

Philanthropy & Funding

The Mindsets and Motives of New Donors

There is enormous potential for the social sector to help new donors become more self-aware, intentional, and strategic in their giving.

By [Heather McLeod Grant & Kate Wilkinson](#) | Feb. 7, 2018

As a society, we're entering a new golden age of philanthropy. The past decade of unbridled economic growth in the United States has created a new wave of ultra-high-net-worth families, many of whom are committed to eventually giving their fortunes away and donating at younger ages than ever before. As a result, we've seen a recent surge in philanthropy in Silicon Valley, and elsewhere, as new donors start their journey to giving—often while juggling careers, family, and managing significant wealth. The larger social sector is eager to find ways to influence these new philanthropists and put their capital to work for solving social problems.

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In our new report, "[The Giving Journey: Guiding New Donors to Actualized Philanthropy](https://www.openimpact.io/giving-journey) (<https://www.openimpact.io/giving-journey>)," we explore both the motives and barriers to giving among this next generation of donors, to help them become more effective philanthropists. We conducted interviews and conversations with 50 ultra-wealthy individuals (those who have more than \$10 million in assets), living in the Bay Area of California, to better understand what helps them give and what gets in their way.

As we spoke to these donors about their motivations for giving, they told us about their core values, and the personal and professional experiences that have shaped what they care about most. Through these conversations, we learned—as good fundraisers have long known—that giving has more to do with what donors care about than with external needs in the marketplace. Our findings revealed that, at its core, philanthropy is a highly personal and relational journey, influenced by one's peers; it is more about figuring out "why" you give than "how" you give. But despite decades of research into effective grantmaking, most existing philanthropy resources focus more on the tactical aspects of giving while taking donors' motivations for granted.

We also learned there are important stages in each donor's journey, where philanthropic support organizations can help meet donors' unmet needs, ramp up faster, and become more actualized and

strategic by paying attention to their internal motives and development. In our report, we explore these stages of donor development, and opportunities to help them progress more quickly.

To begin with, we found that donors' philanthropy is very much shaped by their families of origin (parents and grandparents), their faith, and early formative experiences, such as encountering poverty, volunteering in school, or being an entrepreneur who likes to solve problems. The implication is that we need to pay more attention to how values around philanthropy pass from one generation to the next and how that initial spark of generosity awakens—factors that most nonprofits can't influence but should heed to as they cultivate donors. As a field, we should create more opportunities and resources for intergenerational conversations about giving, and provide volunteer or service-learning opportunities for wealthy families and their children. For example, The Active Philanthropy group has developed a [visual map](http://activemap.org/cms/front_content.php?language=en&changelang=4) (http://activemap.org/cms/front_content.php?language=en&changelang=4) for donors, along with a [list of questions](http://activemap.org/cms/front_content.php?auswahlmenu=liste) (http://activemap.org/cms/front_content.php?auswahlmenu=liste) designed to spark discussion around one's giving journey. The recently launched website [The Giving Compass](https://givingcompass.org/) (<https://givingcompass.org/>) shares local volunteer opportunities and events based on donor interests.

After these new donors come into significant wealth—often in their 30s, 40s, or early 50s—most of them don't start giving right away, even though they might set aside assets in a donor-advised fund (DAF).

Many are overwhelmed by the learning curve that philanthropy can present and don't always know where to turn to learn how to be effective. The fragmented structure of the social sector, the behaviors of some nonprofits, and greater media attention can also inhibit giving. As a sector, we can help these donors navigate this initial “pause” by encouraging them to make small bets, and by giving them permission to make mistakes and learn. We can also support trusted advisors, such as wealth managers, in having important conversations with their clients about giving, not just preserving, their wealth.

When new donors do finally begin to donate, they often start within their comfort zone, by giving to what is personal and familiar: their children's school, their religious house of worship, or their alma mater—places where they already have strong relationships and trust. Additionally, most donors start out small. No matter their total net worth, almost everyone we interviewed began with relatively small gifts (given their potential) of about \$5,000 to \$10,000. We should use this understanding, as a field, to help donors move out of their comfort zone over time, to build new relationships, make increasingly larger bets, and embrace “riskier” causes.

As donors ramp-up over time and begin to reflect more on their inner motivations, they often move from reactive check-writing to more proactive and strategic giving, seeking out causes and donating in larger amounts. Most donors said that figuring out the “why” behind their giving was crucial in helping them scale up. Finding a philanthropy mentor (an expert or friend with more giving experience), getting involved with nonprofits, or joining a giving circle can all be helpful catalysts in answering the “why”

questions and helping donors become clear on their own intentions. As a field, we can leverage this need for peers and mentors through donor education programs and giving circles, and cultivate opportunities to help donors clarify their values. For example, **Silicon Valley Social Venture Fund** (<https://www.sv2.org/>) (SV2) is a giving circle where individuals and families can learn from experts about social causes and nonprofits to support, pool their donations with peers, and track outcomes over time. **The Philanthropy Workshop** (<http://www.tpw.org/>) is another organization that provides various educational opportunities for donors.

By the time a donor has moved through these stages—which can span a decade or more—they’ve answered the “why” question. This helps make them more self-aware, intentional, and strategic in their giving. One important milestone is making a big gift (typically of \$100,000 or more), which often signals a high-potential donor’s “coming out” as a philanthropist, indicating their commitment to making bigger bets and pursuing their specific interests. Getting there is the ultimate virtuous cycle, because when donors are more actualized, they feel more fulfillment and give more strategically, and nonprofits get the highest and best financial capital from their support.

We believe there is enormous potential to help new donors, who will continue to reshape philanthropy in the coming decades, become more actualized. It all starts with understanding their mindsets, behaviors, motives, and experiences; meeting them where they are; and helping them along their unique giving journey.

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