

New York Board Giving Continuing the Conversation

A summary of findings from our 2018 research

In 2018 we continued our study of boards whose philanthropic gifts represent a higher percentage of total giving and where the institution's overall fundraising is also higher. We began our work in 2012 and six years later have enriched this important conversation with data from more than 100 New York nonprofits. Our most recent research included an added dimension: the role of diversity in high-functioning boards.

While our findings are generally best depicted graphically, based on data collected through our survey instrument, the topic of diversity is less straightforward. We found that 79 percent of our respondents in 2018 increased board diversity, most commonly in age, ethnicity/race and gender. The majority, 59 percent, believed that the more diverse board composition did not increase or decrease board giving, and this is what the data reflected. Rather than an immediate or direct effect on dollars raised, respondents reported a more diverse board resulted in richer board conversations with new and different issues addressed.

We hosted two events—one in Manhattan and one in Brooklyn—where we presented our research findings and facilitated discussion on a variety of topics including diversity. This seemed particularly relevant in New York given the recent study commissioned by NYC Cultural Affairs that found New York City's nonprofits are less diverse than the city itself. At each event, we were joined by fundraising executives and board members. The perspectives shared were, themselves, diverse: from the challenges of recruiting younger board members when the minimum gift expectation is significant, to attracting a racially diverse group of members when the history of the organization itself does not reflect that diversity.

Amy Edmonson, Novartis Professor of Leadership at Harvard Business School, studies teaming and leadership. In her book "Teaming: How Organizations Learn, Innovate, and Compete in the Knowledge Economy," she and her research colleagues report "...a learning organization is created by focusing renewed employee attention on the work, not by trying to change the culture. A learning culture emerges as a by-product of practice with a new way of working—one that is more interdependent, more aware of others' tasks and needs, and more willing to improve—not the other way around."

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Amy's work inspired us to further explore research led by Harvard on the topics of teams, diversity and productivity. In an article by two Harvard colleagues, Robin J. Ely and David A. Thomas, titled "Cultural Diversity at Work: The Effects of Diversity Perspectives on Work Group Processes and Outcomes," the authors identify three perspectives on diversity: integration-and-learning; access-and-legitimacy; discrimination-and-fairness. Integration-and-learning was defined as a perspective that "links diversity to work processes—the way people do and experience the work—in a manner that makes diversity a resource for learning and adaptive change." It was the only perspective that the authors report was associated with positive effects as a result of diversity.

Both would seem to support what organizations reported in our study—that the most significant early benefit of a diverse board was the effect on boardroom discussions and decision making. These studies also point to the importance of board member engagement, and in our research we've found this is best accomplished through meaningful committee work.

Will a large and diverse board that is charged with re-imagining how to advance the mission and vision lead to positive culture change that ultimately benefits all aspects of an organization—including philanthropy? We will pursue insights into this question as we develop our next phase of board research.

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We also thank **the organizations that have participated in our research** over the past six years. Your willingness to share your institution's data, and your personal perspectives, benefits all nonprofits. Thanks to you, the roadmap to cultivating a highly philanthropic board is becoming ever more clear.

Our 2018 Key Findings

NY Board Members Are Generous Average 22% of Total Giving

We've consistently found that the percentage of total philanthropic dollars provided by the board is much higher at New York City organizations than the national average. In 2018, the median value across all organizations was 22 percent. In past years, this value has been as high as 62 percent for the smallest organizations and 17 percent for the largest. In a national study by Nonprofit Research Collaborative, the average percentage of total board giving was under 10 percent.

Giving Expectations Create the Floor Not the Ceiling

In every year of our research, organizations that set a minimum giving expectation for board members saw average board member giving significantly higher than that minimum. This year, about half of the participants were in a campaign. Both expected campaign contributions and explicit minimums resulted in higher giving. And in 2018, the difference was stronger than we've seen so far, with actual board giving a median \$2.1M above the expected minimum.

Bigger Boards Are Better 30-Plus, Twice as Much

In all five years, those organizations with larger boards have a greater percentage of their total fundraising coming from their board, as well as higher giving per board member. In 2018, organizations with 30-plus board members saw double the percentage of total giving from boards and more than double the giving per board member compared to boards with under 30 members.

Collaborative Leadership Pays Off A \$6M Payoff

When the CEO, Vice President and Board Chair work together on prospect strategy, donor cultivation and gift solicitation, total board giving is higher. This is most dramatic in gift solicitation. In 2018, the difference was nearly \$6M on average—\$7.1M when these leaders collaborated on gift solicitation versus \$1.5M when they did not.

Wealth AND Expertise 7 Times AND 5 Times

Organizations that rank wealth as a top priority see higher median board giving. But when both wealth and expertise are ranked among the top two, the fundraising advantage is even greater: \$5M versus \$702K median board giving and \$20M versus \$5.6M median total giving.

Give, Not Get A Sustainable Choice

When board members are expected to give, not get, we found that average board giving was substantially higher: \$18.1M compared to \$14.7M. In addition, a give strategy removes the complications of gift counting and avoids one-time corporate gifts that often replace sustained giving from the board member.

About Our Respondents

Sector

Arts & Culture: 29%
Environment & Wildlife: 3%
Higher Education: 3%
Hospital & Health Sciences: 10%
Human Service & Public Benefit: 16%
Independent Schools: 29%
Other: 10%

Overall Giving

Median Board Giving: \$1.8M
Median Total Giving: \$8.1M
Median Board Giving per Member: \$58K

Operating Budget

Less than \$10M: 13%
\$10M-\$24M: 29%
\$25M-\$99M: 39%
\$100M-Plus: 19%

Median Member Giving by Budget

Less than \$10M: \$23K
\$10M-\$24M: \$49K
\$25M-\$99M: \$73K
\$100M-Plus: \$309K

Averages

Size of Board: 30
Total Giving as Percentage of Budget: 30%
Percentage of Total Giving from Board: 22%
Board Participation: 100%