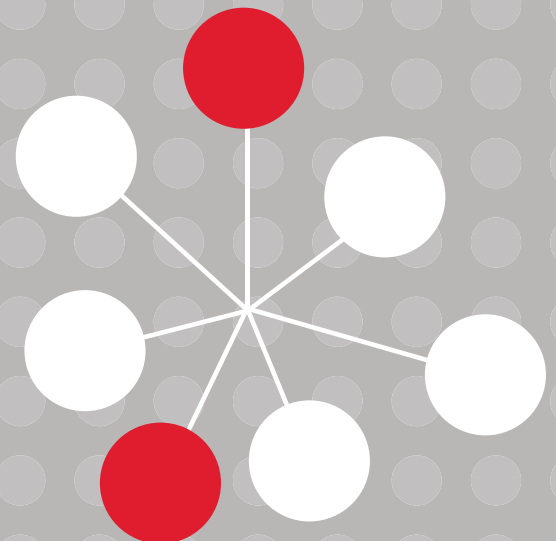


2013
PRACTICAL
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FOR FUNDERS

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NEXT GEN DONORS: SHAPING THE FUTURE OF PHILANTHROPY

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20
years
1992-2012
Johnson Center
at Grand Valley State University

21/64

www.grantcraft.org

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These starter questions can be used to promote dialogue for audiences including next generation donors; family, community, and private foundations; donor advised funds; philanthropy networks; advisors; and researchers.



GrantCraft is pleased to partner with **21/64** and the **Johnson Center for Philanthropy** at Grand Valley State University in an analysis of their research to better understand and improve family philanthropy. This guide is drawn from 30 interviews conducted for their study, *Next Gen Donors: Respecting Legacy, Revolutionizing Philanthropy*. Quotes in this GrantCraft publication, *Next Gen Donors: Shaping the Future of Philanthropy*, are taken directly from these interviews; in some cases, details have been modified to protect the confidentiality of participants. In tapping the “practical wisdom” of thoughtful, next generation philanthropists, this piece—like all GrantCraft resources—is intended to spark ideas, stimulate discussion, and suggest possibilities.

This guide was written by Lisa Philp. It is part of the GrantCraft series. GrantCraft is a joint project of the **Foundation Center** in New York and the **European Foundation Centre** in Brussels. For further information please contact Lisa Philp at llp@foundationcenter.org or Rosien Herweijer at rherweijer@efc.be. To access this guide and other resources, please visit www.grantcraft.org.

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In Their Own Words

As 21/64 and the Johnson Center for Philanthropy note in their study, *Next Gen Donors: Respecting Legacy, Revolutionizing Philanthropy*, a relatively small group of Gen Xers and Millennials will inherit over \$40 trillion in wealth, much of that designated for charitable giving.

Many are making their own wealth, too. They will be the major donors in America for decades to come; some already are. These next generation donors will face immense, complex social problems in their lifetimes, requiring them to be both generous and smart in their giving.

Philanthropists in their 20's and 30's are forming their identities as donors. In the case of those with inherited wealth, parents and grandparents frequently provide examples of how to give directly or through family foundations and donor-advised funds. But as several interviewees observed, the ground rules about philanthropy are often implicit. The message from family often is "this is what people who have been as fortunate as us do," but details are left unspoken.

This implicit aspect of family philanthropy encouraged reflection by the 21/64 and Johnson Center interviewees as they chart their paths as philanthropists. When asked how they differ from earlier generations, their responses clustered around three broad themes: a hunger for engagement, new ways of learning, and the importance of now. Participants in this study were quick to credit earlier generations with imparting a value system to them about the *why* of philanthropy, but felt an imperative to experiment with the *how*.

About This Research

21/64, a nonprofit consulting practice specializing in next gen and multigenerational strategic philanthropy, and the Frey Chair for Family Philanthropy program at the Johnson Center for Philanthropy set out to partner on this first-of-its-kind research. They examined a segment of the next generation of major donors in the United States through a careful, detailed study of their philanthropic orientation, priorities, strategies, decision-making, and activities. This project sought to study this crucial group directly in an exploratory way, rather than summarizing what others think about them.

This research aims to:

- reflect back to these donors what they are saying about themselves in order to help them become better, more thoughtful philanthropists,
- encourage and inform conversations among multiple generations involved in philanthropy today and in the future, and
- help those who seek to engage and assist the next generations to become better donors, stewards, grantmakers, and agents of social change.

After a literature review and research scan, they listened to the next generation of major donors by conducting 30 in-depth interviews and carrying out a national online survey that garnered 310 responses. In both cases, participants were screened to ensure that they were 21-40 years old and that they fit certain criteria to be considered high-capacity donors.

This GrantCraft guide draws from the transcripts of the interviews and is a companion piece to the full research report which is available at www.nextgendonors.org. Please also follow the Twitter conversation at #NextGenDonors.

Hunger for Engagement

In their interviews, study participants expressed a desire to be hands-on philanthropists—in their approach to funding and with key audiences including grant recipients, their families, peers, and other funders. They are more likely to approach their giving from the standpoint of problems to be solved rather than institutions to be supported.

They want to be engaged with grantees. They are eager to make substantive contributions to their families' foundations. They enjoy collaborating with and learning from their peers. And they recognize the value of leveraging their giving with other funders.

institutions that either they see as very important, they see as having changed their lives and so have the potential to change [other] lives." She contrasted this approach with her interest in wanting to know what is happening on the ground.

"I want to very much be in a relationship to the work that is happening. I don't want to be standing on the sidelines."

As shown in Figure 1's survey data, personal experience, direct observation, and experiential learning reign supreme for the study participants.

APPROACH TO FUNDING

The starting point for family philanthropy may differ across generations. A study participant said his father "has a list of a dozen nonprofits that are all well-meaning and do great things, but I might come at a problem differently. Where he's got a list of actual nonprofits, I may have a list of problems that I'm interested in and then try to research. What is the best way to attack that problem? Who are the best nonprofits out there? It may not even be a nonprofit, it may be a for-profit company." Another observed, "I see the older generations as institution building. They build institutions, and they support

GRANTEES

Several interviewees spoke of their interest in connecting directly with the groups and people they supported. This comment is illustrative of those made by many study participants: "I have the sense that there is a desire and a need for more direct contact with [those affected by philanthropy] in the younger generation." This level of engagement was presented in contrast to earlier generations: "With my grandparents' or even my parents' generation there is a very hands-off approach to funding, like we write checks or we give money but we are separate from the work that is happening. I want to very much be in a relationship to the work that is happening. I don't want to be standing on the sidelines."

FAMILIES

Although a majority of the study participants are currently involved to some degree with their family's giving, there is room to grow in terms of their level of engagement. Interviewees expressed an eagerness to be able to share their perspectives and pursue their strategies for doing good in the context of their families' foundations and donor advised funds. Said one, "What I am trying to do now is to create new habits within our family of talking with each other about giving which we

FIGURE 1: IMPORTANCE OF INFLUENCES ON LEARNING AND DEVELOPING PERSONAL PHILANTHROPY

Key: 4 = Very Important, 3 = Somewhat Important, 2= Minimally Important, 1 = Not at All Important



Source: *Next Gen Donors: Respecting Legacy, Revolutionizing Philanthropy*. Based on a national survey with 310 respondents.

have not done in the past. I want us to be more comfortable talking through our personal and collective giving, and figuring out together how we want to go forward.”

PEERS

The importance of peer interaction in philanthropy was echoed by many interviewees: “In terms of my leadership it matters a lot for me to be able to be and do something with peers and to feel like my voice is valued, and I’m giving something and also continuing to learn new skills.” Another noted the benefits of a structured giving circle with others of a similar age; “It is so much easier when there are 20 other people around the table and on the conference call. Then you have to be strategic, you don’t have a choice, you have to present an objective, or close to an objective reason, as to why an organization should get your grant as opposed to

the next organization on your pile. So the communal and conversational aspect of [a next gen funding collaborative] has forced me to do what I don’t have to do when I am by myself.”

FUNDERS

Perhaps the next frontier of engagement for Gen X and Millennial generation philanthropists after grantees, family members, and peers is collaboration with other funders. “I think leveraging our position as a foundation in the community and working with other foundations was a huge breakthrough for us,” noted a study participant. She said that the transformation enabled by this collaboration made her family think, “What else can we do [to help] this town? We can really make change that is significant.” Another noted, “I think that the way I can be most effective as a donor is by being in coordination with other donors.”

New Ways of Learning

Study participants noted that the ways in which their generations source new ideas and approaches differ from those of their older relatives. They observe that philanthropy is an industry with resources and advisors to facilitate learning. They describe the ease of connecting with new people and staying in touch. And many find it second nature to use social media as a tool for quickly learning about issues.

INDUSTRY

One interviewee observed that her older family members do not understand that their family foundation is tied to a larger industry. “I know that there is an industry that supports [the field and

those interviewed were engaged in a process of discovery about the philanthropy industry. As shown in Figure 2, next generation respondents to the 21/64–Johnson Center survey noted taking advantage of a variety of nonprofit and private industry resources.

“The idea that I’m going to have one trusted advisor or a limited set of trusted advisors, I totally don’t feel at all. I mean, I want everyone to help me and some things are going to make more sense than others.”

that] a lot of the questions and challenges that my family was dealing with are very common. There is nothing particularly exciting or unique about what we were going through. It felt unique to my mom and really nerve-racking to her, and I think that it still does.” The broader group of

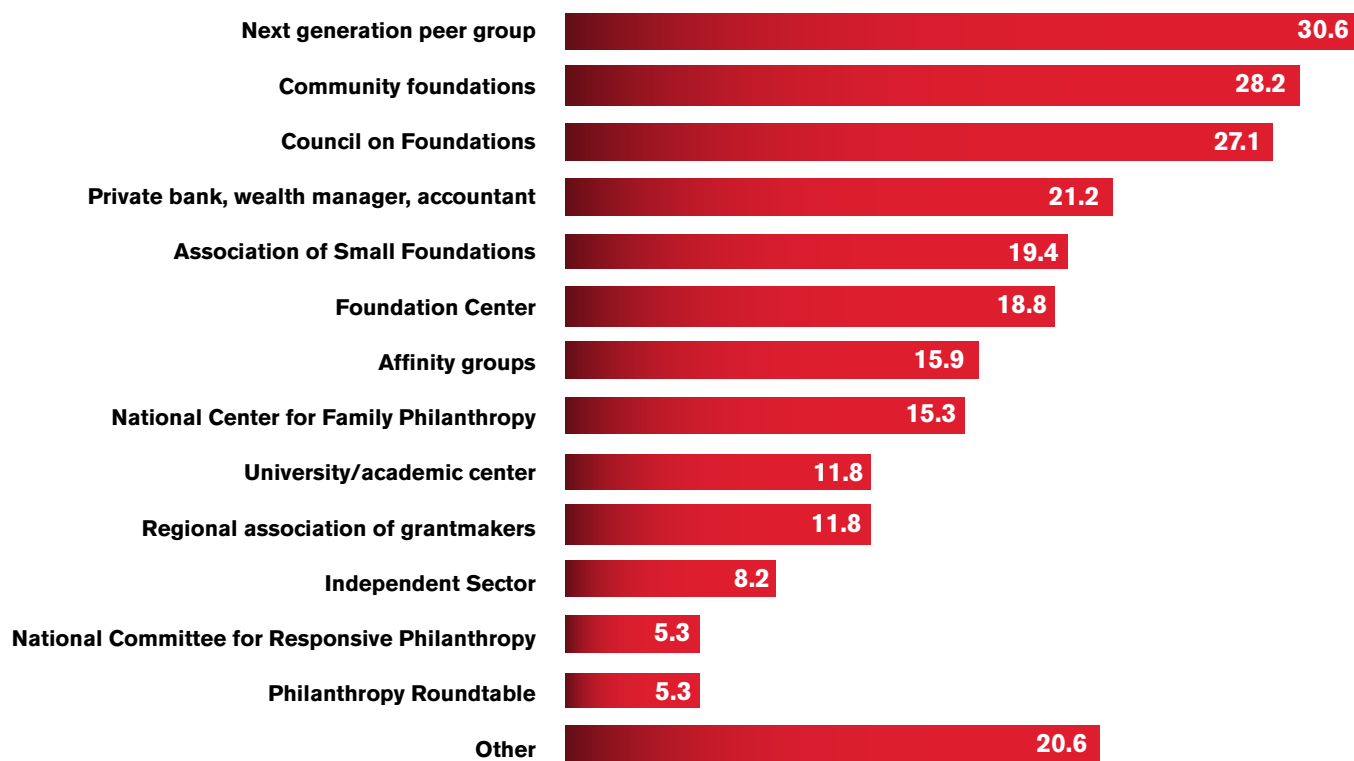
ROLE OF ADVISORS

Many private banks and trusts and estates divisions of law firms base their business models on serving as *primary* trusted advisors to high net worth clients—for their investments, legal needs, and often their philanthropy. But as one interviewee noted, “I trust everyone... The idea that I’m going to have one trusted advisor or a limited set of trusted advisors, I totally don’t feel at all. I mean, I want everyone to help me and some things are going to make more sense than others.” Advisors may need to modify their approaches with Gen Xers and Millennials away from a gatekeeping orientation toward one focused on the “curation” of a broader set of resources for their clients.

CONNECTING WITH PEOPLE

Generations of philanthropists have learned about giving by talking to fellow philanthropists. What seems distinctive about this generation is their ease with outreach and follow-up with contacts no matter where they live using simple technologies like email and search engines.

FIGURE 2: SOURCES USED FOR DONOR EDUCATION AND NETWORKING (% OF RESPONDENTS)



Source: *Next Gen Donors: Respecting Legacy, Revolutionizing Philanthropy*. Based on a national survey with 310 respondents.

One observed that if her generation meets people at a national conference, they have the assumption that they can keep in touch with them. She stated that this contrasts with her mom’s generation who thinks, “these people don’t live in her community, she doesn’t have any other connection with them, why would she keep in touch with them?”

Another told a story about generational differences in sourcing information. He found it easy to send an email blast to 50 people and follow up with those who replied with something interesting, whereas an older colleague’s method of choice in the same situation was to call 10 people. He said, “I think I’ll get a better quick scan with my 50 emails than she will get from 10 calls. So my giving is different in that way from hers because of the first place we go for information.”

Those interviewed for this study are web-centric in their approaches to finding information. One said,

“If I meet someone at a dinner party and they are interesting, I will Google them. I just know if someone meets me at a dinner party or meets me at a meeting, they can go Google me and they can find something out. My mom doesn’t really operate that way, and my aunts and uncles don’t operate that way, so they don’t understand that all of that information is out there anyway.”

SOCIAL MEDIA

Several respondents spoke of using Twitter as a simple way to learn quickly about new areas of funding by following a variety of individual and organizational tweeters working on that topic. One spoke of social media as a complement to his overall outreach strategy by observing, “I’m trying to talk to as many people and go to as many conferences and follow as many different foundations on Twitter as possible.”

Importance of Now

This sample of Generation X and Millennial donors highlighted their deep interest in helping and applying their skills in the here and now. They note that they are the first generation to be diagnosed on a large scale with attention deficit/hyperactivity disorder. They grew up bombarded by vibrant images from around the world. They are aware of the effects of their structured childhoods and high expectations on their roles as adults. They are ready to draw upon their full potential. And they may not perceive the same boundaries among the different aspects of their lives.

ATTENTION SPANS

Two interviewees used the expression “ADHD generation” to describe themselves and their peers. As a practical challenge for philanthropy, one wondered if a typical written grant proposal could capture the attention of 18-to-35 year-old

EXPERIENTIAL LEARNING

By growing up in a connected, digital environment, another study participant noted that his generation is more likely to want to learn and connect through experiential means. He surmised that this is an adaptation to having been confronted by global images every minute of every day. It’s also consistent with many comments among next generation donors about wanting to play a hands-on role rather than simply writing checks.

OVERACHIEVERS

Another observed, “We are a generation of go-getters. To get where we are right now, we had to kick ass in college and get into the best grad school and then be protégées out of the gate and storm the gates of where we wanted to work and get in and rise to the top and be the next whatever.” Although no age group has a lock on overachievement, it’s notable that many interviewees applied this self-perceived generational intensity into an interest in experimenting with high-impact, strategic philanthropy. As one noted, “There are a million different ways to be philanthropic in 2012 that there weren’t in 1985!”

“There are a million different ways to be philanthropic in 2012 that there weren’t in 1985!”

donors. She observed that if an application didn’t speak to them immediately—in the first paragraph of the first answer—then her generation would be less likely than other generations to move it to the next round. Recognizing their limited attention spans, a next gen funding collaborative added a 60-second pitch video to their grant application process to allow for a quick “talking head” summary of the written materials.

FULL SELVES

Multiple interviewees focused on their desire to participate as philanthropists as they develop their professional and personal identities. “I think the biggest thing is just having people take an interest in this throughout their lifetimes” noted an interviewee, as opposed to “I’m retired now. I made my money, and now is the best time to give it away.” Others expressed their desire to bring their full selves to their roles as philanthropists: their skills, experiences, time, energy, and networks, as well as their funding.

SELF-INTEGRATION

Rather than focus on the elusive work-life balance, one interviewee observed that “previous generations saw social life as very social, professional life as professional, and then family life as family. [My generation], I think, sees those as way more integrated into the self. It is all like a line and all of that should be on this trajectory of whatever it is that we are heading towards as people.” This blurring of the lines may lead to more integration of philanthropy into the core lifestyles of these major next gen donors, affecting how they parent, how they invest, how they shop, and other parts of their lives.

Interview Questions

Interviews were conducted by 21/64 and the Johnson Center for Philanthropy as “guided conversations” rather than a scripted list of questions, using standard open-ended qualitative interviewing techniques.

Examples of questions include:

- What are your **giving priorities**?
- Would you say you have an **overarching strategy** that guides your giving?
- What do you consider your **biggest success** in giving, either as an individual or through your family?
- What was your **biggest failure** and why?
- How is your **strategy similar or different** from the previous generations in your family?
- What is one thing about how your family does philanthropy that you **strongly agree** with or admire?
- What does your family **disagree** about most in your philanthropic discussions?
- What could you and your family be **doing better** in your philanthropy?
- What makes you **happiest** as a donor?
- What is most **frustrating**?
- What did you **learn** specifically about philanthropy from these **sources**:
 - » Family?
 - » Friends/peers?
 - » Advisors?
 - » Reading?
 - » Training?
 - » Life experiences?
 - » Religious teaching?
 - » Other sources?

How to Use This Guide

This GrantCraft guide is a slice of the key findings from the full research report written by 21/64 and the Johnson Center for Philanthropy and a jumping off point for further investigation.

GrantCraft aims to shed light on the practices of next generation U.S. philanthropists with its increasingly global audience of foundation staff, philanthropy networks, nonprofits and nongovernmental organizations, consultants, and researchers. The key findings from this research illustrate this cohort's hunger for engagement, new ways of learning, and the importance they place on their roles in this moment in time.

This short piece can be used to promote dialogue among a variety of audiences interested in the priorities, strategies, and activities of next gen donors:

- **Next gen donors and peer groups:** How can we further our exploration of high-engagement philanthropy, expand our new ways of learning, and make the most of this moment?
- **Family foundations:** Which multi-generational stories ring true for our family foundation? What can we do to promote the growth and development of our own next generation?
- **Community foundations:** How can we promote the growth and development of next gen donors as strategic, hands-on philanthropists in our communities?
- **Private foundations:** How can we better understand and reach out to next gen members of family foundations to collaborate?

- **Donor advised funds:** How can we encourage more multi-generational participation in our DAFs? What can we do to encourage next gen donors to create their own DAFs?

- **Regional associations, affinity groups, and other philanthropy networks:** How can our networks adapt to the interests and approaches of next gen donors? What can we do to promote their development as strategic philanthropists?

- **Private banks, attorneys, family offices, consultants:** How can we improve our services for next generation philanthropists?

- **Researchers:** What questions need further investigation?

GrantCraft's blog, **Field Notes**, will include posts focused on family philanthropy and next gen donors in the coming year. Sign up at <http://blog.grantcraft.org/> for updates.

Join in the 21/64 and Johnson Center conversation at www.nextgendonors.org and add to the Twitter stream by using the hashtag #NextGenDonors.

ABOUT GRANTCRAFT



GrantCraft (www.grantcraft.org) is a joint project of the New York-based Foundation Center and the Brussels-based European Foundation Centre. By publishing resources and facilitating the exchange of information among funders around the world, GrantCraft increases the collective knowledge of the field and improves the practice of philanthropy. GrantCraft's signature approach has been to tap the "practical wisdom" of a diverse group of experienced practitioners. In doing so, GrantCraft has amassed a set of tools and techniques that are now available as guides, cases, translations, a map of the craft, and more.

ABOUT THE FOUNDATION CENTER



Established in 1956, the Foundation Center (www.foundationcenter.org) is the leading source of information about philanthropy worldwide. Through data, analysis, and training, it connects people who want to change the world to the resources they need to succeed. The Center maintains the most comprehensive database on U.S. and, increasingly, global funders and their grants – a robust, accessible knowledge bank for the sector. It also operates research, education, and training programs designed to advance knowledge of philanthropy at every level.

ABOUT THE EUROPEAN FOUNDATION CENTRE



The European Foundation Centre (www.efc.be), founded in 1989, is an international membership association representing public-benefit foundations and corporate funders active in philanthropy in Europe, and beyond. The Centre develops and pursues activities in line with its four key objectives: creating an enabling legal and fiscal environment; documenting the foundation landscape; building the capacity of foundation professionals; and promoting collaboration, both among foundations and between foundations and other actors.

ABOUT THE DOROTHY A. JOHNSON CENTER FOR PHILANTHROPY



The Johnson Center for Philanthropy at Grand Valley State University in Grand Rapids, Michigan (www.johnsoncenter.org) utilizes a systems-based approach to serve foundations, nonprofits, and others seeking to transform their communities for the public good. One of the largest such university-based centers in the U.S., the Johnson Center operates a comprehensive mix of programs including the Community Research Institute, *The Foundation Review* journal, The Grantmaking School, Philanthropic and Nonprofit Services, and the Frey Foundation Chair in Family Foundations and Philanthropy.

ABOUT 21/64



21/64 (www.2164.net) is a nonprofit consulting practice that specializes in next generation and multigenerational strategic philanthropy. Initially founded as a division of the Andrea and Charles Bronfman Philanthropies, 21/64 is built on the premise that next generation funders have their own values, vision, and voices to bring to their philanthropic tables. 21/64 offers coaching, consulting, speaking, training, and resource tools to assist families and their advisors during times of generational transitions, and education to help next gen donors prepare for their imminent responsibilities.

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