



Stanford PACS  
Center on Philanthropy  
and Civil Society

# REFLECTIONS ON PHILANTHROPY

**FROM THE 2017 PHILANTHROPY INNOVATION SUMMIT**

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# ABOUT STANFORD PACS

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Stanford PACS is a research center for students, scholars, leaders, and practitioners to explore and share ideas that create social change. Its primary participants are Stanford faculty, visiting scholars, postdoctoral fellows, graduate and undergraduate students, and philanthropists, nonprofit, and foundation practitioners.

Stanford PACS has relationships with five schools at Stanford University (Humanities & Sciences, Engineering, Education, Business, and Law) and more than 15 departments, and we leverage the intellectual assets of a diverse, world-class faculty across the university. This provides a unique platform to create knowledge and share it with the nonprofit and for-profit communities in Silicon Valley and globally.

Stanford PACS offers postdoctoral fellowships, PhD fellowships, and financial support for undergraduates completing honors thesis work. Additionally, Stanford PACS sponsors regular public speaker programs and symposia and philanthropy salons that include speakers who are well-known public intellectuals, philanthropists, and academic, foundation, and nonprofit leaders.

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*Stanford Social Innovation Review (SSIR)*, published by Stanford PACS, informs, energizes, and motivates social change leaders from around the world and from all sectors of society —nonprofits, foundations, businesses, academia and government. Through an array of channels—daily online content, a quarterly print publication, monthly webinars, thematic conferences, podcasts, asynchronous learning assets, and more—*SSIR* bridges research, theory, and practice, and addresses a wide range of social issues (including economic development, human rights, public health, and education) and solutions (like impact investing, social entrepreneurship, and nonprofit business models). *SSIR*'s award-winning content is created for and by current and future social change leaders.

It is *SSIR*'s mission to advance, educate, and inspire the field of social innovation.

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# EXECUTIVE SUMMARY

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Every two years, the Stanford Center on Philanthropy and Civil Society hosts a Philanthropy Innovation Summit. At this day-long event, peer philanthropists, Stanford faculty, scholars, and leaders share their inspiration and expertise, authentic stories of successes and struggles, and results-oriented approaches to social change.

At this international convening, individual and family philanthropists connect in order to brainstorm with one another, leverage Stanford PACS research to catalyze effective philanthropy, and take away actionable ideas, best practices, new strategies, and new networks with which to amplify one's impact as a philanthropist.

This collection of articles, written by individuals at the Philanthropy Innovation Summit, expresses key themes, learnings, and questions that emerged throughout the day. By sharing these reflections, we hope philanthropists and social change leaders around the world will be better informed and even more motivated to leverage strategic philanthropy in tackling society's most pressing challenges.

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*Videos and additional materials from the Philanthropy Innovation Summit are available at: [pacscenter.stanford.edu/summit2017learning](https://pacscenter.stanford.edu/summit2017learning)*



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# INNOVATING PHILANTHROPY

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By Kathleen Kelly Janus

As former Carnegie Corporation president John Gardner once said, “Wealth is not new. Neither is charity. But the idea of using private wealth imaginatively, constructively and systematically to attack the fundamental problems of mankind is new.”

In the 20th century, titans of American industry—including Andrew Carnegie, Henry Ford, and John D. Rockefeller—helped professionalize philanthropy, pioneering the creative use of wealth to solve social problems. Today, a new set of leaders is helping the field tackle social and environmental problems while pushing the limits of innovation, often leveraging the very types of approaches that led to their financial success in the first place. At the recent *Stanford Center on Philanthropy and Civil Society Philanthropy Innovation Summit*, many of these leaders revealed how they’re using powerful technology, inventing new financial models to better leverage capital, and rigorously focusing on getting proven results to maximize their impact.

Once considered charity, philanthropy has been redefined as experimentation capital for the public sector. Stanford professor and scholar of philanthropy Rob Reich, who writes about the role of philanthropy in democratic societies, highlighted that one of the most important roles of philanthropic capital is funding “extra-governmental democratic experimentalism.” And yet Reich and other critics of modern philanthropy argue that the unchecked power by some of the wealthiest members of our society requires scrutiny. Foundations that exist in perpetuity are “unaccountable except to a hand-picked assemblage of trustees,” he writes, questioning whether such institutions are compatible with democracy.

Philanthropies have been taking the lead in piloting risky, unproven approaches to tackling many of the most difficult social problems. Take the example of the \$100 million education fund launched by Netflix founder Reed Hastings, which has supported the development of a range of innovative approaches to improving education, such as the *Knowledge is Power Program* (KIPP), a national network of charter schools. KIPP has rigorously assessed efforts such as ways to better integrate technology into classrooms, and is now sharing lessons learned with the public education sector.

Microsoft co-founder Paul Allen founded the Allen Institute for Brain Science to take a “high-throughput” approach to cell science research, funding a large volume of experiments that incorporate cutting-edge technologies like laboratory robots.

And as an approach to solve the decline in jobs due to technology and ultimately eradicate wide-scale intractable poverty, eBay Founder Pierre Omidyar and Facebook co-founder Dustin Moskovitz and his wife Cari Tuna have both funded *Give Directly*. The nonprofit is piloting a Universal Basic Income project in Kenya that will provide 26,000 people with a modest income for 12 years and evaluate the outcomes.

Many organizations are using sophisticated new data analytics tools. Palantir, a leading player in the booming field of “big data,” has made its massive data gathering and computing power available to nonprofits, such as *Mercy Corps*, which is using analytics to anticipate large-scale refugee crises, allowing the organization to better prepare for distribution of relief supplies

like food and water. Analytics are also being applied to much more rigorous evaluation of program effectiveness. *GiveWell*, for example, conducts in-depth data-based research in order to determine the social good generated with each dollar spent on programs, publishing that information on its website to help donors make better decisions about where to allocate their funds.

The use of data by nonprofits to strengthen democracy and promote civic action has flourished, creating a vigorous “digital civil society,” as it’s been dubbed by the *Stanford Center on Philanthropy and Civil Society*, which is championing the direction of philanthropic funds to data security for advocacy organizations, to protect their clients and staff.

Creative new forms of philanthropic financing are being developed, leveraging the power of market-based business models to address social problems. The *Bill & Melinda Gates Foundation* has made equity investments in the pharmaceutical industry on a for-profit basis, which develops drugs they then distribute through nonprofit organizations, in order to both advance the development of medications and improve their distribution to the poor. And the *Omidyar Network*, founded by Pam and Pierre Omidyar, which describes itself as a philanthropic investment firm, has furthered the cause of impact investing—the investment of funds for the dual purposes of furthering the social good and earning financial return. Omidyar developed a model for diversifying investments across a spectrum, from successful commercial ventures to “subcommercial” ones, which are having significant social impact but are not yet profitable to the giving of grants, which it calls its

“returns continuum framework.” Like Omidyar, Emerson Collective, founded by Laurene Powell Jobs, has applied a portfolio management philosophy to its financing of organizations, diversifying its contributions across an array of nonprofits, social enterprises, and fellowship programs.

Venture philanthropy—applying a venture capital funding model to the nonprofit sector—is another new way that business models are being used to support social entrepreneurs. The Draper Richards Kaplan Foundation, founded by venture capitalists William

Draper and Robin Richards Donohoe and later joined by former Goldman Sachs Vice Chairman Robert Kaplan, has pioneered the application of the venture funding model to philanthropy. The Foundation provides early-stage financing to organizations, rigorously selecting them based on their growth potential and impact, and as venture firms do, also takes an active role in guiding the future of the organizations, mentoring their leaders and taking seat on their boards.

Another frontier in philanthropy is the redirection of efforts making up for deficiencies and inequities in economic

and social systems. As Ford Foundation President Darren Walker wrote in his 2015 annual letter, “*Toward a new gospel of wealth*,” Ford is refocusing its efforts to address failures of the market system and “foster a stronger safety net and a level playing field.” Arguing that other philanthropic organizations broadly adopt this mission, he quotes Martin Luther King, Jr., who said “philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary.”

Other organizations are addressing the philanthropic sector’s own glaring inequities. Faced with the reality that approximately 95 percent of the \$60 billion awarded each year by US foundations goes to White-led organizations, Leah Hunt Hendrix founded *Solidaire*, a group of philanthropists that supports grassroots organizations run by leaders from within under-resourced communities, with a particular focus on women and leaders of color.

With more than \$373 billion in annual giving, or 2 percent of the US GDP, going to nonprofits, perhaps no mission is as urgent for the philanthropic sector as finding better ways to allocate those funds to optimize impact. The good news is that the sector has never been more innovative. The new pioneers of philanthropy are spearheading not only stronger leadership across the sector, but an explosion of interest among the up-and-coming generation of leaders in working hard to make the world a more just place.

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*Kathleen Kelly Janus is the author of *Social Startup Success*.*

*This article was originally published on Stanford Social Innovation Review’s website, *ssir.org*, on November 1, 2017.*





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# CAN PHILANTHROPY HELP PROTECT DEMOCRACY?

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By Lucy Bernholz

There's a lot of concern about the state of democracy these days. Elected officials in Turkey are jailing journalists, information networks are being influenced by bots, and elections and voting systems are vulnerable to hackers. There are many reasons for this concern, and it has many causes, but the role of digital networks, data manipulation, and an increasing unease with the security and trustworthiness of the Internet cuts through many of these. This is a striking change from just a few years ago, when most of the rhetoric surrounding the Internet and social media focused on its democratizing nature.

Human rights activists and journalists are two civil society actors who have long lived out on the double-edged knife of digital democracy. Ubiquitous cellphone cameras and social media trails make it easier to find and report on human rights abuses, but they also put witnesses and activists at ever-greater risk. Governments and corporations that wish to hide their activities from prying eyes, independent reporters, or self-organized responses can monitor digital networks and even shut them down as a means of controlling reporting or protest.

In a recent conversation with a dozen global philanthropists, many from countries that have long vacillated between dictatorship and democracy, I heard a number of interwoven concerns about democracy and human rights in the digital age. We also discussed opportunities for well-connected and informed donors, and ways to move more donors toward being well-equipped to help protect democracy in the digital age.

First, the concerns. Top of the list is the way in which individuals and NGOs are now dependent on digital systems. As the director of the Digital Civil Society Lab at Stanford PACS, I see our dependence on commercially owned and government-monitored digital networks as paradigm shifting for democracy. Where we've long assumed an independent space for private discussion, peaceable protest, and free expression, we now "exist digitally" on systems that we don't control. Colleagues in the room who are active in human rights advocacy echoed this reality and noted the many ways that activists and journalists on the ground learn to cover their digital trails.





The second concern is what I'd call a naïve assumption of good will. Many of us assume that our fellow citizens value democracy as highly as we do. This is questionable at best, as many people may well prioritize the end goals of economic and personal security over the government form that provides it. The experiences of people who live in countries where they know they're being tracked are helpful. Our conversation participants shared personal practices of speaking in "social codes" online, language that doesn't attract the attention of state or corporate censors and can therefore be used to reach out. They acknowledged the "cat and mouse" nature of these discussions, shifting regularly as censors catch up. This day-to-day experience of looking over your shoulder is familiar to some communities in every democracy, but in the digital age it's a set of expectations that everyone needs to consider.

Finally, we talked about digital security. Donors, philanthropists, and nonprofits are slowly beginning to realize their responsibilities for keeping information secure. Those who desire to help vulnerable people need to make sure that their data-collection practices and their own organizational security systems don't make these people any more vulnerable. As many philanthropists are also active board members, a conversation about the specifics of their responsibilities in this area is critical.

Here's where we identified several opportunities for donors. Their access to financial resources, as well as pro bono or in-kind donations of digital security expertise and resources, is an important first step.

Several philanthropists in our recent conversation have direct connections to top-notch digital security providers and are eager to help make these resources available to the organizations with which they work. Those who don't have these personal connections realized that they could play a different role: first, helping initiate the digital governance conversations at the board level; and second, helping find financial resources to address these issues.

Two other opportunities, one quite granular and the other quite abstract. First was the issue of power differentials between donors and nonprofits when it comes to asking for data. Funders often ask nonprofits for data. Recognizing that some data-collection practices put organizations and the people they serve at risk, funders should—and some do—consider ways to shift those data-collection practices in ways that don't make people more vulnerable.

The second opportunity is for funders to pay more attention to digital policy issues. They can also support their partners to do this. Policies on data collection, intellectual property, and telecommunications access shape the digital environment within which both nonprofits and funders work. Understanding, and perhaps advocating for, digital laws and policies that protect the rights of individuals and civil society is critical to the health of an independent philanthropic and nonprofit sector.

Democracy doesn't defend itself. There are a number of ways in which situating philanthropy within civil society, and then practicing philanthropy with an eye toward safe and ethical digital practices, would

serve to improve the practice itself and practically equip donors and nonprofits to protect themselves in a digitally dependent world. These issues transcend the specific issues of human rights and democratic practice. Nonprofits and donors are dependent on digital communications, data, and infrastructure, so there are opportunities to consider the role of safe, ethical, and effective digital practice within almost any issue area that a funder might pursue.

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*Lucy Bernholz is the Director of the Digital Civil Society Lab at Stanford PACS (DCSL).*

*DCSL investigates the challenges and opportunities facing civil society organizations in the digital age, and develops resources to help organizations use digital resources safely, ethically and effectively.*

*DCSL aims to shape the future of civil society globally by fostering the creation of new mechanisms for using, governing, and donating digital assets for public benefit.*

*For scholars and academics, the Lab hosts workshops, conducts and publishes research, supports university student networks, and offers postdoctoral and non-resident fellowships. For practitioners and policymakers, the Lab runs the Digital Impact program (formerly Markets for Good), a suite of tools and resources for civil society organizations including a blog, grant program, data governance toolkit, and conferences.*

*Learn more at [pacscenter.stanford.edu/digital-civil-society/](https://pacscenter.stanford.edu/digital-civil-society/)*



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# **DESIGNING FOR STRATEGIC PHILANTHROPY— WITH THE EFFECTIVE PHILANTHROPY LAB**

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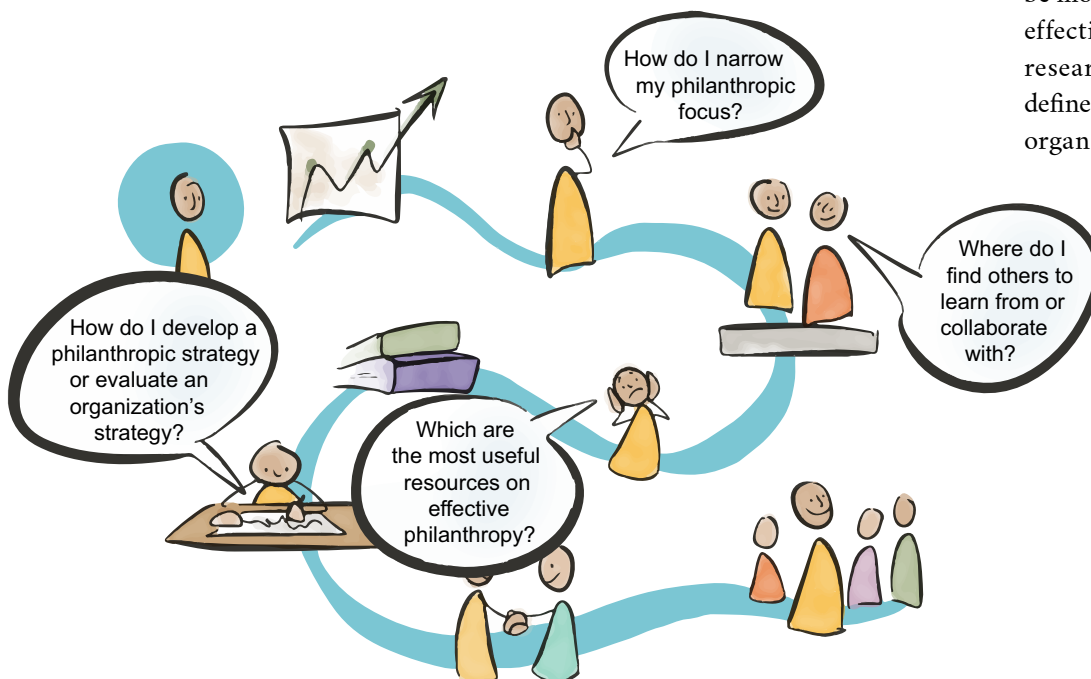
By Paul Brest and Nadia Roumani

In 2016, charitable contributions in the United States rose to a new high of \$390 billion, with \$282 billion coming from individuals (Giving USA, 2017). But according to Camber Collective’s “Money for Good” report, only 33 percent of philanthropists research the performance of nonprofit organizations before contributing to them, and merely 9 percent attempt any benchmarking.

It’s no wonder: Donors wishing to inform their philanthropic decisions with data about an organization’s effectiveness must navigate a disorganized maze of online and offline resources. There are currently hundreds of organizations and intermediaries that offer some kind of philanthropy education or advice; they come with varying price tags and offer unclear results.

The stakes are high. If resources are not deployed to high-performing organizations, it is likely that hundreds of millions of dollars are wasted on efforts that are not effective, in a sector where resources often feel scarce.

With the goal of improving philanthropic effectiveness, the Effective Philanthropy Lab (EPL) was founded at the Stanford Center on Philanthropy and Civil Society in 2015 by a grant from the Raikes Foundation’s new Impact-Driven Philanthropy Initiative. EPL addresses the needs of outcome-oriented philanthropists at various stages in their philanthropy journey, specifically aiming to help high net worth (HNW) individuals and families to achieve philanthropic impact in the areas of their interest. EPL also supports professional philanthropic advisors and educators to better guide their clients. EPL hypothesizes that if HNW donors have resources tailored to their particular interests and needs, they will be more likely to adopt and implement effective philanthropy strategies. EPL research and tools help donors to define their goals and identify effective organizations to support.



Based on the approximately 150 HNW philanthropists interviewed over the last two years, EPL has developed a taxonomy of donor behavior profiles, and found recurring barriers that donors face when trying to answer complex questions that sometimes paralyze them from taking the next step. These questions include:

- How do I narrow my philanthropic focus?
- Where do I find others to learn from and collaborate with?
- Which are the most useful resources on effective philanthropy?
- How do I develop or evaluate a philanthropic or organizational strategy?
- How do I know if an organization is having an impact?

One of the behavioral profiles, “do-it-yourselfers” (DIY), consists of outcome-oriented donors, early in their philanthropic journeys, who do independent research to develop their own philanthropy strategy. There are few readily available resources for DIY donors as they begin to develop their own decision-making processes.

With this target group identified, EPL launched a research project, the Giving Compass, to test the hypothesis that DIY donors will learn faster and be more likely to implement an impactful philanthropic strategy if provided with a trustworthy and user-friendly platform of tools and resources.

EPL designed a digital prototype that informed the recently launched the Giving Compass™, an online tool supported and developed by the Raikes Foundation, that provides a wide range of resources for donors. It is still to be determined whether and how a platform like the Giving Compass will change donors’ behavior. But the aggregation of high-quality resources across the sector will provide a new testing landscape and should lead to new and deeper learning for the strategic philanthropy sector. Additional resources that EPL is working on include a tool to help donors narrow their philanthropic focus from among hundreds of possible interest areas; a landscape of education, research, and advisory services available to HNW donors; a curated list of the best free online effective philanthropy resources; a free Stanford online self-paced course on philanthropy strategy; and a framework for assessing a nonprofit organization’s effectiveness.

A research center at its core, EPL will continue to test hypotheses and develop usable resources, working collaboratively with others in the nonprofit and for-profit sectors to improve the effectiveness of philanthropic giving.

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*Paul Brest is former Dean and Professor Emeritus (active) of Stanford Law School and the Marc and Laura Andreessen Faculty Codirector of Stanford Center on Philanthropy and Civil Society and Faculty Director of the Effective Philanthropy Lab. Nadia Roumani is the Director of the Effective Philanthropy Lab at Stanford PACS and a senior designer, designing for social systems at the d.school at Stanford University.*

*Learn more about EPL at:  
[pacscenter.stanford.edu/the-effective-philanthropy-lab/](https://pacscenter.stanford.edu/the-effective-philanthropy-lab/)*



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# **A MISMATCH IN PHILANTHROPIC INTEREST AND SUPPORT**

**PHILANTHROPY FOR NONPROFIT  
GOVERNANCE AND CAPACITY BUILDING**

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By Caitriona Fay

Many a dollar has been spent on books and at business schools in the quest to find the magic ingredients that create high-performing businesses. Corporate boards and leaders spend an inordinate amount of time worrying about how to invest in growing a quality organizational culture, building great strategies and bold visions, supporting their leaders, and mitigating risk. These factors indicate the strength of a company, and investors seek out strong companies because they know their investment is safe in its hands.

Those same organizational competencies matter in the nonprofit world too. Nonprofits that can demonstrate a clear strategy, capability, and leadership are better equipped to provide social and environmental returns. Now more than ever, social investors are attuned to nonprofits' capability to deliver on their missions. Organizations that fail to articulate how they use funds to advance their mission face a future where philanthropic dollars are harder to find.

This mission focus is perhaps best evidenced in my home country of Australia, where a year ago the federal government released its once-in-a-decade "Giving Australia 2016" report. The report examines everything from what drives individuals to volunteer to which charities are receiving corporate support and why. It also provides insight into the factors that motivate individuals and families to establish foundations and what ultimately influences their giving practices.

## THE VALUE OF GOVERNANCE CAPABILITY AND COMPETENCE

After personal alignment with a cause, philanthropists surveyed for the report were most influenced by

governance capability and general competence. A resounding 92 percent of philanthropists who responded indicated that nonprofit governance and competence were critical to deciding where their grants flow.

But it's important to note that when we're talking about governance and capability, we're really talking about organizational capacity. In the report, one philanthropist highlighted the themes at play, suggesting that they would not consider giving hundreds of thousands of dollars to an organization that doesn't have strong organizational capabilities.

Concerns around organizational capabilities relate to the ability of an organization to create and deliver on

strategy, manage its core assets (human, financial, infrastructure, and data assets), mitigate and deal with risk, and ultimately deliver impact.

Unfortunately, for many philanthropists, assessing organizational capacity is somewhat subjective. Philanthropists surveyed for the report noted that their perception of an organization as an issue area expert was important, but so were their previous interactions with that organization and whether the organization was responsive, reliable, and communicative. These factors are not easily quantifiable.

My organization, Perpetual, is one of Australia's oldest trustee companies and philanthropic advisory businesses.





With more than 1,000 charitable trusts and endowments under management, we couldn't possibly employ subject matter experts across all fields. Instead, we advise the philanthropists we work with by assessing the organizational capability of charities of all sizes working in all sectors.

Our assessment process works like this: Charities that seek support from our philanthropist clients complete an application form focused on organizational details—as opposed to information about their specific programs or projects. From these responses we can see how the charity:

- Measures and maps its effectiveness
- Measures and maps its efficiency
- Tracks external factors influencing how it works
- Manages and mitigates risk

The only project-focused section of the application looks at how the organization will track the outcomes of its work.

We give each response a score and then aggregate the totals so that we can better evaluate which organizations are top tier. Organizations that score within our recommendation range receive 95 percent of all funding from the philanthropists we work with.

This effort has several benefits: It is replicable across issue areas, removes the subjectivity that can come with a narrative-based assessment process, and is highly transparent for the applicant organizations.

We don't restrict the type of funding organizations can ask for. They tell us that this approach leads them to apply for what they need rather than what they think might appeal most to individual donors. It's not surprising that when provided with this freedom to ask for anything, nonprofits often request support to increase their capacity through staff training, infrastructure upgrades, leadership development, and consulting.

### FUNDING ORGANIZATIONAL CAPACITY

The second big takeaway from the report is that while philanthropists may increasingly value organizations with strong governance and capacity, we don't see them increasing their capacity-building grants to match. If philanthropists genuinely believe that governance and organizational competence are critical to providing good outcomes, then why isn't giving to training, strategy development, infrastructure support, and board capacity-building more common?

In their article titled “The Nonprofit Starvation Cycle,” Ann Goggins Gregory and Dan Howard of Bridgespan describe how many nonprofits find themselves chasing funds for the next “innovative” project rather than for their own capacity to deliver outstanding outcomes. This cycle is perpetuated by funders with stringent limitations on what can or cannot be supported, including caps on administrative costs. Assessment methodologies that evaluate charity programs based on funder priorities rather than on organizations' capacities to meet the needs of their communities are only feeding into this cycle.

Identifying and investing in well-governed nonprofit organizations is critical to improving funder effectiveness. To find these organizations, philanthropists need an assessment methodology that addresses questions on strategy, leadership, capability, and mission. Philanthropists should feel confident investing in nonprofits that have a culture centered on tracking effectiveness, managing resources well, and mitigating risks.

If philanthropists genuinely believe that the best-performing nonprofits have outstanding governance capabilities, then we must see greater investment in helping all nonprofits improve in that area. That means committing resources to build additional governance support, investing in strategy development, leadership capacity, financial management, and even board fundraising proficiency. A rising tide of improved governance capability has the potential to lift the performance of the entire sector and ultimately lead to better outcomes for communities.

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*Caitriona Fay is the national manager of philanthropy and nonprofit services with Perpetual, one of Australia's oldest financial services companies and one of the country's largest managers of philanthropic funds.*

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# CULTIVATING THE NEXT GENERATION OF GIVERS

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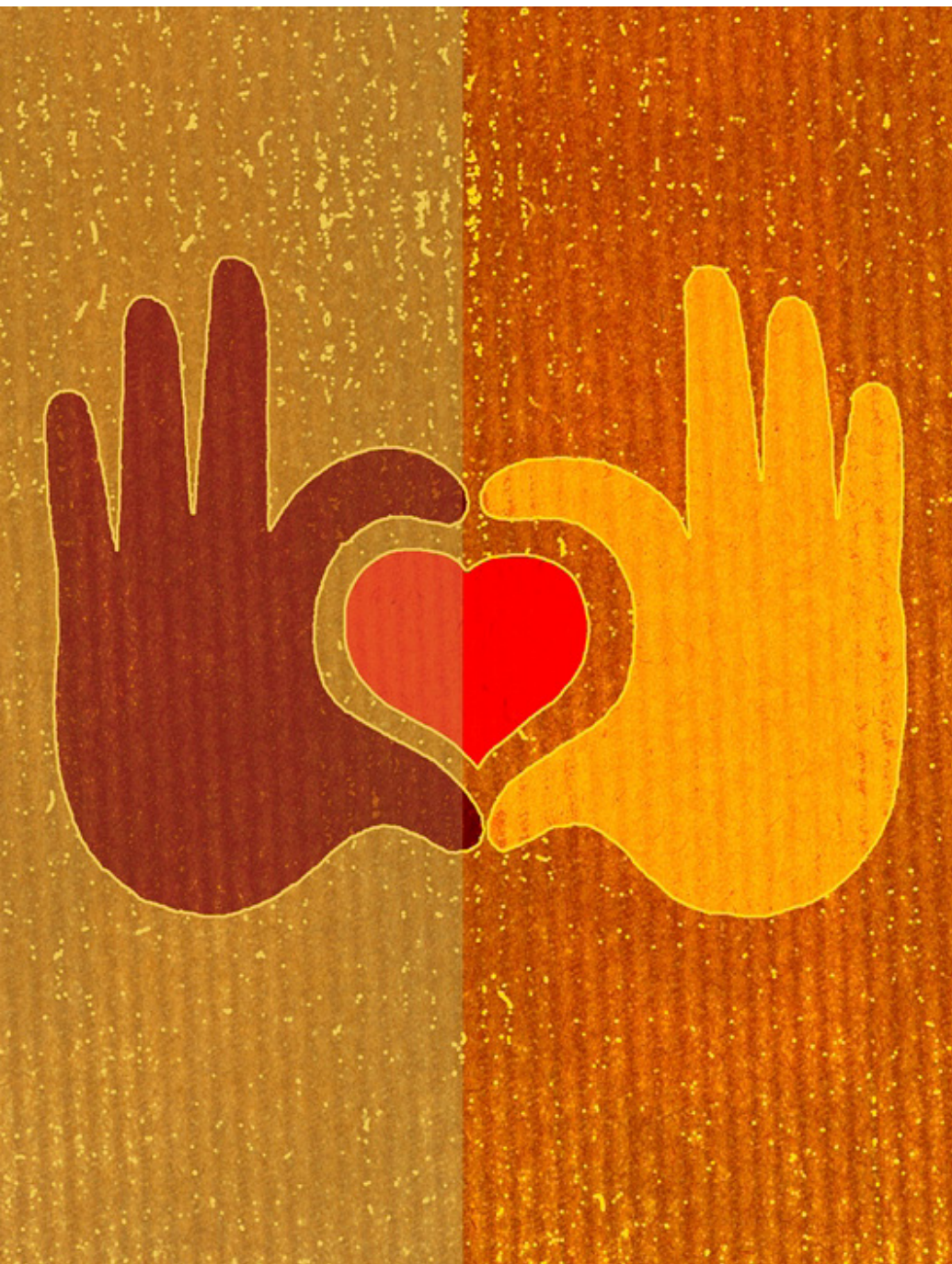
By Kim Laughton

Philanthropy can be a powerful way for families to deepen relationships across generations, develop a shared mission, and increase their impact on the world. With \$30 trillion dollars expected to be transferred between generations over the next 30-40 years<sup>1</sup>, charitably-inclined individuals have an unprecedented opportunity to engage with younger family members and pass on a legacy of giving.

Following are three essential tips for philanthropic families shared by the Heising-Simons family at the Stanford Center on Philanthropy and Civil Society's bi-annual *Philanthropy Innovation Summit*, an intensive day-long program focused on trends and best practices in charitable giving. Through the *Heising-Simons Foundation*, the family has granted more than \$263 million over the past decade to charitable causes across five program areas: climate and clean energy, education, human rights, local and emerging opportunities, and science.

In a candid discussion, the Heising-Simons offered these insights, which apply to a range of donors, including those who use donor-advised funds as a standalone solution or in combination with other giving vehicles such as private foundations and trusts.

- Start conversations about giving early – Teaching children about philanthropy can spur a commitment to giving over time. Although Mark Heising and Liz Simons did not launch their family foundation until their children were teenagers, they exposed their daughter Caitlin and her brother to philanthropy early on. For the holidays, the young children received an allocation of money to donate, and were responsible for identifying and researching a charitable organization to support. This kind of assignment encourages curiosity and empathy, and begins to shape children's worldview. As one Schwab Charitable donor, who employed this strategy with his donor-advised fund, put it: "[It allowed our children to] give with us, and yet in their own way". Services such as GuideStar, a research database covering more



than 1 million U.S. charities, can help families identify charities that match their philanthropic goals.

- Demonstrate the importance of non-financial support – Volunteering connects children and teenagers to their communities, and helps them develop a sense of purpose. Liz has said that her interest in social justice was influenced by a trip with her father to Colombia, where she witnessed extreme poverty for the first time when she was 12 years old. Similarly, her daughter Caitlin credits volunteering with her parents and observing her mother’s work as a volunteer in local schools with sparking her own early interest in human rights. After joining the board of the family foundation in 2014, Caitlin, who was then in her early twenties, helped build out the family foundation’s human rights program. Last year alone, the foundation awarded nearly \$3 million in grants to established and emerging human rights organizations.
- Create projects with measurable goals – When children are older, consider offering them increasingly complex philanthropic opportunities that align with their interests. Giving teenagers and young adults special opportunities to lead philanthropic initiatives builds their confidence, develops their sense of responsibility and accountability, and strengthens their relationships with the charities they support. Mark and Liz emphasized the importance of setting evidence-based goals for measuring the impact of these projects. Outlining quantifiable objectives was particularly important when, a few years ago, Caitlin jumped at an opportunity and lead the family foundation’s grantmaking around

a specific policy proposal. Since effective philanthropy often requires a test and learn approach, Liz suggests that new and experienced donors alike should ask themselves, “Have I personally been catalytic in my giving?”

At Schwab Charitable, donors tell us that developing a charitable mission can help multiple generations focus on the causes that are important to them. A mission statement is a vision for change. All members of a family can help define philanthropic goals and how the family expects to achieve them. As the Heising-Simons’s story demonstrates, parents and children who treat each other’s ideas with respect and sensitivity can increase their impact on the causes they support. Liz noted at the end of the discussion: “It is good to hear voices from unexpected messengers like the next generation. As we get older, they are getting wiser”.

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*Kim Laughton is the President of Schwab Charitable.*



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# **UNIVERSAL BASIC INCOME: SAFETY NET 2.0**

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By Juliana Bidadanure

Universal basic income (UBI) is a policy proposal of a monthly cash allowance given to all members of a community without means test and with no strings attached. It is an old idea with roots in Thomas Paine, Milton Friedman, and Martin Luther King Jr. The policy has been on the news a lot lately. It is currently being tested in Finland and Ontario, and countries throughout the world are debating whether it could be part of the way toward a more humane society and a saner economy. In the United States, Y Combinator Research is running a basic income experiment in Oakland, California; and the city of Stockton, California, led by Mayor Michael Tubbs, has just announced the first city-led demonstration of a guaranteed income, drawing on MLK's legacy. Hillary Clinton also reported in her new book that she regretted not running on universal basic income during her presidential campaign. But can UBI really be part of the solution to technological unemployment, financial insecurity, precariousness, and inequalities, as some of its proponents claim?

Universal basic income is a cash allowance given to all members of a community without means test and with no strings attached. The amount of the UBI payment varies from one proposal to the next, but a proposal often discussed in the United States is set at \$1,000 a month for each adult individual. The idea has been growing in Europe and the developing world for decades, but it took longer to pick up in the United States. In Europe, the policy has gained traction as an enhancement of the welfare state—a way to ensure access to cash benefits for all individuals in a context where unemployment is structural and where precarious, underpaid, and unwaged labor make it impossible for so many to make ends meet. In emerging and developing

economies such as India, Kenya, South Africa, and Namibia, unconditional cash has been debated and tested as a poverty alleviation mechanism with the potential to raise millions from abject poverty. In the American context, it is principally the fear of technological unemployment and the worrisome estimations by some researchers that up to 40 percent of jobs could disappear in the next 50 years that have made the idea seem more fitting and its discussion more pressing.

We do not know how many jobs will actually disappear, and experts disagree on how long it will take for the economy to adapt and for new jobs to be created. What we know for sure, however, is that some workers will inevitably be hit in the recent future and that many workers already struggle in an economy that does not provide enough jobs paying a living wage. It is therefore crucial to find ways to improve our safety nets as soon as possible. But why would we do this with an unconditional, individual, and universal payment like UBI?

The driving justifications for this quite radical alternative to traditional cash benefits can be summarized by appeal to three philosophical notions: equality, freedom, and fairness.

**Equality.** UBI's unconditional and universal nature serves to undermine the divisive rhetoric that stigmatizes those on public assistance as benefit scroungers who need to be deterred from dependency. Instead, UBI proponents draw on data that shows that the fear of benefit scrounging is primarily discursive and ideological. It is a sociological mistake to believe that those on benefits are free riding at high rates and that they would not pursue productive activities if given a chance. Therefore, delivering benefits

that are insufficient to live on decently in a punitive and stigmatizing fashion is unjustified and unnecessarily harsh. With unconditional and universal benefits, the hope is that public assistance will be normalized and partly de-stigmatized.

**Freedom.** UBI is designed to empower individuals to make freer choices. A sufficiently high UBI would increase individuals' freedom to say no to bullshit jobs, to abusive relationships, to a second job on top of a first one, or to a job that one finds demeaning. All other things being equal, it would also increase individuals' freedom to say yes—to jobs they like better, even if they pay less; or to a multi-sided existence where one takes more time to care for an aging parent or a child, or to volunteer, go back to school, or get involved in one's community.

**Fairness.** UBI is also about fairness. It is grounded on the acknowledgment that the wealth of nations has been accumulated as a result of the hard work of previous generations and that at least part of it belongs to all in common. When UBI is framed as a dividend, it is usually seen as a citizen's share of this common wealth. The Alaska Dividend—granted to all Alaska residents on a yearly basis—is a good illustration of this framing of unconditional cash.

In a recent conversation at Stanford with philanthropist Kaitlyn Kreiger, who leads the Income Security and Criminal Justice programs at the Future Justice Fund, she explained, "As we dug into UBI research, three characteristics of cash transfers and basic income resonated." She explicated why she believes foundations and donors should pay particular attention to research and advocacy around basic income. "First, it is effective: Randomly controlled trials have shown how cash



transfers improve health, economic, and psychological indicators for people living in poverty. Second, it's efficient: UBI does not require bureaucracy to assess eligibility or compliance. Third, it's respectful: It grants people the dignity to make their own choices about where to allocate resources, rather than imposing an outsider's assessment of what's best for them. This last point is also critical to how we design a basic income—we must bring diverse voices to the table and honor the insights of people who have lived in poverty.”

But can UBI really happen in the United States, or is it far too utopian to stand a chance? After all, both the idea of giving unconditional cash to individuals without requiring any work in exchange and the concept of expanding public welfare are far from aligned with American values. For Natalie Foster, co-chair of the Economic Security Project—a fund to support emerging guaranteed income projects, “It will take resources and focus to channel the basic income ‘moment’ into a ‘movement.’” She invites other philanthropists to join the effort to make the right to an income for all a reality by funding research around UBI. There is significant data on the impacts of cash transfers on people from experiments conducted in Canada, India, Namibia, Kenya, and many other places. But more basic income pilots in the United States at the city level could be an important step to further understand how UBI could be implemented and what it could help us achieve. The Economic Security Project's recently released report on the growing popularity of the Alaska Dividend, for instance, offers some interesting views on changing popular attitudes about UBI.

The time of purely utopian thinking on UBI thus seems to have in fact passed,

to be replaced by a phase of empirical research and experiments to see how UBI would work. Between the city of Stockton, Y Combinator Research, the province of Ontario, Finland, and GiveDirectly, the pursuit of new evidence on universal basic income is steady. There is indeed a need for more studies and more pilots, but so far, the evidence overwhelmingly suggests that unconditional cash does not cause a massive withdrawal from the labor market, that recipients use the cash wisely, and that it makes their lives better overall.

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*Juliana Bidananure is the Director of The Basic Income Lab at Stanford, which serves to stimulate research and teaching on UBI at Stanford; advise those who are developing UBI policies and carrying out UBI experiments; aggregate and disseminate*

*research findings; and convene scholars, policy makers, and leaders in think tanks, nonprofits, and foundations around the politics of UBI. The Economic Security Project is a two-year collaborative fund put in place to spur research on how cash impacts individuals (such as GiveDirectly and Y Combinator), as well as how UBI can be funded, talked about, and designed (through commissioned research by the Roosevelt Institute and others). The Economic Security Project also advocates around the big idea of universal cash stipends, as well as stepping-stone ideas like a reimagined Earned Income Tax Credit or child allowances.*

*Learn more at [basicincome.stanford.edu](http://basicincome.stanford.edu)*





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# GLOBALIZING PHILANTHROPY

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By Eric Nee

At a time of rising nationalism and cutbacks in foreign aid in countries around the world, philanthropists play a critical role, not just in providing money, but in fostering cooperation and goodwill between people and nations. That was the consensus outlook of a group of philanthropists who gathered at a salon held at Stanford PACS' Philanthropy Innovation Summit at Stanford University on Sept. 19, 2017.

The salon, Globalization and Giving, was hosted by Simone Coxe, a member of the Philanthropy Innovation Summit Host Committee. I moderated a panel with Lata Krishnan, founder and chair of American India Foundation, and CFO of Shah Capital Partners; Jaff Shen, CEO of Leping Social Entrepreneur Foundation; and Anja Manuel, author of *This Brave New World: India, China and the United States*, and an affiliate of the Stanford Center for International Security and Cooperation.

The critical role that philanthropists play globally can be seen in the response to the two hurricanes that recently swept over the Caribbean. Government relief—whether from the United Kingdom or the United States—has been inadequate to the task, and philanthropists have stepped into the breach. Virgin Group founder Richard Branson is playing an important role in galvanizing aid for the British Virgin Islands, where he has a home, and private equity investor Orlando Bravo has pledged \$10 million in aid for his native Puerto Rico.

Philanthropists and NGOs have also played a critical role in many other areas around the world. Take global health, for example. Organizations such as the Bill & Melinda Gates Foundation,

GAVI, and the Global Fund to Fight AIDS, Tuberculosis and Malaria have helped reduce the number of people dying from malaria by 60 percent between 2000 and 2015, and since 1990 have helped cut in half the number of children worldwide who die before age 5.

Fortunately, philanthropy is on the rise around the world. In China, for example, there has been a dramatic increase in giving by the newly-minted wealthy. Take the example of Jaff Shen from Leping. Most of Leping's giving takes place inside of China, where the foundation has funded many social entrepreneurs and social enterprises. But Leping also gives money outside of China, helping, for example, to create a network of social entrepreneurs in East Asia who can exchange ideas and lessons learned.

There is also a growing amount of philanthropy by diaspora populations, such as Indians living in the United States. Much of their giving goes to domestic issues in their adopted country, but a growing amount goes back to India. Lata Krishnan is a good example. She first became interested in giving back to her birthplace following the devastating earthquake that struck Gujarat in 2001. Frustrated by how difficult it was to provide aid to India from the United States, Krishnan formed the America India Foundation. By overcoming the legal obstacles to giving abroad and by vetting Indian nonprofits, the foundation makes it much easier for Indian-Americans to give to India.

At the same time that philanthropy is growing globally, there are efforts afoot by a growing number of governments to restrict cross-border giving. China, for example, recently passed new

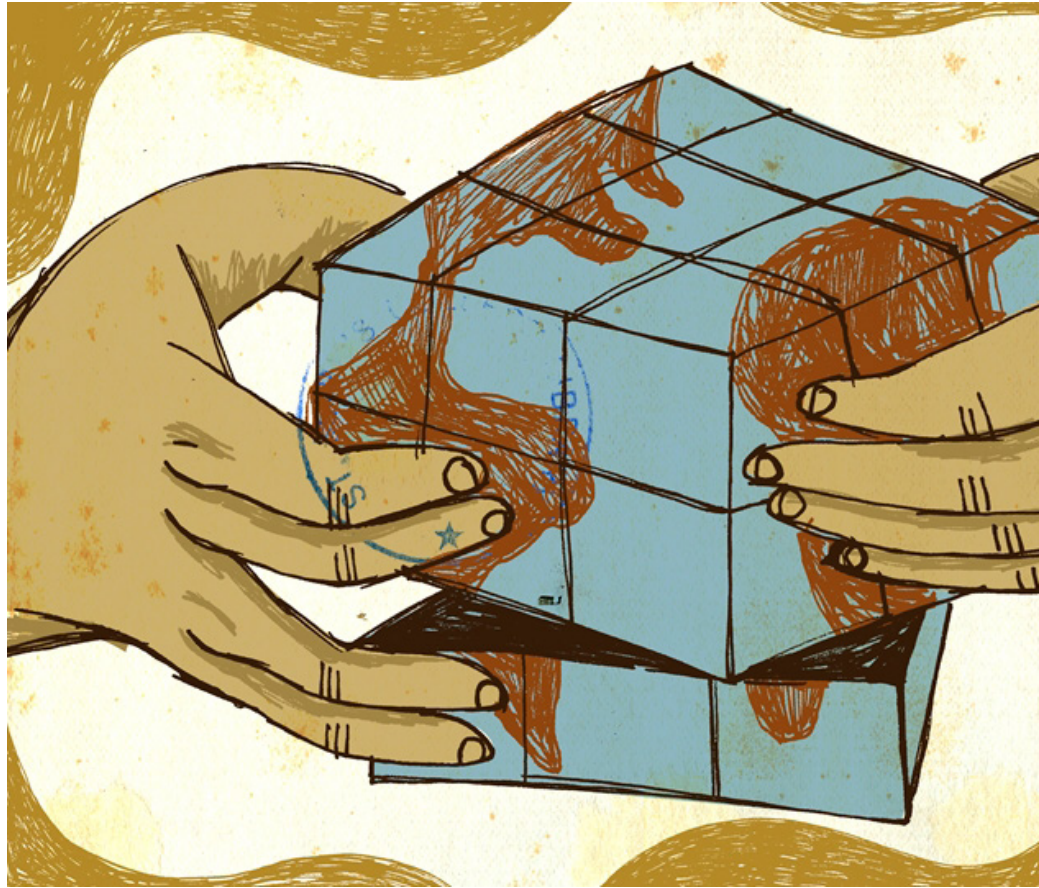
laws making it more difficult for foreign philanthropist and NGOs to operate in the country. India has also selectively cracked down on foreign philanthropists, as have other countries such as Egypt and Russia. While these efforts are real and concerning, Anja Manuel believes that the long-term trend is toward greater interdependence among nations and peoples, not less. And that the result will be a growing network of philanthropists and NGOs, working closely with governments and business, to solve the world's problems.

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*Eric Nee is the Managing Editor of the Stanford Social Innovation Review.*

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*Learn more at [ssir.org](http://ssir.org)*





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# **PLACE, SCALE, AND DEPTH OF IMPACT**

## **PLACE-BASED PHILANTHROPY**

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By Maeve Richards

In Silicon Valley, intense economic growth and widening economic disparity have become almost inextricable from the landscape. As some residents of the area rapidly accumulate wealth while many more face financial instability and the mounting cost of living, economic tensions loom particularly large over the San Mateo and Santa Clara counties. As Alexa Cortés Culwell and Heather McLeod Grant’s 2016 report “The Giving Code” revealed, the region’s industries have brought immense affluence to a part of Silicon Valley’s population—and, largely, those people are committed to giving away great sums of money, as long as they feel their giving is high impact. As emergent funders prioritize other factors, such as impact, over location, greater dollar commitments to philanthropy by locals hasn’t necessarily resulted in more local giving. Meanwhile, area nonprofits and their beneficiaries are experiencing worsening financial stress as affordability crises in the region escalate.

The strategic, scale-oriented trend in Bay Area philanthropy has seemingly been at odds with the specific needs of the Valley’s nonprofits and residents, as “The Giving Code” indicated. This tension demonstrates the critical need for diversity in philanthropic initiatives: While massively scaled, wide-audience programs are critical, place-based programs that are deeply specific to a community and location are also essential. Silicon Valley and its tenacious problems—unaffordable housing, stagnating wages, homelessness, and more—provide just one example of a community among thousands of others with deeply rooted, difficult-to-solve problems that require long-term efforts and funding.

Place-based philanthropy has been the subject of study for many philanthropists and foundations seeking to target the seemingly intractable issues that communities live with for decades. Place-based initiatives often target cities or even smaller areas, like specific neighborhoods, and typically involve deep, sustained engagement with multiple partners and beneficiaries who are acutely familiar with the targeted area—and importantly, they are often long-term financial commitments. The Detroit-based Skillman Foundation, for one example, had been making grants to local organizations in Detroit for decades before launching a 10-year initiative called Good Neighborhoods, Good Schools. Some foundations, like the Silicon Valley-based Sand Hill Foundation, feel an imperative to give back to the communities where their wealth was generated. Even large foundations like the Ford Foundation—which may not have a permanent affiliation with the neighborhood or city they seek to fund—have initiated place-based models, relying heavily on regionally familiar actors to help steward their efforts.

Place-based philanthropy can be a powerful force against deeply entrenched problems that cannot be solved via one-dimensional interventions, but they usually have inherently limited scope. When place-based programs prove effective, the inevitable question for funders is if and how their grants could go further to bring the program to more people—or, in other words, scale.

Answering that question requires considering other complicated ones:

How many people can a given program or initiative impact?

How deep will the impact be?

And how much money will it cost?

—or, more briefly, how many, how deeply, how much?

That framework reflects the seeming tension between place-based initiatives and highly scaleable programs. To reach more people, a program might have to compromise the depth of its impact, assuming non-infinite financial support. Often, place-based interventions and programs require such intimate, protracted connection to communities that to replicate the depth of their impact in another location without the same amount of investment and time would be difficult.

There are some resolutions to this tension noted by many scholars in the space. First, capacity building for nonprofits can profoundly impact their ability to deliver their services and interventions more widely. Capacity-building grants help nonprofits expand their reach, as can coalition building between organizations doing related work—two roles that many deeply place-based foundations and funders can play. As Katie Merrow of the New Hampshire Charitable Foundation recently wrote in *SSIR*, the NHCF has built local capacity by funding evaluations that nonprofits can use to attract other funders, thereby enabling them to expand their reach.

Some models that are specific to a city or neighborhood can become more sustainable if a nonprofit or coalition of actors can demonstrate proven effectiveness to local government. The adoption of an effective program by a local government will sustain its



impact into the future and possibly bring it into a wider audience. By funding programs that a local government may be persuaded to adopt, philanthropists use their money as society's risk capital and further innovation in the social service sector. Social impact bonds (SIBs), in which nongovernmental organizations are designated to carry out prospective pilot programs before a government adopts them, are one avenue to such partnership. The Colorado Coalition for the Homeless is carrying out such a program in Denver, and many other states and cities have begun to explore social impact bonds.

Finally, in the most accessible of these approaches, nonprofits and funders alike must share their knowledge as they explore place-based programs. Detailed reports (as the Skillman Foundation wrote on *Good Neighborhoods, Good Schools*) serve as a resource for others embarking on initiatives. Critically, sharing successful models can empower others with more knowledge about tested interventions and approaches. Funders can play a critical role in the knowledge-sharing process by funding studies and reports by nonprofits; using their platforms and networks to share findings; and signaling to other funders successful nonprofits and approaches.

Ability to scale is a priority for many philanthropists and foundations in Silicon Valley and elsewhere seeking to take on the disastrous problems facing people across the globe. And such programs are indeed essential as the global community works to diminish global food insecurity, exposure to disease, and other devastating conditions that affect millions of people. Often, the biggest foundations

take on such global initiatives—like the Rockefeller Foundation's 100 Resilient Cities initiative or the Gates Foundation's multiple disease-eradication programs. Meanwhile, the problems plaguing smaller communities remain pressing. Smaller foundations and local philanthropists are especially well positioned to support the people tackling the issues facing their communities; building capacity at regional nonprofits, piloting models for local government, and constantly sharing knowledge will grow impact—locally and beyond. Resilient Cities Initiative or the Gates Foundation's multiple disease eradication programs.

Meanwhile, the problems plaguing smaller communities remain pressing. Smaller foundations and local philanthropists are especially well-positioned to support the people tackling the issues facing their communities; building capacity at regional nonprofits, piloting models for local government and constantly sharing knowledge will grow impact – locally and beyond.

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*Maeve Richards is Program Analyst at the Laura Arrillaga-Andreessen Foundation.*





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# **EFFECTIVE ALTRUISM: DOING THE MOST GOOD?**

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By Hilary Cohen and Rob Reich

Effective altruism is a philosophical framework and small but growing social movement built around a central question: “How can we do the most good with our time and resources?” The core idea is that donors should use evidence and reason in the pursuit of maximizing the good they can do. Rather than being guided by one’s passions in identifying causes to support, effective altruists use research and analysis to identify giving opportunities that will bring about the most, not just some, positive impact. This analytical and evidence-based approach has, at times, been cause for critique, with some put off by the movement’s abstraction—seen as “giving with the head, not with the heart,” or in Larissa MacFarquhar’s words, as “the

drone program of altruism.” However, effective altruists can be passionate too. They are passionate about the amount of good they can do and excited about the many opportunities people have to make a real difference in the world.

In a world of complex global challenges and an ever-growing list of issues to address, it might seem difficult to determine what constitutes the “most good” one can do. Should one support poverty alleviation, health care, education, the environment, or yet another arena that calls out for attention? Recognizing this difficulty, effective altruists have developed an informal framework for comparing and prioritizing focus areas out of the many seemingly worthy causes. In assessing a potential cause, donors in the community consider three criteria: *importance* (How many individuals does this issue affect, and how deeply?), *neglectedness* (Is this cause receiving less attention than it deserves?), and *tractability* (Can my contribution drive meaningful progress?). This framework has become quite popular over the last few years, guiding both organizational and individual giving for many in the community.

Based on these criteria and the community’s overarching aspiration to maximize the good we do via philanthropy, effective altruists have tended to focus on a small set of high-impact causes. Chief among these causes are global poverty and the global burden of preventable disease, which together threaten the well-being of millions of people around the world. A number of organizations, including the charity evaluator GiveWell, have emerged from the effective altruism community to identify and direct



funding to the most effective charities in this space. To identify the best recipients of philanthropic funds, GiveWell conducts in-depth research into how much good each program accomplishes per dollar spent, makes all analyses freely available online, and publicly recommends a set of top charities that are evidence backed, thoroughly vetted, and underfunded. Included in their current list of top charities are nonprofits like the *Against Malaria Foundation* and deworming organizations, as well as an unconditional cash-transfer organization, *GiveDirectly*, that sends money directly to people living in extreme poverty.

Beyond global poverty and health, effective altruists also dedicate time and resources to longer-time-horizon “big bets” that traditional philanthropists might otherwise overlook. For example, *Open Philanthropy Project*, an organization founded by Facebook cofounder Dustin Moskovitz and his wife, Cari Tuna, that makes effective altruism recommendations, maintains a focus on preventing global catastrophic risks or, still more gravely, threats to the continued existence of human beings. Within this focus area, they have made and recommended grants in biosecurity and pandemic preparedness, as well as exploring and addressing potential risks of advanced artificial intelligence. Emphases like these illustrate the movement’s commitment to the “moral value of the far future,” which asserts that much of the good we can achieve today will actually be realized by those who have not even been born yet. The logical conclusion demands a commitment to ensuring that future generations have a world, preferably a stable world, to

inhabit. Echoes of this philosophy can be seen in other organizations beyond philanthropy, including *OpenAI*, the recently founded nonprofit research organization dedicated to the long-term creation of safe artificial general intelligence that benefits humanity. While growing in influence and adherents, effective altruism is not without its fair share of limitations, even perhaps including its signature commitment to evidence. In fact, because a robust evidence base is expected to justify every focus area, effective altruists risk overlooking those interventions for which obtaining evidence is particularly challenging, even if those very interventions would be key to maximizing the good they seek. For example, it is hard to imagine how an effective altruist would have justified investing in or funding the civil rights movement or a civil liberties organization like the ACLU. Movements and organizations like these, arguably candidates as the drivers of the “most good” in certain societies, are less likely to lend themselves to a quantifiable evidence base. This is especially true if the preferred instrument of the effective altruist (and gold standard of quantitative studies), the randomized controlled trial, is required to prove worthiness of funding.

To most scholars and practitioners, the evidence base for identifying effective charities is very sparse. Overhead costs might identify fraudulent charitable organizations but will never be enough to indicate what charities are driving change or delivering large impact. Whatever its faults or limitations, the philanthropic world has much to learn from the efforts of effective altruists, who focus on using evidence and reason in making decisions about giving.

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# **FROM INNOVATION TO IMPACT:**

## **LESSONS ON HOW PHILANTHROPY CAN SUPPORT PROBLEM-SOLVING**

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By Kathleen Kelly Janus

Innovation in social entrepreneurship is critical to solving the world's most pressing social problems, such as rising inequality and persistent poverty.

The good news is that in recent years, the sector has seen an explosion of innovation, with rigorous methods like *human-centered design* leading to more testing of pilot projects, the development of solutions that are more responsive to the needs of beneficiaries, and the implementation of better methods of measuring actual impact. Yet as Johanna Mair and Christian Seelos point out in their comprehensive review of nonprofit innovation practices, many mistakes are being made. Too many organizations are devoting too much of their scarce time and money to flawed ideas, aren't abandoning approaches quickly enough that fail to produce results, or, on the flip side, aren't allowing enough time to test for results and then modify programs to improve them.

Philanthropists can play a critical role in fostering more effective innovation. But many donors are reluctant to play an active part in funding innovation, in part because they consider themselves ill-equipped to evaluate the risks involved and whether they are worth taking. The donors also aren't confident that they can identify which organizations are best prepared to manage the process successfully. Additionally, many funders categorize innovation as an overhead expense rather than a program expense, and their policy is not to fund overhead. As a result, donors often default to funding programs that have already proven their impact, leaving minimal financial support for critical research and development.

So how can philanthropists do more to support innovation? Here are some

key lessons I have uncovered in my conversations with leading experts in the field:

- 1. Focus on the problem as opposed to the solution.** As I found in my research on early-stage nonprofits for my forthcoming book *Social Startup Success*, the best innovators fall in love with solving the problem, not with a particular solution they're testing. According to Jim Bildner of Draper Richards Kaplan, a funder of early-stage social entrepreneurs, donors must focus on funding organizations that take this kind of "problem-centric" approach as opposed to tying their funding to specific solutions. For example, Seelos and Mair highlight the way that Gram Vikas, a social enterprise that brings water and sanitation to rural Indian communities, set forth the reducing of gender and caste inequality as the problem it wanted to solve. The organization tried various tangential approaches, such as developing a biogas to improve electricity access, and rigorously assessed which were actually solving that problem, discovering that the most effective way it could advance the mission was to pursue other efforts that matched its mission.
- 2. Don't give up too soon.** In the venture capital world, investors often double down when companies don't make profits as quickly as they'd hoped. By contrast, philanthropies often withdraw funding too early when a nonprofit isn't showing results. A few organizations that achieved rapid-fire success, such as *Kiva.org*, the microfinance crowdfunding platform, have led to something of a mythology about

how quickly results should be seen. Kiva benefited from an exceptional publicity opportunity—the founders appeared on *The Oprah Winfrey Show*, which generated \$11 million in donations in a single day. Most innovative solutions require decades to develop, with multiple failures along the way that help organizations hone their approaches. Funders should provide "patient capital" in the form of multiyear, unrestricted grants that allow organizations flexibility in developing their approaches.

- 3. Embrace failure as the route to success.** Most nonprofits are in a constant race to raise their next round of funding, and the emphasis by funders on showing results incentivizes them to focus on touting their successes rather than sharing about their failures. This leads to less risk taking and therefore less innovation. As Christian Seelos says, "Most new ideas are bad ones." By acknowledging that failure is inevitable along the way to finding a good solution, and reframing failure as a learning process, funders can play a crucial role in creating a safe space for nonprofits to take more risks and to reveal vital information about which of their programs are working and which aren't. That allows for better development of programs. One funder I talked with, *New Profit*, has a great approach to this, asking every nonprofit that walks in the door to tell them about a program that's not working, starting the relationship off with a spirit of openness and collaboration.



**4. Acknowledge who is getting shut out of support for innovation.**

The data on funding reveals a significant racial and gender bias in grants to early-stage organizations. This is seriously limiting the ability of the sector to tap the talents of social entrepreneurs who can bring valuable experience and fresh insights and perspectives to problem solving. Funders who want to address this injustice can help level the playing field by (a) purposefully identifying leaders from a diversity of racial, gender, and socioeconomic backgrounds to support; (b) opening up their networks to introduce underrepresented leaders to other funders; and (c) helping with capacity building by coaching these leaders, perhaps even taking a seat on their board, as Draper Richards Kaplan does with all of the organizations they fund.

We are living in exciting times for social innovation. The sector is booming, with university programs rapidly expanding, more and more organizations making better use of tools for testing ideas and measuring impact, and growing public awareness of the vital role that social entrepreneurs play in innovating bold solutions. By more vigorously funding innovation, philanthropy can provide jet fuel to accelerate the problem solving. The severity of the massive social problems that people all around the planet are facing makes doing so an urgent mission.

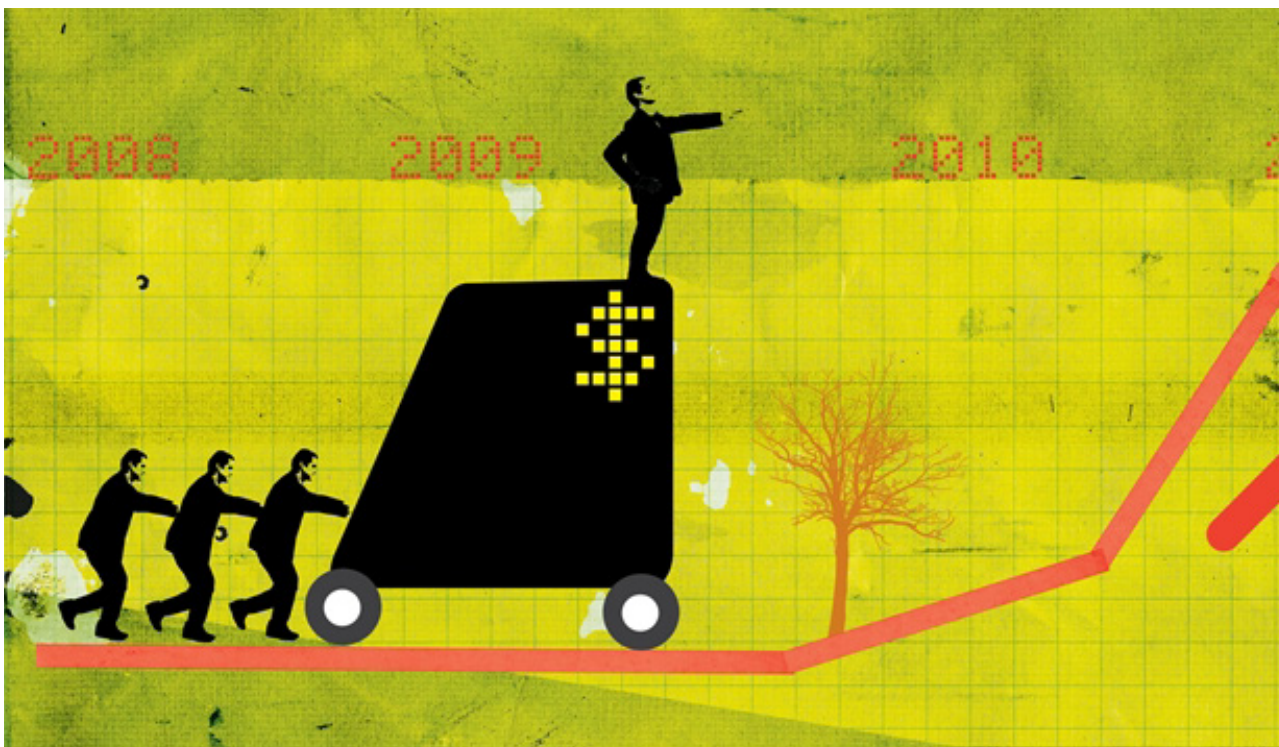
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*Kathleen Kelly Janus is the author of [Social Startup Success](#).*

*Johanna Mair and Christian Seelos, whose work is referenced in this article, are the directors of the [Global Innovation for Impact Lab at Stanford PACS \(GIIL\)](#). GIIL develops and shares knowledge on social*

*innovation and organizational strategies that is portable across geographies, sectors and issue domains. Through research partnerships with foundations, government and multilateral agencies, organizations in the social and private sector, and academic institutions, the Lab develops diagnostic tools and publishes its research findings both in scholarly journals as well as in practice-oriented outlets such as [PACS Stanford Social Innovation Review \(SSIR\)](#). Tools and publications are shared through this website, and at in-person workshops, salons, and public events.*

*Learn more at:*  
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# **BEYOND FUNDING: LEVERAGING YOUR PHILANTHROPIC TOOL KIT**

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By Anne Marie Burgoyne and Will Fowler

Within the philanthropic portfolio of Emerson Collective, we uplift and support the work of our partners by providing capacity-building resources—a diverse array of supports we believe can be as much or more catalytic than our monetary gifts.

The spirit of our Emerson philanthropy has focused around two questions: “How can we help?” and “What can we learn?” The former question drives the ethos of our capacity-building investments. Our goal, to build an ecosystem around hard problems, pushed us to ask the questions, “Beyond money, what can we bring to the table?” and “How can we enable

the people with whom we partner to bring their most effective selves to their work?”

Our partners embrace a wide array of structures and needs; 501(c)(3)s, 501(c)(4)s, social enterprises, and fellowship programs are all in our portfolio mix. So our goal is to meet leaders where they are, with the right financial gift as well as other opportunities that expand their skills and their horizons. We provide a variety of training opportunities on topics as diverse as nonprofit management, leadership, fund development, governance, and achieving scale. We also offer other

sorts of supports, including webinars (all topics sourced by partners and featuring partner stories), coaching, and accounting support. We even offered a management training in Nairobi last year in response to multiple partner requests.

Our trainings are structured to enable our partners to come together in community, while building a skill that enables their organizations to get stronger and drive toward greater impact. Sometimes we gather organizations that know each other well in order to build a safe and constructive space to build even stronger ties, and other times we choose to curate groups in order to form new bonds and foster strength in cross-pollinating ideas, models, networks, and leaders.

We typically bring leaders in pairs to our California gathering space, since we find that people engage and learn more when they share the experience with a colleague. The buddy structure also reinforces post-training follow-up within organizations.

In addition, every training includes an Emersonian dinner with all training participants—a lovely meal that promotes shared storytelling and mutual exploration of the topics of their work and our time.

This week, for example, we flew in 15 pairs of leaders from a cross-section of our portfolios to Palo Alto for a two-day training on fund development. We targeted partners with budgets under \$1 million that are all experiencing significant growth. Leaders from a diverse array of organizations shared stories, swapped ideas, and promised to be in contact in the months to come to provide support and encouragement.



After these trainings, we always gather feedback to increase the efficacy of our programs, as well as to identify new areas of need and get suggestions of excellent field practitioners. We consistently receive thanks for the specific learning that individuals take away, but even more important, attendees express gratitude for the chance to build community, explore their own leadership and management styles and skills, and have the chance to learn with other people in a supportive and creative setting. Our goal with these trainings is to build community, build confidence, and offer an opportunity that leaders cannot access without Emerson's backbone to provide curation, collaboration, and shared opportunity.

Our capacity-building program is entirely optional. We are on a path to diminish the power dynamic among money, ideas, and human capital in the sector (a concept that I heard Leah Hunt-Hendrix, executive director and cofounder of Solidaire, articulate beautifully when we recently sat on a panel together), and so we structure invitations to our partners in a way that enables them to easily accept or decline. Our role is to offer opportunities, take feedback and insight, and iterate toward supports that are the right fit—the right content in the right format at the right time—and not to expect partners to bend toward solutions that are not.

From an impact perspective, we have seen great strides in outcomes for many of our partners. We send six-month follow-up surveys after all of our training experiences, and hear back stories of re-energized boards of directors, re-formed fund development strategies, and renewed focus on scale

and impact. We also hear back more broadly about how valuable it feels to be offered the same experiences as peers in the for-profit sector, and how time to think and plan is a great gift, especially in times that are very tumultuous.

Our commitment to capacity building is fueled in part by the composition of and insights from our growing staff. Our team is full of social entrepreneurs who benefited from (or wished they had been offered more) cohort-building and capacity-building supports. Armed with this knowledge, we are on the journey to identify a portfolio of offerings that is responsive. We are operators and problem solvers and come to our work with that lens and that empathy. Clearly, different donors bring different perspectives and assets to their philanthropy, and so their choices of what to offer beyond the money might be entirely different.

I am convinced that philanthropy is about much more than money, and it is when these other offers are made and received that the work becomes richer, trust takes hold, more meaningful communication is enabled, and sustainable change begins.

As Emerson is a learning organization at heart, we have benefited from peers in the field who also provide strategic resources beyond grantmaking. We are inspired by the Skoll Foundation and Omidyar Network, which are both excellent conveners. The MacArthur Foundation is strong at taking big bets and running competitions and fellowship programs. The Hewlett Foundation periodically takes on important issues of our time with enormous commitment and rigor, including their current Cyber and Madison initiatives.

At Emerson, we are trying to very much honor the fundamental foundations of philanthropy: supporting leaders and organizations that value individuals and their agency and potential. We recognize that money is a fungible and necessary resource that drives action and supports hard and important work. But we also realize that we as a collective are in a unique position to provide opportunities that support a breadth of social change makers who are hungry for more and better skills, knowledge, and connectivity. We are diligent in finding ways to be practical and responsive, as well as innovative and passionate. In it all, we believe deeply in the power of humility and perseverance—qualities that help fuel our rugged optimism to help shape a better and more equitable world.

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