

MICHIGAN FUNDRAISING CLIMATE SURVEY

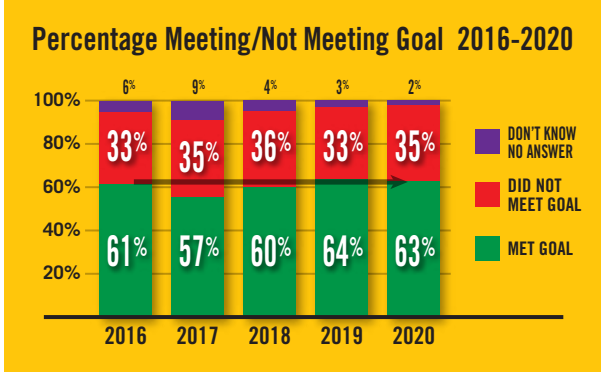
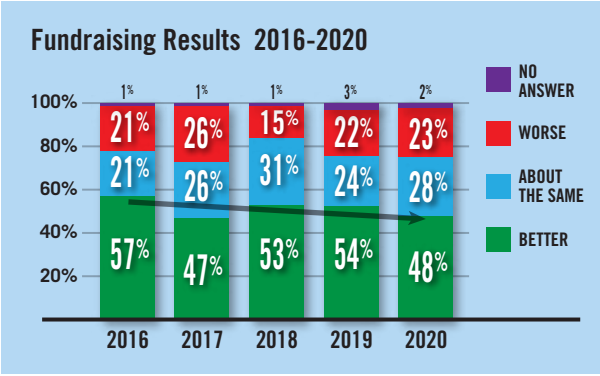
EIGHTH EDITION
MONTGOMERY CONSULTING, INC.

► **Although fundraising performance has not necessarily improved, Michigan fundraisers are feeling a little more optimistic than last year.**

That is probably the key finding of the 2020 Michigan Fundraising Climate Survey

**FUNDRAISING RESULTS:
FEWER REPORT IMPROVEMENT**

Only a slightly smaller proportion, 76.08% vs. 78%, reported raising at least as much money in 2019 as in the prior year. The proportion reporting raising less also rose only slightly. But, when a trend line is inserted for the proportion of respondent organizations reporting better fundraising results, it becomes clear that the proportion of respondents reporting raising more money continues its long term pattern of decline.

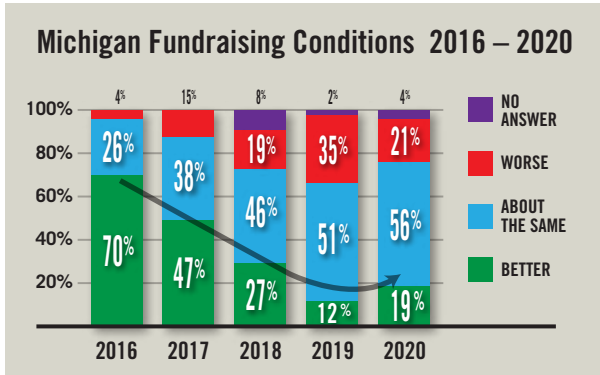


FUNDRAISING GOALS: STABLE

When asked, 63.04% of our respondents said that their organization had met its 2019 fundraising goal, nearly 35% said they had not made goal while the balance of respondents did not answer – this reflects a small negative movement in a measure that has been pretty stable over time. Although not a crisis, it is nonetheless concerning that a consistent 33 to 36% of our respondents report not making goal.

STATEWIDE CLIMATE: A LITTLE MORE OPTIMISM

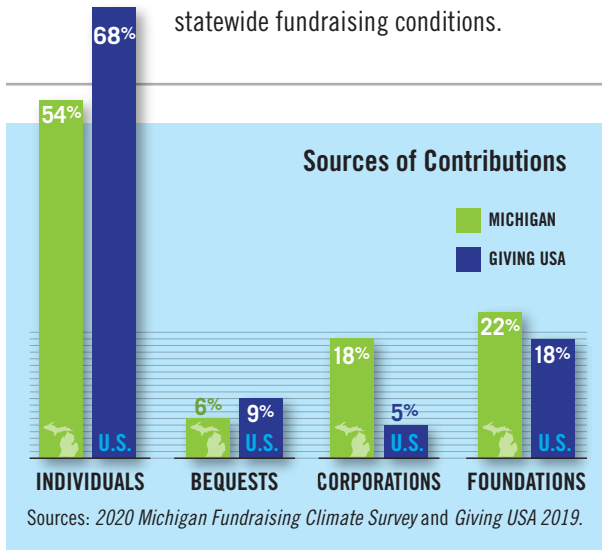
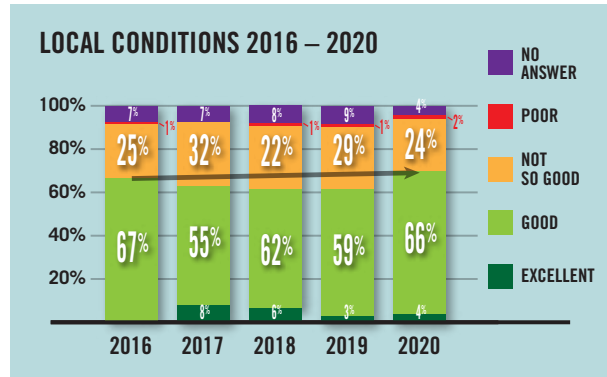
Our 2020 panel was more optimistic than the 2019 panel about Michigan's statewide fundraising climate with 1.10% expecting the fundraising climate to become "much better" and 17.58% expecting "somewhat better" conditions for successful fundraising. The proportion of respondents expecting conditions to remain "about the same" grew to 56%. Most importantly, the proportion expecting our fundraising climate to get worse fell substantially – from 35% in 2019 to 21% in 2020.



Because of rounding, totals may not equal 100 percent.

LOCAL CONDITIONS: MORE OPTIMISM

Our 2020 panel was also more optimistic about local fundraising conditions. When asked to characterize local fundraising conditions in early 2020, 4.35% chose “Excellent,” 66.30% “Good,” 23.91% “Not So Good,” 2.1% “Poor,” while 3.26% did not answer the question. As was the case in previous years of this survey, respondents continued to be more upbeat in 2019 about their local fundraising climate than they seemed to be about statewide fundraising conditions.

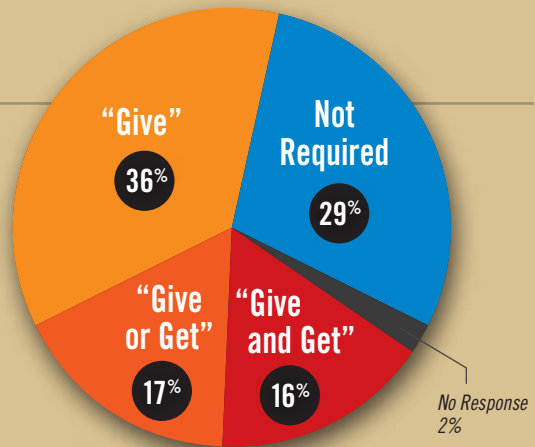


CHARITABLE GIFTS BY SOURCE

Michigan: Less from Individuals, More from Corporations. Our Michigan respondents continue to report receiving a smaller proportion of their total philanthropy from Individual Donors and more from Corporations than reported by the national *Giving USA* series. This has been a consistent finding of all eight editions of our survey. The difference in ratios is partly methodological (we exclude religious congregations from our study) and partly regional (several of America’s largest corporate givers are headquartered in Michigan). In either case, our figures should generally be more similar to what Michigan readers are likely to see at their own organizations than the ones from *Giving USA*.

Do Michigan NPOs really require that Board members Give or Get?

Many fundraisers believe that a failure by an organization’s Board members to give can undermine, sometimes fatally, the credibility of that organization’s fundraising effort. As a result, policies requiring Board members to give and/or raise funds have long been recommended. We decided to ask if Michigan nonprofits actually do require that their Board members *Give or Get*.



Give or Get – It was no surprise that a significant majority, 68.96%, of our 2020 respondents reported that their organizations have some type of *Give or Get* policy. Requirements that Board Members *Give* were most popular with 35.63% reporting such policies at their organization while *Give or Get* was next with 17.24% followed by *Give and Get* at 16.09%.

74.70%, leaves it to individual board members to determine how much they will give or raise.

Minimum Required Gift Amount – Only 12.05% reported requiring specific minimum gift amounts. A much larger proportion of organizations where respondents work,

Give or Get or Get Off – Its most forceful advocates expand *Give or Get* into, “Give, Get, or Get Off.” Among our respondents, however, only 6.9% recalled any occasion on which a Board member was actually removed or not re-elected because they had failed to *Give or Get*.

IS MICHIGAN PHILANTHROPY BECOMING ‘TOP HEAVY’?

The Institute for Policy Studies’ *Gilded Giving* reports (2016 and 2018) offer a chilling portrait of an American philanthropy that is **growing in total donations while shrinking in its total number of donors**. This leaves many organizations more dependent on a smaller number of larger donors putting those donors in a position to exert much greater influence than in the past. In the view of the studies’ authors, “**Our charitable sector is currently experiencing a transition from broad-based support across a wide range of donors to top-heavy philanthropy increasingly dominated by a small number of very wealthy individuals and foundations. This has significant implications for the practice of fundraising, the role of the independent nonprofit sector, and the health of our larger democratic civil society.**”

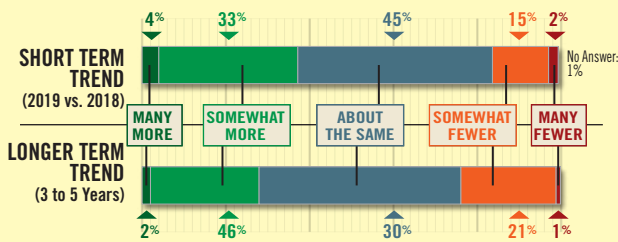
For 2020, we decided to explore whether Michigan philanthropy was becoming “top heavy” and devoted our final question group — the one that changes each year — to exploring the role of major givers in supporting and governing respondent organizations. We began by asking about an organization’s total number of donors before asking more detailed questions about major donors. Because there are as many definitions of “major donor” as there are nonprofit organizations, we asked that respondents tell us about their organizations’ ten largest Individual, Foundation, or Corporate supporters.

Total Number of Donors In a break with the national pattern, the majority of our Michigan respondents (81.53%), reported having at least as many donors in 2019 as in 2018 when “many more” (4.35%) is combined with “somewhat more” (32.61%) and “about the same” (44.57%). Longer term, only a slightly smaller proportion, 78.25%, reported at least as many 2019 donors as in the previous 3 to 5 years. ▼

Major Donors on Board We asked our 2020 respondents how many of their agency’s ten most generous donors currently sit, or have a representative sitting, on their Board. Based on their responses, it does not appear that large donors are currently in a position to exercise inordinate power within Michigan NPO governing bodies. While a few respondents reported as many as nine top-10 donors on their Board, the largest proportion reported 0 (32.93%), followed by 1 (21.95%), and 2 (15.85%) for an overall average of 1.78 of their ten largest donors sitting, or represented, on the governing bodies of respondent organizations.

Why on Board When asked how Top 10 donors or their representatives came to serve on their Board, only very small proportions of our respondents described their leading donors as having requested a Board seat (2.67%) or as being recruited to the Board specifically as a part of a donor acquisition or upgrading strategy (6.67%).

NUMBER OF DONORS: Short and Long-term Trends
CHANGE IN NUMBER OF DONORS IN 2019



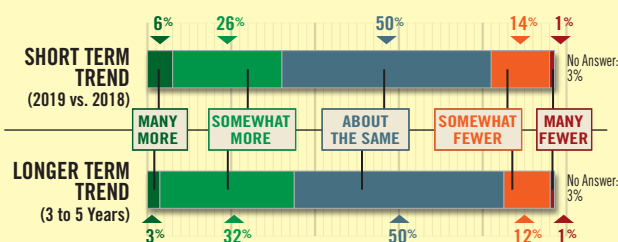
Reliance on Major Givers Our Michigan results confirm the national pattern of a growing reliance on major givers. A good proportion of our Michigan respondents (31.52%) reported raising more or much more funding from their agency’s ten (10) largest donors in 2019 when compared to 2018. A greater percentage (50%) reported about the same level of reliance on their top donors while a much smaller proportion (15.22%) reported less reliance on their big givers. When asked about longer term (3 to 5 year) trends, the pattern was even stronger, with only a small proportion (13.05%) reporting raising less in 2019 from their 10 largest donors than in the previous 3 to 5-years. ▼



Has Michigan Philanthropy Also Become ‘Gilded Giving’?

The number of total donors at our respondent organizations appears to be growing in contrast to national figures. We do, however, see some evidence of a **growing reliance on major givers** by our 2019 respondent organizations. With an average of a little less than two Top-Ten donors (or their representatives) serving on agency Boards, big givers do not presently appear to be in a position to exercise inordinate influence over agency policy and direction. So, on balance, **no — Michigan philanthropy does not appear to have become “Gilded Giving,” at least not yet.** But, using our figures from this year’s survey as a baseline, we will continue to monitor developments in this area.

RELIANCE ON MAJOR DONORS: Short and Long-term Trends



ABOUT THE SURVEY

This is the 8th in a series of annual surveys looking at the fundraising challenges and opportunities facing Michigan nonprofit organizations. Our 2020 survey began with a representative 666-organization cross section (a stratified sample) of Michigan nonprofit organizations of the types most likely to be raising significant money through voluntary contributions from Individuals, Foundations, or Corporations. Groups funded through the collection plate, membership dues, or by government have generally been excluded from our study.

In January 2020, leaders at all 666 NPOs in our sample were invited to take this year's survey. Leaders at 92 organizations of many different sizes, types, and regions of Michigan accepted our invitation for a 2020 response rate of 13.81%. That is a little higher than our 2019 rate of 13% and very respectable for an electronic survey — especially one conducted in an election year amidst growing distrust of electronic communications. After review, we concluded that this year's respondents included a sufficient number from each strata (region, size, and type of NPO) to make it likely that the patterns we saw accurately reflected the views of Michigan nonprofit leaders on the specific, relatively broad, questions we asked.

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- Better-trained staff, board, and leaders through The School of Practical Fundraising.™
- Bolder fundraising communications (w/Bidlack Creative Group).
- Successful fundraising events and sponsorships (w/Christine Gavin and Company)



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**MICHIGAN
FUNDRAISING CLIMATE
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ABOUT THE AUTHOR

Michael J. Montgomery is the author of this study and a Principal in Montgomery Consulting of Huntington Woods, Michigan. He consults on fundraising and management issues with a wide range of nonprofits and teaches in the Department of Health and Human Services at the University of Michigan-Dearborn. His comments on fundraising and related issues have appeared in media outlets, including: Chronicle of



Philanthropy, NPR, Forbes, FastCompany, Chicago Tribune, Consumer Reports, Money, US News and World Report, The Independent (UK), Detroit Free Press, Detroit News, MiBiz, and Crain's Detroit Business.

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