusive giving to each of the 23 organizations, we were able to look at the incidents in which the same donors gave to others among the 23. We were able, therefore, to classify donors by their giving as exclusively altruistic or values donors, as predominantly one or the other, or as donors showing no discernible inclination toward agents of altruism or curators of value.

Altruistic Giving

Because altruistic giving is focused on humans or animals needing aid or comfort, we surmised it could be characterized as giving through rather than to the organizations that are the agents of altruism. It follows that absent a compelling incidence of human or animal need for aid and comfort, support of altruistic donors is difficult to retain. Our examinations of Red Cross disaster donors – following September 11, 2001; following the December 2004 tsunami; and following the hurricanes of 2005 – proved this point beyond any doubt.

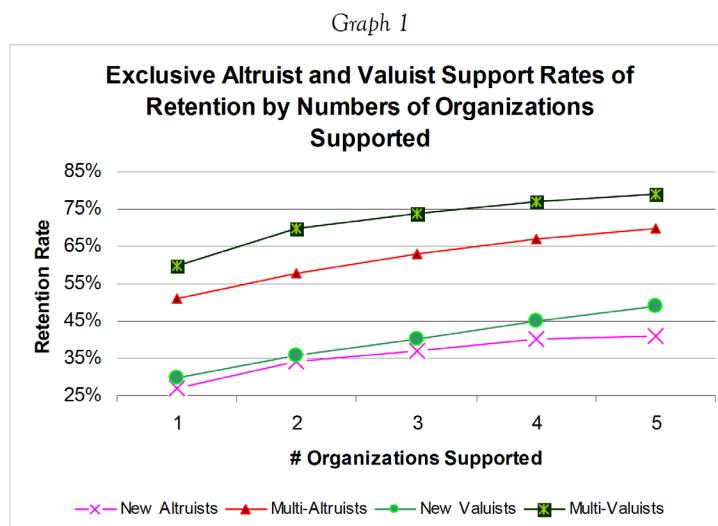
Value Giving

Values giving, on the other hand, is giving to organizations whose missions, work, and programs embrace certain sets of societal values that resonate with their respective donors. Values giving produces investments of donor interest and relationships that result from better donor retention. As long as the organization is perceived as successfully fulfilling its mission and continuing to embrace the societal values that resonate with its donors, it has a strong case for continuing support.

³We selected and classified only organizations for which such distinction is unequivocal. It is not usual for ostensibly values-oriented organizations to use substantially altruistic appeals to build their donor bases, but it does happen. Wildlife conservation organizations, for example, do this extensively.

Variances in Donor Retention

The graph here shows retention among new altruists, altruists that have given support over consecutive years (identified as “Multi-Altruists”), new values donors and “Multi-Valuists.” While rates of retention of new altruists and new valuists are quite close, those of valuists are consistently higher. Those differences are more substantial – nine to 10 percentage points – between Multi-Altruists and Multi-Valuists.



Our research has continually confirmed that the better a donor is the more organizations she or he supports. A bonus in this examination was to again confirm this fact: the more organizations either altruists or valuists support, the better their rates of retention. The variances are quite substantial with new donors. Among new altruists in this study, retention improved 52 percent between those supporting one and those supporting five organizations. In the case of new valuists, the equivalent number is 56 percent.

The list trading market population of altruistic donors substantially exceeds that of values donors. Organizations that are values curators depend therefore upon the lists of agents of altruism for recruiting donors, hoping they find among them value donors who will embrace their values.

While looking at the retention rates of donors who are exclusively altruists or valuists is very worthwhile, we need also to look at those who are both. Our study of the donor bases of 23 organizations enabled an examination of combinations of giving between the two. When, however, we got past three values organizations in the combinations, we ran out of donor populations suitable for statistical reliability.

Graph 2 represents the interesting retention data we found in adjusting the combinations. Remembering the earlier observation that the more organizations donors support the better they are retained by any one of them, we should bear in mind when studying this chart that the sets of bars represent, from left to right respectively, support of two, four, and six organizations.

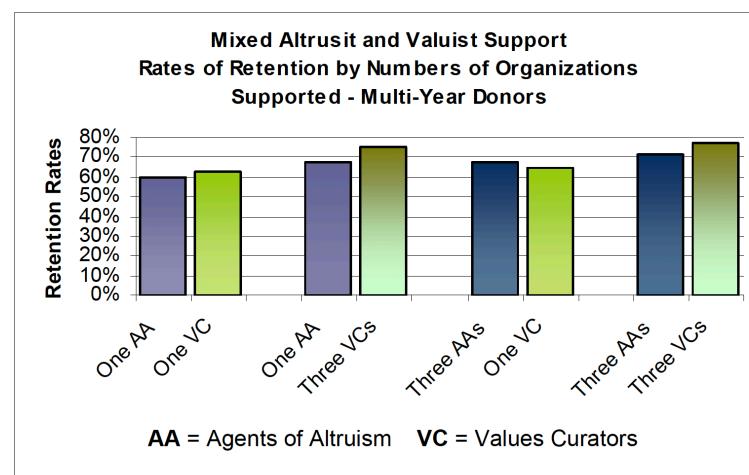
Where the mixtures are even – one each or three each – the retention rates are relatively close, with values curators still doing slightly better than agents of altruism. And they are also nearly the same when donors are supporting more altruistic than values organizations. The biggest difference is when donors are supporting more values curators than altruistic agents.

Variances in Giving Values

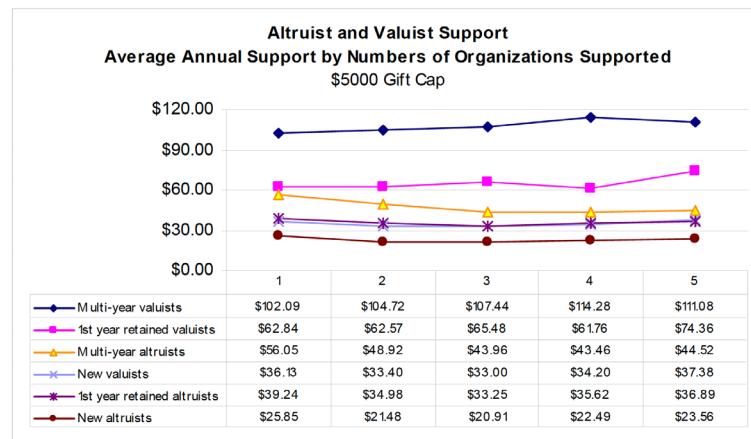
We focused our attention first on rates of retention because retention is the prime determining factor in long-term donor value. If you can't retain a donor and can't build a relationship with him or her, you haven't a chance of increasing her or his value to the organization. But we looked at average annual support as well.

Graph 3 documents what we have observed anecdotally, albeit for many years across a variety of organizations: support for organizations that are agents of altruism is generally in smaller amounts than is support for organizations that are curators of values. As the donors to each progress from initial support to first-year retained and then to multi-year support, their average annual support increases.

Graph 2



Graph 3



There is consistency among several patterns evident here:

- There is a difference between average first time support of new altruists and new valuists, with new valuists' support ranging from 40% to 59% higher, increasing with the number of organizations supported.
- But the range of difference in annual support between multi-year altruists and valuists is substantially greater, from 82% to over 150%.
- And, regardless of the number of organizations supported, multi-year valuists' annual support is better than 100% higher than multi-year altruists.

The fundamental distinction we are making between support of agents of altruism – giving through – and curators of values – giving to – is underscored by the wide differences between annual support averages of altruists and valuists among multi-year donors and also in the progression of average annual support among valuists from new gifts to first-year retained support to multi-year support.

A combination of convention in fund-raising practices and donor market pricing phenomena explains why the differences between first valulist and altruist gifts are so relatively small.⁴

The term “development” (and its latter day equivalent “advancement”) testifies to the fundamental assumption that a donor’s value to an organization will increase over time, given the practice of fundamental strategies and tactics. While there is an abundance of evidence in support of this principle, our study offers evidence to the contrary. The graph and table

above provide the insight. They show that there is a progression in value from first, to second, to third year of continued support. But they also show that, generally speaking, the more organizations retained donors support, the less is the average support of any one of them, with the single exception of first-year retained valuists, which show an up-tick at 5 organizations. This suggests that attending the development of donor support of any given organization is the prospect of his or her giving up support of other organizations. Once again, the evidence is that nonprofit organizations are in a business where competing for share figures importantly.



⁴We should note here that while “member” relationships are common among curator-of-values organizations, our sample did not include any organizations for which benefits would have effected higher first gifts.

Implications

The first implication of these findings is that while we have become accustomed to thinking about the nonprofit world on a sort of species level – with species defined as fairly specific categories of nonprofit organizations such as education, human services, environment and animals there is, to keep the metaphor, a genus level at which both organizations and donors need to be defined and understood. Lacking those definitions of altruism and values giving, and lacking understanding of what they mean, ensures increasing imprecision and inefficiency in the fundraising programs of any organization dependent to any significant degree on broadly based financial support.

At this higher, genus level the distinctions between altruist and values giving and between organizations that are at least principally agents of altruism and organizations that are curators of values produce very different economic models. Not recognizing these distinctions is tantamount to running a big box all-commodity superstore without an understanding that there are differences in the economic models of sales of groceries and gardening tools.

There follow so many more implications that it is useful to group them into three categories:

1. prerequisites to giving and conditions of engagement
2. making and sustaining cases for support
3. building relationships with donors

Prerequisites to Giving and Conditions of Engagement

The prerequisites to altruistic giving are fewer and simpler than the prerequisites to values giving. For altruistic giving sympathy, empathy, and trust in the agent of altruism are the prerequisites. But for values giving, commitment to the set of societal values embraced by an organization's mission, program, and work is necessary and requires some degree or another of intellectual engagement. Values giving requires, further, not just trust in the values of the curator organization but in its capacity and ability to advocate and preserve that set of values in perpetuity.

When we think of conditions of engagement, we think about measures of proximity and intimacy.

Altruism may well and often be prompted by proximity and intimacies with those who need aid and comfort, but it's demonstrably not necessary. Perhaps more importantly, neither intimacy with nor proximity to the agent of altruism appear to be required. While,

for example, the Red Cross has more than 800 chapters – one close enough to every American donor – research among disaster donors shows the substantial majority would prefer or just as soon give to the national organization in response to a disaster.

In fact, professionals with community humane organizations – and especially fundraisers – have long observed that donors would just as soon stay away from most – at least conventional – animal shelters, and we are certain we would find that to be the case with shelters for homeless people as well.

Proximity and intimacy with values organizations are a different matter and figure quite differently in the development of financial value in the relationships between donors and values organizations. For most organizations that are curators of values, emotional and intellectual proximity is the key condition of engagement. Where altruism is selfless, values giving is not.

The relationship with the values curator organization is, per force, intimate emotionally and intellectually. It can be substantially abetted by proximity. Support of educational institutions is the penultimate case in point.⁵ While there certainly can be other contributing factors, we believe – and those among college and university advancement officers with whom we have discussed this belief – that the physical, intellectual, and emotional intimacies that higher education affords – especially for students in residence – explain why education has the second largest share of individual giving after religion.

Proximity plays a special role for community-based organizations that are primarily agents of altruism when it comes to converting their altruistic donors to values giving. The humane society transmutes its appeal for aid and comfort of animals to an appeal for supporting and perpetuating a humane ethic in the community. The American Red Cross chapter transmutes its appeal from one of disaster or emergency response to one of supporting and perpetuating a prepared community. With proximity, such values achieve stronger resonance, but also self interest emerges to bond stronger relationships: there is a sense that these donors don't want to live in communities where people don't care for one another, where there isn't preparation for emergencies or disasters, or where there isn't a strong sense of humane responsibility.

And, getting back to organizations that are curators of values, it's clear that in the same way, proximity mixes with intellectual and emotional investment in support of cultural and educational institutions.

⁵The ultimate example is the place of worship. Religion has the dominant share of giving to 501(c)(3) organizations, and that doesn't include giving to an additional 300,000 or so religious entities, most of them places of worship.

Values giving is the act of investing one's own ideas or values – if not extending one's self – through the institutions supported. It's partly "I agree with you" but it is substantially, "You agree with me!"

With or without physical proximity, the stronger the intellectual and emotional commitment, the stronger and greater the investment the donor makes in the organization's manifest set of societal values. How those sets of values manifest has everything to do with making and sustaining the case for support.

Making and Sustaining Cases for Support

Whether or not an organization is supported depends on how good a case it has and how well that case is made. But, regardless, case-making success depends on an organization's worthiness of donor support. Case is *what* an organization does, while donor-worthiness is *how* it does what it does.

For all nonprofit organizations, donor-worthiness is first a matter of management reputation and integrity. But then it adds quite distinctive differences for curators of values and agents of altruism.



For values curators, donor-worthiness is a matter of good stewardship of societal values. That good stewardship is shown directly in program activities – The Nature Conservancy saving ecologically vital lands, Princeton University producing leading scholars and practitioners, Common Cause influencing legislation on campaign financing – or represented by program activities – the library's or museum's collections, the public television station's programs, the repertoires of the symphony or ballet, the dockets of the ACLU or Earthjustice.

For agents of altruism, donor-worthiness is a simpler matter; it is a matter of stewardship of money and other resources. Beyond, but certainly related to management integrity, donor-worthiness for the agent of altruism is a matter of the efficiency with which aid and comfort is given.

It follows that when organizations that are agents of altruism are criticized, they are usually criticized over their handling of money or other resources. When organizations supported by values giving are criticized, they are usually criticized for how they have expressed or interpreted values in their work.

Reflecting on the questions that initially prompted our research, what we found to be quite different between the situations of public television and the American Red Cross was not only this distinction of donor-worthiness between an agent of altruism and a curator of values but also how each was faring and has been since we first took up our questions in mid-2003.

Notwithstanding criticism of the Red Cross as an agent of altruism following the tragedies of September 11, 2001, giving to the Red Cross in response to the southeast Asia tsunami in December 2004 and to hurricanes Katrina, Rita, and Wilma in 2005 would tend to confirm that the Red Cross is perceived as having extraordinary donor-worthiness. Criticism was again raised, specifically following Katrina; and while we see evidence through open-ended questions in survey research of it having some stickiness, the same research tends to confirm the organization is held in high regard by its donors.

But donor-worthiness for public television stations has continued to be an elusive challenge, and it is one that has lessons for other organizations. Ironically, one major distraction from donor-worthiness is in public television's resorting to values-deprived programs for fundraising purposes: to build audience ratings for corporate underwriting and to encourage individual giving through merchandising during on-air pledge campaigns. So while public television continues to be a curator of many sets of highly resonating societal values through many programs and program series, it has given increasing time and space to both airing and promoting programs and series with little or no societal values.

Case-making for agents of altruism is simpler than it is for curators of values. It may not be easier, but it is simpler. An appropriate analogy would be market positioning for a savings bank versus an architectural firm. Making a decision about which bank to choose is a relatively simple matter of seeing how well and carefully each candidate savings bank handles savers' money.

Making a decision about which architectural firm to hire is not just a matter of money, it's a matter of matching your sense of design (a value set) with an architectural firm's work (their value set manifest).

Case-making for an agent of altruism is simply – but not easily – a matter of branding as the, or the best, or the leading organization providing aid and comfort to humans who or animals that are victims of X. Couple strong positioning with donor-worthiness, and the case is made. And the simplicity of this accomplishment is attested to by how many organizations secure effective fundraising positions with essentially the same case. It takes a lot of money, and that's the difficult part.

Sustaining the case for support for the agent of altruism clearly depends upon the sustained need for aid and comfort. Plan International has and makes such a sustaining case. Smile Train does as well. Many altruist organizations can make cases for sustaining support and simply don't. But since the principal case for support of most donors to the American Red Cross is aid and comfort to those affected by major disasters, the sustained support of those donors cannot be expected. Those organizations that have sought to capitalize for fundraising purposes on disasters will have this lesson to learn. They will find – as the Red Cross has – that very few donors responding to major disasters and giving for the first time to their organizations will be converted to continuing support.

In fact, we have found through our work with the Red Cross that as far as their fundraising business model is concerned, major disasters must be defined not by the damage they do and human toll they take but by how intensely and extensively they are covered by media. And what we are seeing is major media coverage underscoring the disaster relief case for support with such power as to overwhelm the cases that can be made for supporting other services, especially with their chapters. The national organization had characterized one-time-only disaster donors as “episodic donors.” We strongly suspect major media coverage of disasters is converting many longstanding general supporting chapter donors into episodic donors.

Case-making and case-sustaining for values organizations can be as simple but can get very complicated. It's simple when the focus on societal value is precise: protecting civil liberties, preserving the right to bear arms, ensuring women's choice (or not), saving redwood trees or ecologically valuable tracts of land. It gets more complicated when the work of the organization is representational – performing music, dance, or plays – and the works of the organization are the icons of the societal values it embraces as well as projecting their own intrinsic values.

Case-making for values curators gets most complicated when the work is both representational and, moreover, embraces several, even diverse, sets of societal values. This is the second challenge public broadcasting faces in case-making, and it is a challenge faced as well by all such institutions that combine functions of education, research, and curatorship: universities, libraries, and museums.

There are within the programs of universities, libraries, and museums the functional equivalents of a public broadcasting schedule that includes **Washington Week**, **American Masters**, **Frontline**, **Nature**, **Nova**, **Great Performances**, and **Sesame Street**. There is a case for preserving the treasures of cultures. There is a case for sustaining both formal education and intellectual curiosity. There is a case for keeping a civil society and one of laws. There is a case for continually challenging all of society's institutions. There is a case for caring for and nurturing society's young. And so on.

Building Relationships with Donors

We made the point earlier that an organization cannot retain donors if it can't build relationships with them. And if an organization can't build relationships with donors, it hasn't a chance of increasing their value.

Clearly, the main distinction between agents of altruism and curators of values is that curators of values have a much better chance of retaining and building relationships with donors. This is important and valuable to know because of its implications for fundraising strategies and tactics and for what and how organizations invest in donor development or advancement.

The fact – both good news and challenging – is that the distinction is usually neither precise nor clear. As we explore, poke, and prod our hypotheses and, more importantly, test them in actual fundraising, we see that there are two ways of thinking about and effecting relationship building: renewal of general support and re-solicitation of support for a specific purpose or event bearing on the need to provide aid and comfort.

The simpler and more powerful way of building relationships with donors is presented quite naturally to the values curator organization: renew the donor's annual financial commitment to the values the organization embraces and that resonate with her or him. With first-time donors it is often necessary to convert the nascent relationship from financial support of a specific project or initiative to support of the fundamental case of the organization's being curator of the values those initiatives or projects represented. The museum donors may have been moved to give by the power of a special exhibit; the public television donors by a Ken Burns production; the conservation donors by a specific project. Many of them will not continue their support unless that incident is translated for them into the set of societal values.

Although less likely and successful, the same values case conversion is virtually mandated before general support can be retained for agents of altruism: it depends on how much of a case for societal value versus the case for urgent aid and comfort has weighed on the donor's first gift. We have learned that in unsolicited disaster response giving – as one would expect – the absence of opportunity to connect the organization to a set of values reveals itself in the very small percentages of those who will respond to case-conversion efforts. So, ironically because all fundraisers stress urgency as a necessary tactic, the less urgent the case for initial support by the agent of altruism, the more likely the first-time donor can be converted to continuing support.



Re-solicitation around a specific need for providing aid and comfort – we might call this *incidental re-solicitation* – is the usual way of relationship building for agents of altruism. Until relatively recently – and owing substantially to advances in donor database technologies – most agents of altruism didn’t make the important distinction between re-soliciting and soliciting all over again. That is, they didn’t keep track of or cultivate their altruist donors...didn’t keep track of their interests...didn’t keep records up to date...and didn’t re-solicit them when an incident occurred that was much like the one that prompted their initial or last gift. Typically, if they communicated at all, they treated them as “lapsed” donors, not recognizing that it was the incidence of altruistic need that lapsed, not the donors.

But the wise use of advanced database technologies among some organizations has enabled good stewardship of altruist donors for many organizations through re-solicitations citing concrete examples of need for aid and comfort. While there may not result the strength of relationship values giving accords, building trust in the agent of altruism at least enables continuing support of the organization’s mission.

Incidental re-solicitation doesn’t play the role in relationship-building for values curator organizations that it does for agents of altruism. But it does play two important roles. First, incidental re-solicitations – special initiatives, specific projects, and the like – supplement conventional program renewal fundraising in retaining relationships. In fact, because incidental re-solicitations are, per se, more specific, we’ve been seeing an increasing donor market preference for them, characteristic of Boomer generation insistence on greater specificity and accountability whenever Boomers part with money.

The other role played by incidental re-solicitation for values organizations is closely related. Incidental re-solicitation offers specific incidents that manifest and demonstrate the set or sets of values embraced by the values curator organization. We can succeed in sustaining membership support for Save-the-Redwoods League, for example, on the basis of the conservation ethic; but purchasing or otherwise getting protection for a specific stand of redwoods has salutary affect not just on sustaining the organization’s relationships with its donors but on raising money.

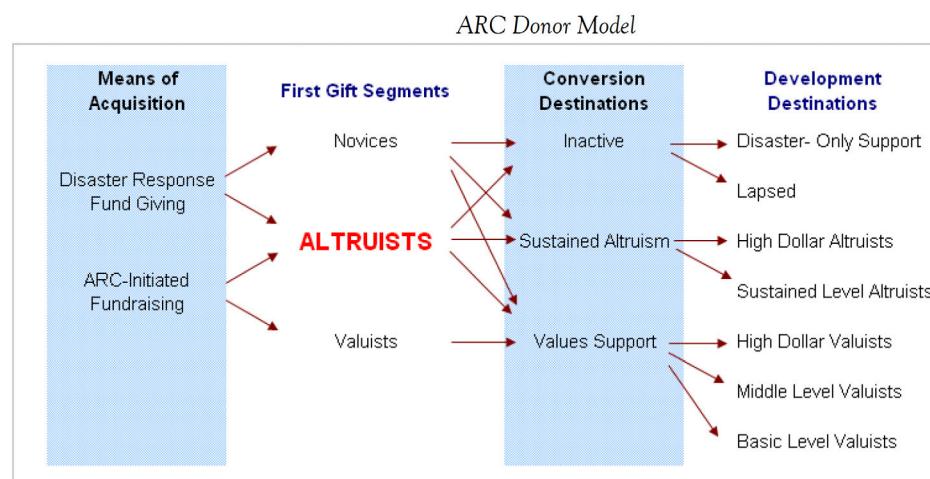
Donor Modeling

In nonprofit enterprise, as in all enterprise, we need to know how business models – in this case fundraising business models – work and we find it useful if not essential to be able to profile or model customers – in this case donors – accordingly. Donor modeling and fundraising business modeling are the immediate applications of the concepts presented here.

We started our investigation and the formulation of the concepts of altruism and values giving with questions about the American Red Cross and public television. We conclude here with working donor models for each.

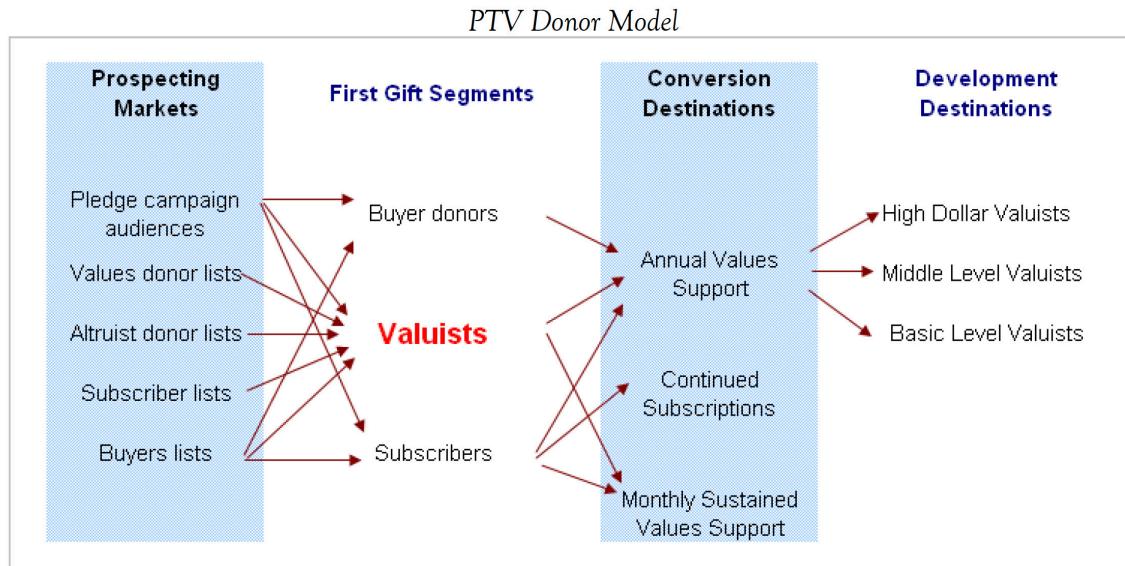
First, the Red Cross. As we have pointed out, the greatest challenge to the Red Cross' fundraising business model is countering the overwhelming impact of giving in response to disasters accorded major media coverage. The model below has been offered to the Red Cross for their adoption and adaptation. Their donor bases are dominated by altruists, most coming onto their donor bases not by solicitation but by their own fund giving initiative in response to disasters. Among them we have found a very valuable and interesting subset we are calling "novice donors." An accounting of them is a good topic for another paper and another time. Suffice to say, as the appellation implies, these are donors not only new to the Red Cross, they seem to be fairly new to giving. But they show extraordinary potential.

To build long term relationships of value, the second most important challenge of the Red Cross fundraising business model is converting altruist donors to values support. Once a donor model like this is laid out, quantifying the populations and values of each development destination leads to quantification of the fundraising business model.



Now, by contrast, we conclude with a donor model for public television.

Public television's fundraising business model is principally challenged by figuring out the best balance between the future value of values donors and the present value of pledge campaign "buyer donors." Subscribers, beyond being a prospect market, are yet to be developed in public television as a segment of continuing financial relevance, although most everyone in the business talks about that potential.



The second business model challenge – which is only possible to address once the first is met – is to balance the ambition to recruit only values donors with the reality that their numbers in the donor market are insufficient to make new donor prospecting economically feasible. Like all values organizations dependent on broad bases of support, public television needs to prospect for new donors among the donor lists of altruist organizations.

So the major challenges for the Red Cross are converting masses of altruist fund givers to fundraising relationships, eventually to convert again to values donors. The major challenges for public television are finding values donors in the first place among pledge audiences and altruist donor mailing lists, converting those who must be converted to values support and sustaining values case resonance.

We saw donor retention initially in both cases as the sickness. We now understand it was in both cases a symptom.



About NextGen

With offices outside of Philadelphia and San Francisco, NextGen is a premiere provider of strategic fundraising and direct response marketing services exclusively for the nonprofit sector. Our mission is simple: to help nonprofits better connect with their supporters so they may raise more money for their important mission.

NextGen's experienced team and partners help each organization address the many puzzle pieces that make up a fundraising program and fit them together in an effective and efficient way. Through multi-channel strategy and implementation, we aim to help nonprofits share their brand impact through smart, engaging communications.

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