

## **'Surviving the Crash: Your charity in 2009'**

*Presentation at Guardian Weekly event on 27/2/09*

*By Beth Breeze*

It's quite appropriate that the Guardian Weekly is hosting this discussion because articles in the daily version of your paper have contributed to both the problem and the solution that I want to outline today. I'll start with the problem and end with the solution.

On 1st December 2008 the Guardian ran a story headlined '*Charities lose faith and hope as funding crisis leaves them with £2.3bn black hole*'. That story was reporting on a PriceWaterhouseCoopers survey which asked charities to predict what they expected to happen to their voluntary income, so it's opinion-based, not fact-based. Yet the article said '*Charities are facing a multi-billion pound black hole in their finances*', not that they *fear* they are facing a black hole.

The journalists stood up their pessimistic stance by reporting that the British Red Cross was planning to cancel its winter ball, yet it also quotes the Red Cross' head of fundraising, Mark Astarita, who says, "*It is going to be tough, but it is not all doom and gloom... We are watching our individual donations closely and there is no detectable change.*" And the article ended by reporting that the Red Cross believes its income will grow modestly next year.

When I debunk stories about financial black holes, I know I risk sounding complacent, or of being accused of taking a 'crisis, what crisis' approach. So let me be clear: we all know that the current economic situation is dire, and not going to get better anytime soon. But my argument is that there's a danger in panicking, because by publicly and repeatedly claiming that donations will inevitably dry up, we could create a self-fulfilling prophecy and talk ourselves into a giving recession.

So I want use my time tonight to make just two points:

1. That the panic pervading the sector is not mirrored in the donor community.
2. That charities have got more control over what lies ahead than the doom-and-gloom mongers would have us believe.

If giving were simply a function of how much money people have, then you could expect that when incomes slump, giving will too. But anyone who has tried to raise funds knows that the *capacity* to give is not the same thing at all as the *desire* to give.

Before I moved into researching philanthropy, I worked as a fundraiser. Part of any fundraisers job is to identify 'prospects', these are the rich people who you hope will take an interest in your cause. Sometimes a list of prospects is nothing more than a list of people known to be rich, perhaps their names appear on the Sunday Times Rich List, or their postcode indicates they live in a particularly expensive part of town.

Now, if a fundraiser took the view that “they’ve got money so they will give”, they wouldn’t last more than a minute in the room with their ‘prospect’. We need to remember that money is a necessary, but not a sufficient, factor behind philanthropic decisions.

What the prospect wants to hear is why making a donation would be a good use of their money, what good would it do, what impact would it have. And the job of the fundraiser is to persuade them that their gift would make a difference, that they’d feel good about their decision and that they would enjoy getting involved with this charity.

This is what I mean when I say that philanthropy is about more than money. Yes, it is a financial transaction but that’s really the least important part of it. When people decide to voluntarily hand over some of their own money to benefit others, it’s not just a simple economic decision but a decision to enter into a social relationship with the charity, and with the charity’s staff and, perhaps most importantly, with the charities’ beneficiaries. It’s primarily a social act, not a purely economic one.

What’s this got to do with the impact of the recession?

Quite simply, people don’t think: “I’ve got money so I can give” or “I’ve got less money so I can’t give”. People don’t make donations because they can afford to. If that were true then every rich person would be a philanthropist, and every fundraiser who met a rich person would walk away with a big cheque. And if there were a direct, causal link between money and donating then people on low incomes would not be so generous, and we know that the poorest 10% actually give away more as a percentage of their income than do the richest 10%

So, giving is not just a function of our capacity to give. The fundraisers know it and the research shows it. What a few decades of research into philanthropy shows is that people give:

- because they think it’s important
- because they feel good about it
- because they care about others
- because they’ve been brought up to believe they should give something back
- because they want to be part of a charity they admire
- because all their friends support that charity so they do too
- because their religion encourages them to
- because they enjoy attending the fundraising events and meeting new and interesting people
- because they couldn’t live with themselves if they didn’t
- because in so many different ways – and in different proportions depending on each individual donor – supporting charity enhances their life.

As a major donor once said, “to give is to live”.

This is why I argue that people who are deeply and publicly committed to a cause will not cut it lightly out of their budget.

Now, not all donors *are* deeply committed. They might have sent in a cheque or set up a direct debit many months ago, but haven't since got any reassurance that their money is being spent well, they don't feel good about it and they aren't particularly enjoying the process. Those people might well decide to trim their giving.

Charities that haven't taken donor care seriously and haven't developed donor loyalty may come to regret that lack of investment. But the reverse is true. Many charities do a fantastic job in keeping their donors informed, getting them involved and maintaining their enthusiasm.

I do accept that, whatever level of donor care an individual supporter has received, in 2009 he or she is likely to have less money to spend. But all spending decisions involve prioritising between competing demands. Charities should avoid implying (however unintentionally) that donations will *inevitably* be amongst the first items to be cut from budgets. If the sector considers itself so easily expandable, why should others disagree? Instead we should focus on making the case that charitable giving is a priority, not an optional extra.

Charities can help to sustain enthusiasm by demonstrating that contributions are both needed and having a measurable impact. I speak to a lot of donors and those who have lapsed rarely claim they couldn't afford to carry on giving, but they do often say they lost faith in the effectiveness of their giving.

So, in conclusion, I think that reports of dramatic falls in charitable giving are over-blown and, worse, they're potentially self-fulfilling.

Can I end by telling you about something I read in last weekend's Saturday Guardian magazine which made me even more confident of my position on this issue, and that also hints at a possible solution.

There was a piece on the fashion pages that featured ostrich feather jackets and cream cashmere hotpants. The fashion journalist asked the designer how on earth they expected to sell such inessential luxury items when times were so tough for their customers. The reply was, “people still need to dream”.

Then last Sunday night I turned on the telly and caught some of the pre-Oscar hype. The BBC's reporter was standing on the red carpet saying, “Even though there's a recession on, people want a lavish show”.

So if the fashion industry can keep justifying their attempts to sell us things that we don't need, and if the film industry believes that the population still wants big money spent on pampered stars then why doesn't the charity sector take a similar, bullish perspective?

Why do we assume that charitable donations will be the first thing to be cut out of people's budgets? That supporting charities is less essential than fashion and film? Who's making the case that, despite times being hard – or even because times are hard – that philanthropy will thrive because, “people still need to dream of a better world”?