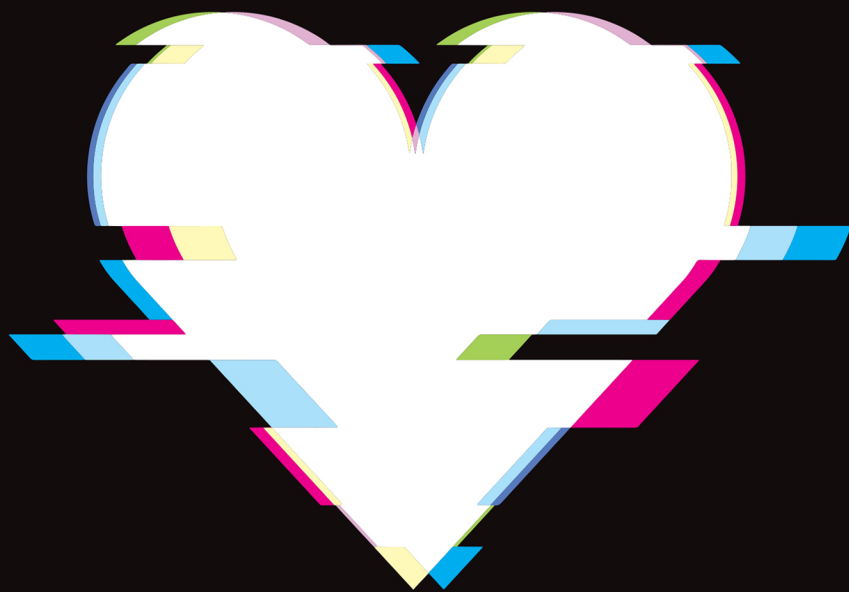


THE GENEROSITY CRISIS

The Case for **RADICAL CONNECTION**
to Solve Humanity's Greatest Challenges



NATHAN
CHAPPELL

BRIAN
CRIMMINS

MICHAEL
ASHLEY

WILEY

PRAISE FOR *THE GENEROSITY CRISIS*

“*The Generosity Crisis* is a powerful analysis of the changing dynamic in society related to giving, philanthropy and brands. The need for a more radical connection between people and organizations may sound like a simple concept; however, it is incredibly complicated and when done properly will change the trajectory of generosity for future generations. Brian, Nathan and Michael have painted a compelling picture for what is behind effective communication in today’s world.”

—Chris Foster, CEO, Omnicom PR Group

“As someone who is dedicated to helping nonprofit organizations leverage the benefits of technology, I’m thrilled to see the authors of *The Generosity Crisis* bring to light many of the critical issues facing philanthropy and nonprofits today. I have seen the positive impact modern technology can have when leveraged for good on accelerating mission outcomes. Harnessing data, cloud, AI and machine learning enables personalization at scale, creating powerful connections and the ability to drive results. I celebrate the practical guidelines and actionable insights provided that will inspire philanthropic leaders towards a new vision for how they prioritize their time and resources to deliver on mission!”

—Allyson Fryhoff, managing director, Nonprofit Business,
Amazon Web Services

“We don’t have an inequality crisis, a climate crisis or an economic crisis, we have a leadership crisis, driven by vested interests and their selfishness, apathy and greed. Brian and Nathan set out a simple but often overlooked truth: that generosity and connection must be central in our response.”

—Paul Polman, business leader, campaigner and coauthor of
Net Positive

“We humans are blessed with an instinct for generosity. But the structures of the modern world can suppress that instinct. We’re isolated from each other—and that isolation matters not just for our mental health, but for society’s health. When we look closely, we see that generosity is not just a beautiful emotion, it is a fuel for our economy and a foundation for our communities.”

—Jacob Harold, former CEO of GuideStar, author
of *The Toolbox*

“Being a young woman who comes from a different part of the world (India) and having lived in the United States of America for only a short period of time, I was unaware of generosity crisis in America. As I turned over each page into this incredible journey, the facts and information that appeared before me absolutely helped me to find the answers to the many questions I had about generosity in general. My time in America was made easier with the help of this book, *The Generosity Crisis*, by Nathan Chappell, Brian Crimmins, and Michael Ashley. I can’t imagine how challenging it would be to tackle this topic. Thank you for your thoughtfulness and sharing with me this great book of knowledge.”

—Harnaaz Sandhu, Miss Universe 2021

“The WHO Foundation is witness to the transformative power of philanthropy every day. Individuals are supporting the work to stop diseases, provide basic medicines and ensure children and families around the world have equal access to a healthy life. *The Generosity Crisis* shines a bright spotlight on the unimaginable consequences to humanity should philanthropy erode. But with awareness comes hope. The authors charge the reader to evaluate their responsibility in the world to link arms and provide a healthier and more equitable future for everyone.”

—Anil Soni, CEO of The WHO Foundation, Geneva

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*For those that strive to make the world a better place,
one connection at a time.*

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INTRODUCTION

The future of generosity in America is not guaranteed.

—*The Generosity Commission* (2020)

Uninterrupted, those who engage in traditional philanthropy will cease to exist in 49 years. This is a problem of monumental proportions. If the love of money is the root of evil, generosity is the salve that makes the world go around. The challenge is most of the public doesn't realize charitable giving underpins so much of our daily lives and thus it operates without much consideration as to how their personal connection to generosity has immeasurable consequences.

Providing untold benefits, charitable giving offers relief and assistance to the poor and disadvantaged as well as the victims of wars and catastrophes. It also supplies shelter, educational resources, medical cures, advances, and care for our most vulnerable. Besides aiding with environmental causes, generosity contributes to the economy, especially concerning the arts and culture. A 2019 report by the Center for Civil Society Studies at Johns Hopkins University states that nonprofits account for roughly 1 in 10 jobs in the US private workforce, with total employees numbering 12.3 million in 2016.

Despite all this, too many people don't realize the dangers should philanthropy continue its downward trajectory. Today's hospitals, food pantries, homeless shelters, colleges, museums, and the arts would all suffer—if not outright vanish. We had a preview of this risk in 2021. Activists and other concerned influencers worried that charitable donations would decline due to

economic contraction from COVID-19. But then something surprising happened. When the dust settled, it turned out \$484.85 billion was raised.

Superficially, this seemed good, especially because this figure surpassed the prior year of giving: \$471.44 billion. But charity is not outpacing gross domestic product (GDP) and the mix of who gives to charity reflects a growing wealth disparity. Instead, charitable giving continues to increase at the same rate as the economy (~2.1% of the GDP, where it has remained for the past 40 years). Also, fewer US households are participating in traditional philanthropy toward charitable causes.

This means if it weren't for a handful of very generous megadonors such as MacKenzie Scott, who has given away more than \$12 billion since 2019, total philanthropy in America would have decreased significantly over the past few years. Of course, all too often well-meaning pundits celebrate growth for growth's sake, instead of looking deeper to understand *who* accounts for such beneficence. These days, fewer people are giving and those who do give . . . *give less*. The share of households donating to charity has been decreasing annually and fell to its lowest level in decades—just 49.6%—portending even fewer donations in the coming years. Worse, as more people leave faith-based organizations, the engine for so much community-minded generosity, we can expect charitable giving to fall even further.

But the news isn't all bad.

Despite so many reports about how technology is dividing people, novel opportunities exist to use such advancements for myriad humanitarian purposes. We live in an era of personalization and customization, which translates to the concept of a “precision” approach to consumerism. Why not employ the same meticulousness in the service of innovating how charities prospect donors? Since 2017, coauthor Nathan Chappell has led efforts to leverage cutting-edge artificial intelligence and big data to enable

organizations to better understand the true motivations of generosity and identify why some people align with a specific cause.

At the heart of such efforts is a disruption of conventional thinking toward generosity. For too long, nonprofits and the like have relied on a person's *wealth* as the key metric for predicting someone's willingness to give. But a limited approach is at the root the crisis in US giving. Instead, tomorrow's nonprofits can achieve better fundraising outcomes by measuring individuals' depth of *affinity* to worthwhile causes. Empowered by this insight, they can (re)focus their efforts toward cultivating deep, sustaining relationships by fostering what we term *Radical Connection*. Also, collaborating with progressive for-profit companies serving the public good in essential ways can help flip the giving script.

Fortunately, for the first time in history, it's possible to dramatically increase precision and personalization in services and soft industries using big data and adaptive and cognitive computing powers. Marrying digital and analog activities, we can better connect with mission-aligned people and groups. Better yet, by emphasizing innovative ways of giving, including volunteering, crowdfunding, mentoring, and other forms of service-ship, we can especially teach the younger generation about new ways of giving back. Beyond exploring these key strategies in the following pages, we will show how a confluence of nonprofits, for-profit companies, governmental entities, and NGOs are trailblazing fresh and exciting paths toward greater giving for the benefit of all.

To get there we need to look at this issue with fresh eyes. Philanthropy at its core is really about connection, not money. We will highlight this idea throughout the book. In fact, the ancient Greek meaning of the word, "for love of humankind," has nothing to do with money. Yet too often, philanthropy is thought of as something only wealthy people do. In truth, giving

money, offering advocacy, or providing volunteerism constitute the outward expression of *connection*. And yet, what was once first nature to many legacy nonprofit causes—building and fostering deep authentic relationships transcending generations—has been replaced by surface-level transactions, leaving an unbalanced relationship between mission and benefactor.

This very imbalance and the transactional nature of many modern charitable organizations is at the heart of our Generosity Crisis. Generosity as a civic responsibility is at an inflection point, requiring a positive outlook and new modes of thinking to reverse negative trends toward giving back. By doing so, we stand a chance at solving some of the world's most pressing issues. Transforming a depressing crisis into a pivotal opportunity, let's imagine a brighter future in which once disparate groups and individuals regain their sense of Radical Connection and commitment, resulting in greater abundance and a renewal of goodwill.

Last, as we dive deep to understand the root causes of the Generosity Crisis, let's fully embrace what's at stake and explore what's needed to reverse the downward giving paradigm. We hope this book inspires you to think about your personal views on the relationship between generosity and connection and to create an open dialogue about the changing definition of philanthropy.

PART I

OUR PROBLEM

CHAPTER 1

What Would Happen if Everyone Stopped Giving?

Kelley woke up soaked. Nine months pregnant, her water broke at dawn. In seconds, her husband gathers their stuff, and they rush out the door. They arrive at the hospital to receive the shock of their lives. The doors are locked. A sign reads: “Closed until further notice.”

Across town, Cameron goes to his mailbox excited to receive grant approval to study the effects of dwindling coral reefs. Three years into his Ph.D. program, Cameron has poured his heart into composing a research grant submission to net \$5 million. He even put off proposing to his girlfriend so he can relocate to Australia to work on reversing the reefs’ rapid decay. To Cameron’s dismay, he receives a rejection letter from his university informing him all future research is being halted.

At a nearby zoo, Maria sheds tears, but not for the job she just lost. She cries because she knows what will happen when her employer closes. Once a sanctuary for endangered species, the zoo will have to sell its animals to the highest bidder.

At this same moment, lifelong curator Pierre slumps deeper into his swivel chair. Watching footage from CCTV cameras all over the building, he sees priceless works of art carted off for auction. In weeks, Impressionist works, some hundreds of years old, will be bought by private collectors. He sighs, recalling a line from the Indiana Jones movies, “It belongs in a museum!”

Down the street, a sad pastor tells a family of three they can no longer receive food from his pantry. Two little kids and their mom relied on this benevolence ever since she lost her job last year. No more. The program is ending. So is the church that funded its operations.

This is just the beginning. Before long the following examples describe what can happen:

- Clinics stop providing free health care screenings.
- Starved of funding, theaters, operas, and symphonies cease performing.
- Homeless shelters shutter, leaving the displaced to fend for themselves.
- Welfare services terminate, exposing at-risk children to abuse.
- Scientific exploration grinds to a halt at observatories and labs.

Imagine you woke up one day to a world in which all generosity ended. The described outcomes are but a small sampling of what you could expect, and not so far-fetched. Generosity in America is on a disastrous trajectory. The year 2019 represented the lowest giving level since Giving USA (GUSA) began compiling national philanthropic statistics 40 years ago. According to a report by the Indiana University Lilly Family School of Philanthropy, in 2000 an estimated 66% (one-third) of Americans gave to charity. By 2014 this figure had decreased to 55%, and in 2016 it had fallen to just 53%. The past three years were even worse. At present, less than half (49.6%) of Americans give to charities. The nation is becoming less giving every year, and it doesn't take a degree in mathematics to see where this trend is going or economic proficiency to project the negative consequences.

Unfortunately, the public doesn't hear the Generosity Crisis message enough. If at all. Instead, people are led to believe their contributions are inconsequential and that charity, and the services provided through generosity, will continue as they always have. Nothing could be further from the truth. "This belief of not having enough to give to make a difference is similar to the argument some people make when it comes to voting," explains Sarah Ford, marketing director at America's Charities. "But try telling a senator who wins by 18 votes that your vote doesn't matter and I promise they'll give you an earful." Without charitable gifts, so many societal mainstays and benefits we take for granted will vanish. Let's review examples by category.

HOSPITALS

GUSA reports the health industry received charitable donations of \$42.12 billion in 2020. This figure is essential to the functioning of hospitals throughout the nation, from caring for the sick, providing ancillary services to support families through their treatments, to research and development for novel care practices and cures. As an association that surveys the health care landscape, Incredible Health documents as of September 21, 2021, "the two main types of hospitals in the United States are nonprofit and for-profit hospitals. According to the American Hospital Association, 76% of community hospitals are nonprofit."

This means should philanthropy cease, Kelley's nightmare scenario is not at all unrealistic. Thousands of local nonprofit hospitals would close, forcing patients into government-run or for-profit medical centers with all the high costs and lack of options you might expect. Many health care jobs would also vanish overnight, along with critical research and development. With fewer

hospitals and health care professionals, vast lines to access care would resemble those of third-world countries.

COLLEGES AND UNIVERSITIES

Higher education received \$71.34 billion in donations in 2020, again according to GUSA. There is little debate that tuition costs are astronomical, having risen at five times the inflation rate for the past 50 years, according to the College Board. We can scarcely imagine what would happen if alumni and other stakeholders stopped giving. To illustrate the problem, consider 2019's undergraduate tuition cost \$55,046 at University of Notre Dame, coauthor Nathan's alma mater. After grants, scholarships, and other subsidies, much of which is funded through charitable gifts to the university, this figure drops to a more manageable \$30,536.

Also, it should be noted, colleges offer financial lifeblood to their communities. Take South Bend, the city surrounding Notre Dame. According to citytowninfo.com, "South Bend's diversified economy primarily consists of education, wholesale and retail trade, healthcare, and government. Notre Dame University is the city's largest employer and has a significant impact on the local economy. The university also adds to the economy by partnering with local companies for research and development projects."

If colleges at large lost their donations, most students could no longer afford to earn degrees. Likewise, the businesses and people who depend on the commerce, not to mention research and medical resources contingent on their existence, would suffer. Academic projects, such as studying diminishing coral reefs pursued by the Camerons of the world, would never get off the ground.

COVID-19 gave us a taste of such a disaster when so many students found themselves unable to continue their studies. As Jessica Dickler reported for CNBC in June 2020, “With millions of Americans now out of work, one expense is suddenly out of reach for many: higher education. More than half, or 56%, of college students say they can no longer afford their tuition tab, according to a survey by OneClass, which polled more than 10,000 current freshmen, sophomores and juniors from 200-plus colleges and universities across the country.”

Zoos

GUSA reported that individuals gave \$16.14 billion to environmental and animal causes in 2020. Some people hold a limited view of zoos as places to stare at lions and tigers and maybe pet a chinchilla. But these facilities do much to protect and sustain nature, especially endangered species. As Amber Wyard explains for lemurconservationnetwork.org, “Although recreation is still an important focus for zoos, they now place a lot of value on education, research, and conservation.”

To this point and according to Association of Zoos & Aquariums, more than 230 top zoos and aquariums “provide safe habitats, medical care, and a nurturing environment for their animals.” Using the funds they receive from donations, they breed and save animals, including gorillas in Rwanda, lemurs in Madagascar, and vultures in Southern Tanzania.

If people stop believing in the virtues of giving and halt their philanthropic monies, these conservation efforts would cease, curtailing progress made in the last 100 years; it’s also likely many animals would end up in private hands. We can expect less accountability should this occur, leading to dramatic

increases in animal trafficking as depicted in the disturbing 2020 documentary *Tiger King*.

MUSEUMS

According to Sotheby's Institute of Art, three categories of revenue support nonprofit museums:

- Charitable contributions
- Program services, such as ticket admissions
- Earned income, typically via merchandising

Of the three sources, the first category provides the lion's share of funding, accounting "for over half of a museums' revenue at an industry standard of around 60%." Should philanthropy end, it would decimate museums' fundraising model. After all, GUSA reported the arts, culture, and humanities organizations received \$19.47 billion in donations in 2020.

Loss of museums would devastate not just creatives but also society. In a 2015 interview with *Alliance Magazine*, Sir Nicholas Serota, director of the UK's Tate Modern, reflected on how philanthropy enables the arts, specifically the world's most popular museum of modern and contemporary art. "None of Tate's expansion or the growth in audiences from 1.75 million to 7.75 million over 20 years would have been possible without a partnership between secure public funding. . . . One of our first significant donations for Tate Modern came from a man not noted for his enthusiasm for modern art. He was motivated to give because he recognized the need for London to have a museum of international contemporary art and he knew that cultural investment in a relatively poor part of London could transform the area economically and socially."

Lacking such generosity, we could expect to see chains on doors and vacant museums as their business model collapsed. Like the zoo debacle, art pieces, both modern and antiquated, would be auctioned to bidders. No longer could the public enjoy their cultural birthright. In this scenario, even the *Mona Lisa* would depart the Louvre, undoubtedly snatched up by a rich collector.

British journalist A. A. Gill helps to explain what we stand to lose: “If the world were to end tomorrow and we could choose to save only one thing as the explanation and memorial to who we were, then we couldn’t do better than the Natural History Museum, although it wouldn’t contain a single human. The systematic Linnaean order, the vast inquisitiveness and range of collated knowledge and beauty would tell all that is the best of us.”

HUMAN SERVICES

Our scenario depicting the closure of shelters is not fantastical. GUSA reports the broad category of human services received \$65.14 billion in donations in 2020. According to Feeding America, food insecurity in America is a pervasive issue, with 38 million adults and 12 million children undernourished, not knowing where they will get their next meal. Meanwhile, homelessness continues unabated. As of 2022, estimates from two key sources of data—the US Department of Housing and Urban Development Point-in-Time Count and the National Center for Education Statistics Count of Students—puts the number of people lacking permanent housing between 600,000 and 1.5 million, of which 33% are families with children.

In 2019, the Council of Economic Advisers sought to explain the crisis in a paper titled *The State of Homelessness in America*. “Approximately 65 percent are found in homeless shelters, and the