

The Future of Philanthropy in Uncertain Times: Five Years of Lectures

A project of the Philanthropy Forum
at the Graduate School of Public and International Affairs

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Introduction

Over the past five years, the Philanthropy Forum has hosted fourteen influential leaders in the field of the philanthropy as part of an annual lecture series, *The Future of Philanthropy in Uncertain Times*. Each of the Forum's distinguished guests has shared thoughts regarding the present and future state of philanthropy. Each lecture provided ample food for thought, and most of the remarks are available on the Philanthropy Forum website (<http://philanthropy.gspia.pitt.edu>) for reference. Each spoke to a specific topic, but taken together, their lectures weave together a snapshot of a field suspended between the contours of transition and transformation as the world around it hurtles through enormous change. This publication seeks to identify common threads or themes the speakers shared about the field. In the end, we circled back to each lecturer to invite their thoughts about what the next five years might hold for philanthropy as uncertain times persist, and philanthropy's promise to deliver and enhance greater public good continues to unfold.

Richard Gunderman, the inaugural speaker of this series, set the tone for the five years to come of analyzing philanthropy amidst unyielding change by tracing the origins and implications of generosity, philanthropy's bedrock. He placed philanthropy's imprint well beyond the transactional with the contention that giving by writing checks is merely the transfer of wealth; generosity requires more in the mode of investment and gift. Nearly every speaker advocated for an approach in which philanthropy serves as a catalyst of responsible change rather than as a channel to just give away money. Their common message was a call to embrace philanthropy's potential to secure impact, whether through better crafted strategies, creative uses of resources, innovative solutions, or specific forms of engagement and result seeking. In facing uncertain times, speakers urged the field to move beyond its financial wherewithal to adopt its power as a convener, donor, strategic planner and even activist, reflecting a uniform, if differently nuanced, view of this evolving work.

In prepared remarks, and then in dialogue with a panel of respondents and the audience at large, the discussions ranged from strategic philanthropy and social impact investment, to philanthropy's role in bridging divides in war-torn societies and building community in resource-strained communities. The lectures have served to engage, inspire, and challenge audiences.

Within the diverse and dynamic topics discussed, four key areas emerge that each speaker addressed in one form or another. These include:

the **importance of collaboration,**

the **power of transformation,**

the **need for increased transparency and accountability, and**

the **pledge for using tools of empowerment and political leverage to ensure enduring change.**

The thematic strands that follow entwine the threads that speakers offered over the past five years. In creating the lecture series, we hoped to offer field leader perspectives on how to push the envelope of philanthropy's expansive capacities. In inviting speakers from their various roles and regions, we sought to present a snapshot of trends and emerging practices with promise and cautionary tales. In the end, the speakers offered more than an image of one moment or individual point of view in time. Their remarks, and the conversations they continue to spawn, present a picture of a field grappling with remarkable and rapid change, and working out its operating principles and guiding precepts in broad daylight. We invite you to explore the themes they shared in the essays that follow.

Collaboration

Uncertainty brings unique challenges beyond the traditional ones organizations and communities often face. The philanthropic sector works on many of the issues that predated the economic recession in the course of its activities in the United States and around the world. Other sectors, including the government, business, NGOs, and the market, also attempt to resolve these same enduring issues. How well each sector envisions that its goals depend on the work of others often predicts how robustly the deeper issue embedded in moments of significant change can be resolved. Many of the Forum speakers explored the importance of multi-stakeholder partnerships to meet the challenges fortified by uncertainty, not only among peers in the philanthropic field, but across all sectors of society. They specifically highlighted the need for those within the sector to work with partners to achieve joint goals through collaboration and collective action in order to promote new approaches to tackling these issues. Several urged adopting a watchful eye to determine who may already be working on an issue and to work in tandem with these actors, avoiding the duplication of effort and failure to harness lessons learned. Several speakers stressed that the formation of an ongoing partnership between donor and donee should not stop at the monetary exchange, noting that power dynamics need to be scuttled if real change or solutions are to evolve. These partnerships can facilitate the critical thinking, formation of new ideas, development of systems, and the momentum necessary to tackle the deep complexity of the issues gripping society today, several speakers contended.

The Importance of Partnership Across Sectors

Senior Advisor at the Foundation Strategy Group (FSG), Leslie Crutchfield, shared the findings of "Do More Than Give: The Six Practices of High-Impact Nonprofits" co-authored by herself, John Kania, and Mark Kramer. Crutchfield cites the belief of many experts that we are currently in the "second golden age of philanthropy" in which donors understand the importance of working in tandem with the government and other sectors to leverage resources in order to create the greatest amount of impact. She identifies the key questions that catalytic donors, who seek to solve problems rather than "just give money away," ask themselves to determine how their money will have the most impact. These questions include: "How can we turn the wheels of government by changing or creating new policies? How can we harness the power of business and market forces to align with our social and environmental goals? How can we leverage other NGOs as partners in change, and how can we engage people?" These questions center around the notion that catalytic donors engage in partnerships across sectors, including government, business, NGOs, and people. Crutchfield illustrates the collaboration of these sec-

Jaqueline Novogratz, founder of Acumen Fund.

The Impact of Patient Capital

Patient Capital, or funding that can work over longer time horizons and without often having all of the answers, is a central asset of Jaqueline Novogratz's Acumen Fund, a non-profit venture capital fund to provide market based goods and services to the poor. Acumen merged "the rigor and the discipline of business with a humanitarian ethos of what it would take to really bring services to the low income people".

The fundamentals to make patient capital work are:

- Reducing the level of risk in the investment
- Insist on extreme affordability
- Offer incrementally and infinitely expandable or scalable

Patient capital means making investment in risk averse people, with probably unproven technology and knowing that the target market had a very limited income, but making the investment that ensured that as the companies grow, that patient capital would be a little less patient a second time. Patient capital does not work alone; it is matched with management assistance and monitoring of the social impact as well as the financial impact of the investment.

The principles underlying Novogratz framework of patient capital have been:

- "Dignity is more important to the human spirit than wealth"
- "Traditional charity and development top down solutions typically don't solve problems of poverty by themselves"
- "Markets alone will not do no solve the problem of poverty"

Jacqueline Novogratz is the founder and CEO of Acumen Fund and author of the book "The Blue Sweater" Bridging the Gap between Rich and Poor in an Inter-connected World.

tors as gears that must shift together in order for philanthropy to create impact and solve problems. Crutchfield states that the ultimate question a donor must ask in order to be catalytic is “How do I get all of these wheels turning together to solve problems so that my resources make a difference?”

Jacqueline Novogratz, founder of the Acumen Fund, addressed partnerships by explicitly cautioning that neither traditional charity, nor the market alone, can solve society’s intractable problems. In 2001, Novogratz started the Acumen Fund to help foster creative solutions to difficult problems through the use of patient capital. Patient capital, described by Novogratz as the “cornerstone” of Acumen Fund’s work, is a strategy of investing equity or loans into entrepreneurs and early-stage companies who provide affordable products and services to the poor. Novogratz provided examples of the success of several partnerships in which Acumen Fund has invested. “In each of these cases, we’re really starting to see patient capital taking a longer time to get started and then really moving up the J-curve of showing what’s possible, allowing the imagination, not just for us around what’s possible, but for the poor themselves to think about what they deserve and what they can access.” The partnerships in which Acumen Fund invests may help to empower the poor to take their own action, rather than rely on traditional top-down solutions to poverty. She recognized that the collaboration between “patient capital” and the government is the cornerstone for change.

Avila Kilmurray, Executive Director of the Community Foundation for Northern Ireland (CFNI), stressed the importance of seeking and sustaining partnerships, especially when addressing complex issues. Philanthropists “need to seek out those contrary partners who can pose critical questions, as well as work alongside them, to provide analysis and develop new strategic approaches.” Since 1994, CFNI has received partnership funding from the EU Peace Programs and charitable foundations, such as the British-based Quaker Joseph Rowntree Charitable Trust. In addition to funding partnerships, Kilmurray emphasized the importance of forming partnerships with NGOs and academics. For instance, CFNI’s ex-political prisoner work included the development of curriculum materials based on the experiences of individuals from a few different paramilitary backgrounds for schools. Kilmurray stated that the curriculum development could only be done with the support of academics from the Department of Education in Queen’s University Belfast. Additionally, CFNI’s Women and Peacebuilding project has drawn together a panel of academic and NGO sector experts, in addition to those involved with the women’s movement, to address the challenges inherent in peacebuilding and reconciliation. “The challenges thrown up by uncertain times require the pooling of expertise, and the space to pose difficult and often counter-intuitive questions.” Partnership was also a fundamental element for Margaret McKenna, President of the Wal-Mart Foundation. She stressed the importance of collaboration with foundations and with the government. “We have to collaborate. We cannot make a dent in these problems if we try to do it by ourselves, she said.

The Momentum Built by Collaboration

Crutchfield reiterated this concept of collective action by highlighting the role that catalytic donors can play in rallying communities to work with one another. “By using their convening power and their field-wide perspective,” Crutchfield stated, non-profits can prevent “competing with each other for different grants.” This, in turn, allows “the whole community to work towards the same goal.” But it is not only about funding collective actions, but changing the way non-profits collaborated away from fostering the fragmentation of efforts. Crutchfield and Gara La Marche, CEO of Atlantic Philanthropies, both recognized the value of other forms of peer collaboration, including work through coalitions and alliances. For instance, LaMarche pointed out that the Health Care Reform process was a product of the work of a coalition of thousands of groups that integrated forces to embrace the

Leslie Crutchfield – Senior Advisor of the Foundation Strategy Group. *The Practices of Catalytic donors*

Catalytic philanthropy makes reference to those donors that are able to marshal all of their resources—including their political, business, social and family connections, as well as their know-how, discipline, drive, and other non-financial assets—and apply them to advancing those causes.

Six practices were identified as key for engaging in catalytic giving:

- Advocate for change
- Blend profit with purpose
- Forge nonprofit
- Empower the people
- Lead adaptively
- Learn to create change

Leslie Crutchfield is senior advisor with Foundation Strategy Group, a non-profit strategy firm founded by Mark R. Kramer and Michael E. Porter, and was a managing director of Ashoka. She proposes the concept of catalytic philanthropy in her two recent publications: *Do More Than Give: The Six Practices of Donors Who Change the World*, coauthored with FSG managing directors John Kania and Mark Kramer, which was inspired by the best practices of high impact donors condensed in the previous work *Forces for Good: The Six Practices of High-Impact Nonprofits* by Leslie Crutchfield and Heather McLeod Grant (Wiley 2008).

momentum built collectively. La Marche communicated Atlantic Philanthropies role in that process, including the resources that it could provide in order to successfully “take the issue of the Health Care Reform over the finish line.” He reminds us, however, that this effort was the result of intense collaboration among many entities, stating, “it was built on the work of many people over a long long time.”

The Formation of New Ideas

Sally Osberg’s work at the Skoll Foundation illustrates many aspects of collaboration. . Collaboration with these social entrepreneurs around the world enables the foundation to meet the mission of the organization: “driving large-scale change by investing in, connecting, and celebrating social entrepreneurs and other innovators dedicated to solving the world’s pressing problems.” Osberg referenced John Gardener, the former Carnegie Corporation President, when she asserted, “You want the best people with the best ideas to walk through your door, and then you get behind them to help fuel and power up their visions.” Osberg shed some light on how the Skoll Foundation chooses which social entrepreneurs with whom it will collaborate and support, most especially incorporating the use of its “Four I’s” principle (see Osberg vignette for details) to evaluate potential future partners in change.

Aggregating Resources to Facilitate Change Beyond the Organization Itself

Beyond just giving, the Skoll Foundation sponsors programs and gatherings of social entrepreneurs and agents of change. This way, as Osberg states, “all people don’t have to learn all things ‘the hard way.’” By convening these types of gatherings, the foundation is able to connect leaders within the sector, as well as act as a catalyst of change beyond just traditional investments. Similar to the thoughts of Michael Dahl of the Pew Charitable Trusts about the foundation acting as an ‘aggregator of resources’, Osberg and the Skoll Foundation take the concept of ‘resources’ one step further by including the very human capital they have built in their network of social change agents. By encouraging collaboration and communication among their partners, the Skoll Foundation generates a level of potential change that goes beyond the organization itself. Many foundations act as the node for a web of change. The Skoll Foundation has clearly reached a new understanding of its role as the ‘foundation’. In Osberg’s work, creating the space to inspire ideas is just as important as funding them.

Sally Osberg, Skoll Foundation: *Innovative Thinking and New Frontiers in Philanthropy*

Sally Osberg, President and CEO of the Skoll Foundation and founding Executive Director of the Children’s Museum of San Jose, discussed how the Skoll Foundation operates within its innovative model of giving to choose projects and partners to support. Osberg and her team use the “Four I’s” to evaluate potential future partners in change. The organization looks for the following qualities in proposals:

- (1.) ISSUE: Does the project address an *issue* of global importance?
- (2.) INNOVATIVE: Is the project *innovative*?
- (3.) INFLECTION POINT: Has the project reached an *inflection point*. In other words, is the project ready to scale up to a national or international level)?
- (4.) IMPACT: What is the *impact* of the project? Is there evidence that early phases of the project are working?

Careful consideration of the four I’s allows Osberg and her team to more carefully choose the next steps the foundation will take. Because so many of these steps are moving the foundation into uncharted territory, careful consideration of this framework ensures that those steps are both calculated and full of opportunity.

Coordinate on Issues

Margaret McKenna, then President of the Walmart Foundation, addressed yet another idea of collaboration within the philanthropic sector. McKenna stated that after deciding what issue a foundation might want to tackle, it should then determine who may already be tackling that issue and partner with them. In McKenna’s opinion, in many cases the foundation’s board of directors and staff are likely not the first people to perceive a problem and propose a solution. It is probable that others are already in the field trying to develop solutions to these problems. This idea correlates with Osberg’s thought that you can bet on “good people doing good things.” Furthermore, Osberg asserted that “those good people lead to you other good people.” McKenna, like Osberg, recommended that foundations seek effective, focused, informed organizations with which they can jointly develop proposals. She noted, “We look for reputable, hardworking organizations and sit down with them to design the project that works. We don’t give money and stipulate it be used for project ‘X’, but instead we work as partners to find the best answer.” The relationship between donor and implementer, she warned, should not stop at the checkbook. Foundations must consider donations at the beginning of a

partnership with the receiving organization or individual. According to McKenna, collaboration in uncertain times must be very carefully coordinated, and it must be ongoing.

The Different Face of Philanthropy

Overall, the speakers emphasized a different face of philanthropy, one that goes beyond giving money away and focuses more on collaborating to ensure that change does indeed happen. Using different terms and different approaches, whether through Novogratz’s patient capital, the six practices of world changing donors explained by Crutchfield, or the Four I’s that guide the Skoll Foundation in selecting their social entrepreneurs, there is a clear shift away from traditional charity to a catalytic donor-based collaboration. Crutchfield captured this vision in challenging the concept of ownership: once acknowledged that donors operate in a complex world, that one donor could claim credit for a specific impact. “Which snowflake broke the branch? And... does it matter?”

The Power of Transformation

Many of our speakers stressed the need for philanthropy to adjust and adapt its approach to solving society’s most difficult problems. They discussed a few key strategies, centered on the idea of innovation and adaption, that enables philanthropy to respond to the dynamic nature of the problems and the world in which we live requires. These strategies include: strategic adaptation, patient capital, innovative giving, and seeding and sharing learning in approaches. By re-imagining strategies based on lessons learned from successes and failures, committing long-term investment to causes, creating and funding innovative models to solve solutions, and seeding, testing, or sharing learnings, philanthropy may harness the power of transformation to create lasting solutions to problems.

Strategic adaptation

Peter Frumkin proposed the concept of “Strategic Giving” for recurrent adaptation, using trial and error and lessons learned to test the best ways to give. Donors can make adjustments to the alignment of the five elements of the philanthropic diamond after periods of trial and error, refining and improving as experiences indicate.

Peter Frumkin, Professor and Director of the RGK Center for Philanthropy and Community Service at the University of Texas: *Philanthropic Diamond*

Frumkin developed the philanthropic diamond as a model to guide donors in developing strategies of giving based on the alignment of the diamond’s five dimensions:

1. Purpose
2. Theory of change
3. Style
4. Vehicle
5. Time

Strategic giving resides in the connections donors make across these five critical dimensions.

When these connections are achieved, donors can improve their strategy and the effectiveness of their giving.

Donors who receive the most satisfaction and social impact from giving found the moment of real intersect between their values and the public need.

Good strategy will be built in a hybrid model that evolves through an interactive approach in which the giver tries a method, measures the method, and adjusts accordingly.

Undergoing a process of adaptation has been key to the success – and even the very mission – of the Skoll Foundation. Sally Osberg noted that the Skoll Foundation did not “immediately understand the concept of ‘social entrepreneurship’.” Social entrepreneurship became a key component of the foundation’s work only after its leaders developed and refined the mission. Osberg credits long conversations with some of their original partners, like Bill Drayton of Ashoka, with helping the organization realize the potential of viewing social change as an investment that ought to have a measurable return. From that point, the Skoll Foundation implemented feedback loops to ensure the foundation was following its money by holding those who received the grants accountable for the change they set out to make. In the case of the Skoll Foundation, adaptation was more than just a tool used for process improvement. It has been fundamental to the molding of the very mission of the foundation.

Leslie Crutchfield contends that her fifth practice of catalytic donors – leadership style – and the sixth, dealing with “how” to approach an issue, are related to the internal traits of donors and are intimately connected to the concept of adaptation. Adaptive leaders recognize that problems are complex, and see the process of solving problems as adaptive challenges, Crutchfield asserted. “To get to the answer you have to learn along the way”. Learning to change is

achieved by understanding what progress was made towards the outcomes and how the information can be used to adjust the strategy to move forward.

Michael Dahl, of the Pew Foundation, also reflected on the importance of adaptation. Like Osberg, Dahl spoke about how adaptation became a fundamental tool for changing the way the organization functioned and viewed its work. As an established foundation, Pew was able to reinvent itself and adapt to a changing world with dynamic needs. He discussed the importance of both realizing and accepting the fact a foundation may reach a point when doing things 'the same old way' simply isn't effective. Dahl offered a unique window on Pew's transition from its status as a private foundation to a public charity. While comfortable operating as a private foundation, Pew's leadership determined that the limitations of private foundation status hindered Pew's achievement of its increasing far reaching goals. Moving to a public charity model allowed the foundation to more easily receive contributions for specific purposes, operate programs directly to engage in research and public education and use its assets more expansively.

Michael Dahl, Pew Charitable Trusts: *Exercising Philanthropic Muscles in Public Policy*

Michael Dahl, who has served as managing director and general counsel of Pew Charitable Trusts since 2007, shared his vision for the role of philanthropy in the realm of public policy. What role does the philanthropic community play on Capitol Hill? Or, perhaps more importantly, what kind of role *could* it play if more philanthropic organizations were willing to engage decision-makers in our nation's capital?

Dahl spoke about how philanthropic organizations can use expertise in certain subjects to be great catalysts for policy change. Considering that many organizations have done the research to identify the issues and have found the right partners to tackle those issues, why would the organization shy away from helping to lead the campaign for lasting policy change? After all, does the organization not have a stake in related legislation? Dahl gave examples of everything from efforts to achieve credit card reform to forest preservation to show how the Pew Charitable Trusts was able to invest relatively small sums in policy change campaigns to achieve immense, and lasting *institutionalized* change.

As a public charity, the Pew Foundation could more easily act as an aggregator of resources. Additionally, it was much easier for a public foundation to lobby for change in the halls of government. Change no longer meant just giving and hoping, Dahl contended. The foundation could actively develop policy campaigns and become a catalyst of change itself. The Pew Foundation's resources now wield a much louder voice and can spread the call for change even further. As Dahl remarked, adaptation is more than just making simple adjustments to the current activities. It can sometimes be a re-imagining of the most fundamental elements of the foundation – inclusive of the governing hierarchy and organizing legal status.

Persistence first

For Jaqueline Novogratz, the concept of Patient Capital is a product of the need to adapt to an interconnected world and to different paradigms of development. In particular, Acumen adapted approaches to address development in the framework of Amartya Sen, an Indian economist, recognizing that "dignity is more important to the human spirit than wealth." The three fundamentals of patient capital are adaptations of financial models that were required to efficiently serve the needs and characteristics of the targeted population. The adaptations were applied to reduce the level of risk in order to allow low-income people to invest, to provide extreme affordability, and to encourage incremental and infinitely expandable opportunities. In fact, Novogratz recognized that "no investors in their right mind would invest in the most risk-averse people, with an unproven technology, knowing that the target market made about a dollar a day, but with patient capital, we could do that." As illustrated by the success of Acumen Fund's approach to creating poverty solutions, innovation has been the key to successful adaptation. Novogratz even described the innovation involved in Acumen Fund's patient capital model as probably oxymoronic: "a non-profit venture capital fund for the poor, but guided by the need to adapt methods of business in order to fit the needs of a different audience."

Gara LaMarche, then-President and CEO of The Atlantic Philanthropies, emphasized the importance of persistence in the cause and adaptation for the means in working towards comprehensive U.S. health care reform. He remarked that the Atlantic Philanthropies funded *Healthcare for America Now*, a broad coalition engaged in an effort of organizing, communications, and lobbying that united behind a set of principles that would become the basis for healthcare reform when a President was elected in 2008. Healthcare reform became the principle focus of the Obama Administration and, in 2010, President Obama signed the Patient Protection and Affordable Care Act into law. Soon after, members of Congress made efforts to repeal the Act. In order to make the reform sustainable, therefore, it was necessary for proponents of reform, including The Atlantic Philanthropies, to continue to be persistent and to adapt to the needs of the cause. In her lecture, Novogratz recognized the need for the same type of persistence in the work of Acumen

Fund's partnerships. The partners working with Acumen Fund must understand the decision-making process of the poor in order to provide them with the products and services that will meet their needs. To do so, partners must constantly learn and adapt the services and solutions they provide.

Innovative giving

Sterling Speirn, President and CEO of The W.K. Kellogg Foundation urged that the process of innovation should remain a central part of the daily work of the philanthropy. His view of innovation praised the value of small bets that can lead to big ideas as they are retooled and get tested as the learning occurs. For Speirn, successes are important but he highlighted the need to "talk more openly about program failures and grants that don't achieve their intended purposes so that we learn from and build upon them." In comparing the philanthropy industry with Silicon Valley, in the latter, failures are not the end game but part of the natural process of innovation.

Innovation and risk go hand in hand, Paul Brest contended, stating that most philanthropy is or should be risky. Philanthropic efforts often fail, but this failure is not necessarily negative. "If we

understand risk, and take an expected returns attitude approach, our risky ventures will be justified by the possibility of high payoffs. And this attitude encourages realism and candor about failure. Different funders have different risk tolerances--and this attitude will help funders to understand their own tolerance for risk."

The recent uncertain times following the great recession brought declining assets and fewer grant dollars. Grant Oliphant of The Pittsburgh Foundation suggested that innovative approaches to resource development were essential tools. He presented several financial schemes to face long-term financial problems, such as pooled funds, funder collaboratives, and web 2.0 tools, to capitalize on the social and financial capital in times of economic distress.

Paul Brest used the metaphor of a voyage to a specific location to describe strategic philanthropy. The aim of philanthropy, according to Brest, is to get to your goal, but also to get there in the most efficient and effective way possible. The elements of strategic philanthropy include, identifying a problem, specifying a goal to achieve a resolution of the problem, ensuring that a strategy is grounded in a sound theory of change, tracking progress, and thinking about and accounting for risk is philanthropy is to achieve its intended results.

Increased Accountability and transparency

Nearly every speaker addressed the need for measuring and demonstrating results as part of philanthropy's arc of accountability. Most of our speakers called for increased accountability and transparency in the philanthropic field. They identified four main avenues to address this challenge: improve mechanisms of measurement of investment impact, both financial and social; increase ownership, transforming beneficiaries into stakeholders; engage with responsibility, even beyond the initial boundaries of the projects, and embrace openness for the discussion and analysis of the challenges to tackle.

Measurement and ownership

Jacqueline Novogratz, founder of the Acumen Fund, stressed the need for measurement and transparency in philanthropy and advised measuring investment impact in terms of both the social and financial impact produced. Leslie Crutchfield, author on scaling social innovation and high-impact philanthropy, emphasized the importance of accountability in the process of forging collective action, as well as the outcome of that action. According to Crutchfield, measurements of success are a fundamental condition in facilitating non-community work towards a collective goal.

Paul Brest, President of the Hewlett Foundation: *Philanthropy as a Voyage:*

The Importance of Strategic Giving

Philanthropy is a voyage to a specific destination.

Philanthropy's goal should be to get there to get there as efficiently and effectively as possible.

Outlines the elements of strategic giving:

1. Identifying the problem
2. Specifying a goal to achieve the problem
3. Undergird strategy with a sound theory of change
4. Track progress
5. Think about risk because most philanthropy is pretty risky

Recognize that a huge amount of philanthropy is failure and that this is not necessarily a bad thing; exercise an "expected return attitude"

Both Novogratz and Crutchfield used specific examples of the success of philanthropic work that formally engaged stakeholders through financial ownership in projects, including The Jacobs Family Foundation, who developed the very first community development Initial Public Offering allowing community members to purchase stocks at 200 dollars. Similarly, Novogratz highlighted the success of LifeSpring hospitals in India. The government and a nonprofit own LifeSpring hospitals; however, LifeSpring itself uses a for-profit model of delivering health care for low-income women, focused on offering the best service, rather than just affordability.

President and CEO of The Atlantic Philanthropies, Gara LaMarche, approached the topic of accountability through the sense of responsibility to the cause. He highlighted the importance of realizing the consequences of committing to a cause and acting responsibly by staying with the cause even beyond the initial time frame of a project. LaMarche stressed the importance of continuing to support the cause to make sure that the progress achieved will be enduring: "It takes persistence to achieve a victory, but it also takes persistence to stay with the cause because if you take your eye off the ball, if you wipe the dust out of your hands and go for something else, it could unravel."

Accountability and Openness as a driver of change

Margaret McKenna, formerly of the Walmart Foundation, contended that money and influence are precious commodities and must be guarded by imposing a level of accountability on those who seek to benefit from these very commodities. Without accountability, McKenna cautioned, there is a risk of path dependency because Foundations may continue to do work and engage in giving even if their actions are not achieving optimal results. Sally Osberg of the Skoll Foundation stated that if there is no return on investment--no social change--giving by the foundation ceases. Osberg noted, "Social entrepreneurs have all the characteristics of an entrepreneur--they bear risk, they bring innovation, they're focused, they're driven, they're creative, and they are powerful agents of change." The risk these social entrepreneurs bear reflects the fact that the foundation holds the grant recipients accountable for the progress of their work. It is this accountability that incentivizes more change.

Margaret McKenna: *Strategic Philanthropy and the Role of Corporate Giving*

Margaret McKenna, president of the Wal-Mart Foundation from 2007 to 2011 and President Emeritus of Lesley University, challenged her audience to ask a tough question: What can philanthropy do better? Prior to her time at Lesley University, she worked as director of the Bunting Institute and Vice President of Radcliff College, Harvard University. Her career also includes time as a civil rights lawyer for the Department of Justice and, under the Carter administration, as Deputy Under Secretary of Education and Deputy White House Counsel. McKenna arrived to the University of Pittsburgh as an expert in education and related philanthropic efforts. McKenna was able to help her audience understand how strategic giving works in a foundation with private corporate ties.

Foundations, McKenna asserted, must reflect very carefully about the purpose of their work in terms of what donors want and do NOT want to accomplish through any given act of giving. She noted that Wal-Mart focused carefully on fulfilling a philanthropic mission that was congruent with the company's mission as a whole. For example, she notes, Wal-Mart selects initiatives that 'fit' the company, like literacy, racial gaps in achievement and housing. While it might be tempting, she notes, Wal-Mart does not invest in science, math, and technology initiatives because 'it's not what they [Wal-Mart] do best'. Instead, the corporate foundation invests in initiatives in which they can exercise existing corporate know-how and build a strong bridge that connects philanthropic mission and the core elements of their business.

McKenna spoke about the power wielded by foundations – specifically the power of capital. She said that corporate foundations need to be aware of the power behind their capital and their brand name. The Wal-Mart foundation, for example, had a mission of improving nutrition. The foundation was able to work with company executives to convince vendors to provide foods with less salt and no trans-fat. As a result, ostensibly, people who shop at Wal-Mart would have an opportunity to purchase healthier foods and, as the foundation's mission goes, 'live better'. She noted that corporate foundations must be ready to use their significant influence to direct the course of positive changes they wish to see. In this sense, the parent company can be a very effect partner in foundation initiatives.

Much of Emmett Carson's speech entitled, "Philanthropy's Declining Moral Leadership," touched upon the importance of raising accountability within the philanthropic sector itself. Carson called upon philanthropists to stop talking around the issues and to "get more candid in calling it like we see it" in order to "address the challenges in front of us." He discussed the largely absent role of the philanthropic community throughout the recession beginning in 2008, stating, "through this downturn, largely philanthropy stayed silent." As America faced severe budget challenges and cuts in funding to programs that people cared about and communities needed, the philanthropic sector was absent from discussions, he maintained.

Carson reminded the audience that "philanthropy has multiple positions on any issue you want to name," but that philanthropy has not been involved in the discussions surrounding those issues or in how the values that frame those issues are declared, calibrated and applied. Carson argued that 2007 and 2008 were years in which the sector could talk about the opportunities for philanthropy. "This is when we could show the worth of philanthropy in society, but now the window is closing for that opportunity for leadership." The question remains--why has the window closed? Carson argued that people are no longer looking to philanthropy to play that role and he believes "this will have devastating negative consequences." Carson stated, "We are in crisis and deep denial." He challenged the philanthropic community with critical questions to enable it to maintain and to continue to earn the public trust that enshrines its tax and other privileges. "What will be our argument as to why we shouldn't be affected by tax changes? What can we show that we are a value add to society?" These are questions that both practitioners and students of philanthropy can continue to ask and attempt to solve.

Emmett Carson, President and CEO of the Silicon Valley Foundation: *Transparency and Accountability are Key*

- Expresses the notion that philanthropy exists to carry out public trust, i.e. private values for public good.
- Philanthropy needs to stop talking around issues and become more candid.
- States that the philanthropic sector is in deep denial, and asks the question: "What can we do to show that we [the philanthropic sector] are a value add to society?"
- Addresses the issue of lowering the charitable deduction as a sign that the American public does not feel that philanthropy is beneficial

Enduring Change:

Using Tools of Empowerment and Political Leverage to Ensure Long Term Effectiveness of Philanthropic Efforts

Several speakers examined philanthropy's role in facilitating enduring change, especially through deep understanding of the context, through advocacy work and public policy initiatives. For Richard Gunderman, change and giving are related to wisdom. He referenced Aristotle in that without wisdom, it's impossible to be generous: "[giving] to the right person, at the right time, in the right way and for the right reason. It's difficult to be generous. You have to understand the people involved. You have to understand the situation." Insight and deep understanding about underlying conditions are fundamental to not only generosity, but to good grantmaking, especially in times when the facts are unclear or the road ahead untried.

The Role of Philanthropy in Policy Change

Sara Gould, former president of the Ms. Foundation for Women, discussed the role that philanthropy must play in changing public policy, especially policies directed towards "economic stimulus and recovery activities" for women and girls. Without an active voice from philanthropy, the needs of these populations may go unheeded, further compounding the effects of the economic dislocation on the families these women lead and the roles they play in society. Gara LaMarche effectively persuaded The Atlantic Philanthropies to advocate for policy change with the following logic: "If we have the opportunity to spend the resources that we have to make a fundamental change in social policy that could be enduring, if we had the opportunity to play a critical role on social security and Medicare that would last through generations and really impact the lives of many ordinary people, why wouldn't you do it?"

The role of public policy campaigns by Pew Charitable Trusts illustrates the growing importance of seeking enduring structural change in modern philanthropy. Instead of focusing solely on individual projects, Pew Charitable Trusts hopes to achieve policy goals that will ensure that change is both broad and long-term in nature. Michael Dahl spoke about the ability of the foundation to influence important credit card reforms that will help many consumers, particularly those who are most financially vulnerable. In some ways, this policy work helps the foundation stop future issues and problems before they start. If the right policy changes are made today, there will be less of a need to fight for

those changes tomorrow. The status quo will be fundamentally altered by changes in policy and will be less likely to return.

While some philanthropic organizations like Pew Charitable Trusts and The Atlantic Philanthropies have chosen to tackle policy change, many philanthropists shy away from advocacy for policy change, a phenomenon identified by Leslie Crutchfield. Meanwhile, some high impact donors understand that unless they work in partnerships, raise their voices, and use their political connections to advocate for policy change, they forfeit the opportunity to create as much impact as possible.

Empowering the Community to Sustain Change

In order to engage in advocacy for policy change and facilitate solutions with enduring impact, the philanthropic sector must first create a climate that holds politicians accountable to make such change possible. For instance, according to LaMarche, in the case of the Health Care Reform, policy change was fostered by creating a movement to which the President would feel accountable--by creating a climate to attract the political level to say "this is something that I should do, even counter intuitively." The premise behind this approach to policy change is that it is the role of philanthropy to empower people so that they themselves can take control of their own lives and lead the change that they need. In explaining the fight in South Africa against HIV/AIDs and for access to antiretroviral, LaMarche linked persistence with enduring change not only in being the direct channel of advocacy but also promoting that people take responsibility, organize and act to demand the most of their government. This suggests that empowerment programs, community engagement and public education are critical allies to advocacy with policymakers as well.

According to Sally Osberg, it is important for an organization to communicate their drive for change to others. If the public is unaware of the change implemented by organizations, the very importance of that change may be misunderstood or, worse, unrecognized. If others do not understand the importance of the goals a foundation is trying to make, it may be unlikely that others will be willing to fight for that change. Consequently, the sustainability of that change will become wholly dependent upon the foundation. Osberg emphasized the use of "advocacy and media to 'amplify' the message of social entrepreneurship." This amplification encourages the public to give and facilitates a generation of change that can have ripple effects that go well beyond those who are immediately impacted. Facilitating an awareness of change can be fundamental in sustaining that change and helping it to grow in the future.

Avila Kilmurray, Director of the Community Foundation for Northern Ireland, echoed the importance of the public in generating sustainable change, calling for a type of philanthropy that "works with people so that they themselves can become agents of their own change, contributing to the sustainability of that change." Kilmurray discussed the importance of encouraging community member participation in creating policies that will inevitably affect their own lives, stating "people who are most affected by those policies must be at the table." She emphasized that communities have the ability to identify their own issues and needs, and suggested that engaging communities in this way is essential to producing the appropriate type of philanthropy that will have the most positive and helpful impact within a community. Philanthropy has the power to facilitate enduring change, according to Kilmurray, "but it takes time, energy, and imagination, and the courage to ask difficult questions" in order to do so. As our inaugural speaker, Dr. Richard Gunderman, mentioned back in February 2009: "it doesn't matter how much wealth we have; we can't be generous unless we're also wise and unless we understand what we're giving, to whom we're giving, when we're giving and, above all, why we're giving."

Avila Kilmurray, Director of the Community Foundation for Northern Ireland: *Philanthropy's Four Roles*

Philanthropy can act as a catalyst, a convener, a communicator, and a campaigner.

Catalyst: Philanthropy can use knowledge in new and different ways

Convener: Philanthropy can bring people who are most affected by policies to the table

Communicator: Philanthropy can provide a "voice to the voiceless" by airing issues that would otherwise remain under the radar

Campaigner: Philanthropy should engaged in risk-taking that "communicates the complexities of our societies"

Philanthropy should documents both its failures and its successes

"Particularly in uncertain times it is reasonable for philanthropy to be unreasonable to mobilize support to common good that can be measured by the improvement of life circumstances and opportunity of the