Q & A with the authors of *The Giving Journey: Guiding New Donors to Actualized Philanthropy*

1. **How did this report come about? Tell us more about the process you used to do your research.**

   Based on our earlier report in 2016, *The Giving Code: Silicon Valley Nonprofits and Philanthropy*, the Bill & Melinda Gates Foundation wanted to understand what we’d learned about the motivations and barriers to giving for ultra-high-net-worth individuals (UHNWIs). We had some initial data on these new donors, but it was very broad, and less qualitative, so they funded us to do more in-depth research in 2017. As part of this research, we interviewed philanthropy experts and wealth advisors, and conducted interviews and small-group conversations with more than 50 ultra-wealthy individuals (net worth >$10M) based in the Bay Area of CA. We accessed these individuals via our personal and professional networks, and promised them anonymity in order to encourage candid conversations about their giving.

2. **What are your key findings? And what surprised you the most?**

   One key finding is that the path to what we call “actualized philanthropy” is quite similar for all donors, regardless of their income or areas of interest. While every donor may be slightly different in terms of what they give to, many share a similar journey of learning and becoming more strategic and actualized over time. We also learned that personal experiences, values, and relationships influence and shape an individual’s philanthropy more than how much wealth they hold, or even what external nonprofit needs are. Philanthropy is driven much more by the “supply side” if you will, than the demand side. We find this disconnect intriguing and really important to explore—it has big implications for the field.

3. **Why did you decide to focus on ultra-wealthy, “new donors” in the Bay Area?**

   We focused on the ultra-high-net-worth (>$10M), because these are the people allocating the most wealth to philanthropy—and we suspect their behaviors are probably different from “every day” donors who are writing much smaller checks. We focused on “new donors” because there are new barriers and new opportunities facing these donors today, and they represent a different demographic than previous generations (i.e. younger and self-made donors, who are looking to give away their wealth during the course of their lives). Lastly, we focused on the Bay Area, because that’s where we live, work, and where we could tap into our networks to gain access to these individuals and their trusted advisors.

4. **You draw a contrast between the outer vs. inner journey of philanthropy? Can you explain that?**

   The outer journey of philanthropy is more straightforward, and has been explored more in research and literature—it’s what has been called “strategic philanthropy”. It involves very practical questions like: *How much of my wealth should I give away? Which vehicle should I use: should I start a foundation or use a Donor Advised Fund, or set up an LLC? What issues should be in my portfolio? What are the best nonprofits to fund within a particular issue area?* While straight-forward, initially these questions can seem overwhelming (so many decisions to make!) and donors might delay their giving because it’s just too complicated.

   We argue, however, that if these donors first understand their *WHY*: understand their deeper motivations for giving, and how philanthropy can play a part in their own emotional/spiritual/leadership development, then the “how” questions become stepping stones rather than obstacles. Ultimately donors need to address both the Why and How of their giving—but we chose to focus on the Why, because we think that’s a new insight.
5. Why is it important to understand the inner journey that donors experience?

See above. We also think it’s important to understand donors’ inner journey because there are important implications for the philanthropy field, which has not grappled with the why questions in a systematic way. First, these findings can help those working with donors (wealth advisors, philanthropic support organizations) to ask the right questions, provide the right supports, and help donors develop more meaningful connections to philanthropy which will increase their giving. Second, it can help nonprofit fundraisers better understand the journey individual donors are on, and how to cultivate them more effectively. Lastly, it can help the donors themselves understand that this is a developmental process—that they don’t need to be experts just starting out, but they have an opportunity to learn and grow through their philanthropy along the way. Ultimately, we hope this will help our field unleash more effective giving, and drive capital to important causes—as well as be more fulfilling for the donors themselves. It’s the ultimate win-win.

6. What do you mean by “actualized philanthropy”? What percentage of donors are practicing it?

Actualized philanthropy is philanthropy that is pro-active, intentional, strategic, and which brings deep meaning and purpose to the donor. Whereas strategic philanthropy focuses more on the external impact that giving creates, actualized philanthropy also focuses on the donors’ inner experience. It is giving that is thoughtful and reflective, and that takes into account best practices in philanthropy; it reflects the issues the donor cares about, and yet is centered on the issues or individuals who will benefit. We have no idea how many donors are practicing this type of philanthropy—but we do think it’s a best practice. We can only hope that over time, all individuals, regardless of wealth, will become more actualized and strategic donors.

7. In your previous report, you talked about the boom in philanthropy (150% increase in the Bay Area), and the lack of giving to local causes. How can “actualized philanthropy” help address this gap?

Actualized philanthropy is about engaging with your inner purpose in order to become more empathetic, generous, and outer-directed, if that makes sense. Often, engaging with peers, meeting those who benefit from funding, and developing relationships with nonprofit leaders can “turbo charge” that internal journey. Because local organizations have a geographic advantage in that regard, we believe they have an opportunity to capitalize on this giving journey to activate more resources to address local needs. We see local giving as an important piece of a donor’s philanthropic portfolio, alongside giving to other issues and regions.

8. What are the barriers that donors face when they are looking to give more?

There are a number of barriers to giving that we explore in the report. First, these new donors are extremely busy and have other priorities: many are in the prime of their lives, still running companies, raising children, and navigating the complexities that come with new wealth. Philanthropy isn’t yet a priority for them—there is no urgency. Second, they have to have a lot of complicated conversations with their spouse or families around how much wealth they need to meet their needs, versus how much they want or are able to give away. Third, an unintended consequence of “strategic philanthropy” and greater media attention, is that these donors worry about getting it “right” and fear making mistakes in public. Fourth, many of them don’t have the knowledge of the social sector, or issues, that they need to feel confident in their giving. As a result, they are more inclined to play it safe at first and give to what is familiar.
Finally, the social sector itself can present barriers: there are so many small nonprofits, and the sector is fragmented and duplicative, so donors don’t know who to pick, or where to start. Relatedly, donors often have a hard time finding nonprofits with whom to build relationships of trust: they don’t have the right networks, or the nonprofits don’t know how to cultivate them appropriately. We heard stories of donors being overwhelmed by “asks,” or giving fatigue, which can also cause them to “pause” or back away from their giving. As we write in the report, *philanthropy scales at the speed of trust, and giving more requires greater confidence in the nonprofit, its leadership, and most importantly, in oneself as a donor.*

9. **How can PSOs (foundations, nonprofits, wealth advisors, and others) be more effective in engaging with ultra-wealthy donors? What should they be doing differently based on your findings?**

We have a number of more detailed suggestions in the report, aligned to each stage of the giving journey and reflecting key inflection points in donors’ development. We do believe philanthropic support organizations and wealth advisors have an important role to play as coaches, and brokers of relationships between donors and nonprofits. They can also be critical guides to donors as they start their giving journey. In the report, we mention many practical things they can do to engage ultra-wealthy donors, but our main insight is that they should have deep knowledge of both the “how” and “why” questions. It may take more time, but in the end, will unleash greater giving. We are planning to write additional follow-on articles about key takeaways for nonprofit leaders/ fundraisers, and key takeaways for donors themselves.

10. **What are some key takeaways for wealthy individuals who aspire to become philanthropists?**

Trust yourself—and don’t be afraid to try things out, reflect, and learn. This is a developmental journey and it will take time to figure it out. Where ever you are in your giving journey, start there. Often times the pressure to do philanthropy “right” can be the biggest barrier to getting started. But the reality is that nonprofits are busy doing the hard work of social change, and are looking for partners who can come alongside them and give them the resources they need to serve. We’d also advise you to join a giving circle, or find friends and mentors who can help advise you along the way. Having trusted relationships helps build your own confidence.

11. **You write that wealth advisors are often the first point of contact for wealthy individuals seeking to engage more in philanthropy. How can they be more effective?**

These wealth advisors are critical influencers, but they don’t always have the right expertise to advise on philanthropy—they are experts at financial investment and wealth management, which is different than giving money away. They can start by acknowledging that they might not have all the right resources and knowledge in-house, but that there are many organizations out there who can help their clients on their journey to philanthropy. Having a conversation about an individual’s/ family’s philanthropic goals and then pointing them to the right resources can be a great way to deepen client relationships. Many of these firms are also starting to wake up to this market opportunity, and develop more sophisticated in-house advising services focused on philanthropy.

12. **What are your hopes for philanthropy in 2018? What are the big challenges and opportunities for the field going forward?**

We have seen record increases in the amount of wealth being allocated to philanthropy in the past decade, and 2018 will likely continue that trend. We’d like this year to be the year that more of those resources are activated, unleashing more capital to the social entrepreneurs, the big ideas, and the leaders tackling some of the biggest challenges facing our country and world.