

## **Moderator, Kimberly Sterling, Sterling & Associates**

**The nonprofit sector plays a significant role in society and our economy.** Many people recognize the importance of nonprofits in improving American education, enhancing our quality of life through arts and culture, advancing our health, providing human services, protecting the environment, and more. Few, however, know that nonprofits account for 5.4% of the nation's GDP (more than many other sectors), employ one in ten Americans, and add jobs at a rate that is consistently higher than the for-profit sector. Nonprofits are businesses and should be run as such, even though they have tax-exempt status.

**The price of oil is not injuring the nonprofit sector in Texas, at least not yet.** The nonprofit sector is extremely resilient, and holds up remarkably well in the face of many different kinds of economic adversity, including the recession that began in 2008. There are many reasons why the price of oil is not affecting nonprofits generally, although specific organizations might be affected if they are unusually dependent on the oil and gas sector for their contributed income. First, corporations account for just 5% of total philanthropy, whereas 80% of all contributions come from individuals who give an average of 2.1% to charity year after year. Most of the wealthiest, along with foundations, have diversified portfolios and their giving is not tied to the health of any one sector.

**A high-functioning Board of Directors is essential to long-term organizational performance.** Many nonprofits can manage during times of plenty if they have a competent staff, but true excellence and sustainability over the long term requires a Board of Directors that is composed of the right people, organized in the right way, aware of and fulfilling its responsibilities in six areas of performance: strategy and long-term organizational viability (measured both financially and in advancing the mission); policy; financial oversight; employment of the CEO; governance; and funding.

**Panelist | Steve Lufburrow, CEO, Goodwill Industries of Houston; Director, Better Business Bureau, St. Luke's UMC Foundation, and the Houston Club Board of Governors**

**Donors are moving towards social impact and results rather than gifts for general purposes.** I am hearing more and more that donors don't like "saving" an organization or supporting a "sinking ship". The New Age donors would rather invest in an organization that has vision and purpose to preserve human capital and increase mission. The caution is that there are many new, incredible start-up not-for-profits that are counting on donors to believe in their vision and rely on the support to get started.

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**-Steve Lufburrow**

**Donors seem to be giving gifts more like an investor or shareholder.** The return on investment for the donor becomes the success of the organization by carrying out its mission and purpose. I am hearing more frequently from corporate donors, foundations and individuals that they are wanting to make an investment in the future of the organization. The donor is taking the time to get involved and learn more about the organization before the gift “investment” is made.

**Donors want to be involved and have a hands-on experience.** Donors are willing to be a part of the *Social Impact* of the organization that they support and have bought in to the cause with their gift to mission, purpose and results. The donor may want to additionally become involved with some aspects of the organization as a volunteer so that they can participate in the outcomes and successes.

**Can the organization become self-sufficient for the future?** It’s important for a donor to differentiate between the organizations that need their constant support to survive and the organizations that can have a self-sufficiency model. Both are acceptable and it depends on the donor and their giving strategy. Organizations need to focus on internal self-sufficiency options for operations when possible so that gifts can be used to create, expand, build and make positive impacts directly to the mission of the organization. Organizations also need to communicate to the donor on how the gift is to be used and whether the gift is for operations or project mission support. Some donors are focused on giving one time impacting gifts and others are happy to assist with more frequent support. There is not a right or wrong answer but communication is key to making the right support decisions.

## **Panelist | Renee Wizig – Barrios, Senior Vice-President and Chief Philanthropy Officer, Greater Houston Community Foundation**

**Donors are increasingly using non-traditional approaches to achieve transformational change.** Donors are focused on achieving transformational change with their philanthropy and are seeking flexible structures that allow them to do more than traditional grantmaking such as impact investing, program related investments, formation of social enterprises, and advocacy. These structures include Donor Advised Funds and the use of LLC’s as the Zuckerberg/ Chan Initiative demonstrates.

**Leverage and collaboration are becoming increasingly important to strategic donors.** Donors and non-profits are achieving more through leverage and collaboration. Houston now has a few collective impact initiatives where you have the commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem. Donors and Private Foundations are also aligning and/or pooling their funds through participating in community impact funds, donor working groups, and shared support of collective impact initiatives. These opportunities allow donors to participate in learning communities, amplify and leverage their impact, and keep their staffing relatively streamlined while building on the expertise of other knowledge leaders.

*“Businesses who promote a culture of philanthropy and service can enhance recruitment and deepen employee engagement and loyalty.”*

*-Renee Wizig-Barrios*

**Philanthropy is an important component of a successful business culture today.** Businesses who promote a culture of philanthropy and service can enhance recruitment and deepen employee engagement and loyalty. Businesses should assess their philanthropy, volunteer policies, social investment, and related activities strategically and ensure that they align with the culture they want to promote both within the business and externally as well.

**Family philanthropy continues to thrive as donors engage Generation Y and Z in anticipation of future transfer of wealth.** Families see philanthropy as a way to pass on values to their children and grandchildren, build a legacy of philanthropy, and teach their heirs about the responsible stewardship of wealth. Through these efforts and their own initiatives millennials are playing an increasingly important role in the social sector. As research has shown, millennial donors are more interested in impact than institutions and want to mobilize their networks not just their dollars to support a cause. The Greater Houston Community Foundation has learned that millennial donors appreciate authentic interest and engagement and have an enormous amount of talent and energy to bring to the sector.

**Investment in human capital is critical to achieving success in the social sector.** Solving significant social problems and leading valuable non-profit institutions requires agile and adaptive leaders who build effective teams and work in synergy with their boards of directors.

**Additional program resources on these topics can be found at:**  
<https://texastricities.nacdonline.org/Resources/meeting.cfm>