

RICHARDSON GMP

The INSPIRED Process®

**APPLYING & COMMUNICATING
FIDUCIARY EXCELLENCE
(WHY IT MATTERS)**
Mike Skrypnik

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Opportunity lost

Charity has relationship with HNW individual
On Boards, committees, advocate, some donations

But...

- Didn't understand was connected, but not as committed as thought
- Didn't understand the depth of wealth
- Didn't understand donors' biggest concerns

Reality

- Worth >\$25 million
- Concerned "Didn't have enough for wife and himself"
- Not inclined to leave significant portion to heirs
- No plan - no effort to construct one
- No gift strategy - no personal commitment
- Values - more on money and self preservation /promotion than organization
- Wasn't overly concerned with taxation

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Opportunity lost

What happened?

- Assumption of commitment
- Assumption of donor sophistication
- Assumption that charity ranked first in priority
- No one ever had a values conversation with the donor
- No one understood donor's fears and challenges

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Overview - the BIG THREE

- INCREASE beneficiary funding**
- IMPROVE donor engagement**
- ATTRACT & RETAIN quality leaders**

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IMPROVE beneficiary funding

Beneficiaries receive higher levels of future funding through:

- Reductions in investment frictions**
Cost controls
- Improved efficiencies in investment implementation**
Decision making, consistency of approach, lowered redundancies
- Correctly assessed risk measurement**
Appropriate risk management relative to organization's mandate
- Asset / liability matching**
Investing with precision for funding ongoing & future liabilities using today's assets & expected cash flows
- Contingency planning**
Mandate driven contingency plans for extreme periods of market volatility

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INCREASE donor engagement RICHARDSON GMP

Top reasons for giving:

- **Feel compassion toward those in need**
- **Help a personal cause**
- **Contribute to the community**
- **Personally affected by cause or organization**
- **Fulfill religious obligations/beliefs**
- **Income tax credit**

Reasons for making financial donations, donors aged 15 and older, Canada, 2004 and 2007

Reason	2004 (%)	2007 (%)
Feel compassion towards people in need	69	90
To help a cause in which personally believe	85	85
To make a contribution to the community*	78	80
Personally affected by the cause the organization supports	63	62
To fulfill religious obligations or beliefs	22	22
Income tax credit	20	23

* Represents a statistically significant difference (p<0.05) between 2004 and 2007.
Source: Statistics Canada, Canada Survey of Giving, Volunteering and Participating, 2004 and 2007.

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HNW Donors are concerned & it has little to do with you

- **Fearful they don't have enough money**
For themselves – longevity, health concerns, recession and economic fears
For their children / heirs
- **Lack of confidence in charity**
Generally do not believe that charities are the most efficient way to make change
Wealth largely created by for-profit business
- **Suspicious of organizations, fundraising & spending**
Lack understanding of mandate & how funding relates to "success"
Have read the headlines on fundraising, scams, abuses
- **Everyone wants their money**
Personally solicited by everyone from charities, to clubs and teams, to financial advisor, accountants, insurance agents, business ventures, TV, Internet, mail, email, advertising – all trying to sell something

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HNW Donors must be comfortable

- **That they have enough money**
- **That YOUR organization is efficient and has impact**
- **That you are trusted stewards of their capital**

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INCREASE donor engagement 

When HNW Donors are motivated to give to a cause; the best stewards attract the most capital by:

- **Demonstrating best practices**
Use best practices to guide financial management
- **Articulating prudent, mandate-linked process for investment planning**
Use of clear process to execute complicated capital management
- **Exhibiting understanding of ongoing funding combined with view to sustainability**
Measurement of mandate needs combined with resources


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ATTRACT & RETAIN quality leaders 

Talented & qualified leaders are drawn to organizations with strong governance practices:

- **Adherence to best practices of investment management**
Liability reduction
- **Defined governance process**
Clarifies roles, processes & protection
- **Principals based organization**
Focus on Mission, Mandate and what is good to do

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Support for an INSPIRED Process® 

What experiences differentiate smaller organizations from the larger ones?

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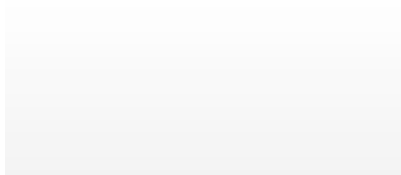
Institutional Discipline?



Source: The Common Fund, with Permission

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2005 NACUBO Endowment Study Major Findings



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