

GIVING MORE AND BETTER

How can the philanthropy sector improve?

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With thanks to those organisations who participated in our research and gave their time and expertise.



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INTRODUCTION

Philanthropy has a long and rich history in the UK, catalysing some of the major social changes and founding most of our most well-known and valued institutions such as schools, hospitals, universities and museums. We are a generous nation, but as the disparity of wealth increases an important question arises ‘Can private wealth be deployed more effectively for public good?’ The affluent in Britain do give significantly, but in a time of constraint on public spending there is a need for both more philanthropy and for the impact of that philanthropy to be greater. Many wealthy individuals do not give significantly, perhaps feeling that their obligations to society have been met by paying taxes. Others do not give systematically, thereby reducing the effectiveness of their giving. If the culture of philanthropy in the UK were to change, resulting in more giving, we estimate that £4bn of additional charitable funds could be unlocked. Social entrepreneurs and charities trying to tackle some of today’s most pressing issues would be able to build a larger base of supporters and see more change; civil society would develop greater independence from government, freeing it to advocate for change; and more skills and resources would be invested in creating a better society. This is an issue that affects all of us and reflects how we want our society to function in the future.

About this report

This report is a summary of findings from a project funded by the Hazelhurst Trust and managed by NPC. It examines how philanthropists are influenced and encouraged or discouraged in their giving, but does not attempt to address all the issues that underlie insufficient or ineffective giving by those with surplus wealth in the UK. Expert interviews and workshops informed the project and key organisations dedicated to developing greater philanthropy in the UK participated (NPC, The Philanthropy Workshop, Philanthropy Impact, Beacon Awards for Philanthropy, and Ten Years’ Time). All these organisations are charities or social enterprises that believe there needs to be a change in the philanthropic outlook of the UK and share a common mission—to develop more and better charitable giving in Britain.

This report briefly summarises the UK philanthropy sector and draws on research into donor motivations and the philanthropy advice market. The first section of the report describes three common donor journeys based on the expert interviews, workshops and the collective experience of the participating organisations. The journeys are broad generalisations—each donor journey is unique—but it allows us to identify the inflexion points which may result in donors deciding to give more or less. The following section presents two non-linear theories of change for more and better philanthropy. A theory of change is a blueprint of the activities that lead to a set of desired outcomes. The process helps clarify and test assumptions underlying how change occurs. A theory of change for a whole sector shows all the elements that need to be in place for the sector to work well and achieve its goal. It is also a way to develop a common understanding that helps organisations understand their role in the ecosystem. The final section discusses how the philanthropy sector can improve based on these theories of change and the insights gained throughout the project.

This report is only the start of a discussion about the role of private assets for public good. Changing habits and behaviours takes many years, but we hope this report will stimulate further conversations, understanding, funding and ultimately, more and better philanthropic giving.

PHILANTHROPY IN THE UK

Philanthropic giving

The UK has a long history of generous philanthropic giving. Philanthropy has created hospitals, schools and housing and advanced human rights. Philanthropists have helped both meet people's basic needs and drive big societal changes.

Philanthropy became increasingly organised during the Victorian era, which led to the creation of sizeable charitable foundations in the early 20th century.¹ As the number of charities, voluntary associations and foundations grew, the term 'philanthropy' came to mean any secular altruistic activity or organisation. Today 'philanthropy' is increasingly used with a narrower meaning, to describe gifts of money, time and expertise together to create positive societal value ('time, talent and treasure'). This definition, and it's hard to quantify elements, are one of the reasons why it is difficult to say how much philanthropy there is in the UK.

We know that total private charitable giving (giving by individuals and private charitable trusts) in the UK stands around **£19bn**—with donations by individuals comprise the majority of this giving.² The 2015 UK Giving Report estimates the total amount given by individuals is **£9.6bn**³—which includes small and large gifts by people across all incomes.

Figure 1 shows individual giving by different types of donor (using the 2014 Giving Report as 2015 does not have this breakdown, plus data from

the NCVO Almanac and Scorpio Partnership). It highlights that around £1.3bn is given to the sector by people who have wealth of over £1m: high or ultra high-net-worths or (U)HNWs. According to the NCVO Almanac 2010/11, the 7% of donors that gave more than £100 per month generated almost half (45%) of the total amount given to charity.⁴ The sector is clearly reliant on this group.

In 2009/2010, the voluntary sector received **£15.2bn** of income from government sources (statutory bodies including central government, local authorities).⁵ Since then, income from government has fallen every year. In real terms, income from government fell by £1.9bn from 2009/2010 to 2012/2013. Preliminary estimates for 2013/2014 suggest income from government to be **£12.9bn**.⁶ This presents an opportunity and a challenge for philanthropists and potential philanthropists—to consider whether they wish to replace state funding, or invest in new models for public good.

The UK is generous on an international basis—it ranks sixth in CAF's World Giving report and first among European countries in 2015.⁷ But the UK often looks to the USA for comparison, and it ranks higher in participation levels, overall amount of giving and giving as a proportion of GDP. This holds the promise of increased levels of giving in the UK. Using data on the current levels of giving by people with more than £1m of

Figure 1: Giving from individuals in the UK



wealth, Scorpio Partnership estimates that philanthropy by (U)HNWs could rise to £5.2bn per year, from £1.3bn currently, if donors adopt best practice levels of giving (see Appendix A for further explanation on the assumptions underlying this calculation). Although this requires a step change in how generosity and giving are seen by (U)HNWs, it does not need an increase in giving to levels which require a significant change in lifestyle.

But as well as encouraging more giving, we also want to support people to give in ways that create more impact. Attitudes towards philanthropy have evolved and many philanthropists now strive to be more strategic and effective in how they address social problems. Effective philanthropy—which includes having a clear strategy, a focus on outcomes, learning from mistakes and from others, and collaborating—is becoming more recognised as good practice by philanthropists. These same philanthropists want to be engaged with their philanthropy—often giving time, advice, expertise and contacts alongside their wealth. Greater emphasis is put on leverage and collaboration, as philanthropists realise that the issues themselves are too big to tackle alone. In addition there may be a generational shift taking place. Many new philanthropists are starting at a younger age and are self-made. These individuals tend to be more enterprising, risk-taking and interested in impact. Nevertheless, the philanthropy sector can do more to help philanthropists focus on being more effective so they can have a bigger impact.

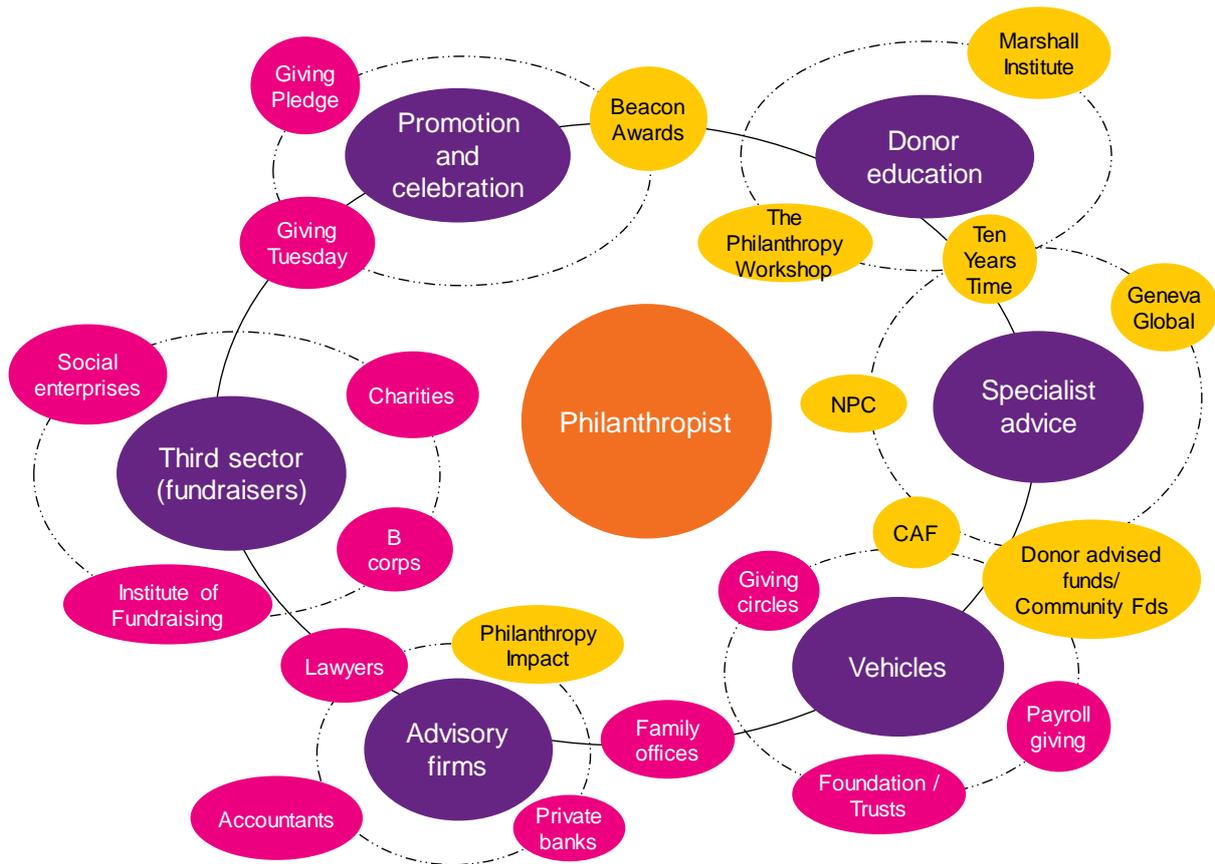
The philanthropic market

Since the turn of the century a number of organisations have emerged with the aim of helping philanthropists give their money away well. There has also been a growth in the number of wealth managers and advisors in banks and law firms interested in providing philanthropic advice to their clients. Yet, while more firms do this work, donors continue not to rate this advice highly. On average the UK's wealthy population gives a score of just 5.9 out of 10 to the philanthropy advice they receive from their professional advisors, suggesting there is room for improvement.⁸ The philanthropic advice from these professional firms covers a broad range of topics including tax, charity selection, evaluation, education and next generational planning; many firms that claim to provide advice may actually only provide two or three services and may not recognise the importance of the other advisory services. The current model still relies on the philanthropist navigating his/her way through the market and raising the topic of giving to the advisor. In addition, fundraisers, wealth advisors and lawyers are not always knowledgeable enough to explain the tax implications of giving or help a philanthropist plan his/her giving. Lawyers and wealth advisors can also sometimes be reluctant to recommend charitable organisations to their clients, including those organisations that help people develop their giving, perhaps fearing responsibility for the advice.

A number of independent membership organisations and consulting organisations have entered the market, providing strategic advice, donor education, and networking to those interested in pursuing philanthropic giving. While they have broadly the same goal, which is to grow more and better philanthropy, each organisation focuses in a slightly different way to achieve this. These organisations do good quality work helping philanthropists become more effective—many experts from our interviews thought that the UK was ahead of the rest of the world in terms of philanthropy advice. Yet these are, for the most part, small charitable organisations and even added together, their total client list would be in the hundreds rather than thousands. Few of these organisations have the capacity to undertake major market-building pieces of work and they are all sub-scale for their mission, only able to reach a part of their potential audience (Appendix E has short descriptions of some of these organisations).

Figure 2 is a depiction of the current philanthropy landscape and the organisations that work within it. The map is not exhaustive and does not show the relative size of the players. It is not easy to tell the split between those within the philanthropy market who are concentrating on giving more and those who are concentrating on giving better. Some of them—for example third sector fundraisers—are very much concentrated on increasing the amount of giving, but not necessarily increasing the quality. We know that the organisations in yellow share the common primary goal of encouraging major donors in the UK to give more *and* to give it more effectively.

Figure 2: The landscape of organisations that work with philanthropists



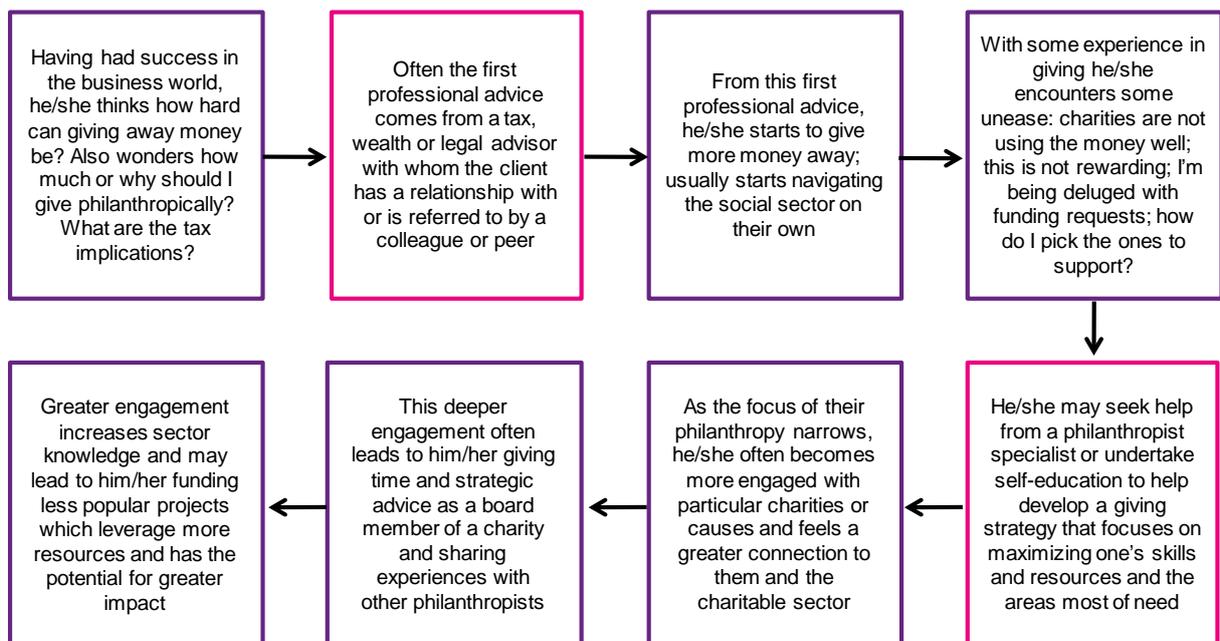
THE PHILANTHROPIST'S JOURNEY

There are a lot of people giving to charity already, and many more who could or would give. Although there is a philanthropic market to serve those who give, research undertaken by Philanthropy Impact estimates that the proportion of wealthy people who use philanthropy advisors is only 12%.⁹ To think through how the philanthropy sector can help encourage more people to give, and more people to give better, we have mapped three common giving journeys. This 'user journey' approach maps a person's experience interacting or using a product or service and helps identify barriers and motivations. While each person's philanthropic journey varies, from our interviews, workshops and experiences it was apparent that there are common themes which we used to develop these giving journeys (the full list of barriers and motivations identified is presented in Appendix B).

The pink boxes show where the philanthropy sector is likely to intervene with the individual philanthropist, while the purple boxes represent events or activities that are not likely to be influenced by those working in the philanthropy sector. It is useful to consider where roadblocks occur so that the philanthropy sector can work to improve the pathway for philanthropists.

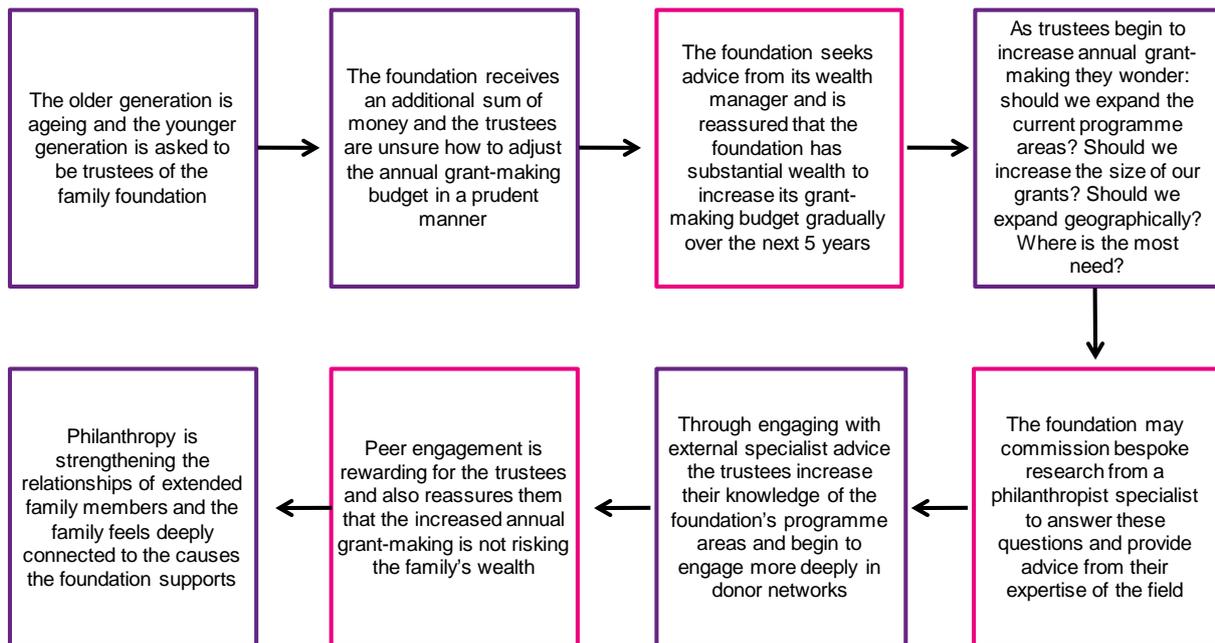
Journey 1

The first common journey identified was that of a business person who comes into a sizeable amount of money—this could be after selling a business, through the initial public offering of a public company, or after receiving a large bonus. These individuals are often successful in the private sector and bring expertise and experience from a different field to the social sector. They may already be giving on an ad hoc basis, but a major capital event can trigger further commitment and financial means to their philanthropic goals.



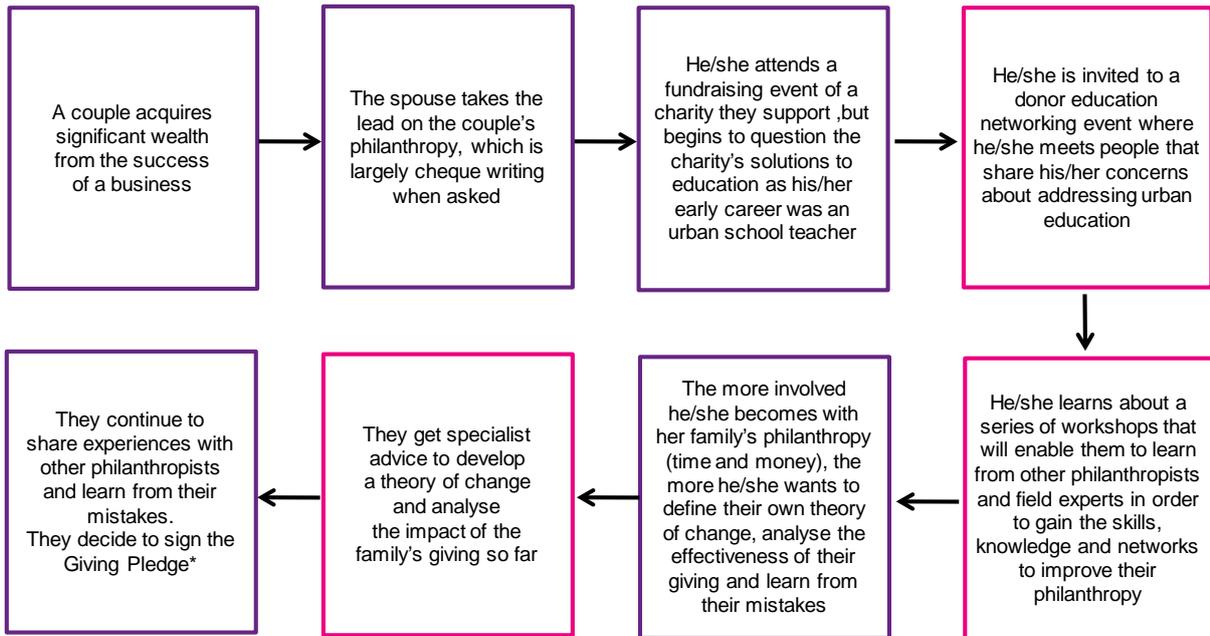
Journey 2

The second journey is that of a person who comes from a wealthy family. Often this person grew up surrounded by wealth but has never been involved directly with the family's charitable giving. The family could have a strong history of giving which the new philanthropist can learn from. The philanthropist may give independently, but has not devoted a large amount of time to philanthropy so far. Often a prompt for getting involved occurs when the older generation begins to cut back their time in the family philanthropy, or the death of a family member means the younger generation are asked to become trustees of the family foundation. This change in personnel may trigger the foundation to become more strategic, or it may be because of a capital event such as more money going into the foundation.



Journey 3

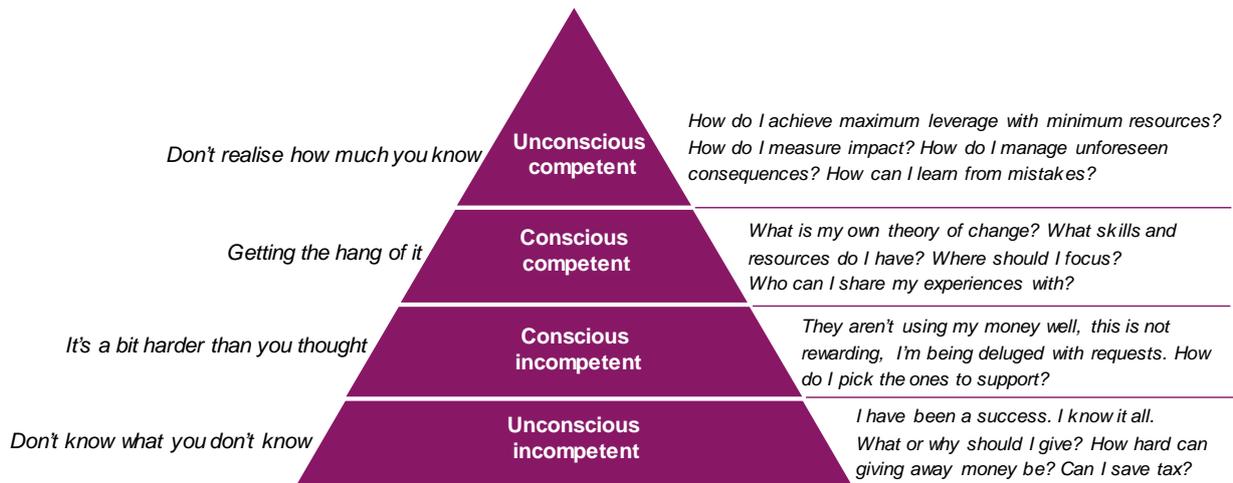
The third journey denotes someone who has come into some money, but also has experience around the social issues they are trying to change. This is often the partner of a business-person, but may also be someone who has had an unexpected inheritance. The philanthropist here may have knowledge of social issues through their work or volunteering and so brings these experiences to their philanthropy. The philanthropist often starts off by giving to a range of charities, but can get disillusioned when presented with simple solutions to complicated problems.



* The Giving Pledge is a commitment by the world's wealthiest individuals and families to dedicate the majority of their wealth to philanthropy. The idea came from Bill and Melinda Gates and Warren Buffett through conversations with other philanthropists in the USA and abroad.

These donor journeys show that for most people the philanthropic journey is not a straightforward path. The journey requires self-reflection, willingness to learn from others, and the ability to find sources of information. At the outset many people are not aware of what they do not know and sometimes this can lead to dissatisfaction—either with giving in general or the systems in place. If they stick with it (which not everyone does) they begin to realise that giving away money is not as easy as they previously thought. Through experience, peers and specialists they can overcome some of the initial concerns and even embrace the challenges that come with giving away wealth. Even once they become more experienced, they may not realise how much knowledge they have acquired through their philanthropic journey. This process can be rewarding for an individual if they have the opportunity and ability for reflection. Sometimes this reflection comes when asked to share their experience with other philanthropists. Figure 3 on the next page summaries this process in four stages.

Figure 3: Philanthropy conscious-competence journey



The philanthropy sector's role is to help people get started on this journey, stick with it and, over time, reach the point of being a thoughtful and engaged philanthropist. This will help people not only give better, but also to give more, unlocking that potential for the charity sector. Too often the lack of a systematic approach to giving prohibits people from beginning the philanthropic journey. Some of the factors that contribute to this are:

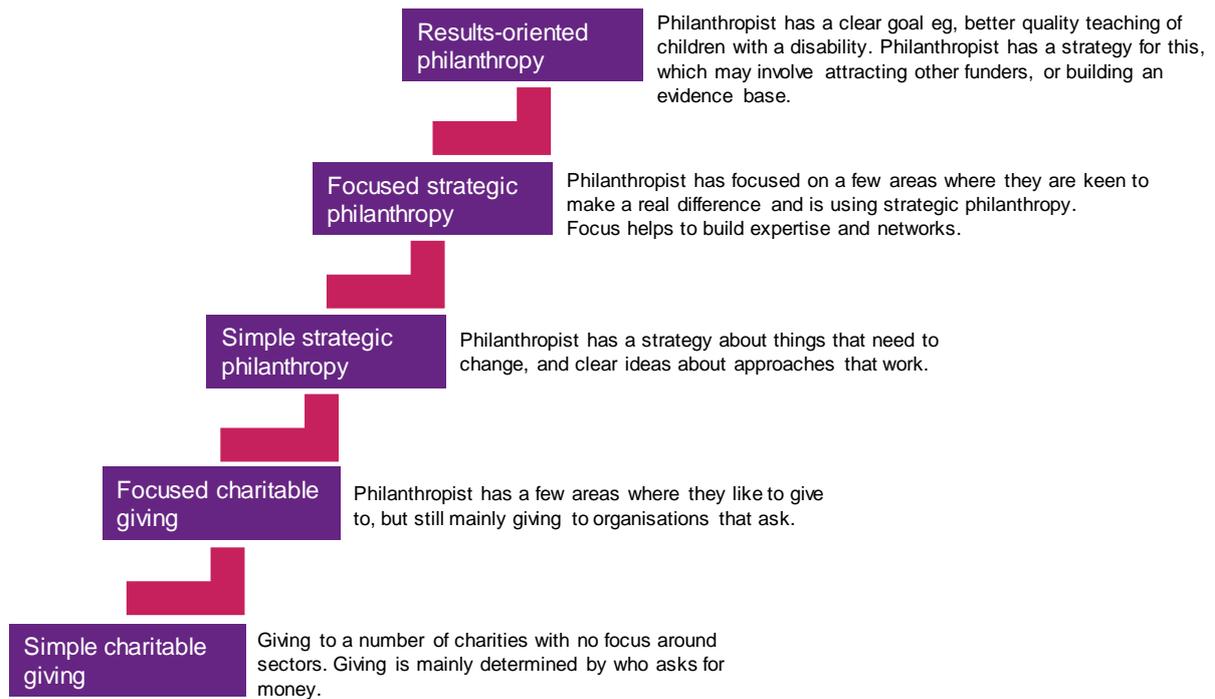
- **The desire for more money.** Especially for self-made individuals the desire and effort to build more wealth can deter from the act of giving away money. Those in higher income brackets often do not feel wealthy compared to their peers and the need to keep up with peers can add to the pressure to concentrate on wealth creation. In addition, financial advisors are incentivised to increase their clients' wealth, which does not lend itself to encouraging or even introducing the idea of giving assets away to charity—even if they have enough money to live on, retire on and pass on to their beneficiaries.
- **The desire to leave wealth to next generation.** Sometimes a barrier to more giving is the desire to leave one's heirs with as much wealth as possible. Those who inherit wealth from previous generations often feel like they do not have the authority to give away wealth 'on their watch' and that their duty is to preserve wealth for future generations.
- **The desire to follow the herd.** Whether giving a large one-time charitable donation or deciding on one's annual giving level, most people want to give in line with the perceived average amount. Many donors will ask fundraisers for giving tables because they do not wish to be the biggest donor of an organisation. While this may be prudent from a donor-dependency point of view, in aggregation it reduces the average giving level of major gifts. Furthermore, most publicised information on wealthy donors tends to be an average, which then becomes a benchmark and comfort zone for those looking for guidance—rather than giving being based on an assessment of financial capability.

All of the journeys and the factors listed show that there is an important role for peers, family members, professional advisors and, to some extent, charity fundraisers to influence individual giving.

Stages of effective philanthropy

The donor journeys show that people's giving often moves over time from being less strategic and less focused on impact to being more strategic and impact focused. For many people this is a staged journey that starts with unfocused giving, moves through setting a strategy and becoming more focused, to putting in place the type of philanthropy that is designed to deliver results—for example working in partnership, or considering policy causes. Very rarely do people start off by focusing on results. These stages of philanthropy are shown in Figure 4.

Figure 4: Stages of effective philanthropy



Donor motivations

We have very little evidence about why people move through the stages to become more effective. We described in our example donor journeys things like dissatisfaction, peer effects, and encouragements from advisors as things that can motivate people. It is important to balance this with what we do understand about why people give to charity, which is a much more extensively researched area.

NPC's [Money for Good UK](#) research outlines seven types of donors based on their motivations for giving.¹⁰

- **Loyal supporter**—The kind of people who give loyally to their chosen cause over several years.
- **Ad hoc giver**—The kind of people who are easiest to reach through social networks. The motivating factor is existing relationships, requests from peers, or knowing someone directly affected by an issue.
- **Good citizen**—The kind of people who give in a traditional way, and in a community context. The segment is most motivated by a sense of public duty due to their position in society.
- **Faith-based donor**—The kind of people who give at their place of worship. Faith and community are major motivating factors.
- **Engaged champion**—The kind of people who raise money through Movember etc. These donors are very likely to give time alongside money, and will choose carefully where to give.

- **Benefactor**—The type of people who sit on boards. They also like to be leaders and innovators.
- **Thoughtful philanthropists**—The kind of people who spend a long time thinking about decisions and weighing up options. Demonstrate an interest in the impact of the organisation.

This shows that decisions for giving are generally not based on impact—instead it's about commitment to a cause, being asked by friends, or liking the prestige that they get from giving. It is not clear from the literature whether you can fundamentally change people's motivation for giving. Therefore, for the majority of givers there is no intrinsic motivation to become more impactful and they are not looking to move up the stages of giving described in Figure 4. From our interviews, we found that many people become motivated to give more effectively as a result of dissatisfaction with their current giving. Looking at what causes this dissatisfaction might enable us to help think about whether people are likely to become more effective givers or not.

In Figure 5, we have roughly placed each of the donor types from Money for Good at the stage where they are likely to be fulfilled on the journey to effective philanthropy. For those motivated by impact, like the thoughtful philanthropists, it is only when they get to the top stage and achieve results-oriented philanthropy that they will feel fulfilled. For people who are Ad hoc givers, they are likely to be satisfied operating at the simple philanthropy stage.

Figure 5: Where different types of donors are likely to be satisfied on the stages of effective philanthropy

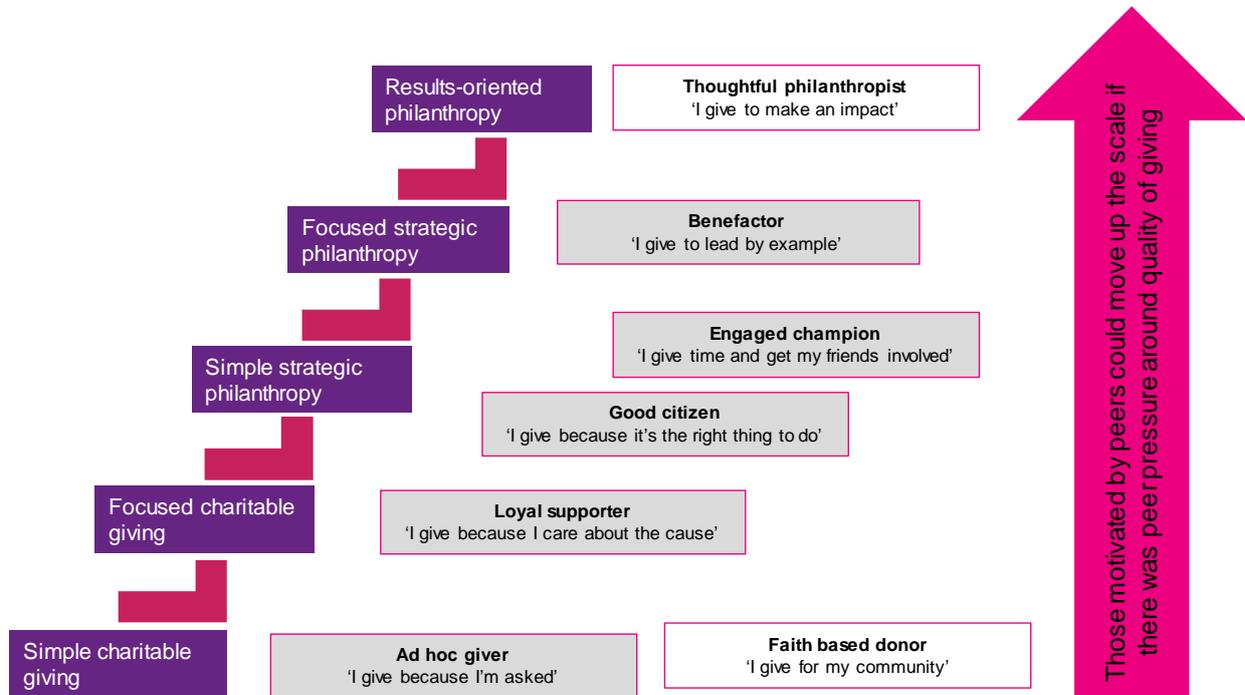


From conversations around this work we know that dissatisfaction with giving is often triggered by a feeling that their money is not making much of a difference, which causes people to believe that they would enjoy their giving more if it was more effective.

For philanthropists without the primary motivation of impact it is much more difficult to identify the factors that will incentivise them to become more effective givers. However, we have discovered that peer influence may be a key factor. Therefore, if peer approval came from not just giving, but giving strategically, more philanthropists may move through the stages of strategic philanthropy.

Figure 6 highlights the donor segments that may move if peers were to influence them to care about impact. These segments are marked in grey and it shows that there are potentially five segments where the peer influence is strong, and therefore could be used to improve giving. The strength of the peer influence differs, but it is a common link. This may be a more fruitful way of encouraging people to give better than just focusing on the benefits of impact, as we know relatively few of the donor types are motivated by impact.

Figure 6: Donor types who peers could influence to move up the stages of effective philanthropy



THEORY OF CHANGE FOR THE PHILANTHROPY SECTOR

Philanthropy in the UK has achieved a great deal, but it has the potential to have a bigger impact—which may involve changing the sector so that it more closely meets the needs of philanthropists. In order to think through what needs to be in place in the philanthropy sector, we developed a theory of change. A theory of change is a conceptual map of the outcomes involved in creating change and the activities that lead to those outcomes.

A theory of change has a variety of benefits:

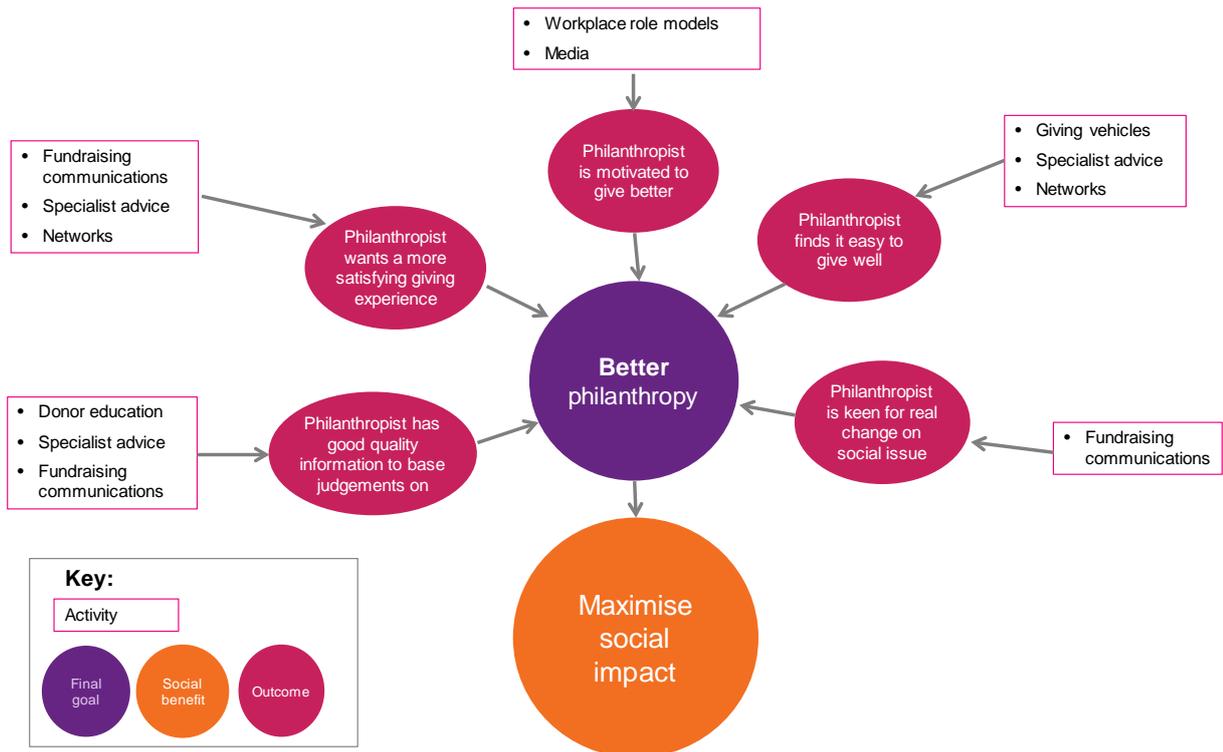
- It helps to simplify ideas so that we can get a common understanding and then make decisions and create new ideas.
- It helps to clarify and test assumptions underlying how change happens.
- It helps to detail all the outcomes involved in change so that they can be tracked and measured.

A theory of change for a sector shows all the things that need to be in place for the sector to work well and achieve its goals. It helps organisations understand their role and the roles of others so that they can better collaborate and signpost to others. What helps people to give more and give better is not a linear journey and will not be the same in all cases. This is why we have not explained the theory of change in the more common linear way and have instead described it as outcomes what needs to be in place for there to be more and better giving. This does not mean that they all have to be in place for each individual person.

Figure 7: Theory of change for more philanthropy



Figure 8: Theory of change for better philanthropy



The final goals for these theories of change are that there is **more** and **better philanthropy**. How you get more philanthropy and better philanthropy are similar and linked, but are not the same, which is why we have represented them on two diagrams despite their similarity. It would be possible, for instance, to have actions that lead to more giving which actually undermine effective giving. Some fundraising and media campaigns advocate for more giving to a particular organisation or cause, but may not encourage the funder to fully understand the need or context of the gift. During this project we discussed that it would be preferable to have *better philanthropy* over *more philanthropy*, if more philanthropy did not lead to impactful giving and if it was not possible to get both. However we realise that it is often the case that more philanthropy leads to more people experiencing the philanthropic journey, which is ultimately what leads to better philanthropy.

At a high level, the outcomes look very similar on both theories of change. However, once you look into the mechanism of how the outcomes lead to the final goal, and the interventions that are needed to deliver it, there are important differences. A fuller description of each outcome is available in Appendix C. The key learning in both theories of change is the importance of changing people’s motivations so that they want their giving to be more effective.

CONCLUSIONS

Where can the philanthropy sector improve?

Given that we have not identified anything within the theory of change that does not already exist to some extent, what can we change about the sector to ensure that it meets its collective goals of more and better philanthropy? Thinking through our theories of change, the user journeys and what the research says about motivations and goals, we have identified four points in the system that if changed would have the potential of large positive results for the UK philanthropy sector.

1. **Philanthropy advice organisations commit to a coordinated approach.**

The specialist advice market is small and fragmented and can be difficult to navigate. A more coordinated approach could make the offers of specialist advice easier to understand for philanthropists and those working with philanthropists. Agreeing to shared messaging/language; mapping in more detail the organisations working in the philanthropy sector in the UK in order to raise awareness of the varying offerings; cross referring philanthropists rather than being proprietorial about relationships; co-designing events; and potentially joint approaches to funding could benefit current and future philanthropists in the UK and beyond. The organisations involved in this report are committed in principle to this point. We invite others working in the philanthropic advice market to be part of this coordinated approach.

2. **Professional advisory firms.**

Firms offering wealth management, legal advice and tax advice are important players in the system as they are often advising future philanthropists around the time that they are experiencing a trigger event such as an influx of capital. If the quality of their philanthropic advice improved it could start more people giving, and could also support them on a journey to effective giving. These professional advisory firms have an important role in signposting to other organisations too. If they understood that philanthropists need a range of services and they may only be able to provide certain elements they could refer clients to other available offerings.

3. **Third sector fundraisers.**

Fundraisers have a lot of interaction with donors and are crucial in shaping their impressions about the charity sector—often their work appears to contradict the messages about effective philanthropy. Historically, most fundraisers are not promoters of effective philanthropy; thus work with them around effective philanthropy could potentially have a big impact on this group of people whom hold crucial relationships with major donors.

4. **Promotion and celebration.**

We have explored how many donors are influenced by their peers, and therefore a campaign that focuses on people giving better, as well as giving more, may persuade people to give more effectively. There have been some attempts to encourage more philanthropic giving such as using British honours systems to bring greater recognition to philanthropy.

We have shown that there is potential to unlock much greater private wealth for public good. There is the possibility of an additional £4bn for charitable endeavours if there is a step change in giving behaviour by (U)HNWs. Moving towards this ambitious goal will require a wide range of coordinated activities by all the organisations working in this field.

There are a number of potential initiatives that could change the philanthropy market and enable more people to give, and more people to give better, including:

- Philanthropy organisations need to work more closely together and coordinate their programs.
- Philanthropy advisors need to invest in their skills and relationships and to operate as part of a wider 'ecosystem' so that they can signpost donors along their journey.
- Funders with an interest in greater charitable giving, including government, Big Lottery Fund and other foundations, should explore how they can invest in the philanthropy sector to create sustainable change in levels of philanthropic giving by the wealthy, which will unlock billions of pounds of additional income for the charity sector.
- Government needs to develop a public discussion about the role of private wealth and consider what tools it has at its disposal, such as the honours system, to stimulate more giving by the wealthy.
- Researchers have to develop tools to measure changes in levels of giving, possibly using HMRC data, to enable us to track the impact of the various initiatives.
- Media could cover the issues around philanthropy more extensively and positively, recognising that it is an essential part of a vibrant, altruistic society.

The next phase must be to assemble all the creative ideas that have been proposed throughout this project, as well as seek out others that have not yet been shared. Combined, they have the potential to change the philanthropy market and enable more people to give, and more people to give better. This could transform the charity sector and therefore the lives of the people helped by charities. We welcome others to join in this campaign, whether they work for a professional advisory firm, a third sector organisation or in any other field and have a desire to achieve more and better philanthropy in the UK.

If you would like to join us in this work please contact Angela Kail at NPC via angela.kail@thinkNPC.org.

APPENDIX A: HOW MUCH COULD THE WEALTHY IN BRITAIN GIVE?

[Scorpio Partnership](#) have used previously unpublished research to estimate that there is the potential to grow giving by high-net-worths (HNWs) and ultra high-net-worths (UHNWs) from £1.3bn to £5.2bn.*

This increase in philanthropy would be achieved if every HNW and UHNW individual moved to the best practice level of giving, which we have set as being at the 95th percentile of the current distribution of giving. The distribution of the giving data is uneven, with some very significant outliers and no clear linear trends. This is, of course, simply a statistical reflection of what we know already: there is no culturally acceptable level for giving and a few individuals are disproportionately generous when compared to most.

We believe that moving people to the 95th percentile is possible considering the assets that people have. This level of giving would involve, for instance, an annual level of giving of just under £6,000 for HNWs, which if repeated for twenty years, would mean people with assets of £1m were giving around £120,000.

Scorpio Partnership's research shows:

	Number in the UK	Estimated total wealth	Current level of giving in the UK (% of worth)	Current average annual donation	Estimated total current annual donations	95 th percentile level of giving (% of worth)	Estimated average annual donation	Estimated total annual donations if move to best practice
HNW	323,680	£727.1bn	0.06%	£1,347	£424.9m	0.27%	£5,980	£1,935.8m
UHNW	16,320	£645.9bn	0.14%	£55,411	£906.6m	0.50%	£197,898	£3,229.7m
Total	340,000				£1,331.5m			£5,165.5m

This is based on unpublished Scorpio Partnership research over several years looking at the wealth and generosity of HNWs and UHNWs. It builds on research that Scorpio Partnership has recently conducted for Philanthropy Impact.

* HNWs are defined for the purpose of this research as people who have more than £1m of investable wealth (excluding main residence). UHNWs are defined as people who have more than £10m of investable wealth (excluding main residence).

APPENDIX B: DONOR TYPOLOGY

The following tables show the motivations and barriers to giving of various types of donors. We have split them out by their source of wealth and whether or not they are already giving.

Motivations of donors

		People who give small amounts	People who could give more	People who could give better
Source of wealth	Self-made	<ul style="list-style-type: none"> • Often achieve wealth suddenly through a capital event • Philanthropy is often brand new to them and they need to find their cause • Giving often triggered by life event (retirement, family illness) • May not be aware of available cash to give away 	<ul style="list-style-type: none"> • Often see charity sector as slow, lacking innovation and leadership; not enough impact / mistrusted • Giving while living; not wanting to leave it all to the children • Motivated by the ability to influence a sector and make a significant impact • Often do not feel wealthy relative to peers; may not know how much money they have 	<ul style="list-style-type: none"> • Driven by impact; not happy with giving to date • Desire for innovation • Often take ideas from their field of expertise to the charity sector (eg technology, business acumen) • Likely to be giving to charity galas • Largely reactive to requests
	Inherited	<ul style="list-style-type: none"> • Feel like they don't have the authorisation to give away wealth • Feel obligated to pass on wealth to the next generation • If land owners, may feel sense of duty to community around them • Influenced by family history of giving 	<ul style="list-style-type: none"> • Worried about losing money on their watch; duty to preserve money for future generation • Lower appetite for risk • Asset rich, cash poor • Affected by decisions of peers and family members • Funding often less focused; largely reactive to requests 	<ul style="list-style-type: none"> • Strong family giving legacy • Funding often less focused; largely reactive to requests • Influenced by peers/ family members and status
	Spouse/ Partners	<ul style="list-style-type: none"> • May not be aware of available cash to give away • Philanthropy is often brand new to them and they need to find their cause • May not know how social change happens 	<ul style="list-style-type: none"> • May not feel like they have authority to give wealth away • Motivated to give well • Have time to give as well as money 	<ul style="list-style-type: none"> • Likely to be giving to charity galas • Influenced by peers and status • Motivated to give well • Have time to give as well as money

Barriers to giving for donors

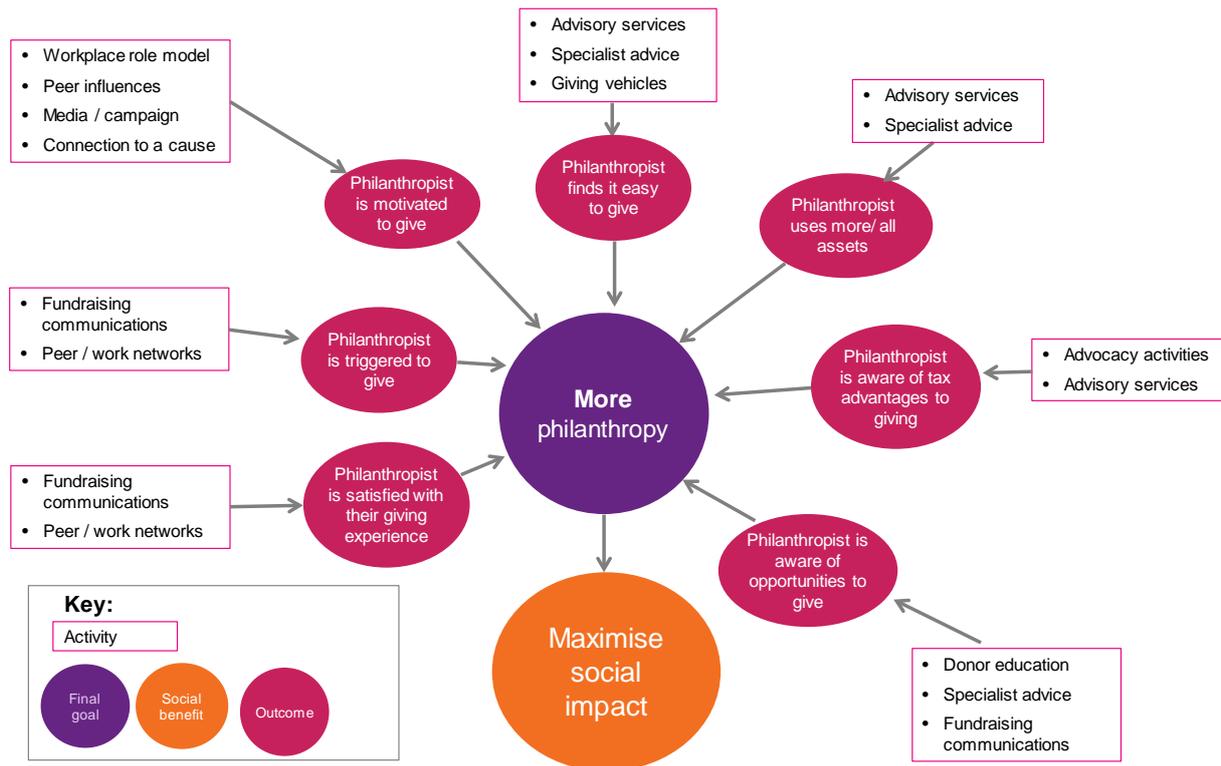
		People who give small amounts	People who could give more	People who could give better
Source of wealth	Self-made	<ul style="list-style-type: none"> • Lack of time • Lack connection to an issue • Lack confidence in ability to identify and understand charities • Often insecure about what they can afford to give away. • Feel they have paid their dues to society through taxes and creating jobs 	<ul style="list-style-type: none"> • Often see charity sector as slow, lacking innovation and leadership; not enough impact / mistrusted • Lack of time • Disappointing previous experience that failed to meet expectations 	<ul style="list-style-type: none"> • Disappointing previous experience that failed to meet expectations • Lack of quality information about charities • Lack of time
	Inherited	<ul style="list-style-type: none"> • Lack connection to social issues or a particular cause • Lack confidence in ability to identify and understand charities • Lack of family giving culture 	<ul style="list-style-type: none"> • Feel that it is his/her duty to preserve money for future generation • Lack willingness to risk money • Lack of available cash for philanthropy 	<ul style="list-style-type: none"> • Lack of giving culture (by peers/ family member) • Lack of clear funding focus
	Spouse/ Partner	<ul style="list-style-type: none"> • Lack of knowledge of available cash for philanthropy • Lack of awareness of opportunities to get involved • Lack confidence in ability to identify and understand charities 	<ul style="list-style-type: none"> • Lack of knowledge of available cash for philanthropy • Lack of clear cause / focus or only a vague definition of issue areas 	<ul style="list-style-type: none"> • Lack of clear cause / focus or only a vague definition of issue areas • Lack of quality information about charities

Activities which could help people over their barriers to giving

		People who give small amounts	People who could give more	People who could give better
Source of wealth	Self-made	<ul style="list-style-type: none"> • Donor education • Peer networks • Professional advisors • Meeting other donors • Needs to be easy; introduce funding vehicles • Workplace giving role models 	<ul style="list-style-type: none"> • Donor education • Sector research (needs, policy, funding landscape, etc.) • Using all assets • Needs to be easy; introduce funding vehicles • Workplace giving role models • Meeting other donors (peer pressure) 	<ul style="list-style-type: none"> • Donor education • Sector research (needs, policy, funding landscape, etc.) • Specialist advice • Impact analysis • Using all assets • If workplace CSR is good, can lead to better giving • Ability to influence • Funder collaboration • Donor networks
	Inherited	<ul style="list-style-type: none"> • Professional advisors • Donor education • Fundraising communications • Meeting other donors 	<ul style="list-style-type: none"> • Giving time (more likely to become trustee) • Ability to influence • Meeting other donors 	<ul style="list-style-type: none"> • Share learnings with other family foundations • Funder collaboration • Donor networks
	Spouse/ Partner	<ul style="list-style-type: none"> • Donor education (how changes happens) • Peer effects • Professional advisors 	<ul style="list-style-type: none"> • Giving time • Peer effects • Meeting other donors • Using all assets • Specialist advice 	<ul style="list-style-type: none"> • Donor education • Specialist advice • Impact analysis • Using all assets • Donor networks

APPENDIX C: MORE DETAIL ON THE THEORY OF CHANGE

More philanthropy



Philanthropist uses more or all assets leads to more philanthropy as people are giving away more. This can happen by using social investment as a way of giving more, or by simply giving away a larger part of their wealth. The research indicates that realisation of wealth through a capital event often triggers people to think about their philanthropy. Advisors can help overcome the barrier that people perceive they don't have enough money. They can also have conversations with people when they going through a capital event to trigger thoughts about philanthropy.

The research indicates that one reason that people do not give is a lack of confidence and **awareness of opportunities**. The major source of information comes from charities themselves, through their fundraising work. Donors who get specialist advice or donor education get better information that should make it easier for them to give to charities.

While not many people start giving because they think it will give them pleasure, people getting **satisfaction** and enjoyment about their philanthropy makes them more likely to do it again. This can come from many different methods and motivations: satisfaction at being a catalyst for change; relationships made through giving; and building people's status. Primarily this enjoyment and satisfaction is built through the relationship with charities, but also can come from peer networks. Behavioural economics literature around nudging people shows how important peer influences are in making changes. Peers help to both bring a sense of status and a sense of duty.

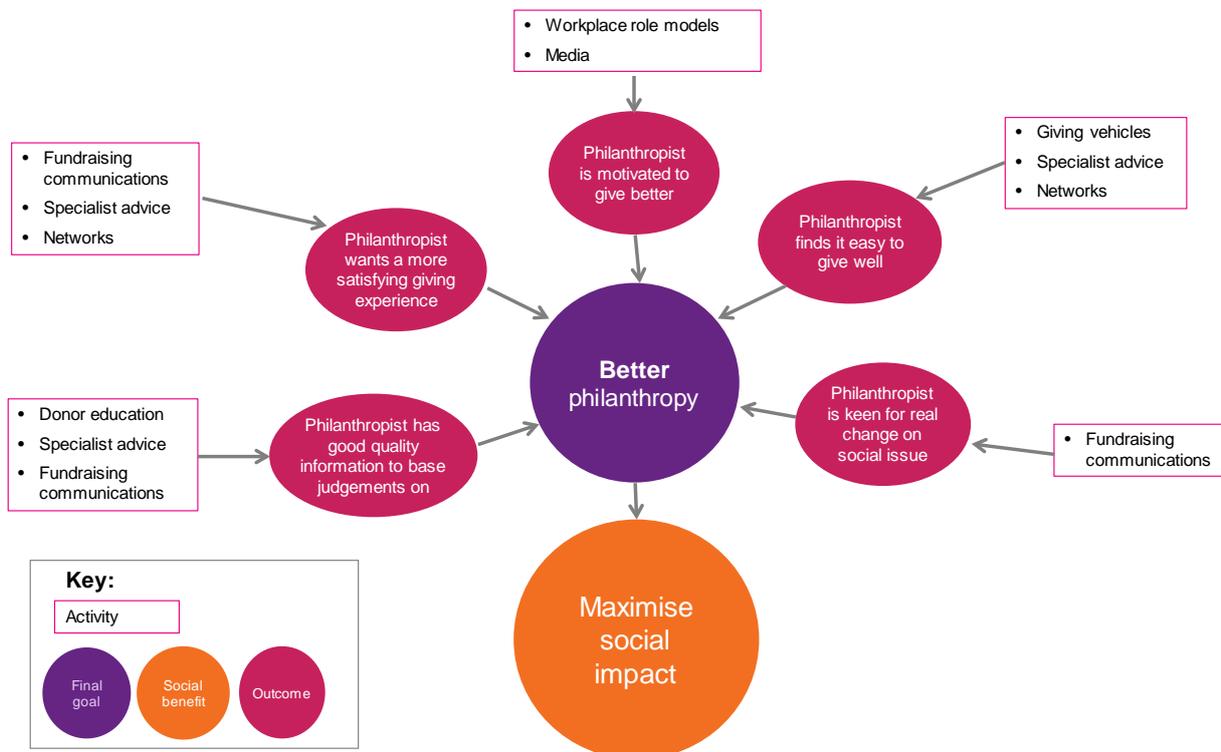
Both of these are important motivations in why people give. The media plays an important role in how it portrays philanthropy and philanthropists, and that will influence people to give. The UK has quite a reticent culture about talking about philanthropy. Workplace role models also help spread philanthropy as a good idea.

Again, the literature around nudging people shows that making it **easy to give** increases people likelihood to do it. Many people cite lack of time as a barrier and simple ways to give can help overcome this. This can come from vehicles such as donor advised funds, specialist advice, networks that bring ideas to people and fundraising communications from charities.

While people do not cite the tax structure as a reason why they do not give, people frequently cite the **tax incentives** in the US as a reason why it has higher levels of giving. Advocacy on behalf of philanthropy, which discusses its place in UK society and the reason there are tax incentives, is important to ensure that this structure remains in place. For individual philanthropists, advice that makes sure that their giving is tax efficient is important.

People will be **motivated** to give by different reasons: for some it is a sense that it is a 'normal' thing to do, for others a sense of giving back, for others the motivation is about the difference they can create in the world. This motivation can come from a number of different sources such as workplace role models, the media, peers, or by forming connection to a cause. As well as the motivation, people also need a **trigger** to give. Sometimes this will be internal—an event in their life, but more interesting is the external triggers such as being asked to give by a fundraising communication or peer networks.

Better philanthropy



While the outcomes which lead to better philanthropy are similar to the outcomes that lead to more philanthropy, underneath the headline the detail of how the outcomes lead to better giving do differ from how they lead to more giving.

One of the problems with effective giving is the lack of information there is about the effectiveness of charities and social enterprises. **Having good quality information to base decisions on** is a necessary prerequisite to better quality of giving. This information could come from charities and social enterprises themselves through their fundraising communications; it could come from donor education or specialist advice services.

People wanting and getting a more **satisfying** giving experience is often an important part of why people move to giving better. This satisfaction could come from different places—from knowing that your giving has made a difference, or from the approval of peers. Often dissatisfaction with ineffective giving is the reason why people move to a more time consuming but satisfying form of philanthropy. This **motivation** to give well can also come from role models, or media influences around better giving. An important motivation is also that the philanthropist **is keen for real change** on social issues.

Again, the literature around nudging people shows that making it **easy to give** increases people likelihood to do it. Strategic philanthropy is often seen as time consuming, so ways to make it easier would help. This could come from specialist advice, networks and vehicles for giving that make it easy.

APPENDIX D: EXPERT INTERVIEWEES

The authors would like to thank the following people who supported this research by being interviewed.

- **Lena Baumgartner**, Deputy Director of Research & Consulting, NPC
- **Lucy Bernholz**, Visiting Scholar, Stanford University Center on Philanthropy and Civil Society
- **Jo Ensor**, Director, The Philanthropy Workshop London
- **Mark Greer**, Chief Executive, Beacon Awards (now Senior Manager, CAF American Donor Fund)
- **Charles Keidan**, Executive Director, Oxford Centre for the Study of Philanthropy(now Executive Editor of Alliance Magazine)
- **Plum Lomax**, Deputy Head of Funders Team, NPC
- **John Pepin**, Chief Executive, Philanthropy Impact
- **Victoria Vrana**, Senior Program Officer, Charitable Sector Support at Bill & Melinda Gates Foundation
- **Jayne Woodley**, CEO, Oxfordshire Community Foundation

We would particularly like to thank **Cath Tillotson** of Scorpio Partnership for giving us access to previously unpublished data on levels of giving by (U)HNWs.

APPENDIX E: CHARITABLE ORGANISATIONS OFFERING PHILANTHROPY ADVICE, EDUCATION OR NETWORKS

Beacon Awards, UK Community Foundations (UKCF)

[UKCF](#) is the umbrella organisation for all 48 accredited community foundations in the UK. UKCF also provides philanthropic advice to donors and works to deliver UK-wide fundraising and grant making programmes through community foundations. A community foundation is a vehicle for charitable giving. Community foundations work with individuals, families and companies to design bespoke grant making strategies that target particular issues or focus on particular geographical areas. UKCF manages the [Beacon Awards](#), a biennial ceremony that celebrates achievements in philanthropy. The awards recognise and celebrate the transformational impact of individual and family philanthropists with the hope of inspiring others to follow suit.

Charities Aid Foundation (CAF)

[CAF](#) helps people and businesses support the causes they care about and for charities CAF provides day-to-day banking and fundraising services. CAF also plays a key role in representing the needs of donors and the charitable sector, working with Government and others to shape policy and legislation.

New Philanthropy Capital (NPC)

[NPC](#) is charity consultancy and think tank working with both charities and funders helping them to achieve the greatest impact. NPC provides donors and grant-makers various levels of philanthropy advice . NPC helps funders think through their goals and objectives, identify where help is needed most and areas of focus, and develop a strategy to help structure and deliver funding of any size.

Philanthropy Impact

[Philanthropy Impact](#) is a membership organisation working with advisors, philanthropists, charities and governments to develop greater expertise, awareness and impact in philanthropic action. Philanthropy Impact provides resources, bespoke events and platforms to support the development of the philanthropy sector.

Ten Years' Time

[Ten Years' Time](#) helps philanthropists learn about the fields they care about and take big bets on new ideas that can change the world. Through a programme of private meetings with academics, policymakers and frontline workers, combined with dedicated time spent with communities, Ten Years' Time helps philanthropists become experts.

The Philanthropy Workshop (TPW)

[The Philanthropy Workshop](#) is the leader in ongoing strategic philanthropy education and networking—inspiring individuals and families to give better. TPW members invest their time, talent, treasure, and networks as a means of affecting purpose-driven, sustainable change. With offices in San Francisco, New York, and London, the TPW member network of more than 400 philanthropists is the largest of its kind and unique to the field of philanthropy. Members hail from the United States and the UK, with significant numbers from Canada and countries throughout Europe, Latin America, the Middle East and Asia.

APPENDIX F: REFERENCES

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TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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