

SEVEN NONPROFIT SEERS PREDICT WHAT'S AHEAD

Nostradamus would have loved this time of year, or not. It's the time when everyone from horoscope writers to bartenders to academics predicts what is going to happen during the upcoming 12 months. There are also the "I told you so" comments, even though nobody can remember the original prognostication.

And just like Nostradamus, known for his 1555 book *Les Propheties*, people often attempt to make associations between events and the predictions. They generally are twisted to fit the argument.

Next, there is the wishing that something would happen and that it would magically occur. We all saw how well that worked for Tom Hanks in the movie *Big*. But just like Josh, the character Hanks played, getting what you wish for doesn't always work out.

There are many who don't worry about such short-term predictions because they subscribe to the Mayan Calendar theory that the world will come to an end on Dec. 21, 2012. On that day, the winter solstice of 2012, the sun will be aligned with the center of the Milky Way for the first time in roughly 26,000 years.



Of course, the Mayan calendar is only 260 days, not 365. John Major Jenkins, the author of 10 books on Mayans, believes that the interpretation shouldn't be the end of the world but the "birth of a new age." Remember reading about dinosaurs?

The sector is already on the doorstep of that new age. From a shredded economy that is forcing fundamental changes in the way nonprofits operate, to the need to find creative funding or financing to recruiting a new age of highly-skilled volunteers, there is no reason to wait for 2012. Nonprofits might get help from Congress when it comes to healthcare reform but could take it in the teeth when it comes to the tax code and charitable deductions. The planets are aligning now in the nonprofit universe.

Readers of *The NonProfit Times* will not need to decipher symbols like Hanks did in *The DaVinci Code* to match the predictions on the following pages to what might happen during 2010. Seven movers and shakers in the sector look at the immediate past and run the gamut from it ain't so bad to the Earth is going to spin off its axis.

So, slip a quarter into The Great Nokanduski and see what comes out. We'll know who is right in roughly 12 months.



HUMAN SERVICES GOVERNMENT MUST PAY THE ACTUAL COST OF SERVICES

BY PETER GOLDBERG

“It’s the economy, stupid.” What began in 1992 as an attempt to keep Bill Clinton’s first presidential election on message has turned into a well-known pop culture phrase that, while used brilliantly in 1992, is remarkably true and appropriate today.

Some 18 years later, the economy will be a dominant issue for nonprofit human service providers during 2010. Yes, it’s the economy ... again.

Unfortunately, economists do not seem to be anticipating a huge economic recovery in 2010. Nor do they predict a great downfall; thus, we will probably muddle forward. It is fortunate that we have seemingly averted an economic catastrophe, yet without the safety net of nonprofit human service providers, many children, families, and older adults would have been in a much worse situation than they already were facing.

I begin with this somewhat daunting framework for 2010 because it ties directly into another challenge faced by nonprofit human service providers that has been brought forward by the recession: this field’s curious relationship to the public sector.

It is important to note that as a result of privatization the nonprofit human services delivery system has been fundamentally reshaped during the past 40 or so years. Whereas most human service providers were once typically small and funded by the local United Way and private donations, we have seen explosive growth largely fueled by contracts with the public sector.

It is obvious today that for many of these social service safety net organizations, their relationship to government drives both their well-being and their challenges. On one hand, they have been able to deliver services at a level never before seen, positively impacting hundreds of thousands, if not millions, more children,

families, and older adults.

The relationship is also fraught with challenges. First, we all know the driving force for healthy government contracts: it’s the economy. When tax revenues fell far short of state budget projections in 2009, there were program cuts and delayed payments for services rendered. In 2010, there is not a whole lot of promise in the state budgets, and service delivery will no doubt be impacted again.

Second, and related, there continues to be a growing public sector abuse of the privatization contracting model. The notion that government believes it can pay less and less each year than it costs human service organizations to provide a contracted service, and that these services will simply be subsidized and supplemented with private giving, is upside down, inside out, and insensitive to the virtues of private philanthropy.

There is an urgent need to address the capacities of nonprofit human service providers to continue making up for their shortchanging at the hand of government.

But will 2010 be the Rubicon year? If things get worse we might finally be forced to address an untenable situation. But if things stay roughly the same, I am afraid we might simply tolerate the situation and unrealistically hope for the best.

Nonprofit human service providers need to get far more sophisticated and overhaul how they price government contracts. As many providers in this field were expanding their reach during the past number of years, they were not pricing their government contracts to show their true worth.

Give a highway contractor 92 cents on \$1 for a 100-mile road and I guarantee you that the highway contractor will pave 92 miles. But, nonprofit human service providers don’t pave highways. They serve children and families. Their history and values compel them to serve – even when they are financially abused. But that doesn’t mean that it is right.

Finally, can we count on the administration of President Barack Obama to lead us to the promised land of more sensitive contractual pricing and other reforms? I am not certain. Its initial approach to nonprofits seems to be more framed around “social innovation” and less on so-called legacy organizations whose incredible work sustains year in and year out despite enormous challenges.

I would remind our public sector leaders that innovation is not consigned only to new organizations. Many of the members of the Alliance for Children and Families and United Neighborhood Centers of America have very long histories, and they have not survived that long by turning their back to innovation. The reason they have withstood every challenge thrown their way is due to their innovation, adaptation, and resilience.

Peter Goldberg is president and CEO of Families International in Milwaukee, Wis.

NATIONAL SERVICE

IT’S TIME TO FUNDAMENTALLY CHANGE THE VOLUNTEER ENGAGEMENT SYSTEM

BY MICHELLE NUNN

This has been a banner year for service and civic engagement. We have a President and First Lady who actually came from the world of national service and community organizing and who are profoundly committed to an engaged citizenry.

The landmark Edward M. Kennedy Serve America Act to expand national service and create a Volunteer Generation and the Social Innovation Fund was passed. And, there is the enthusiastic embrace of diverse sectors including businesses, educational systems and the entertainment industry working to make volunteering a cultural norm.

This momentum builds upon two decades of vision and hard work. In 1989, President George H.W. Bush called on us to act as “a thousand points of light” and serve in communities. Americans answered the call – during the past 20 years, the U.S. adult volunteer rate has jumped by nearly a third and more than doubled for young people ages 16 to 24 years-old. During the past year alone, HandsOn Action Centers report a 50 to 60 percent volunteer growth rate – a combination of downsized workers seeking altruistic bridges to employment and those addressing the growing social service needs around them.

Now this tide of citizen interest is in danger of saturating our current volunteer management system. Our challenge is to ensure that nonprofit organizations quickly “right size” their volunteer business model and management infrastructure to ensure that this wave of service translates into real results. Organizational leaders can and should partner with volunteers to support innovative roles that focus volunteer roles on impact and scale.

Here are some suggestions to help make this shift:

- *Build an Army of Volunteer Leaders:* Statistics show us that only a small percentage of local agencies can fund or support paid volunteer management staff. Therefore, finding and supporting service “leaders” who can identify service needs, initiate community partnerships, find materials and orchestrate volunteer projects is critical for the sector’s success.



University of Phoenix, the largest private university in North America, is bringing its online education expertise to HandsOn Network to create virtual volunteer training courses. These tools will allow nonprofits to equip more volunteers to lead change, ultimately expanding impact. These cross sector partnerships can allow for unprecedented scale.

- *Create a Skilled Volunteer Marketplace:* Volunteers increasingly seek roles that help them develop or hone skills. However, our current volunteer infrastructure is primarily built around low-skilled jobs and functions. We can and should ask volunteers to step forward to help us assess skill needs of our local nonprofit organizations, create skill-banking systems and establish project vetting and management protocols.

Some 30 years ago when pro-bono legal activism was beginning, junior attorneys “volunteered” to match clients with cases. Today, most large firms and local bar associations support paid pro-bono coordinators. The nonprofit field must chart a similar course: investing first in volunteers to help assess, match and fill high-skilled roles and projects before we hope to professionalize pro-bono activation.

- *Enhance Volunteer Management Capacity:* Today agencies have fewer financial and human resources to spend on overall volunteer management – including program planning, training, risk management and evaluation. Volunteers can lend a hand in supporting not just frontline client-centered functions, but also overall functions within volunteer management.

The newly launched NYC Civic Corps is the first large-scale municipal initiative designed to do this – engage national service members in building volunteer management systems for critical neighborhood nonprofit service providers. More than 200 members help agencies draft recruitment plans, create volunteer training and recognition programs and involve residents in service provision. The goal is to design a sustainable blueprint for service within the agency that lives beyond the member’s year of service.

These roles challenge our long-held notions of “what volunteers can do.” They force professional volunteer managers to consider volunteers as partners with shared power and leadership. This was the promise we made when we called them to action, and now agencies must be bold enough to fundamentally change our system of volunteer engagement. If we adapt, the flood of volunteers can nourish and replenish our agencies. If we do not, we risk a drought of human capital in our communities at a time of tremendous need. For more ideas about how we can re-imagine service, go to www.reimagining-service.org, where you can view a report issued by a coalition of organizations working to ensure that we channel “good intentions into impact.”

Michelle Nunn is president and CEO of the Points of Light Institute in Atlanta, Ga.



FUNDRAISING

YEAH, GIVING IS DOWN BUT IT'S STILL VERY GOOD

BY LARRY MAY

I have a boring answer to the question: "What will happen to fundraising in 2010?" When you're asked to predict the future, it's tempting to be dramatic. I recently decided there's no money in telling people exactly how long I've been in the fundraising business, but it's been awhile. And, I've heard and read a fair share of apocalyptic predictions about the future of charitable giving.

For context, I work primarily with large, traditional charities -- health research, social service, environmental, animal welfare and religious. I work in direct marketing -- postal, Web, email and social networks.

"The End Is Nigh" is a good position to take when you want to get attention. Predictions of the death of direct mail fundraising go back at least to the 1980s, but someone probably called direct mail dead when postage went up to two cents during the '60s. Three years ago, at the DMA Nonprofit Federation Leadership event, a leading practitioner said direct mail had five years to go, so maybe the end for my business is pretty "nigh" indeed.

After the terrorist attacks in 2001, people in the know said nothing would ever be the same. There's no point asking donors to support you. All they can think about is 9/11. There were those same predictions during and after hurricanes, famines and tsunamis.

You don't need a catastrophe to sense impending doom. It's common wisdom that the Baby Boom generation simply won't be as generous as its predecessors. Or, they won't give in the same way. They would need a unique bond, a special relationship to the organization before they would make a commitment.

Is a \$25 gift a commitment?

I've seen reports that say Baby Boomers in overwhelming numbers meticulously research organizations online before responding to a direct mail appeal. It's hard to see how anyone

could believe this. What would you say if a research company called you and asked, "Do you do research before giving your money away, or do you just dumbly write out checks to unknown charities?" Maybe this is why survey responders tend to define themselves as well educated, high-income patrons of literature and art.

An interesting anomaly in direct mail fundraising is the relatively small use of credit cards. A charity can mail a prospect list of younger female catalog buyers, 99 percent of whom ordered by phone or on the Web and used a credit card to make the catalog purchase. But when they respond to the charity, only 5 percent or so will use a credit card to make the gift.

Things change, but slowly. People like writing checks to charities, or they think it provides a tax receipt even though banks stopped sending copies of checks years ago. So donors write checks, even younger donors, because of a natural resistance to change.

Here are a few things that should change in 2010 and beyond. Web-based communications and social networking have to be more fully integrated with direct mail and other efforts. Keeping the Web and social media teams segregated is a mistake. The Web, email, and social media should not stand apart from the rest of your fundraising campaigns. For most organizations, the biggest value of new media is gaining new channels to reach the same audience, complementing other media. Make a resolution to de-isolate your new media groups in 2010.

Another coming change relates to data. There is more data on donors and prospects available now and we need to use it to fine-tune our appeals and audiences. Processing data is faster and cheaper than ever. Data can help you get more results from your prospecting, renewal and reactivation efforts. Make a resolution to invest in data in 2010.

And now, my boring prediction for the new year: 2010 will be pretty much the same as recent years. Giving will probably move back up at least to 2008 levels and maybe better. People give because of who they are more than because of what fundraisers do. They want to -- they are compelled to -- give. Many of them are probably feeling badly about giving less in '08 and '09 and will start to write those checks more often. Who knows, they might even research you on the Web.

Success will be pretty much determined by the same fundamentals -- a clear understanding of what's working and what's not, following facts and not opinions. It will be measuring results and acting on them, creativity, experimentation, and investment in new ideas.

The past two years have been the longest and deepest downturn most active fundraisers have experienced. Giving statistics for 2008 showed a down year. But 2008 was still the second biggest giving year in history. Only 2007 was bigger. And while 2008 was bad, it was better than 2006.

Both 2007 and 2008 will hold their positions as the best and second best years, because giving in 2009 will be lower than either. But 2009 might be the third highest in history. And 2010 will be up, maybe tied for first with 2007. Yes, the end is nigh, just not as nigh as we think.

Larry May is president of Direct Media | Millard in Greenwich, Conn.

FINANCE

THIS ECONOMY IS EVERY CRISIS ROLLED INTO ONE PACKAGE

BY CLARA MILLER

Early signs of recovery for stock prices and corporate earnings are appearing, and good times seem to be just around the corner for some. But for many, good times will be elusive or absent -- as longer term economic trends continue. The challenges are formidable. While we have had four financial "crises" during the past 20-odd years -- two recessions, a stock market crash and a credit freeze -- the recent meltdown featured a recession, stock market crash, and credit freeze all at once. Moreover, Nonprofit Finance Fund's (NFF) research has revealed two sobering realities: nonprofits came out of the past recessions more slowly than for-profits; and this time around, many nonprofits were already in poor condition when the downturn began. NFF's March 2009 analysis showed more than 60 percent of nonprofits had less than three months of cash, and of those, half had less than one month.

We have our work cut out for us. Here are a few developments we can expect to see both in the nonprofit sector and more broadly in 2010:

Legislation will have a cross-sector impact:

- Congress will approve limp measures to re-regulate our financial sector, but by and large it will continue its obeisance to the large market players. Little attention will be paid to low-income domestic markets.
- We will see a concerted (and surprising) push from some giants in the private sector, including wealthy individuals and corporations, to pass muscular environmental legislation at the federal level. Religious organizations will take part in this push as well.
- Congress will pass healthcare legislation. But the healthcare legislation won't cover everybody, and an unintended effect will be to put more pressure on healthcare, health advocacy and human rights organizations in 2010 and beyond.

Organizations will further adapt their business plans and financial strategies:

- We will see continued movement toward a more virtual, adaptive and flexible sector: more telecommuting, mobile service delivery, online engagement with clients and the public, and similarly changed ways of doing business.
- A related trend will be that mid-sized institutions that took on relatively large, debt-financed real estate projects will continue to struggle toward resolution (many, if not most, will renegotiate their bond debt, at great expense) and will go forward weakened as a result. The commercial real estate market will lag early signs of corporate improvement, and this might give rise to a second set of commercial debt-related bank problems.
- A continuing stream of small and mid-sized businesses in all sectors will fold their tents, move or redesign themselves. Some will be nonprofits. They will layoff staff, furlough or downsize, and focus their missions by reducing lines of business or ceding them to other organizations.
- Foundations and high-net worth individuals will continue forward with mission and program-related investment programs, and will increasingly consider large growth capital investments in a small number of promising organizations.

A continuing blend of social engagement and activism will be positive:

- We will see continuing activity (and activism) from the growing ranks of retirees (some retiring early as jobs are cut). Boomers will volunteer in various ways by working in local communities, and they will organize -- and not only to preserve Medicare and entitlements, but to create a better world for their grandchildren and beyond. I predict both direct volunteerism and new forms of involvement, such as stockholder activism, organized online, will increase.
- The impulse to start new organizations -- cause-related commerce, social entrepreneurship, volunteer and similar -- will continue unabated, as young people work energetically to improve things (and have trouble finding promising jobs in this economy).
- While the trend to create new organizations will increase fragmentation in the sector, we might also see some true innovation in approaches to stubborn social problems.

Ultimately, the greatest resource of our sector remains the creative, resolute, and selfless people willing to meet significant economic challenges head-on. Innovation -- in the nooks and crannies of the system, among retirees and young people, at large and small institutions -- will abound as all of us focus our eyes on the prize: serving the public good.

Clara Miller is president & CEO of the Nonprofit Finance Fund in New York City.





TECHNOLOGY FOCUS ON USAGE TRENDS, NOT THE TOOLS

(Sent from my iPhone)

By HOLLY ROSS

I hate to break it to you, but very few people can tell you what's next when it comes to technology, at least, not with any accuracy – and I'd bet most of those who can are bound by non-disclosure agreements.

Here's the secret: You don't need them. You don't need to know how many terabytes the new hard drives will be, how fast the processors, or whether or not Twitter will still be here in five years.

If you want to be a technology prognosticator, don't focus on the tools. Instead, focus on the trends in how we're using those tools.

Look around at how we're all doing work and finding play. Those are the trends that matter in technology. The tools and strategies that feed these trends are investments in the future, not fads.

So, here are four trends you'll want to watch in 2010. (And for those of you sick of hearing about Facebook, breathe easy. This list is social-media free, even if the implications aren't.)

1. Collaboration. The technological barriers to collaboration have nearly been erased. No more flip charts; we have wikis. No more data lock-in; we have mash-ups and software integrations. Where there's a will to collaborate, there is now a way – and there's a lot of will to collaborate.

Your staff, your stakeholders, and your donors all want to work with you and with each other to help you meet your mission.

Implications: It's more than a mindset. You'll have to learn to curate conversations rather than dictate a message. You'll also have to learn to manage more email

and more kinds of communications than ever. Invest in technologies that enable conversation for your stakeholders, but unify communications for your staff.

2. Changing Work Force. When was the last time you put in a normal 40-hour work week at the office? You're not alone. Tele-working has increased dramatically during the past five years, not to mention the mobile devices that let us sneak in a few extra emails after the kid's bedtime and before we start on the laundry. How we work is no longer dependent on where we work.

Implications: Investing in technologies that untether your staff can make them happier and more productive, according to studies. It can also mean less investment in infrastructure to support them. But, it will also raise all kinds of security issues and place new demands on your help-desk (if you even have one of those). Oh, and it requires a bigger investment in collaboration tools.

3. The Rise of Consumer Electronics. Technology used to be the domain of geeks, and geeks alone. Now, it no longer takes a specialist to put up a Web site and practically everything we buy has a screen in it. As more powerful technologies reach the hands of the average consumer, it creates a very savvy workforce.

Your staff will increasingly know more about various tech solutions and Web sites than you will, and they will demand that you let them implement those solutions.

Implications: When everyone's an expert, chaos reigns – and IT departments traditionally abhor chaos. Chaos means support is harder to deliver and costs go up. This is not a coup that can be put down. It's an unstoppable democratization of IT. Your organization will have to shift from a command-and-control style of IT management, all while setting clear policies and creating a culture that will keep your organization safe and secure.

4. Data Explosion. According to Gartner, a research and technology organization with offices around the globe, the amount of data produced around the world will grow by 650 percent during the next few years, and 80 percent of it will be unstructured, like all those comments on your blog: really useful, but from which it's hard to make organized sense. It's a tremendous opportunity, if we don't get overwhelmed. Data, used properly, becomes intelligence.

Implications: Technically, you'll need to prepare by making sure you have systems and hardware that can support all this data. How many records can your database manage? What's your server storage capacity? But, that's the easy part. The hard part is making sense of the data.

You need business intelligence and data visualization tools that can tell you what all this data means so you can make better decisions.

Holly Ross is executive director of NTEN in Portland, Ore.

FOUNDATIONS

FUNDING CHALLENGES: PURSUING BOTH SURVIVAL AND PROGRESS

By STEVE GUNDERSON

Karl Stauber brings to any discussion a long and distinguished history of philanthropic leadership. His work ranges from president of the Northwest Area Foundation and service on the Council on Foundations' board of directors to his present effort leading the Danville (Virginia) Regional Association. In his succinct and direct way, he recently asked, "Do we pursue survival or progress in these challenging times?" Then he answered his own question with one word: "Both!"

My greatest fear for philanthropy is not its ability to endure a \$200 billion loss in philanthropic assets over an 18-month period. Rather, I worry that in the midst of our focus on survival we will fail to prepare for the new chapter of growth in store for us.

Think about 2012 or even 2014 -- just two to four years in our future. The following dynamics will define our economic environment:

- An economic and market recovery;
- Enactment of a permanent inheritance tax;
- Elimination of the Bush tax rates, with higher marginal rates; and,
- Two generations engaged in the transfer of wealth.

We learned a lot of lessons from this crisis. We know that foundations considering multi-year grant commitments should take into account that markets go down as well as up. We see that fiduciary responsibility requires much more active engagement by trustees in their foundation's investment portfolios. We accept that future fiscal planning should include some type of reserve fund for unexpected economic challenges. But, have we learned to prepare for the future growth?

Most of us will accept that there is no return to the growth rates of the past decade. But, there is likely to be annual economic expansion in the low to mid single digits. Our first challenge is to design our investment portfolios in ways that best provide stable and safe returns.

One of the more exciting outcomes of this current crisis has been the new interest in double-bottom-line investments. We not only do our work through grants, but also through more creative use of our investment portfolios. Mission-related and program-related investments can provide an opportunity for both growth and service. We've seen in this most recent crisis many examples in which such investments have actually out-performed market investments.

At the recent Clinton Global Initiative meeting, Nobel Prize winner Mohammed Unys was asked to describe the next bold innovation following micro-lending. He confidently predicted that "social business" would be the next chapter of philanthropic innovation. I wanted to immediately share with him that such an investment tool already exists in the United States through the use of Low-Profit Limited Liability Corporations (L3Cs). Eight states have already embraced this new corporate entity in which the primary mission is service, not profits. We at the Council are working to facilitate program-related investments by foundations by creating a standard process for the Internal Revenue Service to rule that activities undertaken by a business entity significantly further charitable purposes.

We tend to forget that even amidst the current economic challenges there exist many Americans with wealth who have not yet made the decision to become philanthropists. It is my belief that the combination of a permanent inheritance tax combined with higher marginal rates and the simple reality of their demographic status (age) will convince these individuals to convert their wealth into philanthropy rather than new taxes for the government. Most, I suspect, will look for such alternatives to taxes.

When people ask me what issues cause me to lose sleep at night, one of the primary issues is the closing window of opportunity now before us -- especially in rural America. Unlike their urban neighbors, most rural residents did not invest in the markets and their property did not witness a similar decline in value. But, they are getting older every day.

The Nebraska Transfer of Wealth study has suggested that up to 25 percent of the state's rural counties will experience their peak inter-generational transfer of wealth during this decade. Yet, in most states and rural areas, we have not yet developed the vehicles to capture even a small part of this wealth in endowed philanthropy ready to serve generations to come.

We cannot minimize the challenges of present day. But, we must prepare for the future growth.



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PARTNERSHIPS

TAKE NEW STEPS FOR A BETTER NONPROFIT-BUSINESS PARTNERSHIP

BY MARGUERITE KONDRACKE

After this rough year, for-profit business leaders have learned to survive by changing strategies for new long-term realities – and nonprofits can take that page from their book. The first and

most effective place to try new tactics could be in your business/nonprofit partnerships.

In years past, nonprofits have been content with corporations writing checks. But in the year ahead, it will be essential to look at a different kind of support to maintain relationships.

In the many hats I've worn over the years – entrepreneur, public servant and nonprofit CEO – I've seen firsthand how the willingness to collaborate with business partners beyond traditional roles has brought real benefits to a nonprofit and to the corporate bottom line.

The lesson learned: Nonprofits need to be more flexible about partnerships. We need to change the old mindset that says nonprofits do the good deeds while businesses write the checks.

Business partners want to be actively involved. This is a good thing. We need to value human capital, business skill sets, in-kind support and even word-of-mouth promotion as highly as we do donor dollars. After all, in tough economic times, corporations still want to invest in the nonprofit mission. Your flexibility allows them to support your mission even if it requires you to design parts of your programs to benefit from non-cash contributions. And if we as nonprofit leaders demonstrate flexibility, the outlook is good for the partnership to grow over time.

This approach has worked at the Alliance. For example, with insurer State Farm, we molded a partnership that encouraged the corporation to be at the table with us and get its staff involved. When you visit SEAmericasPromise.com, one of the first things you see is State Farm's commitment to reducing the high school dropout rate. They also encourage collaboration among all the nonprofits they fund and invite others to commit to the dropout goal. And when State Farm employees use their company intranet to discuss the Alliance's projects, they

are saving our organization's resources by spreading the word. Better still, with 144,000 team members nationwide, there isn't a Dropout Prevention Summit without a State Farm representative present.

How do you make these new types of partnerships work? It starts with an alignment of goals and mission. Our business partners understand that a shared belief in young people as a national priority is what matters most. We don't specify what we expect them to do, but we set an expectation on the results and then work together to ensure mutual benefit.

In effect, you can manage your business partnerships much as you would your organization: communicate clearly, empower individuals, align goals, focus on collaboration for real impact and then measure results.

It helps, certainly, that businesses see the return on investment in dropout prevention; and that partners are working to improve communities. But the basic concept of opening up to a new business/nonprofit relationship can benefit nearly every kind of nonprofit, whatever its mission.

Even during hard economic times, your organization can still realize these kinds of benefits. Try offering greater flexibility, understanding their business and marketing objectives and tapping into the real value they can bring to the table. I'm willing to bet you'll be pleasantly surprised.

Marguerite Kondracke is president and CEO of America's Promise Alliance, the nation's largest partnership alliance committed to improving the lives of young people. She is also co-founder of Bright Horizons Family Solutions, the nation's largest provider of employer-sponsored child care and a Fortune "100 Best Companies to Work For."

FUNDRAISING

PATRICK ROONEY



Enough, Already

So when does the giving recovery begin?

With early indications that an economic recovery might at last be underway, nonprofit professionals are asking, "When will giving recover?" No clear answer is yet in view, but recent research, economic indicators and previous recessions shed light on what we might expect.

As of mid-year, fundraisers were not anticipating a quick recovery. In summer

2009, fundraisers responding to a national survey for the Philanthropic Giving Index (PGI), a type of consumer confidence index for charitable giving conducted by the Center on Philanthropy at Indiana University, said the current climate for giving was at an all-time low in the study's 11-year history.

The PGI showed some guarded optimism for the latter half of 2009. In its Expectation Index, fundraisers predicted

slight improvement during the six months from July to December, an increase of 10 percent in their optimism about the future compared with their views at the end of 2008. But, the Expectations Index remained far below the study's average. Additionally, almost 60 percent expected a continued negative effect from the economy on giving in the second half of 2009, with 23 percent saying the economy's impact would be positive.

The PGI tracks closely with the direction of overall giving. It appears to be an indicator of how fundraising conditions might change. Much like the Consumer Confidence Index and Gross Domestic Product, changes in the PGI are more dramatic than changes in actual giving, but the PGI correctly predicted the direction of the change in six of the past nine years.

Economic downturns of the magnitude of the 2008-2009 recession usually don't occur overnight, and recovery generally also takes time. Giving is heavily driven by wealth, income and donors' feelings of personal financial security, so giving rebounds tend to lag economic recuperation.

Historical precedent suggests it could take three or four years for individual giving (the majority of U.S. charitable giving) to reach pre-recession levels, according to research by the Center on Philanthropy at

Indiana University for Giving USA Foundation. Following both the Great Depression and the 1973-1975 recession, individual itemized giving had a recovery time of three to four years.

The recession of 1973-1975 is the most comparable to the current economic situation. Individual itemized giving declined for three straight years, adjusted for inflation. After rebounding slightly in 1976, it took three more years, until 1979, for giving to regain the level it had reached prior to the start of the recession.

Giving also fell modestly (in inflation-adjusted terms) for three years following the September 11, 2001 terror attacks before recovering to pre-recession levels. During the recession of the early 1980s, however, individual itemized giving grew in spite of the economic situation. Economists Thomas Garrett at the Federal Reserve Bank of St. Louis and Russell Rhine of St. Mary's College (Maryland) suggest this might have been a response to government funding cuts at the time.

During the Great Depression (August 1929 to March 1933), individual itemized giving fell in 1929, 1930, and 1931, then increased one and one-half percent (adjusted for inflation) in 1932. Giving fell again in 1933 and 1934. It rose from 1935 to 1937, returning to the 1929 level in

Fundraising, page 22