“The Giving Journey: Guiding New Donors to Actualized Philanthropy”
by Heather McLeod Grant and Kate Wilkinson
(release date: January 16, 2018)

What motivates wealthy individuals and families to give? Specifically, why do emerging, new donors give? What barriers do they face in their giving? How can the social sector help these donors give more, and more intentionally?

A new report, “The Giving Journey: Moving to Actualized Philanthropy,” by Heather McLeod Grant and Kate Wilkinson of Open Impact, an advisory firm that focuses on philanthropy and social change, examines these critical questions for understanding and amplifying individual giving. The report is based on firsthand interviews and small-group conversations with 50 “ultra-wealthy” individuals—with $10 million to $1 billion in net assets—in the Bay Area.

The authors intentionally focused on “new donors”: individuals whose wealth is created rather than inherited, and who have been giving for less than 10 years. Unlike previous generations of philanthropists, they tend to be younger, have much more wealth to give away, and are increasingly choosing to do so within their lifetimes. They also carry the mindsets and tools from tech and business backgrounds into their philanthropy. “These realities create new barriers—and also new opportunities to redefine how we engage a new generation of givers,” write McLeod Grant and Wilkinson.

In their conversations, the authors discovered a pattern that informed their findings: “When prompted to tell us about their philanthropy and motives for giving, many [donors] pivoted to telling us more about their lives, their values, their careers, and the experiences that helped shape what they care about most deeply.” As a result, the “journey” metaphor became central to understanding the motivations and mindsets of new donors. The report identifies five stages which make up the developmental journey that donors typically undertake as the move forward in their philanthropy (most donors are in one of these stages, or somewhere along this continuum):

1. **Formative Experiences**: The authors found that donors’ philanthropy is very much informed by who they are as individuals, and what they care about most deeply. This, in turn, is shaped by their family, faith, and early formative experiences such as learning about poverty, volunteering in school, or even being an entrepreneur who likes to solve problems. This suggests early experiences can be transformative as donors tend to tap into these experiences to shape their philanthropy.

2. **The Wealth Event and Pause**: After coming into significant wealth (via an event like an IPO, an exit, or the vesting of stock) most of these individuals don’t start giving right away; they typically take “a pause” from giving for a few years. Many young donors are still busy with their careers, families, and the responsibilities of managing money, but the report also finds that a key barrier is that they are overwhelmed by the learning curve that philanthropy can present, and don’t always know where to turn to learn to be effective philanthropists.

3. **Getting Unstuck**: When new donors do begin giving, most start within their comfort zone, by giving to what is already familiar: their children’s school, religious organization, or alma mater. “No matter their total net worth, almost everyone we interviewed started out by making relatively small gifts of about $5,000 to $10,000,” the report points out.
4. **Ramping Up:** As donors “ramp-up” from making small bets to “reflecting on their core values and the why of their giving,” they progress from reactive check-writing to proactive giving, often giving in bigger amounts. Most donors said that figuring out the “why” behind their giving was crucial to becoming more proactive—it became the catalyst that helped shape their approach to giving. Finding a philanthropy mentor (i.e. an expert or a philanthropist in their personal networks), getting involved in working with nonprofits, and joining a “giving circle” (where a group of donors pool their resources to give to causes and nonprofits they identify)—can all be helpful as donors look to answer this question. This suggests that joining one’s “giving tribe” is crucial to progressing in the journey to philanthropy.

5. **Actualized Philanthropy:** By the time a donor has moved to this stage—which can span from a period of years to decades—they’ve answered the “why” question, which makes them more “actualized”—self-directed and strategic in their giving. This stage often coincides with making a big gift (typically of 100K or more), which is an important milestone and “signals a donor’s “coming out” as a philanthropist—a signal of both their commitment to giving and their particular interests.” Getting to the point of actualized philanthropy is the “ultimate virtuous cycle,” or end point of the giving journey, according to the authors. This is because when donors are more actualized, “they feel more fulfillment, give more, and nonprofits get the highest and best social and financial capital from these actualized philanthropists.” In other words, society, at large, reaps big rewards from their philanthropy.

So how can we get more philanthropists to embrace actualized philanthropy? The authors recommend that wealthy donors should be encouraged to explore their own inner journey: the “why” of their giving, “What motivates donors to give often has more to do with their own development, their inner life, and what they care about rather than external needs,” according to McLeod Grant and Wilkinson.

In order to catalyze the field of philanthropy, as a whole, they conclude that we need “to create more overall social pressure to give—specifically to causes that aren’t just in donors’ existing comfort zone.” Philanthropic support organizations (like foundations, giving circles, nonprofits and others) “could lift up and illuminate the giving journey in compelling ways by providing stories, case studies, inspiration, and even a call to action, “Imagine something like JFK’s call to action in the 1960s and how that might activate the desire to give among the wealthy.””

**About the Authors:**

**Heather McLeod Grant** is the co-founder of Open Impact and a social entrepreneur, author, and consultant with 25 years of experience in social change. She is coauthor of the bestselling *Forces for Good: The Six Practices of High-Impact Nonprofits*, and coauthor of “The Giving Code,” a report published last year, on the disconnect between Silicon Valley philanthropy and local nonprofits—among other articles focused on the social sector. Previously she was the principal of McLeod-Grant Advisors. Heather helped lead the nonprofit practice at Monitor Institute and served as a McKinsey & Company consultant. She is a Venture Partner with Draper-Richards-Kaplan and has served on numerous local, national, and global nonprofit boards.

**Kate Wilkinson** focuses on strategy and project leadership at Open Impact. She has developed partnerships and coalitions among social organizations in sectors as diverse as climate change, health, international development, and culture. Her philanthropic experience includes working at both the Skoll Global Threats Fund and the Clinton Global Initiative, where she helped guide collaborations with major US foundations, corporations, nonprofits, and national religious organizations across the globe.

**About the Advisors:**

**Alexa Cortés Culwell** is the cofounder of Open Impact and a longtime philanthropy advisor. For the past
25 years she has built and managed foundations and philanthropic initiatives for successful entrepreneurs, including serving as the founding CEO of the Charles and Helen Schwab Foundation. She recently completed a four-year appointment as a visiting practitioner at Stanford University’s Center on Philanthropy and Civil Society, served on the Center for Effective Philanthropy’s board, and has been a long-standing board member of New Door Ventures.

**Dr. Rebecca Trobe**, Psy.D, founder of Impact Coaching & Consulting, LLC, is a consultant and advisor serving families and organizations that engage in multi-generational strategic philanthropy, family wealth dynamics, leadership and succession planning, and next generation transitions. Prior to her work within Wells Fargo’s National Family Office/Family Dynamics Division, the founding of two boutique consulting firms, and her partnership at Schaffer & Combs, LLC, Rebecca was an executive coach with Leadership Strategies, working with C-level executives and their teams on leadership performance, vision, and strategy.

**Katherine Fulton** has been advising individual and institutional funders for more than three decades, and has written and spoken widely about philanthropy, including at the main TED conference. She has been a leader at Global Business Network, Monitor Group and Deloitte Consulting, and spent a decade building Monitor Institute into a leading social-sector consulting firm. She is now working independently.

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