

# Why Rich People Give

by Theresa Lloyd, Theresa Lloyd Associates (based on the book 'Why Rich People Give' and also a presentation given at the Researchers in Fundraising Spring Conference 2005)

## Introduction

The book *Why Rich People Give* was the result of the first major research into the attitudes of wealthy people in the UK to money - how they create it, keep it and spend it. The book provides an in-depth analysis of the motivations of the rich to support the charitable sector - or not - by giving money, time and expertise. It covers attitudes to faith, family and community, early experiences of giving and motivations, incentives and rewards.

It also examines relationships with recipient charities, how people give and feelings about wealth and responsibility. The research provides invaluable insights into the perceptions of wealth in the media, the experiences of fundraisers and others in asking wealthy people for money, and the views of professionals such as lawyers and accountants offering them advice. It considers how UK major philanthropy compares to the US and concludes with an enlightening analysis of the implications of the findings and key recommendations.

The research was carried out in 2002 and published in June 2004.

## Background

The book covers a wide variety of topics, including:

- Background and approach to the research
- The interviewees: who they are and what they give to
- Influences: faith, family and community
- Early experiences: developing a philosophy of philanthropy
- Motivations, incentives and rewards
- Relationships with recipients
- The practice of giving
- Wealth, security and family
- Wealth and responsibility
- The state, the media and perceptions of wealth and philanthropy
- The experience of those asking for money
- The experience of professional advisers
- The UK context (*Cathy Pharoah*)
- Major philanthropy – how do we compare with the US?
- Implications and recommendations

People interviewed for the research included:

- 76 wealthy people

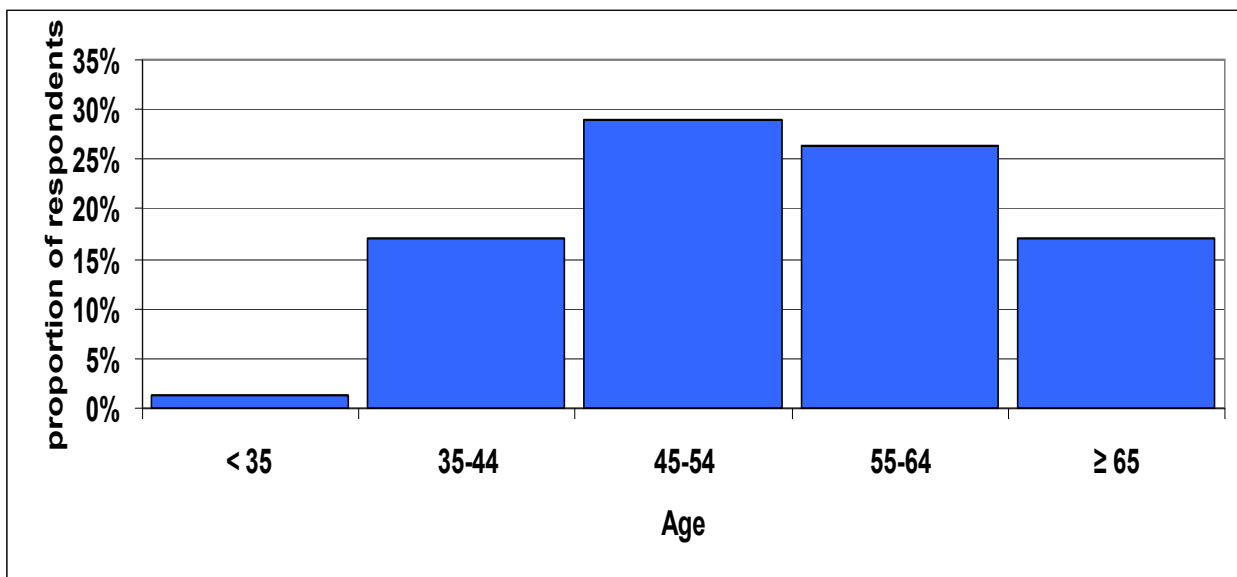
- 14 advisers
- 10 experienced askers

Interviewees were identified by a range of means, including:

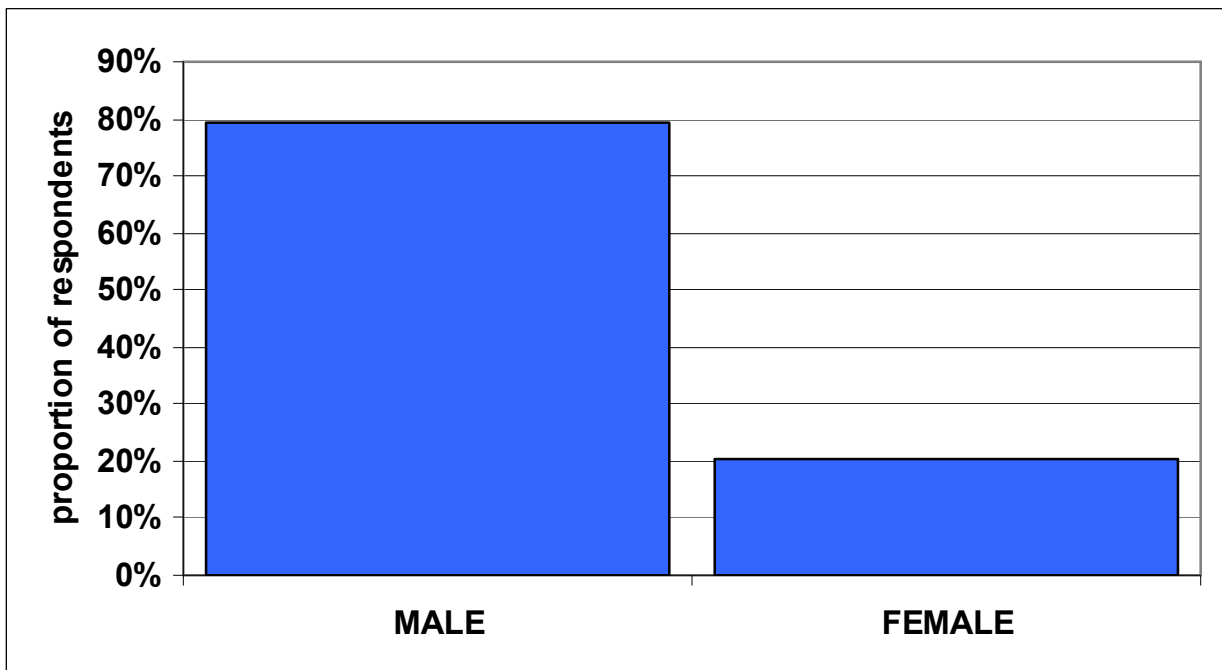
- Those known to the author
- Through individual charities
- Through professional advisers
- Those specifically targeted

The methodology included face-to-face interviews and use of framework analysis and charting.

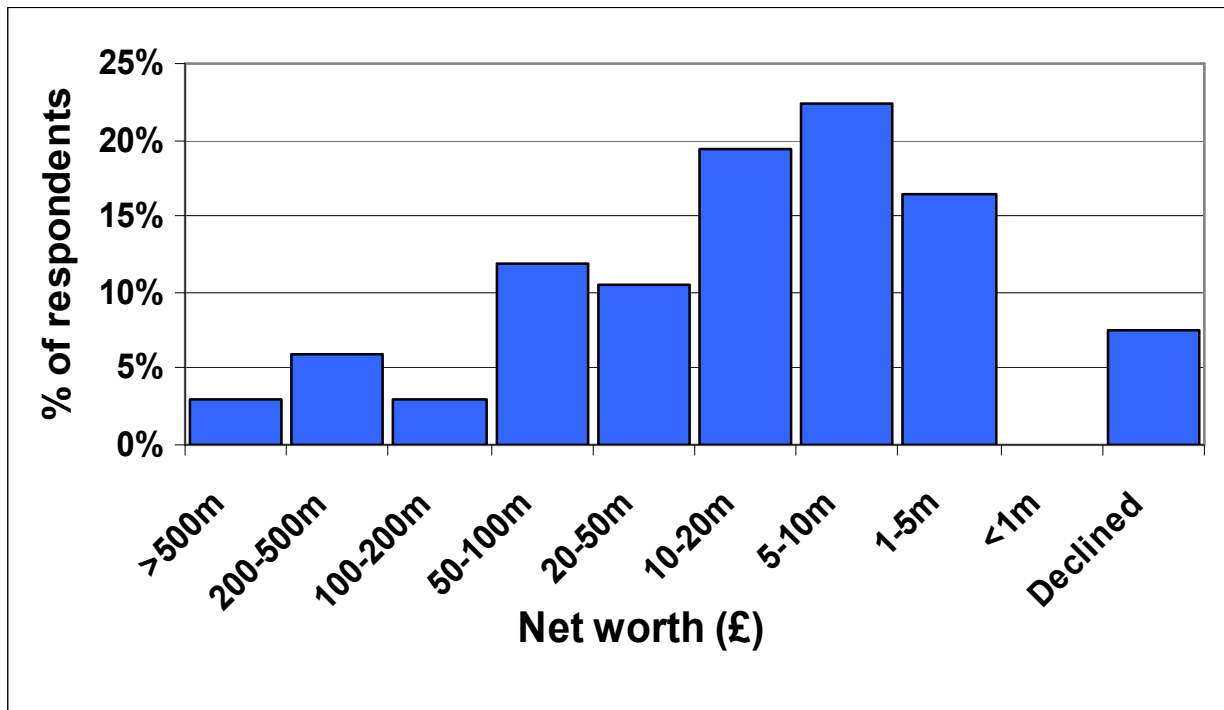
### Age of respondents



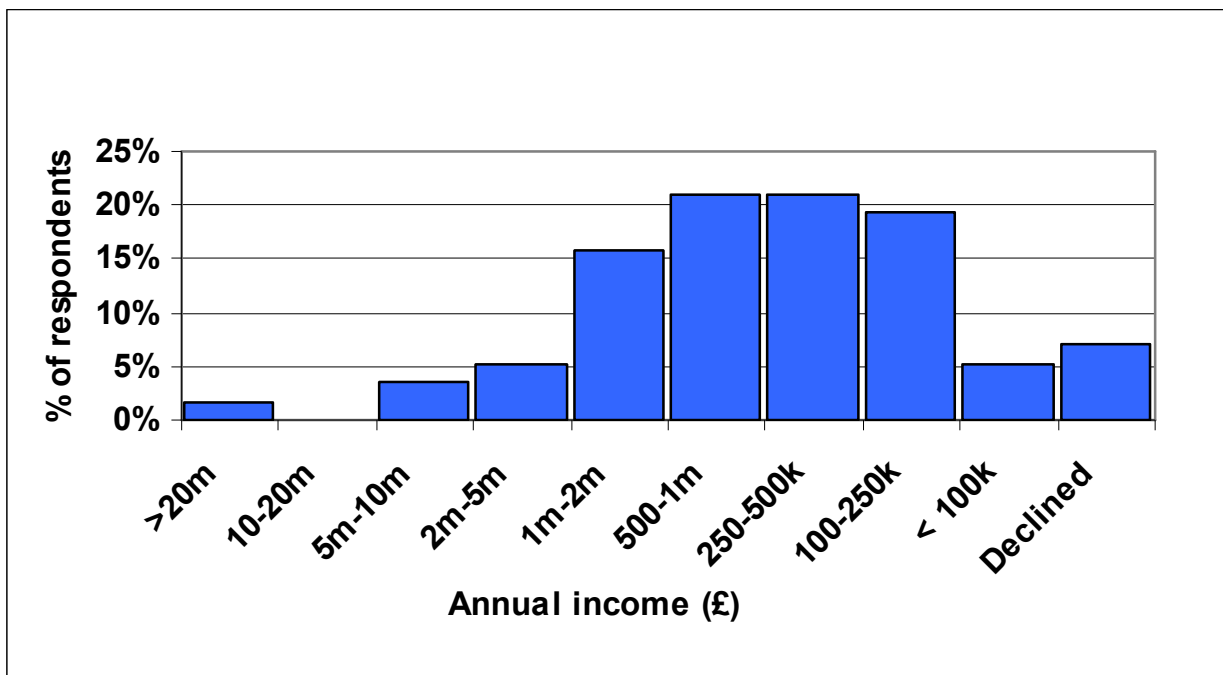
### Gender



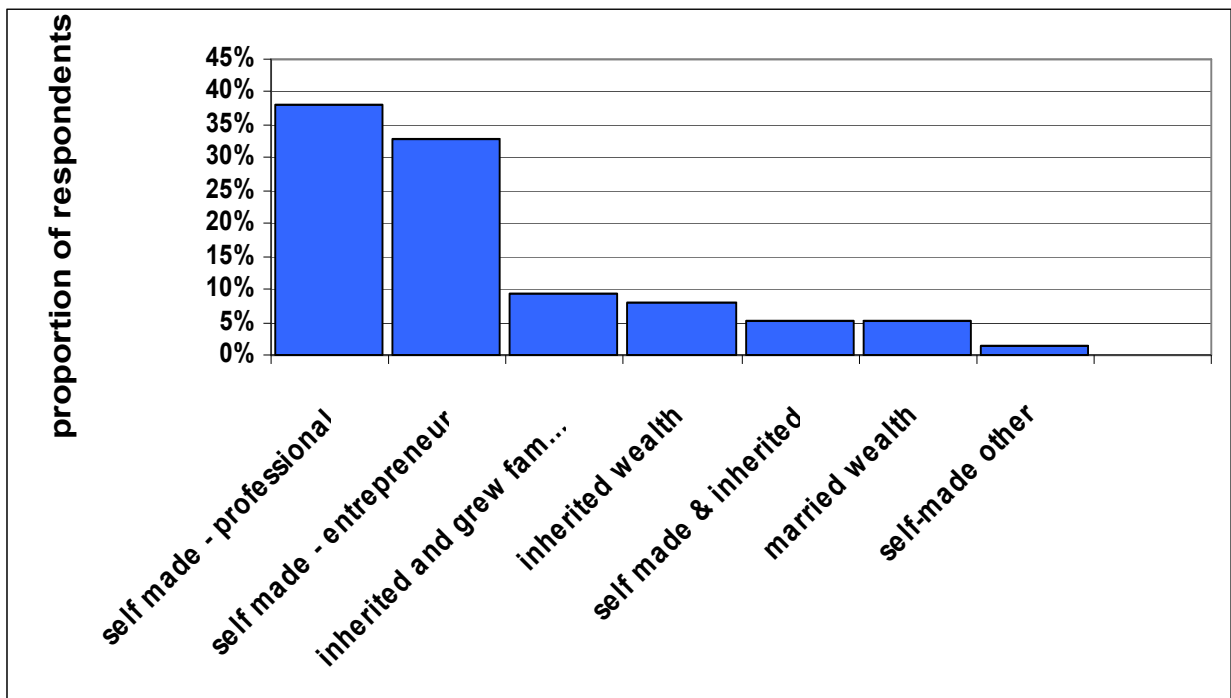
## Net Worth



## Annual Household Income



## Source of Wealth



## Motivation for Giving

There are essentially five inter-locking influences as to why people give. IN the table below you'll find these five reasons and the issues that are most prevalent in the donors mind:

Motivation	Issues to consider
Belief in the cause	<ul style="list-style-type: none"> <li>Confidence in the competence of recipient charity</li> <li>Pride in the recipient organisation</li> </ul>
A catalyst for change	<ul style="list-style-type: none"> <li>Making a difference with my money</li> <li>Creating something new</li> <li>Value for money</li> <li>Helping talented individuals</li> <li>Improving society – leadership, excellence, intellectual capital, national pride</li> </ul>
Self-actualisation	<ul style="list-style-type: none"> <li>Linking expertise and money</li> <li>Respect for expertise</li> <li>Pleasure of appreciation</li> <li>Control over how own money is spent</li> <li>Defining a place in history</li> <li>Response to personal experience</li> </ul>

	<ul style="list-style-type: none"> <li>• New learning opportunities</li> </ul>
The moral dimension	<ul style="list-style-type: none"> <li>• The role of conscience</li> <li>• An obligation of the fortunate to the less fortunate</li> <li>• Putting something back into society</li> </ul>
Relationships	<ul style="list-style-type: none"> <li>• Staff in recipient charity, cultural or education institution</li> <li>• Ultimate beneficiaries</li> <li>• Other donors</li> </ul>

## Essential features of relationships with recipients

- Good communications
- Information
- Appreciation and recognition
- Consultation and influence
- Governance
- Individual arrangements for major gifts

### Good Communications

- Establishing good contact at the outset
- Maintaining it throughout the relationship
- Providing regular and appropriate information and
- Giving time and thought to the process

### Information

- Succinct reports of achievements against targets, and any setbacks, with an explanation of what is being done to address problems
- A financial update
- The impact on the people affected by the work, with an individual story or two if appropriate
- And an account of what the organisation has learned

### Appreciation and recognition

- Thank you
- Recognition and respect from recipient
- Public recognition

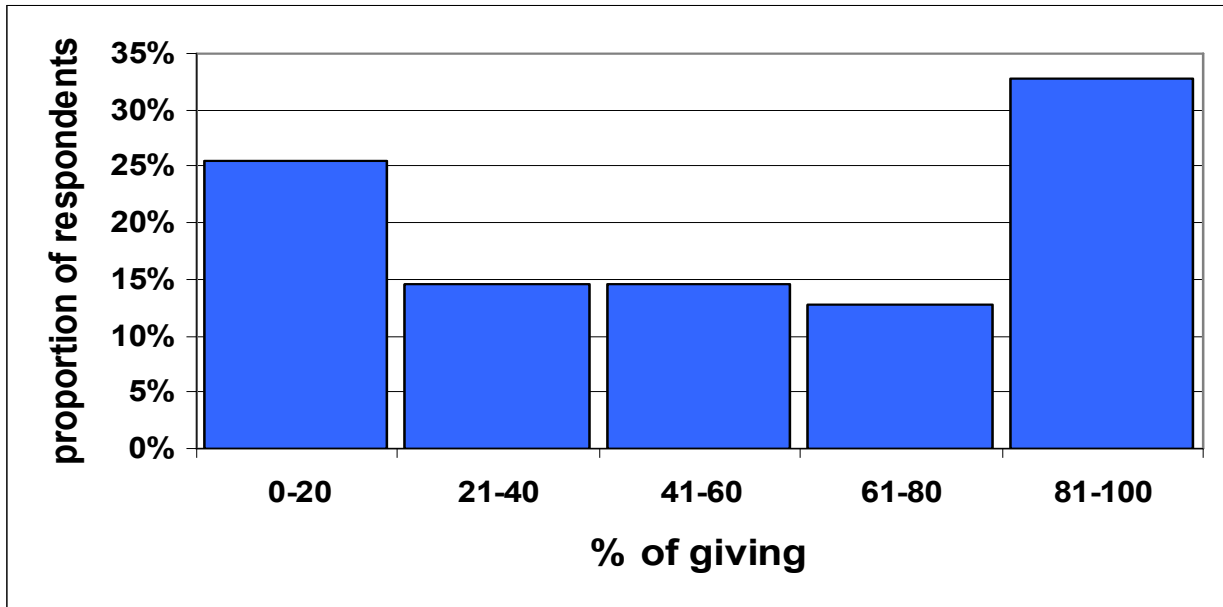
### Consultation and influence

- Taking notice
- Tensions
- Involvement

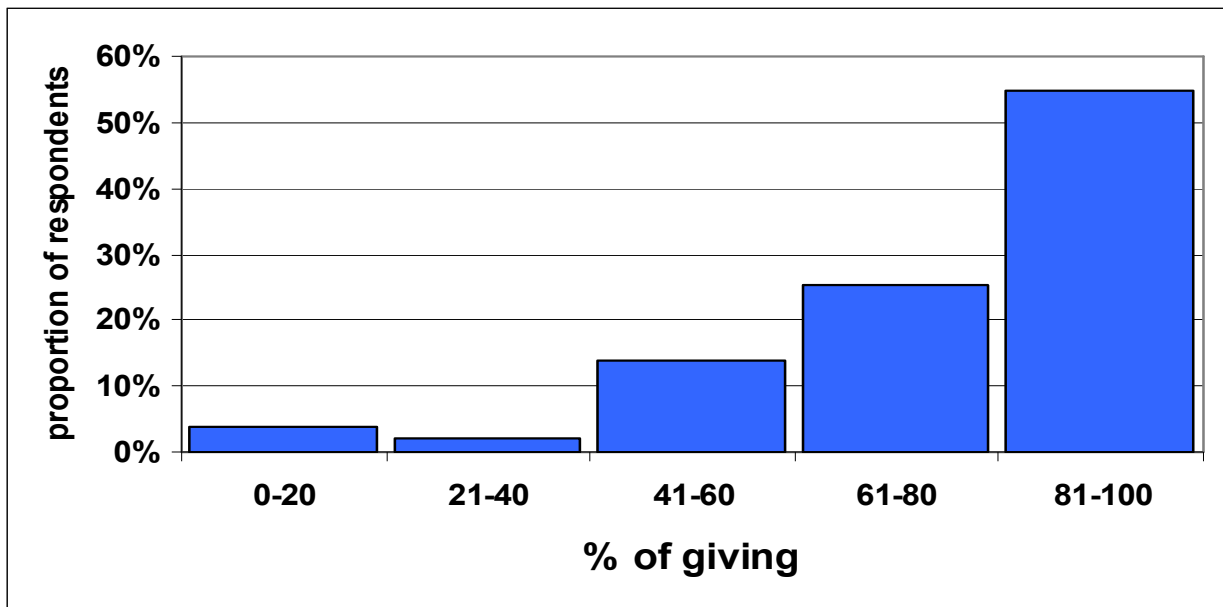
### Governance

- Like being an investor
- Concern about competence

### Giving to organisations with which donors have been directly involved



### Giving about which donors feel passionate



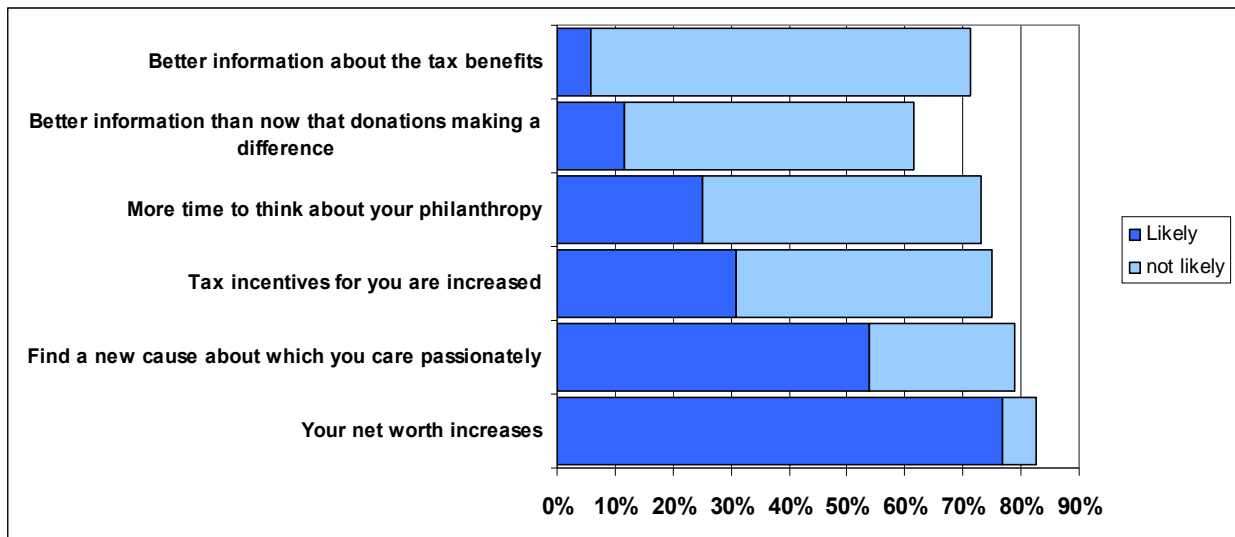
### Most satisfying donations:

- Support of individuals
- Making something happen
- Effective fundraising
- Local support

### Regretted donations:

- Relationships – felt they were not appreciated or were taken for granted
- Lack of confidence that they had made any difference
- Procedures which were extremely cumbersome or difficult

### Changes which would be likely to increase the overall amount given to charitable causes:



### Limitations of research and prospect identification:

The problem is that quite apart from issues such as whether there is a passionate interest, we usually don't know:

- The demands on their resources
- Feelings of financial security
- Asset liquidity

We also note that few people are major donors:

- Before they are in their mid/late 40s
- If they are still building their businesses or careers, or otherwise have not realised their capital
- If their wealth is tied up in an estate which they intend to pass to their heirs
- If they do not come from a family or community with a tradition of giving

The research profile is a starting point only

### **What makes asking effective?**

There is a wide range of experience and not everyone agrees on all aspects. But the common threads seem to be:

- Being liked and respected by the prospect
- Being a donor as well
- Awakenning an interest – *“Getting the message across and capturing the imagination”*
- Getting people to see the work on the ground – *“I saw Centrepoin and I was gob-smacked”*
- Involving partners
- Showing that giving can be fun - *“The rich who don’t give are in two categories; a) those who feel vulnerable, which I understand; and b) those who haven’t enjoyed the thrill of helping people with their money.”*
- Targeting and timing – recognising stages in life and getting people involved either at a lower level of giving or through giving time and expertise
- Offering (public) recognition may be a secondary motivator
- Strategic support from the recipient to the organisation

*“What matters is the personal relationship, the social implications of being involved, the nature of the cause, the intellectual pitch, the quid pro quo in terms of social recognition, involvement, seeing behind the scenes. Knowing whether I have given can make a difference.”*

**Lord (Dennis) Stevenson (Former Chair of the Tate, and with a very successful record in fundraising, business and public life.)**

### **Essentials for effective fundraising:**

- Passion for the cause
- Respect for the prospect and donor
- Flawless servicing

### **Comments from respondents**

- *“It’s a personal way of changing things.”*
- *“When you have achieved as much as you can in your job you look for psychic benefits; there’s a feeling you could contribute and make things happen. It’s an antidote to business life.”*
- *“It’s natural. I am fortunate and should therefore share with others less fortunate.”*
- *“I would give 10/10 to an organisation which came back after a year and asked for 30 minutes of my time to explain what had happened to the money*

*and project and what was achieved. I have very little experience of this happening.”*

- *“I want to be appreciated and not taken for granted. I expect no say in how the money is spent. I back an organisation, project or person; it’s for them to decide. I want a continuing relationship. Some organisations are much better than others.”*
- *“The response from the people I help is 99.99% of what is needed. I like it when people thank me and say they could never have done it without me.”*

The book ‘Why Rich People Give’ can be purchased from the Directory of Social Change (DSC) for £15.00 [www.dsc.org.uk](http://www.dsc.org.uk)



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