

# IMPRESSIONS VS. IMPACT

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## IMPRESSION VS. IMPACT:

### How Billionaire Philanthropists Transcend our Economies' Darkest Hours

By Shari Lynn Scales, CFRE

If I had a dollar for every time someone asks me, "So, how's it going out there? I wouldn't want to be in your shoes, trying to raise money right now..." we'd have cut the ribbon on our latest capital campaign effort at George Fox University! Instead, I just smile and nod, knowing that within my last decade of service as a development executive, the numbers speak differently. Giving is up.

How can that be? One job for every nine unemployed individuals, health care and college education costs at staggeringly high levels, new home purchases at an all time low, while home foreclosures loom at an all time high. How can charitable giving possibly be up anywhere, let alone in Oregon where the unemployment rate is at a national high of 12 percent?

First, a little history. According to *The Economist* and other financial resources, giving rose during the Great Depression. And, over the past 40 years there have been several recessions, but just one year in which total giving declined in America: 1987, the year of the "Black Monday" stock market crash. Backing up this data from the National Bureau of Economic Research is a more comprehensive report from the Sharpe Group (1992) entitled "Philanthropy in Uncertain Times." Sharpe purports that overall giving dropped and then rose during the Great Depression, and cites two main sources: the 1950 study by F. Emerson Andrews called "Philanthropic Giving" and reports from pioneer fundraising consultant John Price Jones whose reports began in 1931. The combined data show that from 1931-1933 there was a significant drop in giving, followed by a slow but steady increase from 1934-1941 (thereafter followed by a sharp increase from 1941-1948). Not surprising, Sharpe's final conclusion is that "Overall, giving trended erratically upward during the Depression..." due in large part to planned giving as "their deferred income rose at a faster rate than current giving declined."

While today's markets tell a different story – one of endowments eaten into and earnings-supported operating budgets cut by millions – cash still flows. In the hands of the few lies the security of the many.

There exists an elite group of women and men with unlimited resources. More money than we could ever dream to hold in our hands, let alone our bank accounts. And whether long-term inheritances or new found entrepreneurial earnings, these multi-millionaires and billionaires are putting their resources to work, helping to keep the world going in the toughest of times. While some realize the power their gifts possess in attracting additional support at a myriad of levels, others with little or no experience in charitable giving, or too humble for name placement on buildings and walls, have yet to grasp that their power lies in more than just doling out a six-, seven-, or eight-figure gift.

Our job as facilitators of positive change, a.k.a. development officers, is to teach and to coach, as much as it is to build, collect and thank. We should consider it an honor any day to walk alongside the wealthy as they journey our organizations from surviving to thriving. And I would argue that in times like those we find ourselves in right now, it's not merely an honor, it's our obligation.

So says one such billionaire, Sir Richard Branson, whom the website "Power of Giving" calls "the new type of philanthropist." Founder and chairman of the Virgin Group of Companies, a global publishing, retailing, aviation and entertainment conglomerate based in London, England, Branson boasts a net worth of over \$7 billion. He started his empire from scratch at the tender age of 15, building his business during one of Britain's darkest economic hours. By the age of 17, Branson started his first charity, "Student Valley Centre." He is trustee of several charities including the Healthcare Foundation, a leading charity responsible for a health education campaign relating to AIDS. Branson says, "With extreme wealth comes extreme responsibility. And the responsibility for me is to invest in creating new businesses, create jobs, employ people, and to put money aside to tackle issues where we can make a difference."

Branson gets it. In a somewhat flamboyant, but genuinely big-hearted way, he knows that lending his name, his companies, his employees, and his dollars to a cause creates leadership of the best kind in terms of stimulating non-profit support.

Others, like Brad Stoffer, co-founder of a little shoe company called Crocs, struggle with the notion that giving begets giving. Brad blessed our university with a \$1.2 million gift after walking into the President's office a year ago September as a parent of an incoming freshman, and asking if there were any projects for which he could "help out." Venture capitalist, Quizno's owner, and modern office furnishings founder, Brad and his family live in one of the most elite and expensive neighborhoods in the Rose City.

"My giving has always been on the Q.T.," he said, seated in his south Portland office at SmithCFI. We were meeting to follow-up on the announcement of his gift at a small, outdoor celebration on the land that would become a state-of-the-art sports complex to be shared by George Fox, local schools, and the community. I recounted the story of our struggles in

launching the campaign with, now, a seven-year-old gift of land. A former college football player (at a competing institution), Brad immediately resonated with the project, wanting to help our Division III school reinstate football after a 40-year hiatus. I shared my experience with unprecedented community projects that seemed to take off when a big gift was announced. "I've got friends who can help," he said quietly, but he didn't want to do the calling. He longed for his friends to read about his gift on their own, then call him to get the scoop. He wanted the press to open doors for his friends to follow his lead, but he wanted it done in quiet, humble way. This well-intended situation at odds left me certain that I would never begin to understand the complexities of the mind of a billionaire.

One man who has tried is Paul Schervish, Director of the Center on Wealth and Philanthropy at Boston College. From 1985-88, Dr. Schervish directed one of the most notable studies on philanthropic giving, "The Study on Wealth and Philanthropy" which examined the living and giving strategies of 130 millionaires. His study unleashed pioneering insight into how and why people give.

He is currently honing this work, with a grant from the Bill and Melinda Gates Foundation (ironic?) in "The Survey on Wealth, Values, and Philanthropy: Joys and Dilemmas and Wealth." The objectives of this groundbreaking study are to explore the new cultural underpinnings of wealth for society. It is the first large-scale survey to focus exclusively on households with at least \$25 million in net worth, with a considerable portion of those respondents above \$100 million. Dr. Schervish hopes to uncover the attitudes, practices and personal philosophies of ultra high net worth households regarding wealth and philanthropy. Lowell Weiss, a Senior Policy and Advocacy Officer with the Gates Foundation, explains, "In part, Warren Buffett's amazingly generous gift sparked our recognition that the Bill and Melinda Gates Foundation has an opportunity to work with others to encourage thoughtful, effective philanthropy. We believe this study conducted by the Center on Wealth and Philanthropy will contribute in important ways to our understanding of what drives donors to give and what they need in order to give well."

I have an inkling of how to help donors "give well." A moment when I successfully seized such a coaching opportunity occurred with a couple who were on the ground floor in helping Phil Knight build the Nike empire. This couple had been giving to our local hospital nearly 10 years before anyone from the staff or board bothered to call with a "thank you." After my initial call, and as my conversations and my relationship with them deepened, their giving grew from an annual amount of \$1,000 to a major gift of \$150,000 within three short years. It was when they were approached for a \$75,000 gift for mammography that I asked if they would consider giving *that* gift in the form of a match. *Really?* they inquired. *Are you sure?* They apparently had not been approached by any of the dozens of other charities they support to consider giving in this way, and had not thought about the positive results to an organization's base of support that a matching gift opportunity can create.

We received, and then successfully doubled their gift in 2007. Several years later, after my move to George Fox University, an institution to which they had also been giving in modest amounts for numbers of years, I found that here they also had not been engaged in conversation about potential and purposeful giving. Having just launched our sports complex campaign, I invited them to the President's office so that the four of us could talk vision. The conversation led to an ask, and without batting an eye, they agreed to a pledge of \$250,000 – a 1,000% increase over their previous gifts to the University and at a time (September 2009) when the markets remained topsy-turvy and real estate values in Oregon continued to plummet. After they said yes, the husband announced, "You know, we find that these kinds of gifts work well when given in the form of a match."

It worked! My investment into this long-term community relationship, and my teachings, paid off.

At the end of the day, what have I learned about giving in these tough economic times? I'd like to think that I have a much keener sense for what donors need, as Dr. Schervish will soon find out. As I anxiously await the results of his Gates-funded study, I offer these learnings now:

- Stay the course: Shout your mission, vision and values to anyone who will listen, any time you have their attention. Your firm grasp on your own purpose transcends to give others opportunity for purpose as well.
- Stay connected: There are still heart-inspired people with money to give. They just need a place of innovation and inspiration in which to invest it. Now is not the time to shrink from donors' and potential donors' sights.
- We are teachers as much as we are fundraisers and relationship ministers (see related Essay from Conversation 2009). Teaching, or at least trying to teach, those whom you would think get the notion of their own philanthropic power, more than our responsibility, it is a joy and a privilege. It makes getting up in the morning that much better.

## Sources

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## ABOUT GHC CONVERSATIONS

Annually, Gary Hubbell Consulting convenes and hosts a small hand-picked group of social sector professionals from throughout North America for three days of intense dialogue and critical thinking. We strive to create a thought-provoking, mind-opening, and stimulating conversation about philanthropy, organizational leadership, and the sector as a whole. This deep exploration of the nature and challenges of the philanthropic environment is intended to engage, inform, and inspire senior leaders to be catalysts for change in their own organizations and communities of influence. With each GHC Conversation, we seek to establish the seeds of a continuing and enriching network that nourishes us as individuals and helps each of us change how we converse, inspire, and seek new dimensions of philanthropy. This essay is one contributed for *Conversation 2010*.

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## Conversation 2010 Participant Bio

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On April 1st, 2009 and with more than 25 years experience in health care administration and fundraising, Shari Scales walked into her new office at George Fox University, and into the most demanding and challenging position of her career. After 9 years with Providence Health & Services, 14 with Legacy Health, and a brief stint as a consultant, one can only imagine how Shari ended up Vice President of Advancement at America's top ranked Christian university (Forbes). Armed with a new strategic vision and plan, and a team of 15, most of whom graduated from and never left the institution, she has completed nearly a year of culture shift to one of adaptation, risk acceptance, and donor-centered relationships—the theme of her entire career. Shari's education includes a bachelor's degree from Marylhurst University, Certified Fund Raising Executive certification since 1999, and, oh yeah, some deep-end-of-the-pool institutional advancement OJT!

Shari attended *Conversation 2009* in Scottsdale, AZ.

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