



Crucial Donors:

How Major Individual Givers
Can Best Support Nonprofits



THE CENTER
FOR EFFECTIVE
PHILANTHROPY

Crucial Donors:

How Major Individual Givers Can Best Support Nonprofits

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ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

The mission of the Center for Effective Philanthropy (CEP) is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

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Introduction

The biggest source of philanthropic support for nonprofits in the United States is giving from individual donors. Of the \$428 billion in total charitable giving in 2018, individual donors contributed 68 percent.¹ However, the recent decline in giving among small- and medium-gift givers means that major donors are becoming increasingly important to nonprofits.²

The Center for Effective Philanthropy (CEP) surveyed its *Grantee Voice* panel of more than 600 nonprofit leaders across the country to learn what support nonprofits receive from major donors, what major donors can do to support nonprofits better, and how nonprofits' relationships with major donors differ from their relationships with staffed foundations.

WE LEARNED THAT:

- 1. Relationships matter.** Nonprofit leaders spend more time building personal relationships with major donors as their gifts become larger. In the coming years, the most common trend nonprofit leaders expect to see in how their organizations will work with major donors is that they will place greater focus on building personal relationships with them.
- 2. There is an understanding gap.** To be most helpful, nonprofit leaders believe major donors need to understand their organizations and the context of their work better than they currently do.
- 3. Nonprofits most need multiyear commitments, unrestricted gifts, and support beyond money.** Nonprofit leaders say that these kinds of support help their organizations do their best work and plan for the future.

WHO IS A MAJOR DONOR?

In the survey, we defined **individual donors** as “individuals who give to your organization directly or give to your organization through donor-advised funds at community foundations/commercial financial institutions.”

We defined **major donors** as “individual donors (as defined above) who give \$7,500 or more to your organization in a given year.” We chose this threshold based on MarketSmart’s “2017 Major Gifts Fundraising Benchmark Study,” which found that the median gift size that nonprofits consider to be a major gift is between \$5,000 and \$9,999.³ We chose the middle of this range, \$7,500, as the threshold for this study.

During the most recent fiscal year, 71 percent of nonprofits surveyed received a gift of \$7,500 or more from at least one individual donor.⁴

For comparison, we asked respondents for the giving amount at which their organizations consider an individual donor to be a major donor. The average response was \$6,603.⁵



FINDING

1

Relationships matter. Nonprofit leaders spend more time building personal relationships with major donors as their gifts become larger. In the coming years, the most common trend nonprofit leaders expect to see in how their organizations will work with major donors is that they will place greater focus on building personal relationships with them.

FINDING 1

Relationships are at the core of how donors can best support nonprofits. Relationships enable those providing gifts to understand the nonprofits' work and challenges, as well as how best to help address those challenges.

Most nonprofit leaders say their relationships with major donors change the larger the gifts become. This change can come in the form of building more personal relationships with the donors, communicating with them more frequently, having greater donor involvement

in the work of the organization, and recognizing them publicly or privately.⁶

But nonprofit leaders are not only increasing their focus on relationships with the major donors who give the largest gifts. The most common trend that nonprofit leaders expect to see in how their organizations will work with major donors in the next five years is an increased focus on relationships with *all* major donors.⁷



THE **NONPROFIT** PERSPECTIVE

How Relationships with Major Donors Change the Larger the Gifts Become

“We try to spend more one-on-one time with them so they understand the full impact of what their gift means to our clients and the organization.”

“We are strategic about communicating with them on a monthly—or more often—basis.”

“Donors become much closer to the inner workings of the organization and have more influence at the table.”



THE **NONPROFIT** PERSPECTIVE

Anticipated Trends in How Nonprofits Will Work with Major Donors

“It’s important to make sure the relationships are strong, in person, and very personal.”

“More in-person relationships and less online communication. Major donors use social media to check in on organizations, but nonprofits will connect with them personally.”

“If nonprofits are smart, they will engage major donors in a way that makes them feel like they are a part of the organization.”



THE **DONOR** PERSPECTIVE

Ensuring Donors’ Interactions Are Helpful to Nonprofits

One major donor advises peers to be aware of power dynamics and ensure their interactions with nonprofit leaders are helpful to the organization: “Naturally, folks from the charity are going to try to please the donor, so it’s tricky, but try to work out what kind of input and interactions have a good shot at being useful to them. Try to work out what is actually useful to you and to the nonprofit: Don’t ask them to do some analysis for you or generate some report unless you think it’s likely to actually be useful.”

CEP'S RESEARCH ON FOUNDATION–NONPROFIT RELATIONSHIPS

Building strong relationships with nonprofits is crucial for individual donors and foundations alike. Based on perspectives from nearly 20,000 nonprofits receiving foundation funding, CEP's research shows that strong relationships have five components. In strong relationships, nonprofits:

- Feel they have been **treated fairly** by the foundation
- Are **comfortable approaching** the foundation when a problem arises
- Find the foundation to be **responsive**
- Feel that the foundation has **clearly communicated** about goals and strategies
- Feel that the foundation is **consistent** in those communications

Fostering strong relationships with nonprofit leaders is not something that happens by accident or without commitment. CEP's research shows that the two strongest predictors of foundation–nonprofit relationships are understanding and transparency.

UNDERSTANDING

Understanding is a key component of any kind of strong relationship, and this is especially true for foundations and nonprofits working together to tackle complex, systemic problems. When nonprofit leaders feel the foundation understands the reality of their work—of their organization and of the context in which its work takes place—the relationship is strengthened.

TRANSPARENCY

CEP research has found that nonprofit leaders see transparency as foundations being clear, open, and honest. Nonprofits want foundations to be more transparent about how they choose whether to give to the nonprofit and the likelihood of giving.

Although we don't know for certain, we believe these keys to strong relationships with nonprofits likely apply to individual donors, too.

QUESTIONS FOR MAJOR DONORS

- 1 What does it mean to you to have a relationship with the nonprofit organization(s) you support?
- 2 What are you doing to help build this/these relationship(s)?
 - To what extent do you view relationship building as the responsibility of nonprofit leaders, versus a shared responsibility between yourself and those leaders?
- 3 How aware are you of the challenges those leading the nonprofit(s) you support face in working with major donors?
 - What kind of training would help those leaders strengthen their ability to form and maintain relationships with major donors?
 - How are you able to support those leaders in receiving such training?



FINDING

2

There is an understanding gap. To be most helpful, nonprofit leaders believe major donors need to understand their organizations and the context of their work better than they currently do.

Nonprofits often seek to help communities and individuals who face systemic issues, making their work complex and multifaceted. Moreover, they commonly experience a variety of operational challenges related to fundraising, governance, financial management, leadership, and staffing.⁸ Nonprofit leaders believe that to be most helpful to their organizations, major donors should grow in their understanding of these complexities.⁹

While donors may not have the time to understand all the intricacies of a nonprofit's work, nonprofit leaders suggest focusing on understanding the organization's goals, asking about its greatest needs, and understanding the issue area(s) in which it works.¹⁰



THE DONOR PERSPECTIVE

The Importance of Understanding Organizations' Goals and Contexts

One major donor underscores the importance of understanding and advises other donors to listen to nonprofit leaders: “It’s very important to have a more in-depth, nuanced understanding of the many facets of any institution’s work in order to be an effective donor.” The advice they would give to other donors is to “listen, listen, listen to leadership and staff about the organization’s needs and priorities, and understand in depth the mission and programs of the institution. That is the best way to ensure a strong match between the donor’s interests and the organization’s needs.”



THE **DONOR** PERSPECTIVE

How Relationships Improve Donors' Understanding

One major donor says, “I find it helpful to have a relationship at each charity my wife and I give to significantly. This helps me better understand, for example, why the charity isn’t taking a certain approach that seems natural to me. Usually, there’s a good reason why they’re doing it the way they’re doing it, in which case I learn something; occasionally, it’s something they just haven’t thought about or had a chance to work through, and so it might be interesting for them to try.” Another donor finds it important to “know the leaders individually and collectively as a group, including who they are, their values and beliefs, and what’s important to them.” This helps the donor understand “how these values and beliefs translate into priorities and actions for the organization.”

SUPPORTING NEEDS RATHER THAN EXERTING PRESSURE

Given the power imbalance between donors and nonprofits, nonprofit leaders sometimes feel obligated to modify goals and strategies based on donors’ wishes or requests. Developing a better understanding of a nonprofit organization and its context can help major donors provide the support that the organization truly needs—and help ensure that both donors and nonprofits are working in partnership toward the same ends.

One of the most common suggestions from nonprofit leaders is for donors to stop trying to exert too much influence on the organization.¹¹

THE **NONPROFIT** PERSPECTIVE

How Major Donors Can Stop Exerting Pressure

“Stop suggesting ideas out of the scope of the organization’s mission or focus.”

“Stop requesting special projects not within organizational goals.”

“Stop directing donations to areas of personal interest that are not identified by those we serve as high priority funding areas.”

THE **DONOR** PERSPECTIVE

The Importance of Alignment

One way that major donors can avoid exerting pressure on the nonprofits they support is to ensure that they are aligned with the organizations’ work. One major donor advises others to “make sure you are aligned with the group’s mission and programs.”

QUESTIONS FOR MAJOR DONORS

- 1 What resources are you drawing from to develop an understanding of the goals and the issue area(s) of the nonprofit(s) you support?
- 2 Have you asked those leading the nonprofit(s) you support what they most need
 - For their operations and staffing?
 - For their programmatic work?
 - For their own professional development?
- 3 How could you change the way you or your staff interact with nonprofit leaders to help them feel most comfortable expressing their needs?



FINDING

3

Nonprofits most need multiyear commitments, unrestricted gifts, and support beyond money.

Nonprofit leaders say that these kinds of support help their organizations do their best work and plan for the future.

MULTIYEAR COMMITMENTS

One of the most common suggestions from nonprofit leaders about what major donors can start doing to help nonprofit organizations do their best work is to provide multiyear commitments.¹²



THE **NONPROFIT** PERSPECTIVE

Why Multiyear Commitments Matter

“Multiyear commitments allow us to plan more effectively beyond a one-year cycle.”

“Multiyear commitments assist with planning and reduce limited staff time to solicit each gift each year.”



THE **DONOR** PERSPECTIVE

Deciding When to Provide Multiyear Commitments

One major donor explains that while they do not always make multiyear commitments, they do provide them when their gift is a substantial part of the organization’s budget: “We feel an obligation to make a longer term, multiyear commitment if we’re giving a material part of a smaller charity’s budget (say 10 percent or more). For example, together with another donor we funded an organization that, at the time, had a single employee so that they could effectively double in size by hiring a second person. For this, we made a three-year commitment.”

HELPING NONPROFIT LEADERS PLAN FOR THE FUTURE

Providing multiyear commitments is a great way to help nonprofit leaders plan for the future. Nonprofit leaders say that repeated support and transparency about the likelihood that donors will give in the future also help them plan ahead.

REPEATED SUPPORT

There is a significant gap between how important nonprofit leaders say it is for major donors to provide repeated support and the extent to which they do so. More than 90 percent of nonprofit leaders say it is very or extremely important for major donors to provide such support, but only 59 percent say most or all of their organizations' major donors do so (Figure 1).

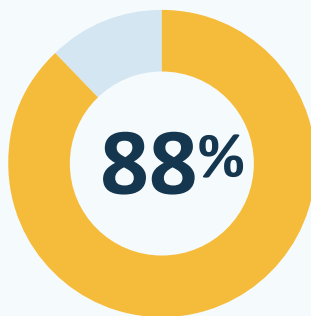
FIGURE 1. Gap Between Importance and Provision of Repeated Support



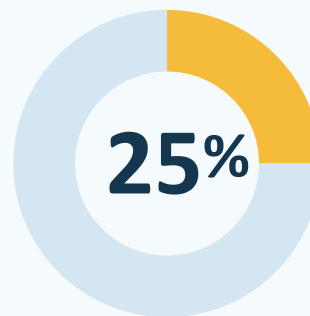
TRANSPARENCY

There is also a significant gap between how important nonprofit leaders say it is for major donors to be transparent about the likelihood that they will give in the future and the extent to which they are transparent about this. Almost 90 percent of nonprofit leaders say it is very or extremely important for major donors to be transparent about the likelihood that they will give in the future, but only 25 percent say most or all of their organizations' major donors are transparent about this (Figure 2).

FIGURE 2. Gap Between Importance of Transparency and Actual Transparency



of nonprofit leaders say it is very or extremely important for major donors to **be transparent about the likelihood that they will give in the future.**
But only...



say most or all of their organizations' major donors are transparent about this.

UNRESTRICTED GIFTS

Another suggestion about what major donors can start doing to help nonprofit organizations do their best work is to provide unrestricted gifts.¹³



THE **NONPROFIT** PERSPECTIVE

Why Unrestricted Gifts Matter

“Unrestricted gifts help us use money where it’s needed most.”

“Unrestricted gifts allow for the greatest flexibility to our organization.”

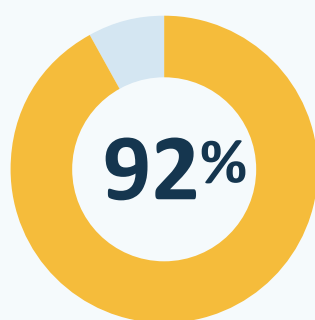
“Unrestricted gifts are an investment in the organization versus one project.”

“Unrestricted giving is crucial to support the financial condition of the organization.”

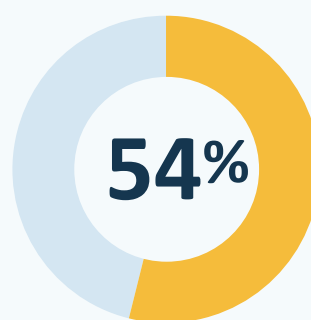
There is a significant gap between how important nonprofit leaders say it is for major donors to provide unrestricted gifts and the extent to which they do so. More than 90 percent of nonprofit leaders say it is very or extremely

important for major donors to provide unrestricted gifts, but only 54 percent say most or all of their organizations’ major donors do so (Figure 3).

FIGURE 3. Gap Between Importance and Provision of Unrestricted Gifts



of nonprofit leaders say it is very or extremely important for major donors to **provide unrestricted gifts**. *But only...*



say most or all of their organizations’ major donors do so.



THE **DONOR** PERSPECTIVE

Deciding When to Provide Unrestricted Gifts

One major donor prefers to give unrestricted gifts because they know that other sources of funding are often restricted: “We have a strong bias toward giving unrestricted funds. This is especially true for charities that get most of their funds from institutional grants that are typically restricted.”

Another major donor is willing to decide whether to give restricted or unrestricted gifts based on what the organization needs: “In some instances, the funding is aimed at a specific goal and in others is unrestricted—my decision-making is flexible, in response to the needs of the organization.”

SUPPORT BEYOND MONEY

Most nonprofit leaders say that if major donors become more engaged with their organizations, particularly by providing support beyond money, it would help their organizations do their best work.¹⁴ More than 90 percent of nonprofit leaders say their organizations’ major donors provide such support, and most of these leaders would like to receive even more.¹⁵

The majority of leaders wanting support, or more support, beyond money believe volunteer time or pro bono services (e.g., assistance with financial, talent, and volunteer management; legal support; general advice, skills, or services) from major donors would be most helpful. Most would also find assistance with fundraising (e.g., providing introductions to other people in the donors’ networks, hosting fundraising events/helping with internal fundraising events, serving as ambassadors, etc.) helpful.¹⁶

THE **DONOR** PERSPECTIVE

Using Professional Expertise to Help Nonprofits

Some major donors use their professional expertise to help the organizations they support. One says, “I am eager to provide support in my areas of expertise.” Another explains, “As for additional, non-monetary support, I rely most heavily on my legal background to provide assistance, whether it’s connecting the organization to pro bono counsel or working with lawyers in governance-related work (like by-laws). In every instance, though, I hope that I have worked to support the organization’s goals rather than my own ideas of what ‘should’ be done.”

THE **DONOR** PERSPECTIVE

The Power of Introductions

Some major donors provide support beyond money by introducing nonprofit leaders to potential donors. One says, “I try to make introductions where that might be helpful, especially for fundraising. We’ve had a number of charities we’re involved with present at my workplace, providing a low-pressure way that people can choose to donate to charities that most resonate with them.” This donor also provides introductions between leaders of different organizations, when helpful: “I also introduce people at different organizations where there may be some opportunity to do something together or share expertise.”

QUESTIONS FOR MAJOR DONORS

1


How do you decide whether to provide single or multiyear commitments to the nonprofit organization(s) you support?

- What information from or about the nonprofit(s) do you factor into this decision?
- Do you ask leaders of the nonprofit(s) you support what type of commitment would be most helpful to their organization(s) and why?

2

How do you decide whether to provide a restricted or unrestricted gift to the nonprofit organization(s) you support?

- What information from or about the nonprofit(s) do you factor into this decision?
- Do you ask leaders of the nonprofit(s) you support what type of gift would be most helpful to their organization(s) and why?

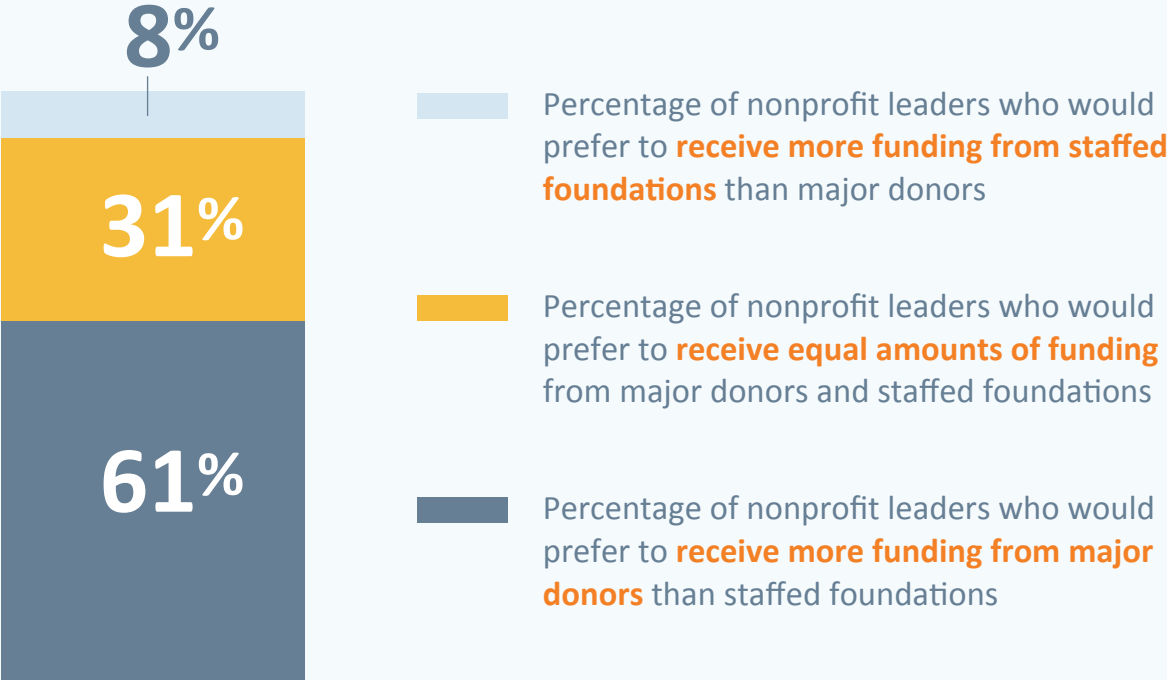
- 3 How do you learn about what support beyond money would be helpful to the organization(s) to which you donate?
 - 4 Do you have the ability to personally, or through your network, provide any support beyond money that would be helpful to the organization(s)?
 - 5 How do your decisions about providing single versus multiyear commitments, restricted versus unrestricted gifts, and support beyond money relate to your philanthropic goals?
- 

How Nonprofits' Relationships with Major Donors Differ from Those with Staffed Foundations

NONPROFIT LEADERS PREFER MAJOR DONOR FUNDING TO FOUNDATION FUNDING

Almost two thirds of nonprofit leaders say they would prefer to receive more funding from major donors than staffed foundations (Figure 4).

FIGURE 4. Nonprofit Leaders Prefer Major Donor Funding



Nonprofit leaders find it easier to manage relationships with major donors and say that major donors provide more multiyear commitments and unrestricted funding.

EASIER TO MANAGE RELATIONSHIPS

Most commonly, nonprofit leaders prefer major donor funding because they find it easier overall to manage relationships with major donors than to manage relationships with staffed foundations.¹⁷



THE **NONPROFIT** PERSPECTIVE

The Relative Ease of Managing Relationships with Major Donors

“Major donors are generous friends to the organization. If they believe in what you do, you can count on them. Foundations require constant application and proof of your worth.”

“Major donors have a more personal commitment to the organization.”

“With major donors, there is less reporting required, giving you more time to do the work and less time reporting on the work you are doing.”

“Major donors are fun to be with and have a passion for what we do. Foundation donors act like they are doing us a favor when making contributions.”

MORE MULTIYEAR COMMITMENTS AND UNRESTRICTED FUNDING

Another common reason nonprofit leaders say they prefer major donor funding to staffed foundation funding is that they view major donor funding as more sustainable.¹⁸ Of these leaders, most explain that major donors provide more multiyear commitments than foundations do.



THE **NONPROFIT** PERSPECTIVE

Major Donors Provide More Multiyear Commitments

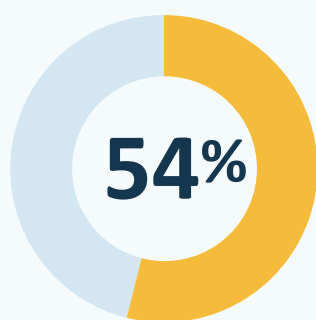
“Foundations’ grant funding priorities can change. The major donor is typically more likely to be available for repeated gifts and to provide more transparency about multiyear commitments.”

“For multiyear capacity building and sustainability, seeking major donor funding feels like a more effective strategy—it feels more vibrant and abundant.”

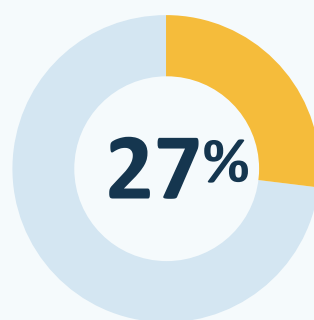
Nonprofit leaders say that one of the biggest advantages of receiving funding from major donors, compared to receiving funding of similar amounts from staffed foundations, is that major donors provide more unrestricted funding.¹⁹

There is a significant gap between the extent to which major donors provide unrestricted funding and the extent to which staffed foundations do so. More than half of nonprofit leaders say most or all of their organizations’ major donors provide unrestricted funding, but only about a quarter say most or all of their organizations’ staffed foundation funders do so (Figure 5).

FIGURE 5. Major Donors Provide More Unrestricted Funding



of nonprofit leaders say most or all of their organizations’ **major donors** provide unrestricted funding. *But only...*



say most or all of their organizations’ **staffed foundation funders** do so.

FOUNDATIONS CAN HELP NONPROFITS FUNDRAISE FROM MAJOR DONORS

Nonprofit leaders believe that their staffed foundation funders can help them fundraise from major donors by connecting them to major donors and endorsing them publicly.²⁰



THE **NONPROFIT** PERSPECTIVE

How Foundations Can Help Nonprofits Fundraise from Major Donors

CONNECTIONS

“The staffed foundation funders could help connect us with major donors through introductions or meeting opportunities. That initial introduction or connection is critical to identifying new major donors.”

“Provide us opportunities to meet with and educate potential major donors about our work, the community needs, and our clients.”

ENDORSEMENTS

“Be willing to share with prospective major donors the foundation’s rationale for funding our organization.”

“Advertise our collaboration, so other foundations and grantees see that we are a reliable organization and worth funding.”

“A statement from a highly regarded foundation about why they support our organization could serve as a ‘stamp of approval’ to provide individuals with increased awareness of and confidence in our work.”

“Prominently highlight their support for the organization and provide endorsements that major donors will take note of.”



Conclusion

Individual donors are the largest source of philanthropic support for nonprofits, and as giving among small- and medium-gift donors declines, major donors are becoming even more important. To be most helpful to nonprofits, major donors should consider what these organizations and their leaders most need.

The relationships between major donors and nonprofit leaders matter. Nonprofit leaders spend more time building personal relationships with major donors as their gifts become larger, and in the coming years, nonprofit leaders expect that they will place greater focus on building personal relationships with *all* major donors.

Given the importance of relationships and the time it takes to build strong relationships, major donors should consider the following questions:

- 1 What does it mean to you to have a relationship with the nonprofit organization(s) you support?
- 2 What are you doing to build this/these relationship(s)?
 - To what extent do you view relationship building as the responsibility of nonprofit leaders, versus a shared responsibility between yourself and those leaders?
- 3 How aware are you of the challenges those leading the nonprofit(s) you support face in working with major donors?
 - What kind of training would help those leaders strengthen their ability to form and maintain relationships with major donors?
 - How are you able to support those leaders in receiving such training?

A crucial component of relationships is understanding, and nonprofit leaders say that there is an understanding gap. To be most helpful, nonprofit leaders believe major donors need to understand their organizations and the context of their work better than they currently do by focusing on understanding organizations' goals, asking about their greatest needs, and understanding the issue area(s) in which they work.

To address the understanding gap, major donors should consider the following questions:

- 1 What resources are you drawing from to develop an understanding of the goals and the issue area(s) of the nonprofit(s) you support?
- 2 Have you asked those leading the nonprofit(s) you support what they most need
 - For their operations and staffing?
 - For their programmatic work?
 - For their own professional development?
- 3 How could you change the way you or your staff interact with nonprofit leaders to help them feel more comfortable expressing their needs?

In addition to addressing the understanding gap, nonprofit leaders say major donors can be most helpful by providing multiyear commitments, unrestricted gifts, and support beyond money.

These kinds of support help their organizations do their best work and plan for the future. When making decisions about what kind(s) of support to provide to nonprofits, major donors should consider the following questions:

- 1 How do you decide whether to provide single or multiyear commitments to the nonprofit organization(s) you support?
 - What information from or about the nonprofit(s) do you factor into this decision?
 - Do you ask leaders of the nonprofit(s) you support what type of commitment would be most helpful to their organization(s) and why?
- 2 How do you decide whether to provide a restricted or unrestricted gift to the nonprofit organization(s) you support?
 - What information from or about the nonprofit(s) do you factor into this decision?
 - Do you ask leaders of the nonprofit(s) you support what type of gift would be most helpful to their organization(s) and why?
- 3 How do you learn about what support beyond money would be helpful to the organization(s) to which you donate?
- 4 Do you have the ability to personally, or through your network, provide any support beyond money that would be helpful to the organization(s)?
- 5 How do your decisions about providing single versus multiyear commitments, restricted versus unrestricted gifts, and support beyond money relate to your philanthropic goals?

The support that major donors provide to nonprofits is crucial. In a nonprofit leader's own words, in the coming years, "Major donors will continue to be the most important resource for nonprofits." By learning and providing what nonprofits most need—in terms of relationships, understanding, and types of support—major donors can have an even greater impact on the issues they seek to affect.

Methodology

Data discussed in this report were collected in October and November 2018 from CEP’s panel of nonprofit leaders, called the *Grantee Voice*.

PANEL

The *Grantee Voice* panel was established in the latter months of 2017 in several steps. First, to create a list of nonprofits to invite to the panel, a data set of almost 430,000 registered 501(c)(3) organizations that filed a Form 990 between 2013 and 2016 was obtained from the National Center for Charitable Statistics (NCCS). CEP kept nonprofits in the data set only if they:

- filed a Form 990 between 2015 and 2016;
- are located in the United States;
- recorded annual expenses between \$100,000 and \$100 million;
- have a positive contributed revenue;
- have an identified area of work (based on National Taxonomy of Exempt Entities Core Codes (NTEE-CC) coding);
- are not a mutual/membership benefit organization (based on NTEE-CC coding);
- are not a religious-based organization (based on NTEE-CC coding);
- are not a hospital or university (based on NTEE-CC coding);
- are not a foundation (based on NTEE-CC coding);
- are not a fundraising entity working specifically across issue area groups (based on NTEE-CC coding);
- are not a supporting organization (based on NTEE-CC coding);
- are not flagged by NCCS as “out of scope” (i.e., the organization must be a 501(c)(3), nonforeign entity, or a government entity).

After filtering for nonprofits that met the criteria described above, 142,582 nonprofits remained in the data set. CEP then took the filtered data set and randomly selected 14,000 nonprofits, ensuring that this selected sample contained representation across a full range of expenses. CEP worked with Foundation Center to determine whether each nonprofit in this random sample had received any funding between 2013 and 2016 from foundations giving at least \$5 million annually in grants. Only nonprofits that had received such funding remained eligible for an invitation to join the panel. In total, 6,309 nonprofits met these criteria.

Only individuals leading eligible nonprofits (CEO or equivalent) were considered for inclusion. These individuals typically had titles such as executive director, president, or CEO. Ultimately, 3,954 nonprofit CEOs were invited to join the *Grantee Voice* panel after some were removed because of invalid contact information. While the invitation was open, 134 more nonprofit CEOs were removed because of additional information we received showing they were ineligible for our sample. In total, 676 accepted

the invitation of the 3,820 eligible nonprofit CEOs, resulting in an acceptance rate of 17.7 percent. We statistically tested for and saw slight differences in the annual expenses and geographical regions of the organizations that did and did not accept the invitation to join the panel.²¹ Between the panel creation and the start of this research project, 24 nonprofit CEOs were removed from the panel because they or their organizations became ineligible.

SAMPLE

In October and November of 2018, a survey was sent to the *Grantee Voice* panel. While the survey was being fielded, 19 nonprofit CEOs were removed from the panel because they or their organizations became ineligible. Completed surveys were received from 191 leaders, and partially completed surveys, defined as being between 50 and 80 percent complete, were received from seven leaders. Thus, 198 of the 633 eligible leaders completed the survey for a response rate of 31.3 percent.²²

Survey Period	Number of Leaders Surveyed	Number of Responses	Survey Response Rate
October–November 2018	633	198	31.3%

On average, nonprofits in this study receive support from a median of 200 individual donors, five of which are major donors.

METHOD

The survey was fielded online for a 23-day period from late October to late November 2018. Nonprofit leaders were sent a brief email that included a description of the purpose of the survey, a statement of confidentiality, and a link to the survey. Leaders were sent up to seven reminder emails.

The survey consisted of 42 items and included questions about what support nonprofits are receiving from individuals who donate major gifts, what these donors can do to support nonprofits better, and how nonprofits' relationships with these donors differ from their relationships with staffed foundations.

RESPONSE BIAS

Nonprofits represented by leaders who responded to the survey did not differ significantly from nonrespondent organizations by staff size or region of the United States in which the nonprofit is located. Nonprofits represented by leaders who responded to the survey differed only slightly from nonrespondent organizations by annual expenses.²³

QUANTITATIVE ANALYSES

To analyze the quantitative survey data from nonprofit leaders, descriptive statistics were examined and a combination of independent samples t-tests, paired samples t-tests, ANOVA tests, and chi-square analyses were conducted. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses.

QUALITATIVE ANALYSES

Thematic and content analyses were conducted on the responses to the following open-ended survey items:

What is one thing major donors can start doing to help your organization do its best work?

What is one thing major donors can stop doing to help your organization do its best work?

In the next five years, what trends do you expect to see in how nonprofits work with major donors?

Please describe how your relationships with major donors change the larger the gifts become.

What are 3 kinds of support beyond money that would be most helpful to receive from major donors?

What, if anything, could your organization's staffed foundation funders do to help you fundraise from major donors?

What is the biggest advantage of receiving funding from major donors, compared to receiving funding of similar amounts from staffed foundations?

Why would you prefer this mix?

A coding scheme was developed for each open-ended item by reading through all responses to recognize recurring ideas, creating categories, and then coding each respondent's ideas according to the categories.

A codebook was created to ensure that different coders would be coding for the same concepts, rather than their individual interpretations of the concepts. One coder coded all responses to the question and a second coder coded 15 percent of those responses. For each open-ended item, an inter-rater agreement of at least 80 percent was achieved for each code.

Selected quotations are included in this publication. These quotations were selected to be representative of the themes seen in the data.

THE DONOR PERSPECTIVES

To identify donors for the donor perspectives, we first identified respondents who rated their organization's major donors mostly highly. For each respondent, we calculated the average rating across the seven measures discussed in this report—the extent to which their organization's major donors

1. Understand their organization's goals;
2. Ask about their organization's greatest needs;
3. Understand the issue area(s) in which their organization works;
4. Provide support beyond money;
5. Provide repeated support;
6. Provide transparency about the likelihood of future funding;
7. Provide unrestricted support.

We stratified the respondents into two groups, based upon the highest giving range in which their organization's major donors fall: \$7,500 to \$99,999 and \$100,000 or more. In each group, we contacted the respondents who rated their organizations' major donors most highly and asked them whether we could spotlight their most helpful major donors.

We are thankful for the major donors who contributed quotes for the donor perspectives in this report: anonymous donor to The Against Malaria Foundation, anonymous donor to the Brooklyn Historical Society, anonymous donor to Ceres Community Project, and two anonymous donors to the Reproductive Health Access Project.

Endnotes

1. *Giving USA: The Annual Report on Philanthropy for the Year 2018* (2019). Chicago: Giving USA Foundation; Although the percentage of total charitable giving that was contributed by individual donors decreased from 70 percent in 2017 to 68 percent in 2018, individual donors remain the biggest source of philanthropic support.
2. Patrick Rooney, "The Growth in Total Household Giving Is Camouflaging a Decline in Giving by Small and Medium Donors: What Can We Do about It?," *Nonprofit Quarterly* 25, no. 13 (Fall 2018): 44–49.
3. "2017 Major Gifts Fundraising Benchmark Study: How Does Your Organization Compare?" (Greenbelt, MD: MarketSmart, 2017), <https://cdn2.hubspot.net/hubfs/1716178/MarketSmart%202017%20Major%20Gift%20Benchmark%20Study.pdf?submissionGuid=6d2fdd37-6422-4bd9-83bc-773f61695d93>.

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4. A chi-square analysis of median annual expenses was conducted, and a statistically significant difference of a small effect size was found. Nonprofits with annual expenses less than ~\$850,000 were slightly less likely to receive a gift of \$7,500 or more from at least one individual donor, and nonprofits with annual expenses of ~\$850,000 or more were slightly more likely to receive a gift of \$7,500 or more from at least one individual donor.
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5. Respondents to our survey represent smaller organizations than respondents to MarketSmart’s survey. Of the respondents to MarketSmart’s survey, 10 percent represented organizations with budget sizes less than \$500,000; 12 percent between \$500,000 and \$999,999; 20 percent between \$1 million and \$2.99 million; 18 percent between \$3 million and \$9.99 million; 16 percent between \$10 million and \$24.99 million; and 24 percent greater than \$25 million. In comparison, 36 percent of the respondents to our survey represented organizations with budget sizes less than \$500,000; 19 percent between \$500,000 and \$999,999; 20 percent between \$1 million and \$2.99 million; 15 percent between \$3 million and \$9.99 million; seven percent between \$10 million and \$24.99 million; and four percent greater than \$25 million.
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6. When asked, “Do your relationships with major donors change the larger the gifts become?” 67 percent selected “Yes.” When asked the open-ended follow-up, “Please describe how your relationships with major donors change the larger the gifts become,” the most common response (47 percent) was that they build more personal relationships with major donors, followed by communicating with them more frequently (40 percent), having greater donor involvement in the work of the organization (29 percent), and recognizing them publicly or privately (24 percent).
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7. When asked the open-ended question, “In the next five years, what trends do you expect to see in how nonprofits work with major donors?” the most common response (36 percent) was that nonprofits will increase their focus on relationships with all major donors.
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8. Ellie Buteau, Charis Loh, and Temitayo Ilegbusi, “Strengthening Grantees: Foundation and Nonprofit Perspectives” (Center for Effective Philanthropy, 2018), <http://research.cep.org/strengthening-grantees>.
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9. Paired t-tests found statistically significant differences of medium or large effect sizes between how important nonprofit leaders say it is for major donors to ask about their organization’s greatest needs; understand their organization’s goals; understand the issue area(s) in which their organization works; understand their organization’s strategies; understand the social, cultural, or socioeconomic factors that affect their organization's work; and understand the local community in which their organization works—and the extent to which major donors currently do these things.
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10. Paired t-tests between how important nonprofit leaders say it is for major donors to do each of the things listed in the previous endnote indicated that asking about the organization's greatest needs, understanding the organization's goals, and understanding the issue area(s) in which the organization works are most important.
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11. When asked the open-ended question, "What is one thing major donors can stop doing to help your organization do its best work?" the most common response was to stop providing restricted (as opposed to unrestricted) gifts (25 percent), followed by exerting undue influence on the organization (20 percent).
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12. When asked the open-ended question, "What is one thing major donors can start doing to help your organization do its best work?" the most common response was to become more engaged with the organization (59 percent)—particularly by providing support beyond money (46 percent)—followed by providing multiyear commitments (22 percent) and unrestricted gifts (20 percent).
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13. When asked the open-ended question, "What is one thing major donors can start doing to help your organization do its best work?" the most common response was to become more engaged with the organization (59 percent)—particularly by providing support beyond money (46 percent)—followed by providing multiyear commitments (22 percent) and unrestricted gifts (20 percent). And when asked the open-ended question, "What is one thing major donors can stop doing to help your organization do its best work?" the most common response was to stop providing restricted (as opposed to unrestricted) gifts (25 percent), followed by exerting undue influence on the organization (20 percent).
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14. When asked the open-ended question, "What is one thing major donors can start doing to help your organization do its best work?" the most common response was to become more engaged with the organization (59 percent)—particularly by providing support beyond money (46 percent)—followed by providing multiyear commitments (22 percent) and unrestricted gifts (20 percent).
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15. When asked, "To what extent would you say that your organization's major donors provide your organization with support beyond money?" 92 percent indicated that their organization's major donors provide this to at least a small extent, and eight percent indicated that their organization's major donors do not provide this at all. When those who indicated receiving this support were asked the follow-up question, "Would your organization want to receive more support beyond money?" 80 percent selected "Yes." When those who indicated not receiving this support were asked the follow-up question, "Would your organization want to start receiving support beyond money?" 55 percent selected "Yes."
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16. When asked the open-ended question, "What are 3 kinds of support beyond money that would be most helpful to receive from major donors?" the most common response was pro bono services (65 percent), followed by fundraising assistance (63 percent).
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17. When asked the open-ended question, “Why would you prefer this mix?” the most common response was that it is easier to manage relationships with major donors (25 percent), followed by the sustainability of major donor gifts (20 percent). Similarly, when asked the open-ended question, “What is the biggest advantage of receiving funding from major donors, compared to receiving funding of similar amounts from staffed foundations?” the most common response was also that it is easier to manage relationships with major donors (59 percent), followed by the number of unrestricted gifts (29 percent).
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18. When asked the open-ended question, “Why would you prefer this mix?” the most common response was that it is easier to manage relationships with major donors (25 percent), followed by the sustainability of major donor gifts (20 percent).
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19. When asked the open-ended question, “What is the biggest advantage of receiving funding from major donors, compared to receiving funding of similar amounts from staffed foundations?” the most common response was also that it is easier to manage relationships with major donors (59 percent), followed by the number of unrestricted gifts (29 percent).
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20. When asked the open-ended question, “What, if anything, could your organization’s staffed foundation funders do to help you fundraise from major donors?” the most common response was to connect them to major donors (38 percent), followed by endorsing them publicly (26 percent).
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21. A chi-square analysis of expense quartiles was conducted, and a statistically significant difference of a small effect size was found. Nonprofits with annual expenses less than \$1.7 million were slightly more likely to accept the invitation to join the panel, and nonprofits with annual expenses of \$1.7 million or more were slightly less likely to accept the invitation to join the panel. A chi-square analysis of geographic region was conducted, and a statistically significant difference of a small effect size was found. Nonprofits located in the western United States were slightly more likely to accept the invitation to join the panel, and nonprofits located in the southern United States were slightly less likely to accept the invitation to join the panel.
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22. 179 CEO/executive director or equivalent, 14 development director or equivalent, five other (senior manager, development; development director; COO; chief legal officer, and artistic director).
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23. A chi-square analysis of median staff size was conducted, and no statistically significant differences were found. A chi-square analysis of geographic region was conducted, and no statistically significant differences were found. A chi-square analysis of median annual expenses was conducted, and a statistically significant difference of a small effect size was found. Nonprofits with annual expenses less than ~\$1 million were slightly more likely to complete the survey, and nonprofits with annual expenses of ~\$1 million or more were slightly less likely to complete the survey.
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