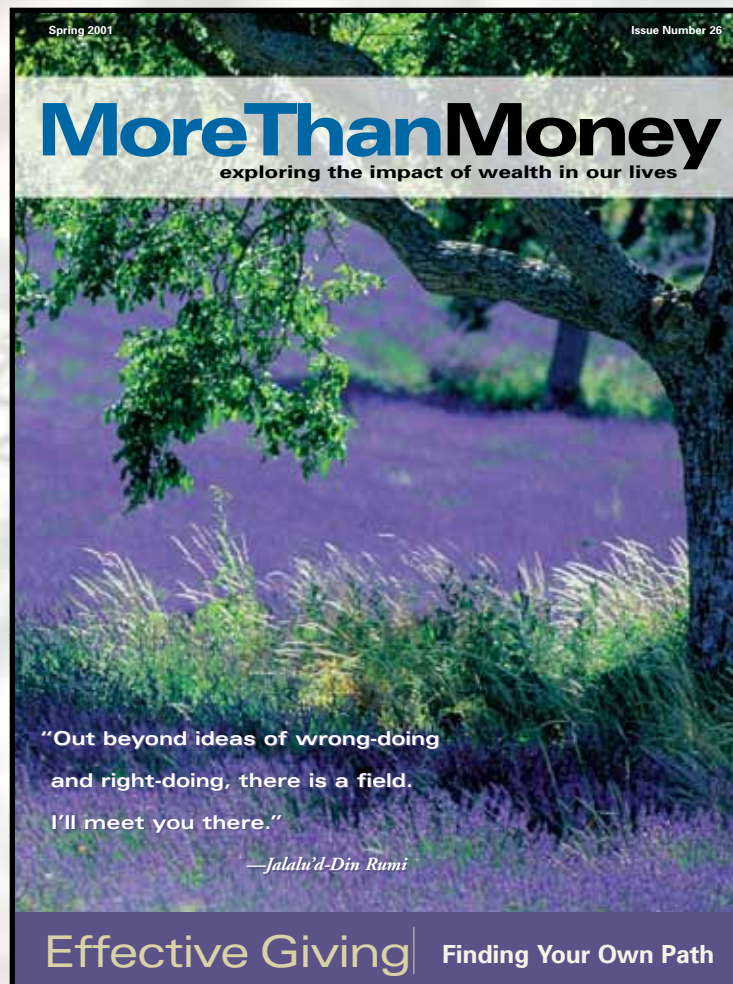


MORE THAN MONEY

Timeless themes & personal stories | Exploring the impact of money in our lives

Archive Edition

Effective Giving Finding Your Own Path



Issue 26, Spring 2001

A Complimentary Giving Resource
Provided By



Welcome to More than Money Journal

More Than Money Journal, published quarterly from 1993-2006, was one of the first public forums where people shared personal stories about the impact of wealth on their lives. Groundbreaking for its time, each issue is filled with examples of ordinary people struggling to align their money and values in their spending, investing, giving, legacy, and relationships. The themes and stories in these journals are timeless and ring as true today as when they were first published.

More than Money Journal was a project of More Than Money Institute, a nonprofit peer educational network that touched thousands of people through its publications, presentations, gatherings, journal discussion groups and individual coaching. When More than Money Institute closed in 2006, its founders Anne and Christopher Ellinger (whom you'll see in More Than Money as Anne Slepian and Christopher Mogil) went on to launch another initiative called Bolder Giving. Individual articles from the journal were archived online with the Project on Civic Reflection.

Today, Bolder Giving is thrilled to be able to offer full back issues of More than Money Journal as a resource for families with wealth, philanthropic advisors, and all those exploring the impact of money in their lives. On the Bolder Giving website you can download issues individually.

Online, you can also order beautiful bound copies where 6-10 issues of the journal are compiled by theme:

- Giving
- Lifestyle, Spending & Investing
- Money and Values
- Children and Inheritance
- Money and Identity

(See full listing on back page of this journal)

We hope that More than Money Journal brings you fresh ideas for aligning your money and values, and that you use the stories to start conversations with your own clients, family members, and friends. (Note: We have removed many last names from the personal stories in the journals, to protect the privacy of those who gave us permission before the days of internet).

About

**BOLDER
GIVING**
Give more. Risk more. Inspire more.

More Than Money Journal roams the full territory of money and values. Bolder Giving has a more pointed mission: to inspire and support people to give at their full lifetime potential. A national, non-profit educational initiative, Bolder Giving invites you to help create a culture of greater generosity and to take your next step in becoming a bold giver.

At www.boldergiving.org you will find interactive tools and resources to help you explore three ways of being bold:

- Give More:** explore your lifetime giving capacity.
- Risk More:** step beyond your giving habits.
- Inspire More:** spark conversations about bold giving.

Bolder Giving's resources include:

Stories of Inspiration- The Bolder Giving website features stories of over 100 remarkable givers who have given at least 20% of their income, assets, or business profits. We host monthly teleconferences and web chats for informal conversations with these bold givers. Bolder Giving's stories have been featured widely in the press - on CBS and ABC evening news, in People and Inc. Magazines, The Chronicle of Philanthropy and elsewhere - and speakers are available for presentations and media interviews.

Support for Donors- Bolder Giving provides giving tools such as personal coaching, referrals to donor networks, workshops, the Bolder Giving Workbook and other publications, and a content-rich website. Please see the list of publications in the back of this magazine.

Resources for Advisors- Bolder Giving offers presentations, workshops, and publications for fundraisers, financial professionals and philanthropic advisors.

We invite your participation and support.

Thanks to the financial support of a few foundations and many individuals, Bolder Giving is able to offer free downloads of More Than Money Journal on our site. If you receive value from this publication, we invite you to donate online or contact us to explore ways of being involved as a donor, partner, or volunteer. Bolder Giving is a 501(c)3 tax-exempt organization, so all contribution are fully tax-deductible.

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MoreThanMoney

exploring the impact of
wealth in our lives

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Villanti and Sons Printers, Inc.
Milton, Vermont
Printed with soy-based inks on recycled paper

ISSN 1081-2598

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ONCE ASKED television journalist Bill Moyers what he had learned from all his years of interviewing so many different people. His answer: "For every truth there is another truth."

Hardly anywhere is this more evident than in the realm of money and giving. To raise questions about how best to give our money away is to raise questions about our deepest values; about our understanding of how the world works and how change happens; about what is fulfilling, meaningful, and important. It raises fundamental questions about who we really are, individually and collectively.

So the theme we are exploring in this issue, What is effective giving and how can I give most effectively? is no small question. It acts as a laser beam that cuts directly to the center of who we are. The answers it elicits are as varied and intricately sculpted as each of our own individual selves. We each have our own perspective, and these perspectives are as unique and personal as they would be if someone were to ask us, "What is Truth?"

On the pages inside you will find a variety of truths, some of which you will agree with, some of which you may not. We're not looking here to prescribe answers. Instead, we are providing a forum where we can sort through truths together—question them, accept them, discard them, transform them; a forum where each of us can reach a deeper understanding of what is true for us.

You will find a wide range of voices here—from Steve Kirsch, big-business venture philanthropist with a creative flair, to Wayne Muller, founder of Bread for the Journey, who continually reminds us: "Think small. Think about ways to do less better." There are tools and resources for every stripe and level of giver—whether you're just beginning to think about giving or you've been at it quite a while; whether you've got a lot to give away or not so much; whether you aim for sweeping global change or small-scale neighborhood improvement. We hope the material in this issue will help you reflect on—and then act on—those voices inside yourself that want to be heard and expressed more fully.

With this issue, we also aim to help you grow as a giver; to help you move to your next level of giving—whether it be in the time and reflection you bring to your giving, in the amount that you give, or in your understanding of the role you play in changing yourself and the world through your philanthropy.

As I interviewed people for this issue, what struck me most was one of the simplest truths of all: We all want the best for the world, and in our own ways, we are seeking to meet the world's needs. Whatever our truth, those of us searching to give more effectively meet at that place where we share a pure intention.

For me, this recognition calls to mind the words of the thirteenth-century Sufi poet, Jalalu'd-Din Rumi: "Out beyond ideas of wrong-doing and right-doing, there is a field. I'll meet you there."

Welcome to Rumi's field of philanthropy.
I hope you enjoy the journey.

Pamela Gerloff

Pamela Gerloff
Managing Editor



FRANK MONKIEWICZ

Dear More than Money,

Inspired by reading *More than Money Journal*, I decided I wanted to be not just a philanthropist, but a good one. I dreamed of meeting other people who do community service and who view their lives, their wealth, and even their day jobs as an opportunity to serve.

To my surprise, I found these people in my very own small town, in a group whose counterparts exist in just about every town in America and in 188 countries around the world. It's my local Rotary club! I love the chance to meet people whose politics range from Green to Republican, and to ask questions that guide our club's giving towards long-term solutions to problems, rather than band-aids.

In July I will become the youngest club president in my district, and probably the youngest president among Rotary's 1.2 million members worldwide. Why reinvent the wheel when a 100-year old infrastructure, including a multi-million dollar foundation that provides matching grants to clubs around the world, is screaming for members and ready for a new kind of Rotarian? Without More than Money, I might have been too blind to see the opportunity and lacked the courage to go try it.

Sincerely,
Elizabeth D.
Santa Cruz, CA
www.rotary.org

Dear More than Money,

I inherited money in my 20s (now 25 years ago!) and, since then, have been figuring out how to use it to change the world.

More than Money's publications and listserv continue to reassure me that there are plenty of people with wealth who care about similar things. I don't always agree with what I read, and I sometimes feel impatient when the issues discussed are U.S.-oriented (e.g. a debate on the listserv about the estate tax); however, I like to hear how people deal with their families and the reflections they share about changing attitudes and values. I am continually surprised by how much consensus can be reached among the listserv participants, most of whom have never met each other!

In 1985, the conviction that there must be others who want to put money into change led me, along with others, to initiate a network of funders in the United Kingdom. We provide grants of \$500 to \$100,000 for widely varying projects, both in the UK and internationally. Over the years, more than 250 people have participated in the network. We recognize the value of being a community and the emotional support we can give each other. My explorations have also led me to work with a movement of parents who want to make parenting more valued, to work on promoting local currency systems in Scotland, and to personally back several social entrepreneurs in India.

One thing I have learned is that, on its own, giving money doesn't necessarily do much, but if I put myself behind the gift, or indeed into anything else I do, it has more impact. I am potentially much more powerful than my money.

Keep up the good work!
Patrick
Glasgow, Scotland

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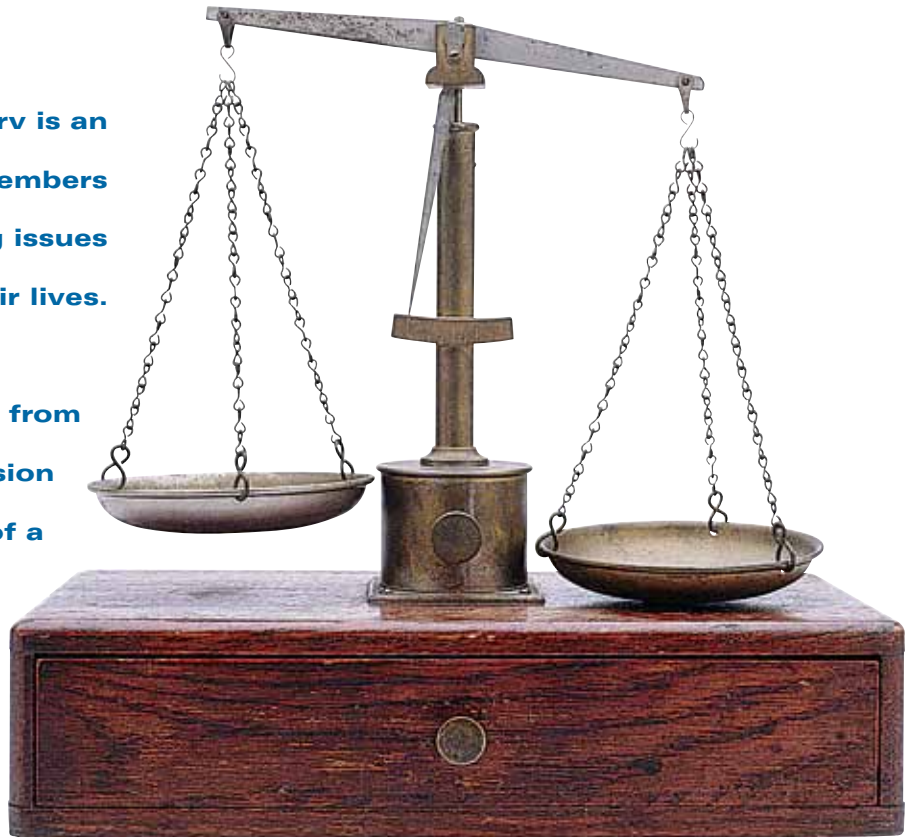
ERRATUM

Apologies to our member Jane Lewenthal in Boulder, Colorado, a longtime friend of More than Money. In our last issue on working with financial professionals, we inadvertently omitted Jane's status as a Certified Financial Planner (CFP). We also left out the facts that she emphasizes socially responsible investing (SRI) and spends a lot of time talking to clients about how to think about money issues—in particular, investments. We are grateful for her ongoing assistance with More than Money's work.

Simplicity | Pros & Cons

The More than Money listserv is an e-mail discussion group for members who are personally exploring issues about wealth in their lives.

The following exchange is from a spontaneous discussion about the pros and cons of a simple lifestyle. It also gives a glimpse into the theme of our next issue, *Lifestyles of the Rich and Simple*.



THERE HAVE BEEN a lot of assumptions flying about on this listserv the last few weeks: philanthropy, community, and simplicity are inherently good; consumption and spending are inherently bad; people who spend more than \$45 a night on a hotel room are pretentious; people who travel too much (whatever that might be) are wasteful and ungrounded, etc.

All this reminds me of the previous writer's wise remarks about the emptiness inside. The nature of our humanity allows us to elevate or corrupt any act. If what we are attempting to do is fill the emptiness inside, to kill pain, it becomes possible to abuse any activity. What could be more benign than reading, for example? Well, my ex-husband, who suffers from enormous internal pain and emptiness, uses books like a drug, to blot out daily existence. He was as utterly unavailable to friends, family, and children as if he were an absent worka-

holic or an unconscious drunk.

I personally know more people who use their philanthropy as a pain-killing mechanism than use shopping for the same purpose. Since social change activism and philanthropy are a significant and treasured part of my life, I'm inclined to view them as right livelihood. But there's nothing inherently good or "better" about them as an activity. They are as prone to misuse and corruption as any other human activity.

The same is true of community and simplicity. Both concepts have much to offer some people, but they also have substantial downsides. It all depends on what we are looking for as individuals. I know that I have very little interest in either, for they are ways of being that suit neither my gifts nor my weaknesses. That doesn't prevent me from being interested in and honoring both. I do reject, however, the idea that they are inherently superior to independence and complexity.

Pretentiousness is a volatile concept. I'd define it as using something that one possesses (for example, money, power, intelligence, beauty, or self-righteousness) to belittle others and to set oneself aside as superior. A "holier than thou" attitude is as pretentious as a blatant display of "status." At the heart of the matter is the question: Why do we do what we do? If we do something to impress others, to impress ourselves, or to fill that empty hole, that act deserves serious questioning. If we do it because it delights or heals ourselves or others, that is a pretty good (though not infallible) indication that we are on the right track. It is a matter of being true to ourselves. If a life of simplicity, free from the burdens of possessions and travel and choices, is your proper path, blessings to you. But if you choose simplicity because it allows you to exercise moral superiority over others, I'd suggest that there may be some emotional and spiritual trouble lurking down the line.

We are all a mix of the many facets of being human: physical, intellectual, spiritual, moral, sensual, artistic, and so on. In our infinite variety, we come in very different mixes that emphasize certain of these facets over others. When the die of my make-up was cast, I got a heaping share of sensuality. The stark reality is that money is a glorious vehicle for realizing sensuality. Hotels that cost more than \$45 a night? I've stayed in places that cost more than \$500 a night and loved every moment of it. I've also been delighted by the adventure of having to sleep by the side of the road; it's all fodder for the senses. It is as limiting to be unable to appreciate and enjoy a superb meal served from sparkling crystal, china, and silver, as it is to scorn a warming broth held between the hands in an earthenware cup. And of course it's transitory; everything of earthly beauty is—the perfect peach as much as the fresh *foie gras*; the feather bed with silken sheets as much as the meadow ground; a superbly performed *Hamlet* and a baby's smile. I have never

seen any compelling reason to choose, but desire to delight in all that is possible.

The benefits of diversity may be one of the few absolute values. I'd like to suggest that those of us who abjure the Puritan path are a worthy and valuable part of the rich mix of humanity.

Fondly,
Nancy

TO ME, SIMPLICITY is not the opposite of complexity; it is the opposite of consumerism. I am not against consumerism because of any deep, shadowy issues, but because I want my planet to have something left to offer my children. I remember my manners. "Don't take more than your share. Look behind you to see how many people are waiting in line." Hey, if there's still half a cake left and you're the last one in line, go for it! I can't be as liberal as you want me to be, Nancy. My beliefs are my core. It's even

"Simplicity is not the opposite of complexity; it is the opposite of consumerism."

a religious thing. God gave us this Earth to take care of; we can't spoil it. In my book, we've also been commanded to enjoy it. Enjoyment is not contradictory to simplicity. Sensuality is a wonderful gift. As you said, it adds so much value to those simple things.

Joan

I GREW UP in a very materialistic family. My father was pretty much of a workaholic and my mother was a shopaholic. They gave me a trust fund when I was in my early 20s with the message *Now you owe us*. As a consequence, I rejected materialism and I also came away with the belief that I certainly did not deserve this money. One of my issues has been difficulty spending

money on myself. Years ago I had myself convinced that I was such a non-materialistic person, and I just didn't have any needs. The reality is, though, that in my case it was very much about an inability to receive and to be good to myself.

I had a habit of renting apartments where I was pretty cramped for space. I just couldn't justify spending the money to rent a larger space. "And besides," I thought, "I shouldn't need more than a one-bedroom apartment."

Moving from a one-bedroom apartment, I bought a house that is 1900 square feet and has a swimming pool! I wanted a house that I could work out of and this one has a separate entrance. It took me a while to get comfortable living in this house because living here has really forced me to own that I have money. (How could someone who works part-time afford this house?)

The truth is that I'm genuinely not a very materialistic person. I really wish

that as a culture we valued community and children and the environment. Yet, on a personal level, I don't want to make lifestyle decisions based on guilt or unworthiness. My belief is that if people really loved themselves and felt themselves worthy, our culture wouldn't be so screwed up and materialistic in the first place. I can't take on the whole culture, I can only heal myself. If I'm not able to be generous with myself, how can I truly be generous with anyone else?

Katherine ■

—All excerpts printed with permission

Incentive Trusts | Responsible or Controlling?

A Conversation
with Myra Salzer
and Barbara
Blouin

How do we pass our wealth on in a way that is respectful, responsible, and in accordance with our values? Some advisors advocate "incentive trusts" as a partial answer to this sticky problem. We asked two experts on inheritance to discuss the pros and cons of these specialized trusts. This brief excerpt from their discussion is meant to stimulate thought and conversation.

Myra Salzer is founder of The Wealth Conservancy (www.thewealthconservancy.com), a financial coaching firm for people with substantial inheritances. Since 1989, Salzer has led *Inherited Wealth and You*, an annual four-day retreat where inheritors explore the effects of wealth on their lives.

Barbara Blouin is an inheritor and co-founder of The Inheritance Project (www.inheritance-project.com), which publishes books, essays, and articles on the emotional and social impact of inherited wealth. Blouin is author of *The Legacy of Inherited Wealth: Interviews with Heirs* and *For Love and/or Money: The Impact of Inherited Wealth on Relationships*.

MYRA SALZER: Let me begin by saying that I

hate the name "incentive trusts" because it makes them sound like a bribe, rather than trusts that encourage the beneficiary to do things that are aligned to the donor's values. Some donors base disbursement on attaining a degree, or on marriage; some match earned income, or what the beneficiary raises to start his or her own business; some enable the beneficiary to not have to earn money while raising children. The incentives really can be whatever the grantor wants.

People set up incentive trusts because they want to be responsible in the way they give. They don't want to take away from their heirs a sense of purpose or accomplishment, or even just a reason to get out of bed in the morning.



BARBARA BLOUIN: Let me point out that although I have interviewed many inheritors, I have never interviewed anyone with an incentive trust. But I have been working for three months on an article subtitled, *How to Prepare*

Your Children for an Inheritance. The conclusion I've come to is that I don't think people *should* give their children a lot of money. As Myra said, if they inherit a lot of money, what reason *do* they have to get out of bed?

I also have concerns about parents who set up incentive trusts to encourage their children to behave according to the parents' values. I believe that if parents raise children well and model the values they believe in, their children will internalize them.

M.S.: I agree. That's why the incentive trusts I've been involved with are testamentary trusts (that is, trusts that are formed as a result of the donor's death). If the parents won't be around to teach the values they believe in, they feel incentive trusts will help to replace the financial guidance that they won't be able to give themselves.

Of course, it's not easy to anticipate what circumstances will arise down the road, so it can be very difficult to draft incentive trusts well. I always recommend that donors make sure the trusts stay relevant in a wide variety of circumstances, such as whether or not the beneficiary has their own children, and that they consider a wide variety of values—philanthropy, education, entrepreneurship, and so on. A good trust has to give the beneficiary choices.

B.B.: Still, I believe that children should be free to develop their own values. Growing up, my money was very heavily controlled, and so that view comes partly from my own experience. At some point, a person has to be master of his or her own destiny; parents who pass

money along should be prepared for the possibility that their kids won't make good use of it. That's my bias.

I'm struggling with this with one of my own children. He's 24 and is supporting himself because any time I give him money, he blows it. If I died next week, my will says he would have a trust with my husband as trustee. My son could get the money only under certain circumstances. But when he reaches 35, he's getting the money.

A potential problem I can see is that if you create a trust that leaves it up to the trustees to determine whether the beneficiary is doing something that is deserving of distribution, it really puts the beneficiary in a powerless position. I prefer trusts where distribution is made no matter what happens, such as "trickle trusts." These make distributions at a series of ages, say five years apart. So at 21, the beneficiary receives \$10,000, at 25 they get more, at 30 more, and at 35, they get the rest. At that point, there is no more trust and no further conditions.

M.S.: But in the real world, people don't generally get money just because they reach the age of 21. When people act and receive a reward as a result, they feel ownership for their money; if it's given, whether from a lottery or a lawsuit or an inheritance, there's a disassociation between them and their money. They're not integrated with it.

B.B.: That's a good point. However, in the case of incentive trusts, even though the money is "worked" for, it comes from the parents, not an employer. The trust can still be perceived as Daddy making me do what he wants me to do. Of course, if there is a more positive relationship between donor and beneficiary, it may not be experienced that way at all.

M.S.: That's why finding good trustees, who really understand the grantors' values and intentions, can make or break the trust. I recently helped draft a trust

that made my clients' children trustees for the grandchildren. That way my clients won't be denying their children the ability to parent, but the money will still skip a generation, as planned. The grandchildren's parents will be co-trustees who together decide on distributions for tuition, philanthropy, or the family foundation.

B.B.: Yet, each child is unique and different, and if grandparents are the grantors, there's often no way to know what the beneficiary's money habits will be like. If two kids are ages eight and twelve and it's already obvious that they relate to money very differently, should the terms of the trust be the same for each, or different?

M.S.: That's the beauty of incentive trusts: options. Someone can choose to do distributions for one child related to anthropological work in Africa, and distributions for the other to encourage entrepreneurship. If one's a dancer, let that one dance! Then the distributions will be more meaningful and appreciated, because they will enable the beneficiary to pursue his or her passion. That's what a trust should do, rather than deny the beneficiary a desire to have a passion.

B.B.: In theory, it sounds good. In practice, we're not going to know how well they work until we actually see a number of people who grow up and inherit incentive trusts. We really haven't seen the results yet. They may work very well, or there may be problems we can't foresee.

M.S.: There's a responsibility that comes with wealth: how to steward it properly, how to pass it on properly, and how to have it be a tool to support your purpose, rather than a burden that keeps you from accomplishing your purpose. That's what we're really talking about. ■

—Conversation facilitated by Eli Pariser



BANG for the BUCK From the Editors-in-Chief

The Out-of-Pocket Sector

One of the wildest minds we know belongs to our board member Billy Wimsatt—journalist, prison reformer, hip-hop promoter, and public speaker on “the cool rich kids’ movement.” One of his long-term goals is to validate “self-education”—the option of developing a meaningful and financially successful life without formal schooling. His \$1500 grant to the Self-Education Foundation gave \$100 grants to ten informal self-education groups around the country. These funds enabled the groups to communicate with each other for the first time. The additional \$500 went to create a national newsletter. The end result: proponents of self-education are now active at a whole new level.

Says Wimsatt, “I like to fund the ‘out-of-pocket sector’—those passionate people who have no paid staff and no 501(c)3 status, who do work for the community out of their own empty pockets. Everything good in society has been developed because someone took a crazy risk—and made a mistake that history later decided was a good idea. Those are the leaders I want to support.”

CONTACT:

Self-Education Foundation, 215-235-4379

www.selfeducation.org

Adventure Philanthropy, 718-783-6856

www.adventurephilanthropy.net

Share the Risk, Triple Your Fun

On a whole different level...at a More than Money event in Berkeley, California, we met an inventive venture capitalist named Russ Hall. Hall has organized three dozen households, mostly from Silicon Valley, into a unique philanthropic community. Each has contributed \$1 million to a pool of money that acts like a mutual fund for venture capital. Hall expects that in five to seven years each family’s million will become three to five million. The families will get to direct that money to the nonprofits of their choice, and receive a significant tax break for their donation. During the years the investment grows, Hall intends for the participants to help each other learn about philanthropy and research the best uses for their donations. Some investors are already teaming up to work on such causes as Down Syndrome research and micro-enterprise grants. Other popular areas of interest include environmental causes, education, and medical research. We are intrigued by Hall’s goal of building a philanthropic community and are helping him connect his group to educational resources. For those with plenty of bucks, his model offers a real big bang.

CONTACT:

Legacy Venture, 650-324-5980, www.legacyventure.com

An Unforeseen Development

We know that money given at the right time and place can make a huge difference in a situation. But when it actually happens, it still gives us a thrill. Recently, two friends of ours organized to stop a development of 40 luxury homes on a wooded mountain. After thirteen months of persistent community organizing—which eventually involved nearly 500 residents from a nearby town of 5000—a surprising solution came. A local resident and reader of *More than Money Journal*, who had been watching the situation with great interest, offered to buy the land outright and donate it to the state. The cost: \$425,000. “Even without the donation,” one of the organizers said, “I think we could have beaten the development. But I think what this donor has done should serve as inspiration to funders and activists around the country.”

CONTACT:

Save the Mountain, P.O. Box 511, Hadley, Massachusetts 01035

www.savemtholyokerange.com

Spreading the Wealth

We knew that Jamaican Reggae singer Bob Marley was famous, and we thought he was probably rich. But we didn’t know this: according to a BBC interview with the CEO of Island Records, Marley used his salary to provide for about 4000 people back in Jamaica. It made us wonder: How many people could we support on our Boston salaries, if we made different choices?

In a similar vein, here’s a creative idea we heard from two More than Money members whose faith directs them to live very simply. To this couple’s dismay, inalterable trusts passed down from previous generations will turn their children into mega-millionaires. One day they thought, “What if we legally adopt every child from a village or two in El Salvador? By the terms of the trust, the money must be divided equally among all our children. If we have 1000 children, that might leave each one with the perfect amount!”

If anyone tries this—or has other inventive ideas to circumvent generation-skipping trusts—please let us know.

All of this reminds us that a great way to get bang for the buck is to give internationally. A small amount of money goes a long way in many countries’ economies.

CONTACT:

Grantmakers without Borders, 617-794-2253

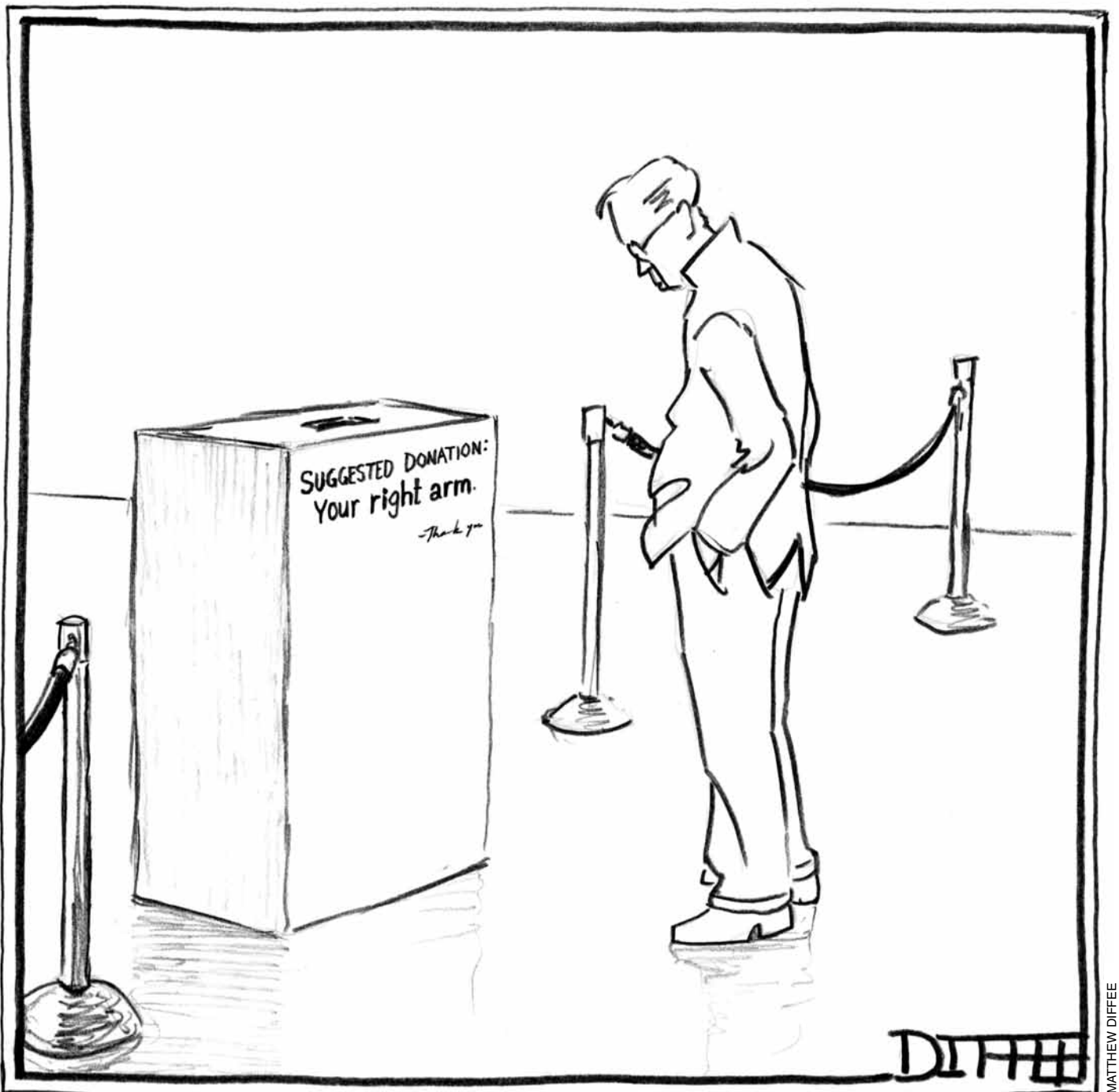
www.internationaldonors.org

Council on Foundations International Grantmaking Program, 202-466-6512, www.cof.org ■

SORTING

What is **EFFECTIVE GIVING**?

By Pamela Gerloff



MATTHEW DIFFEE

IT ALL OUT

One of India's most revered spiritual texts, the Mahabharata, asserts that a gift of any size given to "the right person at the right time, with a pure spirit, will yield endless fruits hereafter."

This timeless counsel on effective giving offers intriguing advice for those of us who want to make our giving more effective; but who is the right person (or organization) and what is the right time to give? And how do we maintain a pure spirit (or intention)?

The task, it seems, is not so easy. The question is: Can it get any easier? And if so, how?

Some years ago, I wrote a doctoral dissertation on translation. I had students, professional translators, and people who had grown up bilingually think aloud about their process as they produced a written translation. One finding surprised me: When given as much time as they needed, it was the bilinguals and translators—those with the most knowledge of both languages—not the students, who took the most time and had the most "trouble" translating the text, even though they produced better translations. In an important way, the task was harder for them, because they knew too much. Even when they chose the same word the students had selected, they considered many more options, struggling with the inadequacy of the language to express subtle nuances, before "settling" for the word they considered the lesser of many evils. The students, in contrast, simply picked the first word they found in the dictionary entry.

Whenever I presented these findings to translators or

advanced language students, I was met with sighs of relief and gratitude. "No wonder I still have trouble!" was the feeling expressed repeatedly. "There's nothing wrong with me, after all, just because I still find this challenging."

As I have delved into the topic of effective giving, the memory of the bilingual translators has come to me often. In so many things in life, we expect that as we learn more and become more experienced, it will all get easier. The lesson of the bilingual translators is that it's simply not so. As we become more proficient, we take in more information and process our decisions at much higher levels of complexity.

And so it is with philanthropy. When interviewing people for this issue, I was struck by the levels of complexity inherent in the giving process—and the subtle ways that different individuals have of handling them. The dynamic tensions among choices are many: How strategic should I be? Do I create specific goals and strategies to achieve them—or do I give from my heart, trusting what's good and capable in the organizations and people I donate to, and my own impulse to be generous? To determine outcomes, are my informal observations enough or do I need more formal measures—and how do I decide what those should be? Is it more effective to give to many projects or to concentrate my resources on a few? What benefits are there to giving to individuals vs. organizations? Do I want to support what is already good in the world or fund groups working on change? How do I know what's effective and how does my own satisfaction fit into that equation? Do I give primarily to

On which level of impact do you focus?

In your philanthropy, on which level of impact do you tend to focus? Is this focus by choice or by habit? Many of us tend to focus on the individual or project level because these are more familiar and less complex; for long-term givers, the organizational and systemic levels can offer great challenge and satisfaction. Many gifts have impact at all four levels.

Individual level

Giving to friends and family; to individual leaders, artists, scientists; funding scholarships

Project level

Supporting time-limited projects (e.g. create a building, produce a film) or ongoing programs (e.g. shelter the homeless)

Organizational level

Helping organizations build leadership or a funding base, do strategic planning, etc.

Systemic level

Seeking to influence a whole field, cause, campaign, or social movement

How might you measure results?

- Grantee's or donor's satisfaction
- Whether individual achieved stated goals
- Assess whether project met internal and external goals
- Assess how organization has grown in strength (e.g. leadership, financial soundness, credibility, ability to reach goals)
- Increased public awareness
- Achieving specific milestones (e.g. passing a law, stopping a construction project)
- Increased number of organizations working in that area

— Anne Slepian and Christopher Mogil

How Effective Are You as a GIVER?

[✓] *I've made a personal financial plan.*

The plan includes an assessment of how much I can give long-term.

[✓] *I've made a thoughtful giving plan.*

The plan includes my overall funding mission, grantmaking focus areas (e.g. by topic, geography, strategy), the timing and size of gifts, who is involved in decision-making, and methods of evaluation.

[✓] *I follow through on my giving plan, and regularly evaluate and revise it.* I keep in mind that plans are living documents, designed to be changed as life experience suggests.

[✓] *I expose myself to new information.*

I go on site visits, travel to developing countries, attend conferences for funders in my field, and stay aware that exciting projects that most need funding may lie outside my current knowledge.

[✓] *I take leadership as a funder.* I leverage my impact by recruiting other funders, creating collaborations, learning to fundraise, offering challenge grants, and promoting philanthropy among my peers.

—Anne Slepian and Christopher Mogil

If you don't have the time, GET HELP!

I know so many people, myself included, who hold back on giving as generously as they wish because they simply can't carve out the time that effective giving requires. So they put off major giving to the far-off someday...when the kids are grown, when the job is less demanding... I know of two simple ways to step through this bind. You can give to an existing foundation that funds in your interest areas, getting to know the professionals there who have dedicated their lives to finding out what's effective. Or you can hire a personal philanthropic advisor who will follow your directives, do the leg work, and enable you to become the giver of your dreams, using a fraction of the time it would take you on your own.

—Anne Slepian

transform myself or to benefit others? Is bigger better in philanthropy or is small the way to go? How does my own attitude when giving influence my effectiveness?

The questions seem endless, and their answers not easy to come by.

But there *is* a way to find clarity. As I have spoken with people about giving, I have noticed an important key: the references they make to the learning process. How often people say or imply that the only way to learn philanthropy is to do it. How often people talk of failure as a natural and inevitable part of learning. How reflective some people are about their own growth as a giver.

Donald Schön, in his book *The Reflective Practitioner*, maintains that in any field of endeavor, exceptional competence is achieved through reflection-in-action. Highly functioning individuals reflect on their actions before, during, and after they occur. They continually adjust course and self-correct, based on what they've learned from observing their own actions and their results. This was certainly true with the bilingual translators. The more reflective they were about their own choices and process while they translated, the better their translations were.

If this is so in all fields, wouldn't it also be true in philanthropy?

Medora Woods, a Jungian analyst and philanthropist, describes her own process of growth as a funder in similar terms: "For me, growing and changing as a funder is trying to stay on my own creative edge, where something is coming into being, into form; then, according to what is emerging, changing my guidelines about where I want to put money. I get ideas, put them into practice and see how they work, then modify them. I try to stay aware that I have a core set of assumptions and make them as conscious as I can to myself." (See her reflections, p.15.)

At the organizational level, the Roberts Enterprise Development Fund (REDF), a private foundation that

invests in businesses that provide social benefit, has built self-reflection into its venture philanthropy model in a radical way. From the outset, funder George Roberts has required rigorous self-reflection from the organization. So that REDF staff would have time to work and reflect, they did not initially give public relations interviews to the press. Only after years of reflection and learning from their failures have they begun to talk publicly about their many successes. (See interview, pp. 20-22.)

To become more effective philanthropists, we too can build deep self-reflection into our lives. The following are useful guidelines.

■ Allow time for growth and learning

The most important element in effective giving is allowing time for it—time to reflect, to learn, and to grow. Emmett Carson, CEO of The Minneapolis Foundation, observes that giving effectively "is not something that we are born knowing. We learn as we give. It's a lifelong experience." (See his interview, p. 28.) Yet so many of us don't allow ourselves the time needed for learning. Anne Slepian, co-founder of More than Money, says, "Many of us decide what to give to by sorting through appeal letters at the end of the year. But to truly give effectively requires more care and attention." (See sidebar, bottom left of this page.) As you give yourself time to become more effective, you'll likely find an added bonus: your giving will become more rewarding and fulfilling to you, too.

■ Examine your values, beliefs, and underlying assumptions

To whom, how, and where you give depends fundamentally on your core values, beliefs, and basic assumptions. For instance, your assumptions about how change happens will play a significant role in whether you give to political or spiritual causes, to individuals or organizations, and to many or few recipients. You can observe and reflect on your own actions to discern

your actual (vs. espoused) values and beliefs; conversely, you can carefully examine your beliefs and values in order to guide your actions.

■ Seek opportunities for learning

Schön's model suggests that learning "on the job" with a mentor who can help you reflect on your actions is a powerful way to become a more reflective practitioner. Salvatore LaSpada, director of the Philanthropy Workshop at the Rockefeller Foundation, also recommends finding ways to learn formally about philanthropy. Such experiences can expose you to new viewpoints and give you tools to aid your reflection. You might, for example, take a course in philanthropy, read about the history of social change, or attend conferences of grantmakers who fund in your interest areas. (For a list of funders' affinity groups, contact the Council on Foundations, 202-466-6512, www.cof.org.) You can also learn about your areas of interest from people who are not philanthropists, to gain a more inclusive perspective. Books, conferences, and websites abound for any funding area.

■ Fund what you love, so you'll enjoy the reflection

Because growth and effective giving require time, fund what genuinely interests you. That way, you'll be able to maintain the long-term involvement needed for learning, and you'll enjoy the process, too. Woods offers this advice: "Find an area you love, that you really care about, and that you're willing to invest in learning a lot about. The more you learn, the

better funder you'll be." Slepian also notes that most of us have limited exposure across race and class and suggests that exposing yourself to new people, projects, and ideas will allow you to find new people and projects to love.

■ Accept failure as a natural way of learning

Allowing time for reflection makes it possible to learn from failure. Failure can then become information that lets you adjust course. Melinda Tuan, managing director of the Roberts Enterprise Development Fund, says that effective philanthropy "takes a long time, a lot of patience, and you have to be very comfortable with risk. Some projects will fail rather spectacularly. Being able to take blame along with success is the mark of a really good philanthropist." (See *her interview*, pp. 20-22.)

■ Create mechanisms for getting feedback

To reflect on effectiveness, you need information about what happened as a result of your gift. It may be as simple as talking to the recipient or observing results in the community; or it might involve asking an organization what formal measures of effectiveness they can show you. The key is finding mechanisms that let you see more clearly what resulted from your financial support and then taking the time to reflect on what you have seen.

■ Become part of a giving community

Tracy Gary, founder of several networks for women philanthropists, names isolation as one of the most common barriers

to giving effectively. Joining a giving circle, reading publications written by practicing philanthropists, participating in the More than Money listserv, or starting your own discussion group are all ways to increase your effectiveness and your joy in giving, by reflecting with others while you give.

As I have talked with others and reflected on my own giving, I've found it reassuring to realize that we don't need to give in one particular way to be effective. Effective giving is multi-faceted, not limited to one approach. Whether we give to immediately benefit an individual or to create long-term systemic change; whether our focus is politics or spirituality; whether our giving is large or small; whether it mainly benefits ourselves or others, we can give effectively—and, chances are, we can learn to give more effectively still.

The key is to hone our own niche, based on our own values, skills, and intentions, and to engage in the kind of continual self-reflection that lets us adjust course as we go along. As Wayne Muller, founder of Bread for the Journey, says, "Every organism has its place in the ecology." (See *his interview*, pp. 24-27.) To find our own right place in the giving ecology, we can give ourselves the gifts of time, experience, and reflection. ■

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How Effective are the Organizations You Fund?

To make an informed judgment you need good information:

- Ask for an annual report and budget
- Read in-depth funding proposals
- Ask whether the organization has a strategic plan
- Find its Federal 990 report online at www.guidestar.org
- Visit the organization on site
- Interview staff, board members, and the people served
- Interview the group's colleagues and competitors
- Ask other funders for their honest assessment
- Last, but not least, compare this organization to other organizations that do similar work (and consider funding those other groups as well!)

—Anne Slepian and Christopher Mogil



PERSONAL

We each have our own point of view on what giving effectively means; we each follow our own unique path of development as a giver. These personal stories, based on personal interviews, offer a glimpse into the complex inner world of donors.

Satisfaction Counts

Roger M.

Effectiveness is not the only benchmark in grantmaking. I want to put in a word for satisfaction, too.

Conservation is my life work, so it is the focus of most of my grantmaking. I manage family lands for commercial forest products, harvesting trees and selling them to sawmills. I currently chair the Maine Chapter of the Nature Conservancy, which holds land not to produce commodities but to protect natural communities. Annually, I lead a wilderness rite of passage in which we give up all thought of using nature; we simply return to the land as a humble member of her community.

All this work is satisfying, but only some of it can be quantified. Sawlogs can be measured by board feet, annual growth, and income generated. We can count species on a preserve; ascertaining ecosystem health requires more guesswork and intuition. The results of a successful rite of passage are profound, yet they defy quantification. I derive deep satisfaction from each, although I'm not sure that I can define the work in terms of effectiveness.

My involvement in conservation issues has increasingly moved me to value bringing opponents together to find common ground—because I believe that the greatest movement

comes from shifting how people think. I have funded and led many collaborative efforts that help change people's thinking. It's hard, though, to assess the effectiveness of this kind of work. It doesn't offer the immediate results of laws passed or fines assessed. But looking back over ten years, I can see that foresters in Maine now instinctively include protecting habitats as they lay out cuts, and that the industry now supports the previously (to them) unthinkable notion of setting lands off-limits to harvesting to protect and better understand natural processes.

When initiating or supporting these efforts, however, we didn't have the benefit of hindsight. We had to call on our intuition as well as our minds to assess the good faith of participants and the quality of the process. Many other potential funders decided the odds for success were too long, the outcomes too fuzzy. But, to me, the work felt right. Watching defenses melt was satisfying. And ultimately, we can see the effort was indeed effective. But focusing only on effectiveness might have prevented this watershed work from getting underway in the first place.

I have also funded projects where I am not at all a participant. For almost ten years I have supported the American

Indian Institute, whose sole purpose is to help indigenous elders from around the world get together for mutual support, teaching, and ceremony. The leader of the Institute is a white man who has dedicated his life to this work. His involvement has been to communicate a vision to funders and then stand back and let the elders work. For years he sat outside the gathering place as the elders met. The work was for them and their culture, not him. In wilderness rites of passage I have touched a profound connection with the natural world that seems similar to that which informs the work of the elders as they seek to care for their peoples, their traditions, and our Earth.

Is the Institute effective? I assume so, because more elders come each year. What difference is it making in the world? I don't know, but I find it deeply satisfying to support the elders in maintaining their way of life. I, too, am sitting on the outside, supporting, following my heart, and trusting these tradition carriers to know what will serve them best.

So in my view, effectiveness is but one metric for successful grantmaking. Trusting your heart and following your intuition can bring a different kind of satisfaction, and ultimately, even greater success. ■

STORIES

Personal Identity & Philanthropy

Medora W.

How I practice philanthropy cannot be separated from who I am as a person. I am a Jungian analyst, which always informs what I do as a funder.

In the mid-1990s my marriage of thirty-some years ended. I had been married to a man who had been the CEO of a computer company. Since I ended up with more money than I needed, I began to think about how I could use it creatively.

I went first to The Minneapolis Foundation and set up a donor-advised fund. Next, I endowed a fund at the Headwaters Fund, to support projects in native communities in the headwaters of the Mississippi River. I also bought a piece of wetlands in my neighborhood that was going to be developed; I gave it to the city so it could be preserved.

After that, I started truly inventing myself as a funder. I was relieved to go to a National Network of Grantmakers meeting recently and discover there's a word for me: activist funder. Actually, I'd say I'm a Jungian analyst activist funder—everything I've learned as an analyst always informs what I do as a funder.

I knew when I started that I would make mistakes. I have made some big ones that I am sorry about, in the sense that I wish I had that money to put other places. But I did what I thought was the right thing to do at the time. There is no other way to learn. A lot of funding gets shut down because people are afraid of making mistakes. Since I am using my own resources, I can make mistakes.

I have learned that funding is an expression of who you are. To say that I

know who I am would be arrogant; it's more that I feel open to learning who I am, knowing that what I do as a funder is integrated with the rest of my life, my passions, priorities, and values. However, it's not my identity; it's just something I do. One of my friends is Lakota and he does art. He says that only for Western minds would "artist" be understood as an identity that defines you, rather than one of the things you do because you are a human being. Similarly, everyone can be a "funder," even if you give only 20 bucks.

When I started, I knew I had the tools I needed, gained from my experiences as a lawyer and an analyst—I just needed experience. The only way to get that was to follow my heart, and keep my head attached. At first, I funded things that I felt passionate about and where I recognized passion in those doing the project. Since then, I've learned that I want to stay with the passionate, but at the same time ask, "Who is carrying out the project? What's my assessment of how able they are to make this happen? Can they get funds down the road? Is it a good idea? Is it doable? Is it realistic?" This approach has kept me from walking into some things that would have been a mistake. I'm a little more hard-nosed now. It's probably keeping me out of trouble, but I'm not sure.

I have also moved away from supporting intellectual projects to funding activist projects. Working with Headwaters has focused me more on what they describe as social change, rather than social service. I'm getting a clearer sense of where I want to put money (not

where others should). I like to think I'm on my own creative edge and funding others who are on theirs.

I learned a lot about listening as a lawyer—listening to facts and information. I also have a pretty good ear for vision. That's the piece I want to discern in the projects I consider funding: Is this vision alive? Is the project really following it? It has to do with whether or not you believe there is something transcendent in the individual that is pushing them to evolve. We Jungians call it the Self. I wonder: "Where is the Self in this organization? In this person?"

One thing I have learned from my Lakota friends and teachers is that we are all part of the circle of life. As they say, *mitakuye oyasin*—all my relations. If you understand that you are part of the circle of life, you are responsible for its preservation and maintenance. What I hope I am doing as a funder, and as a human being, is being a responsible part of the circle of life. The resources I have access to are not "my" resources, but I am responsible for allowing them to move through me into the community in a thoughtful way. There, the passion and creativity of others puts them into the service of life. What happens may not be successful in the way the project defined success—as achieving x, y, and z. For me, it doesn't have to do that exactly. I want to have the sense that this project is really alive. When I feel that about a project, I feel blessed that I've been in a position to have those resources move through me and into it. It's an extraordinary opportunity, for which I am profoundly grateful. ■

PERSONAL

Maximizing Effectiveness

Fred W.

I made my money in the grain and flour milling business, with a company called Peavey. After we sold it to Conagra, I served on Conagra's board for twelve years. I'm now retired, and have had time to do some of the things I have always wanted to do in my life, including visiting the grantee organizations we fund.

As a family, we used to mainly support the traditional organizations in our area. By that I mean art institutes and symphonies—nice stuff that needs support. Eventually, I asked a friend who was

kids, and education. As I became more involved, I learned more about it. The City was very multicultural. I hadn't had that kind of exposure before—not to the real tough groups.

That was when I changed my attitude toward giving. My mother was still alive and my sister and I decided that instead of inheriting from her when she died, we would accept her offer of money right then and make a family foundation out of it. The foundation's assets have grown over the years and that's what we're giving away now. Our focus continues to be

Although a small donation can make a big difference to some groups, I've learned that I can generally be more effective by giving larger donations to organizations that I feel strongly about. We make fewer gifts now than we used to, but in larger amounts. We give to 30 or 40 programs through the Wells Family Fund and some more through The Minneapolis Foundation. We also have a foundation in Palm Beach, which is run by my niece. We have the ability to say, "We'll give you \$50,000 over three years, but you have to get these kind of results." Sometimes we're able to join with another fund, so we're able to have more clout. I think we've been successful, although it's a little early to tell, given that this is a relatively new approach for us.

By giving more money, we have a better chance of having the programs hold to a standard and measure it. I tell them, "I know you'd like to have this outcome. We'll give you three years to accomplish it, and then we'll take a look at it. After that, we may or may not fund you, depending on how it's going." Requiring specific outcomes compels organizations to get their act together.

Yet, evaluation is challenging. Take an alternative school like The City. You might set a standard for them and say, "You have to have fifteen graduates." But maybe it's more important that they have fifteen kids who haven't dropped out. Maybe that's success. Your own mental criteria of success changes as you get involved and learn more about the project. But you can come up with things that are measurable. ■

"I can generally be more effective by giving larger donations to organizations that I feel strongly about."

head of the McKnight Foundation, "What needs help around here that isn't the traditional high-ticket stuff?"

He showed my wife and me an alternative school called The City, Inc. They just had a little set-up in a front room. I found myself interested in everything that was going on there. I worked with this inner city group for some time, eventually heading up their development committee. Through this project I became very interested in the inner city,

on inner cities, children, and education.

I visit as many of the organizations we fund as possible. I like to know who the people are and what they're doing. In fact, that's one of the things you can do to evaluate your effectiveness as a giver: go and see what's really going on. If you show up and have lunch with the people who run the project, they're impressed—because many donors don't ever visit. It shows them you're really interested.

STORIES

Learning to be a Philanthropist

Lindsey S.

I used to give small contributions to groups I knew about—from the PTA at my daughter's school to Greenpeace. Then one day I learned from my mother that I had a charitable lead trust of \$20,000 to give away that year. It seemed like an unbelievable fortune. None of my friends had that much money. No one I knew—not even me—had even heard of a charitable lead trust. My mother had always been considered irresponsible by her wealthy family. They gave her an allowance, but had kept us in the dark about any trust funds set up for us.

When my daughter's school needed financial support, I was happy to put some of that trust money to good use. Then, suddenly, I became very popular. "Would you like to lead the auction committee?" "Would you like to be on the board of the school?" I was soon asked to be on other boards. The asks continued.

Each year the amount to give away increased. "How do I give this money responsibly and well?" I wondered. When I heard about the Philanthropy Workshop, a year-long philanthropy course at the Rockefeller Foundation, I decided to take it. But I was nervous about what kind of people were likely to show up. I didn't think I'd fit in.

The Philanthropy Workshop provided great networking opportunities, taught me how vital site visits are for smart grantmaking, and how to make a funding plan built around my own interest in girls' issues. The best lesson I learned from the course is that a philanthropist's job is not simply to be kind, but to be diligent, and to honestly assess the strengths and weaknesses of any project. After the program, I gave myself four years to seriously learn about philanthropy. I became experienced with

site visits by joining the grants allocation committee of the New York Women's Foundation. After we discussed all the written materials from the grant applicants, teams of three to five women would meet with the executive directors, board, and staff members. "What keeps you coming here? What's your biggest challenge? Who are your funders? Do you find it easy to tell your story to potential supporters? What sustains you day after day?" Those were the kinds of questions we asked.

Next I joined a national group of women philanthropists called the Women Donors' Network. I was

I used to think significant support equaled big donations, but it doesn't. It is not the amount that is important, it's the relationship. I know from a totally egotistical view what I want from my giving: I want to be a charter or initiating member of a group, and I want to help people be successful. I check in with my executive directors once every month or two and try to find out what they most need. I also pay for trainings, send chocolates on Valentine's Day, and ask if they are getting vacations.

It has taken me an inordinate amount of time to come to terms with the fact that I am still a good person, even

"How do I give this money responsibly and well?"

inspired by many of the energetic women philanthropists there, who marched forward with such incredible abandon. Now I'm proud to hear people say that they, too, are inspired by my example. Ten years of giving has added up. I've funded economic development, women's health, girls' programs, environmental concerns, and juvenile justice. While I enjoy this diversity, I also have a lens through which I focus my financial support. I ask myself repeatedly: What will raise and strengthen the voices of girls? This single question serves as a powerful guide as I choose how to support my many interest areas.

though I am rich. I had Cruella DeVil (that rich villainess from *101 Dalmatians*) in my head, along with multiple stereotypes of wealthy women. Now I take full pleasure in having a lot of money. There are such wonderful things to do with it! I figure I have only one life to live now, so why not give boldly? If I don't have any funds to give next year, so what? I draw about \$300,000 per year—4.5% of my assets—and have a lot of fun. I have to remind my money managers to keep me to that percent so I don't get my family too upset. I love philanthropy. It's like sharing with an extended family. ■

RESPECT and DIGNITY

A Grantee's Perspective

Thoughts from Kavita Ramdas



Kavita Ramdas is president and CEO of the Global Fund for Women (www.globalfundforwomen.org), the largest grantmaking foundation in the world that focuses exclusively on international women's rights, and the only one in the U.S. with this mission. The Global Fund is both a granting agency and a recipient of donor funds. Here, Ramdas offers a grantee's, as well as a funder's, perspective on what it means to give effectively.

Intentionality

When I think about effective giving, I go to the root of the word *effective*. *Effect* means to bring about a specific outcome of one kind or another. From our perspective at the Global Fund, our role as donor is to effect a certain outcome: women's ability to have a voice and to increase choice in their lives. Our definition of whether our giving is effective or not comes out of that understanding.

Giving effectively is all about intentionality. It's very important to be clear and specific about what you're trying to effect. When you're not really clear, the actual effect is hard to measure. If you thought, for example, that the primary mission of the Global Fund is to decrease infant mortality, you might conclude that most of our programs are not effective. But once you understand what we're trying to do, you would probably think we are very effective. Women's groups in 150 countries get ongoing support, and all our activities help make sure women's voices will be heard.

Respect and Trust

The concept of giving effectively comes out of a corporate mentality that nonprofits feel we have to fit into these days. Donors ask us, "What are the numbers? How many women have more choice? Can you see and measure real outcomes?" When you're dealing with the kinds of complex social issues that we are, like extreme poverty, the outcomes are not easily defined. You can't just count how many people came to a soup kitchen. While it's important to care whether your giving is effective, it's as important to be concerned with the way in which you give. Are you giving with respect and trust? It's the process of giving that empowers both the giver and receiver.

From a grantee perspective, most giving that is trying to be effective comes with strings attached. Donors think they can somehow control the outcomes. They give project-specific funding, or money for this many pencils and papers, but not lights or electricity. Grantee organizations, however, understand how important general operating support or flexible funds are.

In general, as donors, we don't take a hard look at ourselves and have enough conversation about effective giving. The less we base our giving on trusting and respecting our grantees to do what they do, the more we put restrictions on our funds. But there is a fine line between accountability and useless bureaucracy.

Humility

We must start from a premise of some humility. Just because we're in a position of giving away money doesn't somehow endow us with mystical knowledge. We have a culture of awe around who has the money. Grantees find it hard to challenge the donors. We need to acknowledge the power dynamic there. Most grantees would love to see more flexible funding; most donors are hesitant. They see it as losing control over their resources and as losing an opportunity to effect a specific outcome they're looking for. The new entrepreneur donors want to be hands-on. That's great, but then you need to be willing to say, "I'm going to set up a nonprofit and direct it and put money into it"—as opposed to "I'm going to make you dance to a different tune."

Valuing Each Contribution

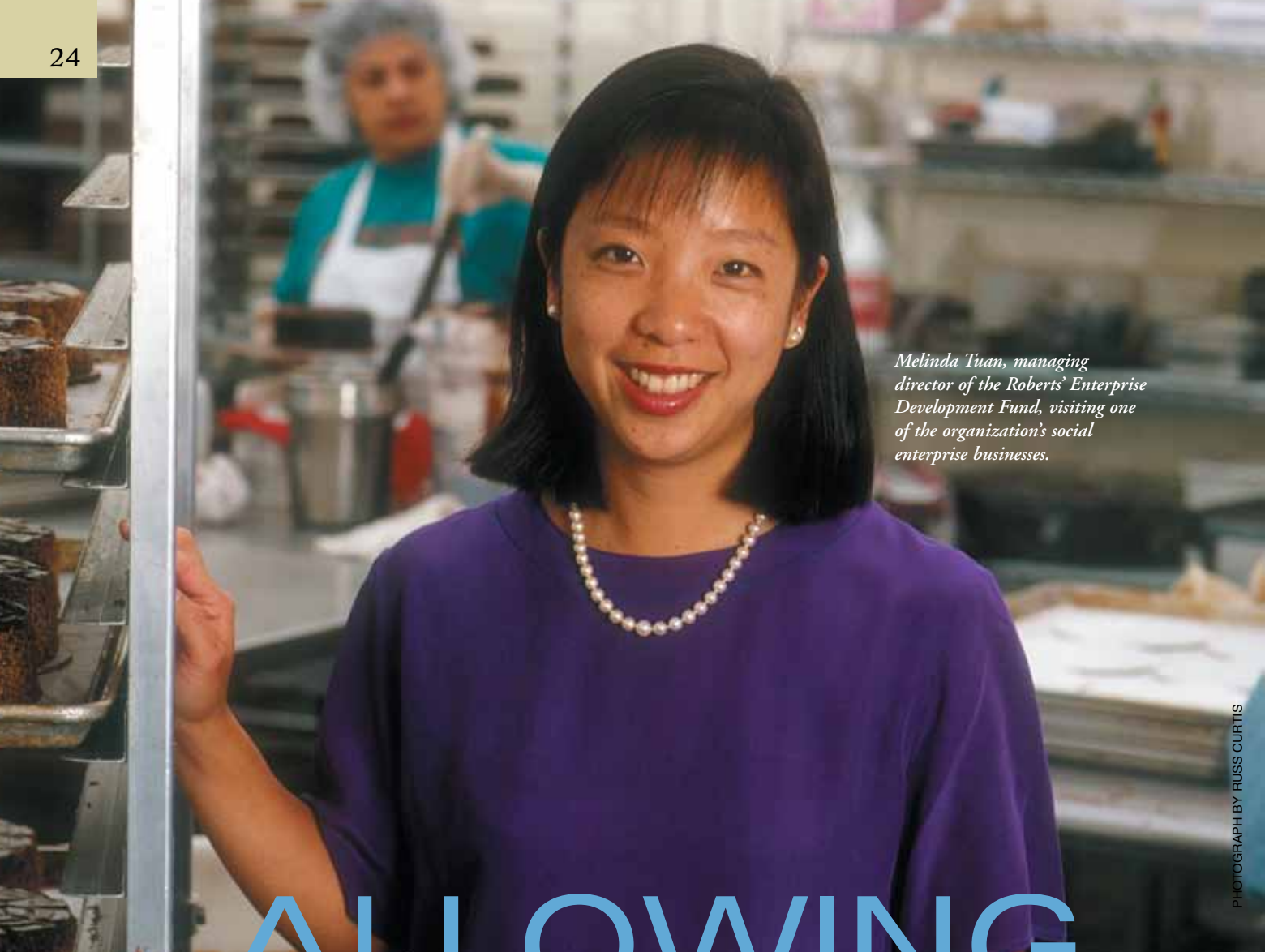
Unlike most nonprofits, we do not categorize our donors by level of giving. In our annual report, all our supporters are part of a network that cares deeply about what we support; they are all reaching to the edge of their capacity. We don't list categories of givers, because we believe very deeply that philanthropy is not just a privilege of the wealthy, but an opportunity for us all to participate in social change. Anyone who cares can make a difference, not just by their activism, but also through their philanthropy. A little girl who sends us \$25 from her *bat mitzvah* check is making as much of a stretch as someone who sends us \$25,000. If each donor is giving to the maximum of his or her capacity in order to change something he or she believes in, that is effective. It creates a constituency of informed and caring advocates for change.

Modeling and Multiplying the Giving

A few years ago we made a grant to a woman in Uzbekistan who was starting a health clinic. Last year the Goldman Foundation honored her with a \$125,000 award. The next day, out of her award check she made a \$5000 donation to the Global Fund, when she desperately needed it herself. We asked her why and she said, "You gave me money when no one else would. There are a hundred others like me who need a start right now." That's effective giving. It models giving for a much broader constituency. The Global Fund mantra is, "To give is as important as to receive. To receive is as important as to give. All those who give also receive." To us, effective giving is modeling and extending the giving, so it keeps multiplying. You don't want to limit it to a few who have the right or opportunity or the duty to give. The women we fund are themselves so generous about giving. ■

—From a conversation with Pamela Gerloff

**"To give is as important as to receive.
To receive is as important as to give.
All those who give also receive."**



Melinda Tuan, managing director of the Roberts' Enterprise Development Fund, visiting one of the organization's social enterprise businesses.

PHOTOGRAPH BY RUSS CURTIS

ALLOWING TIME for REFLECTION

When donor George Roberts formed the San Francisco-based Roberts Enterprise Development Fund (REDF) in 1997, it was one of the first organizations to operate under a venture philanthropy model, which applies business practices to the funding of nonprofits. (See *Characteristics of Venture Philanthropy*, p.21.) Unlike most organizations, however, REDF has created an organizational culture that is committed to reflecting on and learning from its mistakes, as well as its successes, and to sharing those learnings with others.

REDF supports ten nonprofit umbrella organizations that together operate more than twenty social purpose enterprises. A social purpose enterprise is a revenue-

generating business founded by a nonprofit to create jobs or training opportunities for very low-income individuals. More than 600 people—most of whom are low-income and homeless—are employed by REDF-funded organizations generating more than \$20 million in sales. About half the businesses are currently profitable and contributing income to support their parent organization. REDF has documented improvements in individuals' lives in such areas as housing, employment, wages, self-esteem, drug usage, and recidivism.

In this interview, Melinda Tuan, managing director, discusses drawbacks of the venture philanthropy model, as well as the self-reflective nature of REDF.

Venture Philanthropy in a Learning Organization

An Interview with Melinda Tuan

Characteristics of Venture Philanthropy

The venture philanthropy model applies business practices to funding nonprofits. Typically, venture philanthropy is characterized by most or all of the following:

- Investment in organizations, not projects
- Commitment to significant long-term capitalization (as opposed to short-term or start-up funding)
- Hands-on management participation (direct participation of venture philanthropists in operating decisions; venture philanthropists have a seat on the nonprofit's board)
- Commitment to strategic partnering networking (Venture philanthropists bring not only their money and expertise, but also their Rolodexes®!)
- Anticipation of scalability (planning for maximized growth and replicability)
- Quantitative performance assessment (measurable outcomes)
- Exit plan (From the outset, venture philanthropists include plans for ultimately withdrawing capital and management assistance to ensure the nonprofit's independent viability.)

Adapted from "Transforming Philanthropy," a presentation by Bruce Seavers for the 51st Annual Conference of the Council on Foundations, April 29-May 3, 2000.

MtM: Do you have any cautions about the venture philanthropy model for others who may want to use it?

Tuan: Be attentive to the power imbalance. When you have money and you're talking to someone who wants it, there is always a power imbalance, even in personal giving. For example, if I suggest to someone in one of our enterprises that he talk to a particular person, he might interpret it as, "I have to talk to this person and hire her," but that might not have been my intention. At first we felt uncomfortable with the imbalance of power, so we didn't talk about it. But we've found it's better to acknowledge it, talk about it, and be conscious of it on an ongoing basis.

I would also say to be as clear as possible about everything and communicate more than you possibly think is necessary. As funders, we have monthly meetings with the management teams of our ten investee organizations. Sometimes during that meeting, I wonder whether they took what I said the wrong way. So later, I'll call them up and ask if they thought I was too directive. They'll say, "Yes. I didn't want to mention it." We still make mistakes. We hope they're new ones, not the same ones over and over.

It's important to remember that this work takes a long time and a lot of patience. And you have to be very comfortable with risk. Some projects will fail rather spectacularly. Being able to take blame along with success is the mark of a really good philanthropist.

MtM: Much of your success seems based on the amount of evaluation you do of your own effectiveness as a funder. How did you become such a self-reflective organization?

Tuan: From the outset, our founding executive director, Jed Emerson, had a commitment to being self-reflective. He invited people to give him and the rest of us feedback about ourselves, through external consultants. It was very painful. The personal feedback was not published, but it provided us with a lot of insight into how we are received.

REDF was launched in 1997. In 1998, our investee group gave us feedback that caused us to look at ourselves and say, "This isn't working." We then hired an independent consultant to talk with each of our investee organizations about what was and wasn't working with REDF's approach to the work. It was a big turning point for us in that our investees felt listened to. They found they could speak up to us and we would respond.

MtM: What kinds of mechanisms do you use to create trust and self-reflection?

Tuan: We publish and share information about what we've done wrong. That's a real trust builder. That has a lot to do with our donor. He actually says, "I want to hear what's going wrong." Having the freedom to say what hasn't worked increases the reflection dramatically.

We do the same with the groups we

fund. However, just saying, "I want to hear what's going wrong" isn't enough. It opens the door slightly, but it also brings a lot of skepticism. More important is how you respond if your investors tell you bad news. If you won't give them any more money, or you respond by blaming individuals instead of taking responsibility, it doesn't work. You need to be able to say, "I screwed up." It's only over time that you're able to prove to others in a power imbalance that you can be trusted and you're true to your word. We've worked with some investees up to ten years and sometimes they're still not fully open, because of the power dynamic. But they tell us far more than they tell other funders. A lot of them comment on that in our interviews.

We also make time to reflect. A lot of venture philanthropists have started out with PR about what they're going to do. They talk about what they're going to deliver and how quickly they're going to deliver it, so they don't have as much time for reflection. Our donor has given us freedom by saying from the beginning, "Let's not talk to the press and the general public until we have something significant to say. Our work should speak for itself." This approach has given us the flexibility to adapt and change, based on what our work has taught us. Although we have always published what we've learned from our mistakes, this is the first time we're talking about our positive results.

We hope that others in the nonprofit community will be able to benefit from our lessons learned and apply them to their future work as well. ■

—Interviewed by Pamela Gerloff

To obtain copies of REDF's latest reports, contact: www.redf.org

What is "engaged grantmaking" and is it different from venture philanthropy?

Many of those involved in what has been called venture philanthropy are realizing that in many ways "all" they are doing is becoming more connected—more engaged—to the work of the nonprofit sector. For some funders this means being involved in monthly meetings with investees, but for others it may manifest in other forms. In some ways, venture philanthropy is simply a subset or smaller component of the larger movement of philanthropy toward engaged grantmaking. As we move forward over the coming years, it will be interesting to see how philanthropy continues to evolve in response to the many demands of the nonprofit sector as a whole. —From the Roberts Enterprise Development Fund website, Frequently Asked Questions, www.redf.org

Giving as Investing

By Peter Kent

When I made my first \$100,000 gift to a nonprofit organization, it was a big stretch for me. I wanted to help the organization build its capacity to operate at a vastly different level than it had been. I knew I needed to think carefully about the amount I wanted to give and why. These six questions helped guide me to risk such a major gift:

1. Do I judge this area of work as critical?
2. Is it timely for the work of this organization to grow?
3. Will I be excited to build a relationship with this group for the next five or more years?
4. Do I trust and respect the leadership? (including the staff and board)
5. Do I judge the organization's finances as solid?
6. Has the group done thorough strategic planning?

Value per Share vs. Shared Values: Why Nonprofits Will Lead the Way in Online Giving

An article by Drummond Pike and Chris Herrera, available online.

Online giving, or e-philanthropy, is still relatively new, but there are already thousands of websites dedicated to charitable giving, community foundations, and donor advised funds. Why aren't they thriving? Pike and Herrera maintain that the new e-giving industry is failing, not for lack of interest in online philanthropy, but because it is being run by commercial interests that do not integrate the values of the nonprofit world into their services. To read their article discussing this problem and its solution, visit: www.morethanmoney.org/onlinegiving/

Does Your Giving Hit All the MARKS?

By Anne Slepian



"Make your philanthropy strategic... engaged... effective!" Like an advertisement for toothpaste that promises to make teeth whiter, cleaner, brighter, these adjectives—strategic, engaged, effective—are often slung together as if they synonymously describe a better, more modern way to do charitable giving. To me these buzzwords define three distinctly different qualities of good philanthropy:

EFFECTIVE: giving that produces the desired results (whatever those may be)

STRATEGIC: giving according to a carefully thought-out, overall plan to achieve particular outcomes

ENGAGED: giving that is personally involved, more than just sending money

To explore these differences, I made myself the chart below, and thought about memorable gifts I've made in the past decade. How about that time the waitress jumped for joy when I gave her a \$20 tip for a cup of coffee? That was effective, but neither strategic nor engaged. When my husband Christopher and I contributed \$20,000 toward a staff member's salary for a budding organization reaching out to young adults with wealth, it was part of our long-term strategy to leverage philanthropic resources. The grant was spectacularly ineffective (given that the group folded within the year) but we stayed engaged and

helped birth a successor organization, Resource Generation, which has flourished. One of the most "bang for the buck" gifts I ever made embodied all three qualities: Back in the early '80s, when I was committed to the peace movement, I gave \$120 to my hotshot organizer friend Paul so he could print hundreds of copies of a seminal article about the emotional impact of living under nuclear threat. Paul used those articles to seed disarmament chapters throughout Europe, and I stayed engaged with both Paul and the author's work for years. On an entirely different scale is the \$100,000 Christopher and I are giving to More than Money, as one of many "Visionaries' Circle" members funding the organization's expansion. This gift embodies all three qualities as well, and few things have been as thrilling to me as shepherding the organization's growth.

Playing with this chart has convinced me that each quality has value on its own—yet its power is amplified when combined with one or more of the others. Try mapping out your most memorable gifts, and see what you learn! ■

Anne Slepian is an award-winning writer, workshop leader, and organizer on issues of wealth and philanthropy. She and her husband, Christopher Mogil, founded and direct More than Money.

Anne's Giving Analysis

	\$20 tip for a cup of coffee	\$120 to Paul for dissemination of article	\$20,000 for salary at start-up non-profit	\$100,000 to to More than Money Visionaries' Circle
Effective Achieving desired results	♥ Waitress thrilled	♥ Disarmament chapters developed	☛ Organization folded	♥ Organization moving swiftly forward with its strategic plan
Strategic Part of overall giving plan	☛ Big tips not part of giving plan	♥ Plan to support peace activism	♥ Plan to support organizing of people with wealth	♥ Plan to support organizing of people with wealth
Engaged I'm personally involved	☛ I did not know the waitress, nor stay connected to her use of surprise tips	♥ Stayed engaged for years as a friend & organizer	♥ Continued involvement helped create Resource Generation	♥ As one of the founding directors, this is my daily work

Think **BIG**, Think **SMALL**

An Interview with Steve Kirsch and Wayne Muller

We talked with Steve Kirsch, co-founder of the Kirsch Foundation, and Wayne Muller, founder of Bread for the Journey, about their models of giving. Approaching philanthropy from very different backgrounds, one thinks big and one intentionally thinks small.

TWO MODELS for GIVING



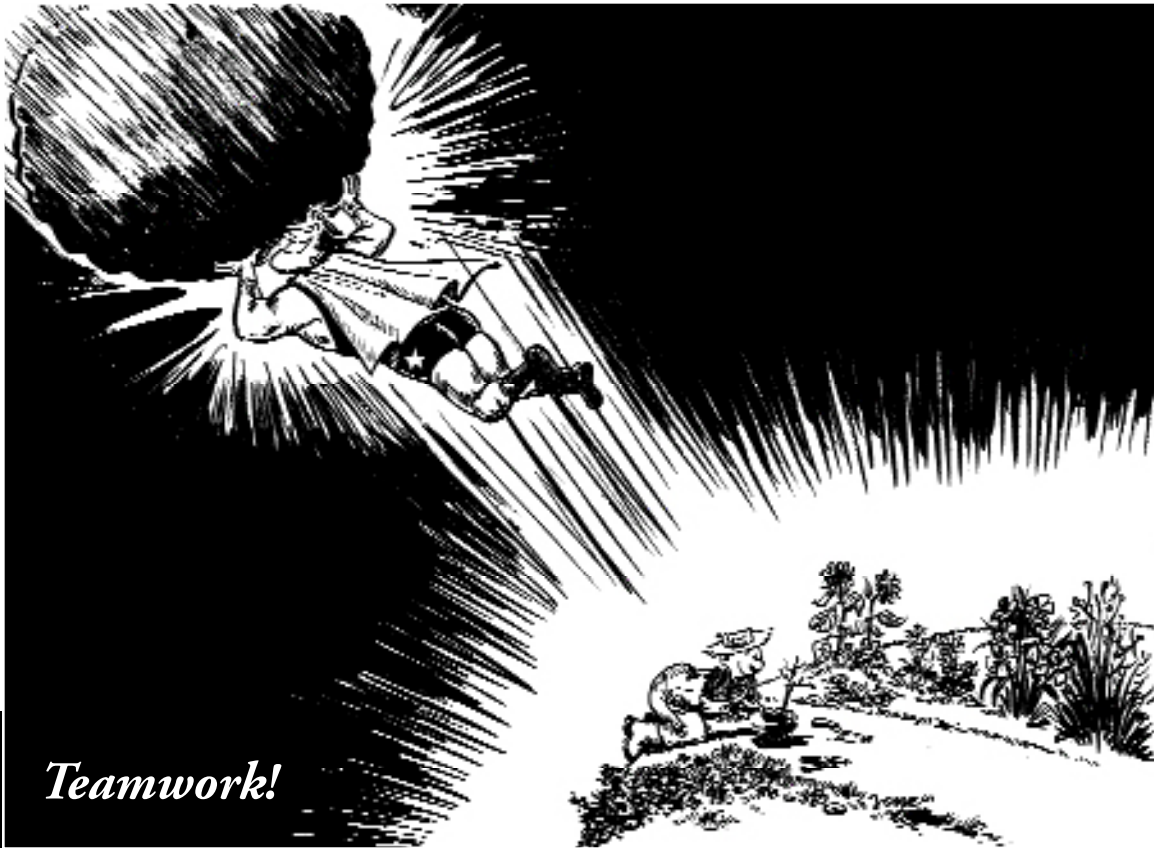
Steve Kirsch

Think Big

Steve Kirsch, founder and CEO of Propel Software Corporation, considers his “asteroid project”—which funds efforts to detect and protect us against possible asteroid-Earth collisions—one of the most cost-effective charitable investments around. “We may not receive its results for 10,000 years, but is it really worth it,” he asks, “to save 20 million bucks yet be wiped out next week? It’s silly not to pay for the collision insurance.”

Kirsch also founded two other successful high-tech companies besides Propel, including Infoseek Corporation, which was purchased by Disney in 1999. To give some of the profits away, he and his wife Michele started their own \$75 million foundation (www.kirschfoundation.org). In 1999 they were named Outstanding Philanthropists by the Silicon Valley chapter of the National Society of Fundraising Executives. That same year, they were recognized by *Slate* magazine as the eighth largest charitable givers in America.

JESSE VAN MUYLWIJCK

*Teamwork!*

EFFECTIVELY

**Wayne Muller**

Think Small

Bread for the Journey (BFJ, www.breadforthejourney.org) is a national philanthropic organization with fifteen local chapters, all run by volunteers. Its founder and president, Rev. Wayne Muller, is also a therapist, retreat leader, and author. He has published three books and writes regularly on business and spirituality for *Forbes* magazine. He also founded the Institute for Engaged Spirituality.

BFJ is a response to what Muller sees as a growing need for a simple, accessible, neighborhood-based model of philanthropy, “more intimate and responsive than already existing—and breathtakingly useful—community foundations.” BFJ volunteers pool their own resources and give money locally, to people with strength and vision who are excited about helping their communities. Such people exist everywhere, Muller says; all they lack is a small amount of money to get started and the confidence that they can carry out their vision. A typical BFJ example: A \$200 grant to buy clay allowed a person with a passion for making pots to teach others to make them, too. The pots were then planted with flowers, which were then sold to raise money to help abused women. Says Muller, “Our culture points toward big stuff. I like to be a voice in the wilderness saying that just as much energy should go toward small. If you do that, you’ll be astonished at what two or three people in a neighborhood can do to change the world.”

We asked both Kirsch and Muller what giving effectively means to them.

TWO MODELS for GIVING



STEVE KIRSCH: People have different goals for why they give. Some give because they enjoy the process—going through grant applications, meeting with potential recipients, deciding which group gets the money. For them, the journey is the reward. Others, like me, are focused on results. If you're focused on results you have a different metric.



WAYNE MULLER: I don't think about giving in terms of effectiveness...I think more in terms of surprise. I'm so humbly in awe of the way the world really operates—there are forces much greater than us at work. Some gifts are going to take wings, some hobble along, and some sputter, and I can never predict which will do which.

When I was chaplain at an AIDS clinic, I made weekly visits to the bedside of a gay man. The man was Greek Orthodox, and his priest would not come to visit him. We had long conversations about spirituality and how people view grace and suffering. After a year, the man said to me, "You know, I've been really glad you've come." I assumed it was because I was a graduate of Harvard Divinity School and could talk about these things—and then he said, "I haven't understood a single thing you've said about theology, but I really like the sound of your voice." (Muller laughs.) We think we're doing one thing, but in reality something else is really going on.

MTM: How does your organization do its funding?

KIRSCH: At our foundation, we do a combination of things. First, we set our goals. Our foundation has identified four or five major areas that we give to. Then we create programs to strategically achieve those goals. We evaluate grants in the context of our goals. We also institute programs ourselves. We get involved; for example, there is the medical program we fund. (Kirsch's project to fund cancer research is discussed on the Kirsch Foundation website: www.kirschfoundation.org.) We also pursue our goal in ways other than grant applications. For example, we occasionally invest in for-profit companies to achieve the goal, without expecting a return on investment. This allows the business to get started quickly. If we make money at it, that's a bonus, and we can reinvest it in a charitable project.

We always have outcomes. Typically, they are very long-term. So we have to have intermediate goals too. For example, for an

environmental project, we might have a long-term outcome of meeting state and federal clean air guidelines 50 years from now. Sub-goals would be passing certain pieces of legislation. Those kinds of sub-goals help us get to the final goal. Basically, we're applying the same sort of business logic that you use to run a business. You have goals you want to achieve and you figure out how to do it. It's about creating strategies to achieve the goals.

I have very little contact with my grantees. The way we operate is we say, "Let's go cure cancer," and then we set basic milestones. The project passes Phase One, Phase Two, and Phase Three clinical trials. Beyond that you're micromanaging. It's difficult to be expert in all fields, so we let the management of goals be at the discretion of grantees. We try to pick world-class grantees—we place a high emphasis on that. We set the goals and evaluate the grantees on the basis of their ability to achieve those goals. Our goal is to cure cancer, so we ask, "Do these people have a good chance of curing cancer?" We check their background and approach. We give them money for three years and see how they do. So it's not that we require them to meet all the milestones we set along the way. And it's not necessarily that we check performance against expected outcomes either. Let's say they cure tuberculosis, instead of cancer. That's O.K. with me!

MULLER: The way funding works at Bread for the Journey is, when someone calls us requesting money, we meet them for a walk in the park or a cup of tea. If we fall a little bit in love with them, we give them money. Having consulted with Kellogg's and other large foundations, my observation is that foundations often use paperwork out of fear of making a mistake. In general, people are so worried they're going to give money to the wrong place that they frontload the paper. In my experience, you get pretty much the same result, whichever way you do it—some things take off and some don't. So why not simplify the process?

For us, philanthropy is about relationships, love and kindness. We give our grantees money only once, but that doesn't mean we stop giving in the relationship. We put them in touch with other funders; we help them get 501(c)3 status. The point of being at ground level is that we can be in relationship with people, but the relationship is not always about money. That makes it too small. It's also important in BFJ that we not feel pressure to raise money, because we want people in our chapters to have fun. All our chapters are run by volunteers who do this in addition to their full-time jobs. When they have money, they give it away; and when they don't, they wait for it to come.

One of my presumptions is that an act of generosity is an act

EFFECTIVELY

that benefits everybody. When giving and receiving are done really well, the line between giver and receiver begins to dissolve a little. When you see someone throw their arms around someone else in a great big hug, who is giving and who is receiving? It's a silly question. Both benefit.

Ultimately, philanthropy is about deep nourishment for all beings. I wrote *Sabbath: Restoring the Sacred Rhythm of Rest* in response to seeing that a lot of people in the world who are trying to do good are doing good badly, myself included. We are all subject to the impulse to rush, and to the idea that bigger and more is better. At a certain point, that becomes simply not healing. So when we reach for what we would heal, we create suffering. We knock things over. There are thousands of stories of the World Bank, AID, and IMF sticking money in a place because they thought they had to hurry up and do something. They didn't take the time to know what it's like to live there and know what's truly and good and holy. The more quietly and mindfully we do this work, the better all beings will benefit, and the better we'll feel.

MTM: What advice would you give to donors who have \$10,000-\$500,000 per year to give away?

KIRSCH: My advice is no different from what I would tell people with more money. The only difference would be the number of focus areas. In this case, it would be to focus your giving to one to three areas that you have a passion for, decide on specific goals in those areas, and then start pursuing strategies to achieve those goals.

MULLER: Find out where the strengths are in your community. The need is everywhere. The question is, "Where's the grace, the light, the juice?" Sometimes you'll read about someone in the newspaper. You'll read or hear about a need at the YMCA, for example. It's not that hard. Just keep your ear to the ground. You don't have to be obvious about it. Get a few people you love together and talk about what you've seen in the community. It can be an excuse to get together.

When you give this way, you begin to read the newspaper differently. It's much more about listening. All of a sudden it's not "those people" and "us," it's all "us." It doesn't take a tremendous amount of time and it's fun; you're hanging around people you like to be with. You can all be generous together.

I would also say to think small. Think about ways to do less better. In the Christian tradition, Jesus talked about small things. He said, "Heaven is like a grain of mustard seed." Small things done well are really the things that move the world.

MTM: Is bigger better in philanthropy?

KIRSCH: Bigger gives you the opportunity to be more effective. It doesn't ensure results, but it definitely gives you a lot of advantages. There is an advantage to scale. The larger the capital you have, the more efficient you can be. We have a full-time person in charge of the medical grants, for example.

MULLER: In the *Chronicle of Philanthropy*, they're always talking about who's got the biggest endowment. What does it matter if Bill Gates is surpassed by Hewlett Packard? That's silly, but it makes the front pages. I'd like to see on the other side of the front page, "How small can we get?" I often ask people, "What's the smallest thing that anyone did for you that changed your life?"

There are places for large interventions, like doing research on cancer or AIDS treatments. But at the same time, it's not a good presumption that bigger is more effective. The presumption that real change happens from the top down is being challenged everywhere. For example, a bank in Bangladesh lent individuals \$50 to \$100 to start small businesses. That micro credit work ultimately changed the whole country's economy. One thousand tiny kindnesses rising from the ground up change the world more reliably than one initiative from the top down. There is a place for both. ■

—Interviewed by Pamela Gerloff



"It's a check for a hundred thousand dollars. Do you like it?"

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What Donors Need to KNOW

A Conversation with Emmett Carson



ANTHONY BARBOZA

Emmett Carson is president and CEO of The Minneapolis Foundation. Best known for his seminal work on Black philanthropy, Carson is also an internationally recognized author and lecturer on philanthropy and the nonprofit sector. He holds a Ph.D. in public and international affairs from Princeton University.

Align Expectations with the Level of Risk

There are two philosophical topics that go to the heart of effective giving that haven't been treated thoughtfully elsewhere. The first is the notion of risk. In a regular investment situation, investors understand that if I make a bet on an oil strike or a gold mine, my chance of success is low and my payoff is very high. They understand these investments as being high risk. Philanthropy, however, is the one area where neither experienced nor inexperienced donors understand the risk and nature of what they do.

For example, a \$10,000 grant is significant when you make it as an individual. It is also significant to the organization that receives it. But should you expect that the organization will solve poverty in your community because you gave it \$10,000? No, it's not realistic to expect that—yet people do. Only the lottery gives the kind of odds that people expect from philanthropic investments: a small amount of money to bring a huge return. You don't play the lottery as an investment strategy. The same is true in philanthropy. As a donor, you need an understanding

What gets left out of conversations about effective giving?

What do donors really need to know? Here, Emmett Carson offers a few of his insights.

of the size of the problem you're trying to solve, relative to the amount of money you're investing.

Tailor Outcome Measures to the Mission

The other topic that's neglected has to do with the question of outcomes. Although this is discussed a lot, it is not a nuanced discussion. Donors need to ask themselves: "How much am I putting in and what is reasonable to expect that the organization will be able to do with it? And how does the organization measure outcomes against the mission?"

For example, let's say I support a feeding program for the homeless. I can tell you every night how many people we served a meal to, how many didn't go to bed hungry. But have I affected long-range hunger? Have I made systemic changes in my community? No. The outcome is easy to count, it's straightforward and easily understood, and it fulfills the mission of the organization. However, it may not fulfill the mission that you prefer to fund.

An effective giver has to ask: "What is the mission of the organization I'm supporting and what is success in those terms?" You cannot just look at an organization and conclude that it is successful because it has what I call "counting success." Its success measures must be appropriate to its mission. As a donor, you are right to talk about standards and accountability, but the conversation must also be about what the mission is and determining reasonable benchmarks. One program may be 50% effective, another may

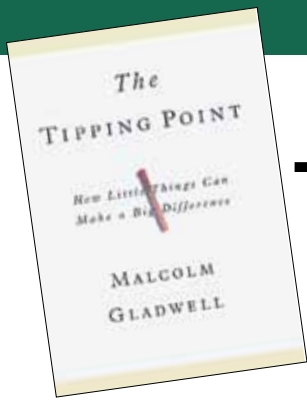
be 75% effective, according to their outcome measures. But the 50% effectiveness rate may in fact be very high, given the mission and the risk involved.

Effectiveness Depends on What is Valued

Another point to understand is that what is effective can depend on the population being served. For example, people will argue for hours that McDonalds® french fries taste better than Burger King®'s. To me, they're the same, but to my ten-and-a-half-year-old daughter Yeti, there's a difference. Similarly, if I've got a youth program serving Spanish-speaking kids and a traditional youth program that doesn't, to some people that difference may be important. I'm an African-American and am sensitive to taking Yeti places where there is no African-American presence. I want her to have a certain experience that provides a positive image for her as an African-American female.

So, just because there are two programs that appear to provide the same service does not mean there is a duplication of programs. In general, donors are not encouraged to understand that what may be an irrelevant difference from their point of view is a critical difference to others. That critical difference can account for differences in success rates with different populations. The people who support a particular program believe it is best for what they're interested in. That's why you have to relate the mission of the organization to the outcomes. ■

—From a conversation with Pamela Gerloff



The Tipping Point

How Little Things Can Make a Big Difference

By Malcolm Gladwell / Reviewed by Pamela Gerloff

Change doesn't work the way we think it does—at least it doesn't have to. It can be sudden and dramatic, even easy, because little things can tip the scale. That's the basic message of *The Tipping Point*, a delightful and informative read by *The New Yorker* magazine writer Malcolm Gladwell.

But it's not just any little things that cause a situation to reach a moment of critical mass and "tip" into significant change, it's specific little things. And once we know what those are, we can intentionally create change on our own. That's why the book is relevant to wealth stewardship and philanthropy. If we want to create change with our money, we would do well to understand the true nature of change—how it happens and how we can help it along.

The Tipping Point likens the change process to the process flu epidemics follow as they spread. In fact, it says that creating any kind of large-scale change is like starting an epidemic. To start an epidemic, pay attention to (a) the people who transmit infectious agents, (b) the infectious agent itself, and (c) the environment in which the infectious agent is operating. To create change in each of these areas, Gladwell offers three "rules of epidemics": the Law of the Few, the Stickiness Factor, and the Power of Context.

The Law of the Few says that it's a few key people who spread a movement, idea, or trend. They are certain types of people, whom Gladwell calls connectors, mavens, and salesmen. Connectors know tons of people and happily connect them with each other. Mavens seek out knowledge and share it with others. Salesmen instinctively garner support. Paul Revere, Gladwell explains, was both a maven and a salesman—which accounts for his success rallying the minutemen against oncoming British troops

during his famous midnight ride into Lexington, Massachusetts. William Dawes, who also rode that night to spread the alarm, remains a lesser known figure precisely because he lacked those qualities. Along the route he traveled that night, the men didn't rally. The moral of the story: If you want to create a "social epidemic," find and fund your mavens, connectors, and salesmen.

Similarly, if you want to be intentional about change, pay attention to the Stickiness Factor. The HIV virus, for example, is "sticky." Once you get it, it stays. Messages, too, are either sticky or not. Says Gladwell, "We tend to spend a lot of time thinking about how to make messages more contagious, how to reach as many people as possible with our products or ideas. But the hard part of communication is often figuring out how to make sure a message doesn't go in one ear and out the other." Stickiness makes a message have impact. You can't get it out of your head.

The third rule, the Power of Context, suggests that we humans are more sensitive to situational context than we know, and this offers real hope for creating deep-level change. By making small changes in context, seemingly intractable problems can be shifted relatively easily. In one of the book's more inspiring examples, Gladwell attributes the sudden drop in the New York City crime rate in the 1990s to the Power of Context. He explains how deliberate crackdowns on

seemingly small violations, like fare beating and graffiti in the subway, caused serious crime in the whole city to "tip" downward, at a time when other cities were not experiencing such downturns.

How can *The Tipping Point* inform our practice of philanthropy? I asked Gladwell himself this question: *If you had \$10,000-\$500,000 a year to give away and you wanted to make strategic change in a particular area, how would you decide to whom and where to give?*

Gladwell's response: "One idea is called sequential saturation. Currently, the way we try to turn neighborhoods around is that we have a pool of money and we divide it up among all the different places that need it. The tipping point would say to take all the money and concentrate it in one place. Bring that one place to the tipping point and then move on to the next one. Most of our giving now is well below the tipping point. So I would say to concentrate resources and fix one small area at a time. The first thing to do, though, is look for others with \$5,000 or \$10,000. Expand the amount of resources you have and simultaneously narrow the focus. The tipping point would also suggest that the hardest problem is not the one you should address first. Get the easier ones first. Finally, I would take what the book has to say about social networks very seriously. Harnessing the talents of connectors is a very effective way to create change."

The Tipping Point provides a strong argument for investing in people and communities. It reminds us that big change is a grass-roots, bottom-up process. The book is a call for funders who are committed to social change to spend more time in the field, so we can get a better pulse on what's happening and identify key pressure points that set the change process in motion. The book reaffirms that giving effectively is not dependent on how much we give or the size of our organization. How and to whom we give—combined with a good dose of intangibles, such as timing and fortuity—help to precipitate situations to a tipping point and bring about true change. —Kelsang Aukatsang, Management Strategies and Services Officer, Tides Foundation

Developing Best Practices

Inspired Philanthropy

Creating a Giving Plan: A Workbook
by Tracy Gary and Melissa Kohner
A step-by-step approach to developing and implementing a personal giving plan. Available for purchase through Resourceful Women.
415-561-6520
www.rw.org

Outgiving Program

Offers conferences for donors to gay/lesbian/bisexual/transgender projects.
303-292-4455
www.gillfoundation.org

The Rockefeller Philanthropy Workshop

A year-long, intensive training program for high-net-worth givers, developing strategic giving skills and plans.
212-852-0199
www.rockfound.org

Twenty-First Century Foundation

A resource for grantmaking to Black community change organizations. Fosters strategic alliances to strengthen Black philanthropy.
212-249-3612
www.21cf.org

What is Good Grantmaking for Social Justice?

Workbook for developing a giving program in social change philanthropy. Available through the National Network of Grantmakers.
619-231-1348
www.nng.org

Collaborative Giving and Action

Giving Circles Starter Kit

A resource for creating a successful giving circle. Available through Giving New England.
617-426-2606
www.givingnewengland.org

Creating a Women's Giving Circle

by Sondra Shaw-Hardy
A guide for organizing, managing, funding and publicizing a women's giving circle. Available through the Women's Philanthropy Institute.
608-270-5205
www.women-philanthropy.org

Social Venture Partners

SVP invites donors to give money and time to local nonprofits. Started in Seattle, it has affiliate members across the nation.
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www.svpseattle.org

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www.charitywave.com

Facilitates online donations to nonprofits. One hundred percent of the donation goes to the designated group, with no administrative costs taken out.

www.giveforchange.com

Focused on giving for social change, this online service allows donors to give to pre-screened organizations or name their own.

www.guidestar.org

Searchable, online database of more than 700,000 U.S. nonprofit organizations. Allows donors to easily compare organizations.

www.justgive.org

Online giving resource with extensive database. One hundred percent goes to the grantee.

www.wkcf.org/documents/philvol/pv3677.pdf
e-Philanthropy, Volunteerism, and Social Change Changemaking: A New Landscape of Resources, Issues, and Opportunities
A report by the W.K. Kellogg Foundation

Resources for Giving Effectively

For additional resources, including our list of philanthropic consultants, please see our publication, *Taking Charge*, or call our office for suggestions:

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WHO is the WEALTHIEST 5%?

Among United States residents, if you have...

\$127,000 or more household income or
\$897,000 household net worth
you are among the wealthiest 5% of the wealthiest country on Earth.

If you have...

\$350,000 household income or
\$3,802,950 net worth,
you're in the wealthiest 1% of the population.

The median annual household income in the United States is \$33,000.
Global per capita income is \$4,840.

1.2 billion people in developed nations live on less than \$1.00 per day.

The combined wealth of the world's 200 richest people hit \$1 trillion in 1999.
The combined incomes of the 582 million people living in the 43 least developed countries is \$146 billion.

Out of 17 European and North American countries, the U.S. has the highest rate of income per person and the highest rate of poverty.
17% of people in the U.S. are living below the poverty line.



*"You'll be coughing up big bucks for quite some time, Mr. Vaniborn.
Don't be alarmed—it's perfectly normal."*

"Money, like dung, does no good till 'tis spread."

—Thomas Fuller, M.D. (1730)

"It is well to give when asked, but it is better to give unasked, through understanding."

—Kahlil Gibran (1923)

"You can't give it to every-wan' offen provides an excuse to give it to no wan."

—Sean O'Casey (1924)

In a 2001 poll, Americans with incomes of \$150,000 or more and net assets of at least \$500,000, said the main reason for not giving is concern that their money will not be used well.

—Worth.com Wealth Pulse:
Wealth and Giving
www.hnwdigital.com

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Available at www.boldergiving.org

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