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## Narrative Philanthropy: Connecting Planned Storytelling to Planned Giving

BY PETER O'BRIEN

A philanthropic gift – whether it's a planned gift, a major gift, a gift-in-kind, or even a gift of intangibles (sympathy, comfort, encouragement) – is a form of story, and no gift exists without a story. It may be the story of the impetus, many years ago (poverty, luck, hard work, familial history) that shaped the donor's desire to give. It may be the words of a loved one, now gone, that continue to meander through the memory and the imagination of the prospect, and eventually manifest themselves. It may be the crafted narrative of a hospital, or the story of an individual patient within that hospital, which invokes and inspires support: "Meet Ethan," says a recent item on the "Our Stories" page of the SickKids Foundation's website, and learn about the "reverse isolation room at The Hospital for Sick Children" that became Ethan's home "as he spent the first eight months of his life with virtually no contact with the outside world."

Narrative philanthropy – which I define as both the story that has helped to motivate and inspire the gift (i.e., what happens before the gift); as well as the story that the gift itself helps to enable and celebrate (i.e., what happens after the gift has been received) – has been around since philanthropy has existed, it's just that we haven't always called it that. It is impossible, and not the intent here, to articulate every aspect of narrative philanthropy, and its role in what is becoming more widely known as "relationship

philanthropy", but there are a few basics that can aid and encourage professional fundraisers and their work. I hope that by developing a more complete understanding of narrative philanthropy, fundraisers will have more compelling tools they can use to communicate with prospects and donors, and will have a more fulsome appreciation of what goes into donors' decisions to make truly transformative gifts.

### Many Prospects, Many Stories

The narratives that help to motivate and inspire gifts can take many forms, including:

- Narratives the receiving institution may remain unaware of. As fundraisers, it is important for us to understand there are many influences that precede the ask and the receipt of the gift, only some of which we may be privy to. I remember working very closely with a major donor who we had been cultivating for many years. We knew he had the potential to give in excess of \$1 million and that he could easily leave that much again in his will. After about 15 years of incremental but small giving, he finally, at the age of 70, gave the million-dollar gift we had anticipated for so long. We found out later that the age 70 had particular resonance for him, because that was the age at which his father, never a wealthy man, had died. Perhaps it was the burden of surpassing his father's age that had liberated his generosity, although we never knew for sure.
- The story that the institution is able to tell about itself. This narrative, often crafted

and shaped by committee ("I want greater context," says the President; "More talk of our accountability" says the CFO; "More passion," says the VP Development; "Can't we all just get along?" says the Director of Public Affairs) must be compelling and convincing. In its Case for Support form, it should be capable of being boiled down, "reduced" a fine chef might say, to a few germane phrases. It simultaneously, of course, has to be adaptable and expandable to accommodate the various cultivation, solicitation, stewardship, and special event material of which it is the genesis.

- The Case for Support narrative deserves special attention because it is the beginning of so many ancillary narratives. There are many examples of superb Cases, and of course a variety of not-so-convincing ones.
  - The Huntington Library, Art Collections, and Botanical Gardens in San Marino, California, tells its story as though it is the most important institution of its kind, anywhere. We are told that the three elements represent "the bright, the beautiful, and the hopeful side of life. There is no other institution of its kind in the world. No other place can match its combination of rare library materials, spectacular art collections, and magnificent botanical gardens. Taken together, they celebrate human intellect and creativity, and the wonder and beauty of the natural world." (I'm not sure about you, but they had me at the words "bright" and "beautiful".)

- WaterCan, which invests in water and sanitation in the developing world, tries the opposite approach. Its narrative is based on the negative and the ominous: “*Did you know the equivalent of 10 jumbo jets, full of children under the age of five, crashed today? Over 4,000 children die each day from unsafe water and poor sanitation.*” It’s a disheartening but effective way of capturing the audience’s attention.
- As for Cases for Support that deal specifically with gift planning, there are few memorable ones out there. Mostly, they are uninspiring. They begin with tired phrases – “What Will Your Legacy Be?” “Make a Bequest to [Name of University here]” or “Think About the Future – Act Now” – and continue on from there. By contrast, Wilfrid Laurier University, in its most recent issue of *Laurier Planned Giving*, highlights a recent gift by one of its famous and endearing daughters. The newsletter highlights Edna Staebler, who died in September 2006 at the age of 100, and her “*bequest of more than \$1 million that will further one of Mrs. Staebler’s passions – the support of developing writers at Laurier.*” Staebler’s cookbooks – [Food That Really Schmecks](#), [Schmecks Appeal](#), and [More Food That Really Schmecks](#) – won her significant attention and affection. As *Laurier Planned Giving* says, these books are “*prime examples of creative nonfiction, in which storytelling and rich details entertain and inform the reader.*” She created *The Edna Staebler Award for Creative Non-Fiction* at Laurier in 1991, and with her recent bequest “*the value of this award will increase from \$3,000 to \$10,000 a year.*” The gift will also establish [The Edna Staebler Writer-In-Residence Program](#) at Laurier. I found the article a

pleasure to read, and not only because it is based on a large and innovative gift. The article is successful because it tells the narrative of the gift, including the impetus behind the gift and the unique resulting benefits of the gift. I’m also sure there is an even richer story behind this story of a storyteller supporting storytellers (if you know what I circuitously mean), but that was probably only shared among a select and lucky few at the University.

The narratives donors hope to enable and shape through their gifts likewise have infinite variations:

- Some donors merely want their name splashed around, as many times as possible. They want their name to be a synecdoche for all that is good and worthy about their chosen area of largess. It seems as though there are more of these types of donors than ever before, but perhaps that is only historical shortsightedness on my part. Whenever I see someone’s name excessively splashed around I can’t help but think of W. B. Yeats: “*Be secret and exult, / Because of all things known / That is most difficult.*” (He doesn’t say “sort of” difficult. He says “most” difficult!)
- Other donors are concerned their philanthropic narrative (and not necessarily their name) has directed influence and importance, that their gift will actually make a positive difference in the world. Fortunately, there are also many examples of this, including people who direct their sometimes small gift to a specific member agency of their local United Way, and the ferociously wealthy Warren Buffet, who knew that the even more ferociously wealthy Bill and Melinda Gates Foundation could spend his significant gift more wisely and strategically than he could.

- Some donors truly want the story and influence of their philanthropy to have a self-perpetuating life of its own, both literally and figuratively. I have worked with donors who have given to a neo-natal Intensive Care Unit and will never know the fragile lives who will benefit from their generosity. And every university of a certain age has named funds that were donated many years ago and will continue to benefit students and the grandchildren of those students. These are truly remarkable stories that have a value and a worth which sometimes far outstrips the monetary one. These gifts become a linked series of narratives simultaneously connected to the past and that move forward through time.
- The thing to remember when you talk or negotiate with prospects and donors is that everyone wants to share their story. Some will choose to remain anonymous (sometimes for very good reasons) and may only talk about personal details with the VP of Development or the President of your institution, but that is a very different thing than not wanting to articulate and share their story.

#### **Don’t Tell, Show**

Every person who has ever taken a creative writing class has been told the same thing: “Don’t tell, show.” When you are crafting your institution’s narrative for prospects and donors, don’t just tell them what you want them to know, show them what you want them to know. Weave in details, colour, shading, emphasis, and specific examples. Telling a donor, by way of broad generalities, how great your institution is may work, sometimes; but showing them how great your institution is by telling the story of how one patient or one student or one homeless person benefited from your institution will have a much greater and

more memorable influence. “*I’d like to tell you the story of one of our students, Raven Cadieux, who had a pretty rough childhood, and about how she flourished under the helpful guidance of one of our award-winning professors*” has more resonance than “*We are the biggest and best university in the province.*”

There are many charities attempting to benefit from gift planning that tell too much and show not at all. Many even hang their communications and marketing material on slight variations of the phrase “*Planned giving is defined as the process of designating charitable gifts so that the donor realizes philanthropic objectives while maximizing tax and other financial benefits.*” When I see this as the lead-in for a Case for Support, I cringe. Donors may need to know this, but it is not the way to truly capture and hold their attention.

One of the axioms of fundraising is “*People don’t give to institutions, they give to people.*” Pushing that a bit farther, it may be true to say “*People don’t give to institutions, they give to the story that the institution tells*” or “*People don’t give to institutions, they give to people who tell them about the specific needs of their institution.*”

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### *Think multilogue*

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It is your job as a professional fundraiser to unpack, articulate, and celebrate your institution’s story, as well as unpack, articulate, and celebrate the stories that your prospects and donors have. Here are a few things to keep in mind when you talk to prospects and donors, especially those thinking about planning a gift:

- Many people don’t know how to tell their story. They don’t know what to keep in, how to edit out the extraneous, or sometimes even how to spur their own memory. So, for a start, let them talk, let them ramble. The story will, eventually, out. The preamble to their gift may be the

story of the rest of their life: their career as a diplomat, as their son’s baseball coach, of driving their granddaughter to her dance classes, of the cottage and the time everyone – including the children, the grandchildren, the dogs and a few local water snakes – went on a picnic together to the uninhabited island just one over from their own private island.

- Some people may think they want to tell their story, but in fact they do not (it’s too painful, too personal, too seemingly self-aggrandizing); some people may think they do not want to tell their story, but in fact, they do (“Well, I didn’t realize I had so much to say . . .” I’ve heard on more than one occasion). It is your job to navigate through these sensitive shoals, where the boulders, some huge and potentially damaging, wait silently for unsuspecting travelers.
- The donor wants and in fact needs to hear the story of the institution – with its successes, challenges, frustrations, innovations – told to them and them personally.
- Narrative philanthropy is a two-way (perhaps multi-lane) highway, with the listener and the storyteller sometimes changing and exchanging places and lanes, sometimes when they don’t even realize it. Don’t think monologue. Think dialogue, or multilogue.

#### **Plan Your Story**

Like gifts, stories also should be planned. Very few people can tell, on a first try, an intricate and compelling story. It takes work, crafting, and organizing of both the thoughts and the mechanics. My best advice is to read the technical and how-to books about fundraising if you must, but it is just as helpful to read Shakespeare and Michael Ondaatje and Alice Munro. These

people know how to tell a story, they know how to draw in the listener, they know how to organize vast amounts of disparate information into a crafted and coherent whole. Good narratives vary the tone, the length of sentences, know when a few words will say a lot, know how to insert dialogue, and when to let the story tell itself.

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### *the narrative comes first, then the philanthropy*

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Sometimes it is just a hard, and seemingly impossible, slog. I have dealt with multinational corporations that had trouble telling their story; and seniors who had no trouble at all telling their story. And I’ve worked with multinationals who could tell their story extremely well, even though they didn’t have much to say; and seniors who could not tell their story at all, even though theirs was a rich and powerful story.

Despite the fact stories are everywhere around us, there are good and bad stories, or, as writers might say: well-crafted and not-so-well-crafted stories. In brief, articulating your story – so it is compelling, convincing, complete, and creative – takes practice, commitment, foresight, and planning. It is a craft and an art and a science. There is a reason why people such as Bill Gates and Warren Buffet and Jack Welch hire ghost writers: even though they may have a great story to tell, crafting that story into a coherent and compelling narrative is not as easy as it may seem. The talent is in knowing when to push, when to encourage, when to stay silent, and when to conclude. It’s called “*narrative philanthropy*” for a reason: the narrative comes first, then the philanthropy.

#### **Stories, Stories Everywhere**

Here is a simple task: keep a rough track of how much time you spend telling stories (to someone else, or even to yourself), or enabling someone else to tell you stories, in your average day.

Telling your story can include, for example, talking with donors or your staff or your kids or the taxi driver; sharing emails with family members; articulating for your boss what you hope to accomplish in the coming year and why; talking with your doctor about health or related issues.

Enabling someone else to tell their story can include, for example, writing about a researcher or teacher or professor for a work-related press release; listening to the woman who sells you your morning coffee tell you about her quotidian trials or successes; preparing a Case for Support or cultivation/solicitation/stewardship material for your institution; even watching the Biography Channel as the life of someone famous or infamous unfolds.

You get the idea. It's pretty clear we spend a huge chunk of each day either telling stories or listening to stories. Crafting and re-crafting our stories, developing and shaping our narratives, is how we spend most of our days. Narratives and storytelling infiltrate and influence many aspects of our lives. Philanthropy is one among many others, including:

- Narrative Therapy
- Narrative Theology
- Narrative Art
- Narrative Medicine
- Narrative Budgeting
- Corporate Narratives
- Architectural Narratives
- Scientific Narratives
- Economic Narratives
- Social Narratives
- Moral Narratives

My 10-year-old daughter loves her email, MSN Messenger and Facebook not because she loves technology but because she loves telling and sharing her stories, and those of her friends. Why should philanthropy – securing support of various kinds to make our lives

better – be any different? How can philanthropy be separate from stories and narratives, when they are the basis of so much else of our life and our actions?

If you've cut right to the end of the article and are looking for just one bit of helpful advice, here it is (or here they are – there are two):

1. Tell your story and tell it well. Articulate the passion and the meaning behind what you do, and that will lead your prospects to where you'd like them to be. Storytelling, like any art, requires practice, craft, and the ability to separate the wondrous from the pedestrian. "*The lyf so short, the craft so long to lerne*" said Geoffrey Chaucer, for good reason.
2. Let your prospects and donors tell their story. If you allow them to tell their stories, and listen intently to the stories they tell, the gifts will follow. People want to give, almost as much as they want to tell their story.

And in case you may be interested in a few narratives about the power of narrative and why it is fundamental to almost everything that professional fundraisers do, here you go:

In the bomb-destroyed inner city of Kabul, Afghanistan, illiterate young Afghan men and woman hire professional scribes to help them express their love. Mir Agha, who charges about 50 cents per missive, said in a recent interview with The Globe and Mail: "*They explain to me what they want to say. They might say only, 'I love this girl, can you put it into nice words for me?'*" Even if the person hiring Agha cannot read what he has written, and even if the recipient cannot read the love letter, somehow the two parties know that they are sharing information, feelings, and emotions – they're sharing their mutual story.

Scientists, among them Stephen Weinberg and John Barrow, spend years articulating what happened to the universe in its first millionth or billionth or trillionth of a trillionth

of a second. We come to believe them and enjoy their shared knowledge not because we can even comprehend what they are saying – no human being will ever fully understand what happened before time and space even existed. We believe them because they tell a good story and they tell it with wonder and excitement.

Just one more story about narratives, in case you're still wondering whether it's important to your task as a fundraising professional. *The New York Times* recently ran an article about thieves (we all know thieves are different from fundraising professionals, but you get the general idea) who operate "from small offices in Toronto and hangar-size rooms in India." These e-thieves call World War II veterans, retired schoolteachers, and thousands of other elderly Americans, posing as government or insurance workers who need to update their files. Once these e-thieves have secured the relevant information from their unsuspecting victims, they simply empty their bank accounts. One such victim, 92-year-old Richard Guthrie, lost everything, much to the consternation and anger of his family. The e-thieves simply went to his bank, Wachovia, the fourth largest bank in the U.S., and emptied it of about \$100,000 of Guthrie's life-long savings. What was Guthrie's response to being left destitute? What was his major concern when he found out he had lost everything? "It's lonelier now," he said. "I really enjoy when those salespeople call. I miss the good chats we used to have."

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## Canadian study sheds light on the language of fundraising

BY FEBE GALVEZ

*[Febe Galvez, a communication consultant who specializes in fundraising communication, focused her Master of Arts in Applied Communication on the Case for Support. Hers is the first study into the language of fundraising in Canada and contributes to a small body of work emerging from south of the border.]*

*In 2004, Canadians gave a record \$6.9 billion (Statistics Canada, 2005) to registered charities in Canada, a growth of 39 per cent since 1997 (Statistics Canada, 2005). Our sector is large and growing, yet remarkably little is known about the language of fundraising. While many factors contribute to an organization's success, arguably, central to its advancement is its discourse. An organization's ability to realize its vision, to recruit effective leadership, to capture the interest of donors, to establish credibility, etc. is anchored in its discourses. Galvez's study draws two conclusions:*

*First, that the case for support is transitioning from being an encyclopedic database of information to a detailed narrative that employs rhetorical strategies influenced by advertising discourses, presenting challenges and opportunities for the philanthropic sector.*

*Second, the saleability of an appeal is linked to the alignment between the abstract values inherent in the appeal and the abstract values to which potential donors adhere.*

*This is the first of two articles that presents the findings of the study; the second article will appear in our October 2007 issue. – Editor]*

## Are you speaking donor-relevant language? Part 1 of 2

Det går bättre att förstå varandra om vi talar samma språk.

Didn't quite get that?

Funny. It's easier for us to understand each other if we speak the same language.

To speak donor-relevant language is absolutely essential for fundraisers. That language skill is one that needs to be kept up, because language evolves continuously. Sometimes change is slow and gradual. Sometimes it is significant and transitions rapidly.

My MA thesis, completed in the summer of 2006 through Royal Roads University, concludes that the Case for Support (the internal, source document) is a document in transition. The research indicates that the Case, traditionally thought of as a database of information, is becoming more and more audience-focused and more and more promotional in nature. Whether you produce communication material for your organization or contract the task to someone else, understanding the noted changes and what fuels them can help fine-tune the language you speak to your donors.

When I started to work on my thesis in the fall of 2005, I was surprised to learn that until that time, no one had investigated the language of fundraising in Canada. Not only did I have a blank page on which to work, it felt as though I had a book of blank pages before me. There was no directly related substantive data to build on. Where to begin? Because campaign and appeal-related communication flow from the internal Case for Support, the arguments put forward in the Case become a blueprint of sorts for marketing material, direct mail pieces, funding proposals, training material, speeches, news releases, etc. It makes sense, then, that if I want to better understand fundraising communication, this source document is *the* place to start.

Discourse analysis is a way to study language that looks beyond the sentence or the clause level to analyze the deeper structures of a text. It's the method of study I chose for this research. Basically, it involves categorizing, coding and analyzing text. This kind of qualitative analysis does not provide absolute answers to detailed questions about the use of syntax or grammar. Rather, it sheds light on the conditions that inform a specific text sample, enabling a deeper understanding of the motivations behind the discourse.

To make a defensible comparison about the nature of two or more objects, you need to compare like things – apples to apples. Likewise, to make claims about the nature of argumentation in a document, a sample of like objects is required. To this end, for my sample I gathered six Cases for Support developed between 2000 and 2005 for British Columbia-based health-related fundraising campaigns/appeals.

My analysis noted, among other things, structural differences and similarities between the Cases in the sample. Structural here refers to such things as an author's choice to lean toward schematic or narrative presentation of information: Does the Case read like a report with graphs and charts or is it a story with uninterrupted blocks of text? Does it use implicit or explicit forms of argumentation? To what degree is the case embedded in the community i.e., is the Case about a need within a hospital or does it embed that need in the community and its residents? Does the Case include or exclude the use of story? The findings were plotted on a continuum.

There was neither rhyme nor reason to how the documents plotted on the continuum. With some variances, three documents presented on the far right of the continuum, two on the far left, and one in the middle. A larger sample may have provided more clarity, showing more definitive clustering toward one side or the other. Working with this particular sample, I concluded that either there is no

one standard way to develop a case for support (i.e., some organizations prefer more report-like documents, while others opt for more promotional discourse) or the discourse is in transition, moving from one end of the continuum toward the other.

And, indeed, the existing substantive literature is equally inconclusive. On the one hand, Timothy Seiler who is affiliated with the Fundraising School at Indiana University Centre on Philanthropy and author of *Developing Your Case for Support* (2002), suggests that the internal case for support is like an encyclopaedic collection of data, which is used to inform what he refers to as 'case expressions', audience-tailored documents. On the other hand, linguist Vijay Bhatia in his study *Generic Patterns in Fundraising Discourse* (1998) writes about how promotional values have invaded fundraising discourses in general terms; he makes no distinction between internal documents and their external expressions.

To assess whether a discourse is changing, it is important to clearly understand that discourse is a socially constructed way of making meaning. It is both reflective and formative: reflective in that it is shaped by forces at play in the context in which it exists and evolves, and formative in that it flows into environments where it becomes a shaping influence. Therefore, when a change in a discourse is noted or questioned, one must consider the forces at play within the larger social context.

In relation to this study, then, the question is: what in the larger societal context affects fundraising discourse? It is the promotional values reflected in the data that are of primary interest, therefore it is relevant to consider the influence of what is arguably the most omnipresent discourse in Canadian society, namely advertising.

According to communication theorist Sut Jhally, advertising is "the most powerful and sustained system of propaganda in human history." It is a pervasive and shaping force at work in Canadian society. In

2005, advertisers in Canada spent \$7.6 billion purchasing ad space alone (not including production costs) in daily newspapers, magazines, radio, television, and out-of-the-home advertising such as billboards (globeandmail.com, April 21, 2006). An estimated 13 billion pieces of direct mail are delivered in Canada each year, more than 1,000 pieces per home (Statistics Canada, 2005). And one cannot overlook the power of American advertising in Canada. Cultural material filters across national borders with ease, exposing Canadians to advertising from the US where advertisers were expected to spend \$150.3 billion in 2006 (TNS Media intelligence, 2006). Our society is awash in promotional discourse. It would be naïve to think that the language of fundraising, including the Case for Support, would evolve untouched by advertising.

According to the findings of this study, the case for support, and by extension the documents it informs,

is very much a product of its environment. In other words, it is influenced by advertising rhetoric and its effect in and on society. Where this influence is most evident is the Case for Support's use of abstract values, (which I will discuss in greater detail in the second article in this series), things of an intangible nature such as excellence, prosperity, solidarity, and honour.

Not surprisingly, abstract values are also at the heart of advertising discourses. In fact, advertising rarely promotes the physical attributes of the products featured. Rather, it promotes commodities in relation to what people really want, abstract things like love, friendship, and acceptance.

Similarly, the Case for Support's emphasis is not on the physical attributes of the items for which it aims to raise funds. An appeal is not effectively articulated in terms of its technical merits, such as number of beds in a hospital or square footage of an emergency department. Rather support is sought by strategically



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placing, front and centre, discourses about such things as being the first and the best, about excellence and exclusivity, and about growth and prosperity.

In a complex, competitive global marketplace, advertising is a sophisticated business. Discourses are developed by high-priced creative teams who base their expertise on the latest research into consumer behaviour, media theory, marketing techniques, etc. Their gospel preaches that the acquisition of goods can satisfy people's deep-seated needs for relationship, says Jhally. As consumers become wise to this false gospel, they begin to tune out the advertisers' rhetoric, reducing its effectiveness. In response, advertisers use more and more emotion, explicit and shocking, in their creative strategy to capture the attention of their market, a trend Jhally believes will continue.

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### *the Case for Support is a document in transition*

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The late Marshall McLuhan, an internationally acclaimed media theorist, coined the phrase *the medium is the message*, meaning, in this context, that the critical message is not one carried in an individual text, but the medium's ability to affect the collective consciousness. When the medium is advertising – pervasive and emotionally charged with abstract values – an unmistakable message is a social consciousness that has been conditioned to respond to discourses that use emotion, in particular abstract values, to promote products. It is in this environment that fundraising discourses interact with their audiences.

The challenge for philanthropic organizations is to effectively speak into an environment that responds to promotional discourses that continually turn up the emotional heat. Like their commercial counterparts, philanthropic discourses must be built on a well-researched, strategic base – the Case for Support – that will inform marketing

material every bit as savvy as material that supports a commercial enterprise. The difference being that commercial advertising, in large part, uses abstract values to appeal to people's greed and selfishness, as noted by Jhally, while philanthropic discourses use abstract values ultimately to appeal to people's generosity and concern for fellow citizens.

Interestingly, though, the discourses that ultimately result in people writing cheques to help fund causes for the greater good achieve their goals by appealing to "self", to the cachet of belonging to an exclusive community that boasts impressive "firsts and bests", that enables excellence, economic growth, and economic prosperity – an irony that, perhaps, is unavoidable in a consumer-centered society.

While speaking into an environment that responds to promotional discourses will challenge some organizations, it presents the opportunity to exert greater influence in society for the greater good. As fundraising discourses filter into culture in ways that are meaningful and relevant, they impart values and ideas. This is the way, discursively, little by little, that values and ideas change. Thus those who influence philanthropic discourses enable a dialectic, a tension, between advertising discourses that focus solely on self and discourses that ultimately appeal to people's generosity and concern for their fellow citizens.

The findings of this study suggest that the Case for Support is a document in transition. Influenced by promotional discourses, it is shifting away from being an encyclopaedic-like database to becoming a long, detailed, audience-focused narrative that employs rhetorical strategies similar to those used in promotional discourses. By extension, the shift in the discourse will also transfer onto the documents the Case informs – the marketing material, articles, proposals, news releases, etc.

The key, then, to speaking a language that is relevant to donors hinges on an age-old communication

principle: know your audience, know the language it speaks and responds to. Simply put, now more than ever, it's about audience-tailored communication.

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*[In case you are wondering, the opening line is in Swedish. Translated, it says It's easier to understand each other, if we speak the same language.]*

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## **Everyday Ethics in Philanthropy: Obedience to the Unenforceable Part 2 of 3**

BY LESLIE E. WEIR, M.A., ACFRE

*Part 1 appeared in the August issue of GPIC – Editor*

So, what are the hallmarks of excellence for philanthropic organizations?

At the Western Fundraising Conference in Calgary in May 2007, thirty fund development professionals participated in a workshop about how philanthropic organizations measure and report return on investment and balance the competing priorities of effectiveness (maximizing growth in revenue) and efficiency (minimizing costs) in furtherance of their missions. Here is a synopsis of the indicators of excellence for philanthropic organizations that appeared repeatedly across six discussion groups:

Organizational excellence is signified by:

1. Adherence to ethical codes (like the Association of Fundraising Professionals Code of Ethical Principles and Standards of Professional Practice, and the Donor Bill of Rights) that differentiate nonprofit fundraising under the governance of volunteer boards from profit-based fundraising endeavors;

2. Pursuit of a compelling mission and vision, producing positive outcomes guided by their strategic plan and budget;
3. Evidence that organizational planning involves self-evaluation and assessment using good business practices;
4. Fundraising and development costs are considered reasonable in light of the investment required to achieve goals, objectives, and anticipated outcomes described in strategic plans;
5. Expenses are communicated in the context of the use of the funds and advancement of charitable mission/outcomes.

### **Canada's Philanthropic Culture Gains Momentum**

The philanthropic climate has changed over the last ten years as increasingly attractive tax incentives encouraged personal philanthropic giving, including the elimination of capital gains tax on gifts of appreciated securities, changes announced in the March 2007 federal budget. The recent extension of the elimination of capital gains tax to private foundations may herald a rise in popularity of this giving alternative. New charitable vehicles have appeared offering a range of philanthropic planning and administration services, and blurring the line between charitable vehicles and service providers. Among these are a burgeoning number of charitable organizations and public foundations building endowments and the emergence of commercial donor-advised funds and private philanthropy consultants. Donor-advised funds are commonplace. The trends provide evidence of a maturing culture of philanthropy in Canada.

Donors are making larger outright gifts, initially in response to capital campaigns, often with the added incentive of matching gift opportunities that leverage their donations. They are seeing their gifts make a difference during their lifetime. This more personal engagement on the part of donors and families has

added new complexities to their financial, estate, and philanthropic planning. Some donors now plan and evaluate their giving with the same rigor that they use in their financial investments. The much-heralded intergenerational transfer of wealth appears to be underway. Philanthropic culture in Canada seems to be gaining strength.

In the spring 2007 edition of Philanthropic Trends newsletter, KCI Advanced Philanthropy President and CEO Marnie Spears writes, "*The combination of competition for donors and volunteers, ongoing demand for top-flight talent, and heightened expectations for performance continues to characterize the environment for nonprofit organizations as we move into the latter part of the decade.*"

Growth in the number and complexity of organizations in the philanthropic sector and the attendant demand for private investment in their missions has provided many employment opportunities. Philanthropy and fund development as a field of endeavor is relatively young. Establishing an accepted base of knowledge, best practices, benchmarks for success, and a common commitment to high ethical standards is a vital part of its maturation process. Most fundraisers 'fell into' or 'backed into' the field resulting in practitioners having diverse educational backgrounds and work experiences. This has created a demand for training, education, and professional development which has raised challenges with respect to instilling commitment and adherence to common values and ethical conduct and standards of practice. It is a long process that requires the integration of learning acquired through practice, research, and reflection, and conveyed to practitioners through a full continuum from formal teaching environments to informal mentoring relationships. There are more and more opportunities available for individuals seeking the education and experience that will prepare them to be future leaders in the philanthropic community.

As the philanthropic environment has become increasingly competitive, the fields of nonprofit and fund-development management have responded to the challenge by striving to become more professional. Employers are competing for staff people who have proven their worth, particularly in large markets. Professional credentials, higher education, and other indicators of a commitment to excellence and professional development are important considerations as organizations recruit the best talent available to advance their missions. It has also fueled expectations and created a competitive and challenging environment for practitioners.

At the same time, pervasive trends such as demographic shifts and resultant changes in values and culture, crumbling of hierarchies, rapid globalization, and technological advancements create an ever-shifting landscape in which organizations work. Evidence of wrong-doing at the highest levels of public, private, and nonprofit entities casts doubt and undermines trust of those in positions of authority. Public scrutiny and demand for transparency, accountability, and high ethical standards prevail in the wake of incidents that have breached the public trust. While the public trust has eroded in the United States, it remains relatively high in Canada at 80 percent. Organizational leaders must instill a commitment to preserving and enhancing that trust through organizational policies and practices that support and strengthen public trust. Such a commitment implies more than meeting minimal requirements defined by compliance with the law. It asserts that the organization adheres to a higher standard of self-imposed law - "obedience to the unenforceable."

Spears went on to provide a vivid and daunting description of the work of fundraising in this context:

*Because of these factors, the work of fund raising has never been more demanding, more challenging, or more important. Fund raisers who*

create bridges between mission and marketplace are among those who must mediate these issues and concerns with the donative public, while experiencing increased pressure to reach higher goals with fewer resources to apply to fund raising. To strengthen the nonprofit sector, nonprofit leaders must lose their discomfort at responding to criticism and become more credible in their defense of what is good and right about the nonprofit sector; more honest about acknowledging what needs improving in the nonprofit sector; and more courageous about promoting these improvements. Fund raisers themselves must continue to expand their knowledge of the nonprofit sector and its environment; they must critically examine how their work influences other organizations, especially becoming more purposeful in examining any unintended consequences of fund raising practices. (p. 16-17)

#### **Advice from Socrates...**

*The way to gain a good reputation is to endeavor to be what you desire to appear.*

#### **Characteristics of fund development professionals**

The growing complexity of philanthropic organizations and the increasingly challenging and competitive environment in which they must advance their missions means that in order to succeed, fundraisers must have strong leadership ability as well as an ever-expanding list of personal qualities and competencies. An increasing reliance on teams means that leadership skills are sought at many levels.

In her 2001 book entitled Careers in Fundraising, Lilya Wagner writes:

*Pejorative labels are, unfortunately, applied to fundraising professionals, sometimes because of wrong perceptions, or myths about what fundraisers do, other times because*

*of unethical practice or because of the ineptitude of the so-called professional. These terms demean the practice and prevent optimal effectiveness by the professional and the organization.... Fortunately, the climate for acceptance of fundraising as a professional practice is changing. This is due to increased public awareness of its importance and value, a renewed focus on philanthropy in the United States as well as internationally, and education and training that promotes excellence." (p. 2)*

Simone Joyaux in her 1996 book, Strategic Fund Development: Building Profitable Relationships that Last, states that most philanthropic organizations do not appreciate how intrinsic the fund development process is to the success of the organization. Rather than positioning it at the centre of a dynamic, complex, and interconnected system, it is often isolated from other operations. She notes that, "Probably 75 percent of the fundraising issues that stymie agencies are actually organizational development issues. This holds true even for major institutions with sophisticated development staff." (p. 5)

Joyaux implies that the most competent development professionals see the entire complex system and that, no matter what their titles, they are leaders, managers, enablers, and organizational development specialists rather than skilled technicians. The core of her theory is that four relationships ensure organizational survival and health: internal relationships, relationships with the community, relationships with constituents, and relationships with volunteers. Joyaux, who is a proponent of asking meaningful questions as a catalyst to reframing issues, poses and proposes responses to the following intriguing queries that can help prepare organizations to develop the four relationships that enable them to flourish:

*"What must the fundraiser know? Not only what we will do tomorrow, but how we will think about tomorrow? What makes systems and people work, how and, why? Concepts. Context. Process."*

Wagner (2001) quotes Robert L. Payton, cofounder of the Center on Philanthropy at Indiana University, who posed seven questions that the fundraising professional must be able to ask and answer: "What is going on? What has to be done? Who cares? What business is it of ours? What resources are required? Why us? Who owns us?" (p. 56)

She expresses her belief that: "Answering these questions and therefore meeting the implied challenges takes a serious, competent professional who has advanced education and training, is a member of an association of peers, adheres to a code of ethics, exercises good judgment, and believes in the service ethic." (p. 56)

She makes reference to Ernest Shackleton's intriguing 1915 advertisement seeking adventurers eager to join him on a voyage to cross the Antarctic from west to east overland, to which 5,000 people responded. The full text of the ad he placed in a London newspaper, referenced from the PBS website feature entitled Shackleton's Voyage of Endurance follows:

*Men Wanted: For hazardous journey, small wages, bitter cold, long months of complete darkness, constant danger, safe return doubtful. Honour and recognition in case of success. Sir Ernest Shackleton.*

Based on that model, Wagner suggests that a prospective development professional might be sought this way:

*Wanted: Highly motivated individual who is willing to work long hours without much recognition but will produce great results. Previous experience may vary greatly, and could be in fields such as banking, law, teaching, advertising, accounting, and public policy. Applicant should be ambitious, industrious, able to motivate others, caring, tough, and adaptable. He or she will be willing to work in a setting where no one knows exactly what is done in this job or why. Above all, the*

*applicant should be willing to share praise and just as willing to take blame, whether or not deserved.* (p. 44-45)

### **Bridging Mission & Marketplace**

In their 1997 book Fundraisers: Their Careers, Stories, Concerns, and Accomplishments, Margaret Duronio and Eugene Tempel observe that, “Fundraisers create the bridge between mission and marketplace; to be successful they must be credible in both worlds and be able to balance the conflicting values of both worlds.” (p. 9)

They conclude that:

*“Fund raising needs strong, educated, competent people with strong motivations and strong commitments. For this reason, those people who have strong values regarding excellence in their work, a strong desire to contribute to something beyond themselves, and a strong personal desire to be successful may be the best people working in the field. Fund raisers are principled people with strong commitments about making positive and lasting contributions to the organizations hiring them and fund raisers themselves need to be more assertive in spreading this good news.”* (p. 202)

Their survey of members of major professional organizations representing fundraisers indicated that respondents described the best fundraisers as:

*“... Ethical, smart, committed people who are also friendly and sincere. They were knowledgeable about fund raising and also about their organizations. They were skilled in all forms of communication, interpersonal relationships and fund-raising activities.”* (p. 158)

This suggests that the most effective fundraisers embody a combination of strong character, warm personality, technical competence, and a values-based approach to their work in the philanthropic sector that is expressed by upholding the highest ethical standards.

Leslie E. Weir, B.A., M.A., ACFRE, (lweir@wpgfdn.org) Director of Family Philanthropy, The Winnipeg Foundation. Leslie has worked in the philanthropic sector for 25 years. She recently joined The Winnipeg Foundation, the oldest and second

largest community foundation in Canada. She brings to her new role as Director of Family Philanthropy experience in a variety of philanthropic settings: healthcare, health promotion, high education and community service. Leslie earned the Advanced Certified Fundraising Executive designation in 2004. She is one of five Canadians and 79 professionals worldwide to attain this certification. As well, she holds a Masters in Philanthropy and Development from Saint Mary's University of Minnesota. A member of CAGP since 1995, Leslie was founding chair of the Manitoba RoundTable's Leave a Legacy program. Currently she is a member of the Certified Fundraising Executive International Certification Board, and chairs the organization's Marketing Committee. She also serves on the Association of Fundraising Professionals International (AFP) Publishing Advisory Committee and is an elected member of AFP's Canada Council, serving as chair of the Return on Investment Task Force. Leslie is a member of the Rotary Club of Winnipeg, the club that made Rotary international, and was recently named a Paul Harris Fellow.

## THE LAST WORD

### **Commercial Charitable Gift Funds in Canada**

BY FRANK PYKA

Commercial gift funds have arrived in Canada. Five years ago the accepted view was that the Canadian tax regime would not allow financial institutions to offer such funds in Canada, yet they are here without public discourse.

Fidelity Investments launched a commercial version of a charitable gift fund in the United States in 1991. Just 15 years later, over \$3.5 billion is held in the Fidelity funds. Donations in its fiscal year ended June 30, 2006 exceeded \$1 billion, and grants were just under \$1 billion - significant by any measure.

Fidelity isn't the only financial organization offering commercial gift funds in the US, just the largest. If the growth in commercial gift funds in Canada comes close to the

experience in the US, and there is every indication that it will in relative terms, our charitable sector will be transformed. Whether this transformation serves the public interest and furthers the mission of the thousands of charitable organizations in Canada is open to debate; a rather muted debate thus far, given the profound impact this development might have.

### **Commercial Gift Funds in Canada**

The Private Giving Foundation (TD Waterhouse) received its charitable status in June 2004 and accumulated \$46 million in assets to the end of 2006. In 2006, the Strategic Charitable Giving Foundation was created to serve the Investors Group of companies. RBC aligned its product with the Charitable Gifts Fund of Canada formed in 2003, and Scotia Private Client Group with Aqueduct Foundation formed in 2000.

Each of these companies is a good corporate citizen supporting communities across Canada with sponsorship for a host of arts, culture, environment, and other worthy causes. They deserve thanks and respect for this. However, we should not confuse the commercial gift fund endeavor with an altruistic venture. There are multiple reasons behind these companies offering commercial gift funds to their clients and the predominant one is profit.

Profit is the heart of the matter for the banks. You can't fault them for this since their focus is to maximize shareholder wealth, not to cure cancer. They are doing what they are supposed to, and what CRA is allowing.

### **The Heart of the Matter**

At the heart of every charity is the cause it supports. The objective is to maximize charitable benefit from each dollar donated, for the constituents served by the charity, for donors, for the community. Well-managed charities work to minimize

overhead costs and maximize dollars available for the cause.

The facts clearly show where the heart of the matter lies when comparing the fees levied on the banks' commercial gift funds compared to well-established endowment fund offerings by any of the over 150 Community Foundations across Canada, or cause-specific foundations. The Winnipeg Foundation, Canada's first community foundation established in 1921, levies an administration charge against the assets of its endowment funds of 0.5% annually in total. (Typical range for most Foundations is 1 – 2% depending on size). The Private Giving Foundation levies an account management charge of 1.5% plus an investment management charge of 1% + GST. The fees levied by the Investors Group commercial gift fund offering appear to be even higher, if you can understand them at all.

Again, you can't fault the banks for offering a product to consumers, in this case donors, at the fees that they charge; if the consumer buys it, good for the bank. However, the question that needs to be asked is: are the public and the charitable sector being better served with the introduction of these commercial gift funds? Based on the fees levied, the answer appears to be no.

#### Conflict of interest

Several years ago a potential donor approached a foundation I was employed with to discuss a multi-million-dollar gift. An interesting

meeting followed at the request of the donor's financial advisor, unbeknownst to the donor. We discussed a hypothetical situation where a client of his firm might donate a substantial sum to our foundation. The advisor was concerned about losing millions of invested assets "off the books". The advisor did everything but demand to remain the investment manager for these funds if/when they were donated, likely pressured from the company to grow the business.

This was perhaps a foreshadowing of sorts. Banks and other investment firms want to retain custody of investment assets. As more Canadians donate larger amounts of appreciated securities to charities, invested assets are leaking out of investment firms. The banks don't like this. Some advisors don't like this as their trailer fees put bread on the table. The solution: A product that allows the customer to donate the funds to a charity, while the bank retains investment custody and the advisor the trailer fees. The commercial gift fund is born.

I don't envy the conflict most ethical financial advisors will find themselves in with their philanthropically-minded clients. On the one side, there will be a desire to direct the client to donate to the charitable organization that will best meet their philanthropic wishes; on the other side will be corporate pressure to direct donors to the product that retains the assets on the corporate books.

There is a second and more concerning conflict that exists. The charitable gift funds are administered through a separate legal entity with a so-called "independent" board of directors. Most truly independent charitable foundations conduct a rigorous manager search in order to select the best money managers to meet their mandate. Investment performance is monitored, and poor performing managers replaced. How independent are the directors of these new foundations? Do they serve the interests of donors, or the bank? Will they fire an under-performing investment manager?

The charitable sector is built on trust, values, ethics, and transparency. Introduction of charitable gift funds raises legitimate questions of ethics and conflict of interest. Are donors and the greater public good being served with the introduction of commercial gift funds? It is a question worthy of debate and a sober second look by CRA.

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*Submissions, comments, and rebuttals are always welcome. – JWH, Editor  
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