

AS OF SEPTEMBER 13, 2010

SYLLABUS FOR PPS 264S.26
FALL 2010

PHILANTHROPY: THE POWERS OF MONEY

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OFFICE HOURS:
THURSDAY 1:30-3:00
OR BY APPOINTMENT

COURSE DESCRIPTION

This course is designed to enable graduate students and upper-level undergraduates to deepen their understanding of philanthropy and its distinctive—and important—role in American society. We will cover its history, cultural origins, influence on social policy, interactions with government, how foundations work (and don't work), strategy formulation and execution, and the issues foundations face in maintaining legitimacy and efficacy. This is not an introductory course, and familiarity with the social sector is required for registration.

The course will be broken into three Parts: the first, providing some background and history; the second, focusing on philanthropy's current operational realities; the third, looking at where philanthropy may be going. Students will write two papers, the second of which will describe the creation of a first-rank foundation established to solve, as much as possible, a critical social sector issue.

PART 1, SESSIONS 1-3:
PHILANTHROPY: WHAT IT IS, WHERE IT COMES FROM

1. Philanthropy in Historical Context: Origins and Purpose
2. The Rise of the Nonprofit Sector and Philanthropy's Current Operating Environment
3. Mission, Goals, Strategy, and Tactics

PART 2, SESSIONS 4-9:
PHILANTHROPY: WHAT IT DOES, HOW IT DOES IT

4. It's All About the Money: Grantmaking
5. It's Not All About the Money: Networking, Convening, Technical Assistance, and Other Forms of Nonmonetary Influence

6. Advocacy: Persuading Policymakers, Legislators, the Courts, and the Public
7. Going to Scale and Crafting an Exit Strategy
8. You've Just Inherited \$100 Million: Now What?
9. Metrics: Outputs, Outcomes, Impact Measurement, and the Politics of Data

PART 3, SESSIONS 10-14:

PHILANTHROPY: WHERE IT'S GOING

10. Old Problems, New Solutions: Alternative Approaches to Increasing Social Good
11. Old Problems, Bigger (and Better?) Solutions: The Bill and Melinda Gates Foundation
12. Critics: Left, Right, Center
13. Philanthropy and Networked Information Technologies: The Soul of a New Machine?
14. TBA/Conversation with a Foundation CEO

OUTLINE OF ASSIGNMENTS

The following assignments are designed to put the concepts presented in each session to work in a building-block fashion. There will be two written assignments, in addition to class participation, on which you will be graded. The first is due the day before fall break, October 14. The second is due December 10. Both papers demand critical reflection on which you will be graded—on the challenges and constraints inherent in foundations' methods, their chosen giving models, and the process of executing programs given the current state of philanthropic practice. The second paper will focus on a social/civic issue that you choose to address. It may well require some additional library research to give context to the issue. If time and interest permit, students will present a summary of their final papers for discussion and feedback at the final class—we will discuss this option.

NOTE: Our second class falls on September 9, the Jewish Holiday of Rosh Hashanah. I will not be in attendance and we will reschedule the class in the first meeting.

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FIRST ASSIGNMENT

Write a 6-8 page single-spaced essay reflecting on the following:

- What is philanthropy?
- If philanthropy did not already exist, given our current political, economic, and social environment, could it be created today? What are the favorable conditions or barriers to entry that support your conclusion?
- Would you choose a particular vehicle (e.g., foundation, donor advised fund, direct giving, etc?) to use as your funding approach? Why?
- Do you think the “root cause,” scientific approach of Carnegie and Rockefeller is applicable today? If so, in what way?

- What are the greatest assets that foundations bring to tackling today's social problems? More broadly, should philanthropy even be focused on solving social problems? Is that its role? Is that its history?
- Critique philanthropy in the United States as it functions today. What are the strengths and weaknesses and which are inherent in the structure of philanthropy itself? What strategies does it take to create change? Is change always incremental, or can it be transformative? What is the importance of leadership at the top? What are the particular limitations of the dominant philanthropic models today?
- Given the relatively small size of all foundations, even when taken together, and compared to the government and private sector, what should their role be vis-à-vis the other two sectors? What changes in a) organization, b) leadership c) law and/or regulation and d) funding approach do you recommend that are realistic in order to increase the effectiveness of foundations? Make your case by referring to examples you have read about and others with which you are familiar.

We will discuss the requirements for this paper during the second class. The paper is due October 14, 2010, though I will be pleased to receive it before fall break begins. Please deliver two hard copies to my mailbox or office and e-mail it to me as well.

SECOND ASSIGNMENT

Incorporating all of the concepts developed in this course to this point: *identify and define a social problem* (e.g., curing autism, shrinking the high school dropout rate, assisting prisoner re-entry into society, rebuilding a specific neighborhood or city, etc.). *Articulate a goal and develop a theory of change* for how you would address it. Briefly *identify a strategy or strategies* you would use to meet your mission. Provide the rationale for each of the strategies you identify.

Here is the framework for how to work through the assignment:

Select a philanthropic model/vehicle (organized philanthropy, donor advised fund, community foundation, corporate foundation, operating foundation, etc.) through which you would execute against the goal you identified and create an operating budget for your model that is broadly typical of those already established in the sector. Provide the rationale for your selection, including how it aligns with:

- your animating “giving philosophy”
- desired impact
- how strategic you want your foundation/giving model to be
- range and scale of resources required (social and financial)
- potential partners/inter-sector and cross-sector alliances
- likelihood of success.

Illustrate how your capital investments would carry out your theory, say by answering the following questions:

- Are you working on a social problem in a new or established field?
- What level of capitalization is needed to support your intended outcomes? How much would you plan to spend?

- Given the limits of the philanthropic model you selected, how would you work toward achieving the necessary level of capitalization? With whom would you partner and why? Would you go it alone?
- What kinds of organizations would you fund—community-based, start-ups, mature groups?
- Ideally, what percentage of budget would you fund and what percentage (if you choose) would others?
- What would your grants look like—size, duration, type?

Describe how you would approach overall implementation in relation to your philanthropic goals and resources:

- What is your time horizon to (substantially) reach your goals?
- Using data and narrative, describe your plan in the short- and long-term?
- What metrics would you use to assess the success and lack of success of your work? Why did you select them? How would you know you are successful and how would you measure success?
- How you will incorporate/disseminate findings and results—yours, as well as your grantees?
- What organizational resources—yours as well as your grantees or others—may be required to enact your plan (time and money as well as research requirements)?

Within the paradigm of your selected philanthropic giving model, and drawing on the knowledge you have built to date, describe:

- The type and length of relationships you have with grantees. Are you a “builder” or a “buyer”? A highly engaged funder, or not? What do your grantees find most valuable about your engagement? How can you (or can you?) develop high levels of trust and communication?
- The power or turf dynamics getting in the way of your work or the work of your grantees—if any. What’s at issue here?
- How performance relates to your funding decisions—will positive performance lead to more assistance to your grantees, the same, or less? What is your rationale?
- Your grantees’ greatest challenges. What, if anything, can you do to partner with grantees to address them?

This paper should be 15-25 pages single spaced, well-researched and argued. There is no single answer to this assignment. The paper should contain an executive summary and all relevant financial materials as well as text. You do *not* have to answer the questions above in a lock-step manner, and many of the questions overlap. They are presented here to give you a sense of the subject matter that will help you develop a philanthropic solution to the social/civic problem you have chosen. We will discuss the requirements for this paper right after the midterm break. Paper topics must be discussed and approved by me the following week. Please set up half-hour appointments with Sarah Burdick.

The paper is due December 10, 2010. Please deliver two hard copies to my office and e-mail it to me. You will be penalized 1% of your grade for each day late. No paper will be accepted beyond three days of its due date. For this second paper you may find one or two partners to work the issue with you (in fact, I recommend it); if you do, you will all receive the same grade. As noted, you must discuss with me the subject you have chosen and get my approval before proceeding. Before meeting with me, it would be

useful to both of us for you to prepare one-half- to one-page problem statement on the subject area you choose.

GRADING

Class participation = 20%, first paper = 30%, second paper = 50%. I may have “bonus” tasks for those who are interested—to be discussed.

STUDENT RESPONSIBILITIES

You will need to come prepared to answer the discussion questions and otherwise sustain a provocative debate about the readings. I will expect one or two students to start discussion off at each class and will utilize other formats to bring out the best thinking.

Because discussion is so important, regular attendance is mandatory. Each student will be allowed one excused absence. Please let me (or Sarah Burdick) know beforehand if you are going to be absent. Except in extraordinary circumstances, each absence beyond the first will reduce your course grade. Absences that are not pre-cleared likewise will result in a deduction.

Class participants are expected to attend at least four of the five Foundation Impact Research Group (FIRG) seminars unless their other classes make it impossible.

All FIRG seminars start at 4:30 p.m. and are held in the Rhodes Conference Room in the Sanford building:

DATE	SPEAKER'S NAME	AFFILIATION
Tuesday September 21	Joel Fleishman Tony Proscio	Professor of Law and Public Policy, Duke Author and consultant
Tuesday October 5	John Abele	Chairman, Argosy Foundation Cofounder and a director of Boston Scientific
Tuesday October 19	Lois Lerner	Director, Exempt Organization Division of the Internal Revenue Service
Tuesday November 2	Nancy Roob	President and CEO, Edna McConnell Clark Foundation

Tuesday November 30	Rip Rapson	President, Kresge Foundation
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“Seminars, like democracies, work well when there are strong norms of reciprocity and good citizenship. My obligations to you are to (1) treat you and your ideas with respect; (2) grade you fairly, conscientiously, and in a timely manner; (3) be available to answer your questions and otherwise facilitate your progress in class; and (4) foster the creation of intellectual and social capital. Your obligations to your fellow students and me are to (1) show up for class having conscientiously completed the reading and writing assignments; (2) contribute diligently and constructively to sections and lecture discussions; and (3) *do your own work*. There is only one decision that you can make in college that will screw up the rest of your life, and that is to plagiarize or otherwise cheat. Don’t do it. I will uphold the Duke Community Standard without mercy or exceptions.” (<http://www.integrity.duke.edu/ugrad/student.html>) [Thanks to Professor Kristin Goss for letting me use this paragraph from her syllabus.]

Finally, please know that I am a strong believer in high quality, clear, expository writing. I will not be sympathetic to papers containing incorrect spelling, syntax, grammar and otherwise sloppy expression. Please do not submit papers with these flaws. Have your colleagues and friends go over and edit your papers if you need the help; I will not heavily edit your papers, but will take note of it in your submissions and reflect it in your grade.

Note 1: Minor modifications may be made to this syllabus during the semester.

Note 2: I will need to change the date of the class scheduled for September 9 and possibly the date of one other class. Plenty of notice will be given for reschedulings.

Note 3: Feedback from members of the class is encouraged.

COURSE READINGS

The following books have been ordered by the Duke Student Store:

Boris, Elizabeth T., and C. Eugene Steuerle, eds., 2006. *Nonprofits & Government: Collaboration & Conflict (Second Edition)*. Washington: Urban Institute Press.

Brest, Paul, and Hal Harvey, 2008. *Money Well Spent: A Strategic Guide to Smart Philanthropy*. New York: Bloomberg Press.

Powell, Walter W., and Richard Steinberg, eds., 2006. *The Nonprofit Sector: A Research Handbook*. New Haven: Yale University Press

Salamon, Lester, ed., 2002. *The State of Nonprofit America*. Washington: Brookings Institution Press.

Note: Some of the weekly reading assignments appear daunting—overly long with too many selections. Don't panic! Many of the readings are only a few pages long, and some overlap in subject. Very few are the sort of dense, academic writing that is slow and laborious to work through. If you pace yourself and work diligently, you will have no problem completing the assignments.

Try to read the Required Readings in the order listed on the syllabus. Within each session, the Required Readings have been arranged with an eye toward leading you through a narrative. Depending on the session topic, the Required Readings may be arranged deductively (general to specific), inductively (specific to general), dialectically (thesis, antithesis, synthesis), and so on. If, for whatever reason, you find it's not possible for you to read the Required Readings in the order listed, that's okay; but to get the full effect, please make an effort to read them in the order listed.

Suggested Readings are listed in order of importance.

Links to many of the Readings have been embedded in this syllabus. All Required Readings that are not linked to here are either included in the books you will have purchased or have been made available on Blackboard.

Thank you for being part of this class.

WEEKLY ASSIGNMENTS

1. Philanthropy in Historical Context: Origins and Purpose¹

Philanthropy in America has evolved over the last century from a relatively private domain (private acts by wealthy individuals) to the public domain (as grantmaker, advocate and sometime partner of government and private sector). Examine the cultural, religious and public policy landscape surrounding the origins of early/modern philanthropy, and how the unique combination of historical events created the conditions for philanthropy's development.

- Is there a difference between charity and philanthropy? Can you give examples?
- How did culture and the long tradition of charity and voluntary, often faith-based service in the U.S. influence early philanthropists?
- What did Andrew Carnegie and John D. Rockefeller think of charity? What did they think of religion in philanthropy?
- To what extent did the industrial revolution and societal transitions influence the formation of and direction of philanthropic institutions in the last century?
- Did early proponents of philanthropy seek to ameliorate or solve social problems? Why and how? What were the greatest challenges they faced? Were there regional differences?
- Did early philanthropists grapple with accountability issues? Accountability to whom, and for what?
- How did the rise of a new industrial elite and progressive movement combine and clash? What role did public opinion play?
- How did the relationship between philanthropy and government evolve?
- Is philanthropy optimistic or pessimistic?
- How do you view philanthropy? What is your own personal experience and/or knowledge of philanthropy?

Required Readings

Hall, Peter Dobkin, 2006. "Historical Overview of Philanthropy, Voluntary Associations and Nonprofit Organizations in the United States 1600-2000." Pp. 32-65 in Walter W. Powell and Richard Steinberg, eds., *The Nonprofit Sector: A Research Handbook*. New Haven: Yale University Press.

Mulhearn, Christine, 2000. *Women in Philanthropy: Mrs. Russell Sage (Margaret Olivia Slocum) [1828-1918]*. Cambridge, MA: Kennedy School of Government, Harvard University. Available on Blackboard.

Schindler, Steven, 2007. "The Transformation of American Medical Education: The Flexner Report: Carnegie Foundation for the Advancement of Teaching, 1906." In Joel L. Fleishman, J. Scott Kohler, and Steven Schindler, *Casebook for the Foundation: A Great American Secret: How Private Wealth Is Changing the World*. New York: PublicAffairs. Available at http://cspcs.sanford.duke.edu/sites/default/files/descriptive/flexner_report.pdf.

¹ In the first class we will have a short reading assignment and discussion. Reading material will be handed out in class. This reading assignment applies to our second class. We will also discuss the work of the semester.

Schindler, Steven, 2007. "Carnegie Public Libraries for America's Communities: Carnegie Corporation of New York, 1911." In Joel L. Fleishman, J. Scott Kohler, and Steven Schindler, *Casebook for the Foundation: A Great American Secret: How Private Wealth Is Changing the World*. New York: PublicAffairs. Available at http://cspcs.sanford.duke.edu/sites/default/files/descriptive/carnegie_public_libraries.pdf.

Smith, James Allen, 1999. "The Evolving American Foundation." Pp. 34-51 in Charles T. Clotfelter and Thomas Ehrlich, eds., *Philanthropy and the Nonprofit Sector in a Changing America*. Bloomington: Indiana University Press. Available on Blackboard.

Prewitt, Kenneth, 2006. "Foundations." Pp. 355-375 in Walter W. Powell and Richard Steinberg, eds., *The Nonprofit Sector: A Research Handbook*. New Haven: Yale University Press.

Schindler, Steven, 2007. "Building Schools for Rural African Americans: Julius Rosenwald Fund, 1920." In Joel L. Fleishman, J. Scott Kohler, and Steven Schindler, *Casebook for the Foundation: A Great American Secret: How Private Wealth Is Changing the World*. New York: PublicAffairs. Available at http://cspcs.sanford.duke.edu/sites/default/files/descriptive/rosenwald_fund.pdf.

Eckholm, Erik, 2010. "Black Schools Restored as Landmarks." *New York Times*, January 15. Available at <http://www.nytimes.com/2010/01/15/us/15schools.html>.

Strom, Stephanie Strom, 2010. "Pledge to Give Away Half Gains Billionaire Adherents." *New York Times*, August 4. Available at <http://www.nytimes.com/2010/08/05/us/05giving.html>.

Recommended Readings

Karl, Barry D., and Stanley Katz, 1981. "The American Private Philanthropic Foundation and the Public Sphere, 1890-1930." *Minerva* vol. 19, no. 2: pp. 236-270. Available on Blackboard.

Bishop, Matthew, and Michael Green, 2008. "5 Golden Ages." Available at <http://www.philanthrocapitalism.net/bonus-chapters/5-golden-ages/>.

Bremner, Robert H., 1988. "Important Dates," pp. 217-236, and "Scientific Philanthropy," pp. 85-99, in Robert H. Bremner, *American Philanthropy (Second Edition)*. Chicago: University of Chicago Press. (You may want to skim the rest of the book.)

Hammack, David, 2006. "American Debates on the Legitimacy of Foundations." Pp. 49-89 in Kenneth Prewitt, Mattei Dogan, et al., eds., *The Legitimacy of Philanthropic Foundations: United States and European Perspectives*. New York: Russell Sage Foundation.

National Trust for Historic Preservation, 2009. "The Rosenwald Rural School Building Program." Available at <http://www.preservationnation.org/travel-and-sites/sites/southern-region/rosenwald-schools/history/>.

2. The Rise of the Nonprofit Sector and Philanthropy's Current Operating Environment

Contrast the start-up nature of the previous session with the growth and maturation of the sector, current operating environment, and how that environment is influencing philanthropy today. Get a sense of how the nonprofit sector has developed. Highlight adaptation struggles of established institutions (transparency, engagement, etc.).

- What is the size and scope of philanthropy today? Of the nonprofit sector? How did the nonprofit sector get started?
- How does the magnitude of today's philanthropic efforts compare to that of past eras? What has been the impact of the current recession? Do recessions lead to shrinkage of giving?
- How does the nonprofit and infrastructure landscape today compare to that of early philanthropists?
- Has the expansion of philanthropy diversified the goals and strategies of today's philanthropists? Does more money and do more funders lead to better outcomes or just more of them?
- Has philanthropy maximized its "boundary spanning"—intersectoral influence and partnerships—capacities? Can other sectors perform these functions?
- How well do foundations collaborate intersectorally? With grantees? With other sectors? What has been the historic record of collaboration?

Required Readings

This class has somewhat more reading than others. It's the overall "plumbing" of the sector. Don't try to memorize and don't get too nervous. You know a lot already.

Salamon, Lester, 2002. "The Resilient Sector." Pp. 3-61 in *The State of Nonprofit America*. Washington: Brookings Institution Press.

Abramson, Alan, and Rachel McCarthy, 2002. "Infrastructure Organizations." Pp. 331-334 in Lester Salamon, ed., *The State of Nonprofit America*. Washington: Brookings Institution Press.

Karl, Barry D., and Alice W. Karl, 1999. "Foundations and the Government: A Tale of Conflict and Consensus." Pp. 52-72 in Charles T. Clotfelter and Thomas Ehrlich, eds., *The Legitimacy of Philanthropic Foundations: United States and European Perspectives*. Bloomington: Indiana University Press. Available on Blackboard.

Domhoff, G. William, 2005. "The Ford Foundation in the Inner City: Forging an Alliance with Neighborhood Activists." Santa Cruz, CA: University of California at Santa Cruz. Available at http://sociology.ucsc.edu/whorulesamerica/local/ford_foundation.html. (Skim this reading.)

Troyer, Thomas A., 1999. "The 1969 Private Foundations Law: Historical Perspective on Its Origins and Underpinnings." *Exempt Organization Tax Review*, vol. 27, no. 1: pp. 52-65. Available at <http://www.capdale.com/files/Publication/e44a0b84-95c7-403f-b3a9-650681e25075/Presentation/PublicationAttachment/62c06dcf-de96-4a23-bffc-67a996f1c949/The%201969%20Private%20Foundation%20Law.pdf>.

Gronbjerg, Kirsten A., and Lester Salamon, 2002. "Devolution, Marketization, and the Changing Shape of Government-Nonprofit Relations." Pp. 447-471 in Lester Salamon, ed., *The State of Nonprofit America*. Washington: Brookings Institution Press.

Diaz, William, 2002. "For Whom and for What? The Contributions of the Nonprofit Sector." Pp. 517-535 in Lester Salamon, ed., *The State of Nonprofit America*. Washington: Brookings Institution Press.

Boris, Elizabeth T., 2006. "Nonprofit Organizations in a Democracy—Roles and Responsibilities." Pp. 1-29 in Elizabeth T. Boris and C. Eugene Steuerle, eds., *Nonprofits & Government: Collaboration & Conflict (Second Edition)*. Washington: Urban Institute Press.

National Center for Charitable Statistics, 2009. "Quick Facts About Nonprofits." Washington: Author. Available at: <http://nccs.urban.org/statistics/quickfacts.cfm>.

Foundation Center, 2009. "Highlights of Foundation Yearbook." New York: Author. Available at http://foundationcenter.org/gainknowledge/research/pdf/fy2009_highlights.pdf.

Foundation Center, *Foundation Growth and Giving Estimates: Current Outlook, 2010 Edition*. New York: Author. Available at <http://foundationcenter.org/gainknowledge/research/pdf/fgge10.pdf>. (Skim.)

Cohen, Rick, 2009. "Infrastructure Grantmaking: Summary with Key Findings." Pp. 35-49 in *The Nonprofit Quarterly Study on Nonprofit and Philanthropic Infrastructure*. Boston: Nonprofit Quarterly. Available at <http://www.nonprofitquarterly.org/images/infrastudy.pdf>.

Barton, Noelle, and Ian Wilhelm, 2010. "Despite Asset Gains, Most Grant Makers Will Keep Purse Strings Tight in 2010." *Chronicle of Philanthropy*, March 21. Available at <http://philanthropy.com/article/Foundations-Remain-Cautious/64723/>.

Recommended Readings

Fleishman, Joel L., 2009. "Introduction to the Paperback Edition," pp. 1-21; "Foundations: What They Do and How They Do It," pp. 57-69; and "The Third Great Force: America's Civic Sector," pp. 71-89, in Joel L. Fleishman, *The Foundation: A Great American Secret: How Private Wealth Is Changing the World*. New York: PublicAffairs.

Renz, David O., 2009. "The U.S. Nonprofit Infrastructure Mapped." Pp. 29-33 in *The Nonprofit Quarterly Study on Nonprofit and Philanthropic Infrastructure*. Boston: Nonprofit Quarterly. Available at <http://www.nonprofitquarterly.org/images/infrastudy.pdf>.

Giving USA Foundation, *Giving USA: The Annual Report on Philanthropy for the Year 2009, Executive Summary*. Glenview, IL: Giving Institute. Available at <http://www.pursuantmedia.com/givingusa/0510/>. (Requires free registration.)

Arnsberger, Paul, Melissa Ludlum, et al., 2008. "A History of the Tax-Exempt Sector: An SOI Perspective." *Statistics of Income Bulletin*, Winter: pp. 105-126. Available at <http://www.irs.gov/pub/irs-soi/tehistory.pdf>.

Freemont-Smith, Marion R., 2009. *Can Nonprofits Save Journalism? Legal Constraints and Opportunities*. Cambridge, MA: Joan Schoenstein Center on the Press, Politics and Public Policy, John F. Kennedy School of Government, Harvard University. Available at http://www.hks.harvard.edu/presspol/publications/papers/can_nonprofits_save_journalism_freemont-smith.pdf.

Fulton, Katherine, and Andrew Blau, 2005. *Looking Out for the Future: An Orientation for Twenty-first Century Philanthropists*. San Francisco: Global Business Network and the Monitor Institute. Available at <http://www.futureofphilanthropy.org/files/finalreport.pdf>.

Discussion of First Writing Assignment

3. Mission, Goals, Strategy, and Tactics

Management guru Jim Collins found through empirical research in the private sector that “Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline.” For better or worse, “conscious choice” and “discipline” have various interpretations in the nonprofit sector. This session will examine foundation strategy: how it’s defined, its relationship to innovation, and the extent to which it drives impact.

- Do foundations typically articulate clear strategies? Why, and what’s at stake?
- What role does a foundation’s mission play in strategy setting? Values?
- To what extent does, or should, a foundation’s resources influence its grantmaking strategy?
- What are “root causes”? What are “root solutions”?
- How does traditional “scientific philanthropy” differ from today’s strategy movement in philanthropy?
- How do foundations determine external need?
- What is a “Logic Model?” A “Theory of Change?” Do they make sense as funding tools? As tools for grant requests?
- What role does innovation play in the foundation strategy context?
- What does it mean to “scale up?” Does this apply to organizations or to ideas or both? Has the sector learned how to scale up well?
- What is the relationship between strategy and metrics? Can you really do metrics for complex initiatives?
- How do external pressures—or lack thereof—influence foundation strategy?
- How transparent should foundations be in publicizing their strategies?
- Is the strategic approach to philanthropy a form of overreach? Should foundations be more humble in their aspirations?
- Should foundations exist in perpetuity? Why? Why do so few foundations spend down their endowments?

Required Readings

Brest, Paul, and Hal Harvey, 2008. Chapters 1-5, pp. 3-85, in *Money Well Spent: A Strategic Guide to Smart Philanthropy*. New York: Bloomberg Press.

Bolduc, Kevin, Ellie Buteau, et al., 2007. *Beyond the Rhetoric: Foundation Strategy*. Cambridge, MA: Center for Effective Philanthropy. Available at http://www.effectivephilanthropy.org/assets/pdfs/CEP_BeyondTheRhetoric.pdf.

Tierney, Thomas J., 2007. "Higher-Impact Philanthropy: Applying Business Principles to Philanthropic Strategies." *Philanthropy*, February 14. Available at <http://www.bridgespan.org/LearningCenter/ResourceDetail.aspx?id=320>.

Stauber, Karl N., 2001. "Mission-Driven Philanthropy: What Do We Want to Accomplish and How Do We Do It?" *Nonprofit and Voluntary Sector Quarterly*, vol. 30, no. 2: pp. 393-399. Available at <http://nvs.sagepub.com/content/30/2/393.full.pdf+html>.

Mittenthal, Richard, 2005. "Philanthropy Program Design." Pp. 74-94 in Dirk Eilinghoff, ed., *Rethinking Philanthropic Effectiveness: Lessons from an International Network of Foundation Experts*. Gütersloh, Germany: Bertelsmann Foundation. Available at http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-830762B6-9EFAC7AA/bst/xcms_bst_dms_24742_24743_2.pdf.

Bailin, Michael A., 2003. "Re-Engineering Philanthropy: Field Notes from the Trenches." Washington: Center for Public & Nonprofit Leadership, Georgetown University. Available at <http://www.emcf.org/who-we-are/past-programs/transition-at-the-foundation-2000-2004/re-engineering-philanthropy-field-notes-from-the-trenches/>.

Recommended Readings

Frumkin, Peter, 2006. "Logic Models: Theories of Change, Leverage, and Scale." Pp. 174-216 in *Strategic Giving: The Art and Science of Philanthropy*. Chicago: University of Chicago Press. Available on Blackboard.

Organizational Research Services, 2004. *Theory of Change: A Practical Tool for Action, Results and Learning*. Baltimore: Annie E. Casey Foundation. Available at <http://www.aecf.org/upload/publicationfiles/cc2977k440.pdf>.

International Network on Strategic Philanthropy, 2005. *Theory of Change Tool Manual*. Gütersloh, Germany: Author. Available at http://www.wingsweb.org/download/Theory_of_Change_Tool_Manual_Full_Version.pdf.

Kasper, Gabriel, and Stephanie Clohesy, 2008. *Intentional Innovation: How Getting More Systematic About Innovation Could Improve Philanthropy and Increase Social Impact*. Battle Creek, MI: W.K. Kellogg Foundation. Available at <http://www.monitorinstitute.com/downloads/IntentionalInnovation-FullReport.pdf>.

4. It's All About the Money: Grantmaking

In 1956, the critic Dwight Macdonald observed, "The Ford Foundation is a large body of money completely surrounded by people who want some." Grantmaking is the soul of philanthropy. Done well, it can change the world. Done poorly, it can also change the world—for the worse. This session will look at the various means by which foundations and other donors give money to promote the social good.

- How do foundations choose their grantees? How should mission, goals, and strategy affect the method by which grantees are chosen?
- Why are general operating support grants important? Why shouldn't all grants be for general operating support? What is the appropriate proportion of general operating to project grants?

- What happens after the check has been cut? How do foundations keep themselves informed about their grantees?
- What are the advantages of matching grants, donor collaboratives, giving circles, and other forms of giving that are more complex than the straightforward funder-grantee relationship? What are the potential downsides?
- What is the nature of the funder-grantee relationship? Must the grantee always be in a position of subservience?
- To what extent does philanthropic grantmaking represent a transfer of assets from the well-off to the less well-off? Should foundations be allowed a completely free hand in choosing whom to fund?

Required Readings

Kohler, Scott, 2007. "The Green Revolution: Rockefeller Foundation, 1943." In Joel L. Fleishman, J. Scott Kohler, and Steven Schindler, *Casebook for the Foundation: A Great American Secret: How Private Wealth Is Changing the World*. New York: PublicAffairs. Available at http://cspcs.sanford.duke.edu/sites/default/files/descriptive/green_revolution.pdf.

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http://www.givingforum.org/s_forum/bin.asp?CID=611&DID=25089&DOC=FILE.PDF.

Wolpert, Julian, 2006. “Redistributional Effects of America’s Private Foundations.” Pp. 123-149 in Kenneth Prewitt, Mattei Dogan, et al., eds., *The Legitimacy of Philanthropic Foundations: United States and European Perspectives*. New York: Russell Sage Foundation. Available on Blackboard.

Prewitt, Kenneth, 2006. “American Foundations: What Justifies Their Unique Privileges and Powers.” Pp. 27-46 in Kenneth Prewitt, Mattei Dogan, et al., eds., *The Legitimacy of Philanthropic Foundations: United States and European Perspectives*. New York: Russell Sage Foundation. Available on Blackboard.

Foster, Lauren, 2007. “US Foundations Come Clean.” *Financial Times*, December 10. Available at <http://www.ft.com/cms/s/2/8faa9010-a70e-11dc-a25a-0000779fd2ac.html>.

Recommended Readings

Center for Effective Philanthropy, “Public GPRs.” Available at <http://www.effectivephilanthropy.org/index.php?page=gpr-reports>. Read the Surdna Foundation GPR. Take a look at a few from foundations you’ve heard of as well as from foundations you haven’t heard of.

5. It’s Not All About the Money: Networking, Convening, Technical Assistance, and Other Forms of Nonmonetary Influence

Exercising independence and brokering relationships in ways that are available to neither the public nor private sector, foundations are unique in their capacity to establish long-term vision and harness intangible assets—knowledge, networks, convening power—to achieve their goals. This session will examine the power of agenda-setting in a multi-stakeholder environment, and other roles foundations take.

- Are foundations public institutions or private? How does their legal status influence their ability to leverage resources? What can they do that government and corporations cannot do?
- To what extent is trust a key intangible asset?
- Are inclusive processes, field building, networking, convening power, and cross-sectoral leadership useful? How? Do foundations do these well? Do you sense that each of the three sectors understands what the others do?
- How do donor preferences and goals influence forms, or vehicles, of giving?
- How do levels of investment, length of engagement and expected outcomes get chosen? What are the dominant patterns?
- Can you see a development in social consciousness in foundations over the 100 years of philanthropy? No change? Backsliding?
- Do foundations “owe” anything to society in exchange for their tax exemption? What if their record of accomplishment is poor? Would anyone know or care? Should nonprofit status be revoked and who has the power to revoke it?

- Are foundations basically undemocratic and inherently unfair?
- Are there too many foundations in the United States?

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Renz, Loren, 2007. *More Than Grantmaking: A First Look at Foundations' Direct Charitable Activities*. New York: Foundation Center. Available at <http://www.wallacefoundation.org/SiteCollectionDocuments/WF/Knowledge%20Center/Attachments/PDF/more%20than%20grantmaking.pdf>.

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Varela, Barry, 2007. *Three Foundations and the Pittsburgh Public Schools*. Durham, NC: Center for Strategic Philanthropy and Civil Society, Sanford School of Public Policy, Duke University. Available at <http://cspcs.sanford.duke.edu/sites/default/files/ThreePittsburghfinal.pdf>.

Recommended Readings

Porter, Michael, and Mark Kramer, 1999. "Philanthropy's New Agenda: Creating Value," *Harvard Business Review*, vol. 77, no. 6: pp. 121-130. Available at http://www.fsg-impact.org/ideas/pdf/Philanthropys_New_Agenda.pdf.

Kohler, Scott, 2007. "Smart Growth Initiative: Surdna Foundation et al, 1999." In Joel L. Fleishman, J. Scott Kohler, and Steven Schindler, *Casebook for the Foundation: A Great American Secret: How Private Wealth Is Changing the World*. New York: PublicAffairs. Available at http://cspcs.sanford.duke.edu/sites/default/files/descriptive/smart_growth_initiative.pdf.

Selsky, John W., and Barbara Parker, 2005. "Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice," *Journal of Management*, vol. 31, no. 6: pp. 849-873. Available at <http://jom.sagepub.com/content/31/6/849.full.pdf+html>.

6. Advocacy: Persuading Policymakers, Legislators, the Courts, and the Public

The scale of monetary assets of even the largest foundations is dwarfed by size of the problems philanthropy addresses. One way foundations increase the impact of their limited resources is through advocacy. This session examines how foundations can advance their agendas by influencing, either directly or indirectly, other societal actors.

- Foundations are restricted by law in their freedom to lobby lawmakers. To what extent have strictures against lobbying inhibited foundations from pursuing advocacy of all kinds?
- Besides direct lobbying, how can foundations influence legislators?
- When should foundations become advocates themselves? When should they work through intermediaries?
- How can the effectiveness of an advocacy campaign be measured? Are the results of an advocacy campaign more difficult to measure than other kinds of interventions? Is that a reason for eschewing advocacy?
- What are the dangers to a foundation of being seen as an advocate?
- Is educating the public an efficient means of changing public policy?
- Foundations answer neither to shareholders nor to voters. Is foundation advocacy undemocratic?

Required Readings

GrantCraft, 2005. *Advocacy Funding: The Philanthropy of Changing Minds*. New York: Author. Available at <http://www.grantcraft.org/?pageid=1307>.

Ranghelli, Lisa, and Julia Craig, 2010. *Strengthening Democracy, Increasing Opportunity: Impacts of Advocacy, Organizing, and Civic Engagement in Los Angeles*. Washington: National Committee for Responsive Philanthropy. Available at http://www.ncrp.org/files/publications/gcip-la_report_low_res.pdf.

Isaacs, Stephen, and Ava Swartz, 2006. *Banning Junk Food and Soda Sales in the State's Public Schools*. Los Angeles: California Endowment. Available at http://www.calendow.org/uploadedFiles/banning_junk_food_soda_sales.pdf.

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Recommended Readings

Grantmakers for Health, 2000. *Strategies for Shaping Public Policy: A Guide for Health Funders*.

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Discussion of Second Writing Assignment

7. Going to Scale and Crafting an Exit Strategy

Undercapitalized businesses fail. The nonprofit sector supports a complex relationship among mission, operational capacity and urgent needs, and funders are increasingly recognizing—rediscovering—that success depends on sustainable nonprofit capacity. In this session, we will examine nonprofit capital structure—distribution, nature of assets and liabilities—and how capital investments impact growth and sustainability. We will also take a critical look at how funders often undermine their own effectiveness by undercapitalizing their grantee partners, and choices and opportunities ahead.

- What does the typical foundation grant look like—size, duration, type?
- What percentage of an organization’s budget does a funder typically fund?
- What’s the difference between general operating support and program support—and which better meets the financial and organizational needs of nonprofits? Of funders? How?
- What constitutes “scale” in the nonprofit sector? In different nonprofit fields?
- How high are the transaction costs related to grantmaking processes?
- How when and why does the funder exit? How does the nonprofit “replace” those funds?
- Is there a rhyme and/or reason how groups get funded? Do funders’ patterns of funding inevitably lead to poor performance? Of the organization? Of the field? Of the sector?
- Do foundation leaders understand the true cost of the programs they create/support?
- Would a more rational philanthropic capital system lead to a more viable nonprofit sector? Why hasn’t it happened yet?
- What are the downsides of VC markets? Do they become inherently less risky over time? What does this suggest for nonprofits?
- If nonprofits symbolize market failure, why are market strategies sought as a solution?
- What direct activities do funders engage in, beyond providing capital in the form of grants, loans, or program-related investments, which have a significant effect on the grantee organization?

Required Readings

Bradach, Jeffrey, 2003. “Going to Scale: The Challenge of Replicating Social Programs,” *Stanford Social Innovation Review*, vol. 1, no. 1: pp. 19-25. Available at http://www.ssireview.org/images/articles/2003SP_feature_bradach.pdf.

Overholser, George M., n.d. “Nonprofit Growth Capital: Defining, Measuring and Managing Growth Capital in Nonprofit Enterprises: Part One: Building Is Not Buying.” Nonprofit Finance Fund. Available at <http://nonprofitfinancefund.org/files/docs/2010/BuildingIsNotBuying.pdf>.

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Roob, Nancy, and Jeffrey L. Bradach, 2009. "Scaling What Works: Implications for Philanthropists, Policymakers and Nonprofit Leaders." New York: Edna McConnell Clark Foundation and the Bridgespan Group. Available at <http://www.bridgespan.org/uploadedFiles/Homepage/Articles/Scaling%20What%20Works%20-%20EMCF-Bridgespan%20April2009.pdf>.

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Emerson, Jed, Tim Freundlich, et al., *Nothing Ventured, Nothing Gained: Addressing Critical Gaps in Risk Capital for Social Enterprises*. Oxford, UK: Skoll Centre for Social Entrepreneurship, Said Business School, Oxford University. Available at <http://www.benetech.org/about/downloads/NothingVenturedFINAL.pdf>.

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Letts, Christine W., William C. Ryan, and Allen Grossman, 1997. "Virtuous Capital: What Foundations Can Learn from Venture Capitalists." *Harvard Business Review*, vol. 75, no. 2: pp 36-41. Available at http://www.halftime.org/resources/Virtuous_Capital_HB.pdf.

Meehan, William F. III, Derek Kilmer, and Maisie O’Flanagan, 2004. “Investing in Society: Why We Need a More Efficient Social Capital Market—and How We Can Get There,” *Stanford Social Innovation Review*, vol. 1, no. 4: pp. 34-43. Available at http://www.ssireview.org/articles/entry/investing_in_society/

8. You’ve Just Inherited \$100 Million: Now What?

Philanthropic giving may appear simple, but giving effectively is difficult. Many donors start out by personally directing and managing their giving. As the scale of their giving increases, however, the time and attention required leads many donors to seek the assistance and guidance of trusted advisors. In this session, we will experience philanthropy from the perspective of a new donor (you)—and explore how donors identify their philanthropic values, establish mission, and set goals.

- What are your values? What approach would you adopt for your philanthropic giving?
- Does personal satisfaction and low-risk philanthropy count as “less good” than strategic and high-risk philanthropy? What if you aren’t interested in directly solving the social problems?
- Founder/donor intent—to what extent does it matter? Should it matter?
- Does family play a distinctive role in philanthropy, and what have been family philanthropy’s chief challenges, accomplishments, impacts?
- How does individual or family philanthropy differ from organized or corporate philanthropy?
- What are the appeals of a foundation “in perpetuity” v. a “spend down”? Are new donors favoring one approach over another?
- When should you “get in” and when should you “pull out”?

Required Readings

Noonan, Kathleen, and Katherina Rosqueta, 2008. “I’m Not Rockefeller’: 33 High Net Worth Philanthropists Discuss Their Approach to Giving.” Philadelphia: Center for High Impact Philanthropy, School of Social Policy & Practice, University of Pennsylvania. Available at http://www.impact.upenn.edu/images/uploads/UPenn_CHIP_HNWP_Study.pdf.

Fulton, Katherine, and Andrew Blau, 2005. “Choosing Your Path: Principles for Seizing the Opportunity Ahead.” Pp. 61-75 in *Looking Out for the Future: An Orientation for Twenty-first Century Philanthropists*. San Francisco: Global Business Network and Monitor Institute. Available at <http://www.futureofphilanthropy.org/files/finalreport.pdf>.

Kramer, Mark, 2006. “Don’t Confuse Generosity with Impact on Society,” *Chronicle of Philanthropy*, June 29. Available on Blackboard.

Singer, Peter, 2006. “What Should a Billionaire Give—and What Should You?” *New York Times Magazine*, December 17. Available at <http://www.nytimes.com/2006/12/17/magazine/17charity.t.html>.

Arenson, Karen W., 2007. “Princeton Faces Trial over Use of Gift Now Worth \$880 Million.” *New York Times*, October 26. Available on Blackboard.

Gose, Ben, 2007. “Princeton Suit May Hinge on Judge’s Interpretation of Founding Document,”

Chronicle of Philanthropy, November 15. Available on Blackboard.

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Strom, Stephanie, 2008. "Helmsley Left Dogs Billions in Her Will." *New York Times*, July 2. Available at <http://www.nytimes.com/2008/07/02/us/02gift.html>.

Stehle, Vince, 2009. "Should Leona Helmsley's Wish Come True?" *Chronicle of Philanthropy*, June 18. Available on Blackboard.

Recommended Readings

Frumkin, Peter, 2006. "Dimensions of Philanthropic Value." Pp. 146-173 in *Strategic Giving: The Art and Science of Philanthropy*. Chicago: University of Chicago Press.

Meadows, Curtis W. Jr., 2002. "Philanthropic Choice and Donor Intent: Freedom, Responsibility and Public Interest." Washington: Center for Public & Nonprofit Leadership, Georgetown University. Available at http://cpnl.georgetown.edu/doc_pool/Nielsen0205Meadows.pdf.

Johnston, David Cay, 2005. "Study Shows the Superrich Are Not the Most Generous." *New York Times*, December 19. Available at <http://www.nytimes.com/2005/12/19/national/19give.html>

Ostrander, Susan A., 2007. "The Growth of Donor Control: Revisiting the Social Relations of Philanthropy." *Nonprofit and Voluntary Sector Quarterly*, vol. 36, no. 2: pp. 356-372. Available at <http://nvs.sagepub.com/content/36/2/356.full.pdf+html>.

9. Metrics: Outputs, Outcomes, Impact Measurement, and the Politics of Data

From the inception of organized philanthropy, there has been a tension between perceptions of "elite" (theory-based, professional) and "grassroots" (practitioner-based, local) approaches. This tension is being broken apart today as boundaries between sectors blur, and as actors and institutional forms navigate them with increasing agility. Further, technology is reestablishing philanthropy's roots in traditional scientific methodologies (with its heavy emphasis on finding solutions, constructing hypotheses, systematic approach, and feedback), democratizing and enabling more and better feedback data. All of this is placing

new and increasing demands on organizations of all types and sizes in the sector. In this session, we will examine how foundations and nonprofits measure social change.

- What is *effective* philanthropy and how would we know it when we see it? Do funders have any responsibility to be effective?
- Is short-term performance measurement a good proxy for understanding impact over time?
- In practice, how does performance data influence strategy? Can you give examples?
- To what extent is evaluation an established practice in philanthropy?
- What are metrics? By whom are they typically selected? How are they used? Who uses them?
- What does managing for impact look like in the philanthropic system (aka alignment: what leaders say they value, and what they actually DO - within foundations, within nonprofits, and between foundations-nonprofits)?
- Does a nonprofit's performance influence depth and duration of funding?
- What are the biggest barriers to creating sector-wide frameworks for effectiveness? Do funders and nonprofits have a responsibility to share their data on effectiveness? What is the typical pattern of sharing in the sector?
- Does a focus on continuous improvement dampen or sustain innovation?
- How does rigorous use of performance data *strengthen* foundations' ability to communicate? Collaborate? Achieve goals?
- Is the current operating environment making philanthropy more, or less, cautious in its approach to effectiveness?

Required Readings

Katz, Stanley N., 2005. "What Does It Mean to Say That Philanthropy is 'Effective'? The Philanthropists' New Clothes." *American Philosophical Society*, vol. 149, no. 2: pp. 123-131. Available at <http://www.jstor.org/stable/4598921>.

Brest, Paul, 2008. "The Importance of Data." Pp. xi- xviii in William and Flora Hewlett Foundation, *Annual Report 2007*. Menlo Park, CA: Author. Available at <http://annualreport.hewlett.org/2007/statement/index.asp>.

Pauly, Edward, 2005. "The Role of Evaluation in the Twenty-First Century Foundation." Pp. 95-110 in Dirk Eilinghoff, ed., *Rethinking Philanthropic Effectiveness: Lessons from an International Network of Foundation Experts*. Gütersloh, Germany: Bertelsmann Foundation. Available at http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-830762B6-9EFAC7AA/bst/xcms_bst_dms_24742_24743_2.pdf.

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Brest, Paul, and Hal Harvey, 2008. "Impact on Steroids: Measuring the Social Return on Your Philanthropic Investment." Pp. 149-166 in *Money Well Spent: A Strategic Guide to Smart Philanthropy*. New York: Bloomberg Press.

Snibbe, Alana Conner, 2006. "Drowning in Data." *Stanford Social Innovation Review*, vol. 4, no. 3: pp 39-45. Available at http://www.ssireview.org/images/articles/2006FA_feature_snibbe.pdf.

GiveWell, n.d. "Most Charities' Evidence." Brooklyn, NY: Author. Available at <http://www.givewell.org/giving101/Most-Charities-Evidence>. Feel free to follow the links on this page.

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Olsen, Sara, and Brett Galimidi, 2008. *Impact Measurement Approaches: Recommendations to Impact Investors*. San Francisco: Social Venture Technology Group. Available at http://svtgroup.net/sites/default/files/publication/download/RIIC_Report_Final.pdf.

Sawhill, John, and David Williamson, 2001. "Measuring What Matters in Nonprofits," *McKinsey Quarterly*, vol. 2, no. 2: pp. 98-107. Available at https://www.mckinseyquarterly.com/Measuring_what_matters_in_nonprofits_1053. (Requires free registration.)

GrantCraft, 2006. *Making Measures Work for You: Outcomes and Evaluation*. New York: Author. Available at www.grantcraft.org

Tuan, Melinda T., 2008. *Measuring and/or Estimating Social Value Creation: Insights into Eight Integrated Cost Approaches*. Seattle: Bill and Melinda Gates Foundation. Available at <http://www.gatesfoundation.org/learning/documents/wwl-report-measuring-estimating-social-value-creation.pdf>.

Fleishman, Joel L., 2002. "Accountability: To Whom and For What Purposes." Washington: Center for Public & Nonprofit Leadership, Georgetown University. Available at http://cpnl.georgetown.edu/doc_pool/Nielsen0202Fleishman.pdf.

Gertner, Jon, 2008. "For Good, Measure." *New York Times*, March 9. Available at <http://www.nytimes.com/2008/03/09/magazine/09metrics-t.html>.

10. Old Problems, New Solutions: Alternative Approaches to Increasing Social Good

The traditional philanthropic stewardship model resembled the traditional private sector management model: it was institutional and hierarchical. Deep economic and cultural changes are driving a transition away from that model, and transforming the way new philanthropists think about change and organize their giving. In this session, we will examine new and emerging forms of philanthropy, and compare distinguishing characteristics and their significance.

- What challenges do highly market-conscious feedback mechanisms pose to traditional, established foundations? What opportunities do they present for stakeholders?

- What is social entrepreneurship? Is it a solution to social problems? Is it feasible? Does it fit in the nonprofit sector?
- What is philanthrocapitalism? Is it transformational—does it seek to change society dramatically? Or incremental—does it seek to harness the market to extend access to goods and services? Are these ideas new to philanthropy? How? What are their implications in strategy?
- Is adopting “business thinking” in grantmaking inherently risky? How? To whom?
- Do stakeholder rights and engagement differ in traditional philanthropic and “philanthrocapitalistic” systems? Is either system more “democratic”?
- What are the tensions between social and financial return, and how can they be navigated?
- How do long-haul strategies contrast with typical funding strategies (grant size and duration)? How are new philanthropists challenging this paradigm? In what ways?
- What is Mission Based Investing? Review market rate and below-market rate investment approaches (social screens, PRIs, social enterprise, voting proxies etc.)—what is the risk/return potential across asset classes, including reputational risk of investments?
- Do alternative approaches lead to better social and financial metrics?

Required Readings

Dees, J. Gregory, 2001. *The Meaning of Social Entrepreneurship*. Durham, NC: Center for the Advancement of Social Entrepreneurship, Fuqua School of Business, Duke University. Available at http://www.caseatduke.org/documents/dees_sedef.pdf.

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11. Old Problems, Bigger (and Better?) Solutions: The Bill and Melinda Gates Foundation

Warren Buffet's gift to the Gates Foundation greatly expanded the already vast sums the Foundation must provide annual grants. The largest foundation in the world is now expected to disburse approximately \$3 billion annually—a sum larger than the entire endowments of all but the largest dozen funders. The gift also signaled a tremendous amount of confidence in professional philanthropy's approach to solving

urgent problems.

- Why did Warren Buffet opt to donate to the Gates Foundation rather than endow his own philanthropic vehicle?
- What distinguishes the Gates Foundation from other foundations? How is it similar?
- How does the Gates Foundation approach strategy, assessment, and grantmaking?
- In what significant areas has the Gates Foundation innovated? Where has it tried and failed?
- How does being the biggest funder in philanthropy work to the foundation's advantage? Disadvantage?
- What is the record of the foundation thus far? In investments? In politics? In grantmaking? In governance?
- Should three family members and one outsider with no term limits control such a vast amount of capital?
- Who is the foundation accountable to? Can you imagine a serious conflict between the federal government and the Gates Foundation? Can the foundation be said to have a foreign policy?
- Is \$3 billion+ too much to spend year after year? To spend *well*?
- How does a foundation square investment policy with program grantmaking?

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12. Critics: Left, Right, Center

The Center for Effective Philanthropy has found, after surveying thousands of foundation grantees, that nonprofits most highly value the following in their funders: quality interactions with foundation staff (fairness, responsiveness, and approachability); clarity of communication of a foundation's goals and

strategy (clear and consistent articulation of objectives); expertise and external orientation of the Foundation (understanding of fields and communities of funding and ability to advance knowledge and affect public policy). Yet foundations often fail to deliver on the fundamentals of quality, communications and expertise. Similarly, funders consistently undercapitalize grantees by providing short-term, project support rather than much-needed, long-term operational capital. These failures point to a gap between long-cherished philanthropic ideals—“strategic philanthropy” and “patient capital”—and working realities. In this session, we will synthesize the main critiques, explore where they hit the mark and why, and what can be done to close this gap.

- Do foundations work to subvert the status quo? Do they work to support it?
- Is philanthropy diverse? (What does diversity mean?) Is it racist?
- Consider each of the following from the perspective of the funder and grantee, and identify potential challenges of alignment:
 - Mission clarity
 - Risk management
 - Performance measures
 - Quality and length of relationship
 - Amount, type and duration of funding
- How do power dynamics influence the ability of nonprofits to plan and execute strategy?
- Is failure in philanthropy “shared,” and if so, by whom?
- Are performance imperatives clear? How does performance relate to funding decisions—should positive returns yield more and continued funding/assistance, or less?
- How “transparent” is philanthropy? Is this changing? Is this important? Why?
- Should foundations follow their own agendas, or should they follow and fund grantees’ agendas?
- Which criticism of foundations rings most true for you?

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13. Philanthropy and Networked Information Technologies: The Soul of the New Machine?

Information networks—the Internet primarily, and increasingly SMS (text-messaging) and 3G and 4G (smart-phone) cell phone technologies—are overturning core practices of philanthropic foundations and individuals. Enormous databases and powerful new visualization tools can be accessed instantly by anyone, at any time. A decade of experimentation in online giving, social enterprise, and collaboration has brought us to a place from which change will only accelerate. This session will examine how the advent of networked information technologies has changed the way philanthropic enterprises, big and small, produce social good.

- How might the availability of better data, such as those produced by charity ratings sites like Charity Navigator, affect the way individuals donate?
- How might better data affect the way foundations donate?
- How are social media (Facebook, Twitter) changing the way funders and nonprofits present themselves?
- To what extent do networked technologies encourage greater openness, transparency, decentralized decision making, and collective action?
- Is there evidence that increased openness etc. are good for philanthropy, or do they lead to overload and chaos?
- How do information networks affect the traditional roles—such as funder, knowledge disseminator, public-policy advocate, convener, partner, and so on—of the big foundations?
- Must foundations necessarily respond to the changes brought about by information networks? What are the consequences for foundations that fail to do so?
- What are the possible downsides to greater connectivity, openness, and transparency?
- What of the so-called digital divide[s]? Among generations? Social classes? Races? Nations?

Required Readings

Bernholz, Lucy, with Edward Skloot and Barry Varela, 2010. *Disrupting Philanthropy: Technology and the Future of the Social Sector*. Durham, NC: Center for Strategic Philanthropy and Civil Society, Sanford School of Public Policy, Duke University. Available at http://cspcs.sanford.duke.edu/sites/default/files/DisruptingPhil_online_FINAL.pdf.

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A selection of websites. Within each category, look at the first two or three sites. What do they have in common? How do they differ? If you're especially interested in a given category, take a look at all of sites listed within it.

Charity rating and verification services:

<http://www.charitynavigator.org/>
<http://www.bbb.org/us/about-bbb-wga/>
<http://www.charitywatch.org/>
<http://www2.guidestar.org/>
<http://www.givewell.org/>
<http://www.developmentratings.com/>

Donation clearinghouses:

<http://www.donorschoose.org/>
<http://www.globalgiving.org/>
<http://greatnonprofits.org/>
<http://www.volunteermatch.org/>
<http://socialactions.com/>
<http://www1.networkforgood.org/>
<http://www.kickstarter.com/>
<http://www.givemeaning.com/>

Microfinance:

<http://www.kiva.org/>
<https://www.myc4.com/Portal/Default.aspx>
<http://uk.zopa.com/ZopaWeb/>
<http://wokai.org/>
<http://lend4health.blogspot.com/>

Social investment:

http://www.socialfinance.org.uk/services/index.php?page_ID=15
<http://www.xigi.net/#>
<http://www.gexsi.org/>
<http://www.globalimpactinvestingnetwork.org/cgi-bin/iowa/home/index.html>
<http://www.socialinnovationexchange.org/>

Technology services aimed at nonprofits:

<http://home.techsoup.org/pages/default.aspx>
<http://www.nten.org/>

<http://philantech.com/index.htm>
<http://www.aspirationtech.org/>
<http://datadyne.org/>
<http://www.ning.com/>
<http://www.idonatetocharity.org/index.php>

Other:

<http://www.usahidi.com/>
<http://www.changemakers.com/>
<http://www.safaricom.co.ke/index.php?id=745>
<http://www.missionfish.org/index.html>
<http://www.thepoint.com/>
<http://spot.us/>
<http://www.assetmap.com/>
<http://app.beextra.org/home>
<http://www.nonprofitdata.com/>

14.TBA/Conversation with a Foundation CEO