Building the House of Philanthropy

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"That's not how it works," Jim challenged.

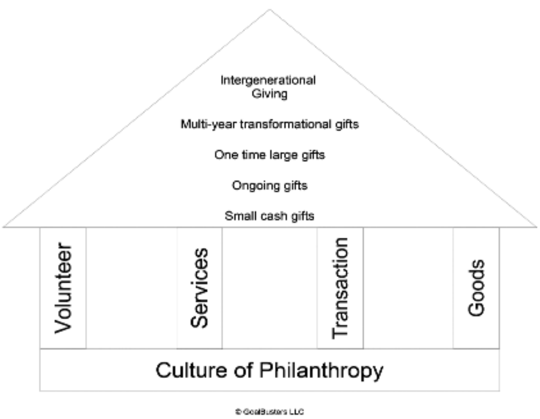
Driving out to the Hopi Nation in northern Arizona in 2007, we were discussing fundraising concepts that we were planning to share with our friends at the Hopi Education Endowment Fund and The Hopi Foundation. The Hopi Nation is a geographically vast and sparsely populated area in northeastern Arizona. As we worked with this Native American community, we were learning that certain principles weren't fully translating to this rural and diverse population.

The issue at hand was the donor pyramid. Developed originally for campaigns in predominantly educational institutions, the donor pyramid is a frequently cited illustration of how donors should increase their giving to an organization. In the classic donor pyramid, contributors begin supporting an organization with small, first-time gifts and then progress to repeat gifts, major gifts, capital gifts and planned gifts. Over recent years, many have disagreed with the model, and we were no exception.

"That's not how it works on the farm. That's not how it works out here. You rarely help someone the first time by handing them cash. The first thing you do is you show up," Jim continued. "You pitch in, you carry your bucket of water. If you've got a truck, you drive it. If you've got some food, you bring it."

We began to focus on the different ways that donors support an organization without contributing cash and realized that our challenge was not necessarily the donor pyramid but the kinds of giving that were not captured in it. Over time, our model evolved into the "house of philanthropy."

The House of Philanthropy



The Foundation

At the base of the house is the culture of philanthropy. Every community has some form of philanthropy, but they may define it differently, depending on their cultural values. To be able to understand the context of a community's giving, you need to examine their vocabulary for philanthropy, their definitions of mutual benefit and their currency of giving. For example, the Hopi have three words that clearly articulate philanthropy: sumi'nangwa, nami'nangwa and hita'nangwa. Sumi'nangwa means to come together to do activities for the benefit of all, out of a compelling desire and commitment to contribute or return something of value or benefit to the society. Nami'nangwa means to help one another or give aid in times of need, without having to be asked to do so and without expecting compensation for the deed. Hita'nangwa means taking the initiative to take care of something without having to be instructed, asked or reminded and regardless of whether anyone will notice your effort.[1] These fundamental values clearly influence how fundraising can be done within the Hopi culture and define how a contributor is connected with the organization. Furthermore, these values reinforce that being present and working to better the society as a whole is more valued than just making a cash donation.

[1] **http://www.hopifoundation.org/the-hopi-way/values**

The Pillars

Supporting the house are four pillars of "noncash" contribution: volunteer time, in-kind service, transactions and goods. These four pillars represent the various ways a donor may choose to engage with and support the organization without making a traditional cash donation.

In the case of volunteer service, they are investing their personal time to support the work of the organization or the people at the organization. All donors take actions dependent on various motivations. In the case of volunteering, donors may be contributing their time because they may not have discretionary financial resources. But sometimes volunteers are there because of respect or loyalty to those running the organization. They want to help and be a part of the team. Perhaps they volunteer because they want to be directly participating in the work. They may choose to volunteer because of the social interactions they get to enjoy by being present. There are also those donors who volunteer before giving cash so they can learn more about the culture of the organization.

If someone provides a service for an organization that the organization would otherwise pay for, that expense savings is the same as cash. Few capital campaigns are completed without in-kind contributions from contractors. Electricians, painters, plumbers and carpenters may all choose to support an organization by donating their skills for free or at discounted rates. Any individual with skills or resources may choose to contribute services. From the company that donates porta potties for your special event to the consultant who trains your board for free, these in-kind services often are cash equivalent.

Transactional donations deliver a tangible benefit to donors. They may purchase a product such as a raffle ticket, a box of cookies or something from a silent auction. Or they may buy a ticket or pay a registration fee for an event that benefits the organization. They may make that purchase even if they have zero interest in the work of that organization. Every gift a nonprofit receives exists on a spectrum from transaction to philanthropy. An organization may put on a concert or host a "fun run," at which they will have many people who may never invest in the organization again. Purely transactional gifts may never repeat. There will be, however, some who decide to participate because of the cause and who are more likely to invest again.

Sometimes, donors give you "stuff": goods or items that either the charity needs for its work or that can sell for a return. An organization may run a "secondhand" store that needs a delivery truck. If a local car dealer donates that truck, it is the same as giving the organization tens of thousands of dollars.

The tax-deductible nature of gifts categorized in the pillars may vary, and donors may remain in the pillars for their whole relationship with a charity.

The Roof

Moving up to the roof is a more familiar model of cash gifts. There are small cash gifts, ongoing gifts, one-time large gifts, multiyear transformational gifts and intergenerational gifts. Small gifts may be a one-time contribution triggered by a natural disaster, a request from a friend or a random gift online and may never be repeated. Ongoing gifts may be small or large and are repeated consistently, such as monthly giving programs. Multiyear transformational gifts are significant gifts for that donor as well as the charity and may vary in amount from organization to organization. Finally, intergenerational gifts are what are traditionally known as "planned gifts," but we find this terminology more applicable across cultures.

In the House

This house doesn't indicate a progression up, nor does it indicate a particular entry point. Donors may begin at any point in the pillars or the roof and may not stay. Perhaps it is a one-time visit, or maybe the donor moves in. What we've captured, however, is that all giving, regardless of how it is done, is important to the overall structure, and it is all built on a culture of philanthropy.

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