



Rethinking a Culture of Philanthropy:

Key Concepts to Assess an Organization's Culture

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It's not uncommon for fundraising practitioners to speak of the *culture of philanthropy* that exists within their organizations. The term itself has become quite popular in recent years. However, what is uncommon is an ability to collectively articulate what exactly the phrase means, how it looks, how it should be measured, and how those whom the organization serves may benefit from such a culture. As catalysts for change, development professionals have perhaps the best vantage point to view the entire organization. But in order to affect change and help create a philanthropic culture, an understanding of organizational culture is first needed.





ORGANIZATIONAL CULTURE

There are two schools of thought on organizational culture. Some believe that organizations *have* cultures. Others believe that organizations *are* cultures. For the purpose of this paper, organizational culture describes the attitudes, experiences, beliefs, and values of an organization. Simply put, the culture defines how things are done in an organization and how individuals within it interact with one another.

A CULTURE OF PHILANTHROPY

A culture of philanthropy refers to an organization's attitude toward philanthropy and the development process. But in this instance, philanthropy refers to more than fundraising revenue goals. Practitioners must first understand the value of the organizational culture, the importance of philanthropy, the link between philanthropy and development, and the leadership roles for each of us in this process to truly understand how to create a culture of philanthropy. Even then, there are broader behaviors and practices that must be understood. Below are four key components that will provide a deeper dive into what kind of culture actually exists within your organization. Evidence of a strong culture of philanthropy typically includes:

- Demonstrated leadership at all organizational levels
- Authentic storytelling and a commitment to conversation with all stakeholders
- Mission-driven systems, staffing, structure, and processes
- Shared values and a collective commitment to a common goal

LEADERSHIP AND FOLLOWERSHIP

Creating a culture of philanthropy within an organization begins at the top. The board's level of engagement is a critical element of a strong philanthropic culture. How often the board meets, the style of the meetings, term limits and rotation schedules, board giving, and the activities of board committees send messages about the value placed upon the board's leadership in philanthropy. Other critical factors are how the board chooses to measure progress toward mission, the impact of philanthropic efforts, and the importance placed on long-term relationships.

But it doesn't end there. What's also required is the ability to lead from the middle – or, quite frankly, wherever your position ranks in the hierarchy. Doing so provides all with the opportunity to impact positive change.

But there are specific aspects to leadership necessary to create a culture of philanthropy beyond the visible willingness of boards to engage in strategy, staff to counsel superiors, or managers to follow subordinates.

Governing boards and senior leadership are responsible for the administration and strategic direction of an organization. Where their sustained focus resides says a great deal about the existing culture, climate, and areas of perceived significance.



Philanthropic organizations have missions. They exist to serve society, not to simply provide employment for those working within them. Leadership must maintain a balanced focus on both the organization's impact on society and its operational efficiency. Again, this does not stop at the top, but should penetrate deeply to all levels of the organizations.

Organizational attention drifts far too often. Focus shifts solely on operational efficiencies (the cost of raising a dollar is one example) and tactics, as opposed to measuring the intended impact on those served by the organization and society as a whole. Subsequently, without many noticing, board and internal conversations shift to the organization's needs as opposed to societal needs. Philanthropic support becomes the answer to little more than budgetary gaps as organizational strategy focuses on maintaining organizational profitability rather than serving others.

This diminishes the case for support and the role of philanthropic investments and those willing to make them, and it marginalizes fundraising practitioners as well. Being an efficient organization does not mean it's more philanthropic.

The responsibility then rests on the entire organization to maintain focus on the mission. Hanging plaques with the mission statement in offices or asking staff to involuntarily stand and recite the mission at staff meetings does not make an organization more philanthropic. Leading, regardless of your position classification, and following while living the mission creates a more philanthropic culture.

STORYTELLING

Purposeful and authentic storytelling is vital in any organization, but it is increasingly necessary in philanthropic organizations seeking to engage external support in order to advance the organizational mission. Consensus building, a shared vision, and inclusion in the process are required by both internal and external constituents.

Unfortunately, stories are far too often more monologue than dialogue. Gaining ownership of and commitment to the organization's vision becomes much more difficult when leaders develop a vision for the organization without first soliciting feedback from all key stakeholders. Key stakeholders who are critical to the success of the vision are then relegated to the role of spectator rather than an engaged, respected, and active participant.

This practice creates both a disincentive for staff to offer feedback and a diminished desire to engage in the success of the organization with any degree of passion or enthusiasm. As a result, staff simply wait for further instructions before proceeding with any tactical assignment. The result for the organization is a less creative, less autonomous, and less committed staff.



The same concept holds true outside of the walls of the organization. Storytelling must be about meaningful, authentic, two-way conversations when engaging volunteers, advocates, and those willing to make philanthropic investment in the mission. We must spend more time being interested instead of simply trying to be interesting. Our stories must have a goal. They must be memorable and they must be actionable.

Often organizations create communication plans that lack integration or goals. The plans are measured by the message being delivered as opposed to the message received. Creating a culture of philanthropy requires that all within the organization speak the same language and tell the same story. It requires that all messages and all communication channels become integrated to increase interaction, involve others more meaningfully in the life of the organization, enhance a shared vision, and create viral advocates for the cause. In short, philanthropic organizations are those that move from talking *at* people to talking *with* people – and they do so with purpose and intent.

SYSTEMS, PROCESSES, STAFFING & STRUCTURE

How we organize ourselves also says a great deal about who we are and what's important to us. There are a number of aspects related to organizational structure that contribute to enhancing an organization's culture of philanthropy. Three aspects of utmost importance are staffing and structure, systems and processes, and reward systems.

First, examine your current organizational structure. Is it mechanistic and militaristic, or is it organic and flat? Is it encouraging autonomy, decentralized decision-making, teamwork, and collaboration?

Second, assess your job descriptions. Do your currently filled positions and their respective job descriptions accurately reflect your intended outcomes? In other words, do the roles delegated to staff reinforce your organizational objectives, or do they undermine them? We often assume existing staffing and structure is promoting a culture of philanthropy when it is actually promoting a culture of charity. There is indeed a difference between the two, but what is it?

A culture of charity is set up to passively receive gifts, whereas a culture of philanthropy is designed to actively pursue philanthropic investments. Functions within a culture of charity tend to focus on fundraising transactions, while a culture of philanthropy focuses on transformational events resulting in philanthropic investments. Additionally, a culture of charity focuses on short-term, fiscal year based organizational needs. A culture of philanthropy focuses on long-term societal needs and how best to engage others in helping to meet those needs.

It is also important to understand more fully the incentives and reward systems in place for staff when we assess the “things” we do every day when we arrive at work.



Daniel Pink, author of the book *Drive*, speaks of three basic motivators: biological, reward and punishment and interest/purpose/fun. Biological motivators refer to basic necessities, such as food and water. Reward and punishment (also referred to as “carrot and stick”) is most prevalent in organizations today. This activity seeks to reward desired behavior and punish behavior deemed undesirable.

In philanthropic organizations, a director of development may be rewarded for raising more money, or punished if he or she does not. This type of reward system is fear-based and focuses on compliance as opposed to commitment. It focuses on the short term bottom line instead of long-term growth, and it almost never takes into consideration the many external factors, unique episodic events or changing variables that may lead to success or inhibit it. Perhaps that’s why it is said that a fundraiser is only as good as his last campaign (or fiscal year).

The third motivator refers to the things we do because they are fun, and would continue doing even if we were not paid to do them. Ironically, many join nonprofit organizations – and in particular, the fundraising profession – because this form of livelihood is viewed as a vocation. It is an opportunity to serve a cause bigger than the individual and it allows us to help create a better society and add value and fulfillment to our own lives and the lives of others. But how often are nonprofit professionals and fundraising practitioners allowed the opportunity to go off script, be creative, and offer innovative new solutions? How often are they rewarded for it?

Creating a culture of philanthropy requires that we shift our reward systems so that they actually encourage desired behavior while also reinforcing the need for individual ownership, creativity, and commitment to the work being done. The reward systems must be created to reward behavior that is effective for the organization, inspiring for the individual, and most importantly, advances the organizational mission.

Here are two examples. We often measure success by the number of proposals delivered to individuals or foundations, or the number of magazines and newsletters mailed to constituents in any given fiscal year. In fact, many performance appraisals continue to evaluate activity over outcome.

Unfortunately, this focus and subsequent measurement placed on the action rather than the response has little correlation with how efficiently and effectively an organization is at advancing its mission. Organizations default to measuring the number of solicitations made over the prior year when they should be measuring responses to appeals for support. We often measure our results by the number of pieces mailed rather than the impact achieved. We should focus less on the circulation of a magazine or newsletter and more on the purpose of our storytelling, the desired response of the reader, and the effectiveness of our call to action.



SHARED VALUES

Shared values, norms, and mutually agreed upon practices are perhaps the most critical components of a philanthropic learning organization. Shared values are the articulated beliefs that provide the framework to guide actions and judgments within an organization. These values represent a unique cultural philosophy, not a program. Creating a culture of philanthropy requires determining your organization's specific shared values and how to reinforce them through practice on a daily basis. Shared values that enhance the collective capacity for an organization to excel while also enhancing public trust in confidence in the organization include, but are not limited to, the following:

- **Ethical Behavior** – There's an old joke that says business ethics (in concept) are an oxymoron. There is no room in philanthropic organizations for even the appearance of unethical behavior. Self-dealing and conflicts of interest at the board level should be proactively addressed. Boards should act as exemplary, invested stakeholders and not as entitled shareholders. Unquestioned ethical integrity is paramount as it relates to the treatment of staff and organizational beneficiaries. When working with donors, ethical behavior is required across the continuum of organizational activities. A culture of philanthropy cannot exist if a gift is solicited that is not in the donor's best interest. Organizations must use the gift as agreed upon once it is received. Attention should be given to maintaining ethical practices even in what appears to be the most benign or innocent of settings. For example, donor research should never seek more information than is needed to effectively invite individuals into the organization. Donor confidentiality should be maintained at all costs. Staff should take care to not criticize a donor, even privately with peers, for a gift believed to be less than the donor's perceived capability.
- **Stewardship** – Stewardship has implied a number of things throughout history, but its core meaning has always centered on duty of service and responsibility in management. To imply that a culture of philanthropy exists within an organization suggests that 1) resources are used in the most effective and efficient manner and the impact of philanthropic dollars, both separately and in contrast with other revenue sources, is well understood throughout the organization and can be demonstrated and articulated, 2) donor intelligence and data analytics are used to inform tactics and strategies, and 3) where possible, every effort is made to segment outreach, prospective donor cultivation, and relevant, constituent-specific reporting on the impact of philanthropic investments.



- **Fail Forward Learning** – Eliminating a culture of fear and punitive retribution for unintended mistakes is a first step in encouraging new ideas and innovation among staff. It should be noted that failure as the result of testing new strategies is not harmful, as long as such failure is neither intentional nor repetitive. Allowing staff to test new techniques, technologies, or strategies should be encouraged and embraced. It is this sense of empowerment, autonomy and self-direction that help individuals at all levels experiment, gain ownership in the process, and enjoy the satisfaction when progress is made. When you fail, fail forward. In a philanthropic organization, this concept should apply to volunteers and donors too. Sometimes we have to let board members try new things too.
- **Collaboration and Shared Responsibility** – An organization that sequesters philanthropy and fundraising to the development office staff severely limits its philanthropic potential. To eliminate the “not my job” mentality, everyone needs to understand the vital role they play in obtaining the organization’s mission. Collaboration is essential. Stories cannot be told if they are not created in the first place. A philanthropic organization is one in which all within it do what is required to meet its objectives. To use a sports analogy, reward assists as much as you reward points scored. All employees should be champions of the cause to create a culture of philanthropy. Opportunities should be sought to eliminate redundancy of effort to achieve greater efficiency. All should embrace a spirit of service. A spirit of collaboration serves as a reminder that external constituents can and should play a role in advancing the mission. It is this synergy and dynamic tension between staff and volunteers that can more quickly propel an organization’s efforts in serving others.

CONCLUSION

A culture of philanthropy is not a program to be created, but acknowledgment of and adherence to a set of shared values. These shared values guide the manner in which we perceive, believe, evaluate, and act within organizations. The responsibility for creating and maintaining such a culture resides within every individual and every functional program area. Philanthropic organizations by nature are created to serve others. Therefore, those within a philanthropic organization should remain vigilant of the ongoing individual responsibility to the collective process designed to demonstrate those values.

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