

Philanthropy Corner – 12/18/11  
“Be Generous and Smart With Your Holiday Giving”  
Dianna L. Sutton

Still trying to decide who’s naughty or nice on your holiday gift list, including which charitable organizations are worthy of your yearend gift? If you are trying to make up your mind based on the best value for your end of year charitable donations this season, you are not alone. Donors, now more than ever, want their hard-earned dollars to result in the biggest value.

Throughout the year, almost everyone is touched by a nonprofit organization in one way or another. Most likely, your mail box is full of requests from these organizations asking for a year end gift. But how do you know which organizations are doing the best job?

Studies show that donors care about the effectiveness of an organization and definitely want better information about the nonprofits they support. The “Money For Good II” study conducted by Hope Consulting and GuideStar in 2010 revealed that nine out of ten donors want to invest in high performing organizations. Yet only three of ten do research before making a gift, and only three out of 100 donors do any research at all to identify high performance nonprofit organizations. The report suggests donors use three Rs to maximize holiday charitable gift giving this season: Reflect, Research, and Rebalance.

As charitable giving is often more reactive than proactive, taking time to be reflective is suggested in order to create change and achieve better long-term results. Becoming more strategic with your philanthropy by identifying causes important to you and what you want to achieve will help your giving have more impact. Select organizations that you are passionate about and meet your giving plan, and focus your dollars on sustained support for greater results.

Research the organizations that match your philanthropic plan or philosophy. The push for transparency and accountability over the last decade has resulted in donors having more access to information via the internet. In addition to information provided by the nonprofit, third-party independent sites such as GuideStar, Philanthropedia, Charity Navigator and others will help you examine how an organization uses the funds, its impact, legitimacy and mission.

Throughout the year, reassess your gift giving to ensure it is on track with the goals you set. Examine reports from the nonprofits you support and adjust or rebalance your strategy as necessary. By this time next year, you are likely to be pleased with your giving if you follow a plan.

These tips provided in the study are designed to help donors see greater results by embracing a consistent philanthropic strategy rather than engage in random acts of charity. But we cannot ignore a recent article in the Boston Globe that cautions donors against being too analytical. The article cited research that showed donors tend to give less the more they think about it. Thinking too analytically or deliberately about giving deflates our generous nature as giving is more emotionally motivated.

Studying a favorite nonprofit’s financial report is not likely to stimulate excitement about donating as much as the feelings that giving generates within us. Further, donors who are too analytical may be discouraged from giving because of the “drop in the bucket effect.” This

describes the donor's realization that their contribution may pale in comparison to the overall need which may result in their decision not to give at all.

When it comes to philanthropy, bigger doesn't mean better. For many organizations, even the smallest of contributions combine to make a large impact. And you don't have to be a large organization to have measurable impact. But donors do want to have concise information to help inform their philanthropic choices. Providing donors with information about organizational impact and effectiveness in a concise, transparent and clear format will help nonprofits of all sizes attract more donors.

The bottom line is that while it may be possible to be both generous and smart with your charitable giving, helping others is simply a part of our nature and makes us feel good. While you may want to evaluate your charitable giving, JUST DO IT. Follow your heart, make a difference, and get involved with a little (or a lot) of giving now and throughout the year. Happy holidays.

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