

The theme of this year's presentation is, *The Stories of Success*.

If you want to capture people's attention and connect them on an emotional level that will lead to support – both dollars and commitment – then stories should play a role in your communications.

Nonprofit Storytelling

- Most nonprofits have great stories to tell.
- We often fail to dig deep to find our best stories.
- Stories with jargon and technical data overwhelm the human impact.



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A few months ago, Andy Goodman's presented at the Saint Louis Zoo. Andy is a nationally known communication consultant who teaches organizations how to better connect with stakeholders through storytelling.

As a former television and screenwriter, he knows what makes a good story. Andy made several key points.

Most nonprofits have wonderful stories to tell, but too often those stories are buried in annual reports or brochures and not actively shared.

Virtually everyone in an organization, especially those on the front lines, has a story. But too often, we fail to ask them to tell those stories so we lose out on some of our best fundraising opportunities.

And even when stories are told, too often they are laden with jargon, data and technical information that overwhelm their emotional impact.



A couple of weeks ago, at the top of the Post-Dispatch op-ed page was a reprint of a column from the New York Times. It told the story of a young African girl from Uganda named Beatrice, who has just graduated from Connecticut College.

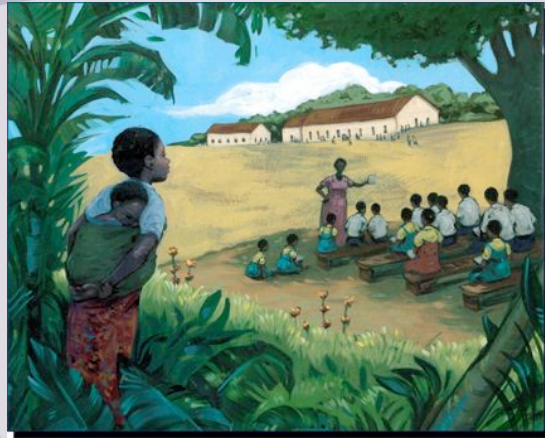


What made her story so fascinating is that a goat changed her life. That's right, a goat... and a nonprofit world hunger organization called Heifer International.

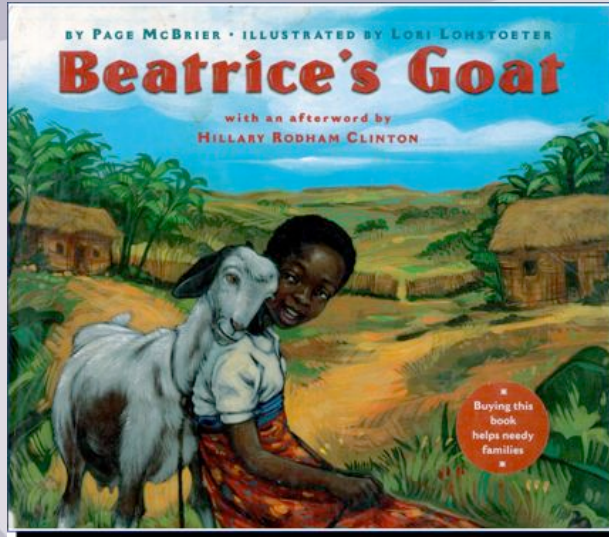
Beatrice was one of those countless impoverished children in far-off countries who are undernourished and largely without hope. Perhaps, like me, you have heard it so many times you tune out.

That brings me back to the goat. In this story, a youth group at a Connecticut church got together and raised about \$100 to buy a goat for Beatrice's family.

It provided nourishing milk that helped her grow strong. Soon Beatrice's family had several goats and a regular goat-based dairy operation.



These goats generated enough money to send Beatrice to school. From there, she won a scholarship to a prep school in the U.S. and then to college.



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Beatrice's story was captured in a heartwarming picture book that made the children's best seller list in 2001. It later was featured on 60 Minutes.

Her story has inspired more people to send more money to buy more goats to help even more children like Beatrice.

As you are thinking about crafting more compelling ways to tell your story, you may want to look at a children's book. You'll find simplicity, brevity, clarity and warmth. You'll be reminded that you need engaging characters, a simple but believable plot, and active - rather than passive - language that keeps your story moving along. And don't forget the power of pictures.



If you are like me, you'll discover that this is not as easy as it sounds. When I was writing The Rome Group story that appears in your program, I quickly learned that it's not easy to get past the facts and figures, the dates and milestones, the program descriptions and the jargon.

But it's worth it. It's a good exercise.

I encourage each of you to find a half hour to think or talk about. what you do and why, and what makes you most proud.

It's a great first step toward story telling... and a great way to feel good about your work.

Philanthropic Landscape 2008

Today's Agenda

- Review of national trends and data
- Results of TRG survey of local donors
- Results of TRG surveys of local nonprofits
- Panel discussion: The Stories of Success

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Now we are going to share our analysis of the Philanthropic Landscape, locally and nationally. I want to thank all of you who completed our surveys – both nonprofits and donors.

Then we'll have a panel share some of their storytelling ideas. And you'll have an opportunity to ask questions.



I should also point out that today's presentation, as well as a summary of our two surveys, will be available on our Web site.

There is more information in those summaries than we will discuss here today, so I encourage you to visit the site to get the entire story.

Later this week, we will also post an audio file of the panel discussion so you can listen again or share it with others. We'll have a brief bibliography on storytelling there as well.

In planning our presentation, we thought long and hard about what to title our story. Given the current state of the economy, one title immediately came to mind.

Stormy Weather



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Then we thought about telling a story that highlights the strength of our local nonprofit sector.

Stray Rescue Saves the Clydesdales



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In the end, we settled on a title that reflects the results of our surveys and the mood of the organizations we work with every day.

Charitable Giving in the U.S. in 2007

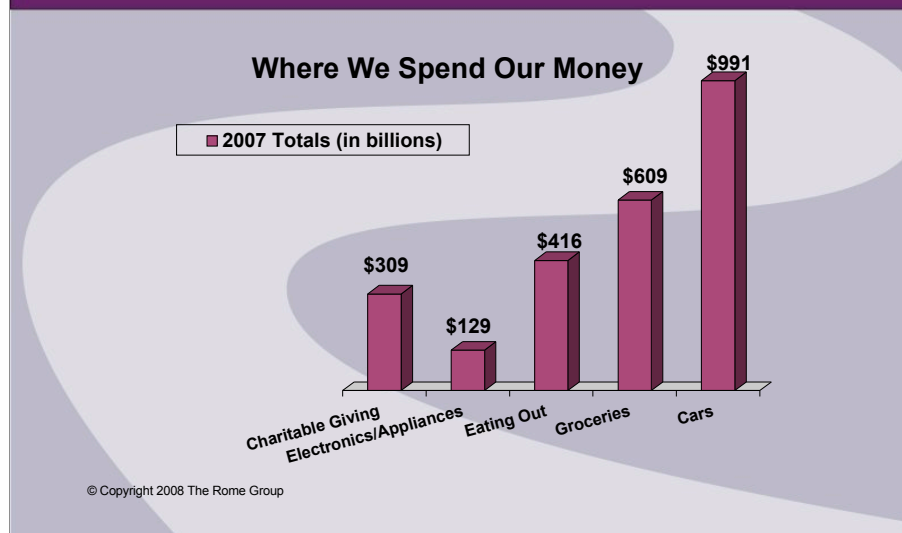
- Overall giving estimated at \$306.39 billion
 - New record
 - Equal to \$1,000 for every American man, woman & child

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So what are the latest trends in giving and what will they mean to your organization? Numbers do tell part of the story – especially when you make an effort to put them in context.

Last year, charitable giving in the United States exceeded \$300 billion for the first time in history, according to Giving USA 2008, the yearbook of philanthropy. That equals about \$1,000 for every man, woman and child.

Charitable Giving in the U.S. in 2007



The \$309 billion that donors contributed was more than twice what they paid for electronics and appliances, but less than they spent on eating out, groceries, or their cars.

Charitable Giving in the U.S. in 2007

- Up 3.9% since 2006
- Up only 1% after adjusting for inflation
- Increase due to:
 - Stock market performance
 - Overall growth in economy measured by the gross domestic product
 - Personal income up 3.5%
 - Corporate income up 1.3%

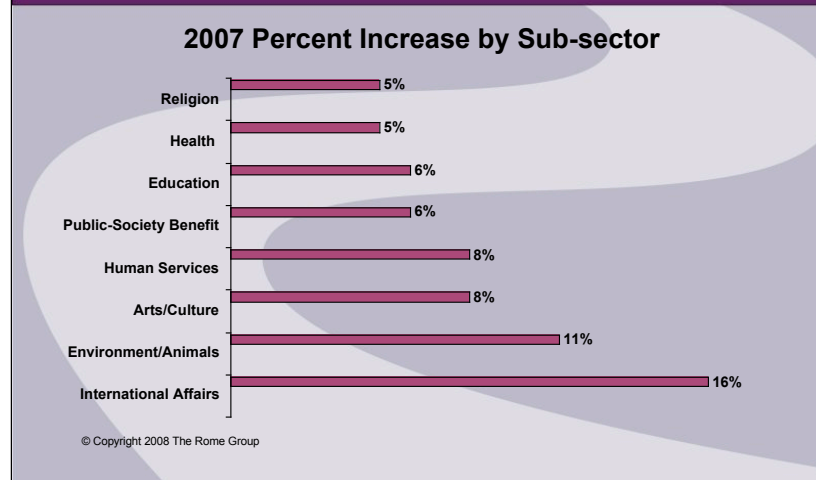
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In 2007, giving was up 3.9 percent from 2006. Giving USA attributes the increase primarily to:

The stock market performance in the first six months of last year
Overall growth in the economy measured by the gross domestic product; and
Growth in corporate and personal income.

It is important to note, however, that the real growth in charitable giving was only one percent after adjusting for inflation. This is a trend we have been seeing for the past several years. The total dollars contributed continue to go up, but the nonprofits that receive them are not doing much more than trading water as the cost of doing business is rising almost as fast.

Charitable Giving in U.S. in 2007

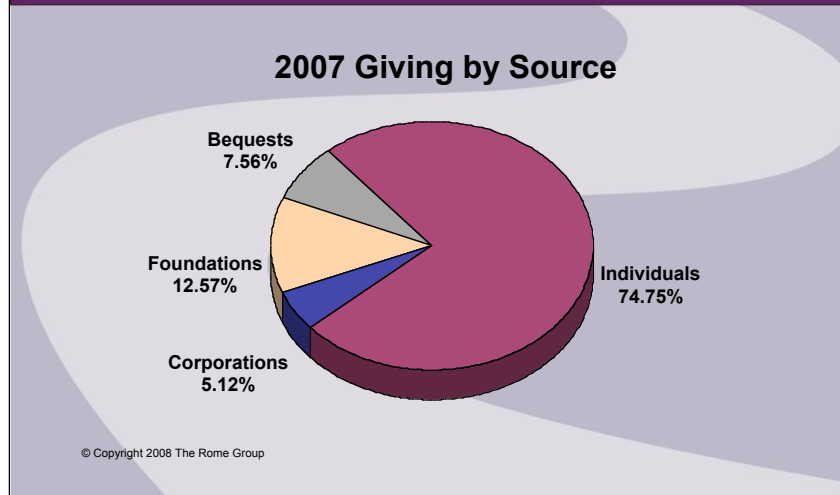


For the first time in six years, every charitable subsector saw gains. The largest increases were seen in International Affairs and in giving to environmental and animal related causes.

Giving USA notes that the growth in the International sub-sector occurred despite the absence of any major natural disasters during 2007. Rather, much of the increase was due to a growing interest on the part of American foundations and corporations to fund overseas projects related to education, agriculture and micro-enterprises like our goat. The involvement of high-profile individuals - Bill and Melinda Gates, Bill Clinton and Oprah - also brought more attention to international causes.

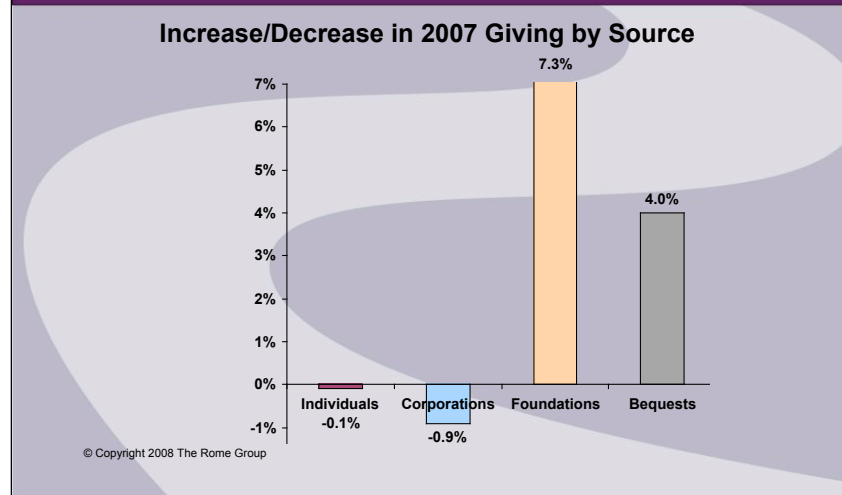
The growth in the environmental sub-sector should come as no surprise...just think about all the global warning headlines, the Kyoto Treaty and Al Gore's Nobel Peace prize and his Oscar.

Charitable Giving in U.S. in 2007



As usual, individual donations and charitable bequests still make up the bulk of total contributions, at 82.3% of total gifts.

Charitable Giving in U.S. in 2007

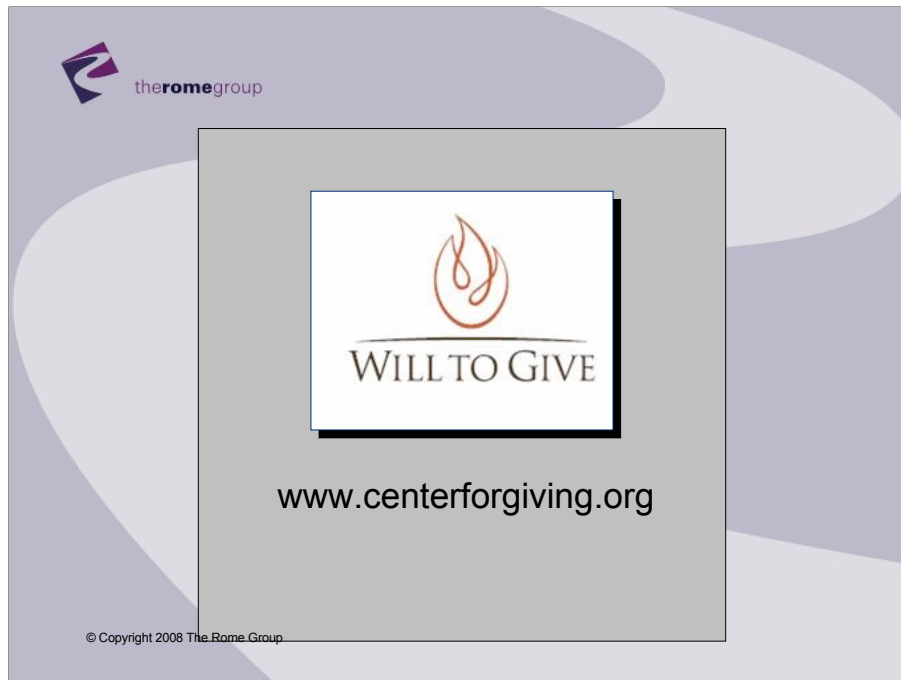


What's interesting to note here is the growth in sources of gifts. Foundation giving increased 7.3% which is attributed to the increasing number of families or individual donors who have created foundations in recent years.

Bequests saw the second largest increase at 4%.

Some organizations are reporting more success with certain planned giving tools, particularly donor-advised funds and insurance policies. So that may be something to consider as you work on your planned giving programs.

But we all need to remember that wills are, by far, the most common vehicle.



Will to Give, the region's initiative to increase bequest giving, is now in its third year providing training, presentation materials and technical assistance to talk to your donors about bequests.

The initiative is now open for registration and more information is available on the Gateway Center for Giving's website and their table by the elevators.

Top Challenges Facing Nonprofits

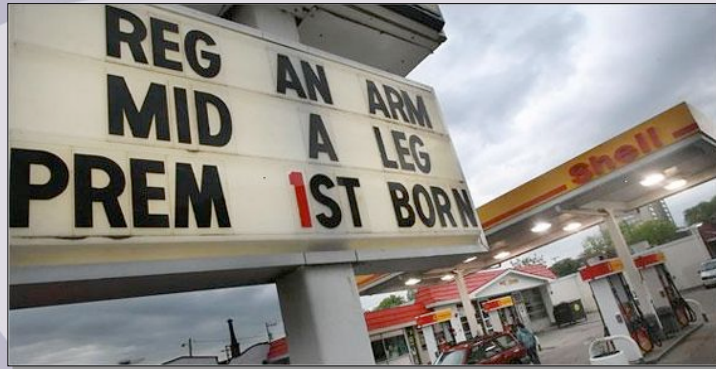
- THE ECONOMY
- Staffing issues in Development Office
- Increased competition for charitable dollars
 - 64,000 new 501(c)(3) organizations in 2007
 - 25% increase in local nonprofits (to 9,300) since 2003

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In a national AFP study, fundraisers reported that they are most concerned about the economy. No other issue came close.

The other challenges are staffing issues in development offices and increasing competition for charitable dollars.

To bring the issue of competition home, during the past 5 years, the number of nonprofits in our region increased by 25% from 7,400 to nearly 9,300.



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We all know the economy is a mess.

The stock market's volatility is putting a strain on foundations, corporations and individuals. Housing prices are still falling. Foreclosure rates are skyrocketing. Joblessness is growing. Gas and food prices are at all time highs.

Giving Trends

- Giving declined in the first quarter of 2008 – the first time since 2005
- Direct mail appeals down
- Slippage in the number of new donors



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So we're all facing more challenges this year.

Charities have been reporting that donors of all types - especially middle-class non-billionaires whose modest donations fuel most organizations – have reduced or delayed gifts – or have stopped making contributions altogether.

Across the country, special event attendance is down, so is the response rate to direct mail appeals.

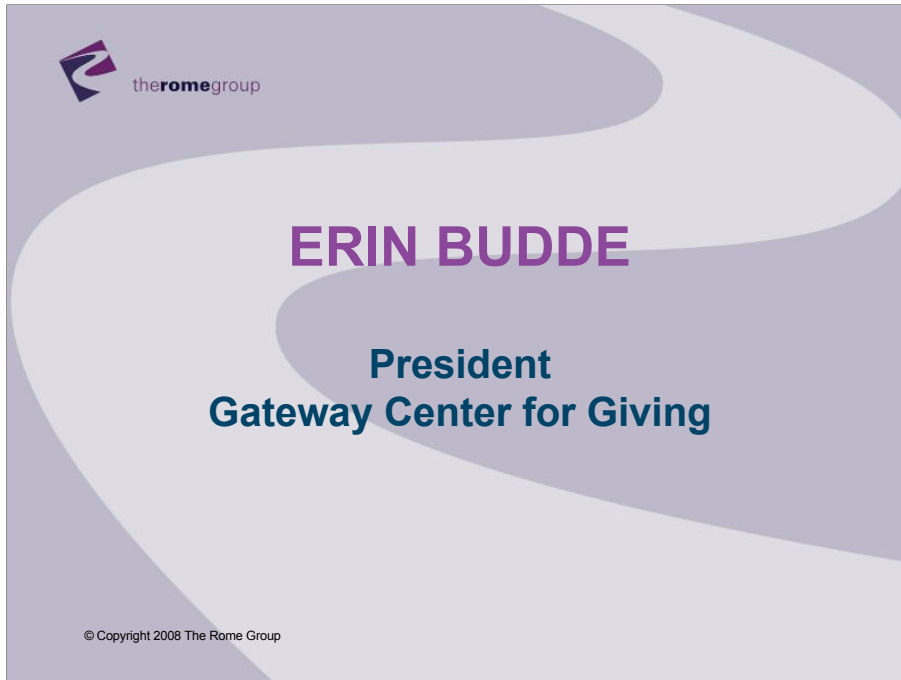
And the number of new donors that nonprofits are attracting continues to decline. So focusing on your current donors, especially individuals, may be a good strategy to take home today. And stories are a good way to reach them.



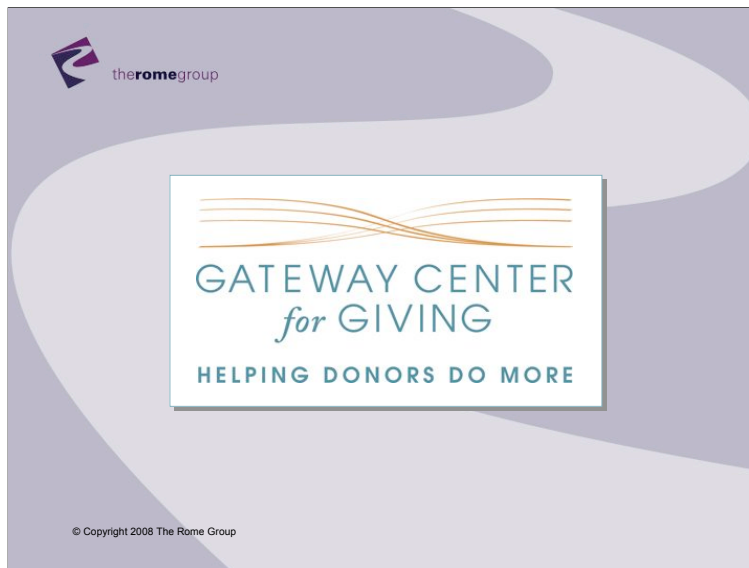
When I started my career, it was enough for nonprofits just to do good. Then we had to demonstrate we were doing good. Analysis was in, anecdotes were out.

Today we need both.

I know you have heart-warming stories that will resonate with your donors. It seems to me that these stories of hope and inspiration can be very powerful .

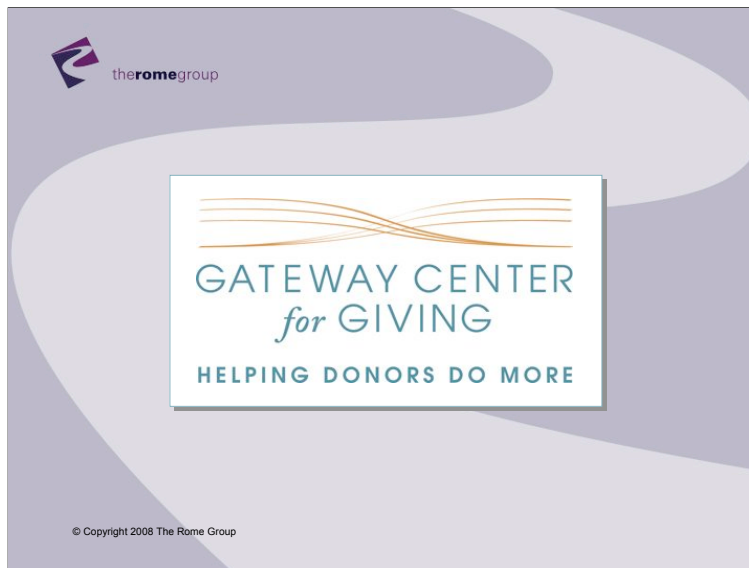


Now I want to turn to our donor survey. For that part of our story, here is Erin Budde.



The numbers reflect that these are trying times for all of us and one of the best things we can do is to understand what is changing and develop a plan for adapting to that change. I'd like to thank all of you, who are here because you recognize the value of information and learning, and The Rome Group, which every year provides us with this opportunity.

Like The Rome Group, the Gateway Center for Giving is about learning. We connect grantmakers with the information, research and peer-learning opportunities that they need to structure and implement an effective charitable giving program.

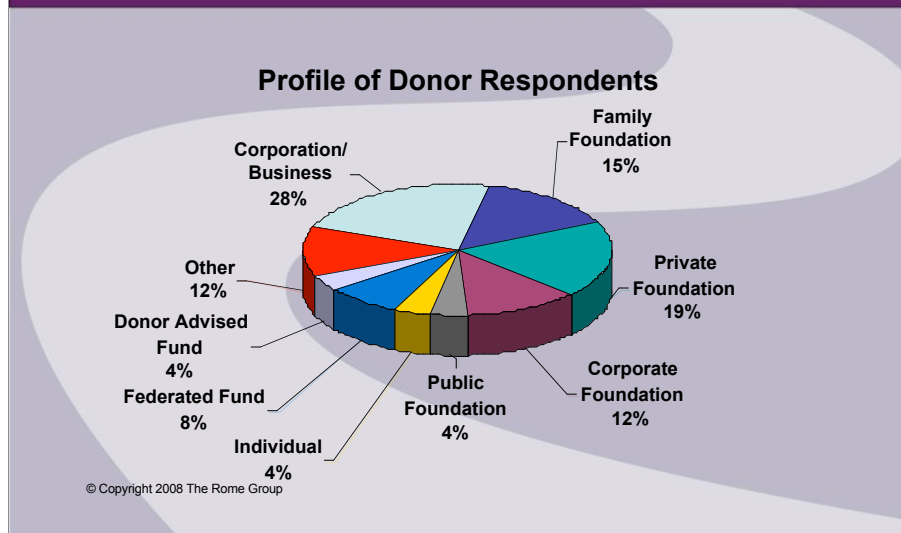


Last summer, a group of donors who shared an interest in improving education in this community got together to discuss what could be done to improve the ongoing governance of our public schools. The result of their work was a report that offered specific recommendations, based on best practices from across the country, to achieve effective school leadership.

I mention this because it is just one example of how the grantmaking community does more than just make grants. Our affinity groups encourage issue-wide learning and collaboration that allow corporations, foundations, family funds and other donors to work more effectively with each other and local nonprofits to address community needs.

Now the results of our survey

The Rome Group Donor Survey



As you can see, our respondents represent our diverse philanthropic community.

This year, an increased number of foundation respondents reflects the growing number of foundations in the United States, a 77% growth over the last 10 years. In the region, this number has grown by more than 300 in the last 5 years.

Giving by Donors, 2007-2008

Did/will your giving...	St. Louis 2007	St. Louis 2008
Increase	42%	27%
Maintain	54%	58%
Decrease	4%	15%

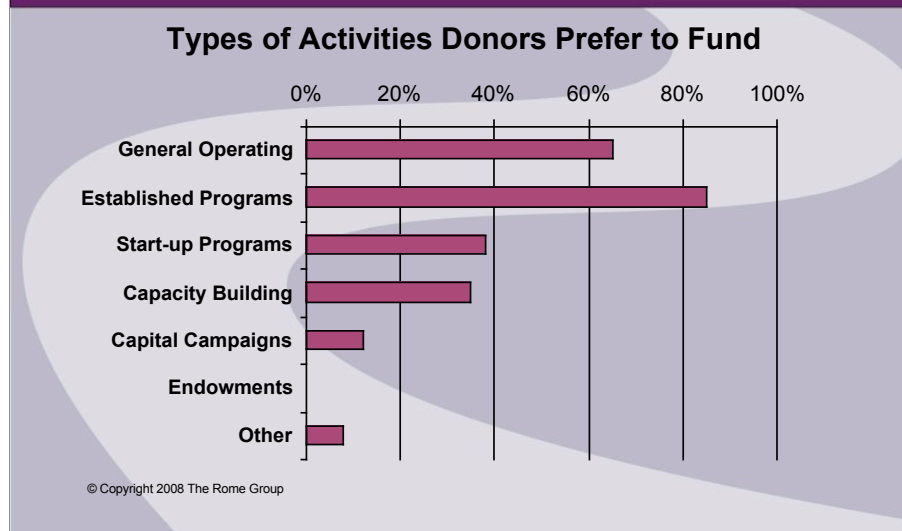
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Forty two percent of them reported that their total giving increased last year and 85% expect to give at least as much, if not more, this year, even in difficult economic times.

Now the somber news: our respondents said only about 28% of all grant requests get funded, and only 27% expect to give more in 2008.

This is consistent with giving in past times of recession, where donations failed to keep pace with inflation for three straight years (2001-2003 and 1973-1975)

What Do Donors Prefer to Fund?



What do they support?

No surprise: it's programs, especially established programs.

But there is growing support for general operating and capacity building. I know you'll agree that's good news.

Donors' Views of Nonprofits

How effective is the average nonprofit in these areas?

	Not Effective	Very Effective
Strategic Planning	X	
Development/FR		X
Staff Development	X	
Board Leadership	X	
Measurement/Evaluation	X	
Marketing	X	
Technology	X	
Willingness to try new approaches		X

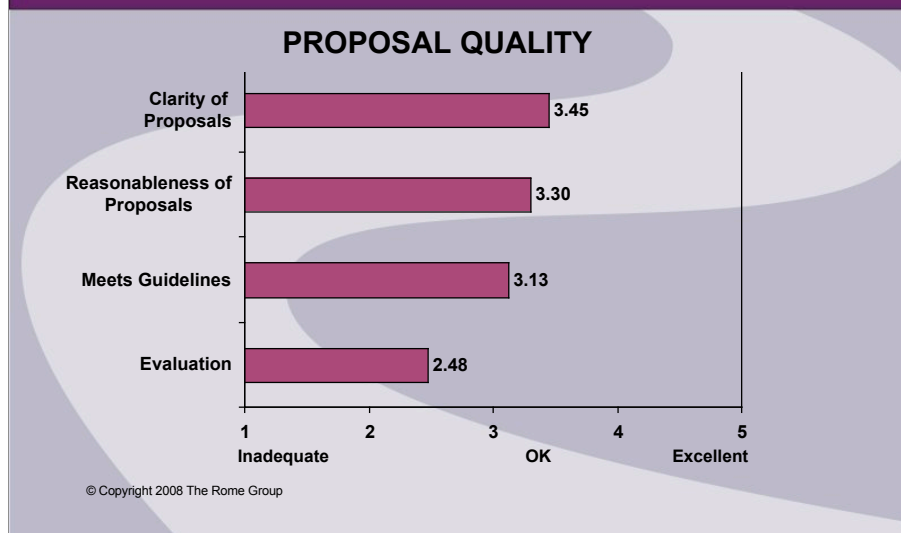
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How did our donors rate the effectiveness of your organizations? Pretty much middle of the road in most areas, with evaluation and strategic planning as two areas where donors feel nonprofits need to improve. Incidentally, 96 percent said it's important for donors to measure and evaluate their own outcomes.

But take a moment to revisit the numbers that Amy shared about the growth in the number of nonprofits – 25% in our region over the past 5 years. In this increasingly competitive environment, middle of the road performance is not going to be enough.

Funders faced with a growing number of proposals will be looking for the opportunities for highest impact and it's the very effective nonprofits, and those that seek to leverage limited resources through collaboration, that will be the most successful.

Donors' Views of Nonprofits



Donors continue to be looking for more from nonprofits in terms of their proposals.

For example, only 50 percent said the request amounts are reasonable.

And only 54 percent said you meet all their guidelines. A

And 66 percent said the clarity of the proposal is okay or less than okay.

Again here, the need for better evaluation was noted.

Donors' Views of Nonprofits

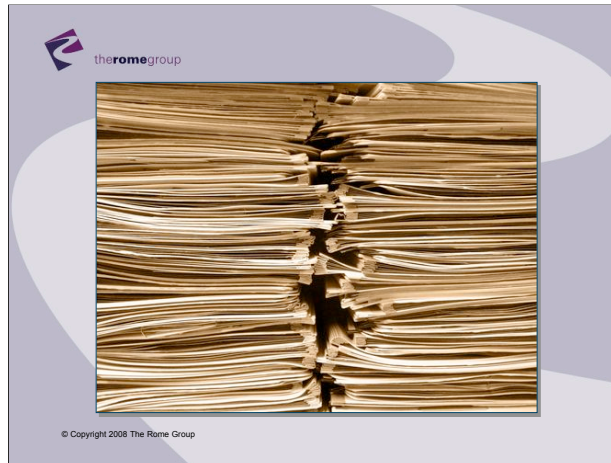
- 54% feel nonprofits do a good job with marketing and communications
- 88% say nonprofits need to do more to build awareness
- Need to control our messages

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When it comes to marketing and communications, there is room for improvement by both donors and nonprofits. Only 53 percent think that the nonprofits they fund are doing a good job in this area. And 88.5 percent said grantmakers themselves need to build awareness of who they are and what they do.

If we are not telling our stories, someone else will and I can guarantee that we won't be happy with the result. Legislators and regulators will interpret our value based on the tax deductions we receive and make decisions about how to increase state and federal coffers on our backs.

The media will focus on the sensational stories, which unfortunately are more often about isolated incidents of fraud, excess or misuse of funds rather than the benefit of the sector to our quality of life. And the public, constantly barraged by information, will be informed by the sources they trust – and what a loss if we don't maximize on that trust to share our stories of success.



My friends and colleagues know I'm a bit of a policy wonk. I actually enjoy reading academic and government studies about the sector, especially those with page after page of statistics. But as Andy Goodman notes, "When was the last time someone sidled up to you with a sly look in his eye and said, 'have I got a juicy statistic for you?'"

Grantmakers and the community want to hear about meaningful work that they can champion. Providing an ample supply of objective information — numbers, percentages and pie charts that are accurate, timely and relevant — can be persuasive. But it's our stories of change that resonate. The most effective relationships with funders are built on a strong understanding of the issues and needs, with compelling stories that illustrate and reinforce the facts.

Now, here's Amy again to talk about the results of The Rome Group's survey of local nonprofits.

The Rome Group Nonprofits Survey

- 553 online surveys sent out
- 158 responses (29%)
 - 38% Human Services
 - 24% Education
 - 10% Arts & Culture
 - 13% Health
 - 14% Other
- 44% have \$3+ million budget; 14% less than \$500,000
- Median total contributed income: \$200,000-\$500,000

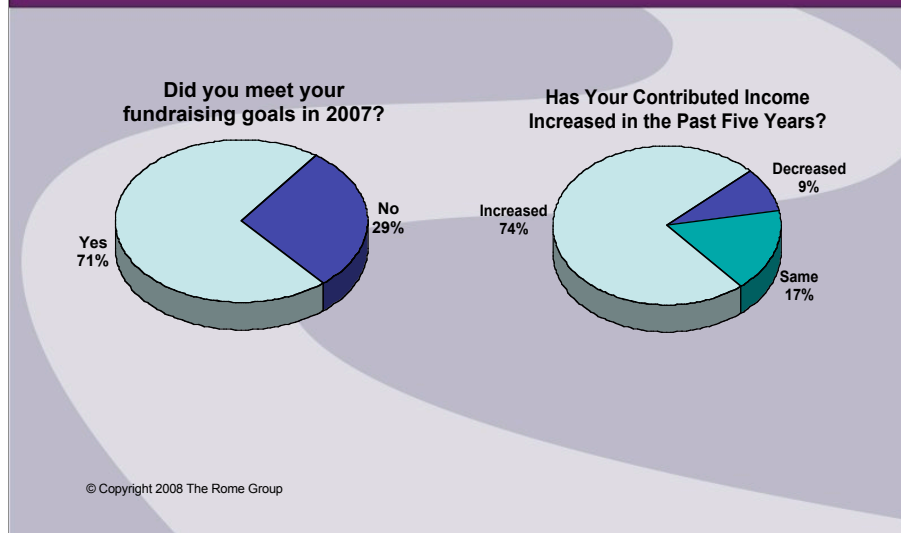
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AMY:

Each year, The Rome Group sends a survey to more than 500 local nonprofits to look at trends in local philanthropy. We ask them about their fundraising strategies, what's working and how well they did last year.

Let's see what you told us...

Fundraising Success



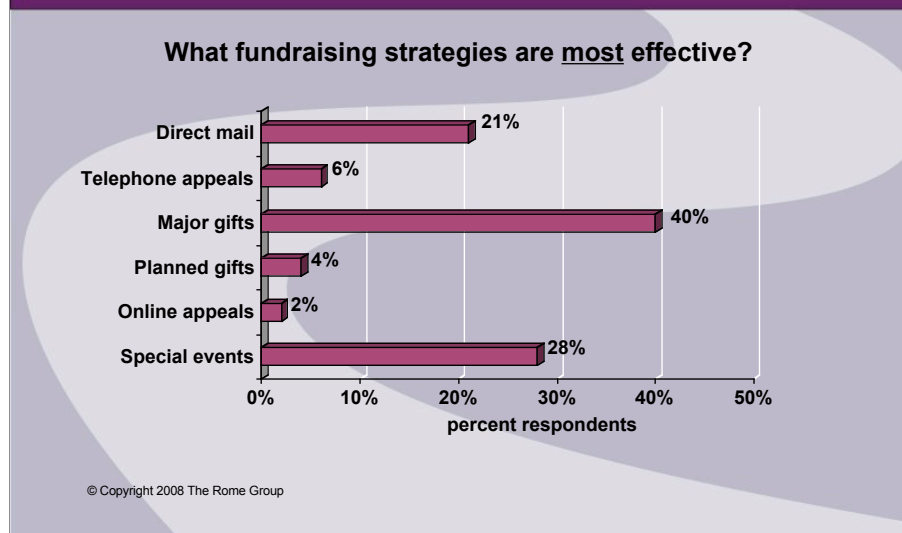
The real story from this year's survey can be seen in this slide.

2007 was a good year for most of the nonprofits we surveyed.

71 percent said they met their fundraising goals.

Better still, 74 percent said their contributed income has increased over the past five years.

Effective Fundraising Strategies

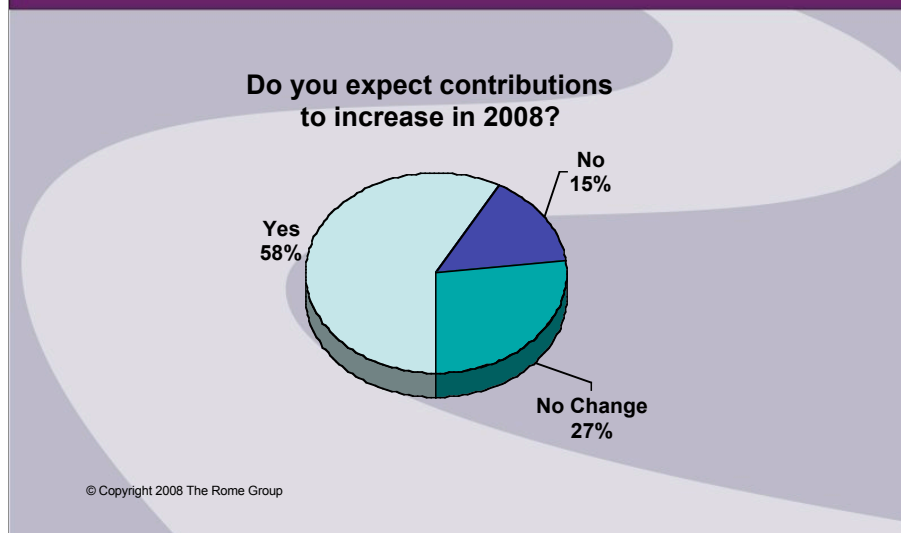


What's most effective? Major gifts, special events and direct mail, although as we learned, direct mail seems to be slipping nationally.

What's least effective? You said online appeals, telephone solicitation and planned gifts.

But the lesson in all of this, is that nonprofits need a mix of strategies and no single one is going to be your silver bullet.

Fundraising Success



Expectations for 2008 are not nearly as positive.

Only 58 percent of our respondents said they expect to raise more money this year.

That's exactly the same figure reported nationally and it's the lowest level of optimism since 2002, when gifts to many charities fell sharply in the wake of 9-11.

Nonprofit Challenges

What are the challenges you face in the next year?

1. The economy (31%)
2. Finding new ways to communicate (23%)
3. Increased competition from other nonprofits (13%)
4. Organizational leadership (board & staff) (9%)
5. Reductions in major sources of funding (9%)

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How about your primary challenges? Not surprising, it's the economy.

But nonprofits also say they need to find new and more effective ways to communicate with their stakeholders so they can succeed in a more competitive environment.

Nonprofit Fundraising Strengths & Weaknesses

- “My organization has an excellent reputation in the community” (67%, down from 84% last year)
- “The community understands what we do” (30%)
- “We have strong, long-term relationships with the majority of our donors” (61%)
- “We are limited by a lack of financial resources” (53%)

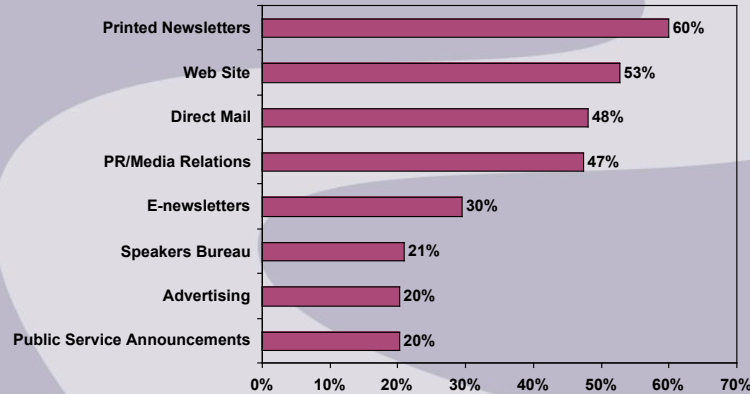
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What did we hear about fundraising strengths and weaknesses?

While two-thirds still said they have an excellent reputation in the community, only 30% said that the community understands what they do. In other words, people value your work, even though they don't really know what you do.

Sixty-one percent said you have strong, long-term relationships with donors and more than half of you said you are limited by the lack of financial resources.

Effectiveness of Marketing Strategies



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When asked about the ability to deliver their message to their target audiences, nonprofits believe they have the appropriate tools in place.

A majority see printed newsletters and their websites as most effective, followed by direct mail and public and media relations.

Only about a third think E-newsletters are effective. It was surprising to learn that 40% of you don't publish e-newsletters given the number I seem to receive every day.

So you have the tools, now how do you make them work for you?

Telling Your Story

- We are constantly looking for new ways to communicate more effectively (95%)
- Our organization lends itself to great stories that inspire donors (83% agree)
- People understand what we do the first time they hear about us (50% agree)
- Our programs/services are extremely complex and difficult for outsiders to understand (23%)
- We don't have the resources to tell our story the way we would like (51% agree)

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Here's what you had to say about telling your story.

Almost everyone is looking for new ways to communicate more effectively. More than 80% say they have inspiring stories.

Unfortunately, when people hear about what you do, you think only half of them really understand what you are saying. Some of you think this has to do with the complexity of your programs but - as we saw when we talked about fundraising, - half of you feel limited by a lack of resources.



What we need to do is improve our ability to tell our stories.

I hope in the coming year that all of you find new and better ways to touch hearts, and I look forward to hearing and sharing your success stories along the way.



To continue today's conversation, we plan to feature your stories in *Insights*, our monthly e-newsletter.

So, if you have a story you'd like to share, please email or call us. We'd love to hear from you.



Andy Goodman November 6, 2008

Sponsors:

**Deaconess Foundation
Incarnate Word Foundation
Lutheran Foundation
MO Foundation for Health
Whitaker Foundation**



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I also want to let you know about an upcoming event.

On November 6th, Andy Goodman will be in town again to present a program for nonprofits, sponsored by several local foundations. You'll read more about this in our newsletter but I encourage you to get this date on your calendar. He is well worth your time.



Now I'm going to turn things over to Jim O'Donnell, who will serve as moderator for our panel discussion.

Our Storytellers

Jim O'Donnell, *President, O'Donnell Communications*

Robert Archibald, *President, Missouri History Museum*

Lois Conley, *Executive Director, Black World History Museum*

JoAnn Hejna, *Executive Director, The Saigh Foundation*

Mary Rogers, *Executive Director, Sherwood Forest Camp*

Steven Rosenblum, *Development Officer, Saint Louis Zoo*

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PHILANTHROPIC LANDSCAPE 2008

The Stories of Success

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