

How will the cost-of-living crisis affect giving

The changes occurring in the economy will have profound effects, but they won't be evenly spread. To understand where we may be heading, it's worth looking at the impact across two verticals: size of gift and type of gift. Such an analysis shows that more, not less resources will be required.

My suspicion is that major donations may even increase. The wealthiest are often insulated from disaster by diverse income streams. Many will realise the need is even greater now, and this need will only increase in the next 18 months.

However, there may be more modesty about being seen to give in difficult times and in displaying massive wealth. In past down-turns, a desire to help has been accompanied by a desire for less trumpeting blowing. I remember one school getting an anonymous seven figure gift in 2008/9 because the donor didn't want to be seen to be donating, whilst making redundancies at his company.

Such obstacles may be difficult to unpick; someone may say no to giving, because of such concerns over visible wealth, and not consider the option simply to give anonymously. Development professionals may need to skirt round this, asking questions like 'when would you like your gift acknowledged' or 'the building wont be finished for 3 years, would you like the publicity about your donation to be now or at the opening... or both? (let's face it, some people will want the trumpets blown whatever is happening in the world around them).

The other issue facing schools, is that major donors may decide now that they want to direct their gifts to more immediate humanitarian causes. We probably need to remind potential donors of the effect we are seeing from Covid: if young people's education is disrupted, society suffers long-term. Keeping bursary funding going is more, not less, important at this time.

However, with prospect gifts, I do have greater concerns. In 2008, it was these that were affected. I can see a lot of people who get £25-50K bonuses looking at them not as gift opportunities, but opportunities to weather the storm. It was this level of donation which was badly dented in the Great Financial Crisis, and probably will be again. That said, I did see a fair number of pledges made back then where people said 'Yes, but it needs to be over several years, and starting next year'. This is not ideal, but is better than nothing. Fundraisers will get plenty of 'nice to see you, but now is not the time' responses. Suggesting the donation is broken up over a period may help counter such situations. And, of course, the need to pay a pupil's fees

every year gives a fundraiser the chance to say this, making a virtue of knowing that a contribution to that cost is booked in for every year.

On regular giving, I do have some clarity too. The effect of the Great Financial Crisis was very clear: a drop in giving rate but little drop in income. This was because the loyal carried on. They really understood the need. They believed. They were not going to quit if they could avoid it. Where giving suffered was with the 'no not really, but OK.., what's a hundred quid' donors. They fell away in 2008/9 and will do again I suspect. Their gifts were sometimes little more than politeness; the conversion had not occurred. So they were very vulnerable to a 'not now' response. This was exacerbated by the recession making it OK to say one was skint.

It's worth unpicking the psychological factors at play in the alum/alma mater relationship. For a number of years, as a child, alumni/ae were judged by your school. They were conditioned to try and win approval and to demonstrate they were top dogs, not life's casualties. This process is a reason why alumni who do well tell their school about it. They want to either be praised for living up to expectations or they want to prove they were much better than Mr Prentice said of them in Maths Set 3 in 1987. So when asked to give in good times, most will be reluctant to admit times are hard. But in 2008/9 it became OK to say in the pub that one was going skiing in Bulgaria not Zermatt this year because 'times are hard'. It was noticeable that people didn't mind saying they couldn't give because 'as you know, things are tough at the moment'. We can expect this again. It won't be cool to talk about one's new Prada bag at the Dog and Duck for the next couple of years. So people who chucked in a few quid rather than looking poor compared to their peers will not be afraid to say 'No' in the current climate.

However, you can lose people and not dent your total income too much. At the moment, this is how it's playing out when phoning. A school that might have got 40% giving is getting 32-35%. But income isn't down 20%, it's down 5-10% at worst. ... And in some places, it's actually up! I am seeing a pattern. Where the case is well-made, the alumni and parents engaged, and there is a track record of impact, giving is strong. People may be stretched but they see the need. Where that pattern of strong regular giving and delivery is weaker, that is where some erosion is being seen. It's understandable. In good times, people will support you simply because you asked. In not so good times, they will give well only if they believe. This means that right now, it is VITAL (and I do mean vital) that regular giving is pushed forward with gusto and with an immense display of past and future benefit. It would be extremely unwise to decide to go quiet and only ask those who you know are flush. No one is ever going to believe you have genuine need if you didn't need to ask EVERYONE to help your least

financially equipped pupils RIGHT NOW. Bursary students are going to appear with holes in their shoes, under-fed, not able to replace equipment, walking miles to school to save on the bus fare. You may think I am over-egging it. I am not. I know of at least one school where the Bursar took such a student to a shoe shop because his feet were wet from the holes. And I know of another where a couple of teachers who shared a lift collected three pupils on their route each day as they knew the family needed to save on the costs of travel. We know there will be people struggling and so, if we don't ask for those children to be supported, the whole mantra of bursary fundraising is diminished; in fact it's virtually meaningless.

Of course, schools will be worried about asking everyone. I would point SMT to my paragraph about how recession makes it OK to say No. However, because there is not going to be a stigma to be short of cash for the next few years, there is much less chance of offending people than when times are good and people may feel ashamed to say No.

I have a further thought relating to who to ask at the moment and it relates to parents. In 2008/9 some schools decided that they couldn't ask parents to give whilst paying the fees. They decided they would wait until they were former parents and then 'catch up' on the gifts that should have happened. It was a false theory. They never caught up. There are so many demands after school on parents and they don't suddenly start giving in gratitude from being relieved of the fees. With occasional exceptions, they simply move on. So if Governors ban asking parents, that's a legitimate position only if they understand that is the end of getting gifts from that generation of them.

Will fundraising be tougher than in 2008/9. I do fear it will. In 2008, people in steady jobs in the public sector were not too affected too badly unless their role fell victim to cuts. They suffered a long period of incomes falling in real terms but that wasn't as cliff edge as 10% inflation. The people in the public sector are unlikely to get adequate pay rises and probably will never catch up from an already challenging position. I find it telling that one institution, at a good university, who ran a giving day with another consultant this summer, raised only £7,000. The vast majority of their alumni are teachers.

The effect will be worst in Regular Giving as a high proportion of that audience are public sector. Many in the private sector, as they age, head into visit-based fundraising. And the private sector who do make the pool, tend to be young, or junior, or both and they are going to find things hard as they are the people facing either a delay to buying a home or much bigger mortgage rates.

So what does this mean for how we ask?

I have concern about Giving Days. I suspect that as things tighten, the impulse gift will be harder to obtain. On the phone or face to face, a case will be made and many will decide they have to give something. It is far too easy to walk past need if all one gets is an email. I am not saying don't do Giving Days, but I think realism about results will be essential. It would be bad if people get more challenging results and then think Giving Days are old news, when actually, if they just delayed the Giving Day a year and did some phoning instead, they would get decent results now and the big uptick in new donors later.

But there are other, soft KPI reasons, why I would want to reach more for the phone and visits over the next year or two. Personal communication finds out where people are at. If they can't give, you can reassure them that it's OK and ask them to help in future when they can. I believe that those that call and deal with people who may be stressed about their future in a humane way will fare better with their community than those who think mail and email will do.

My experience over the years is when one reaches a hill, one ups the effort. I learnt this from my Dad. He had been in the army and he taught me that to get up a hill one takes shorter steps. That way, the effort is manageable and though it takes longer, you get where you need to go. I remember many happy(ish) trudges across Dartmoor on that basis!

Leadership regular gifts will need a visit when a phone call would have done a year ago. Larger single gifts will need a call, when a Giving Day or Direct Mail would have done in the past. Email and Direct Mail will simply not perform to expectation.

In conclusion, is now a good time to launch? No, but you must. Firstly, as mentioned above, you have pupils and parents in need. You MUST heed that or your donors will be put off if you don't.

Secondly, when it is a good time? In the early 90s, we had negative equity. In the late 90s, we had a total change of government. Then we had 9/11. Then the Gulf War. Then 2008. Then austerity. Then Covid. Now inflation. And yet tens of billions were raised in the meantime for education. As Cervantes said "Never look for this year's birds in last year's nests." Next year, you will need birds. Start looking now.