

## Five effective ways to have impact with philanthropic giving in difficult financial times

By Diana van Maasdijk

In these turbulent and uncertain financial times, many are wondering what will happen to philanthropic giving in the Netherlands and around the world. Fundraising organizations are scared that they will not be able to raise all the money they need, and many donor institutions and individuals who have seen their capital diminish, wonder how and if they can be effective with their donations. But this does not need to be the case. During times of financial crisis, individuals and foundations need to, more than ever before, adopt a strategic approach to make sure that the money they are able to donate has impact.

The main problem occurs when people view donations as “simply giving money away”. No one wants to just give, or in other words throw money away, in difficult financial times. However, if you view donating money as a social “investment” that will pay off in profit equaling a better world- then turbulent global times are the last time you want to stop being philanthropically active.

Here are five ways you can maximize your philanthropic giving in times of financial decline:

**#1 Think in percentages.** Yes, your total net worth might have declined considerably in the past weeks, but chances are you will still have an income at the end of the year. The key is to think of a percentage that feels right to you. A good friend and philanthropic consultant in the USA, Kathy LeMay from Raising Change, makes this exact same point. She says: *“Determine % of your total budget that giving will occupy. If you imagine your life budget is 100%, what percentage of your funds are allocated to housing? food? education? savings? What about giving? I recommend creating a line item for “Generosity”. Even if that amount is 1% of your total budget, you are accomplishing a few important goals”*. What percentage of your net income do you want to go to donations? If your answer is anywhere between 1%-10% then you will also have considerable tax benefits. Say you chose 3%, that means that in slow economic years you will have less to give, and in successful years you will have more, but you will not stop giving and supporting the causes that matter to you.

**#2 Think change.** What is the change you would like your donations to help create in your neighborhood, city, or the world? Make sure your funding is not only directed towards band-aid efforts to alleviate the symptoms, but to solutions that address root causes. When you consider the issues that matter most to you, think about what change is needed to tackle the root causes of these issues. If you care about street children, for example, don't stop there, but think of what causes there to be street children. Then look for the types of projects and organizations that bring change in ways that make sense to you.

**#3 Focus and increase your support.** Chose fewer organizations and make larger donations for greater impact. Re-examine your giving. Are you giving according to what you really believe in? Look at all the organizations you have supported in the past and ask yourself-do you give out of a sense of guilt, status, peer pressure, or maybe even ego? What donations give you the most pleasure and are for a cause you believe is truly important? Regardless of whether you will give a total of €500 or €50,000, make sure you focus on the issues you value most and give them a larger part off your total philanthropic portfolio.

Continue to give to those charities you care most about and think of other creative ways to support them. Maybe you can also give them that stock you no longer want (and get a tax benefit). Or maybe give your time and energy to help them find other donors and sources of revenue. Get involved with, and focus on, the organizations that mean most to you.

**#4 Give more to organizations, less to projects.** I know. This is a very unpopular idea, but this is why this works. Systems are important in order for the projects to work. Organizations have professional systems that can find, fund and evaluate projects much better than you can. A strong organization that is well staffed, has healthy systems and good operations can use your donation to have a much broader outreach than what one project can do. Of course you also want to see that salaries are not out of proportion and that no unnecessary expenses are being made (read annual reports!). By supporting the operations of an organization you are creating the breathing room for an organization to raise money from those many donors who only want to support projects.

**#5 Be proactive.** Don't wait until the letters and proposals pile up on top of your desk or fill up your post box. Once you have thought of the change you would like to help create, look for the types of organizations that match your values and desired impact. Pick up the phone or send an email and let them know you would like to have a conversation regarding their programs. Ask – where do you need funding the most? What kind of change are you hoping to create? How do you monitor your programs? How will you keep me informed and involved in your work? Those who treat you right and give decent and honest answers that match your values and ideas- give them a donation. Those who ignore you or do not respond well- scratch them off your list.

Yes. There is work involved when you are trying to be effective with your giving. However, the return on the time and money you will invest will pay off the satisfaction of knowing that your money is making a difference. . All good things in life require care and an investment of some sort, and philanthropy is no different. Even in times of financial crisis, being effective with your philanthropy is possible if you adopt a money-wise approach that focuses on maximum impact.

Diana van Maasdijk is an independent advisor for individuals and organizations working in the philanthropic field.

[diana@dvmconsulting.nl](mailto:diana@dvmconsulting.nl) tel. +31 (0)6 10102691