

KEY TAKEAWAYS

# 3 Trends in Philanthropy: Thriving Through Transition, Technology and Teamwork



**P**hilanthropy is at an inflection point, and the way foundations operate and pursue their missions is undergoing a profound change. At the heart of these changes lie three powerful trends.

First, a transition to a new generation of funders is reshaping foundation leadership and priorities. Second, the traditional dynamic between funders and nonprofits is getting a good look, evolving into a more collaborative and partnership-oriented model. And third, foundations are leaning into new technology to help create efficiencies for foundation leaders who are often stretched thin.



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Foundation Source's **Head of Philanthropic Advisory Services, Elizabeth Wong**, and **Senior Philanthropic Director, Robyn Hullihan**, hosted a webinar discussion to delve deeper into these emerging trends. They explored how foundations are embracing trends to streamline giving and maximize impact. These are the takeaways from their conversation based on the three major trends in philanthropy as well as others they're noticing from their work with funders.



## Generational Shifts are Changing Giving Practices and Priorities

Families are engaging the next generation of philanthropists, recognizing the need to bring in younger members. This generation is providing a fresh perspective and implementing new practices to philanthropy that differ from the past. These new leaders are diving in — going on site visits and volunteering with the organizations they support. They are also bringing their technical expertise to philanthropy by leaning into technology tools for increased efficiency.

The new generation has different priorities. They're shifting their focus away from cultural preservation and toward social change. In the future, there might be less funding for cultural institutions such as museums or performing arts organizations and more for organizations working on poverty, for example.

They are also redefining the role of the foundation within the nonprofit ecosystem by scrutinizing the impact of foundation practices on nonprofit partners.



## The Emergence of Philanthropic Partnerships

The funder/grantee relationship is undergoing a transformation. Historically, funders held the power and nonprofits shaped their work around the priorities of their funders. Today, the dynamic is shifting toward collaboration.

Funders are balancing their need for fiduciary responsibility with the desire to relieve their nonprofit partners of the administrative burdens so they can devote more of their time and energy to social change. In particular, grantmaking practices are changing as funders try to simplify the process. Some foundations, for example, fill out the initial grant request forms for their applicants from publicly available information and then enlist board members to gather more granular details through calls with the nonprofits. This takes time-consuming administrative tasks off the nonprofits, enabling them to focus on programmatic work.

In addition, partnerships among funders are emerging too. Foundations with similar interests are coming together to educate board members and staff and collaborate in ways that better support their nonprofits.

## Efficient Technology and Tools Enable More Impactful Giving

Foundations are stretched thin and are looking for ways to improve efficiencies and engagement. Technology helps them achieve that. For instance, digital grant agreements and templates can streamline and accelerate the giving process without the need to create these documents from scratch every time. Grant certificates, similar to eGift cards, are a way to engage the next generation in giving. They can be given to children or grandchildren in specific denominations so they can make their own philanthropic gifts, and gain the experience of doing research and due diligence on the organizations they want to support.

In addition, foundations are seeing the benefits of integrated technology solutions like [Impactfully](#), a cloud-based foundation management platform that improves transparency and facilitates collaboration across the various functions in a foundation and the various investment, tax, legal and philanthropic professionals that support it. Furthermore, [advisory services](#) like those from Foundation Source give foundations access to grantmaking experts and research that can help them make giving more impactful.

## Additional Philanthropy Trends

Alongside the three big trends, the discussion touched on other ways that philanthropy is changing, such as:

- **Disasters and crises:** Ongoing cycles of natural disasters, military actions and other humanitarian emergencies mean funders are looking to be more strategic in their giving and less reactive. Some are creating a discrete bucket, so they have funds available following a crisis. Others are keeping some annual funds unspent for the same reason. Some foundations are taking an even more strategic role, by getting involved months after a disaster or crisis when media attention wanes, but communities still need help.
- **Modern communication:** As digital natives, the next generation is bringing their communication skills to their philanthropic work and helping to increase their foundation's impact. They are using social media platforms to amplify the work of their nonprofit partners and even make policy recommendations.
- **Emerging staff roles:** As foundations seek to be more collaborative with their nonprofit partners, it requires additional staff to carry it out. Foundations are hiring more, with an eye toward staff who can support deeper engagement with communities, have stellar communication skills, and can conduct research.

To learn more about these trends and additional insights, [listen to a replay of the webinar](#).

## ABOUT FOUNDATION SOURCE

Foundation Source **empowers people and companies to create a better world** through philanthropy. As the nation's largest provider of foundation management services, we're a trusted source for philanthropic expertise. We invest in industry-leading technology for private foundations and offer a configurable suite of administrative, compliance, tax and advisory solutions that meet you where you are in your philanthropic journey.

For more than two decades, we've worked with individuals, families, boards and professional advisors to preserve legacies and make giving easier. Today we are proud to support **more than 2,000 unique foundations** and have facilitated over **\$10 billion in charitable aid**. With a 98% retention rate, we are honored to have earned the trust and loyalty of our clients.

## HAVE A QUESTION?

Call 800.839.0054 or send us an email at [info@foundationsource.com](mailto:info@foundationsource.com).

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