



Game Changers in Philanthropy



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September 23, 2014

“It has long been our observation that, for any organizations whose external environment is changing faster than it is changing internally, the end is in sight. It is only a question of time.”

Jack Welch

Letter to Shareholders

GE Annual Report 2001

Objectives

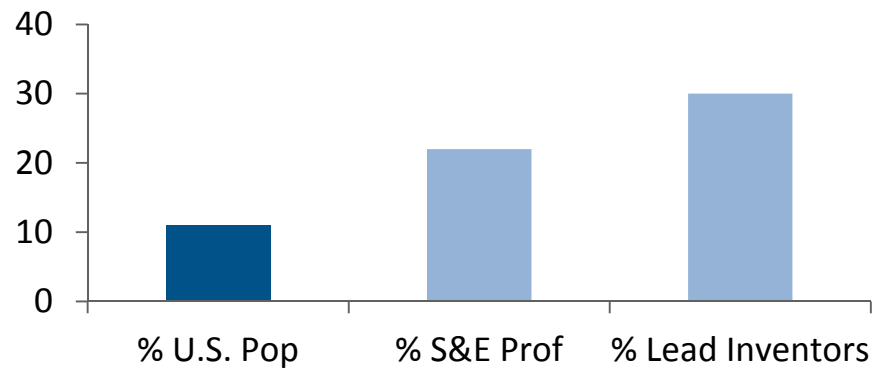
- Examine game changers in four dimensions
 - Wealth
 - NextGen attitudes
 - Fundamentally changed nonprofit definitions
 - Globalization
- Discuss why game change is
 - Good for the game and
 - Good for the players



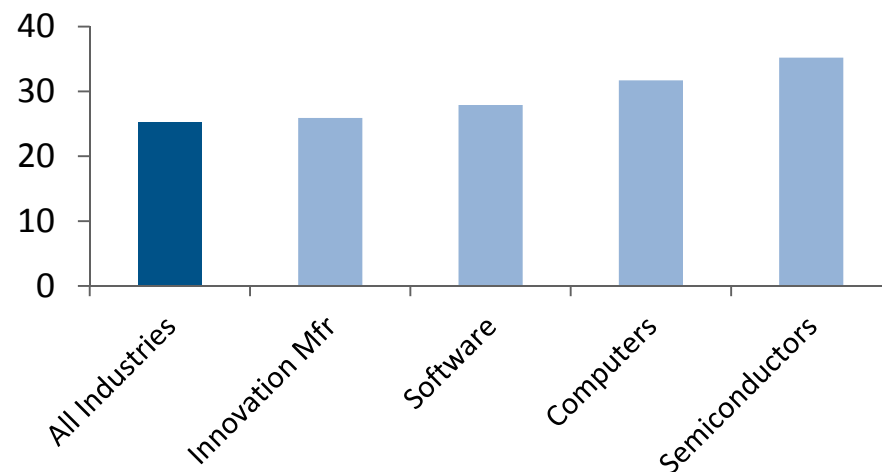
Wealth

Wealth and Diversity

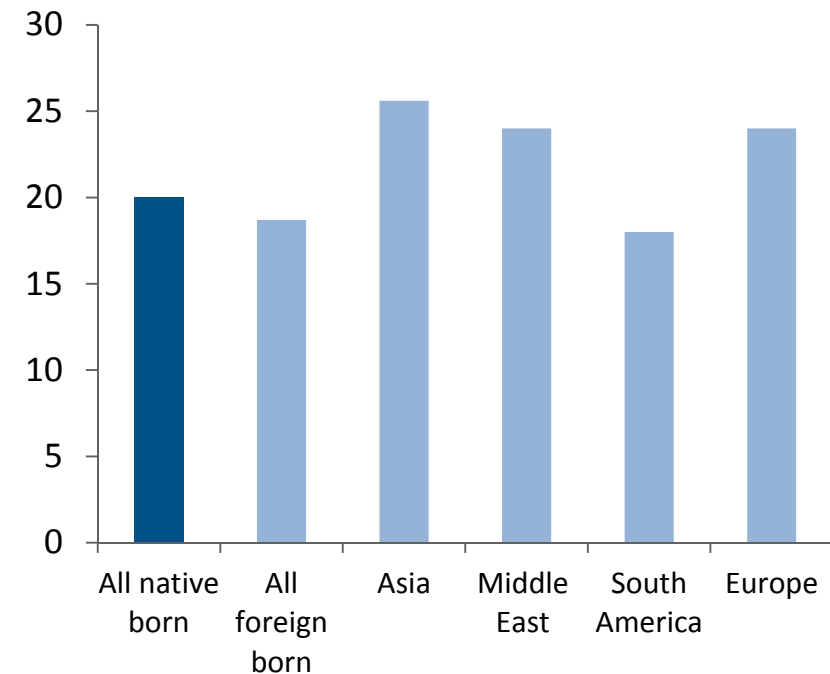
Foreign-Born Innovation



% Immigrant-Founded Companies



% Households in Top Income Quintile

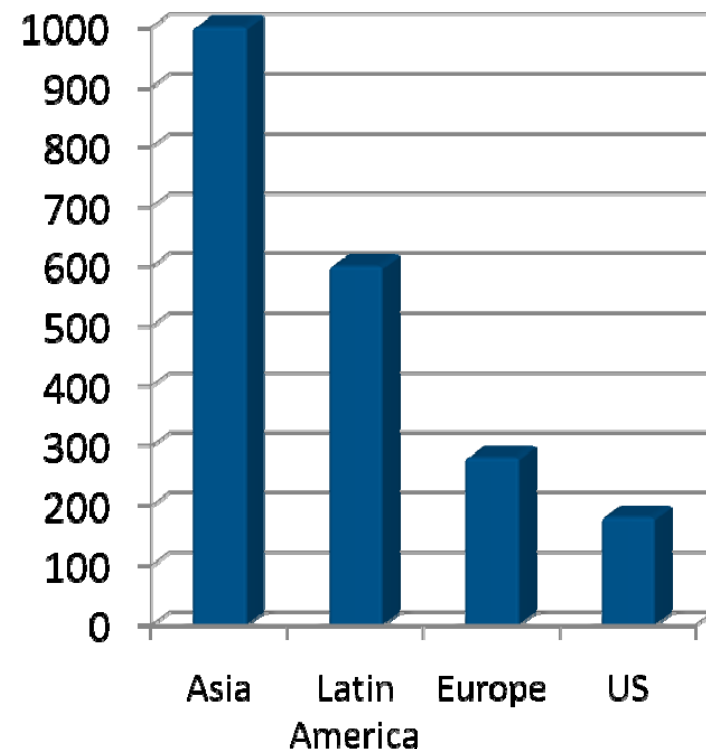


Of these founders, 52% originally came to the U.S. to study.

Wealth is increasingly to be found in diverse households.

- Married households of immigrants from Europe/Canada and Asia approach or exceed the median and mean levels of wealth of the average U.S. household.
- In technology-intense economies such as central New Jersey and Silicon Valley, **median incomes of immigrants from Asia are higher than those of U.S.-born workers.**
- The rate of increase in the number of foreign born workers earning \$100,000 or more has exceeded U.S.-native workers in all regions of origin.

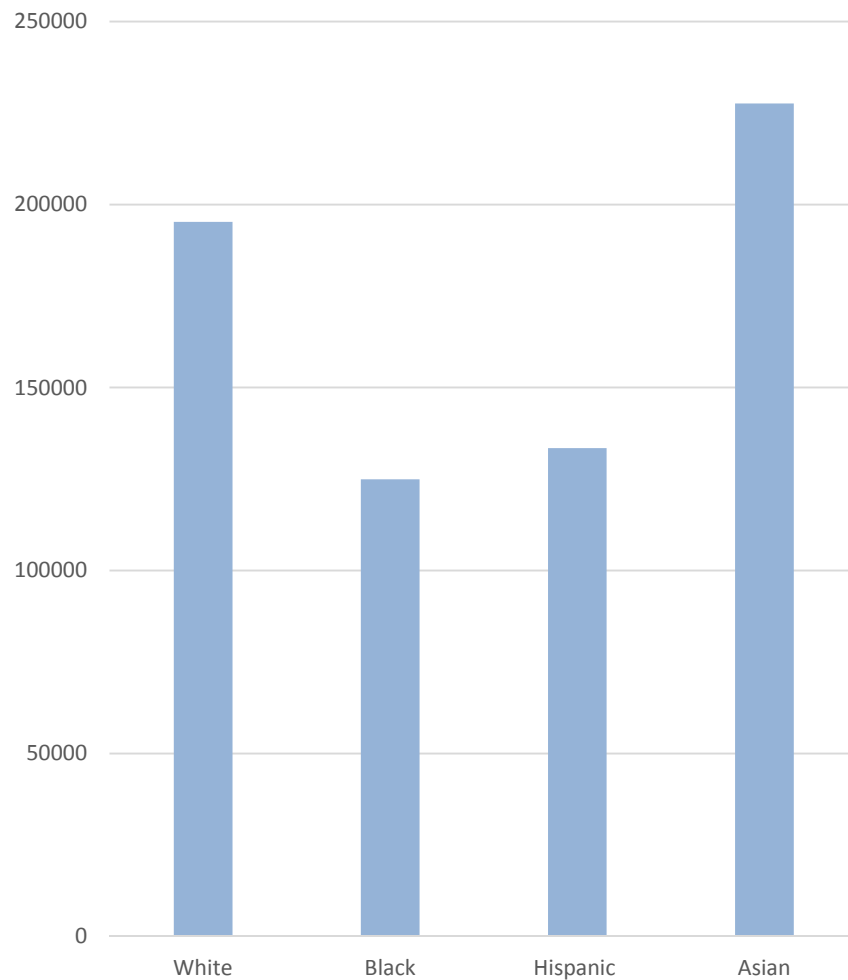
Percent Increase in Those Earning \$100,000 by Area of Birth 1980-2006



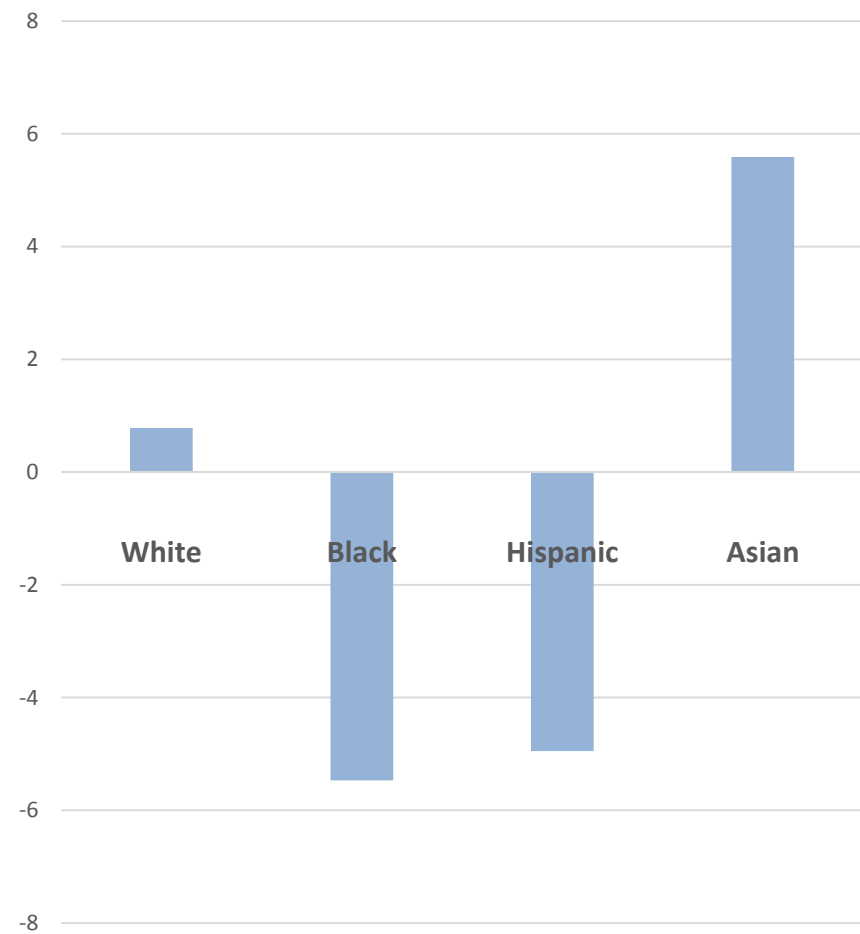
Source: Foreign Labor Certification Data Center

Indeed, in the top quintile of incomes, the highest median income, and the most robust growth is in Asian American households.

2012 Fifth Quintile Real Median Income

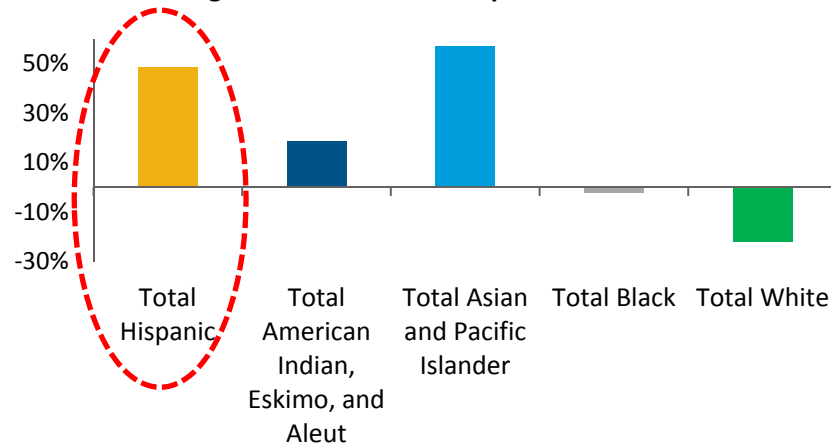


Percent Change in Real Median Income of Fifth Quintile by Ethnicity

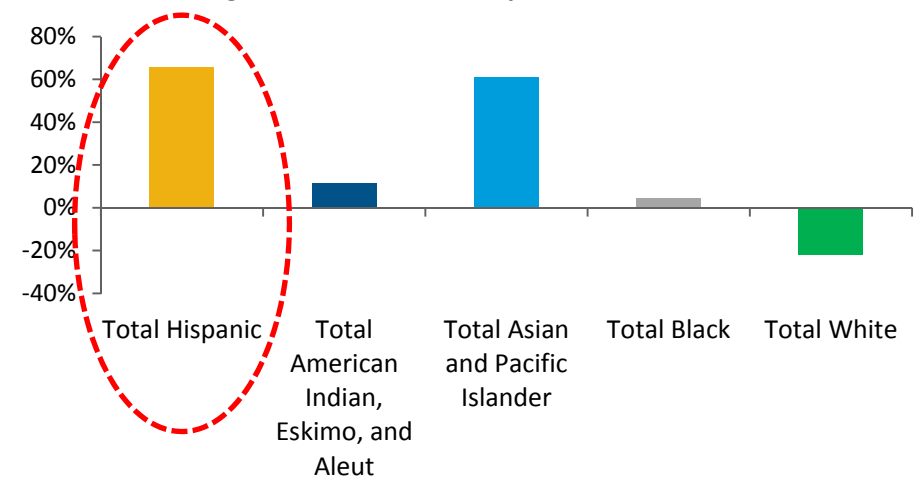


Ethnic Composition of Adults in the U.S.

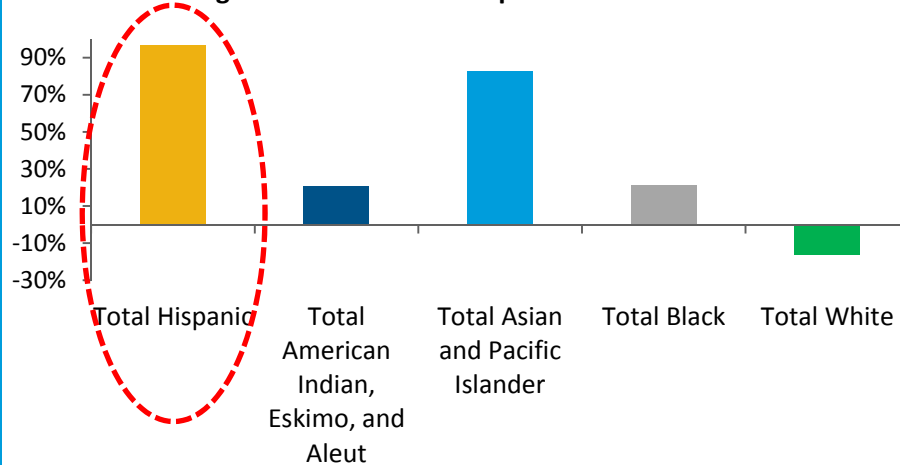
% Change in 40-44 Year Old Population from 2001-2025



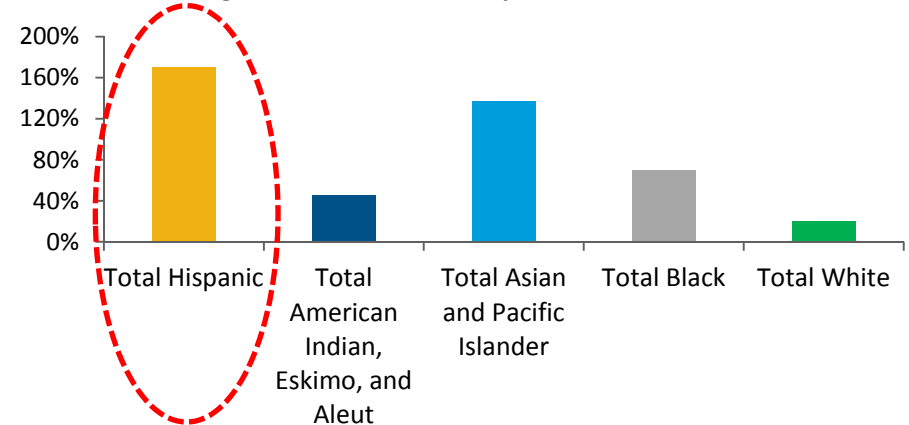
% Change in 45-49 Year Old Population from 2001-2025



% Change in 50-54 Year Old Population from 2001-2025

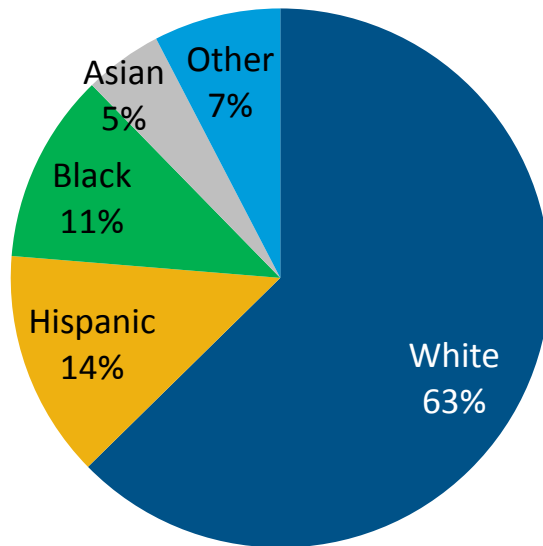


% Change in 55-59 Year Old Population from 2001-2025

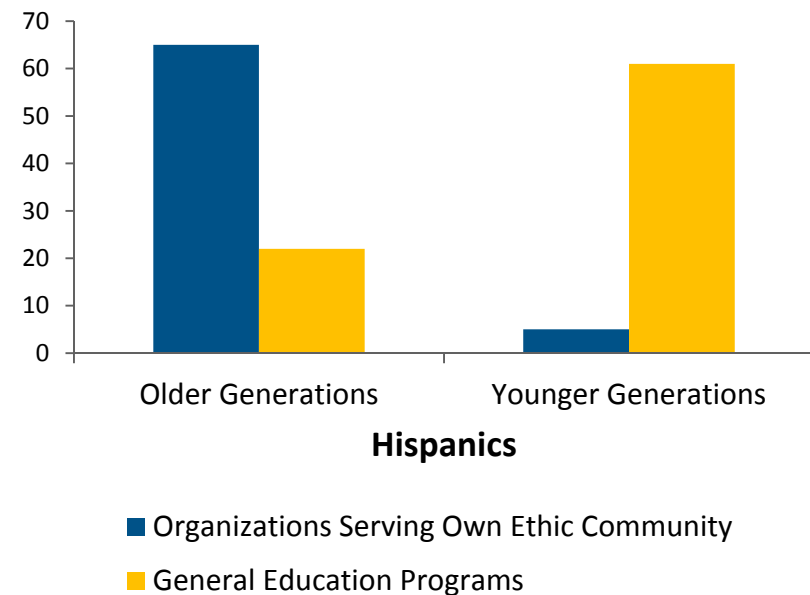


Minorities Give

Percent of Total Contributions to Philanthropy in the U.S. by Race, 2012



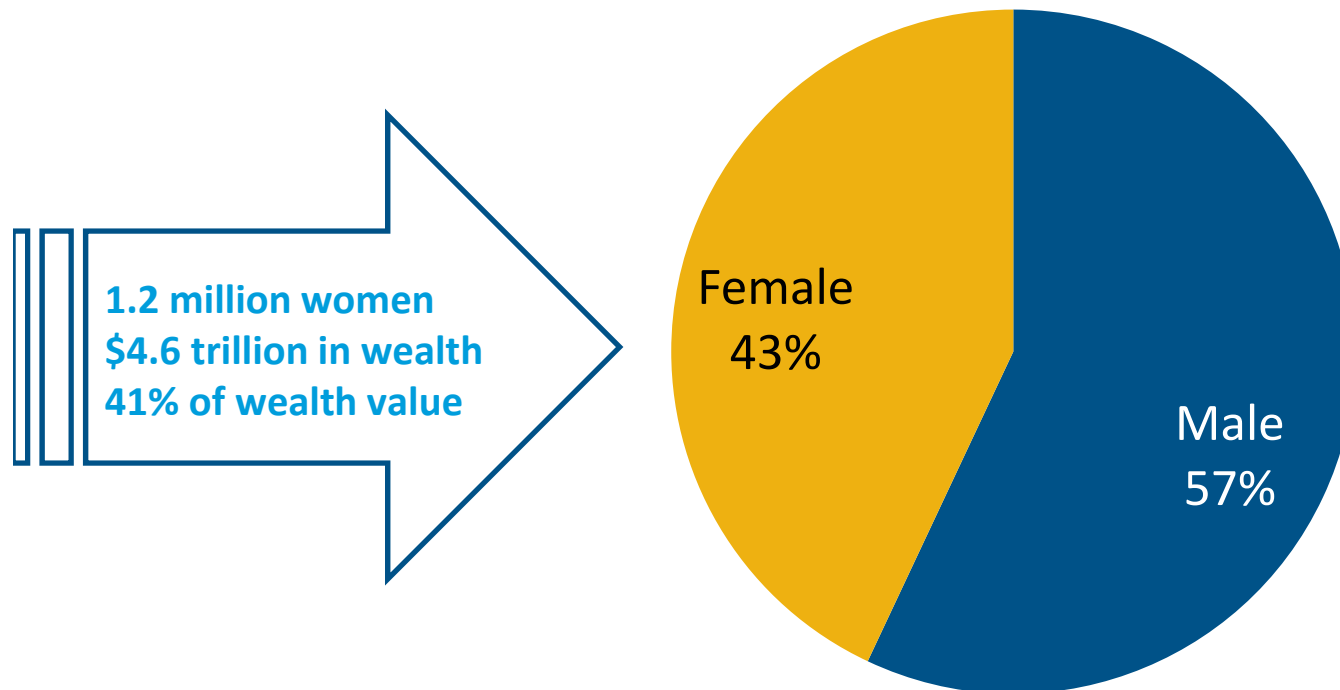
Where Hispanics are Giving: Older vs. Younger Generations



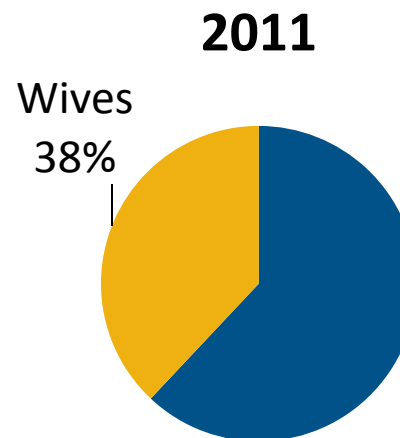
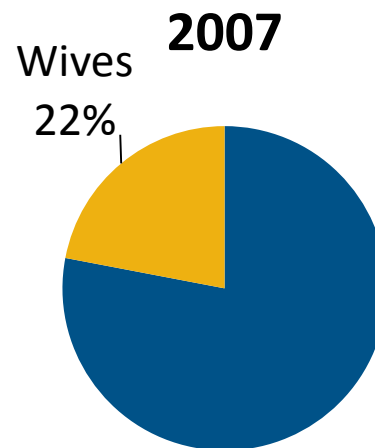
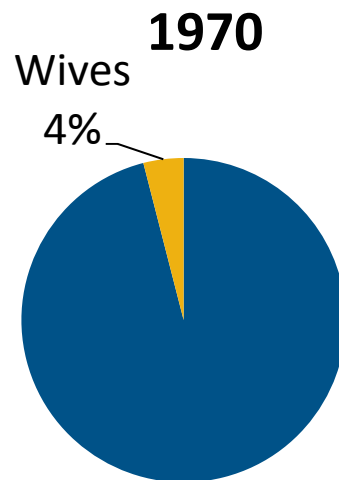
The reality of a changing adult ethnic makeup is not necessarily declining philanthropy, but philanthropy that will need to be more aggressive about leadership inclusion.

Wealth is increasingly being accumulated by women driven in part by the last two decades of higher education trends

% Of Top Wealth Holders with Gross Assets of \$1.5 Million or More (2004)



Percentage of Married Household Where Wives' Income Exceeds that of Husbands



In married households, the combination of education and the effects of recession unemployment patterns means that wives' incomes often exceed those of husbands



Next Gen: Today's Young Wealth and Tomorrow's Young

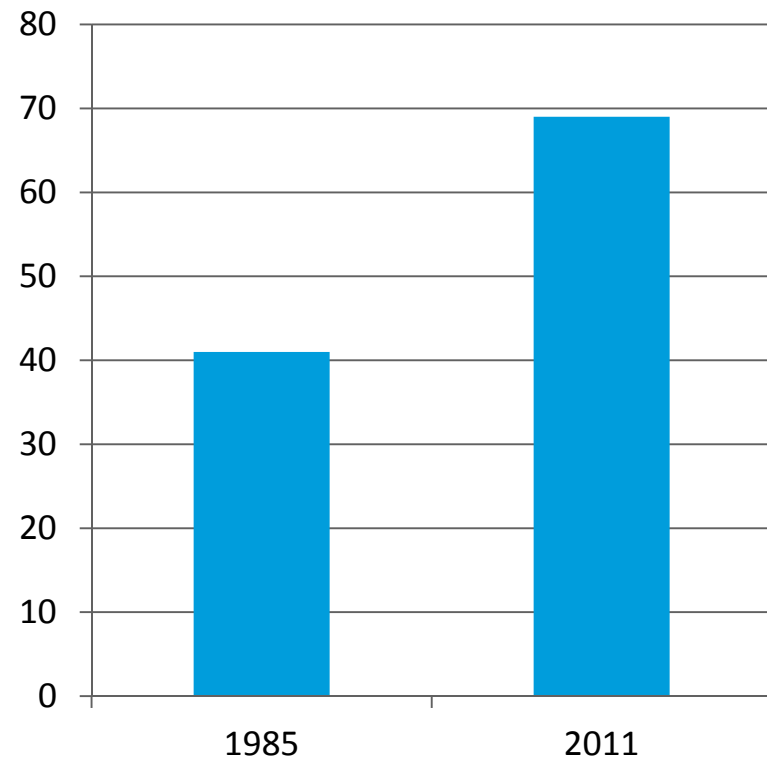


Today's Wealth

Wealth and Age

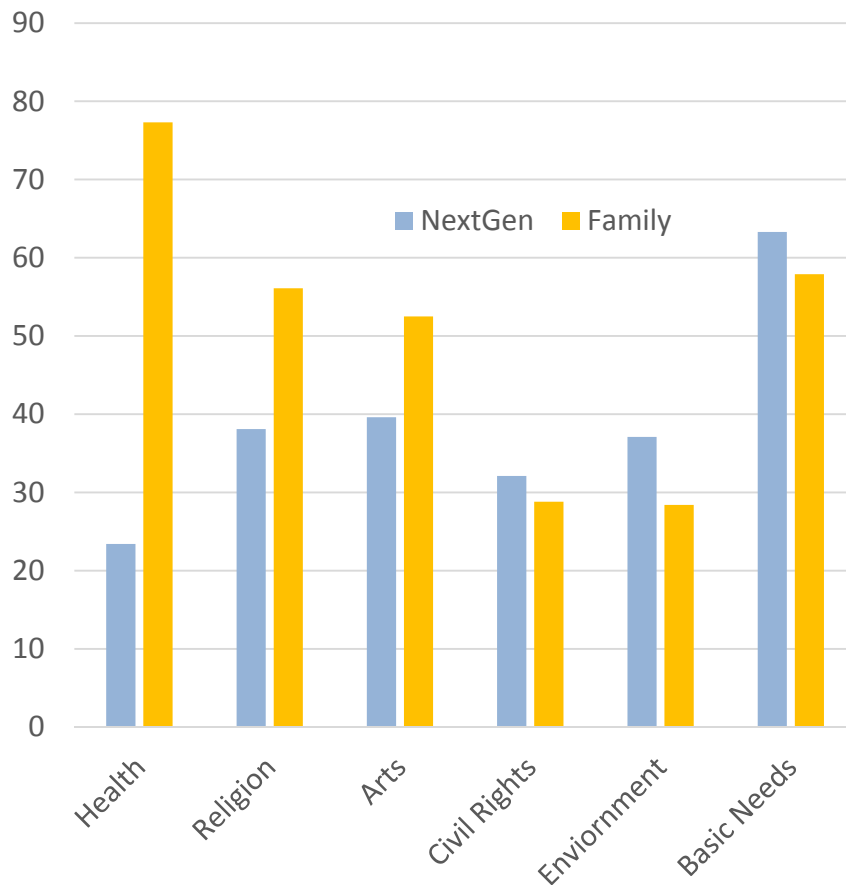
- **Earned vs. inherited**
 - In 1985, 59% of billionaires in Forbes 400 inherited their wealth. In 2011, 69% had earned it.
 - Average age of CEO 52.9, two years younger than 4 years ago
 - **Age and wealth**
 - Only 8% of the wealthy under the age of 50 inherited their wealth.
 - 81% of multi-millionaires have been wealthy for less than 20 years
- Brazil: high tech CEOs are mostly in their 40s
 - India: average age of a CEO is 47-50
 - China: CEOs of largest 500 companies are under 45

% Fortune 400 Who Earned Their Wealth



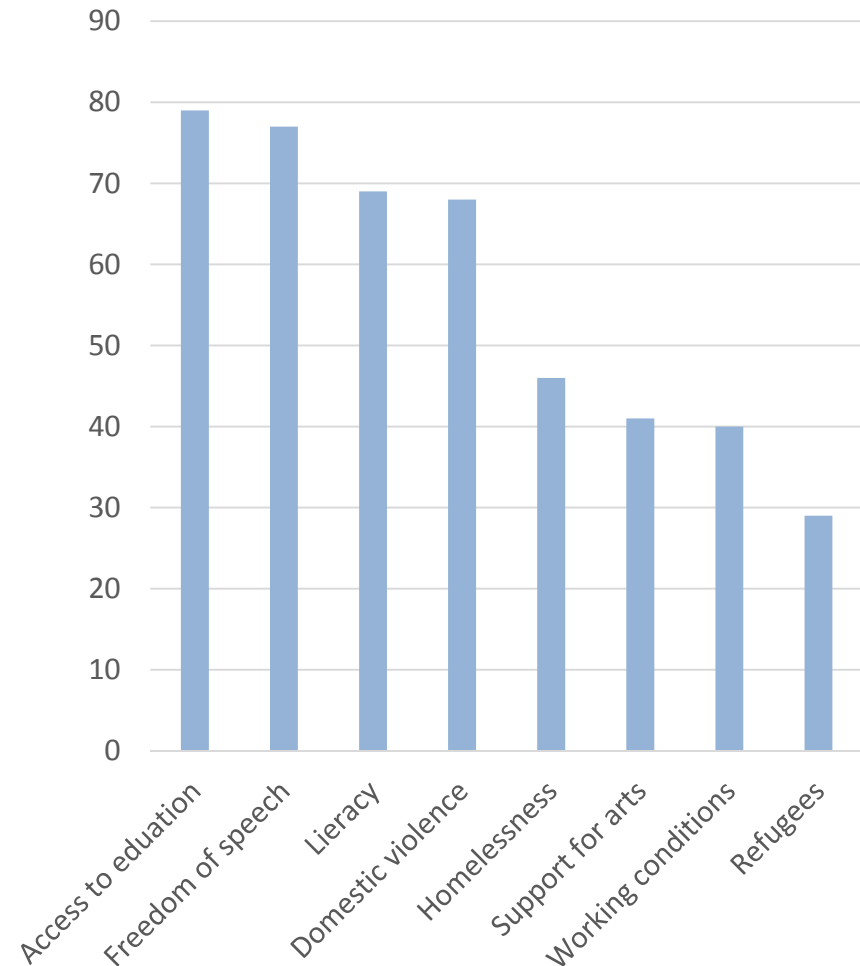
Millennials: Age affects cause

What are your giving priorities?



Source: #NextGenDonors

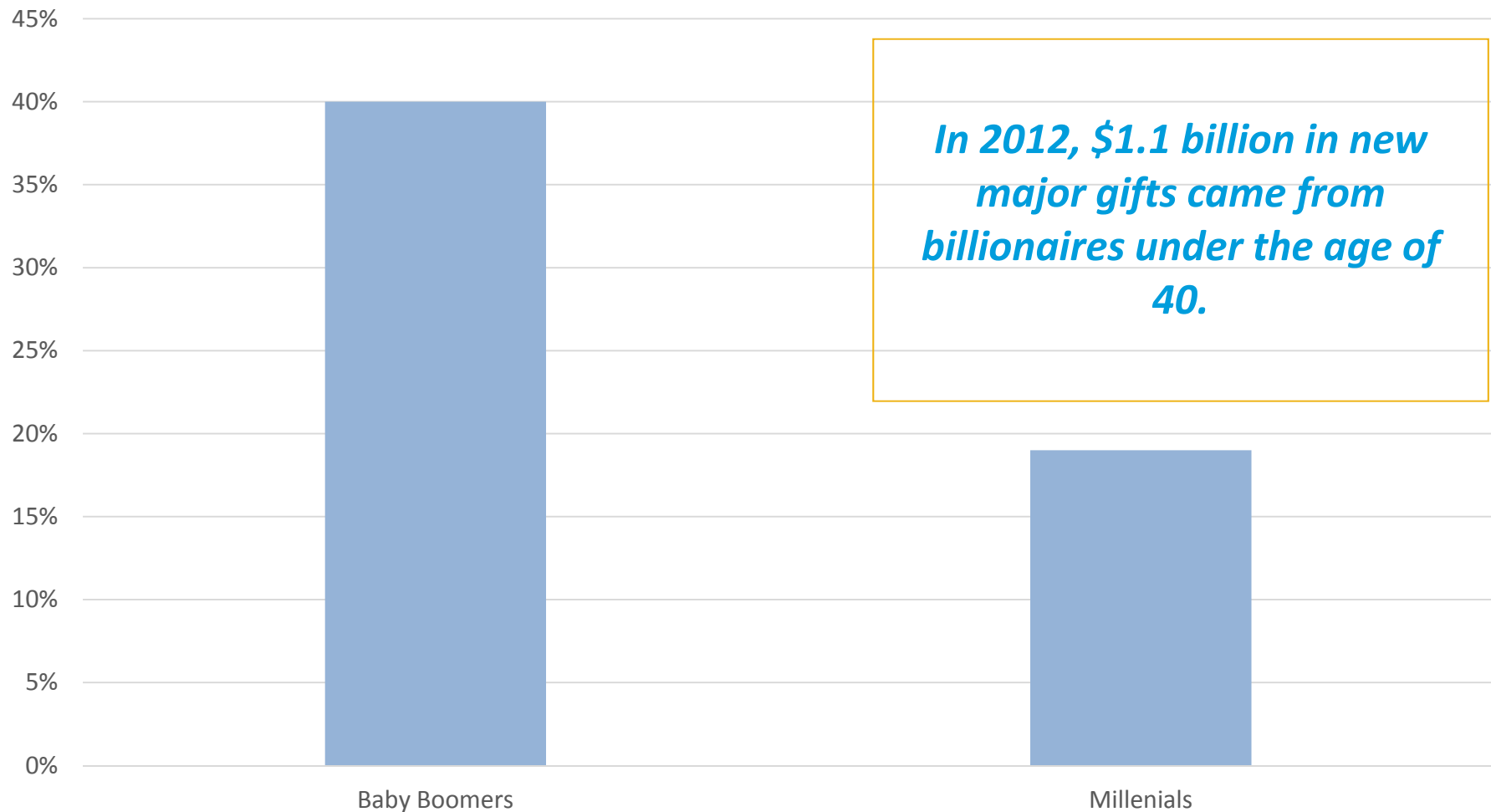
Causes that Move Young Adults to Action



Source: TBWA/Changing Our World, 2009

There is a Growing Endangerment of Trust Generationally

Can most people be trusted?

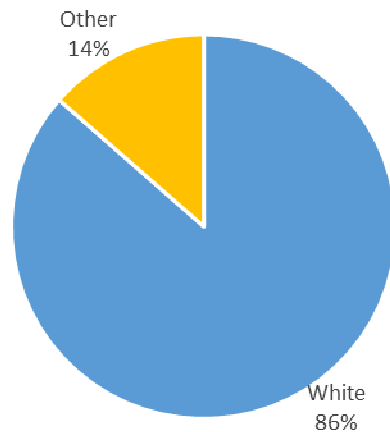




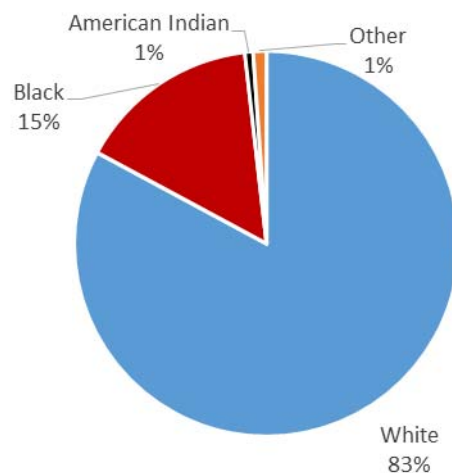
Tomorrow's Wealth

Distribution of Births 1910, 1970 and 2012

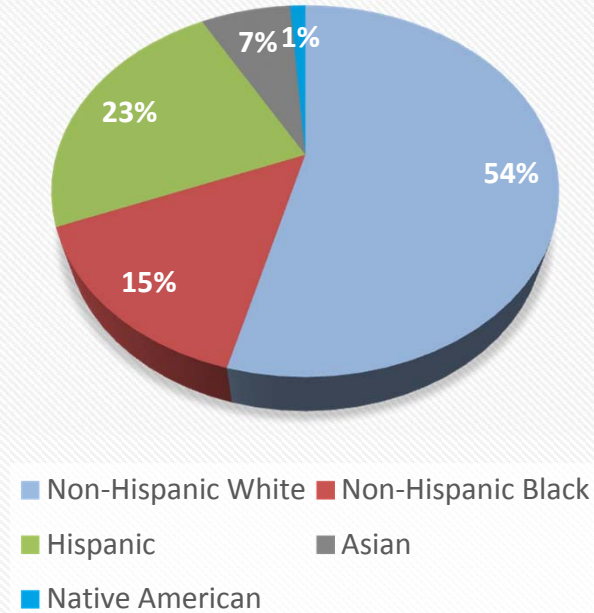
Distribution of Births 1910



Distribution of Births 1970

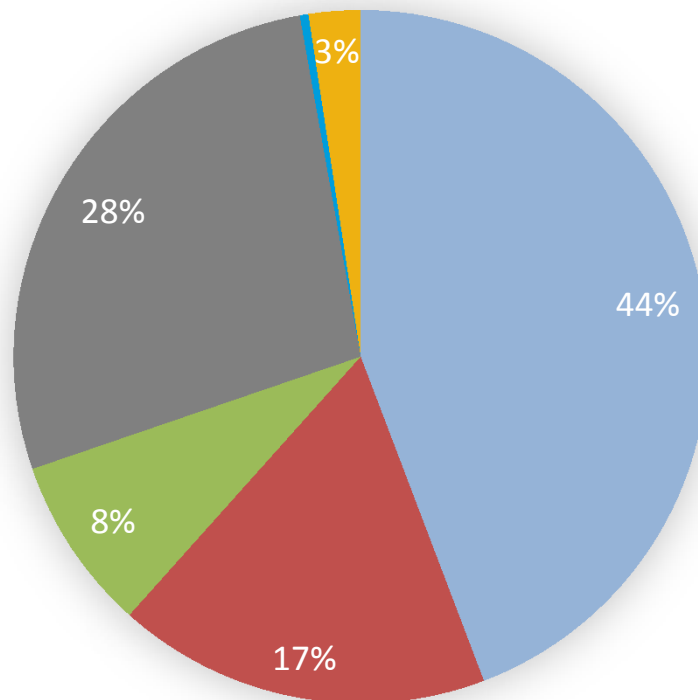


Distribution of Births 2012



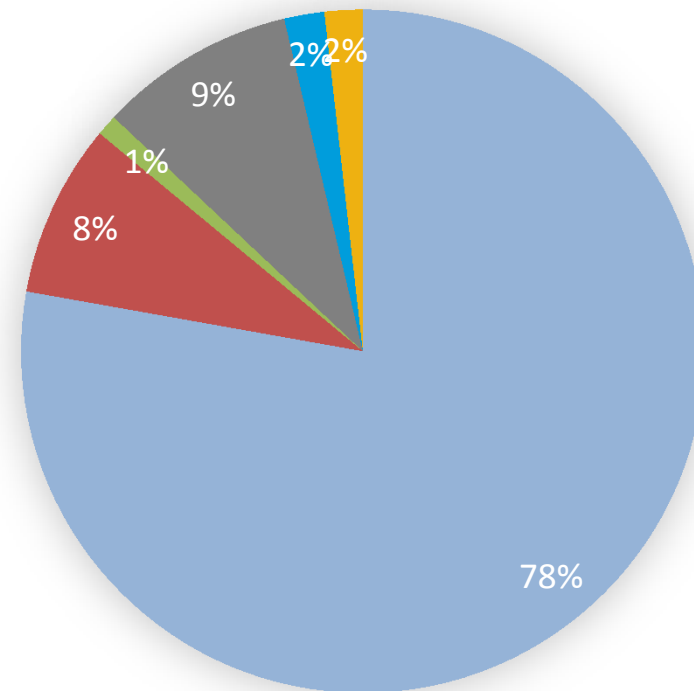
Overall, urban populations are much more diverse than rural

Urban Ethnic Distribution
2010



■ White Non-Hispanic
■ Asian
■ Native American
■ Black
■ Hispanic
■ Other/Combined

Rural & Small Town Ethnic Distribution
2010

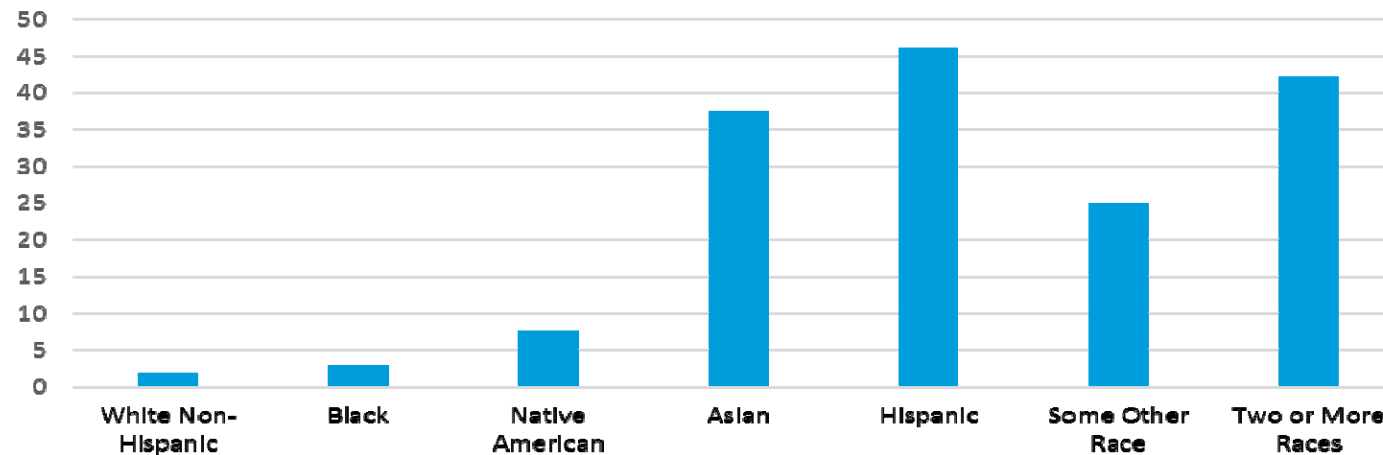


■ White Non-Hispanic
■ Asian
■ Native American
■ Black
■ Hispanic
■ Other/Combined

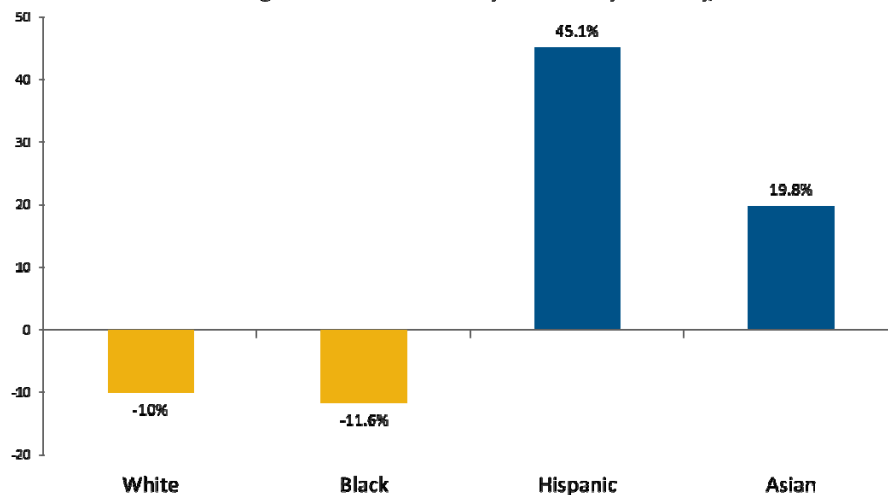
HAC 2012

Nevertheless, non-metro populations are becoming more diverse

Percent Change in Rural & Small Town Population 2005-2010



Percent Change in Non-Metro County Children by Ethnicity, 2000-2010

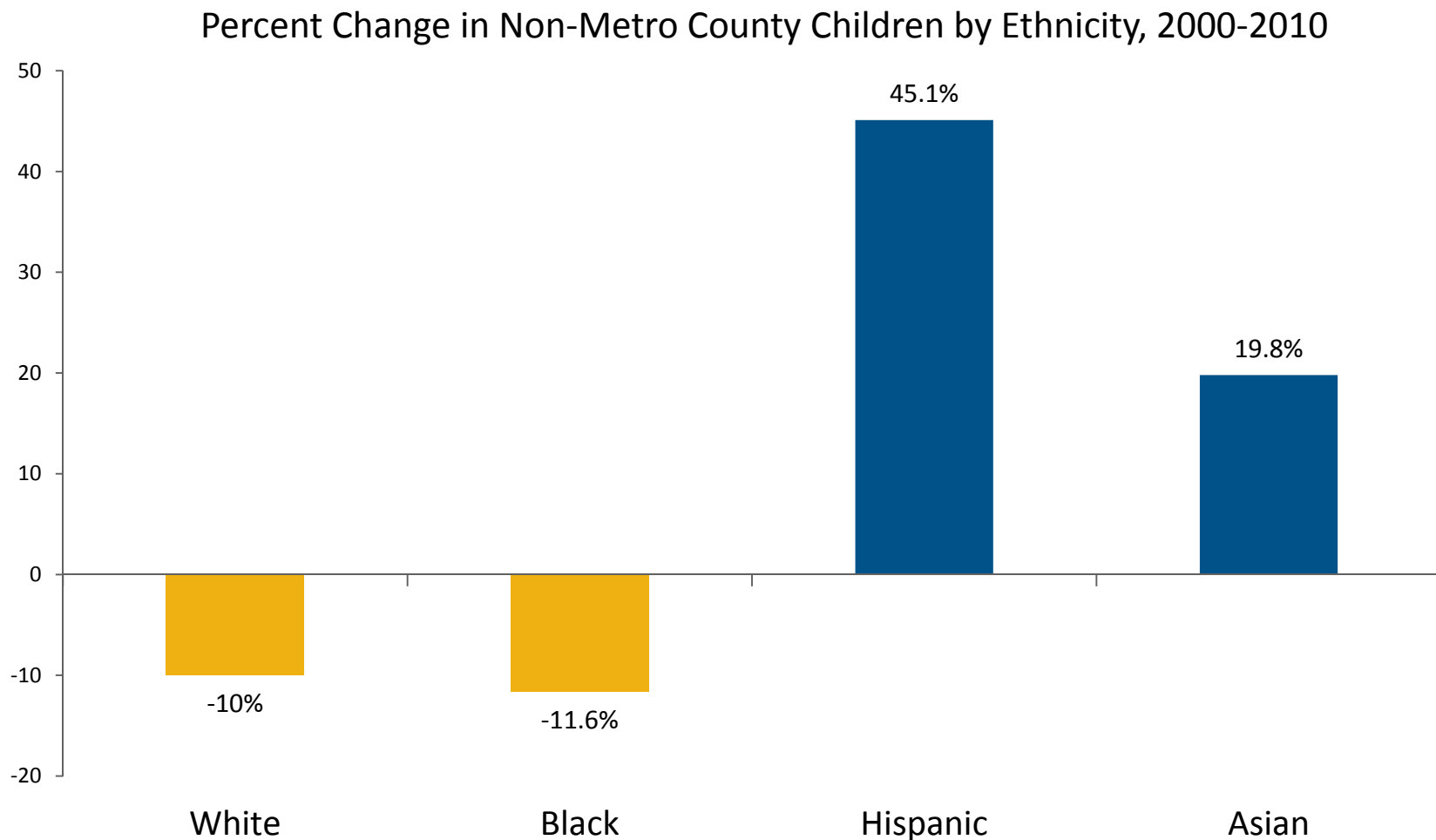


Eleven states have a third or more of their non-metropolitan populations non-White:

- Alaska
- Arizona
- Georgia
- Hawaii
- Louisiana
- Mississippi
- New Jersey
- New Mexico
- North Carolina
- South Carolina
- Texas

HAC 2012

As a result, the demographic diversity of children in rural areas is growing.



Upstate New York and Demographic Change

Percent Upstate Metropolitan and Micropolitan Statistical Areas
with increase in

White Population

NONE; all losses

Hispanic Population

ALL but one (Malone)

Asian Population

ALL but two (Glens Falls, Seneca)

Black Non-Hispanic Population

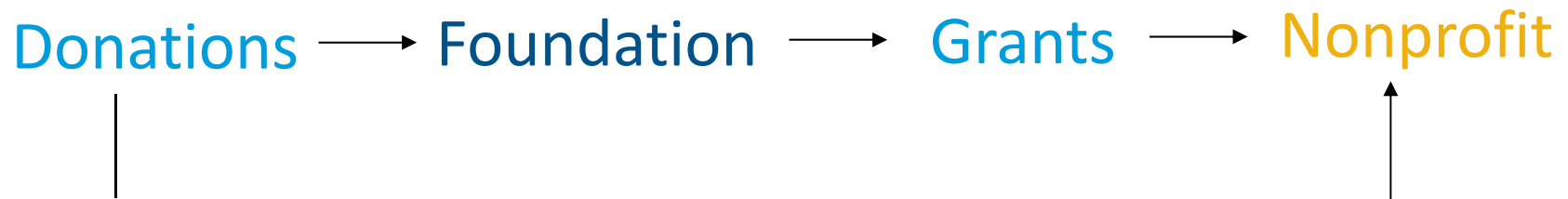
ALL but four

(Malone, Ogdensburg, Oneonta, Watertown)

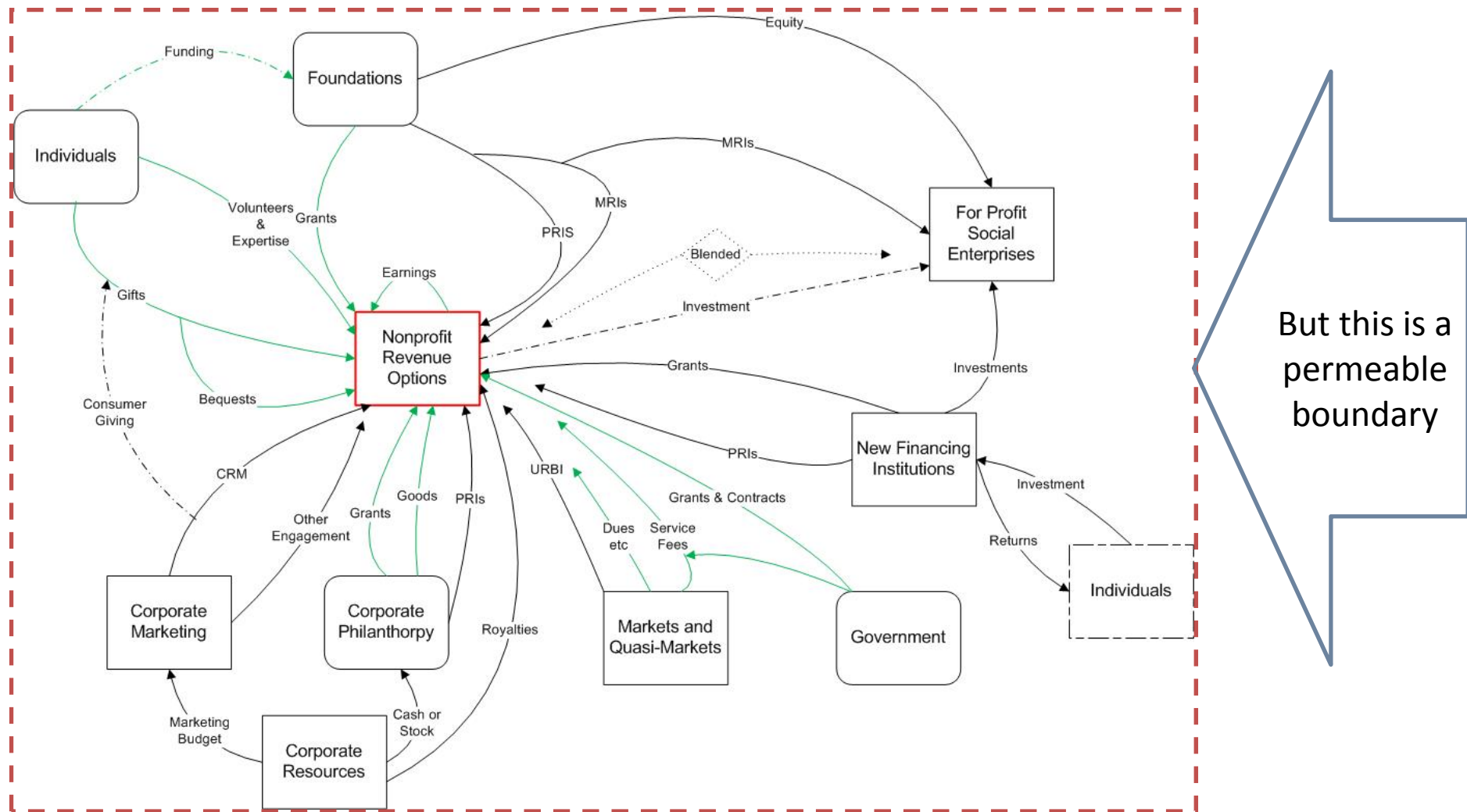


Changing Definitions

Traditional Philanthropy.....



Things that move with/through nonprofits



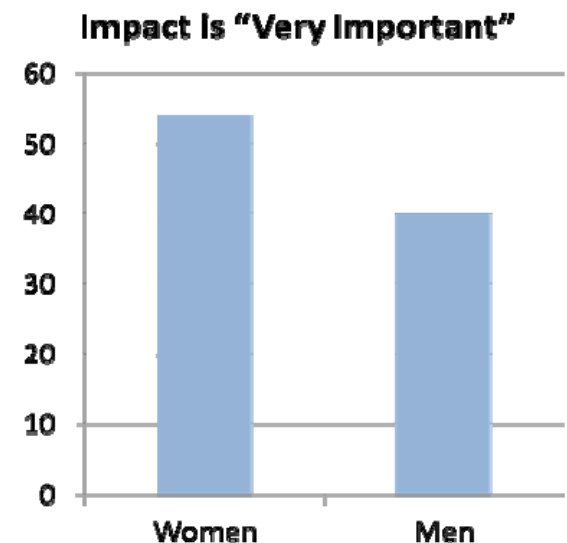
A New Chessboard for Engagement

The old chessboard two players, donors and nonprofits, focused on doing good by using charitable giving and volunteering with clear roles in the process.



New Wealth and New Expectations

- **Investment not Charity** – What is the long term gain from my short term support?
- **Impact, Impact, Impact** – How will you FIX what is wrong? And how will you measure it so that I know?
- **Engagement** – How can you use what is between my ears as well as what is between the covers of my wallet?
- **Sustainability** – How will the good you do go forward when I stop giving you money to do it?
- **Accountability** – Report not on my money, but on the financial performance of the organization.





Global Learning

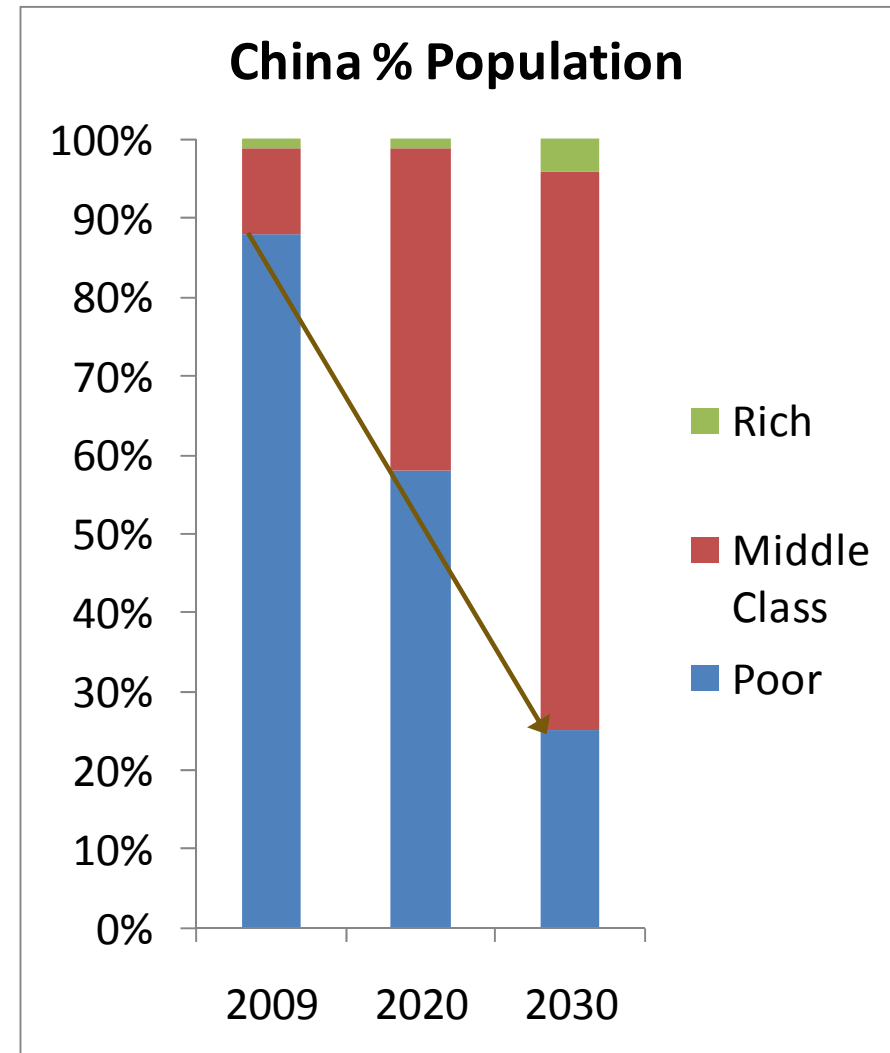
The Rise of the Global Middle class: The opportunity to learn is growing.

By 2030

- Middle income countries = 43% of global GDP compared to 15% today.
- Asia Pacific = 59% of middle class consumption, compared to 10% in North America and 20% in Europe.

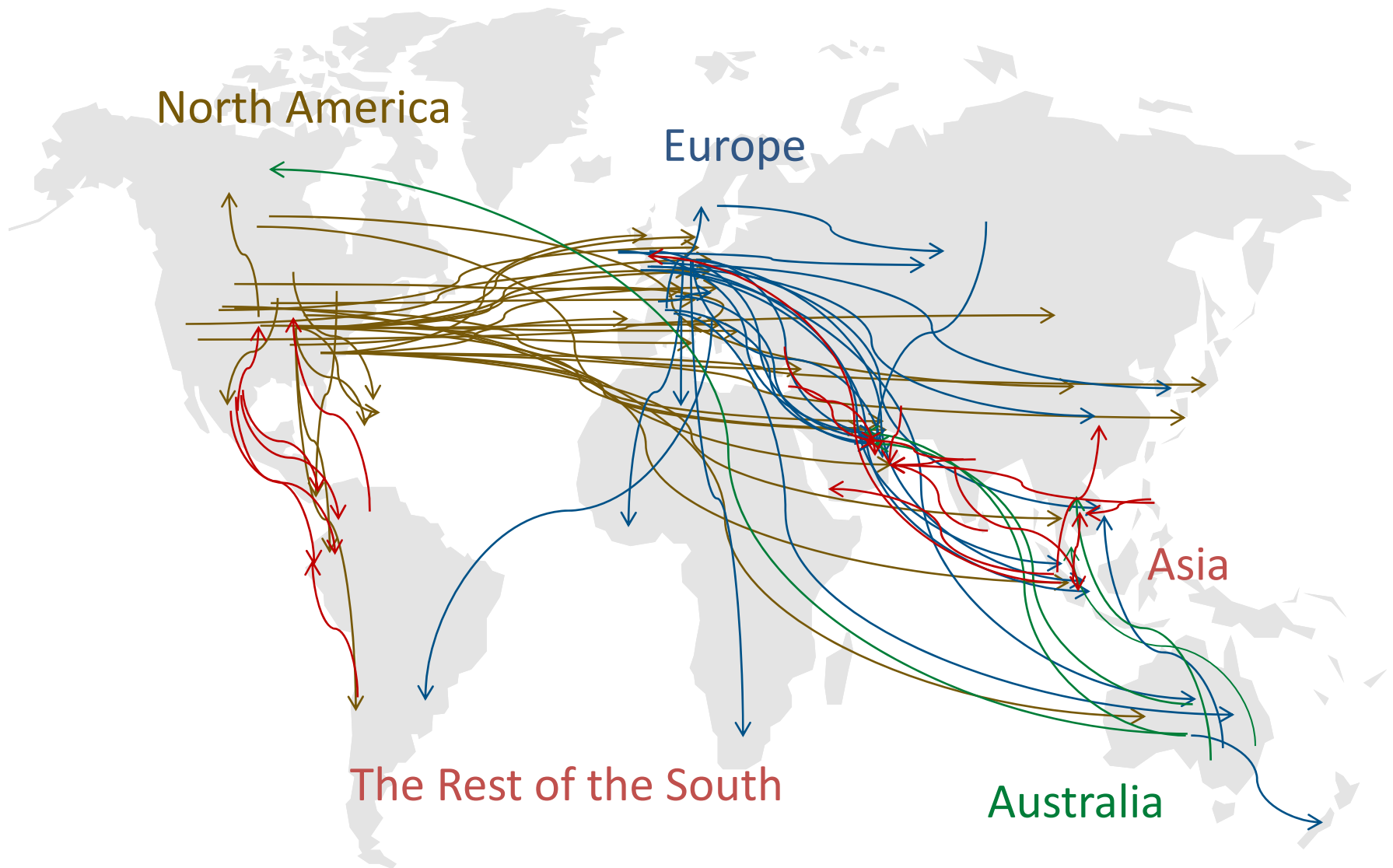
By 2050

- Middle income individuals = 40% of global incomes, compared with 30% today.



Kharas and Gertz, Brookings

Internationally-Based Education Institutions: Sharing of Experience is borderless





In Summary

Adapting to Change is Difficult. Not Adapting is Fatal.



Why this is all good

- New leadership
- New resources based on new approaches
- New alignment with a changing nation
- New opportunities to learn and create

And maybe, just maybe, better, more lasting solutions.



Thank You