

The State of Sioux Falls Philanthropy:

Uncovered by
Maximizing Excellence, LLC



B A C K G R O U N D

The culture and infrastructure of philanthropy in Sioux Falls, as it exists today, can be traced back to a few key philanthropic culture builders — people and organizations. Those entities scripted and modeled desired giving habits that contributed significantly to creating a powerful philanthropic community.

In 2019, sensing a shift in the industry, Maximizing Excellence, LLC set out to study and plan for the forces that will shape philanthropy over the next 10 to 15 years in Sioux Falls.

P H I L A N T H R O P I C P O W E R I S T H E C O M P E T I T I V E A D V A N T A G E O F S I O U X F A L L S

Sioux Falls' trajectory as a growing, thriving community shows no signs of stopping. Among the accolades and opportunity, a growing community comes with growing needs. An increase in community needs requires more programs and services to meet those needs, most of which will come from the nonprofit sector. In its current state, a growing nonprofit sector points to a need for increased philanthropy.

Those immersed in Sioux Falls philanthropy understand how it positively contributes to the city's quality of life and favorable economic environment. The philanthropic power generated in Sioux Falls has helped to make it a strong, vibrant, and competitive community. All agree there is immense value in its perpetuation. However, no one has predicted how it will change as emerging leaders shape the philanthropy of the future.



Methodology: Qualitative, conversation-based study.

- Online Community Donor Survey – Summer 2019 (N=250)
- In-person individual interviews with Sioux Falls' top established leaders and identified emerging leaders in philanthropy – Spring 2020 (N=42)

SIoux FALLS' PHILANTHROPIC CULTURE AND INFRASTRUCTURE

Sioux Falls' philanthropic culture and infrastructure can be conceptualized as a three-legged stool. Each leg represents a key leadership group driving the city's philanthropic power.

Together they hold up a city that prides itself on seizing opportunities and prioritizing quality of life.

Factors associated with each group will influence Sioux Falls' philanthropic power of the future.

Significant opportunity exists for the philanthropic sphere to leverage its past and present to ensure the viability of the sector's future.

If properly honed, each leg of the stool is well-positioned to ensure the perpetuation of the community's philanthropic power.

Philanthropic Power

Quality of Life

Meeting Community Needs

ESTABLISHED LEADERS

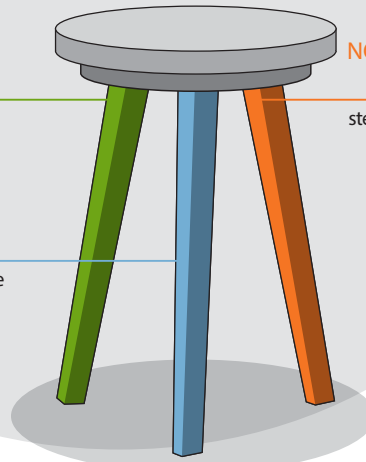
mentor emerging leaders on the power of philanthropy to keep our city thriving.

EMERGING LEADERS

influence and shift the culture for the future of philanthropy.

NONPROFIT SECTOR

steward donors, keeping them engaged in their work.



ESTABLISHED LEADERS:

- Notable buy-in to the role standard bearer organizations have played in Sioux Falls' long-standing philanthropic culture and infrastructure.
- Believe the structure is not sustainable long term.
- Fewer and fewer individuals own the responsibility of philanthropy. The "usual suspects" cannot carry the weight of demand for financial contributions, board service, and campaign volunteerism.

EMERGING LEADERS:

- Giving to fewer organizations while desiring a more involved experience and measured impact, suggesting a trend of depth over breadth. The way in which they find and engage with organizations might be less informed by group think and more motivated by personal connection.
- Burnout and decreased giving could come faster if nonprofits do not respond to how emerging leaders in the community envision themselves shaping the community through their giving.

NONPROFIT SECTOR:

- People do not learn philanthropy from nonprofits. They participate in philanthropy through nonprofits.
- The crowded field can make it hard for nonprofits to get their message out and for donors to receive those messages.
- Having many nonprofits that meet unique needs, and a very giving community to support them, is in one vein discussed as a positive and in another as a threat to the sector's viability into the future.

PHILANTHROPY AND YOU

97.6 %

of Sioux Falls residents define philanthropy as giving time, talent, and treasure.

There is collective acknowledgment that philanthropy goes beyond financial contribution and there is value in all ways of building a strong community and quality of life for everyone.

81.5%

of Sioux Falls residents perceive Sioux Falls philanthropy to be strong to very strong.

To improve the experience as a donor and/or volunteer:

- More accountability to the donor from nonprofits on impact, outcomes, and transparency.
- Improved donor relations with a more personal ask strategy and focus on building relationships versus asking for a donation first.
- More collaboration and consolidation among nonprofits.

WHY IS IT IMPORTANT?

- To build a strong community and quality of life for all.
- It is the responsibility of those who are given a lot to give back.
- To fill the gap between government funding and nonprofits being able to sufficiently meet the needs of service recipients.

KEY VARIABLES IN THE DECISION-MAKING PROCESS:

- Past or current personal experience and/or involvement.
- Organization mission and vision.
- Decide with spouse and/or family.
- Annual giving budget.
- Who you know: nonprofit or individual.

DONOR PROFILE COMPARISON

	ESTABLISHED LEADERS:	EMERGING LEADERS	TYPICAL COMMUNITY DONOR
Driving motivation	Ability to meet well-defined needs and see point of impact		Believe in the mission
# of nonprofits supported annually	27	15	2-4
Size of impactful/largest gift	\$56,204	\$15,652	\$1,000-4,900
Typical gift size	n/a	n/a	\$100
Preferred ask	One-on-one – personal – in person		Attend special event
Preferred engagement	Financial donation		Financial donation

PHILANTHROPY AND NONPROFITS

The nonprofit sector in Sioux Falls has built a strong reputation among its longtime supporters. This reputation can be traced back to a handful of organizations that have been a model for both nonprofits and donors by doing philanthropy the right way. Because of that, there is a level of excellence donors expect when deciding where to invest and whether to continue. Sioux Falls donors consistently monitor and reassess organizations — again reinforcing this desired level of excellence.

TOP CHALLENGES facing philanthropy and nonprofits in Sioux Falls:

1

The current philanthropic infrastructure is not sustainable long term.

- Nonprofit competition for limited dollars and attention.
- Donor fatigue.
- Generational shift in giving attitudes and behaviors.
- Donor base too narrow to support the demand.

2

Philanthropic impact diluted by duplication of services.

- Donors prioritize use of resources for maximized impact.
- The willingness of nonprofits to collaborate and consolidate motivates donor support.
- Donors struggle to see differentiation in like entities.

3

Fundraising continues to be challenging.

- Perceived minimal effort in volunteer recruitment and retention.
- Disconnect between the ask strategy and donor preferences.
- Insufficient development training and mentorship.
- Donors desire improved stewardship.



PHILANTHROPY AND BUSINESSES

90%

of business leaders describe the role business plays in philanthropy with adjectives such as HUGE, BIG, SIGNIFICANT, and IMPORTANT.

80.5%

of business leaders agree the role of the business sector *should* change to maintain engagement.

The Sioux Falls business sector takes pride in its association with philanthropy.

Corporate donors speak to how investing in Sioux Falls and in projects that improve quality of life also serves as an investment in their business. It is good for business because it produces social and economic benefits that drive growth and development in the community. Existing philanthropic culture and infrastructure in Sioux Falls has integrity and has proven successful for decades.

Corporate philanthropy is a significant driver of philanthropic outcomes in Sioux Falls. The business sector's role in philanthropy is assumed to change due to corporate leadership transition, a general shift in mindset/culture around giving, and changing fundraising methods. Emerging leaders have no intention of being less philanthropic than those who came before them. However, they have some different giving tendencies:

1. Emphasize the importance of involvement aligning with personal passion.
2. More engaged in solutions versus being a "passive" donor.
3. Higher expectations of accountability, impact, and connection to the organizations they invest in.
4. Want to understand the way and the why of the past and be given the latitude to do it differently.

HEADLINE CONCLUSIONS

- Sioux Falls leaders and the community's typical donor align on how they define philanthropy and acknowledge its importance.
- Philanthropy is a learned behavior with opportunity for influence.
- No clear formula or singular point of engagement that donors prefer.
- Donors actively monitor organizations throughout their relationship.

PHILANTHROPY AND THE FUTURE

100% of emerging leaders agree it is imperative Sioux Falls broadens the donor base.

The future of the philanthropic culture in Sioux Falls appears to come with a more inclusive approach and carries an emphasis on "active giving," defined as a combination of a more personal, connected experience coupled with objective expectations of organizational excellence.

To safeguard the integrity and impact of Sioux Falls' philanthropy, nonprofits are encouraged to be proactive and strategic in ushering in a new era of philanthropy in Sioux Falls. Philanthropy cannot solely be dependent upon a person's financial capacity if the sector is intended to grow. Opportunity exists to broaden the donor base beyond the traditional givers, focusing on a more widespread community investment. And emerging leaders are ready to step into their role as Sioux Falls' philanthropic culture builders.

Maximizing Excellence, LLC partners with organizations that want to improve their effectiveness and achieve high impact.

Visit maximizingexcellence.org or call **605-271-9970** for a copy of the detailed report, or for more information on ways to respond to the findings.

