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lives. "; ";paper_authors";:[";Mohd Farhan Ahmad";,";M. Don";,";Mahfuzah Mohammed Zabidi";,";R. Sulaiman";,";Azizah Md. Kasah";],";paper_publish_year";:2018,";publication_journal_name";:";International Journal of Academic Research in Business and Social Sciences";,";consensus_paper_details_url";:";https://consensus.app/papers/national-model-philanthropy-towards-global-ahmad/ec432b1f0f455a468258e8f27f7d4cd5/?utm_source=chatgpt";,";doi";:";10.6007/IJARBSS/V8-111/4955";,";volume";:";";,";pages";:";";,";search_result_number";:12}, {";paper_title";:";Philanthropic Funding in Higher Education: Carrot and/or Stick";,";abstract";:";This paper explored the impact of philanthropic funding on institutions of higher education. In the past, most philanthropic gifts to colleges and universities were undertaken to benefit society. However, today this type of giving has evolved into funding organizations with political agendas which take advantage of harsh economic realities in order to drastically influence the changing landscape of our institutions of higher education. Specifically, several major topics were covered: (a) historical background, (b) philanthropy and business initiatives, (c) today's venture philanthropy, (d) Massive Open Online Courses and (e) the impact of these factors on students in higher education. The paper concludes with a discussion of what happened at the University of Virginia last June and why it happened \u2013 when politics, power, and philanthropic givers combined in an attempted to remove Teresa Sullivan as the university's president. These are dangerous times where profitability is highly valued; we must remain vigilant.";,";paper_authors";:[";Amy Morris Homans";,";B. A. Boyce";],";paper_publish_year";:2013,";publication_journal_name";:";Quest";,";consensus_paper_details_url";:";https://consensus.app/papers/philanthropic-funding-higher-education-carrot-andor-homans/060aee753b6a5030af8c8eb46c3c6364/?utm_source=chatgpt";,";doi";:";10.1080/00336297.2013.791873";,";volume";:";65";,";pages";:";255 - 265";,";search_result_number";:13}, {";paper_title";:";Global Financial Crisis and Philanthropy: Malaysian Case";,";abstract";:";This paper investigates the issue of the global financial crisis and its impacts on philanthropy and civil society organisations (CSOs) in Malaysia. CSOs are popularly known as non-governmental organisations (NGOs) in Malaysia. Financial crisis has caused NGOs in many countries to receive less funding. This situation may threaten and discourage voluntary works. Undoubtedly, these beneficial contributions from the NGOs are needful services to the society. This paper examines the impact of financial crisis through the lens of NGOs and philanthropy activities in Malaysia. It utilises primary and secondary data, employs a mixed method approach, and uses quantitative and qualitative data. While there are many influencing factors in this development, this paper presents several significant aspects in the Malaysian context, including the style and nature of giving, culture, religion, and political pressure. This study attempts to seek potential solutions, pathways and possible approaches beneficial to NGOs and philanthropy activities for their sustainability in facing the financial crisis and its consequences. Experiences and lessons learnt in Malaysia may well be useful and applicable to some extent in other countries.";,";paper_authors";:[";J.

Nga"],"paper_publish_year":2015,"publication_journal_name":"Cosmopolitan Civil Societies: An Interdisciplinary

Journal","consensus_paper_details_url":"https://consensus.app/papers/financial-crisis-philanthropy-malaysian-case-

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31","search_result_number":14}, {"paper_title":"Strategic Philanthropy","abstract":"Because it promises to benefit business and society simultaneously, strategic philanthropy might be characterized as a \u201chappy marriage\u201d of corporate social responsibility behavior and corporate financial performance. However, as evidence so far has been mostly anecdotal, it is important to understand to what extent empirics support the actual practice as well as value of a strategic approach, which creates both business and social impacts through corporate philanthropic activities. Utilizing data from the years 2006 to 2009 for a sample of the Dow Jones Sustainability Index (DJSI World), which monitors the world\u2019s most sustainable companies, the authors test a model of strategic philanthropy in which the dependent variable is evidence that a firm does or does not measure business and social impacts simultaneously. From the DJSI data, the authors find a proposed measure of overall corporate social performance (CSP) to be the most important explanatory factor for engagement in strategic philanthropy. Moreover, this measure of CSP has a mediating effect on the relations between certain independent variables and strategic philanthropy. Other important findings provide support for the influence of the institutional factors industry and region on the likelihood that companies are practicing strategic philanthropy, but little effect of the business characteristics company size and profitability on that likelihood.","paper_authors":["K. Liket","K. Maas"],"paper_publish_year":2016,"publication_journal_name":"Business & Society","consensus_paper_details_url":"https://consensus.app/papers/strategic-philanthropy-

liket/aaab74c285ea54a89a0f95f94d09095f/?utm_source=chatgpt","doi":"10.1177/0007650314565356","volume":"55","pages":"889 - 921","search_result_number":15}, {"paper_title":"Strategic Corporate Philanthropy: Addressing Frontline Talent Needs Through an Educational Giving Program","abstract":"Corporate philanthropy describes the action when a corporation voluntarily donates a portion of its resources to a societal cause. Although the thought of philanthropy invokes feelings of altruism, there are many objectives for corporate giving beyond altruism. Meeting strategic corporate objectives can be an important if not primary goal of philanthropy. The purpose of this paper is to share insights from a strategic corporate philanthropic initiative aimed at increasing the pool of frontline customer contact employees who are performance-ready, while supporting curriculum development and infrastructure improvement for selected university business programs, creating a win-win situation for the company and the universities. This paper will address three objectives. First, we will examine the evolution of strategic philanthropy from the traditional view to its current position as a strategic option. Second, we will address the recruitment of front line talent needs (customer facing jobs in sales, customer service, and

marketing) based on the profit maximization model of strategic philanthropy. Finally, we will offer conclusions and issues for future research.

"paper_authors": [\"Joe M. Ricks\", \"J. Williams\"], "paper_publish_year": 2005, "publication_journal_name": \"Journal of Business Ethics\", "consensus_paper_details_url": \"https://consensus.app/papers/strategic-corporate-philanthropy-addressing-frontline-ricks/91626bebf29f50ed9e1c3b4bb5ea3b42/?utm_source=chatgpt\", "doi": \"10.1007/S10551-005-1175-3\", "volume": 60, "pages": 147-157, "search_result_number": 16}, {"paper_title": \"Corporate philanthropy and employee engagement\", "abstract": \"The firm develops its identity through actions that reflect its business strategy. Some of those actions are social and show the social commitment of the company. Hence, philanthropic actions could be incorporated into the core business, through the implementation of a specific corporate philanthropy strategy. The company would then need to measure its financial and non-financial effects to evaluate the effectiveness of this strategy. Philanthropic actions impact not only on the community but also on other stakeholders, for example employees, and it would be useful to identify and measure these effects. This paper describes an empirical study of 232 European companies. The findings show that a company's philanthropy strategies and the presence of women on the board impact on the attitude of its employees. Firms that have a corporate philanthropic strategy tend to have lower levels of labour controversies and incidents, with respect to those which apply discretionary or sporadic philanthropic practices. The types of philanthropic practices adopted highlight and define the firm's corporate identity and foster trust among its employees. The results of this study have implications for the design and management of corporate philanthropy strategies.\"}, {"paper_authors": [\"Lourdes Arco-Castro\", \"M. L\u00f3pez\u2010P\u00e9rez\", \"M. P\u00e9rez\u2010L\u00f3pez\", \"Rodr\u00e9guez\u2010Ariza\"], "paper_publish_year": 2018, "publication_journal_name": \"Review of Managerial Science\", "consensus_paper_details_url": \"https://consensus.app/papers/philanthropy-employee-engagement-arcocastro/d741d4ca6fab53fab957f6d7242dec41/?utm_source=chatgpt\", "doi": \"10.1007/S11846-018-0312-1\", "volume": 14, "pages": 705-725, "search_result_number": 17}, {"paper_title": \"The competitive advantage of corporate philanthropy.\"}, {"abstract": \"When it comes to philanthropy, executives increasingly see themselves as caught between critics demanding ever higher levels of corporate social responsibility and investors applying pressure to maximize short-term profits. In response, many companies have sought to make their giving more strategic, but what passes for strategic philanthropy is almost never truly strategic, and often isn't particularly effective as philanthropy. Increasingly, philanthropy is used as a form of public relations or advertising, promoting a company's image through high-profile sponsorships. But there is a more truly strategic way to think about philanthropy. Corporations can use their charitable efforts to improve their competitive context--the quality of the business environment in the locations where

they operate. Using philanthropy to enhance competitive context aligns social and economic goals and improves a company's long-term business prospects. Addressing context enables a company to not only give money but also leverage its capabilities and relationships in support of charitable causes. This produces social benefits far exceeding those provided by individual donors, foundations, or even governments. Taking this new direction requires fundamental changes in the way companies approach their contribution programs. For example, philanthropic investments can improve education and local quality of life in ways that will benefit the company. Such investments can also improve the company's competitiveness by contributing to expanding the local market and helping to reduce corruption in the local business environment. Adopting a context-focused approach goes against the grain of current philanthropic practice, and it requires a far more disciplined approach than is prevalent today. But it can make a company's philanthropic activities far more effective.

Porter, M. Kramer, M. (2002). *Philanthropy: The New Competitive Advantage*. Harvard Business Review, 80(12), 56-68, 133.

Relationship between Corporate Philanthropy and Consumer Loyalty-The Mediating Role of Gratitude, Trust and Commitment: South Korean Consumer Perspectives

INTRODUCTION

Several years ago, researchers suggested that the main goal of a profit-oriented firm was to attract consumers. Given that the current market has become so competitive, various researchers now claim that the main objective of a firm must be to capture and retain consumers. To achieve this goal, companies must seek ways to retain their consumers over the long term (Boora & Singh 2011). As such, many firms have begun to introduce corporate philanthropy, such as charitable donations, as a business strategy (Godfrey 2005). Specifically, the activity of corporate philanthropy introduces social concerns as an essential part of a firm's strategic marketing. For example, the 2013 expenditure on charitable giving of just 261 companies, including major companies in the Fortune 500, reached over \$25 billion, and the proportion of profits given to charitable donation has been significantly increasing over the last few years (Giving in Numbers: 2014 Edition CECP). Presently, corporate philanthropic activities are relatively easy to find. Firms fulfill their philanthropic responsibilities by contributing corporate resources such as financial donations, employee time, and facilities for humanitarian programs or causes. From a legal perspective, these activities are voluntary, not obligatory. However, society expects (or pressures) corporations to be involved in these altruistic activities as a means of "giving back" to the society. These societal pressures compel companies to implement appropriate philanthropic activities. Consequentially, corporations seek to establish a favorable corporate image and create a positive relationship with consumers that contribute to improving corporate value (Yoon, Gurhan-Canli & Schwarz 2006), by responding to consumers' social concerns. With the rising adoption of corporate philanthropic activities by business practitioners, academics are paying increasing attention to corporate philanthropy (Brammer & Millington

2005). However, over the past couple of decades, there has been some debate over the relationship between corporate philanthropic activities and corporate performance (Godfrey 2005). In particular, scholars have focused on the substantial or empirical effect of corporate philanthropic activities on corporate performance in terms of corporate reputation. For instance, Williams & Barrett (2000), examining the influence of corporate philanthropic activities on corporate reputation, found that corporate philanthropy significantly enhanced corporate reputation. Brammer & Millington (2005), analyzing the determinants of corporate reputation among large UK companies, concluded that philanthropic expenditures improved corporate reputation, although the level of reputation enhancement varied from industry to industry. Hsu (2012), studying the persuasive impact of advertisement by focusing on corporate social activities, found that a company's advertisement of its social initiatives had positive effects on customer satisfaction, corporate reputation, and brand equity. This research verified the link between corporate philanthropic activities and corporate reputation. However, the underlying reasons as to why corporate philanthropic activities have positive impacts on corporate performance have not yet been determined, as far as the authors are aware. To understand the effect of corporate philanthropy on corporate performance, understanding the processes of how corporate philanthropy enhances corporate performance will offer more insight than simply investigating the direct link between corporate philanthropy and corporate performance. Therefore, this research addresses the key question of the mechanisms that make corporate philanthropic activities effective in enhancing consumer loyalty toward a firm. Although the ultimate goal of any firm is to maximize profit, consumer loyalty contributes to the attainment of this goal in the long run. The present study investigates the effect of corporate philanthropy on consumer loyalty, which in turn leads to corporate financial success.

"paper_authors": "Jongchul Park", "Jieun Choi", "Minsun Yeu", "paper_publish_year": 2016, "publication_journal_name": "Academy of Marketing Studies", "consensus_paper_details_url": "https://consensus.app/papers/corporate-philanthropy-consumer-loyalty-the-mediating-park/15b3585b563d5b529eae9f73d768a3c5/?utm_source=chatgpt", "doi": "10.1002/ame.2016.20.issue-1", "search_result_number": 19, "paper_title": "The Limits of Nonprofit Impact: A Contingency Framework for Measuring Social Performance", "abstract": "Leaders of organizations in the social sector are under growing pressure to demonstrate their impacts on pressing societal problems such as global poverty. We review the debates around performance and impact, drawing on three literatures: strategic philanthropy, nonprofit management, and international development. We then develop a contingency framework for measuring results, suggesting that some organizations should measure long-term impacts, while others should focus on shorter-term outputs and outcomes. In closing, we discuss the implications of our analysis for future research on performance management." "paper_authors": "Alnoor Ebrahim", "V. Rangan", "paper_publish_year": 2010, "publication_journal_name": "ER: Other Organizations & Markets: Formal & Informal Structures (Topic)", "consensus_paper_details_url": "https://consensus.app/papers/limits-nonprofit-impact-contingency-framework-measuring-

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Foundation (GHIF), I am deeply inspired by the idea that effective philanthropy does
not require vast wealth. This is reflected in David Rubenstein's notion of
'patriotic philanthropy,' where he uses his resources to enhance public
knowledge and national pride through the preservation of historical documents and
monuments.\n\nThough GHIF is currently just a vision, it embodies my commitment to
using available resources\u2014be it time, expertise, or networks\u2014to foster
societal improvement. My vision for GHIF includes initiatives that go beyond financial
aid, aiming to address essential human needs such as healthcare, mental wellness,
education, and enriching travel experiences that broaden perspectives and promote
understanding. Research indicates that corporate philanthropy can significantly impact
societal causes even when it involves non-monetary contributions such as volunteer
work and expertise [(van der Heyden & van der Rijt,
2004)](https://consensus.app/papers/marketing-philanthropy-dutch-companies-
heyden/272248299fc25338ad476c297d2db200/?utm_source=chatgpt).\n\nPhilanthropy, from my
perspective, is about actively contributing to the betterment of society and creating
opportunities that allow individuals to thrive. Studies have shown that corporate
philanthropy can enhance both social and economic outcomes, benefiting communities and
improving corporate reputation and performance [(Navickas & Kontautien\u0117,
2011)](https://consensus.app/papers/influence-corporate-philanthropy-economic-
performance-navickas/6a5590be95a95a4a8a591db93870bdf5/?utm_source=chatgpt). I believe
that true philanthropic wealth is measured not by personal gain but by the impact we
have on the lives of others. As GHIF takes shape, it will strive to turn these
principles into action, aiming to make a significant and positive difference in the
world.\n\nLike our GPT? Try our full AI-powered search engine and academic features
for free at [consensus.app](https://consensus.app/?utm_source=chatgpt)."]}}, "status":
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Rubric 5.23 (3)\nDiscussion Question Rubric 5.23 (3)\nCriteria\tRatings\tPts\nThis
criterion is linked to a Learning OutcomeContent\n\u2022 Posts original and well-
developed initial response that addresses the discussion question prompt.\n\u2022
Provides details, explanations, and examples.\n\u2022 Supports writing with course
content (literature, readings, and media).\nThis area will be used by the assessor to
leave comments related to this criterion.\n15 pts\nThis criterion is linked to a
Learning OutcomeCritical Analysis\n\u2022 Compares, contrasts, and/or integrates
theory and course content with work environment or experience.\n\u2022 Analyzes or
criticizes course materials or concepts.\n\u2022 Incorporates theory and/or practice
to develop new ideas and ways of conceptualizing.\nThis area will be used by the
assessor to leave comments related to this criterion.\n10 pts\nThis criterion is
linked to a Learning OutcomeClarity, Mechanics, and Organization\n\u2022 Demonstrates
graduate level writing with correct grammar, spelling, punctuation, and evidence of
proofreading.\n\u2022 Structure of responses are clear, logical, and easy to
follow.\nThis area will be used by the assessor to leave comments related to this
criterion.\n10 pts\nThis criterion is linked to a Learning OutcomeAPA
Standards\n\u2022 Cites course content according to APA standards with in-text
citations and references.\nThis area will be used by the assessor to leave comments
related to this criterion.\n5 pts\nThis criterion is linked to a Learning
OutcomeParticipation: Responses to Peers Posts\n\u2022 Responds substantively to at
least two classmates.\n\u2022 Builds on the discussion by adding own examples, course
materials, asking questions, etc.\n\n* Note: Late responses to peers are not
accepted.\nThis area will be used by the assessor to leave comments related to this
criterion.\n10 pts\nTotal Points: 50\ngiven the rubric above, does the answer below
align with a 50-point score?\n\nPart A: Consider Porter & Kramer\u2019s (1999)
piece on creating value through philanthropy. What is the principal argument in this
article?\n\nThe central thesis of Porter and Kramer\u2019s (1999) article,
\u201cPhilanthropy\u2019s New Agenda: Creating Value,\u201d highlights the unique and
transformative role that philanthropic organizations can play in advancing social
progress through strategic giving. The authors argue that foundations, with their
distinct financial and operational independence, are uniquely positioned to lead
innovations in addressing social issues. They emphasize that foundations can maximize
their impact not just by passively distributing funds, but by actively selecting and
managing their involvements to generate the highest social return on investment. This
approach involves leveraging their resources to strengthen high-performing
organizations, stimulate innovation, and drive systemic changes that tackle the root
causes of societal problems.\n\nPart B: Describe the differences between development
and fundraising and how they relate to one another. Then, describe how you will enact
development plans that will positively contribute to your fundraising.\n\nWhile the
terms\u201c development\u201c and \u201cfundraising\u201c are often used
interchangeably, they have distinct roles within an organization. Fundraising
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primarily involves collecting monetary support, usually focusing on immediate financial targets and often driven by specific events or campaigns. On the other hand, development encompasses a broader scope. It includes fundraising but extends to nurturing long-term relationships with donors, strategic resource planning, and fostering a philanthropic culture within and around the organization (Frumpinkin, 2005).

The strategic nature of development plans is a crucial element in enhancing fundraising efforts. These plans are not solely focused on acquiring funds but on retaining and engaging donors over the long term. They involve understanding donors' motivations, aligning these motivations with the organization's goals, and creating meaningful engagement opportunities. This approach not only secures immediate financial support but also establishes a base of loyal supporters who are committed to the organization's mission in the long run (Frumpinkin, 2005).

At the Global Happiness Initiative Foundation, I would implement these concepts in a variety of impactful ways. First, I would foster community engagement, ensuring that development activities deeply resonate with community needs and values. Second, I would prioritize transparency, providing clear information on how funds are used to strengthen trust and deepen donor relationships. Lastly, I would diversify funding sources by exploring revenue streams beyond traditional donations such as social enterprises or membership programs enhancing financial stability and ensuring alignment with the organization's mission. These strategies, when implemented collectively, would significantly boost fundraising efforts and align them with the broader goal of fostering a more equitable and joyful society.

Part C: David Rubenstein discusses how anyone can be a philanthropist. He used his wealth to do patriotic philanthropy to purchase rare documents for public consumption and fix historic buildings so Americans can learn more about their history. David reminds the listeners that although he has spent large sums of money on philanthropy, you don't need to spend money to be a great philanthropist. Describe how you have been or will be a great philanthropist.

As the conceptual founder of the Global Happiness Initiative Foundation (GHIF), I am deeply inspired by the idea that effective philanthropy does not require vast wealth. This is reflected in David Rubenstein's (2015) notion of "patriotic philanthropy," where he uses his resources to enhance public knowledge and national pride by preserving historical documents and monuments. Though GHIF is currently just a vision, it embodies my commitment to using available resources be it time, expertise, or networks to foster societal improvement. My vision for GHIF includes initiatives that go beyond financial aid, aiming to address essential human needs such as healthcare, mental wellness, education, and enriching travel experiences that broaden perspectives and promote understanding. Research indicates that corporate philanthropy can significantly impact societal causes even when it involves non-monetary contributions such as volunteer work and expertise (Van der Heyden & Van der Rijt, 2004).

From my perspective, philanthropy is about actively contributing to the betterment of society and creating opportunities that allow individuals to thrive. Studies have shown that corporate philanthropy can enhance both social and economic outcomes, benefiting communities and improving corporate reputation and performance (Navickas & Kontautien, 2011). I believe that true philanthropic wealth is measured not by personal gain but by the impact we have on the lives of others. As GHIF takes shape, it will strive to turn these principles into action, aiming to make a significant and positive difference in the world.

David Rubenstein

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GHiF, showing an application of theoretical concepts.\n\n#### Clarity, Mechanics, and Organization (10 pts)\n- **Graduate-Level Writing**: Writing is clear, logically structured, and free from errors.\n- **Logical Structure**: The organization of ideas is coherent and easy to follow.\n\n#### APA Standards (5 pts)\n- **APA Standards**: Correctly cites Frumkin (2005) within the text.\n\n#### Participation (Not applicable in initial post evaluation)\n- **Responses to Peers**: Not applicable here as it is part of the initial response.\n\n#### Part C:\n\n#### Content (15 pts)\n- **Original and Well-Developed Response**: The response is well-developed and addresses the prompt about personal philanthropy effectively.\n- **Details, Explanations, and Examples**: Provides detailed insights into the vision for GHiF and how it aligns with Rubenstein's notion of philanthropy.\n- **Support from Course Content**: Supports the assertions with references to David Rubenstein, van der Heyden & van der Rijt (2004), and Navickas & Kontautien (2011).\n\n#### Critical Analysis (10 pts)\n- **Theory and Course Content Integration**: Integrates personal experiences with theoretical concepts from the course content.\n- **Analysis of Concepts**: Analyzes the idea of philanthropy beyond monetary contributions, relating it to the GHiF vision.\n- **Development of New Ideas**: Presents a personal approach to philanthropy, demonstrating a deeper understanding of the concept.\n\n#### Clarity, Mechanics, and Organization (10 pts)\n- **Graduate-Level Writing**: Writing is professional, well-structured, and free from errors.\n- **Logical Structure**: The structure is logical and enhances the readability of the response.\n\n#### APA Standards (5 pts)\n- **APA Standards**: Accurately follows APA standards for citations and references.\n\n#### Overall Evaluation\nThe answer provided aligns very well with the criteria outlined in the rubric, showcasing a well-rounded and detailed discussion that incorporates course content, critical analysis, and practical applications. The citations are correctly formatted according to APA standards, and the writing is clear and well-organized. Given this thorough and well-executed response, the answer deserves a 50-point score.\n\nLike our GPT? Try our full AI-powered search engine and academic features for free at

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investing in disenfranchised populations\n00:02:37.500 but what's the problem with this picture\n00:02:40.299 I think the biggest challenge is that\n00:02:43.209 philanthropy and the idea of being a\n00:02:45.549 philanthropist is such a far cry from\n00:02:47.680 everybody's everyday life day jobs\n00:02:50.680 childcare managing homework but I'd like\n00:02:55.030 to challenge this idea about how\n00:02:56.859 philanthropy and the loving of humanity\n00:03:00.159 and the exercise of one values to\n00:03:03.400 benefit another is actually something\n00:03:05.560 that can happen every day by anyone\n00:03:08.140 anywhere in small simple personal and\n00:03:13.150 meaningful ways I'd like to challenge\n00:03:16.180 the idea that the person you'd least\n00:03:18.579 expect\n00:03:19.299 could be a philanthropist and that the\n00:03:21.940 sum of many small parts has an enormous\n00:03:24.940 impact and that everyone with some skill\n00:03:28.450 or talent can share and that together we\n00:03:33.849 can create a new culture based on these\n00:03:36.370 ideas so how many of you have raised\n00:03:41.410 funds or funded something on a\n00:03:44.319 crowdfunding site okay reasonable\n00:03:49.150 proportion of you there\n00:03:50.400 well a lot of us think of these sites is\n00:03:53.049 actually being very commercially\n00:03:54.400 oriented but did you know that in 2012\n00:03:58.260 the online site that site Kickstarter\n00:04:02.220 actually exceeded the National Endowment\n00:04:04.810 for the Arts in terms of funds\n00:04:06.910 distributed to arts groups in the United\n00:04:09.040 States and as of this year Kickstarter\n00:04:12.910 has raised one and a half billion\n00:04:15.040 dollars for over 80,000 art projects\n00:04:19.149 that gave aspiring artists theatre\n00:04:21.760 practitioners musicians filmmakers and\n00:04:24.370 the\n00:04:24.970 a chance to realize their dreams with an\n00:04:27.940 average contribution of \$25 perhaps\n00:04:35.920 though less obvious are hidden heroes\n00:04:39.010 whose life choices can really inspire us\n00:04:41.610 a couple years ago I vetted I visited\n00:04:44.920 Myanmar and I met this woman Hana so she\n00:04:49.450 was living about an hour and a half\n00:04:50.710 outside of Yangon and she ran an\n00:04:52.600 orphanage with 19 children from the ages\n00:04:54.730 of like 3 months all the way up to 2 18\n00:04:58.270 years old the older kids helped the\n00:05:01.120 younger kids the place was completely\n00:05:02.710 spotless everybody's toothbrush was\n00:05:05.080 really neatly lined up in the washing\n00:05:06.940 area and then when I asked her who\n00:05:09.340 supports you she told me a church in\n00:05:13.330 Singapore and my two sons and my first\n00:05:17.740 impression was of course that her two\n00:05:19.150 sons were like doctors lawyers or\n00:05:21.010 accountants or something you know maybe\n00:05:23.290 in Yangon or maybe even expats somewhere\n00:05:26.590 else but I asked her and they were\n00:05:29.620 actually expats but one was a security\n00:05:33.940 guard in a shopping mall and the other\n00:05:36.400 one was a construction worker and so\n00:05:40.090 later that week when I came home I\n00:05:42.090 glanced at that Burmese security guard\n00:05:46.150 and I saw him with new eyes could he\n00:05:49.960 have been the philanthropist that funded\n00:05:52.210 Hannah's home I imagined them eating\n00:05:55.840 sparingly not spending very much on\n00:05:58.450 personal luxuries and probably saving\n00:06:00.970 50% of their salaries to remit back home\n00:06:04.510 and then I thought you know that's\n00:06:08.020 pretty much what Bill Gates and Warren\n00:06:10.330 Buffett decided to do with the Giving\n00:06:12.100 Pledge back at home last year we\n00:06:15.790 actually also undertook this fascinating\n00:06:18.160 experiment we found two brothers Kauai\n00:06:21.430 and

kaha aged 9 and 11 and these two brothers had posted or I guess their mother had posted on social media that they were giving away their own Bao money you know collected during Chinese New Year to the Singapore Cancer Society I guess they had family related resonance with that with the cause and these two brothers just decided to do that and so we seize the day and we said hey let's just let's share this idea let's tell other people that you know maybe they could do that too if even if it's 1% 5% or 10% you know of whatever they could they could make a giveaway from from their own phone money to support a cause that just represented something that their family cared about and the results were astounding in the first 20 days of Chinese New Year donations through our online site were up 73 percent year-on-year it was a simple fun and meaningful idea that every everyone could participate in and it made all the difference to the nonprofit that they supported but giving is a lot more than just money it's time it's loving when you're it's loving your neighbor it's person-to-person and it's the offering of even if like our skills so a great a great Singaporean actually is a photographer Bob Lee some of you may have may have heard of him or seen him too and he was asked to teach photography to the blind he was called one day by a charity dialogue in the dark and and given this intriguing offer sponsors had come in to help provide cameras printing services and space and everything and and Bob began to teach and one of his students was it was a gentleman called an elderly gentleman called uncle William and he produced his first photograph as you can see here kind of like cut off legs of someone and a dustbin and Bob asked him what's what's that about William we didn't quite get the composition quite right but Uncle William told him well actually it's about the dustbin and and Bob said okay well how does that actually work and he said well you know every day when I when I take this route he no to to go to work I look for that dustbin because when I hit it it tells me to turn so that I can cross but one day this cleaner actually moved the dustbin and I need him to put it back and Bob realized that sharing his skill gave him a view into a whole new world that he was seeing the world with fresh eyes and with deeper compassion as a result so maybe you can take photographs maybe you can cook maybe you can do accounts maybe you can write stories or maybe you're just a really good listening ear how could you use your skill in service of someone else my friend Wally uses his company and his voice he's a filmmaker and he raises awareness or he's sought to raise awareness when he's not like making videos of like wedding or weddings or doing beautiful food photography that he decided he was

going to do something to\n00:10:00.170 combat this this haze which has kind
of\n00:10:01.939 been enveloping you know our our whole\n00:10:04.250 our whole region
recently and he decided\n00:10:06.740 that instead of just like moaning
about\n00:10:08.959 it like most of us that he was actually\n00:10:11.629 going to
crowdfund for masks and for air\n00:10:14.779 quality monitors and he was going to
go\n00:10:17.930 with volunteers down to Kalimantan to\n00:10:21.259 distribute them
and help educate the\n00:10:23.240 local the local people there and he
did\n00:10:27.230 this at a time when of course most of us\n00:10:31.220 were just
moaning about a 400 you know\n00:10:35.209 pia PM 2.5 and and he told me that
when\n00:10:39.439 he went to Kalimantan the monitors\n00:10:41.959 actually
didn't work but the year but\n00:10:43.459 the app with the actual PM 2.5
levels\n00:10:46.370 there were actually in excess of 2\n00:10:48.050 million society
is made better because\n00:10:51.319 of Wally's who share their voice
Bob's\n00:10:54.259 who share their skill and families like\n00:10:57.350 kaho
and kauai who teach the next\n00:11:00.529 generation the values of generosity
and\n00:11:03.319 the love for human\n00:11:05.680 society is better because of the
two\n00:11:07.880 nameless sons of Hana for practicing\n00:11:11.270 their radical
love so my dream is to see\n00:11:15.170 all these parts and pieces connected
in\n00:11:17.390 a big Network where skills voices funds\n00:11:22.040 ideas are all
shared in one place in our\n00:11:24.890 city and what if we were able
to\n00:11:28.370 actually create a marketplace where the\n00:11:30.770 whole city
comes together and can we\n00:11:33.080 create for our common good\n00:11:35.680 what
if neighbors knew what was needed\n00:11:38.180 and that those needs could be met in
a\n00:11:41.330 timely in a timely way with available\n00:11:44.300 resources we all
have some margin to\n00:11:48.560 spare and to share we all have
influence\n00:11:52.040 and voice and we have friends and\n00:11:54.680 colleagues and
family members to reach\n00:11:56.870 out to and I believe that we all
have\n00:11:59.660 dreams of being lovers of humanity in a\n00:12:03.740 city of good
my colleagues and I are now\n00:12:07.760 imagining and trying to build
this\n00:12:09.320 giving platform so we can be Wally's\n00:12:11.750 Bob's
or Hannah's children or we can\n00:12:14.330 support them with our voice our
skills\n00:12:17.390 or our funds as an expression of our\n00:12:19.460 love and we
are well aware that\n00:12:22.130 technology is not the solution but\n00:12:24.980
purely an enabler for philanthropy and\n00:12:27.020 acts of love to be expressed so
look\n00:12:31.520 around you I think you'll see a\n00:12:34.340 philanthropist
waiting to be discovered\n00:12:37.510 thank you\n00:12:46.310 you\n", "title":
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Common Criticisms of Philanthropy\u2014and Some Answers\n\nStanfordSOCIAL\nINNO

VATIONReview\nInforming and inspiring leaders of social change\n\nPhilanthropy& Funding\n\n12 Common Criticisms of Philanthropy\u2014and\nSome Answers\n\nCritics have argued that charitable giving isn't focused enough on the poor, isn't sufficient to make a difference, is undemocratic, and more, but research\u2014and history\u2014show otherwise.\n\nBy Karl Zinsmeister | May 17, 2016\n\nSince January, I've been traveling around the United States talking to audiences about my new book, \n\nThe Almanac of American Philanthropy, and how private giving affects our nation. During these\n\nsessions I've collected 12 broad criticisms of charitable action that people sometimes raise. From the\n\nlessons of my Almanac research, I offer responses below.\n\nI. Charitable aid should focus on the poor; too much giving today goes to other causes!\n\nThis increasingly common argument is supported by the so-called "effective altruism" movement, which complains that a dollar spent on a university or park or music school could instead have headed off a dire problem such as, say, river blindness for an impoverished African. \n\nThe most specious part of this criticism is the suggestion that donors can't do both things. \n\nPhilanthropists are currently producing good results across a vast spectrum of causes, including many\nefforts to help the poor. In fact, the fastest-growing sector of US private philanthropy in recent years has\n\nbeen overseas aid to poor people. Indeed, the poor in foreign countries now get more help from US\ndonors (\$39 billion per year) than from official US government aid (\$3 billion). \n\nAre you enjoying this article? Read more like this, plus SSIR's full archive of content, when you\n\nsubscribe. \n\n1/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nMoreover, it's shortsighted and often inhumane to suggest that donating to causes other than poverty\nreduction is somehow immoral. Yes, places like MIT and Johns Hopkins are wealthy institutions, but\nvoluntary gifts to them ultimately result in things like portable x-ray machines, new vaccines, and\n\ninexpensive cell phones that are valuable to all people, especially the poor\n\nPart of what makes philanthropy powerful and beautiful is its riotous variety. Allowing donors to follow\n\ntheir passions has proven, over generations, to be an effective way of inspiring powerful commitments\n\nand getting big results. Cramped definitions of philanthropy that limit donors to approved areas would\n\nsuffocate many valuable social inventions. \n\n2. Charity is an artifact no longer necessary in a modern welfare state!\n\nSome view private giving and problem-solving as vestiges of simpler times, with which we can now\n\n dispense. The public, however, disagrees. In a nationally representative survey of likely US voters in\n\n2015, respondents chose philanthropy over government as their "first choice for solving a social problem\n\nin America\u2014by 47 percent to 32 percent. Asked whether they most trusted entrepreneurial companies, \n\nnonprofit charities, or government agencies, 43 percent of respondents chose charities, 28 percent\n\nselected entrepreneurial companies, and just 14 percent chose government agencies. \n\nPhilanthropy solves problems differently than government. It tends to be more inventive and\n\nexperimental, quicker, nimbler, more efficient, more varied, more personalized, more interested in\n\ntransformation than treatment, and more efficient. The public sees this and values it. \n\n3. Charitable donations are just a drop in the bucket!\n\nAmerica's nonprofit sector now commands 1 percent of our workforce and 6 percent of GDP\n\nnot\n\nincluding volunteer time, which, if we attached a reasonable hourly wage to it, nearly equals the \$360\n\nbillion we donate in cash every

year. The Gates Foundation alone now distributes more overseas assistance than the entire Italian government. It is estimated that in just its first two decades, its overseas vaccine program alone will save the lives of 8 million preschool children. Then consider that members of US churches and synagogues just one division of America's larger philanthropic army send four and a half times as much money overseas to poor people every year as the Gates Foundation does!

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5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

The fact that most philanthropy takes place out of the public eye in small doses, and often in private or even anonymous ways makes it easy to overlook its size and power. But getting seduced by the gigantism of official aid is an egregious mistake. Small actions can and do converge into mighty rivers of cumulative effort.

4. There are too many amateur efforts in philanthropy! It's easy to write off "homemade" solutions as amateurish, but grassroots efforts accomplish many great things. Consider the the ALS Association's Ice Bucket Challenge, which raised money for Lou Gehrig's Disease research. The initiative occasioned snickers and sniping from some professional philanthropists, but donations it generated led to a major scientific breakthrough at Johns Hopkins University and pre-funding of clinical trials for new therapies.

There are many more examples. Crusades against autism by Bernie Marcus, against prostate cancer by Michael Milken, and against breast cancer by Nancy Brinker were all thought quixotic when they kicked off, yet each paid huge dividends. The Stowers Institute for Medical Research, the Howard Hughes Medical Institute, and Markey fellowships would never have seen the light of day if many professionals had had their way. And it was support from the Guggenheim family that allowed physicist Robert Goddard to overcome scorn from other scientists and ridicule by the New York Times to become the genius of rocketry and father of America's success in space.

America's strong system of decentralized giving and homegrown problem-solving supports wide experimentation and avoids putting all of our eggs in one national basket.

5. Philanthropic aid lacks standardization! It's a chaotic patchwork!

The lesson of the Internet is the accumulated power of millions of small actions. The story of today's hacker culture is that one individual with a laptop can do astonishing things. Small-scale action that lacks uniformity should not be considered a failing. It's not chaos, it's crowdsourcing! hordes of everyday people taking lots of small bites at a problem and eventually chewing through even very big issues.

There are rich examples of the power of dispersed decision-making throughout biology and across human history. Many of our most effective charities discovered the power of decentralization generations ago. Each of the 1,400 local chapters of Habitat for Humanity, for example, are independent

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5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

entities with their own rules, practices, and funding. All of the 164 regional branches of Goodwill have their own boards of directors, and are autonomous in policy and funding; the central office is tiny compared to working affiliates in cities like Milwaukee and Houston. And the Appalachian Mountain Club efficiently maintains thousands of miles of hiking trails through a network of local branches

This same principle of accomplishing important tasks through loosely coupled teams or networks of independent actors is also a powerful trend in many of

today's most successful private businesses. Every Uber city in America has different fares, different products, different practices. Philanthropy can be proud of having been a pioneer in solving problems via a flexible ecosystem of participants, rather than by following standardized formulas.

6. Charity may work for individuals, but what we really need are solutions that benefit entire groups! Ambitious people may look at the "one soul at a time" model prevalent in philanthropy and conclude that it's just too slow. But that perspective misunderstands what social reclamation usually requires. For tough problems like addiction and recidivism, the most successful solutions rely heavily on one-to-one human accountability. They take advantage of the useful information available when we actually know someone, instead of dealing with a stranger. By creating personal instead of impersonal transactions, we can wield the power of relationships to teach and change behavior. It's easy to romanticize the "consistency" of government programs, and contrast it favorably to the crazy-quilt of individualized variations in charitable aid, but consistency is not really how humans work. If you have one child who needs a very structured environment and another who blooms when left to navigate on her own, you don't want one-size-fits-all schools; you want individualized services that recognize and work with intimate differences of personality. You'll have a hard time finding that in government-run programs, but it's a hallmark of philanthropic efforts.

Ben Franklin was one of the first donors to argue that philanthropy shouldn't just transfer funds in an attempt to relieve men in their misfortune. It should help build up individuals into a healthier state. The goal of charitable aid in the United States has always been individual competence and independence—not just social quiet. And this often requires a personal touch, real mentoring, and one-on-one aid of the sort many philanthropic efforts emphasize.

7. Philanthropy is undemocratic!

4/8 https://ssir.org/articles/entry/12_common_critcisms_of_philanthrop_yand_some_answers#

5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

Some critics, especially from the left, complain that donors accumulate too much power and that their money lets them impose their point of view on society. But it's important to note how radically decentralized US giving is. Only 14 percent of total giving today comes from foundations started by the wealthy. The vast majority of annual donations come from individuals, dominated by everyday donors who give at a rate of about \$2,500 per household. The very largest single giver in the United States—the Gates Foundation—grants out about \$4 billion per year. Measured against the \$360 billion of cash that Americans donate annually, and nearly that much more in the value of volunteered time, Gates Foundation commands less than 1 percent of our annual philanthropy. That is not an unhealthy concentration of power.

American philanthropy is also diverse and diffuse. Its millions of givers and hundreds of thousands of charitable organizations compose a kind of huge matrix of private legislatures that define social ills, set goals and priorities, and methodically marshal resources to attack problems near at hand—without asking the state's permission. Admirers of participatory democracy ought to be excited by these mass actions. As Yale law professor Stephen Carter points out, individuals who give to charity often "measure the needs of the community by different calipers than centralized policy makers, and will therefore contribute to a different set of causes. These millions of individual decisions lead to a diversity in spending that would be

impossible if we adopted the theory that the only money spent for the public good is the money spent by the state. For this reason Carter refers to philanthropy as "democracy in action." Alexis de Tocqueville said in *Democracy in America* that what impressed him about America's voluntary activity was not just the practical problems it solved, but the way the country's hyperactive giving and volunteering builds up the social muscles needed for a people to be self-governing. Philanthropy is not just a sign of self-rule, but also a source of it—a kind of nursery for broader loyalties to one's fellow citizens. A healthy democracy should encourage, not discourage, people from acting on their own to improve what they judge to be the common good. Only government can lead important social change in a fair way! History tells a different story. Private donors and volunteers created the first schools, missions, colleges, and apprenticeships for Indians and African Americans, often in the face of state resistance. At the same time government was enforcing Jim Crow laws, philanthropist Julius Rosenwald erected 4,977 rural schools across America's black belt. At the time of his death, 27 percent of all African American children in the United States were educated in one of the schools he built.

https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers# 5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

Those who view such examples as ancient history and believe that all necessary reforms now flow from government are gravely mistaken. According to the UCLA Civil Rights Project, America's most segregated and often most inadequate government-run schools are all in northern cities with activist governments: Detroit, Milwaukee, New York, Newark, Chicago, and Philadelphia. In fact, the country's most segregated schools are in New York state, thanks to New York City, where the proportion of schools in which at least 90 percent of the students are black or Hispanic rose sharply from 1989 to 2010. It is private philanthropy that is shaking up New York City's complacent educational establishment today by launching charter schools. There are currently 95,000 New York City children in charters, nearly all of them minorities and low-income, and another 42,600 on waiting lists. Stanford researchers and other investigators find that these children are receiving significantly better educations than counterparts in conventional government-run schools, in some cases even outscoring comfortable suburban schools in annual testing. Some donors are mean, vainly seek their name on things, or take part in charity for all the wrong reasons! It's true that philanthropists aren't always pretty. Prominent donors like J. Paul Getty, Leland Stanford, Russell Sage, and John MacArthur were known to exhibit shabby behavior. (Stanford, for example, employed stock watering, kickbacks, bribery, and collusion.) Nonetheless, each ultimately managed to be very helpful to others. The genius of the philanthropic mechanism is that it accepts people just as they are—kind impulses, selfish impulses, confusions and vanities, wishes of all sorts swirling together in the usual human jumble—and helps them do wondrous things, even when they're not saints. Adam Smith taught us that freely conducted commerce can take normal human behaviors—including ugly and mercenary ones—and turn them to broadly productive uses. The same is true in the world of philanthropy. Part of the magic of America's charitable structure is that it can convert common human impulses into truth, uplift, and beauty for all of society. No. Philanthropy distracts people who ought to focus on business! The right side of the political spectrum sometimes complains that philanthropy drags too many productive business

people into do-gooding, distracting them from creating the commercial bounty that

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5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

society counts on. But there are reasons to think that philanthropy actually strengthens capitalism.

Economists Zoltan Acs and Ronnie Phillips have observed that the United States has a distinctive means of reconstituting wealth via philanthropy.

Philanthropy is part of the implicit social contract that continuously nurtures and revitalizes economic prosperity," they write. Researchers Tino and Nima Sanandaji agree that the legitimacy of American capitalism has in part been upheld through voluntary donations.

They note that "much of the new wealth created historically has been given back to society.

This has had several feedback effects on capitalism. For one, the practice has limited the rise of new dynasties. Another positive feedback mechanism is that the donations to research and higher education have allowed new generations to become wealthy?

II. Philanthropy encourages collective thinking, collective responsibility, and collective action ultimately leading to more government!

This is another concern sometimes launched from the libertarian right, where observers argue that what American society really needs is more individual responsibility, not more giveaways. However, we can just as plausibly turn that argument around, because there is evidence that philanthropy helps limit government sprawl.

When some members of a society become needy, it is a fact that many citizens will insist, "Something must be done!"

Most times and places, the responsibility for picking up those in trouble has fallen to the state. America's energetic voluntary sector, however, allows Americans to meet humanitarian and Judeo-Christian responsibilities to their fellow humans without setting up large government apparatuses and regimenting rules that suffocate individual sovereignty.

By solving basic security hungers and stretching multiple safety nets among the general populace, philanthropy has made Americans much more tolerant of the creative destruction that's part of a dynamic economy, leaving us with a freer and faster-growing economy than comparable industrial nations. Philanthropy has thus been crucial in allowing America to grow up as an exceedingly rare society where average people can steer their own lives without the state lurking over their shoulder.

II. Donating money is sometimes too much about the giver's needs!

Giving is a two-way transaction, and the satisfactions of helping are just as real and just as good for human flourishing as the satisfactions of having someone come to your aid. That's why even people

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with little disposable income are eager to give, and feel good when they do.

Social science research supports this. In a 2008 paper, three investigators gave study participants money, and then asked half of them to spend it on themselves, and the other half to give it to some person or charity. Those who donated the money showed a significant uptick in happiness; those who spent it on themselves did not.

Other academic work has shown that offering aid can actually make the giver healthier lowering blood pressure, stress, illness, and mortality. Americans who make gifts of money and time are more likely to prosper and be satisfied with life than non-givers who are demographically identical. A 2014 book by two University of Notre Dame researchers concludes, "The more generous Americans are,

the more\nn\nhappiness, health, and purpose in life they enjoy. This association \u22ef is strong and highly consistent.\u22ef\nGenerous practices actually create enhanced personal well-being."\nnWe shouldn't overlook\u2014or discount\u2014the good effects of giving on the giver.\nnSupport SSIR's coverage of cross-sector solutions to global challenges.\nnHelp us further the reach of innovative ideas.

Donate today\n\nRead more stories by Karl Zinsmeister.\nnKarl Zinsmeister is creator of The Almanac of American Philanthropy, a new encyclopedic reference to the field, just released by The Philanthropy Roundtable.\nnDOI:10.48558/jm4I-v703\n\nIf you like this article enough to print it, be sure to subscribe to SSIR!\nnCopyright @ 2024 Stanford University.\nDesigned by Arsenal, developed by Hop Studios\n\n8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\nn", "title": "week 4.pdf", "tether_id": null}, "status": "finished_successfully", "end_turn": null, "weight": 1.0, "metadata": {"command": "context_stuff", "is_visually_hidden_from_conversation": true, "message_type": null, "model_slug": "gpt-4", "default_model_slug": "gpt-4", "parent_id": "c221d5b8-40e1-4ca5-96db-fe8f21949e42", "request_id": "8888de9998af3756-MXP", "timestamp_": "absolute"}, "recipient": "all", "channel": null}, "parent": "c221d5b8-40e1-4ca5-96db-fe8f21949e42", "children": [{"id": "536b8dc9-f4c8-4dc7-b2c9-d090b2a4de48"}], "536b8dc9-f4c8-4dc7-b2c9-d090b2a4de48": {"id": "536b8dc9-f4c8-4dc7-b2c9-d090b2a4de48", "message": {"id": "536b8dc9-f4c8-4dc7-b2c9-d090b2a4de48", "author": {"role": "tool", "name": "myfiles_browser", "metadata": {}}, "create_time": 1716507411.641466, "update_time": null, "content": {"content_type": "tether_quote", "url": "file-633pKlwcrOvWVr7WwOesX98g", "domain": "week 4.2.pdf", "text": "\nH a r v a r d\nB u s i n e s s\nR e v i e w\n\nCorporate Social Responsibility\n\nPhilanthropy's New Agenda:\nCreating Value\nby Michael E. Porter and Mark R. Kramer\n\nFrom the Magazine (November–December 1999)\n\nDuring the past two decades, the number of charitable foundations in the United States has doubled, while the value of their assets has increased more than 1,100%. Foundations now hold over \$330 billion in assets and contribute over \$20 billion annually to educational, humanitarian, and cultural organizations of all kinds. No other country in the world can claim such substantial and widespread commitment to philanthropy and volunteerism. But are we, as a society realizing the full fruits of this commitment?\n\nGrant-giving foundations are intermediaries between the individual donors who fund them and the various social enterprises that they, in turn, support. But if foundations serve only as passive middlemen, as mere conduits for giving, then they fall far short of their potential and of society's high expectations.\n\nFoundations can and should lead social progress. They have the potential to make more effective use of scarce resources than neither individual donors or the government. Free from political pressures, foundations can explore new solutions to social problems with an independence that government can never have.\n\n\n\n\n\n\n\n\n\nFoundations Create Value in Four Ways\n\nOne grant\nX\n\nMultiple grants\n3X–5X\n\nEntire operating budget of one organization\n\n50X–100X\n\nEntire field\n\n>1,000X\n\nmillionsDollar value of resources affected by foundation activity\n\nEach successive approach leverages a foundation's special assets more than the preceding one as the pool of \u22ef\nV\n\nl. Selecting the Best Grantees.\n\nThe process of value creation here is straightforward. Like investment advisers in the business world, foundations can use their expertise to channel resources to their most productive uses within the social sector by funding organizations that are the most cost effective or that address urgent or overlooked

problems. For example, of the many organizations that seek funding for programs aimed at reducing the high school dropout rate, a foundation can select the most effective one. Thus its dollar will earn a higher social return than a dollar given less knowledgeably by an individual donor. In this way, choosing recipients and allocating funds is itself a source of value. Expertise to benefit from the increased tourism. The Packard Foundation's grant paid for marketing consultants who taught CEDO how to turn tourists into members, creating an ongoing revenue stream for CEDO far greater than the Foundation's \$50,000 grant. The Echoing Green Foundation, created by venture capitalist Ed Cohen, gives \$1.4 million a year to improve the performance of the nonprofit sector even more broadly. It invests in social entrepreneurs, individuals with the drive and vision to catalyze social change. It aims to build a community of public-service leaders who share their experience, knowledge, and energy with one another. To date, Echoing Green has funded more than 300 fellows who not only pursue their own projects but also visit with one another to share best practices. The lessons learned are recorded, distributed to all grantees, and made publicly available. In the fall of 1998, for example, the Charles and Helen Schwab Family Foundation in San Mateo, California, joined with the Peninsula Community Foundation and the Sobrato Foundation in a \$2 million, two-year initiative to address internal issues of management and growth at 16 local family-service agencies. Every eight weeks for the life of the project, foundation staff members meet with all 16 agency directors. Management experts are brought in to address relevant topics. As a result of the group discussions, three of the grantees have decided that they can. The range of ways in which foundations can assist nonprofits goes well beyond making management-development grants. Foundations can become fully engaged partners, providing advice, management assistance, access to professional services, clout, and a host of other non-cash resources. Improving the performance of grant recipients often requires foundations to work closely with grantees. It also requires the willingness to engage for the long term. Foundations are capable of both. They can operate more efficiently if they merge, and foundation staff has worked closely with them to accomplish the merger. Because technology management has surfaced as a major issue, the foundations have researched and funded technology needs at several of the agencies. 4. Advancing the State of Knowledge and Practice. Foundations can create the greatest value by funding research and a systematic progression of projects that produce more effective ways to address social problems. At its best, such work results in a new framework that shapes subsequent work in the field-making every dollar spent by philanthropists, government, and other organizations more productive. Within six years, India doubled its rice production, and Mexico, once an importer of wheat, became an exporter. Nigeria and Colombia created their own research institutes modeled on the foundations' research. The Rockefeller Foundation subsequently disseminated its results to organizations from 28 developing countries. Altogether, many millions of the world's poorest people benefited from the knowledge created by those two foundations. Foundations are uniquely positioned to study a field in depth. They can set a new agenda and change both public sentiment and government policy. The green revolution, for example, had its roots in research sponsored jointly by the Ford and Rockefeller Foundations in the late 1950s and early 1960s. Concerned with world hunger and population growth, the two foundations created research institutes that developed new strains of wheat and rice that doubled and tripled crop output per acre. Studies by the

Carnegie Foundation have had a similarly powerful impact on education in the United States over the last 95 years. In 1904, Carnegie funded research by Abraham Flexner on the state of medical education, which revealed a widespread lack of medical education. In the field of education, the Philanthropic Ventures Foundation in Oakland, California, for example, focuses on grassroots funding. In 1995, PVF created the Teacher Resource Grants program. Working within the large field of education, PVF chose a specialized positioning appropriate to its small size. PVF provides inexpensive but badly needed classroom materials to teachers in its region materials that are useless if they don't arrive quickly, when the teacher needs them. PVF notified more than 6,000 teachers that grants of up to \$1,500 would be available for classroom materials, field trips, or teacher training courses. (After a year of experience, PVF lowered the ceiling to \$500 per grant.) Teachers refer to the program as the fax-grant program because the foundation takes requests by fax, and then sends an answer within one hour of receipt and a check within 24 hours. Since its positioning is to help under-resourced teachers and it makes thousands of small grants, the Philanthropic Ventures Foundation developed a no-paperwork rule, freeing teachers from time-consuming grant applications. PVF finds that an elaborate process around the receipt, investigation, consideration, and funding of grant requests is not necessary in its chosen area. PVF is a perfect example of a foundation that tailored its activities to create value. Only by doing things differently from others, in a way that is linked tightly to what the foundation seeks to accomplish, can it achieve greater impact with the same grant dollars or enable its grantees to be more successful. Tailoring activities to strategy is the way a foundation institutionalizes and reinforces its distinctive strengths. The tyranny of the grant cycle, with barely the time to write up pending grant requests between board meetings. (See the exhibit Resources Are Scattered.) Resources Are Scattered across too many fields. U.S. Foundations by Asset Size

Asset Size	Number of Foundations	% of Total
\$100+ million	44	5%
\$50-\$100 million	115	15%
\$25-\$50 million	401	52%
\$10-\$25 million	1,652	59%
\$5-\$10 million	15,100	20%
\$1-\$5 million	115,511	52%
\$500,000-\$1 million	551	52%
\$250,000-\$500,000	551	52%
\$100,000-\$250,000	551	52%
\$50,000-\$100,000	551	52%
\$25,000-\$50,000	551	52%
\$10,000-\$25,000	551	52%
\$5,000-\$10,000	551	52%
\$1,000-\$5,000	551	52%
\$500-\$1,000	551	52%
\$250-\$500	551	52%
\$100-\$250	551	52%
\$50-\$100	551	52%
\$25-\$50	551	52%
\$10-\$25	551	52%
\$5-\$10	551	52%
\$1-\$5	551	52%
\$500-\$1,000	551	52%
\$250-\$500	551	52%
\$100-\$250	551	52%
\$50-\$100	551	52%
\$25-\$50	551	52%
\$10-\$25	551	52%
\$5-\$10	551	52%
\$1-\$5	551	52%

The largest 6% of foundations contributed approximately 74% of all grants. The data show that resources are spread thin at foundations of all sizes, but the problem is more acute at the smaller foundations. Resources are spread too thin across too many small grants. Resources Are Scattered . . . Source: The Foundation Center, based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

Number of Fields	Number of Foundations	% of Total
1	50	5%
2	549	52%
3	543	52%
4	356	75%
5	81	81%
6	551	52%
7	551	52%
8	551	52%
9	551	52%
10	551	52%
11	551	52%
12	551	52%
13	551	52%
14	551	52%
15	551	52%
16	551	52%
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40	551	52%
41	551	52%
42	551	52%
43	551	52%
44	551	52%
45	551	52%
46	551	52%
47	551	52%
48	551	52%
49	551	52%
50	551	52%

The average foundation, for example, makes grants in ten unrelated fields every year, where fields are such broadly defined areas as education and health care. Fewer than 9% of foundations make 75% or more of their grants in a single field, and only 5% focus more than 90% of their grants in one field. Such scattered giving is inconsistent with a clear strategic positioning. Nor do the data suggest that many foundations are taking advantage of their unique ways to create value. Among the largest foundations, with assets in excess of \$1 billion, each professional employee

handles approximately seven grants per year (and up to 100 times as many grant requests). There are, on average, just three professional employees for every field in which the foundation makes grants. Staff at the largest foundations may well have sufficient time and expertise to evaluate grants, but it is hard to see how even the most dedicated staff could have much time to assist grantees. The smaller the foundation, the more stretched the staff. Among the hundreds of foundations with \$50 million to \$250 million in assets, there are five times as many grants per professional, and an average of two staff members handle grants in 11 unrelated fields. The smallest foundations often rely on the volunteer efforts of trustees, making it almost certain that many decisions are reached with little formal evaluation at all.

Those broad metrics also suggest that foundations are not using the more powerful forms of value creation beyond selection. Foundations rarely contribute resources other than financial support. Only 2.2% of foundation grants were designated to improve the grantees' performance. Ninety-five percent of all foundation grants are for one year. Although one-year grants are sometimes awarded for several years in a row, there is little evidence that foundations exploit the opportunity to work more closely with grantees over extended periods of time to improve their performance. Foundations, which should be able to take the long view tend to focus on grant making quarter-to-quarter.

Finally, while foundations express a strong interest in innovation and advancing the state of knowledge about society's problems, very few fund studies that explore the relative effectiveness of different approaches to a given problem. Only 8.8% of foundation grants went to research, and most of that was in basic medical and scientific areas. Funding studies or data collection is rare, and foundations generally see them as less desirable than current social services.

Instead of funding research, many foundations seek to promote innovation through seed grants that are designed to establish and support specific new programs. There is little benefit, however, in starting new initiatives if they do not survive and grow. Too often foundations overlook projects aimed at fostering the growth and replication of new initiatives, or they fail to support the grantee over an appropriately long time span. They rarely do the up-front research and the postevaluation needed to ascertain if their programs have been successful and have continued to thrive after the initial period of seed grant support.

In some ways, however, the overall failure to evaluate the results of foundation grants is the most telling danger sign of all. Almost no money is set aside for program evaluation. Many foundations are ambivalent about whether funds should be spent on evaluation and whether assessing the performance of past grants can improve future grant making. This ambivalence about evaluation is reinforced by the performance criteria used to judge foundation staff. These tend to emphasize the paper trail of pregrant analysis and recommendations and give little credit for achieving the real-world results that motivated the grant in the first place. Program evaluation, therefore, has only a downside: failure risks censure, but success adds no reward.

The evaluations that do take place are often problematic in three ways. First, they are limited to reports as to whether the money was spent as intended (output evaluation); they do not attempt to measure social impact (outcome evaluation). Second, many of the evaluations are done by the grant recipients themselves, who invariably seek further support from the foundation. How objective and reliable are these reports likely to be? Third, even in the few cases where the social impact of a program is measured by an outside consultant, it is usually assessed at the single

grantee level, in isolation from the foundation's other grants. Therefore, it does not reflect the foundation's success in reaching its overall goals.

Certainly, evaluation may at times be costly and complex. But given clear goals at the outset, it is always possible. The criteria to evaluate a job-training program will differ from those used to evaluate a funding program for young artists. But meaningful criteria can be established for both.

Consider the San Francisco-based Roberts Enterprise Development Fund, which focuses on creating employment for the homeless and indigent. Working closely with its grantee Rubicon Programs, REDF developed 25 criteria that not only measure the success of job-training programs but also help Rubicon to manage the programs more effectively. In addition to the most obvious criteria—changes in employment stability, wages, and job skills—REDF and Rubicon found that related factors such as substance abuse and even qualitative factors such as the trainees' own assessments of their success in reaching personal goals were all meaningful measures of outcomes the program was trying to achieve.

Without evaluation, a foundation will never know whether or not it has been successful. The most basic premise of strategy—striving for superior performance—is violated if performance is not measured.

Addressing the New Agenda

How can foundations begin down the path we have outlined? A number of foundations, including those operating under the new rubric of venture philanthropy, are already moving in the direction outlined here. But none that we have encountered has gone all the way. Putting these elements together into a coherent whole will require developing a strategy, aligning operations with that strategy, and revising the foundation's governance so that the strategy can be monitored effectively. Responsibility for such change lies ultimately with the trustees and directors, who are the fiduciaries accountable for the use of the foundation's (and society's) funds.

To develop a strategy the place to start is positioning. This always requires systematic thought and research into important social challenges that are not being addressed well by others. The goal is not necessarily to identify the most important problem, since many are important. What matters is how effectively the foundation can contribute to its solution.

Second, a foundation can learn from prior efforts within its chosen area of funding. Do current socioeconomic trends favor one approach over another? What are other organizations doing in the field? Can the work of this foundation reinforce or complement theirs? Can we uncover root causes of the problem?

Third, what unique strengths will enable this foundation to create value most effectively in its field? Part of the answer to this question comes from examining objectively where the foundation has made the greatest impact in the past. It also comes from a realistic assessment of weaknesses.

Scale plays an important role in the choice of strategy. A foundation needs enough resources to pursue its particular way of creating value. Larger foundations may well have the scale to work in more than one field. If they choose to do so, each area must have its own strategy and tailored operations. All foundations, however, can create more value by putting a greater proportion of their resources to work. This means stepping up the rate of giving in their chosen fields and investing a portion of their investment portfolios to support their philanthropic work.

Once the foundation has chosen a strategy, it can begin to realign its operations. A foundation, like any enterprise, is a collection of many activities. Each activity—how proposals are solicited, for example, and how grantees are supported—must be tailored to the chosen strategy. A particularly important

aspect of operational alignment is the development of measures to help the foundation know whether or not it has been successful. Operating strategically will require most foundations to rethink their governance systems. Change will be difficult in an environment where the pressure of processing grants and getting the money out the door extends beyond the staff to the boardroom. Today boards of all but the very largest foundations discuss and approve specific grant allocations at their meetings. Without goals or strategy, they have no way to delegate the grant selection process to staff and no framework through which to evaluate their experience. The Chicago-based Crown Foundation, in an effort to break this cycle, considers grant requests at only two of its quarterly board meetings each year; the other two are reserved for discussing policy, reviewing performance, and studying issues in more depth. Boards need to move away from the operating function of approving grants to focus on setting strategy and evaluating outcomes. With goals, a strategy, and evaluation mechanisms in place, staff could have greater independence to make grant decisions themselves on a more timely and flexible basis. At the Colorado Trust, the board considers and approves multiyear, multimillion-dollar initiatives that have clearly defined goals and a clearly articulated strategy. Once the board sets the framework, program staff has the authority to make individual grants for the life of the initiative. Staff members, then, have greater responsibility and more freedom to make decisions on individual grants, and the board has the time to study the field, set overall strategies, and assess staff performance. For those who care deeply about social problems and work tirelessly to make a difference, current foundation practices not only diminish effectiveness, they inevitably reduce the satisfaction that donors, staff, and trustees derive from their work. Scattered funding, arm's-length relationships with grantees, and a lack of awareness of outcomes necessarily create a divide between the foundation and the ultimate results of its work. Acting strategically is much more difficult. But for trustees and staff alike, it will be far more rewarding as well. Improving the performance of philanthropy would enable foundations to have a much greater impact on society. Foundations could play a leading role in changing the culture of social sector management. They could spearhead the evolution of philanthropy from private acts of conscience into a professional field. Until foundations accept their accountability to society and meet their obligation to create value, they exist in a world where they cannot fail. Unfortunately, they also cannot truly succeed. A version of this article appeared in the November-December 1999 issue of Harvard Business Review.

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running\n00:01:58.680 for president in 1976\n00:02:00.360 30 days after I joined his
um Senate\n00:02:02.600 staff he dropped out of his presidential\n00:02:04.039
campaign so I said uhoh maybe this\n00:02:06.000 happened to some to you as well I
wasn't\n00:02:08.080 a good lawyer my clients didn't think I\n00:02:09.479
was good my colleagues didn't think I\n00:02:10.758 was good I went to join a
campaign in\n00:02:13.520 effect it it ended after 30 days and\n00:02:15.560 then I
got a call out of the blue some\n00:02:16.879 of you may have in your career as
well\n00:02:18.560 it said uh would you like to work for\n00:02:20.519 another man
running for president who is\n00:02:22.120 this Jimmy Carter and I said well
he's\n00:02:23.680 the peanut farmer from Georgia and they\n00:02:25.080 said yes
he's going to be the nominee\n00:02:26.120 for Democratic party in's 76 I got
the\n00:02:28.000 interview I went down to Georgia Carter\n00:02:30.280 was 33 points
ahead when I joined his\n00:02:32.000 campaign he won by one point so he
he\n00:02:34.840 often said to me you know what did you\n00:02:36.200 really
contribute but White House staffs\n00:02:37.680 are not filled on Merit they're
filled\n00:02:38.879 on who worked in the campaign so I\n00:02:40.519 became the
deputy domestic policy\n00:02:42.040 adviser at the president United
States\n00:02:43.280 at the age of 27 three years out of law\n00:02:45.200 school I
wasn't qualified for that job\n00:02:47.080 he wasn't qualified for his job
so I\n00:02:48.440 figured we fit in\n00:02:50.400 um I managed to get inflation to
19% in\n00:02:53.680 my job very difficult to get inflation\n00:02:55.560 19%
nobody's done it since um there was\n00:02:58.280 a rumor that I was going to be
promoted\n00:02:59.680 in the second term to be the senior\n00:03:01.200 domestic
adviser if Carter's reelected\n00:03:03.040 and on the strength of that
rumor\n00:03:04.080 President Carter thinks he lost the\n00:03:05.239 election so I
had to go find a job I\n00:03:07.400 went back and practice law in
Washington\n00:03:08.959 it took me many months to convince\n00:03:10.120 somebody I
knew how to do something in\n00:03:11.560 practicing law after finding
myself\n00:03:13.920 being humiliated because I was a White\n00:03:15.400 House Aid
one day next day I couldn't\n00:03:16.680 get a job at practicing law
finally\n00:03:18.159 somebody felt sorry for me I practiced\n00:03:19.920 law but
once again my client said to me\n00:03:21.959 you know this might not be for you and
I\n00:03:24.080 said to my my partners what do you think\n00:03:25.920 about this
should I stay and they said\n00:03:27.280 maybe not so I decided I would and
I\n00:03:30.200 took a chance I read that on average an\n00:03:31.959 entrepreneur
starts a company between\n00:03:33.400 the ages of 28 and 37 and I read
that\n00:03:35.599 when I was 37 so I said okay I'm going\n00:03:38.120 to start
a company so without knowing\n00:03:39.959 anything about Finance I decided
to\n00:03:41.519 start something called the carw group\n00:03:43.640 and I started in
Pennsylvania Avenue I\n00:03:45.280 recruited three people actually knew\n00:03:46.480
something about Finance I told them I\n00:03:48.159 had some money but I really
was\n00:03:49.280 exaggerating I told him when they showed\n00:03:51.080 up I would
get the money so ultimately\n00:03:53.400 uh we start a company with \$5
million\n00:03:55.239 today we manage \$200 billion and it's\n00:03:57.519 turned
out to be one of the largest\n00:03:58.480 private Equity firms in the world when
I\n00:04:00.239 hit the age of 54 Forbes Magazine put a\n00:04:02.879 story out about
my net worth and my\n00:04:04.599 partner's net worth and it became\n00:04:05.920
obvious to me that I had made so much\n00:04:07.920 money that I couldn't
possibly spend it\n00:04:09.599 on on houses and planes and boats and so\n00:04:12.319

forth which I didn't really care much about anyway so I decided what I would try to do is atone for my sins getting inflation to 19% and maybe give it back to the UN government give back to the US government give back to my country but I wasn't sure how to do it and it came about in a kind of unusual way one day I was invited to an uh an auction in New York I was told I would be able to see the Magna Carta and I said how can you see the Magna Carta it's in England it turned out there are 17 copies of the Magna Carta and I had a chance to to see one of them it was the only one in private hands I decided that I would try to buy that and make sure it stayed in the United States because it was probably going to be auctioned off I was told by the auctioneer and leave the country so I went back that next night I bought it and I now put it on display at the National Archives it'll be there permanently and I said I'll do this for the country is a way to kind of make sure this document which was the inspiration for the Declaration of Independence the Bill of Rights the Constitution stays here and then other documents came available the declaration of independence the Emancipation Proclamation the 13th Amendment which Freeds slaves the Constitution the Bill of Rights and I bought rare copies of them and put them on display at the state department the national Constitution Center the Smithsonian the library Congress as a way of saying to Americans take a look at these and learn more about your history in a recent Pew survey it turned out that 35% of Americans when they asked what river did George Washington cross during the Revolutionary War said the Rin River not that's not true 33% of Americans when they asked who was the first treasury secretary didn't know it was Alexander hamilt and they said it was Larry Summers so my theory is Americans don't know enough about their history and you can be a better uh citizen if you know more about your history so I'm trying to buy these historic documents and put them on display make sure people know more about history as a way of introducing them to our history another thing happened by S tippity as well one time I was at the keny center and the man on the board was the head of the Park Service he told me that Washington Monument had suffered earthquake damage I told him I'll tell you what I'll put up the money just ignore the government and the usual constraints forget Congress tell me how much it cost I'll put up the money to fix it so he did he later came back and said Congress wanted to share the credit because they weren't getting a lot of good credit so they said can they put up half the money I said okay so I just put up the money to repair the Washington Monument some of you may have seen the scaffolding there from time to time and then I came up with the idea that well that was a good idea but why

not fix other historic things so I decided to help fix up

monachello Thomas Jefferson's home

peer James Madison's home Mount Vernon

George Washington's home the custus Lee Mansion at the top of Arlington and some other things that I'll announce uh down the road and so what I've decided to do is to fix these historic buildings in part because I want to remind Americans of their history and try to do what I'm now called patriotic philanthropy which

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(November–December 1999)

During the past two decades, the number of charitable foundations in the United States has doubled, while the value of their assets has increased more than 1,100%. Foundations now hold over \$330 billion in assets and contribute over \$20 billion annually to educational, humanitarian, and cultural organizations of all kinds. No other country in the world can claim such substantial and widespread commitment to philanthropy and volunteerism. But are we, as a society realizing the full fruits of this commitment?

Grant-giving foundations are intermediaries between the individual donors who fund them and the various social enterprises that they, in turn, support. But if foundations serve only as passive middlemen, as mere conduits for giving, then they fall far short of their potential and of society's high expectations. Foundations can and should lead social progress. They have the potential to make more effective use of scarce resources than neither individual donors or the government. Free from political pressures, foundations can explore new solutions to social problems with an independence that government can never have.

Foundations Create Value in Four Ways

- One grant
- Multiple grants
- 3X–5X
- Entire operating budget of one organization
- 50X–100X
- Entire field

>1,000X

millions

Dollar value of resources affected by foundation activity

Each successive approach leverages a foundation's special assets more than the preceding one as the pool of

1. Selecting the Best Grantees.

The process of value creation here is straightforward. Like investment advisers in the business world, foundations can use their expertise to channel resources to their most productive uses within the social sector by funding organizations that are the most cost effective or that address urgent or overlooked problems.

For example, of the many organizations that seek funding for programs aimed at reducing the high school dropout rate, a foundation can select the most effective one. Thus its dollar will earn a higher social return than a dollar given less knowledgeably by an individual donor. In this way, choosing recipients and allocating funds is itself a source of value.

The Packard Foundation's grant paid for marketing consultants who taught CEDO how to turn tourists into members, creating an ongoing revenue stream for CEDO far greater than the Foundation's \$50,000 grant.

The Echoing Green Foundation, created by venture capitalist Ed Cohen, gives \$1.4 million a year to improve the performance of the nonprofit sector even more broadly. It invests in social entrepreneurs, individuals with the drive and vision to catalyze social change. It aims to build a community of public-service leaders who share their experience, knowledge, and energy with one another. To date, Echoing Green has funded more than 300 fellows who not only pursue their own projects but also visit with one another to share best practices. The lessons learned are recorded, distributed to all grantees, and made publicly available.

In the fall of 1998, for example, the Charles and Helen Schwab Family Foundation in San Mateo, California, joined with the Peninsula Community Foundation and the Sobrato Foundation in a \$2 million, two-year initiative to address internal issues of management and growth at 16 local family-service agencies.

Every eight weeks for the life of the project, foundation staff members meet with all 16 agency directors. Management experts are brought in to address relevant topics. As a result of the group discussions, three of the grantees have decided that they can

The range of ways in which foundations can assist nonprofits goes well beyond making management-development grants. Foundations can become fully engaged partners, providing advice,

management assistance, access to professional service firms, clout, and a host of other non-cash resources. Improving the performance of grant recipients often requires foundations to work closely with grantees. It also requires the willingness to engage for the long term. Foundations are capable of both. Foundations can operate more efficiently if they merge, and foundation staff has worked closely with them to accomplish the merger. Because technology management has surfaced as a major issue, the foundations have researched and funded technology needs at several of the agencies. 4. Advancing the State of Knowledge and Practice. Foundations can create the greatest value by funding research and a systematic progression of projects that produce more effective ways to address social problems. At its best, such work results in a new framework that shapes subsequent work in the field—making every dollar spent by philanthropists, government, and other organizations more productive. Within six years, India doubled its rice production, and Mexico, once an importer of wheat, became an exporter. Nigeria and Colombia created their own research institutes modeled on the foundations' research. The Rockefeller Foundation subsequently disseminated its results to organizations from 28 developing countries. Altogether, many millions of the world's poorest people benefited from the knowledge created by those two foundations. Foundations are uniquely positioned to study a field in depth. They can set a new agenda and change both public sentiment and government policy. The green revolution, for example, had its roots in research sponsored jointly by the Ford and Rockefeller Foundations in the late 1950s and early 1960s. Concerned with world hunger and population growth, the two foundations created research institutes that developed new strains of wheat and rice that doubled and tripled crop output per acre. Studies by the Carnegie Foundation have had a similarly powerful impact on education in the United States over the last 95 years. In 1904, Carnegie funded research by Abraham Flexner on the state of medical education, which revealed a widespread lack of it. In the field of education, the Philanthropic Ventures Foundation in Oakland, California, for example, focuses on grassroots funding. In 1995, PVF created the Teacher Resource Grants program. Working within the large field of education, PVF chose a specialized positioning appropriate to its small size. PVF provides inexpensive but badly needed classroom materials to teachers in its region—materials that are useless if they don't arrive quickly, when the teacher needs them. PVF notified more than 6,000 teachers that grants of up to \$1,500 would be available for classroom materials, field trips, or teacher training courses. (After a year of experience, PVF lowered the ceiling to \$500 per grant.) Teachers refer to the program as the "fax-grant program" because the foundation takes requests by fax, and then sends an answer within one hour of receipt and a check within 24 hours. Since its positioning is to help under-resourced teachers and it makes thousands of small grants, the Philanthropic Ventures Foundation developed a no-paperwork rule, freeing teachers from time-consuming grant applications. PVF finds that an elaborate process around the receipt, investigation, consideration, and funding of grant requests is not necessary in its chosen area. PVF is a perfect example of a foundation that tailored its activities to create value. Only by doing things differently from others, in a way that is linked tightly to what the foundation seeks to accomplish, can it achieve greater impact with the same grant dollars or enable its grantees to be more successful. Tailoring activities to strategy is the way a foundation institutionalizes and reinforces its distinctive strengths. The tyranny of the

grant cycle, with barely the time to write up pending grant requests between board meetings. (See the exhibit "Resources Are Scattered" "Resources Are Scattered" across too many fields "U.S. Foundations by Asset Size" ~520 billion, 44,000+ assets size 100% (in millions) "80% \$10 - \$50 million, 1551-5250 million, 40% 165251-5999 million, 1551000+ million, no longer Managing 205 10 15 foundations by size "0% number of fields funded "The largest 6% of foundations contributed approximately 74% of all grants. "The data show that resources are spread thin at foundations of all sizes, but the problem is more acute at the smaller foundations. "across staffs spread too thin "across too many small grants "Resources Are Scattered . . . Source: The Foundation Center, based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000. "n. "n1 0 5 0 -74 K10=50 549,543 (52 grants) "n35 \$60,754 (81 grants) "n551-5250 551-5250 "n12 5109,334 5251-5999 5251-5999 (157 grants) "n51,000+ (397 grants) "n7510004 5222,615 "n25 50 750 0 75,000 225,000 150,000 "nnumber of grants per employee average grant size (excluding those below \$10,000) "nSource: The Foundation Center based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000. "nThe average foundation, for example, makes grants in ten unrelated fields every year, where fields are such broadly defined areas as education and health care. Fewer than 9% of foundations "nmake 75% or more of their grants in a single field, and only 5% focus more than 90% of their grants in one field. Such scattered giving is inconsistent with a clear strategic positioning. "nNor do the data suggest that many foundations are taking advantage of their unique ways to create value. Among the largest foundations, with assets in excess of \$1 billion, each professional employee handles approximately seven grants per year (and up to 100 times as many grant requests). There are, on average, just three professional employees for every field in which the foundation makes grants. Staff at the largest foundations may well have sufficient time and expertise to evaluate grants, but it is hard to see how even the most dedicated staff could have much time to assist grantees. The smaller the foundation, the more stretched the staff. Among the hundreds of foundations with \$50 million to \$250 million in assets, there are five times as many grants per professional, and an average of two staff members handle grants in 11 unrelated fields. The smallest foundations often rely on the volunteer efforts of trustees, making it almost certain that many decisions are reached with little formal evaluation at all. "nThose broad metrics also suggest that foundations are not using the more powerful forms of value creation beyond selection. "nFoundations rarely contribute resources other than financial support. Only 2.2% of foundation grants were designated to improve the grantees' performance. Ninety-five percent of all foundation grants are for one year. Although one-year grants are sometimes awarded for several years in a row, there is little evidence that foundations exploit the opportunity to work more closely with grantees over extended periods of time to improve their performance. Foundations, which should be able to take the long view, tend to focus on grant making quarter-to-quarter. "n "nFinally, while foundations express a strong interest in innovation and advancing the state of knowledge about society's problems, very few fund studies that explore the relative effectiveness of different approaches to a given problem. Only 8.8% of foundation grants went to research, and most of that was in basic medical and scientific areas. Funding studies or data collection is rare, and foundations generally see them as less desirable than current social services. "nInstead of

funding research, many foundations seek to promote innovation through seed grants that are designed to establish and support specific new programs. There is little benefit, however, in starting new initiatives if they do not survive and grow. Too often foundations overlook projects aimed at fostering the growth and replication of new initiatives, or they fail to support the grantee over an appropriately long time span. They rarely do the up-front research and the postevaluation needed to ascertain if their programs have been successful and have continued to thrive after the initial period of seed grant support.

In some ways, however, the overall failure to evaluate the results of foundation grants is the most telling danger sign of all. Almost no money is set aside for program evaluation. Many foundations are ambivalent about whether funds should be spent on evaluation and whether assessing the performance of past grants can improve future grant making. This ambivalence about evaluation is reinforced by the performance criteria used to judge foundation staff. These tend to emphasize the paper trail of pregrant analysis and recommendations and give little credit for achieving the real-world results that motivated the grant in the first place. Program evaluation, therefore, has only a downside: failure risks censure, but success adds no reward.

The evaluations that do take place are often problematic in three ways. First, they are limited to reports as to whether the money was spent as intended (output evaluation); they do not attempt to measure social impact (outcome evaluation). Second, many of the evaluations are done by the grant recipients themselves, who invariably seek further support from the foundation. How objective and reliable are these reports likely to be? Third, even in the few cases where the social impact of a program is measured by an outside consultant, it is usually assessed at the single grantee level, in isolation from the foundation's other grants. Therefore, it does not reflect the foundation's success in reaching its overall goals.

Certainly, evaluation may at times be costly and complex. But given clear goals at the outset, it is always possible. The criteria to evaluate a job-training program will differ from those used to evaluate a funding program for young artists. But meaningful criteria can be established for both.

Consider the San Francisco-based Roberts Enterprise Development Fund, which focuses on creating employment for the homeless and indigent. Working closely with its grantee Rubicon Programs, REDF developed 25 criteria that not only measure the success of job-training programs but also help Rubicon to manage the programs more effectively. In addition to the most obvious criteria—changes in employment stability, wages, and job skills—REDF and Rubicon found that related factors such as substance abuse and even qualitative factors such as the trainees' own assessments of their success in reaching personal goals were all meaningful measures of outcomes the program was trying to achieve.

Without evaluation, a foundation will never know whether or not it has been successful. The most basic premise of strategy—striving for superior performance—is violated if performance is not measured.

Addressing the New Agenda

How can foundations begin down the path we have outlined? A number of foundations, including those operating under the new rubric of venture philanthropy, are already moving in the direction outlined here. But none that we have encountered has gone all the way. Putting these elements together into a coherent whole will require developing a strategy, aligning operations with that strategy, and revising the foundation's governance so that the strategy can be monitored effectively. Responsibility for such change lies ultimately with the trustees and directors, who are the fiduciaries accountable for

the use of the foundation's (and society's) funds. To develop a strategy the place to start is positioning. This always requires systematic thought and research into important social challenges that are not being addressed well by others. The goal is not necessarily to identify the most important problem, since many are important. What matters is how effectively the foundation can contribute to its solution. Second, a foundation can learn from prior efforts within its chosen area of funding. Do current socioeconomic trends favor one approach over another? What are other organizations doing in the field? Can the work of this foundation reinforce or complement theirs? Can we uncover root causes of the problem? Third, what unique strengths will enable this foundation to create value most effectively in its field? Part of the answer to this question comes from examining objectively where the foundation has made the greatest impact in the past. It also comes from a realistic assessment of weaknesses. Scale plays an important role in the choice of strategy. A foundation needs enough resources to pursue its particular way of creating value. Larger foundations may well have the scale to work in more than one field. If they choose to do so, each area must have its own strategy and tailored operations. All foundations, however, can create more value by putting a greater proportion of their resources to work. This means stepping up the rate of giving in their chosen fields and investing a portion of their investment portfolios to support their philanthropic work. Once the foundation has chosen a strategy, it can begin to realign its operations. A foundation, like any enterprise, is a collection of many activities. Each activity—how proposals are solicited, for example, and how grantees are supported—must be tailored to the chosen strategy. A particularly important aspect of operational alignment is the development of measures to help the foundation know whether or not it has been successful. Operating strategically will require most foundations to rethink their governance systems. Change will be difficult in an environment where the pressure of processing grants and getting the money out the door extends beyond the staff to the boardroom. Today boards of all but the very largest foundations discuss and approve specific grant allocations at their meetings. Without goals or strategy, they have no way to delegate the grant selection process to staff and no framework through which to evaluate their experience. The Chicago-based Crown Foundation, in an effort to break this cycle, considers grant requests at only two of its quarterly board meetings each year; the other two are reserved for discussing policy, reviewing performance, and studying issues in more depth. Boards need to move away from the operating function of approving grants to focus on setting strategy and evaluating outcomes. With goals, a strategy, and evaluation mechanisms in place, staff could have greater independence to make grant decisions themselves on a more timely and flexible basis. At the Colorado Trust, the board considers and approves multiyear, multimillion-dollar initiatives that have clearly defined goals and a clearly articulated strategy. Once the board sets the framework, program staff has the authority to make individual grants for the life of the initiative. Staff members, then, have greater responsibility and more freedom to make decisions on individual grants, and the board has the time to study the field, set overall strategies, and assess staff performance. For those who care deeply about social problems and work tirelessly to make a difference, current foundation practices not only diminish effectiveness, they inevitably reduce the satisfaction that donors, staff, and trustees derive from their work. Scattered funding, arms-length relationships

with grants, and a lack of awareness of outcomes necessarily create a divide between the foundation and the ultimate results of its work. Acting strategically is much more difficult. But for trustees and staff alike, it will be far more rewarding as well.

Improving the performance of philanthropy would enable foundations to have a much greater impact on society. Foundations could play a leading role in changing the culture of social sector management. They could spearhead the evolution of philanthropy from private acts of conscience into a professional field. Until foundations accept their accountability to society and meet their obligation to create value, they exist in a world where they cannot fail. Unfortunately, they also cannot truly succeed.

A version of this article appeared in the November–December 1999 issue of Harvard Business Review.

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He is an academic adviser to the Leadership Now Project.

Mark R. Kramer is a senior lecturer at Harvard Business School. He is also a cofounder of the social impact consulting firm FSG and a partner at the impact investing hedge fund at Congruence Capital.

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Seven Surprises for New CEOs

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Foundation's special assets more than the preceding one as the pool of value creation here is straightforward. Like investment advisers in the business world, foundations can use their expertise to channel resources to their most productive uses within the social sector by funding organizations that are the most cost effective or that address urgent or overlooked problems. For example, of the many organizations that seek funding for programs aimed at reducing the high school dropout rate, a foundation can select the most effective one. Thus its dollar will earn a higher social return than a dollar given less knowledgeably by an individual donor. In this way, choosing recipients and allocating funds is itself a source of value. The Packard Foundation's grant paid for marketing consultants who taught CEDO how to turn tourists into members, creating an ongoing revenue stream for CEDO far greater than the Foundation's \$50,000 grant. The Echoing Green Foundation, created by venture capitalist Ed Cohen, gives \$1.4 million a year to improve the performance of the nonprofit sector even more broadly. It invests in social entrepreneurs, individuals with the drive and vision to catalyze social change. It aims to build a community of public-service leaders who share their experience, knowledge, and energy with one another. To date, Echoing Green has funded more than 300 fellows who not only pursue their own projects but also visit with one another to share best practices. The lessons learned are recorded, distributed to all grantees, and made publicly available. In the fall of 1998, for example, the Charles and Helen Schwab Family Foundation in San Mateo, California, joined with the Peninsula Community Foundation and the Sobrato Foundation in a \$2 million, two-year initiative to address internal issues of management and growth at 16 local family-service agencies. Every eight weeks for the life of the project, foundation staff members meet with all 16 agency directors. Management experts are brought in to address relevant topics. As a result of the group discussions, three of the grantees have decided that they can. The range of ways in which foundations can assist nonprofits goes well beyond making management-development grants. Foundations can become fully engaged partners, providing advice, management assistance, access to professional service firms, clout, and a host of other non-cash resources. Improving the performance of grant recipients often requires foundations to work closely with grantees. It also requires the willingness to engage for the long term. Foundations are capable of both. They can operate more efficiently if they merge, and foundation staff has worked closely with them to accomplish the merger. Because technology management has surfaced as a major issue, the foundations have researched and funded technology needs at several of the agencies. Advancing the State of Knowledge and Practice. Foundations can create the greatest value by funding research and a systematic progression of projects that produce more effective ways to address social problems. At its best, such work results in a new framework that shapes subsequent work in the field-making every dollar spent by philanthropists, government, and other organizations more productive. Within six years, India doubled its rice production, and Mexico, once an importer of wheat, became an exporter. Nigeria and Colombia created their own research institutes modeled on the foundations' research. The Rockefeller Foundation subsequently disseminated its results to organizations from 28 developing countries. Altogether, many millions of the world's poorest people benefited from the knowledge created by those two foundations. Foundations are uniquely positioned to

study a field in depth. They can set a new agenda and change both public sentiment and government policy. The green revolution, for example, had its roots in research sponsored jointly by the Ford and Rockefeller Foundations in the late 1950s and early 1960s. Concerned with world hunger and population growth, the two foundations created research institutes that developed new strains of wheat and rice that doubled and tripled crop output per acre.

Studies by the Carnegie Foundation have had a similarly powerful impact on education in the United States over the last 95 years. In 1904, Carnegie funded research by Abraham Flexner on the state of medical education, which revealed a widespread lack of it. In the field of education, the Philanthropic Ventures Foundation in Oakland, California, for example, focuses on grassroots funding. In 1995, PVF created the Teacher Resource Grants program. Working within the large field of education, PVF chose a specialized positioning appropriate to its small size. PVF provides inexpensive but badly needed classroom materials to teachers in its region materials that are useless if they don't arrive quickly, when the teacher needs them. PVF notified more than 6,000 teachers that grants of up to \$1,500 would be available for classroom materials, field trips, or teacher training courses. (After a year of experience, PVF lowered the ceiling to \$500 per grant.) Teachers refer to the program as the fax-grant program because the foundation takes requests by fax, and then sends an answer within one hour of receipt and a check within 24 hours. Since its positioning is to help under-resourced teachers and it makes thousands of small grants, the Philanthropic Ventures Foundation developed a no-paperwork rule, freeing teachers from time-consuming grant applications. PVF finds that an elaborate process around the receipt, investigation, consideration, and funding of grant requests is not necessary in its chosen area. PVF is a perfect example of a foundation that tailored its activities to create value. Only by doing things differently from others, in a way that is linked tightly to what the foundation seeks to accomplish, can it achieve greater impact with the same grant dollars or enable its grantees to be more successful. Tailoring activities to strategy is the way a foundation institutionalizes and reinforces its distinctive strengths.

The tyranny of the grant cycle, with barely the time to write up pending grant requests between board meetings. (See the exhibit Resources Are Scattered.)

Resources Are Scattered across too many fields.

U.S. Foundations by Asset Size

Asset Size	Number of Foundations	% of Total
\$100+ million	44	100%
\$50-100 million	520	80%
\$25-50 million	11,551	5250
\$10-25 million	165,251	5999
\$5-10 million	1,551,000	20
\$1-5 million	15,000	205
\$500,000-1 million	150,000	10
\$100,000-500,000	1,500	100
\$50,000-100,000	15,000	100
\$10,000-50,000	150,000	100
\$1,000-10,000	1,500,000	100

The largest 6% of foundations contributed approximately 74% of all grants. The data show that resources are spread thin at foundations of all sizes, but the problem is more acute at the smaller foundations.

across staffs spread too thin across too many small grants

Resources Are Scattered . . . Source: The Foundation Center, based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

1050-74 \$10=50 549,543 (52 grants)

35 \$60,754 (81 grants)

551-5250 551-5250

12 5109,334 5251-5999 5251-5999 (157 grants)

51.000+ (397 grants)

7510004 5222,615

25 50 750 0 75,000

225,000 150,000

number of grants per employee average grant size (excluding those below 510,000)

Source: The Foundation Center based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

The average foundation, for example, makes grants in ten unrelated fields every year, where fields are such broadly defined areas as education and health care. Fewer than 9% of

foundations make 75% or more of their grants in a single field, and only 5% focus more than 90% of their grants in one field. Such scattered giving is inconsistent with a clear strategic positioning. Nor do the data suggest that many foundations are taking advantage of their unique ways to create value. Among the largest foundations, with assets in excess of \$1 billion, each professional employee handles approximately seven grants per year (and up to 100 times as many grant requests). There are, on average, just three professional employees for every field in which the foundation makes grants. Staff at the largest foundations may well have sufficient time and expertise to evaluate grants, but it is hard to see how even the most dedicated staff could have much time to assist grantees. The smaller the foundation, the more stretched the staff. Among the hundreds of foundations with \$50 million to \$250 million in assets, there are five times as many grants per professional, and an average of two staff members handle grants in 11 unrelated fields. The smallest foundations often rely on the volunteer efforts of trustees, making it almost certain that many decisions are reached with little formal evaluation at all. Those broad metrics also suggest that foundations are not using the more powerful forms of value creation beyond selection. Foundations rarely contribute resources other than financial support. Only 2.2% of foundation grants were designated to improve the grantees' performance. Ninety-five percent of all foundation grants are for one year. Although one-year grants are sometimes awarded for several years in a row, there is little evidence that foundations exploit the opportunity to work more closely with grantees over extended periods of time to improve their performance. Foundations, which should be able to take the long view tend to focus on grant making quarter-to-quarter. Finally, while foundations express a strong interest in innovation and advancing the state of knowledge about society's problems, very few fund studies that explore the relative effectiveness of different approaches to a given problem. Only 8.8% of foundation grants went to research, and most of that was in basic medical and scientific areas. Funding studies or data collection is rare, and foundations generally see them as less desirable than current social services. Instead of funding research, many foundations seek to promote innovation through seed grants that are designed to establish and support specific new programs. There is little benefit, however, in starting new initiatives if they do not survive and grow. Too often foundations overlook projects aimed at fostering the growth and replication of new initiatives, or they fail to support the grantee over an appropriately long time span. They rarely do the up-front research and the postevaluation needed to ascertain if their programs have been successful and have continued to thrive after the initial period of seed grant support. In some ways, however, the overall failure to evaluate the results of foundation grants is the most telling danger sign of all. Almost no money is set aside for program evaluation. Many foundations are ambivalent about whether funds should be spent on evaluation and whether assessing the performance of past grants can improve future grant making. This ambivalence about evaluation is reinforced by the performance criteria used to judge foundation staff. These tend to emphasize the paper trail of pregrant analysis and recommendations and give little credit for achieving the real-world results that motivated the grant in the first place. Program evaluation, therefore, has only a downside: failure risks censure, but success adds no reward. The evaluations that do take place are often problematic in three ways. First, they are limited to reports as to whether the money was spent as intended (output evaluation); they do not

attempt to measure social impact (outcome evaluation). Second, many of the evaluations are done by the grant recipients themselves, who invariably seek further support from the foundation. How objective and reliable are these reports likely to be? Third, even in the few cases where the social impact of a program is measured by an outside consultant, it is usually assessed at the single grantee level, in isolation from the foundation's other grants. Therefore, it does not reflect the foundation's success in reaching its overall goals.

Certainly, evaluation may at times be costly and complex. But given clear goals at the outset, it is always possible. The criteria to evaluate a job-training program will differ from those used to evaluate a funding program for young artists. But meaningful criteria can be established for both.

Consider the San Francisco-based Roberts Enterprise Development Fund, which focuses on creating employment for the homeless and indigent. Working closely with its grantee Rubicon Programs, REDF developed 25 criteria that not only measure the success of job-training programs but also help Rubicon to manage the programs more effectively. In addition to the most obvious criteria—changes in employment stability, wages, and job skills—REDF and Rubicon found that related factors such as substance abuse and even qualitative factors such as the trainees' own assessments of their success in reaching personal goals were all meaningful measures of outcomes the program was trying to achieve.

Without evaluation, a foundation will never know whether or not it has been successful. The most basic premise of strategy—striving for superior performance—is violated if performance is not measured.

Addressing the New Agenda

How can foundations begin down the path we have outlined? A number of foundations, including those operating under the new rubric of venture philanthropy, are already moving in the direction outlined here. But none that we have encountered has gone all the way. Putting these elements together into a coherent whole will require developing a strategy, aligning operations with that strategy, and revising the foundation's governance so that the strategy can be monitored effectively. Responsibility for such change lies ultimately with the trustees and directors, who are the fiduciaries accountable for the use of the foundation's (and society's) funds.

To develop a strategy the place to start is positioning. This always requires systematic thought and research into important social challenges that are not being addressed well by others. The goal is not necessarily to identify the most important problem, since many are important. What matters is how effectively the foundation can contribute to its solution.

Second, a foundation can learn from prior efforts within its chosen area of funding. Do current socioeconomic trends favor one approach over another? What are other organizations doing in the field? Can the work of this foundation reinforce or complement theirs? Can we uncover root causes of the problem?

Third, what unique strengths will enable this foundation to create value most effectively in its field? Part of the answer to this question comes from examining objectively where the foundation has made the greatest impact in the past. It also comes from a realistic assessment of weaknesses.

Scale plays an important role in the choice of strategy. A foundation needs enough resources to pursue its particular way of creating value. Larger foundations may well have the scale to work in more than one field. If they choose to do so, each area must have its own strategy and tailored operations. All foundations, however, can create more value by putting a greater proportion of their resources to work. This means stepping up the rate of giving in their chosen fields and investing

a portion of their investment portfolios to support their philanthropic work. Once the foundation has chosen a strategy, it can begin to realign its operations. A foundation, like any enterprise, is a collection of many activities. Each activity—how proposals are solicited, for example, and how grantees are supported—must be tailored to the chosen strategy. A particularly important aspect of operational alignment is the development of measures to help the foundation know whether or not it has been successful. Operating strategically will require most foundations to rethink their governance systems. Change will be difficult in an environment where the pressure of processing grants and getting the money out the door extends beyond the staff to the boardroom. Today boards of all but the very largest foundations discuss and approve specific grant allocations at their meetings. Without goals or strategy, they have no way to delegate the grant selection process to staff and no framework through which to evaluate their experience. The Chicago-based Crown Foundation, in an effort to break this cycle, considers grant requests at only two of its quarterly board meetings each year; the other two are reserved for discussing policy, reviewing performance, and studying issues in more depth. Boards need to move away from the operating function of approving grants to focus on setting strategy and evaluating outcomes. With goals, a strategy, and evaluation mechanisms in place, staff could have greater independence to make grant decisions themselves on a more timely and flexible basis. At the Colorado Trust, the board considers and approves multiyear, multimillion-dollar initiatives that have clearly defined goals and a clearly articulated strategy. Once the board sets the framework, program staff has the authority to make individual grants for the life of the initiative. Staff members, then, have greater responsibility and more freedom to make decisions on individual grants, and the board has the time to study the field, set overall strategies, and assess staff performance. For those who care deeply about social problems and work tirelessly to make a difference, current foundation practices not only diminish effectiveness, they inevitably reduce the satisfaction that donors, staff, and trustees derive from their work. Scattered funding, short-length relationships with grantees, and a lack of awareness of outcomes necessarily create a divide between the foundation and the ultimate results of its work. Acting strategically is much more difficult. But for trustees and staff alike, it will be far more rewarding as well. Improving the performance of philanthropy would enable foundations to have a much greater impact on society. Foundations could play a leading role in changing the culture of social sector management. They could spearhead the evolution of philanthropy from private acts of conscience into a professional field. Until foundations accept their accountability to society and meet their obligation to create value, they exist in a world where they cannot fail. Unfortunately, they also cannot truly succeed. A version of this article appeared in the November–December 1999 issue of Harvard Business Review. Michael E. Porter is the Bishop William Lawrence University Professor at Harvard Business School. He has served as an adviser to governments and campaigns around the world on the advancement of social policy and economic policy, including Mitt Romney's presidential campaign. His latest paper is The Role of Business in Society. He is an academic adviser to the Leadership Now Project. Mark R. Kramer is a senior lecturer at Harvard Business School. He is also a cofounder of the social impact consulting firm FSG and a partner at the impact investing hedge fund at Congruence Capital. Recommended For You Blue Ocean Strategy What Is Strategy

Again?\n\nPODCAST\nCould a New Business Model Make Clinical Drug Trials More Accessible to\nPatien ts?\n\nSeven Surprises for New CEOs\n\n\n", "cloud_doc_url": null}}}, "recipient": "all", "channel": null}, "parent": "ba9d1dd1-c8ac-44e7-9f29-d2e545d52049", "children": [], "aaa24af6-33d3-467f-acfc-d178c7902876": {"id": "aaa24af6-33d3-467f-acfc-d178c7902876", "message": {"id": "aaa24af6-33d3-467f-acfc-d178c7902876", "author": {"role": "user", "name": null, "metadata": {}}, "create_time": 1716507777.436304, "update_time": null, "content": {"content_type": "text", "parts": ["Based on the readings AND TRANSCRIPTS attached and listed below answer this question BELOW someone highly critical of capitalism but also hoping to build a world of equity and happyness by trying to move towards more cooperative models of resource allocation and focused on building inherent equity into societal systems. AND NOTATE WHICH SOURCE YOU PULL INFO FROM\n\nDescribe the differences between development and fundraising and how they relate to one another. Then, describe how you will enact development plans that will positively contribute to your fundraising.\n"]}, "status": "finished_successfully", "end_turn": null, "weight": 1.0, "metadata": {"attachments": [{"id": "file-633pKlwcrOvWVr7WwOesX98g", "size": 10493944, "name": "week 4.2.pdf", "mime_type": "application/pdf"}, {"id": "file-0ALsWs9dynkgdtMPP5VuvzmZ", "size": 1945773, "name": "week 4.pdf", "mime_type": "application/pdf"}, {"id": "file-SDsbdxDbAI0lbCOK2IrBl80H", "size": 658728, "name": "On Being Nonprofit A Conceptual and Policy Primer (Peter Frumkin) (Z-Library).pdf", "mime_type": "application/pdf"}, {"id": "file-A7P43ktpK8Lvw1ZoEoMSqHZ1", "size": 13029, "name": "tactiq-free-transcript-cJ0gl44Q358.txt", "mime_type": "text/plain"}, {"id": "file-3yoKd5FOCK1p4tDrZH0xi7xg", "size": 20525, "name": "tactiq-free-transcript-ClnCelvaook.txt", "mime_type": "text/plain"}]}, "request_id": "8888e7c7890a0e1d-MXP", "message_source": null, "timestamp": "absolute", "message_type": null}, "recipient": "all", "channel": null}, "parent": "6cd7da35-5433-4a3f-a138-3de2669dd554", "children": ["6427eff4-b016-424a-a7c8-2d25163a3644"]}, "6427eff4-b016-424a-a7c8-2d25163a3644": {"id": "6427eff4-b016-424a-a7c8-2d25163a3644", "message": {"id": "6427eff4-b016-424a-a7c8-2d25163a3644", "author": {"role": "tool", "name": "myfiles_browser", "metadata": {}}, "create_time": 1716507801.034301, "update_time": null, "content": {"content_type": "tether_quote", "url": "file-A7P43ktpK8Lvw1ZoEoMSqHZ1", "domain": "tactiq-free-transcript-cJ0gl44Q358.txt", "text": "# tactiq.io free youtube transcript\n# You don't need to be rich to be a philanthropist | Melissa Kwee | TEDxSingapore\n# https://www.youtube.com/watch/cJ0gl44Q358\n\n00:00:03.200 in 2009 Forbes magazine wrote an article\n00:00:08.029 that featured me in their heroes of\n00:00:12.750 philanthropy edition something is\n00:00:15.839 actually a little uncomfortable with but\n00:00:18.300 you couldn't quite stop them I'd been\n00:00:20.939 working with my family's business at the\n00:00:22.769 time and we were in the process of\n00:00:25.710 opening a hotel and at the same time I\n00:00:30.570 had also been involved with various\n00:00:32.159 nonprofits and it actually found out too\n00:00:36.989 that so many of the migrant workers the\n00:00:41.040 men and women who come to Singapore to\n00:00:42.570 clean to build to service Singapore\n00:00:47.190 we're actually paying anywhere from six\n00:00:49.890 months even to two years of their\n00:00:52.590 salaries to labor agents that was not\n00:00:57.210 acceptable so my friend Peter and I\n00:01:00.949 thought about trying to create an\n00:01:04.170 alternative system a different way to\n00:01:07.830 recruit people and so we created a new\n00:01:12.540 process that would cap fees that would\n00:01:16.409 tell the people who are coming here\n00:01:18.150 exactly what they were getting for\n00:01:19.680 anything that they were paying and

would\n00:01:21.900 actually help prepare them before they\n00:01:23.820 came to manage their expectations and\n00:01:25.799 actually welcome them once they had\n00:01:29.070 arrived it was important to me that we\n00:01:34.259 were able to help them feel at home so\n00:01:38.159 it was a little more effort than usual\n00:01:40.049 maybe but this was a business that I\n00:01:42.509 could influence in a small way for that\n00:01:45.689 for the better and I didn't do it to be\n00:01:47.909 a philanthropist I did it because it was\n00:01:50.700 the right thing to do and maybe that's\n00:01:53.640 what being a philanthropist is all about\n00:01:57.560 so what do you think of when you hear\n00:02:00.299 the word philanthropist who or what\n00:02:03.960 comes to mind\n00:02:05.600 tech giant wildly crazy entrepreneur\n00:02:12.390 super savvy investor I guess in many of\n00:02:17.680 our minds it's sort of the rich and the\n00:02:19.060 powerful who give away millions if not\n00:02:21.310 billions to rid the world of of\n00:02:23.440 preventable diseases from which millions\n00:02:25.750 die every year or maybe rebuilding\n00:02:28.420 cities or maybe creating education and\n00:02:32.769 investing in disenfranchised populations\n00:02:37.500 but what's the problem with this picture\n00:02:40.299 I think the biggest challenge is that\n00:02:43.209 philanthropy and the idea of being a\n00:02:45.549 philanthropist is such a far cry from\n00:02:47.680 everybody's everyday life day jobs\n00:02:50.680 childcare managing homework but I'd like\n00:02:55.030 to challenge this idea about how\n00:02:56.859 philanthropy and the loving of humanity\n00:03:00.159 and the exercise of one values to\n00:03:03.400 benefit another is actually something\n00:03:05.560 that can happen every day by anyone\n00:03:08.140 anywhere in small simple personal and\n00:03:13.150 meaningful ways I'd like to challenge\n00:03:16.180 the idea that the person you'd least\n00:03:18.579 expect\n00:03:19.299 could be a philanthropist and that the\n00:03:21.940 sum of many small parts has an enormous\n00:03:24.940 impact and that everyone with some skill\n00:03:28.450 or talent can share and that together we\n00:03:33.849 can create a new culture based on these\n00:03:36.370 ideas so how many of you have raised\n00:03:41.410 funds or funded something on a\n00:03:44.319 crowdfunding site okay reasonable\n00:03:49.150 proportion of you there\n00:03:50.400 well a lot of us think of these sites is\n00:03:53.049 actually being very commercially\n00:03:54.400 oriented but did you know that in 2012\n00:03:58.260 the online site that site Kickstarter\n00:04:02.220 actually exceeded the National Endowment\n00:04:04.810 for the Arts in terms of funds\n00:04:06.910 distributed to arts groups in the United\n00:04:09.040 States and as of this year Kickstarter\n00:04:12.910 has raised one and a half billion\n00:04:15.040 dollars for over 80,000 art projects\n00:04:19.149 that gave aspiring artists theatre\n00:04:21.760 practitioners musicians filmmakers and\n00:04:24.370 the\n00:04:24.970 a chance to realize their dreams with an\n00:04:27.940 average contribution of \$25 perhaps\n00:04:35.920 though less obvious are hidden heroes\n00:04:39.010 whose life choices can really inspire us\n00:04:41.610 a couple years ago I vetted I visited\n00:04:44.920 Myanmar and I met this woman Hana so she\n00:04:49.450 was living about an hour and a half\n00:04:50.710 outside of Yangon and she ran an\n00:04:52.600 orphanage with 19 children from the ages\n00:04:54.730 of like 3 months all the way up to 21\n00:04:58.270 years old the older kids helped the\n00:05:01.120 younger kids the place was completely\n00:05:02.710 spotless everybody's toothbrush was\n00:05:05.080 really neatly lined up in the washing\n00:05:06.940 area and then when I asked her who\n00:05:09.340 supports you she told me a church in\n00:05:13.330 Singapore and my

two sons and my first impression was of course that her
two sons were like doctors lawyers or accountants or
something you know maybe in Yangon or maybe even expats
somewhere else but I asked her and they were actually
expats but one was a security guard in a shopping mall and the
other one was a construction worker and so later that week
when I came home I glanced at that Burmese security guard
and I saw him with new eyes could he have been the philanthropist that
funded Hannah's home I imagined them eating sparingly
not spending very much on personal luxuries and probably
saving 50% of their salaries to remit back home and then I
thought you know that's pretty much what Bill Gates and
Warren Buffett decided to do with the Giving Pledge back
at home last year we actually also undertook this
fascinating experiment we found two brothers Kauai and
Kaha aged 9 and 11 and these two brothers had posted or I guess
their mother had posted on social media that they were
giving away their own Bao money you know collected during
Chinese New Year to the Singapore Cancer Society I
guess they had family related resonance with that with the
cause and these two brothers had just decided to do that and so we
seize the day and we said hey let's just let's
share this idea let's tell other people that you know maybe they
could do that too if even if it's 1% 5% or 10% you
know of whatever they could they could make a giveaway from their
own phone money to support a cause that just represented
something that their family cared about and the results
were astounding in the first 20 days of Chinese New Year
donations through our online site were up 73 percent year-
on-year it was a simple fun and meaningful idea that every
everyone could participate in and it made all the
difference to the nonprofit that they supported but giving is a
lot more than just money it's time it's loving
when you're it's loving your neighbor it's
person-to-person and it's the offering of even if like our skills
so a great a great Singaporean actually is a photographer
Bob Lee some of you may have may have heard of him or seen
him too and he was asked to teach photography to the blind
he was called one day by a charity dialogue in the dark
and and and given this intriguing offer sponsors had come in to
help provide cameras printing services and space and
everything and and Bob began to teach and one of his students was
it was a gentleman called an elderly gentleman called
uncle William and he produced his first photograph as you
can see here kind of like cut off legs of someone and a
dustbin and Bob asked him what's what's that about William
we didn't quite get the composition quite right
but Uncle William told him well actually it's about the dustbin
and and Bob said okay well how does that actually work and

he said well you know\n00:08:47.930 every day when I when I take this
route\n00:08:50.090 he\n00:08:50.720 no to to go to work I look for that\n00:08:53.449
dustbin because when I hit it it tells\n00:08:55.160 me to turn so that I can cross
but one\n00:08:59.509 day this cleaner actually moved the\n00:09:01.189 dustbin and I
need him to put it back\n00:09:04.389 and Bob realized that sharing his
skill\n00:09:11.439 gave him a view into a whole new world\n00:09:14.170 that he was
seeing the world with fresh\n00:09:16.759 eyes and with deeper compassion as
a\n00:09:19.370 result so maybe you can take photographs\n00:09:23.060 maybe you can
cook maybe you can do\n00:09:26.509 accounts maybe you can write stories
or\n00:09:29.180 maybe you're just a really good\n00:09:30.410 listening ear how
could you use your\n00:09:33.949 skill in service of someone else\n00:09:40.810 my
friend Wally uses his company and his\n00:09:45.500 voice he's a filmmaker and he
raises\n00:09:48.649 awareness or he's sought to raise\n00:09:50.209 awareness
when he's not like making\n00:09:53.120 videos of like wedding or weddings
or\n00:09:55.040 doing beautiful food photography that he\n00:09:58.670 decided he was
going to do something to\n00:10:00.170 combat this this haze which has kind
of\n00:10:01.939 been enveloping you know our our whole\n00:10:04.250 our whole region
recently and he decided\n00:10:06.740 that instead of just like moaning
about\n00:10:08.959 it like most of us that he was actually\n00:10:11.629 going to
crowdfund for masks and for air\n00:10:14.779 quality monitors and he was going to
go\n00:10:17.930 with volunteers down to Kalimantan to\n00:10:21.259 distribute them
and help educate the\n00:10:23.240 local the local people there and he
did\n00:10:27.230 this at a time when of course most of us\n00:10:31.220 were just
moaning about a 400 you know\n00:10:35.209 pia PM 2.5 and and he told me that
when\n00:10:39.439 he went to Kalimantan the monitors\n00:10:41.959 actually
didn't work but the year but\n00:10:43.459 the app with the actual PM 2.5
levels\n00:10:46.370 there were actually in excess of 2\n00:10:48.050 million society
is made better because\n00:10:51.319 of Wally's who share their voice
Bob's\n00:10:54.259 who share their skill and families like\n00:10:57.350 kaho
and kauai who teach the next\n00:11:00.529 generation the values of generosity
and\n00:11:03.319 the love for human\n00:11:05.680 society is better because of the
two\n00:11:07.880 nameless sons of Hana for practicing\n00:11:11.270 their radical
love so my dream is to see\n00:11:15.170 all these parts and pieces connected
in\n00:11:17.390 a big Network where skills voices funds\n00:11:22.040 ideas are all
shared in one place in our\n00:11:24.890 city and what if we were able
to\n00:11:28.370 actually create a marketplace where the\n00:11:30.770 whole city
comes together and can we\n00:11:33.080 create for our common good\n00:11:35.680 what
if neighbors knew what was needed\n00:11:38.180 and that those needs could be met in
a\n00:11:41.330 timely in a timely way with available\n00:11:44.300 resources we all
have some margin to\n00:11:48.560 spare and to share we all have
influence\n00:11:52.040 and voice and we have friends and\n00:11:54.680 colleagues and
family members to reach\n00:11:56.870 out to and I believe that we all
have\n00:11:59.660 dreams of being lovers of humanity in a\n00:12:03.740 city of good
my colleagues and I are now\n00:12:07.760 imagining and trying to build
this\n00:12:09.320 giving platform so we can be Wally's\n00:12:11.750 Bob's
or Hannah's children or we can\n00:12:14.330 support them with our voice our
skills\n00:12:17.390 or our funds as an expression of our\n00:12:19.460 love and we
are well aware that\n00:12:22.130 technology is not the solution but\n00:12:24.980
purely an enabler for philanthropy and\n00:12:27.020 acts of love to be expressed so

look\n00:12:31.520 around you I think you'll see a\n00:12:34.340 philanthropist waiting to be discovered\n00:12:37.510 thank you\n00:12:46.310 you\n", "title": "tactiq-free-transcript-cJ0gl44Q358.txt", "tether_id": null}, "status": "finished_successfully", "end_turn": null, "weight": 1.0, "metadata": {"command": "context_stuff", "is_visually_hidden_from_conversation": true, "message_type": null, "model_slug": "gpt-4", "default_model_slug": "gpt-4", "parent_id": "aaa24af6-33d3-467f-acfc-d178c7902876", "request_id": "8888e7c7890a0e1d-MXP", "timestamp_": "absolute"}, "recipient": "all", "channel": null}, "parent": "aaa24af6-33d3-467f-acfc-d178c7902876", "children": [{"085e3d4f-a7d9-4dd2-9f87-af3a314023a8"}], "085e3d4f-a7d9-4dd2-9f87-af3a314023a8": {"id": "085e3d4f-a7d9-4dd2-9f87-af3a314023a8", "message": {"id": "085e3d4f-a7d9-4dd2-9f87-af3a314023a8", "author": {"role": "tool", "name": "myfiles_browser", "metadata": {}}, "create_time": 1716507801.034572, "update_time": null, "content": {"content_type": "tether_quote", "url": "file-0ALsWs9dynkgdtMPP5VuvzmZ", "domain": "week 4.pdf", "text": "\n5/24/24,1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nStanfordSOCIAL\nINNOVATIONReview\n\nInforming and inspiring leaders of social change\n\nPhilanthropy& Funding\n\n12 Common Criticisms of Philanthropy\u2014and\nSome Answers\n\nCritics have argued that charitable giving isn't focused enough on the poor, isn't sufficient to make a difference,\nis undemocratic, and more, but research\u2014and history\u2014show otherwise.\n\nBy Karl Zinsmeister | May 17, 2016\n\nSince January, I've been traveling around the United States talking to audiences about my new book,\n\nThe Almanac of American Philanthropy, and how private giving affects our nation. During these\n\nsessions I've collected 12 broad criticisms of charitable action that people sometimes raise. From the\n\nlessons of my Almanac research, I offer responses below.\n\nI. Charitable aid should focus on the poor; too much giving today goes to other causes!\n\nThis increasingly common argument is supported by the so-called "effective altruism" movement,\n\nwhich complains that a dollar spent on a university or park or music school could instead have headed\n\noff a dire problem such as, say, river blindness for an impoverished African.\n\nThe most specious part of this criticism is the suggestion that donors can't do both things.\n\nPhilanthropists are currently producing good results across a vast spectrum of causes, including many\n\nefforts to help the poor. In fact, the fastest-growing sector of US private philanthropy in recent years has\n\nbeen overseas aid to poor people. Indeed, the poor in foreign countries now get more help from US\n\ndonors (\$39 billion per year) than from official US government aid (\$3i billion).\n\nAre you enjoying this article? Read more like this, plus SSIR's full archive o f content, when you\n\nsubscribe.\n\n1/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\n\n\n5/24/24,1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nMoreover, it's shortsighted and often inhumane to suggest that donating to causes other than poverty\n\nreduction is somehow immoral. Yes, places like MIT and Johns Hopkins are wealthy institutions, but\n\nvoluntary gifts to them ultimately result in things like portable x-ray machines, new vaccines, and\n\ninexpensive cell phones that are valuable to all people, especially the poor\n\nPart of what makes philanthropy powerful and beautiful is its riotous variety. Allowing donors to follow\n\ntheir passions has proven, over generations, to be an effective way of inspiring powerful commitments\n\nand getting big results. Cramped definitions of philanthropy that limit donors to approved areas would\n\nsuffocate many valuable social inventions.\n\n2. Charity is an artifact no

longer necessary in a modern welfare state!\n\nSome view private giving and problem-solving as vestiges of simpler times, with which we can now\ndispense. The public, however, disagrees. In a nationally representative survey of likely US voters in\n2015, respondents chose philanthropy over government as their "first choice for solving a social problem\nin America\u201d\u2014by 47 percent to 32 percent. Asked whether they most trusted entrepreneurial companies,\nnonprofit charities, or government agencies, 43 percent of respondents chose charities, 28 percent\nselected entrepreneurial companies, and just 14 percent chose government agencies.\n\nPhilanthropy solves problems differently than government. It tends to be more inventive and\nexperimental, quicker, nimbler, more efficient, more varied, more personalized, more interested in\ntransformation than treatment, and more efficient. The public sees this and values it.\n\n3. Charitable donations are just a drop in the bucket!\n\nAmerica's nonprofit sector now commands 1 percent of our workforce and 6 percent of GDP\nnot\nincluding volunteer time, which, if we attached a reasonable hourly wage to it, nearly equals the \$360\nbillion we donate in cash every year.\n\nThe Gates Foundation alone now distributes more overseas assistance than the entire Italian\ngovernment. It is estimated that in just its first two decades, its overseas vaccine program alone will save\nthe lives of 8 million preschool children. Then consider that members of US churches and synagogues\n\u2014just one division of America's larger philanthropic army\u2014send four and a half times as much money\noverseas to poor people every year as the Gates Foundation does!\n\n2/8https://ssir.org/articles/entry/12_common_criticisms_of_philanthropyand_som_e_answers#\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nThe fact that most philanthropy takes place out of the public eye\u2014in small doses, and often in private or\neven anonymous ways\u2014makes it easy to overlook its size and power. But getting seduced by the\ngiantism of official aid is an egregious mistake. Small actions can and do converge into mighty rivers of\ncumulative effort.\n\n4. There are too many amateur efforts in philanthropy!\n\nIt's easy to write off "homemade" solutions as amateurish, but grassroots efforts accomplish many great\nthings. Consider the the ALS Association's Ice Bucket Challenge, which raised money for Lou Gehrig's\ndisease research. The initiative occasioned snickers and sniping from some professional\nphilanthropists, but donations it generated led to a major scientific breakthrough at Johns Hopkins\nUniversity and pre-funding of clinical trials for new therapies.\n\nThere are many more examples. Crusades against autism by Bernie Marcus, against prostate cancer by\nMichael Milken, and against breast cancer by Nancy Brinker were all thought quixotic when they kicked\noff, yet each paid huge dividends. The Stowers Institute for Medical Research, the Howard Hughes\nMedical Institute, and Markey fellowships would never have seen the light of day if many professionals\nhad had their way. And it was support from the Guggenheim family that allowed physicist Robert\nGoddard to overcome scorn from other scientists and ridicule by the New York Times to become the\ngenius of rocketry and father of America's success in space.\n\nAmerica's strong system of decentralized giving and homegrown problem-solving supports wide\n experimentation and avoids putting all of our eggs in one national basket.\n\n5. Philanthropic aid lacks standardization! It's a chaotic patchwork!\n\nThe lesson of the Internet is the accumulated power of millions of small actions. The story of today's\n hacker culture is that one individual with a laptop can do astonishing things. Small-scale action that\nlacks uniformity should not be considered a failing. It's not chaos, it's

crowdsourcing\u2014hordes of everyday people taking lots of small bites at a problem and eventually chewing through even very big issues. There are rich examples of the power of dispersed decision-making throughout biology and across human history. Many of our most effective charities discovered the power of decentralization generations ago. Each of the 1,400 local chapters of Habitat for Humanity, for example, are independent\u2014

https://ssir.org/articles/entry/12_common_critcisms_of_philanthropy_and_some_answers#\n\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nentities with their own rules, practices, and funding. All of the 164 regional branches of Goodwill have their own boards of directors, and are autonomous in policy and funding; the central office is tiny compared to working affiliates in cities like Milwaukee and Houston. And the Appalachian Mountain Club efficiently maintains thousands of miles of hiking trails through a network of local branches. This same principle of accomplishing important tasks through loosely coupled teams or networks of independent actors is also a powerful trend in many of today's most successful private businesses. Every Uber city in America has different fares, different products, different practices. Philanthropy can be proud of having been a pioneer in solving problems via a flexible ecosystem of participants, rather than by following standardized formulas.

6. Charity may work for individuals, but what we really need are solutions that benefit entire groups! Ambitious people may look at the \u201cone soul at a time\u201d model prevalent in philanthropy and conclude that it's just too slow. But that perspective misunderstands what social reclamation usually requires. For tough problems like addiction and recidivism, the most successful solutions rely heavily on one-to-one human accountability. They take advantage of the useful information available when we actually know someone, instead of dealing with a stranger. By creating personal instead of impersonal transactions, we can wield the power of relationships to teach and change behavior. It's easy to romanticize the \u201dconsistency\u201d of government programs, and contrast it favorably to the crazy-quilt of individualized variations in charitable aid, but consistency is not really how humans work. If you have one child who needs a very structured environment and another who blooms when left to navigate on her own, you don't want one-size-fits-all schools; you want individualized services that recognize and work with intimate differences of personality. You'll have a hard time finding that in government-run programs, but it's a hallmark of philanthropic efforts.

Ben Franklin was one of the first donors to argue that philanthropy shouldn't just transfer funds in an attempt to relieve men in their misfortune. It should help build up individuals into a healthier state. The goal of charitable aid in the United States has always been individual competence and independence\u2014not just social quiet. And this often requires a personal touch, real mentoring, and one-on-one aid of the sort many philanthropic efforts emphasize.

7. Philanthropy is undemocratic!

https://ssir.org/articles/entry/12_common_critcisms_of_philanthropy_and_some_answers#\n\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nSome critics, especially from the left, complain that donors accumulate too much power and that their money lets them impose their point of view on society. But it's important to note how radically decentralized US giving is. Only 14 percent of total giving today comes from foundations started by the wealthy. The vast majority of annual donations come from individuals, dominated

by everyday donors who give at a rate of about \$2,500 per household. The very largest single giver in the United States—the Gates Foundation—grants out about \$4 billion per year. Measured against the \$360 billion of cash that Americans donate annually, and nearly that much more in the value of volunteered time, Gates Foundation commands less than 1 percent of our annual philanthropy. That is not an unhealthy concentration of power. American philanthropy is also diverse and diffuse. Its millions of givers and hundreds of thousands of charitable organizations compose a kind of huge matrix of private legislatures that define social ills, set goals and priorities, and methodically marshal resources to attack problems near at hand—without asking the state’s permission. Admirers of participatory democracy ought to be excited by these mass actions. As Yale law professor Stephen Carter points out, individuals who give to charity often “measure the needs of the community by different calipers than centralized policy makers, and will therefore contribute to a different set of causes. These millions of individual decisions lead to a diversity in spending that would be impossible if we adopted the theory that the only money spent for the public good is the money spent by the state.” For this reason Carter refers to philanthropy as “democracy in action.” Alexis de Tocqueville said in *Democracy in America* that what impressed him about America’s voluntary activity was not just the practical problems it solved, but the way the country’s hyperactive giving and volunteering builds up the social muscles needed for a people to be self-governing. Philanthropy is not just a sign of self-rule, but also a source of it—a kind of nursery for broader loyalties to one’s fellow citizens. A healthy democracy should encourage, not discourage, people from acting on their own to improve what they judge to be the common good. Only government can lead important social change in a fair way! History tells a different story. Private donors and volunteers created the first schools, missions, colleges, and apprenticeships for Indians and African Americans, often in the face of state resistance. At the same time government was enforcing Jim Crow laws, philanthropist Julius Rosenwald erected 4,977 rural schools across America’s black belt. At the time of his death, 27 percent of all African American children in the United States were educated in one of the schools he built.

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Those who view such examples as ancient history and believe that all necessary reforms now flow from government are gravely mistaken. According to the UCLA Civil Rights Project, America’s most segregated and often most inadequate government-run schools are all in northern cities with activist governments: Detroit, Milwaukee, New York, Newark, Chicago, and Philadelphia. In fact, the country’s most segregated schools are in New York state, thanks to New York City, where the proportion of schools in which at least 90 percent of the students are black or Hispanic rose sharply from 1989 to 2010. It is private philanthropy that is shaking up New York City’s complacent educational establishment today by launching charter schools. There are currently 95,000 New York City children in charters, nearly all of them minorities and low-income, and another 42,600 on waiting lists. Stanford researchers and other investigators find that these children are receiving significantly better educations than counterparts in conventional government-run schools, in some cases even outscoring comfortable suburban schools in annual testing.

9. Some donors are mean, vainly seek their name on things, or take

part in charity for all the wrong reasons! It's true that philanthropists aren't always pretty. Prominent donors like J. Paul Getty, Leland Stanford, Russell Sage, and John MacArthur were known to exhibit shabby behavior. (Stanford, for example, employed stock watering, kickbacks, bribery, and collusion.) Nonetheless, each ultimately managed to be very helpful to others. The genius of the philanthropic mechanism is that it accepts people just as they are—kind impulses, selfish impulses, confusions and vanities, wishes of all sorts swirling together in the usual human jumble—and helps them do wondrous things, even when they're not saints. Adam Smith taught us that freely conducted commerce can take normal human behaviors—including ugly and mercenary ones—and turn them to broadly productive uses. The same is true in the world of philanthropy. Part of the magic of America's charitable structure is that it can convert common human impulses into truth, uplift, and beauty for all of society. No. Philanthropy distracts people who ought to focus on business! The right side of the political spectrum sometimes complains that philanthropy drags too many unproductive business people into do-gooding, distracting them from creating the commercial bounty that [https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers#](https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers) May 24, 2015, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers society counts on. But there are reasons to think that philanthropy actually strengthens capitalism. Economists Zoltan Acs and Ronnie Phillips have observed that the United States has a distinctive means of reconstituting old wealth via philanthropy. Philanthropy is part of the implicit social contract that continuously nurtures and revitalizes economic prosperity, they write. Researchers Tino and Nima Sanandaji agree that the legitimacy of American capitalism has in part been upheld through voluntary donations. They note that "much of the new wealth created historically has been given back to society. This has had several feedback effects on capitalism. For one, the practice has limited the rise of new dynasties. Another positive feedback mechanism is that the donations to research and higher education have allowed new generations to become wealthy?" II. Philanthropy encourages collective thinking, collective responsibility, and collective action—ultimately leading to more government! This is another concern sometimes launched from the libertarian right, where observers argue that what American society really needs is more individual responsibility, not more giveaways. However, we can just as plausibly turn that argument around, because there is evidence that philanthropy helps limit government sprawl. When some members of a society become needy, it is a fact that many citizens will insist, "Something must be done!" Most times and places, the responsibility for picking up those in trouble has fallen to the state. America's energetic voluntary sector, however, allows Americans to meet humanitarian and Judeo-Christian responsibilities to their fellow humans without setting up large government apparatuses and regimenting rules that suffocate individual sovereignty. By solving basic security hungers and stretching multiple safety nets among the general populace, philanthropy has made Americans much more tolerant of the creative destruction that's part of a dynamic economy, leaving us with a freer and faster-growing economy than comparable industrial nations. Philanthropy has thus been crucial in allowing America to grow up as an exceedingly rare society where average people can steer their own lives without the state lurking over their shoulder. II. Donating money is sometimes too much about the giver's

needs!\n\nGiving is a two-way transaction, and the satisfactions of helping are just as real and just as good for\nhuman flourishing as the satisfactions of having someone come to your aid. That's why even people\n7/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nwith little disposable income are eager to give, and feel good when they do.\n\nSocial science research supports this. In a 2008 paper, three investigators gave study participants\nmoney, and then asked half of them to spend it on themselves, and the other half to give it to some\nperson or charity. Those who donated the money showed a significant uptick in happiness; those who\nspent it on themselves did not\n\nOther academic work has shown that offering aid can actually make the giver healthier\u2014lowering blood\npressure, stress, illness, and mortality. Americans who make gifts of money and time are more likely to\nprosper and be satisfied with life than non-givers who are demographically identical. A 2014 book by\nUniversity of Notre Dame researchers concludes, \u201cThe more generous Americans are, the more\nhappiness, health, and purpose in life they enjoy. This association \u201c\nis strong and highly consistent.\u201d\n\nGenerous practices actually create enhanced personal well-being.\u201d\n\nWe shouldn't overlook\u2014or discount\u2014the good effects of giving on the giver.\n\nSupport SSIR's coverage of cross-sector solutions to global challenges.\n\nHelp us further the reach of innovative ideas. Donate today\n\nRead more stories by Karl Zinsmeister.\n\nKarl Zinsmeister is creator of The Almanac of American Philanthropy, a new encyclopedic reference to the\nfield, just released by The Philanthropy Roundtable.\n\nDOI:10.48558/jm4I-v703\n\nIf you like this article enough to print it, be sure to subscribe to SSIR!\n\nCopyright \u00a9 2024 Stanford University.\n\nDesigned by Arsenal, developed by Hop Studios\n8/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\n\n", "title": "week 4.pdf", "tether_id": null}, "status": "finished_successfully", "end_turn": null, "weight": 1.0, "metadata": {"command": "context_stuff", "is_visually_hidden_from_conversation": true, "message_type": null, "model_slug": "gpt-4", "default_model_slug": "gpt-4", "parent_id": "6427eff4-b016-424a-a7c8-2d25163a3644", "request_id": "8888e7c7890a0e1d-MXP", "timestamp_": "absolute"}, "recipient": "all", "channel": null}, "parent": "6427eff4-b016-424a-a7c8-2d25163a3644", "children": ["e88501d7-5df6-4bb9-bd0f-18ae2f974f9c"]}, "e88501d7-5df6-4bb9-bd0f-18ae2f974f9c": {"id": "e88501d7-5df6-4bb9-bd0f-18ae2f974f9c", "message": {"id": "e88501d7-5df6-4bb9-bd0f-18ae2f974f9c", "author": {"role": "tool", "name": "myfiles_browser", "metadata": {}}, "create_time": 1716507801.034824, "update_time": null, "content": {"content_type": "tether_quote", "url": "file-633pKlwcr0vWVr7Ww0esX98g", "domain": "week 4.2.pdf", "text": "\n\nH a r v a r d \n\nB u s i n e s s \n\nR e v i e w \n\nCorporate Social Responsibility\n\nPhilanthropy's New Agenda:\n\nCreating Value\n\nby Michael E. Porter and Mark R. Kramer\n\nFrom the Magazine (November-December 1999)\n\nDuring the past two decades, the number of charitable\nfoundations in the United States has doubled, while the value of\ntheir assets has increased more than 1,100%. Foundations now\nhold over \$330 billion in assets and contribute over \$20 billion\nannually to educational, humanitarian, and cultural\norganizations of all kinds. No other country in the world can\nclaim such substantial and widespread commitment to\nphilanthropy and volunteerism. But are we, as a society realizing\nthe full fruits of this commitment?\n\nGrant-giving foundations are intermediaries between the\nindividual donors who fund them and the various social\nenterprises that they, in turn, support. But if foundations

serve not only as passive middlemen, as mere conduits for giving, then they fall far short of their potential and of society's high expectations. Foundations can and should lead social progress. They have the potential to make more effective use of scarce resources than neither individual donors or the government. Free from political pressures, foundations can explore new solutions to social problems with an independence that government can never have.

Foundations Create Value in Four Ways

- One grant
- Multiple grants
- Entire operating budget of one organization
- Entire field

>1,000X millions Dollar value of resources affected by foundation activity

Each successive approach leverages a foundation's special assets more than the preceding one as the pool of available resources grows. Selecting the Best Grantees.

The process of value creation here is straightforward. Like investment advisers in the business world, foundations can use their expertise to channel resources to their most productive uses within the social sector by funding organizations that are the most cost effective or that address urgent or overlooked problems.

For example, of the many organizations that seek funding for programs aimed at reducing the high school dropout rate, a foundation can select the most effective one. Thus its dollar will earn a higher social return than a dollar given less knowledgeably by an individual donor. In this way, choosing recipients and allocating funds is itself a source of value.

Expertise to benefit from the increased tourism. The Packard Foundation's grant paid for marketing consultants who taught CEDO how to turn tourists into members, creating an ongoing revenue stream for CEDO far greater than the Foundation's \$50,000 grant.

The Echoing Green Foundation, created by venture capitalist Ed Cohen, gives \$1.4 million a year to improve the performance of the nonprofit sector even more broadly. It invests in social entrepreneurs, individuals with the drive and vision to catalyze social change. It aims to build a community of public-service leaders who share their experience, knowledge, and energy with one another. To date, Echoing Green has funded more than 300 fellows who not only pursue their own projects but also visit with one another to share best practices. The lessons learned are recorded, distributed to all grantees, and made publicly available.

In the fall of 1998, for example, the Charles and Helen Schwab Family Foundation in San Mateo, California, joined with the Peninsula Community Foundation and the Sobrato Foundation in a \$2 million, two-year initiative to address internal issues of management and growth at 16 local family-service agencies.

Every eight weeks for the life of the project, foundation staff members meet with all 16 agency directors. Management experts are brought in to address relevant topics. As a result of the group discussions, three of the grantees have decided that they can

The range of ways in which foundations can assist nonprofits goes well beyond making management-development grants. Foundations can become fully engaged partners, providing advice, management assistance, access to professional services, clout, and a host of other non-cash resources. Improving the performance of grant recipients often requires foundations to work closely with grantees. It also requires the willingness to engage for the long term. Foundations are capable of both.

They can operate more efficiently if they merge, and foundation staff has worked closely with them to accomplish the merger. Because technology management has surfaced as a major issue, the foundations have researched and funded technology needs at several of the agencies.

4. Advancing the State of Knowledge and Practice.

Foundations can create the greatest value by funding research and a systematic progression of

projects that produce more effective ways to address social problems. At its best, such work results in a new framework that shapes subsequent work in the field—making every dollar spent by philanthropists, government, and other organizations more productive. Within six years, India doubled its rice production, and Mexico, once an importer of wheat, became an exporter. Nigeria and Colombia created their own research institutes modeled on the foundations' research. The Rockefeller Foundation subsequently disseminated its results to organizations from 28 developing countries. Altogether, many millions of the world's poorest people benefited from the knowledge created by those two foundations. Foundations are uniquely positioned to study a field in depth. They can set a new agenda and change both public sentiment and government policy. The green revolution, for example, had its roots in research sponsored jointly by the Ford and Rockefeller Foundations in the late 1950s and early 1960s. Concerned with world hunger and population growth, the two foundations created research institutes that developed new strains of wheat and rice that doubled and tripled crop output per acre. Studies by the Carnegie Foundation have had a similarly powerful impact on education in the United States over the last 95 years. In 1904, Carnegie funded research by Abraham Flexner on the state of medical education, which revealed a widespread lack of it. In the field of education, the Philanthropic Ventures Foundation in Oakland, California, for example, focuses on grassroots funding. In 1995, PVF created the Teacher Resource Grants program. Working within the large field of education, PVF chose a specialized positioning appropriate to its small size. PVF provides inexpensive but badly needed classroom materials to teachers in its region—materials that are useless if they don't arrive quickly, when the teacher needs them. PVF notified more than 6,000 teachers that grants of up to \$1,500 would be available for classroom materials, field trips, or teacher training courses. (After a year of experience, PVF lowered the ceiling to \$500 per grant.) Teachers refer to the program as the fax-grant program because the foundation takes requests by fax, and then sends an answer within one hour of receipt and a check within 24 hours. Since its positioning is to help under-resourced teachers and it makes thousands of small grants, the Philanthropic Ventures Foundation developed a no-paperwork rule, freeing teachers from time-consuming grant applications. PVF finds that an elaborate process around the receipt, investigation, consideration, and funding of grant requests is not necessary in its chosen area. PVF is a perfect example of a foundation that tailored its activities to create value. Only by doing things differently from others, in a way that is linked tightly to what the foundation seeks to accomplish, can it achieve greater impact with the same grant dollars or enable its grantees to be more successful. Tailoring activities to strategy is the way a foundation institutionalizes and reinforces its distinctive strengths. The tyranny of the grant cycle, with barely the time to write up pending grant requests between board meetings. (See the exhibit "Resources Are Scattered" (201d) "Resources Are Scattered" across too many fields "U.S. Foundations by Asset Size" ~520 billion, 44,000+ asset size 100% (in millions) 80 9S10 -S 50 60 11551-5250 40 165251-5999 1551000+20 noL gMng 205 10 15 foundations by size 0 number of fields funded The largest 6% of foundations contributed approximately 74% of all grants. The data show that resources are spread thin at foundations of all sizes, but the problem is more acute at the smaller foundations. Across staffs spread too thin across too many

small grants

Resources Are Scattered . . . Source: The Foundation Center, based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

Assets	Number of foundations	Number of grants	Average grant size
\$0 - \$10,000	549	52	\$60,754
\$10,000 - \$50,000	81	157	\$150,000
\$50,000 - \$100,000	397	750	\$225,000
\$100,000 - \$500,000	551	525	\$510,334
\$500,000 - \$1 billion	251	599	\$525,000
\$1 billion or more	15	10	\$549,543

number of grants per employee average grant size (excluding those below \$10,000)

Source: The Foundation Center based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

The average foundation, for example, makes grants in ten unrelated fields every year, where fields are such broadly defined areas as education and health care. Fewer than 9% of foundations make 75% or more of their grants in a single field, and only 5% focus more than 90% of their grants in one field. Such scattered giving is inconsistent with a clear strategic positioning.

Nor do the data suggest that many foundations are taking advantage of their unique ways to create value. Among the largest foundations, with assets in excess of \$1 billion, each professional employee handles approximately seven grants per year (and up to 100 times as many grant requests). There are, on average, just three professional employees for every field in which the foundation makes grants. Staff at the largest foundations may well have sufficient time and expertise to evaluate grants, but it is hard to see how even the most dedicated staff could have much time to assist grantees. The smaller the foundation, the more stretched the staff. Among the hundreds of foundations with \$50 million to \$250 million in assets, there are five times as many grants per professional, and an average of two staff members handle grants in 11 unrelated fields. The smallest foundations often rely on the volunteer efforts of trustees, making it almost certain that many decisions are reached with little formal evaluation at all.

Those broad metrics also suggest that foundations are not using the more powerful forms of value creation beyond selection. Foundations rarely contribute resources other than financial support. Only 2.2% of foundation grants were designated to improve the grantees' performance. Ninety-five percent of all foundation grants are for one year. Although one-year grants are sometimes awarded for several years in a row, there is little evidence that foundations exploit the opportunity to work more closely with grantees over extended periods of time to improve their performance. Foundations, which should be able to take the long view, tend to focus on grant making quarter-to-quarter.

Finally, while foundations express a strong interest in innovation and advancing the state of knowledge about society's problems, very few fund studies that explore the relative effectiveness of different approaches to a given problem. Only 8.8% of foundation grants went to research, and most of that was in basic medical and scientific areas. Funding studies or data collection is rare, and foundations generally see them as less desirable than current social services.

Instead of funding research, many foundations seek to promote innovation through seed grants that are designed to establish and support specific new programs. There is little benefit, however, in starting new initiatives if they do not survive and grow. Too often foundations overlook projects aimed at fostering the growth and replication of new initiatives, or they fail to support the grantee over an appropriately long time span. They rarely do the up-front research and the postevaluation needed to ascertain if their programs have been successful and have continued to thrive after the initial period of seed grant support.

In some ways, however, the overall failure to evaluate the results of foundation grants is the most telling danger sign of

all. Almost no money is set aside for program evaluation. Many foundations are ambivalent about whether funds should be spent on evaluation and whether assessing the performance of past grants can improve future grant making. This ambivalence about evaluation is reinforced by the performance criteria used to judge foundation staff. These tend to emphasize the paper trail of pregrant analysis and recommendations and give little credit for achieving the real-world results that motivated the grant in the first place. Program evaluation, therefore, has only a downside: failure risks censure, but success adds no reward.

The evaluations that do take place are often problematic in three ways. First, they are limited to reports as to whether the money was spent as intended (output evaluation); they do not attempt to measure social impact (outcome evaluation). Second, many of the evaluations are done by the grant recipients themselves, who invariably seek further support from the foundation. How objective and reliable are these reports likely to be? Third, even in the few cases where the social impact of a program is measured by an outside consultant, it is usually assessed at the single grantee level, in isolation from the foundation's other grants. Therefore, it does not reflect the foundation's success in reaching its overall goals.

Certainly, evaluation may at times be costly and complex. But given clear goals at the outset, it is always possible. The criteria to evaluate a job-training program will differ from those used to evaluate a funding program for young artists. But meaningful criteria can be established for both.

Consider the San Francisco-based Roberts Enterprise Development Fund, which focuses on creating employment for the homeless and indigent. Working closely with its grantee Rubicon Programs, REDF developed 25 criteria that not only measure the success of job-training programs but also help Rubicon to manage the programs more effectively. In addition to the most obvious criteria—changes in employment stability, wages, and job skills—REDF and Rubicon found that related factors such as substance abuse and even qualitative factors such as the trainees' own assessments of their success in reaching personal goals were all meaningful measures of outcomes the program was trying to achieve.

Without evaluation, a foundation will never know whether or not it has been successful. The most basic premise of strategy—striving for superior performance—is violated if performance is not measured.

Addressing the New Agenda

How can foundations begin down the path we have outlined? A number of foundations, including those operating under the rubric of venture philanthropy, are already moving in the direction outlined here. But none that we have encountered has gone all the way. Putting these elements together into a coherent whole will require developing a strategy, aligning operations with that strategy, and revising the foundation's governance so that the strategy can be monitored effectively. Responsibility for such change lies ultimately with the trustees and directors, who are the fiduciaries accountable for the use of the foundation's (and society's) funds.

To develop a strategy the place to start is positioning. This always requires systematic thought and research into important social challenges that are not being addressed well by others. The goal is not necessarily to identify the most important problem, since many are important. What matters is how effectively the foundation can contribute to its solution.

Second, a foundation can learn from prior efforts within its chosen area of funding. Do current socioeconomic trends favor one approach over another? What are other organizations doing in the field? Can the work of this foundation reinforce or complement theirs? Can we uncover root causes of

the problem? Third, what unique strengths will enable this foundation to create value most effectively in its field? Part of the answer to this question comes from examining objectively where the foundation has made the greatest impact in the past. It also comes from a realistic assessment of weaknesses.

Scale plays an important role in the choice of strategy. A foundation needs enough resources to pursue its particular way of creating value. Larger foundations may well have the scale to work in more than one field. If they choose to do so, each area must have its own strategy and tailored operations. All foundations, however, can create more value by putting a greater proportion of their resources to work. This means stepping up the rate of giving in their chosen fields and investing a portion of their investment portfolios to support their philanthropic work.

Once the foundation has chosen a strategy, it can begin to realign its operations. A foundation, like any enterprise, is a collection of many activities. Each activity—how proposals are solicited, for example, and how grantees are supported—must be tailored to the chosen strategy. A particularly important aspect of operational alignment is the development of measures to help the foundation know whether or not it has been successful.

Operating strategically will require most foundations to rethink their governance systems. Change will be difficult in an environment where the pressure of processing grants and getting the money out the door extends beyond the staff to the boardroom. Today boards of all but the very largest foundations discuss and approve specific grant allocations at their meetings. Without goals or strategy, they have no way to delegate the grant selection process to staff and no framework through which to evaluate their experience. The Chicago-based Crown Foundation, in an effort to break this cycle, considers grant requests at only two of its quarterly board meetings each year; the other two are reserved for discussing policy, reviewing performance, and studying issues in more depth. Boards need to move away from the operating function of approving grants to focus on setting strategy and evaluating outcomes.

With goals, a strategy, and evaluation mechanisms in place, staff could have greater independence to make grant decisions themselves on a more timely and flexible basis. At the Colorado Trust, the board considers and approves multiyear, multimillion-dollar initiatives that have clearly defined goals and a clearly articulated strategy. Once the board sets the framework, program staff has the authority to make individual grants for the life of the initiative. Staff members, then, have greater responsibility and more freedom to make decisions on individual grants, and the board has the time to study the field, set overall strategies, and assess staff performance.

For those who care deeply about social problems and work tirelessly to make a difference, current foundation practices not only diminish effectiveness, they inevitably reduce the satisfaction that donors, staff, and trustees derive from their work. Scattered funding, arm's-length relationships with grantees, and a lack of awareness of outcomes necessarily create a divide between the foundation and the ultimate results of its work. Acting strategically is much more difficult. But for trustees and staff alike, it will be far more rewarding as well.

Improving the performance of philanthropy would enable foundations to have a much greater impact on society. Foundations could play a leading role in changing the culture of social sector management. They could spearhead the evolution of philanthropy from private acts of conscience into a professional field. Until foundations accept their accountability to society and meet their obligation to create value, they exist in a world where they cannot fail. Unfortunately, they also

cannot truly succeed. A version of this article appeared in the November–December 1999 issue of Harvard Business Review. Michael E. Porter is the Bishop William Lawrence University Professor at Harvard Business School. He has served as an adviser to governments and campaigns around the world on the advancement of social policy and economic policy, including Mitt Romney's presidential campaign. His latest paper is The Role of Business in Society. He is an academic adviser to the Leadership Now Project. Mark R. Kramer is a senior lecturer at Harvard Business School. He is also a cofounder of the social impact consulting firm FSG and a partner at the impact investing hedge fund at Congruence Capital. Recommended For You Blue Ocean Strategy What Is Strategy Again? PODCAST Could a New Business Model Make Clinical Drug Trials More Accessible to Patients? Seven Surprises for New CEOs

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country if\n00:01:17.759 I did a good job in government so I got\n00:01:19.640 a scholarship to Duke University I got a\n00:01:21.720 scholarship to univ Chicago law school\n00:01:23.600 and then I went to work in a law firm in\n00:01:25.040 New York that a partner at which was the\n00:01:27.600 man who wrote that speech for John\n00:01:29.119 Kennedy his name was Ted s the greatest\n00:01:30.720 presidential speech writer I think of\n00:01:32.079 all time and after a few years of\n00:01:34.240 working for him um he s of hinted maybe\n00:01:37.000 that I wasn't such a great lawyer maybe\n00:01:38.479 I should do something different and I\n00:01:40.560 talked to my clients and I said well you\n00:01:42.200 know I might do something different what\n00:01:43.399 do you think they said now's a good time\n00:01:44.680 to leave so I got the idea that I\n00:01:46.680 probably wasn't a great lawyer and Ted\n00:01:48.640 soon got me an interview with a man he\n00:01:50.600 said we be the next president United\n00:01:51.840 States I could work in the White House\n00:01:53.000 just as he had done for President\n00:01:54.079 Kennedy I got a job as the chief counsel\n00:01:56.200 for a man named burby who was running\n00:01:58.680 for president in 1976\n00:02:00.360 30 days after I joined his um Senate\n00:02:02.600 staff he dropped out of his presidential\n00:02:04.039 campaign so I said uhoh maybe this\n00:02:06.000 happened to some to you as well I wasn't\n00:02:08.080 a good lawyer my clients didn't think I\n00:02:09.479 was good my colleagues didn't think I\n00:02:10.758 was good I went to join a campaign in\n00:02:13.520 effect it it ended after 30 days and\n00:02:15.560 then I got a call out of the blue some\n00:02:16.879 of you may have in your career as well\n00:02:18.560 it said uh would you like to work for\n00:02:20.519 another man running for president who is\n00:02:22.120 this Jimmy Carter and I said well he's\n00:02:23.680 the peanut farmer from Georgia and they\n00:02:25.080 said yes he's going to be the nominee\n00:02:26.120 for Democratic party in 76 I got the\n00:02:28.000 interview I went down to Georgia Carter\n00:02:30.280 was 33 points ahead when I joined his\n00:02:32.000 campaign he won by one point so he he\n00:02:34.840 often said to me you know what did you\n00:02:36.200 really contribute but White House staffs\n00:02:37.680 are not filled on Merit they're filled\n00:02:38.879 on who worked in the campaign so I\n00:02:40.519 became the deputy domestic policy\n00:02:42.040 adviser at the president United States\n00:02:43.280 at the age of 27 three years out of law\n00:02:45.200 school I wasn't qualified for that job\n00:02:47.080 he wasn't qualified for his job so I\n00:02:48.440 figured we fit in\n00:02:50.400 um I managed to get inflation to 19% in\n00:02:53.680 my job very difficult to get inflation\n00:02:55.560 19% nobody's done it since um there was\n00:02:58.280 a rumor that I was going to be promoted\n00:02:59.680 in the second term to be the senior\n00:03:01.200 domestic adviser if Carter's reelected\n00:03:03.040 and on the strength of that rumor\n00:03:04.080 President Carter thinks he lost the\n00:03:05.239 election so I had to go find a job I\n00:03:07.400 went back and practice law in Washington\n00:03:08.959 it took me many months to convince\n00:03:10.120 somebody I knew how to do something in\n00:03:11.560 practicing law after finding myself\n00:03:13.920 being humiliated because I was a White\n00:03:15.400 House Aid one day next day I couldn't\n00:03:16.680 get a job at practicing law finally\n00:03:18.159 somebody felt sorry for me I practiced\n00:03:19.920 law but once again my client said to me\n00:03:21.959 you know this might not be for you and I\n00:03:24.080 said to my my partners what do you think\n00:03:25.920 about this should I stay and they said\n00:03:27.280 maybe not so I decided I would and

I took a chance I read that on average an entrepreneur starts a company between the ages of 28 and 37 and I read that when I was 37 so I said okay I'm going to start a company so without knowing anything about Finance I decided to start something called the carw group and I started in Pennsylvania Avenue I recruited three people actually knew something about Finance I told them I had some money but I really was exaggerating I told him when they showed up I would get the money so ultimately uh we start a company with \$5 million today we manage \$200 billion and it's turned out to be one of the largest private Equity firms in the world when I hit the age of 54 Forbes Magazine put a story out about my net worth and my partner's net worth and it became obvious to me that I had made so much money that I couldn't possibly spend it on houses and planes and boats and so forth which I didn't really care much about anyway so I decided what I would try to do is atone for my sins getting inflation to 19% and maybe give it back to the UN government give back to the US government give back to my country but I wasn't sure how to do it and it came about in a kind of unusual way one day I was invited to an uh an auction in New York I was told I would be able to see the Magna Carta and I said how can you see the Magna Carta in England it turned out there are 17 copies of the Magna Carta and I had a chance to to see one of them it was the only one in private hands I decided that I would try to buy that and make sure it stayed in the United States because it was probably going to be auctioned off I was told by the auctioneer and leave the country so I went back that next night I bought it and I now put it on display at the National Archives it'll be there permanently and I said I'll do this for the country is a way to kind of make sure this document which was the inspiration for the Declaration of Independence the Bill of Rights the Constitution stays here and then other documents came available the declaration independence the Emancipation Proclamation the 13th Amendment which Freeds slaves the Constitution the Bill of Rights and I bought rare copies of them and put them on display at the state department the national Constitution Center the Smithsonian the library Congress as a way of saying to Americans take a look at these and learn more about your history in a recent Pew survey it turned out that 35% of Americans when they asked what river did George washington cross during the Revolutionary War said the Rin River not that's not true 33% of Americans when they asked who was the first treasury secretary didn't know it was Alexander hamilt and they said it was Larry Summers so my theory is Americans don't know enough about their history and you can be a better uh citizen if you know more about your history so I'm trying to buy these historic documents and

put\n00:05:41.720 them on display make sure people know\n00:05:43.520 more about
 history as a way of\n00:05:44.880 introducing them to our history
 another\n00:05:46.840 thing happened by S tippity as well one\n00:05:48.639 time I was
 at the kenyan center and the\n00:05:50.919 man on the board was the head of
 the\n00:05:52.160 Park Service he told me that Washington\n00:05:53.520 Monument had
 suffered earthquake damage\n00:05:55.199 I told him I'll tell you what I'll
 put\n00:05:56.639 up the money just ignore the government\n00:05:58.280 and the usual
 constraints forget\n00:05:59.680 Congress tell me how much it cost
 I'll\n00:06:01.199 put up the money to fix it so he did he\n00:06:02.800 later
 came back and said Congress wanted\n00:06:04.039 to share the credit because they
 weren't\n00:06:05.560 getting a lot of good credit so they\n00:06:06.560 said can
 they put up half the money I\n00:06:07.840 said okay so I just put up the money
 to\n00:06:10.199 repair the Washington Monument some of\n00:06:11.599 you may have
 seen the scaffolding there\n00:06:12.960 from time to time and then I came
 up\n00:06:14.520 with the idea that well that was a good\n00:06:15.960 idea but why
 not fix other historic\n00:06:17.800 things so I decided to help fix up\n00:06:20.000
 monachello Thomas Jefferson's home mon\n00:06:22.000 peer James Madison's
 home Mount Vernon\n00:06:24.039 George Washington's home the custus
 Lee\n00:06:25.840 Mansion at the top of Arlington and some\n00:06:27.639 other things
 that I'll announce uh down\n00:06:29.120 the road and so what I've decided
 to do\n00:06:30.680 is to fix these historic buildings in\n00:06:33.000 part because I
 want to remind Americans\n00:06:34.319 of their history and try to do what
 I'm\n00:06:35.960 now called patriotic philanthropy which\n00:06:37.000 The file is too
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 question on the differences between development and fundraising, and how development
 plans can positively contribute to fundraising, I draw from several of your
 sources:\n\n1. **Differences Between Development and Fundraising**:\n -

Fundraising is the process of gathering voluntary contributions of money or other resources, often through soliciting donations. It is typically event-driven or campaign-specific, focusing on immediate financial goals.

– **Development**, on the other hand, is broader and more strategic. It encompasses not only fundraising but also building and maintaining long-term relationships with donors, strategic planning for resource allocation, and often involves cultivating a culture of philanthropy within the organization and its community.

2. **How Development Plans Contribute to Fundraising**:

– Development plans are crucial as they lay out strategies not just for acquiring funds but for engaging and retaining donors over the long term. Effective development involves understanding donor motivations, aligning organizational goals with donor interests, and creating targeted, meaningful opportunities for donor involvement.

– These plans often lead to more sustainable fundraising as they help in building a loyal base of supporters who are invested in the mission of the organization. By focusing on relationship-building and strategic engagement, development can turn one-time donors into lifelong supporters.

In practice, an organization committed to cooperative models and equity might implement these concepts by:

- **Engaging Community**: Involving community members not just as donors but as active participants in planning and decision-making processes. This can help ensure that fundraising and development activities are closely aligned with the community's needs and values.
- **Transparency and Accountability**: Clearly communicating how funds are used and demonstrating the impact of donations on the community. This transparency can build trust and deepen donor engagement.
- **Diversifying Funding Sources**: By not relying solely on traditional forms of fundraising but exploring various forms of revenue generation such as social enterprises or membership programs that contribute to financial stability and mission alignment.

These strategies not only enhance fundraising efforts but ensure that they contribute to the broader goal of creating a more equitable and happy society."}], "status": "finished_successfully", "end_turn": true, "weight": 1.0, "metadata": {"finish_details": {"type": "stop", "stop_tokens": [100260]}, "citations": [{"start_ix": 794, "end_ix": 804, "citation_format_type": "tether_og", "metadata": {"type": "file", "name": "week 4.pdf", "id": "file-0ALsWs9dynkgdtMPP5VuvzmZ", "source": "my_files", "text": "\n5/24/24,1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nStanfordSOCIAL\n\nINNOVATIONReview\n\nInforming and inspiring leaders of social change\n\nPhilanthropy& Funding\n\n12 Common Criticisms of Philanthropy\u2014and\n\nSome Answers\n\nCritics have argued that charitable giving isn't focused enough on the poor, isn't sufficient to make a difference, is undemocratic, and more, but research and history show otherwise.\n\nBy Karl Zinsmeister | May 17, 2016\n\nSince January, I've been traveling around the United States talking to audiences about my new book, The Almanac of American Philanthropy, and how private giving affects our nation. During these sessions I've collected 12 broad criticisms of charitable action that people sometimes raise. From the lessons of my Almanac research, I offer responses below.\n\nI. Charitable aid should focus on the poor; too much giving today goes to other causes!\n\nThis increasingly common argument is supported by the so-called 'effective altruism' movement, which complains that a dollar spent on a university or park or music school could instead have headed off a dire problem such as, say, river blindness for an impoverished African.\n\nThe most specious part of this criticism is the suggestion that donors can't do both

things. Philanthropists are currently producing good results across a vast spectrum of causes, including many efforts to help the poor. In fact, the fastest-growing sector of US private philanthropy in recent years has been overseas aid to poor people. Indeed, the poor in foreign countries now get more help from US donors (\$39 billion per year) than from official US government aid (\$31 billion). Are you enjoying this article? Read more like this, plus SSIR's full archive of content, when

you subscribe. https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers# 5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

Moreover, it's shortsighted and often inhumane to suggest that donating to causes other than poverty reduction is somehow immoral. Yes, places like MIT and Johns Hopkins are wealthy institutions, but voluntary gifts to them ultimately result in things like portable x-ray machines, new vaccines, and inexpensive cell phones that are valuable to all people, especially the poor.

Part of what makes philanthropy powerful and beautiful is its riotous variety. Allowing donors to follow their passions has proven, over generations, to be an effective way of inspiring powerful commitments and getting big results. Cramped definitions of philanthropy that limit donors to approved areas would suffocate many valuable social inventions.

2. Charity is an artifact no longer necessary in a modern welfare state!

Some view private giving and problem-solving as vestiges of simpler times, with which we can now dispense. The public, however, disagrees. In a nationally representative survey of likely US voters in 2015, respondents chose philanthropy over government as their "first choice for solving a social problem in America" by 47 percent to 32 percent. Asked whether they most trusted entrepreneurial companies, nonprofit charities, or government agencies, 43 percent of respondents chose charities, 28 percent selected entrepreneurial companies, and just 14 percent chose government agencies.

Philanthropy solves problems differently than government. It tends to be more inventive and experimental, quicker, nimbler, more efficient, more varied, more personalized, more interested in transformation than treatment, and more efficient. The public sees this and values it.

3. Charitable donations are just a drop in the bucket!

America's nonprofit sector now commands 1 percent of our workforce and 6 percent of GDP not including volunteer time, which, if we attached a reasonable hourly wage to it, nearly equals the \$360 billion we donate in cash every year.

The Gates Foundation alone now distributes more overseas assistance than the entire Italian government. It is estimated that in just its first two decades, its overseas vaccine program alone will save the lives of 8 million preschool children. Then consider that members of US churches and synagogues just one division of America's larger philanthropic army send four and a half times as much money overseas to poor people every year as the Gates Foundation does!

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5. Philanthropic aid lacks standardization! It's a chaotic patchwork! The lesson of the Internet is the accumulated power of millions of small actions. The story of today's hacker culture is that one individual with a laptop can do astonishing things. Small-scale action that lacks uniformity should not be considered a failing. It's not chaos, it's crowdsourcing! hordes of everyday people taking lots of small bites at a problem and eventually chewing through even very big issues. There are rich examples of the power of dispersed decision-making throughout biology and across human history. Many of our most effective charities discovered the power of decentralization generations ago. Each of the 1,400 local chapters of Habitat for Humanity, for example, are independent.

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Alexis de Tocqueville said in *Democracy in America* that what impressed him about America's voluntary activity was not just the practical problems it solved, but the way the country's hyperactive giving and volunteering builds up the social muscles needed for a people to be self-governing. Philanthropy is not just a sign of self-rule, but also a source of it—a kind of nursery for broader loyalties to one's fellow citizens. A healthy democracy should encourage, not discourage, people from acting on their own to improve what they judge to be the common good.

Only government can lead important social change in a fair way! History tells a different story. Private donors and volunteers created the first schools, missions, colleges, and apprenticeships for Indians and African Americans, often in the face of state resistance. At the same time government was enforcing Jim Crow laws, philanthropist Julius Rosenwald erected 4,977 rural schools across America's black belt. At

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Those who view such examples as ancient history and believe that all necessary reforms now flow from government are gravely mistaken. According to the UCLA Civil Rights Project, America's most segregated and often most inadequate government-run schools are all in northern cities with activist governments: Detroit, Milwaukee, New York, Newark, Chicago, and Philadelphia. In fact, the country's most segregated schools are in New York state, thanks to New York City, where the proportion of schools in which at least 50 percent of the students are black or Hispanic rose sharply from 1989 to 2010. It is private philanthropy that is shaking up New York City's complacent educational establishment today by launching charter schools. There are currently 95,000 New York City children in charters, nearly all of them minorities and low-income, and another 42,600 on waiting lists. Stanford researchers and other investigators find that these children are receiving significantly better educations than counterparts in conventional government-run schools, in some cases even outscoring comfortable suburban schools in annual testing.

Some donors are mean, vainly seek their name on things, or take part in charity for all the wrong reasons! It's true that philanthropists aren't always pretty. Prominent donors like J. Paul Getty, Leland Stanford, Russell Sage, and John MacArthur were known to exhibit shabby behavior. (Stanford, for example, employed stock watering, kickbacks, bribery, and collusion.) Nonetheless, each ultimately managed to be very helpful to others.

The genius of the philanthropic mechanism is that it accepts people just as they are kind impulses, selfish impulses, confusions and vanities, wishes of all sorts swirling together in the usual human jumble and helps them do wondrous things, even when they're not saints. Adam Smith taught us that freely conducted commerce can take normal human behaviors including ugly and mercenary ones and turn them to broadly productive uses. The same is true in the world of philanthropy. Part of the magic of America's charitable structure is that it can convert common human impulses into truth, uplift, and beauty for all of society.

No. Philanthropy distracts people who ought to focus on business! The right side of the political spectrum sometimes complains that philanthropy drags too many productive business people into do-gooding, distracting them from creating the commercial bounty that society counts on. But there are reasons to think that philanthropy actually strengthens capitalism.

Economists Zoltan Acs and Ronnie Phillips have observed that the United States has a distinctive means of recreating wealth via philanthropy. Philanthropy is part of the implicit social contract that continuously nurtures and revitalizes economic prosperity, they write. Researchers Tino and Nima Sanandaji agree that the legitimacy of American capitalism has in part been upheld through voluntary donations.

They note that much of the new wealth created historically has been given back to society. This has had several feedback effects on capitalism. For one, the practice has limited the rise of new dynasties. Another positive feedback mechanism is that the donations to research and higher education have allowed new generations to become wealthy.

II. Philanthropy

encourages collective thinking, collective responsibility, and collective action\u2014ultimately leading to more government!\n\nThis is another concern sometimes launched from the libertarian right, where observers argue that\n\nwhat American society really needs is more individual responsibility, not more giveaways. However, we\ncan just as plausibly turn that argument around, because there is evidence that philanthropy helps limit\n\ngovernment sprawl\n\nWhen some members of a society become needy, it is a fact that many citizens will insist,\u201cSomething\n\nmust be done!\u201c Most times and places, the responsibility for picking up those in trouble has fallen to the\n\nstate. America's energetic voluntary sector, however, allows Americans to meet humanitarian and Judeo-Christian responsibilities to their fellow humans without setting up large government apparatuses and\n\nregimenting rules that suffocate individual sovereignty\n\nBy solving basic security hungers and stretching multiple safety nets among the general populace,\n\nphilanthropy has made Americans much more tolerant of the creative destruction that's part of a dynamic economy, leaving us with a freer and faster-growing economy than comparable industrial\n\nnations. Philanthropy has thus been crucial in allowing America to grow up as an exceedingly rare\n\nsociety where average people can steer their own lives without the state lurking over their shoulder.\n\nI2. Donating money is sometimes too much about the giver's needs!\n\nGiving is a two-way transaction, and the satisfactions of helping are just as real and just as good for\n\nhuman flourishing as the satisfactions of having someone come to your aid. That's why even people\n\n7/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nwith little disposable income are eager to give, and feel good when they do.\n\nSocial science research supports this. In a 2008 paper, three investigators gave study participants\n\nmoney, and then asked half of them to spend it on themselves, and the other half to give it to some\n\nperson or charity. Those who donated the money showed a significant uptick in happiness; those who\n\nspent it on themselves did not\n\nOther academic work has shown that offering aid can actually make the giver healthier\u2014lowering blood\n\npressure, stress, illness, and mortality. Americans who make gifts of money and time are more likely to\n\nprosper and be satisfied with life than non-givers who are demographically identical. A 2014 book by\n\ntwo University of Notre Dame researchers concludes, \u201cThe more generous Americans are, the more\n\nhappiness, health, and purpose in life they enjoy. This association \u201cis strong and highly consistent.\u201d\n\nGenerous practices actually create enhanced personal well-being.\u201c\n\nWe shouldn't overlook\u2014or discount\u2014the good effects of giving on the giver.\n\nSupport SSIR's coverage of cross-sector solutions to global challenges.\n\nHelp us further the reach of innovative ideas. Donate today\n\nRead more stories by Karl Zinsmeister.\n\nKarl Zinsmeister is creator of The Almanac of American Philanthropy, a new encyclopedic reference to the\n\nfield, just released by The Philanthropy Roundtable.\n\nDOI:10.48558/jm4I-v703\n\nIf you like this article enough to print it, be sure to subscribe to SSIR!\n\nCopyright \u00a9 2024 Stanford University.\n\nDesigned by Arsenal, developed by Hop Studios\n\n8/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\n\n", "extra": {"cited_message_idx": 8, "search_result_idx": null, "evidence_text": "source"}, "url": "file-0ALsWs9dynkgdtMPP5VuvzmZ"}}, {"start_ix": 1490, "end_ix": 1500, "citation_format_type": "tether_og", "metadata": {"type": "file", "name": "week 4. pdf", "id": "file-0ALsWs9dynkgdtMPP5VuvzmZ", "source": "my_files",

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6 percent of GDP\u2014not including volunteer time, which, if we attached a reasonable hourly wage to it, nearly equals the \$360 billion we donate in cash every year.

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4/8 https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers 5/24/24, 1:05 AM

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Philanthropy is part of the implicit social contract that continuously nurtures and revitalizes economic prosperity," they write. Researchers Tino and Nima Sanandaji agree that the legitimacy of American capitalism has in part been upheld through voluntary donations.

They note that "much of the new wealth created historically has been given back to society.

This has had several feedback effects on capitalism. For one, the practice has limited the rise of new dynasties. Another positive feedback mechanism is that the donations to research and higher education have allowed new generations to become wealthy?

II. Philanthropy encourages collective thinking, collective responsibility, and collective action ultimately leading to more government!

This is another concern sometimes launched from the libertarian right, where observers argue that what American society really needs is more individual responsibility, not more giveaways. However, we can just as plausibly turn that argument around, because there is evidence that philanthropy helps limit government sprawl

When some members of a society become needy, it is a fact that many citizens will insist, "Something must be done!"

Most times and places, the responsibility for picking up those in trouble has fallen to the state. America's energetic voluntary sector, however, allows Americans to meet humanitarian and Judeo-Christian responsibilities to their fellow humans without setting up large government apparatuses and regimenting rules that suffocate individual sovereignty

By solving basic security hungers and stretching multiple safety nets among the general populace, philanthropy has made Americans much more tolerant of the creative destruction that's part of a dynamic economy, leaving us with a freer and faster-growing economy than comparable industrial nations. Philanthropy has thus been crucial in allowing America to grow up as an exceedingly rare society where average people can steer their own lives without the state lurking over their shoulder.

12. Donating money is sometimes too much about the giver's needs!

Giving is a two-way transaction, and the satisfactions of helping are just as real and just as good for human flourishing as the satisfactions of having someone come to your aid. That's why even

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5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

with little disposable income are eager to give, and feel good when they do.

Social science research supports this. In a 2008 paper, three investigators gave study participants money, and then asked half of them to spend it on themselves, and the other half to give it to some person or charity. Those who donated the money showed a significant uptick in happiness; those who spent it on themselves did not

Other academic work has shown that offering aid can actually make the giver healthier lowering blood pressure, stress, illness, and mortality. Americans who make gifts of money and time are more likely to prosper and be satisfied with

life than non-givers who are demographically identical. A 2014 book by two University of Notre Dame researchers concludes, "The more generous Americans are, the more happiness, health, and purpose in life they enjoy. This association is strong and highly consistent. Generous practices actually create enhanced personal well-being." We shouldn't overlook or discount the good effects of giving on the giver. Support SSIR's coverage of cross-sector solutions to global challenges. Help us further the reach of innovative ideas. Donate today. Read more stories by Karl Zinsmeister. Karl Zinsmeister is creator of The Almanac of American Philanthropy, a new encyclopedic reference to the field, just released by The Philanthropy Roundtable. DOI:10.48558/jm4I-v703 If you like this article enough to print it, be sure to subscribe to SSIR! Copyright © 2024 Stanford University. Designed by Arsenal, developed by Hop Studios.

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"extra": {"cited_message_idx": 8, "search_result_idx": null, "evidence_text": "source"}, "url": "file-0ALsWs9dynkgdtMPP5VuvzmZ"}, {"start_ix": 2334, "end_ix": 2344, "citation_format_type": "tether_og", "metadata": {"type": "file", "name": "week 4.2.pdf", "id": "file-633pKlwcrOvWVr7WwOesX98g", "source": "my_files", "text": "A Harvard Business Review Corporate Social Responsibility Philanthropy's New Agenda: Creating Value by Michael E. Porter and Mark R. Kramer From the Magazine (November–December 1999) During the past two decades, the number of charitable foundations in the United States has doubled, while the value of their assets has increased more than 1,100%. Foundations now hold over \$330 billion in assets and contribute over \$20 billion annually to educational, humanitarian, and cultural organizations of all kinds. No other country in the world can claim such substantial and widespread commitment to philanthropy and volunteerism. But are we, as a society realizing the full fruits of this commitment? Grant-giving foundations are intermediaries between the individual donors who fund them and the various social enterprises that they, in turn, support. But if foundations serve only as passive middlemen, as mere conduits for giving, then they fall far short of their potential and of society's high expectations. Foundations can and should lead social progress. They have the potential to make more effective use of scarce resources than either individual donors or the government. Free from political pressures, foundations can explore new solutions to social problems with an independence that government can never have. Foundations Create Value in Four Ways One grant Multiple grants 3X–5X Entire operating budget of one organization 50X–100X Entire field >1,000X millions Dollar value of resources affected by foundation activity Each successive approach leverages a foundation's special assets more than the preceding one as the pool of available. Selecting the Best Grantees. The process of value creation here is straightforward. Like investment advisers in the business world, foundations can use their expertise to channel resources to their most productive uses within the social sector by funding organizations that are the most cost effective or that address urgent or overlooked problems. For example, of the many organizations that seek funding for programs aimed at reducing the high school dropout rate, a foundation can select the most effective one. Thus its dollar will earn a higher social return than a dollar given less knowledgeably by an individual donor. In this way, choosing recipients and allocating funds is itself a source of value. The expertise to benefit from the increased tourism. The

Packard Foundation's grant paid for marketing consultants who taught CEDO how to turn tourists into members, creating an ongoing revenue stream for CEDO far greater than the Foundation's \$50,000 grant.

The Echoing Green Foundation, created by venture capitalist Ed Cohen, gives \$1.4 million a year to improve the performance of the nonprofit sector even more broadly. It invests in social entrepreneurs, individuals with the drive and vision to catalyze social change. It aims to build a community of public-service leaders who share their experience, knowledge, and energy with one another. To date, Echoing Green has funded more than 300 fellows who not only pursue their own projects but also visit with one another to share best practices. The lessons learned are recorded, distributed to all grantees, and made publicly available.

In the fall of 1998, for example, the Charles and Helen Schwab Family Foundation in San Mateo, California, joined with the Peninsula Community Foundation and the Sobrato Foundation in a \$2 million, two-year initiative to address internal issues of management and growth at 16 local family-service agencies. Every eight weeks for the life of the project, foundation staff members meet with all 16 agency directors. Management experts are brought in to address relevant topics. As a result of the group discussions, three of the grantees have decided that they can. The range of ways in which foundations can assist nonprofits goes well beyond making management-development grants. Foundations can become fully engaged partners, providing advice, management assistance, access to professional service firms, clout, and a host of other non-cash resources.

Improving the performance of grant recipients often requires foundations to work closely with grantees. It also requires the willingness to engage for the long term. Foundations are capable of both.

Foundations can operate more efficiently if they merge, and foundation staff has worked closely with them to accomplish the merger. Because technology management has surfaced as a major issue, the foundations have researched and funded technology needs at several of the agencies.

4. Advancing the State of Knowledge and Practice. Foundations can create the greatest value by funding research and a systematic progression of projects that produce more effective ways to address social problems. At its best, such work results in a new framework that shapes subsequent work in the field-making every dollar spent by philanthropists, government, and other organizations more productive.

Within six years, India doubled its rice production, and Mexico, once an importer of wheat, became an exporter. Nigeria and Colombia created their own research institutes modeled on the foundations' research. The Rockefeller Foundation subsequently disseminated its results to organizations from 28 developing countries. Altogether, many millions of the world's poorest people benefited from the knowledge created by those two foundations.

Foundations are uniquely positioned to study a field in depth. They can set a new agenda and change both public sentiment and government policy. The green revolution, for example, had its roots in research sponsored jointly by the Ford and Rockefeller Foundations in the late 1950s and early 1960s. Concerned with world hunger and population growth, the two foundations created research institutes that developed new strains of wheat and rice that doubled and tripled crop output per acre.

Studies by the Carnegie Foundation have had a similarly powerful impact on education in the United States over the last 95 years. In 1904, Carnegie funded research by Abraham Flexner on the state of medical education, which revealed a widespread lack of. In the field of education, the Philanthropic Ventures Foundation in Oakland, California, for example, focuses on grassroots funding. In 1995, PVF created the Teacher Resource

Grants program. Working within the large field of education, PVF chose a specialized positioning appropriate to its small size. PVF provides inexpensive but badly needed classroom materials to teachers in its region materials that are useless if they don't arrive quickly, when the teacher needs them. PVF notified more than 6,000 teachers that grants of up to \$1,500 would be available for classroom materials, field trips, or teacher training courses. (After a year of experience, PVF lowered the ceiling to \$500 per grant.) Teachers refer to the program as the fax-grant program because the foundation takes requests by fax, and then sends an answer within one hour of receipt and a check within 24 hours. Since its positioning is to help under-resourced teachers and it makes thousands of small grants, the Philanthropic Ventures Foundation developed a no-paperwork rule, freeing teachers from time-consuming grant applications. PVF finds that an elaborate process around the receipt, investigation, consideration, and funding of grant requests is not necessary in its chosen area. PVF is a perfect example of a foundation that tailored its activities to create value. Only by doing things differently from others, in a way that is linked tightly to what the foundation seeks to accomplish, can it achieve greater impact with the same grant dollars or enable its grantees to be more successful. Tailoring activities to strategy is the way a foundation institutionalizes and reinforces its distinctive strengths. The tyranny of the grant cycle, with barely the time to write up pending grant requests between board meetings. (See the exhibit Resources Are Scattered.) Resources Are Scattered across too many fields. U.S. Foundations by Asset Size

Asset Size	Number of Foundations	Percentage of Total
\$100+ million	44	5.2%
\$50-100 million	115	13.5%
\$25-50 million	401	47.5%
\$10-25 million	1,652	19.7%
\$5-10 million	5,109	60.8%
\$1-5 million	33,452	39.5%
\$500,000-1 million	52,226	61.5%
\$250,000-500,000	150,000	17.8%

Source: The Foundation Center based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

The average foundation, for example, makes grants in ten unrelated fields every year, where fields are such broadly defined areas as education and health care. Fewer than 9% of foundations make 75% or more of their grants in a single field, and only 5% focus more than 90% of their grants in one field. Such scattered giving is inconsistent with a clear strategic positioning. Nor do the data suggest that many foundations are taking advantage of their unique ways to create value. Among the largest foundations, with assets in excess of \$1 billion, each professional employee handles approximately seven grants per year (and up to 100 times as many grant requests). There are, on average, just three professional employees for every field in which the foundation makes grants. Staff at the largest foundations may well have sufficient time and expertise to evaluate grants, but it is hard to see how even the most dedicated staff could have much time to assist grantees. The smaller the foundation, the more stretched the staff. Among the hundreds of foundations with

\$50 million to \$250 million in assets, there are five times as many grants per professional, and an average of two staff members handle grants in 11 unrelated fields. The smallest foundations often rely on the volunteer efforts of trustees, making it almost certain that many decisions are reached with little formal evaluation at all. Those broad metrics also suggest that foundations are not using the more powerful forms of value creation beyond selection. Foundations rarely contribute resources other than financial support. Only 2.2% of foundation grants were designated to improve the grantees' performance. Ninety-five percent of all foundation grants are for one year. Although one-year grants are sometimes awarded for several years in a row, there is little evidence that foundations exploit the opportunity to work more closely with grantees over extended periods of time to improve their performance. Foundations, which should be able to take the long view tend to focus on grant making quarter-to-quarter. Finally, while foundations express a strong interest in innovation and advancing the state of knowledge about society's problems, very few fund studies that explore the relative effectiveness of different approaches to a given problem. Only 8.8% of foundation grants went to research, and most of that was in basic medical and scientific areas. Funding studies or data collection is rare, and foundations generally see them as less desirable than current social services. Instead of funding research, many foundations seek to promote innovation through seed grants that are designed to establish and support specific new programs. There is little benefit, however, in starting new initiatives if they do not survive and grow. Too often foundations overlook projects aimed at fostering the growth and replication of new initiatives, or they fail to support the grantee over an appropriately long time span. They rarely do the up-front research and the postevaluation needed to ascertain if their programs have been successful and have continued to thrive after the initial period of seed grant support. In some ways, however, the overall failure to evaluate the results of foundation grants is the most telling danger sign of all. Almost no money is set aside for program evaluation. Many foundations are ambivalent about whether funds should be spent on evaluation and whether assessing the performance of past grants can improve future grant making. This ambivalence about evaluation is reinforced by the performance criteria used to judge foundation staff. These tend to emphasize the paper trail of pregrant analysis and recommendations and give little credit for achieving the real-world results that motivated the grant in the first place. Program evaluation, therefore, has only a downside: failure risks censure, but success adds no reward. The evaluations that do take place are often problematic in three ways. First, they are limited to reports as to whether the money was spent as intended (output evaluation); they do not attempt to measure social impact (outcome evaluation). Second, many of the evaluations are done by the grant recipients themselves, who invariably seek further support from the foundation. How objective and reliable are these reports likely to be? Third, even in the few cases where the social impact of a program is measured by an outside consultant, it is usually assessed at the single grantee level, in isolation from the foundation's other grants. Therefore, it does not reflect the foundation's success in reaching its overall goals. Certainly, evaluation may at times be costly and complex. But given clear goals at the outset, it is always possible. The criteria to evaluate a job-training program will differ from those used to evaluate a funding program for young artists. But meaningful criteria can be established for both. Consider the San

Francisco-based Roberts Enterprise Development Fund, which focuses on creating employment for the homeless and indigent. Working closely with its grantee Rubicon Programs, REDF developed 25 criteria that not only measure the success of job-training programs but also help Rubicon to manage the programs more effectively. In addition to the most obvious criteria—changes in employment stability, wages, and job skills—REDF and Rubicon found that related factors such as substance abuse and even qualitative factors such as the trainees' own assessments of their success in reaching personal goals were all meaningful measures of outcomes the program was trying to achieve.

Without evaluation, a foundation will never know whether or not it has been successful. The most basic premise of strategy—striving for superior performance—is violated if performance is not measured.

Addressing the New Agenda

How can foundations begin down the path we have outlined? A number of foundations, including those operating under the new rubric of venture philanthropy, are already moving in the direction outlined here. But none that we have encountered has gone all the way. Putting these elements together into a coherent whole will require developing a strategy, aligning operations with that strategy, and revising the foundation's governance so that the strategy can be monitored effectively. Responsibility for such change lies ultimately with the trustees and directors, who are the fiduciaries accountable for the use of the foundation's (and society's) funds.

To develop a strategy the place to start is positioning. This always requires systematic thought and research into important social challenges that are not being addressed well by others. The goal is not necessarily to identify the most important problem, since many are important. What matters is how effectively the foundation can contribute to its solution.

Second, a foundation can learn from prior efforts within its chosen area of funding. Do current socioeconomic trends favor one approach over another? What are other organizations doing in the field? Can the work of this foundation reinforce or complement theirs? Can we uncover root causes of the problem?

Third, what unique strengths will enable this foundation to create value most effectively in its field? Part of the answer to this question comes from examining objectively where the foundation has made the greatest impact in the past. It also comes from a realistic assessment of weaknesses.

Scale plays an important role in the choice of strategy. A foundation needs enough resources to pursue its particular way of creating value. Larger foundations may well have the scale to work in more than one field. If they choose to do so, each area must have its own strategy and tailored operations. All foundations, however, can create more value by putting a greater proportion of their resources to work. This means stepping up the rate of giving in their chosen fields and investing a portion of their investment portfolios to support their philanthropic work.

Once the foundation has chosen a strategy, it can begin to realign its operations. A foundation, like any enterprise, is a collection of many activities. Each activity—how proposals are solicited, for example, and how grantees are supported—must be tailored to the chosen strategy. A particularly important aspect of operational alignment is the development of measures to help the foundation know whether or not it has been successful.

Operating strategically will require most foundations to rethink their governance systems. Change will be difficult in an environment where the pressure of processing grants and getting the money out the door extends beyond the staff to the boardroom. Today boards of all but the very largest foundations discuss and approve specific grant allocations at the

eir meetings. Without goals or strategy, they have no way to delegate the grant selection process to staff and no framework through which to evaluate their experience. The Chicago-based Crown Foundation, in an effort to break this cycle, considers grant requests at only two of its quarterly board meetings each year; the other two are reserved for discussing policy, reviewing performance, and studying issues in more depth. Boards need to move away from the operating function of approving grants to focus on setting strategy and evaluating outcomes. With goals, a strategy, and evaluation mechanisms in place, staff could have greater independence to make grant decisions themselves on a more timely and flexible basis. At the Colorado Trust, the board considers and approves multiyear, multimillion-dollar initiatives that have clearly defined goals and a clearly articulated strategy. Once the board sets the framework, program staff has the authority to make individual grants for the life of the initiative. Staff members, then, have greater responsibility and more freedom to make decisions on individual grants, and the board has the time to study the field, set overall strategies, and assess staff performance. For those who care deeply about social problems and work tirelessly to make a difference, current foundation practices not only diminish effectiveness, they inevitably reduce the satisfaction that donors, staff, and trustees derive from their work. Scattered funding, short-length relationships with grantees, and a lack of awareness of outcomes necessarily create a divide between the foundation and the ultimate results of its work. Acting strategically is much more difficult. But for trustees and staff alike, it will be far more rewarding as well. Improving the performance of philanthropy would enable foundations to have a much greater impact on society. Foundations could play a leading role in changing the culture of social sector management. They could spearhead the evolution of philanthropy from private acts of conscience into a professional field. Until foundations accept their accountability to society and meet their obligation to create value, they exist in a world where they cannot fail. Unfortunately, they also cannot truly succeed. A version of this article appeared in the November-December 1999 issue of Harvard Business Review. Michael E. Porter is the Bishop William Lawrence University Professor at Harvard Business School. He has served as an adviser to governments and campaigns around the world on the advancement of social policy and economic policy, including Mitt Romney's presidential campaign. His latest paper is The Role of Business in Society. He is an academic adviser to the Leadership Now Project. Mark R. Kramer is a senior lecturer at Harvard Business School. He is also a cofounder of the social impact consulting firm FSG and a partner at the impact investing hedge fund at Congruence Capital. Recommended For You Blue Ocean Strategy What Is Strategy Again? PODCAST Could a New Business Model Make Clinical Drug Trials More Accessible to Patients? Seven Surprises for New CEOs

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inspiring leaders of social change\n\nPhilanthropy& Funding\n\n12 Common Criticisms of Philanthropy\u2014and\nSome Answers\nCritics have argued that charitable giving isn't focused enough on the poor, isn't sufficient to make a difference, is undemocratic, and more, but research\u2014and history\u2014show otherwise.\n\nBy Karl Zinsmeister | May 17, 2016\n\nSince January, I've been traveling around the United States talking to audiences about my new book, \n\nThe Almanac of American Philanthropy, and how private giving affects our nation. During these\n\nsessions I've collected 12 broad criticisms of charitable action that people sometimes raise. From the\n\nlessons of my Almanac research, I offer responses below.\n\n1. Charitable aid should focus on the poor; too much giving today goes to other causes!\n\nThis increasingly common argument is supported by the so-called "effective altruism" movement, which complains that a dollar spent on a university or park or music school could instead have headed off a dire problem such as, say, river blindness for an impoverished African.\n\nThe most specious part of this criticism is the suggestion that donors can't do both things.\n\nPhilanthropists are currently producing good results across a vast spectrum of causes, including many\n\nefforts to help the poor. In fact, the fastest-growing sector of US private philanthropy in recent years has\n\nbeen overseas aid to poor people. Indeed, the poor in foreign countries now get more help from US\n\ndonors (\$39 billion per year) than from official US government aid (\$31 billion).\n\nAre you enjoying this article? Read more like this, plus SSIR's full archive of content, when

you\n\nsubscribe.\n\n1/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers#\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\nMoreover, it's shortsighted and often inhumane to suggest that donating to causes other than poverty\n\nreduction is somehow immoral. Yes, places like MIT and Johns Hopkins are wealthy institutions, but\n\nvoluntary gifts to them ultimately result in things like portable x-ray machines, new vaccines, and\n\ninexpensive cell phones that are valuable to all people, especially the poor\n\nPart of what makes philanthropy powerful and beautiful is its riotous variety. Allowing donors to follow\n\ntheir passions has proven, over generations, to be an effective way of inspiring powerful commitments\n\nand getting big results. Cramped definitions of philanthropy that limit donors to approved areas would\n\nsuffocate many valuable social inventions.\n\n2. Charity is an artifact no longer necessary in a modern welfare state!\n\nSome view private giving and problem-solving as vestiges of simpler times, with which we can now\n\ndispense. The public, however, disagrees. In a nationally representative survey of likely US voters in\n\n2015, respondents chose philanthropy over government as their "first choice for solving a social problem\n\nin America\u2014by 47 percent to 32 percent. Asked whether they most trusted entrepreneurial companies, nonprofit charities, or government agencies, 43 percent of respondents chose charities, 28 percent\n\nselected entrepreneurial companies, and just 14 percent chose government agencies.\n\nPhilanthropy solves problems differently than government. It tends to be more inventive and\n\nexperimental, quicker, nimbler, more efficient, more varied, more personalized, more interested in\n\ntransformation than treatment, and more efficient. The public sees this and values it.\n\n3. Charitable donations are just a drop in the bucket!\n\nAmerica's nonprofit sector now commands 1 percent of our workforce and 6 percent of GDP\n\nnot\n\nincluding volunteer time, which, if we attached a reasonable hourly wage to it, nearly equals the \$360\n\nbillion we donate in cash every

year. The Gates Foundation alone now distributes more overseas assistance than the entire Italian government. It is estimated that in just its first two decades, its overseas vaccine program alone will save the lives of 8 million preschool children. Then consider that members of US churches and synagogues just one division of America's larger philanthropic army send four and a half times as much money overseas to poor people every year as the Gates Foundation does! https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers# 5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

The fact that most philanthropy takes place out of the public eye in small doses, and often in private or even anonymous ways makes it easy to overlook its size and power. But getting seduced by the gigantism of official aid is an egregious mistake. Small actions can and do converge into mighty rivers of cumulative effort.

4. There are too many amateur efforts in philanthropy! It's easy to write off "homemade" solutions as amateurish, but grassroots efforts accomplish many great things. Consider the the ALS Association's Ice Bucket Challenge, which raised money for Lou Gehrig's Disease research. The initiative occasioned snickers and sniping from some professional philanthropists, but donations it generated led to a major scientific breakthrough at Johns Hopkins University and pre-funding of clinical trials for new therapies.

There are many more examples. Crusades against autism by Bernie Marcus, against prostate cancer by Michael Milken, and against breast cancer by Nancy Brinker were all thought quixotic when they kicked off, yet each paid huge dividends. The Stowers Institute for Medical Research, the Howard Hughes Medical Institute, and Markey fellowships would never have seen the light of day if many professionals had had their way. And it was support from the Guggenheim family that allowed physicist Robert Goddard to overcome scorn from other scientists and ridicule by the New York Times to become the genius of rocketry and father of America's success in space.

America's strong system of decentralized giving and homegrown problem-solving supports wide experimentation and avoids putting all of our eggs in one national basket.

5. Philanthropic aid lacks standardization! It's a chaotic patchwork!

The lesson of the Internet is the accumulated power of millions of small actions. The story of today's hacker culture is that one individual with a laptop can do astonishing things. Small-scale action that lacks uniformity should not be considered a failing. It's not chaos, it's crowdsourcing! hordes of everyday people taking lots of small bites at a problem and eventually chewing through even very big issues.

There are rich examples of the power of dispersed decision-making throughout biology and across human history. Many of our most effective charities discovered the power of decentralization generations ago. Each of the 1,400 local chapters of Habitat for Humanity, for example, are independent https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers# 5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

entities with their own rules, practices, and funding. All of the 164 regional branches of Goodwill have their own boards of directors, and are autonomous in policy and funding; the central office is tiny compared to working affiliates in cities like Milwaukee and Houston. And the Appalachian Mountain Club efficiently maintains thousands of miles of hiking trails through a network of local branches

This same principle of accomplishing important tasks through loosely coupled teams or networks of independent actors is also a powerful trend in many of

today's most successful private businesses. Every Uber city in America has different fares, different products, different practices. Philanthropy can be proud of having been a pioneer in solving problems via a flexible ecosystem of participants, rather than by following standardized formulas.

6. Charity may work for individuals, but what we really need are solutions that benefit entire groups! Ambitious people may look at the "one soul at a time" model prevalent in philanthropy and conclude that it's just too slow. But that perspective misunderstands what social reclamation usually requires. For tough problems like addiction and recidivism, the most successful solutions rely heavily on one-to-one human accountability. They take advantage of the useful information available when we actually know someone, instead of dealing with a stranger. By creating personal instead of impersonal transactions, we can wield the power of relationships to teach and change behavior. It's easy to romanticize the "consistency" of government programs, and contrast it favorably to the crazy-quilt of individualized variations in charitable aid, but consistency is not really how humans work. If you have one child who needs a very structured environment and another who blooms when left to navigate on her own, you don't want one-size-fits-all schools; you want individualized services that recognize and work with intimate differences of personality. You'll have a hard time finding that in government-run programs, but it's a hallmark of philanthropic efforts.

Ben Franklin was one of the first donors to argue that philanthropy shouldn't just transfer funds in an attempt to relieve men in their misfortune. It should help build up individuals into a healthier state. The goal of charitable aid in the United States has always been individual competence and independence—not just social quiet. And this often requires a personal touch, real mentoring, and one-on-one aid of the sort many philanthropic efforts emphasize.

7. Philanthropy is undemocratic!

4/8 https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers
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Some critics, especially from the left, complain that donors accumulate too much power and that their money lets them impose their point of view on society. But it's important to note how radically decentralized US giving is. Only 14 percent of total giving today comes from foundations started by the wealthy. The vast majority of annual donations come from individuals, dominated by everyday donors who give at a rate of about \$2,500 per household. The very largest single giver in the United States—the Gates Foundation—grants out about \$4 billion per year. Measured against the \$360 billion of cash that Americans donate annually, and nearly that much more in the value of volunteered time, Gates Foundation commands less than 1 percent of our annual philanthropy. That is not an unhealthy concentration of power.

American philanthropy is also diverse and diffuse. Its millions of givers and hundreds of thousands of charitable organizations compose a kind of huge matrix of private legislatures that define social ills, set goals and priorities, and methodically marshal resources to attack problems near at hand—without asking the state's permission. Admirers of participatory democracy ought to be excited by these mass actions. As Yale law professor Stephen Carter points out, individuals who give to charity often "measure the needs of the community by different calipers than centralized policy makers, and will therefore contribute to a different set of causes. These millions of individual decisions lead to a diversity in spending that would be

impossible if we adopted the theory that the only money spent for the public good is the money spent by the state. For this reason Carter refers to philanthropy as "democracy in action." Alexis de Tocqueville said in *Democracy in America* that what impressed him about America's voluntary activity was not just the practical problems it solved, but the way the country's hyperactive giving and volunteering builds up the social muscles needed for a people to be self-governing. Philanthropy is not just a sign of self-rule, but also a source of it—a kind of nursery for broader loyalties to one's fellow citizens. A healthy democracy should encourage, not discourage, people from acting on their own to improve what they judge to be the common good. Only government can lead important social change in a fair way! History tells a different story. Private donors and volunteers created the first schools, missions, colleges, and apprenticeships for Indians and African Americans, often in the face of state resistance. At the same time government was enforcing Jim Crow laws, philanthropist Julius Rosenwald erected 4,977 rural schools across America's black belt. At the time of his death, 27 percent of all African American children in the United States were educated in one of the schools he built.

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Those who view such examples as ancient history and believe that all necessary reforms now flow from government are gravely mistaken. According to the UCLA Civil Rights Project, America's most segregated and often most inadequate government-run schools are all in northern cities with activist governments: Detroit, Milwaukee, New York, Newark, Chicago, and Philadelphia. In fact, the country's most segregated schools are in New York state, thanks to New York City, where the proportion of schools in which at least 90 percent of the students are black or Hispanic rose sharply from 1989 to 2010. It is private philanthropy that is shaking up New York City's complacent educational establishment today by launching charter schools. There are currently 95,000 New York City children in charters, nearly all of them minorities and low-income, and another 42,600 on waiting lists. Stanford researchers and other investigators find that these children are receiving significantly better educations than counterparts in conventional government-run schools, in some cases even outscoring comfortable suburban schools in annual testing. Some donors are mean, vainly seek their name on things, or take part in charity for all the wrong reasons! It's true that philanthropists aren't always pretty. Prominent donors like J. Paul Getty, Leland Stanford, Russell Sage, and John MacArthur were known to exhibit shabby behavior. (Stanford, for example, employed stock watering, kickbacks, bribery, and collusion.) Nonetheless, each ultimately managed to be very helpful to others. The genius of the philanthropic mechanism is that it accepts people just as they are—kind impulses, selfish impulses, confusions and vanities, wishes of all sorts swirling together in the usual human jumble—and helps them do wondrous things, even when they're not saints. Adam Smith taught us that freely conducted commerce can take normal human behaviors—including ugly and mercenary ones—and turn them to broadly productive uses. The same is true in the world of philanthropy. Part of the magic of America's charitable structure is that it can convert common human impulses into truth, uplift, and beauty for all of society. No. Philanthropy distracts people who ought to focus on business! The right side of the political spectrum sometimes complains that philanthropy drags too many productive business

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5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

society counts on. But there are reasons to think that philanthropy actually strengthens capitalism.

Economists Zoltan Acs and Ronnie Phillips have observed that the United States has a distinctive means of reconstituting wealth via philanthropy.

Philanthropy is part of the implicit social contract that continuously nurtures and revitalizes economic prosperity," they write. Researchers Tino and Nima Sanandaji agree that the legitimacy of American capitalism has in part been upheld through voluntary donations.

They note that "much of the new wealth created historically has been given back to society.

This has had several feedback effects on capitalism. For one, the practice has limited the rise of new dynasties. Another positive feedback mechanism is that the donations to research and higher education have allowed new generations to become wealthy?

II. Philanthropy encourages collective thinking, collective responsibility, and collective action ultimately leading to more government!

This is another concern sometimes launched from the libertarian right, where observers argue that what American society really needs is more individual responsibility, not more giveaways. However, we can just as plausibly turn that argument around, because there is evidence that philanthropy helps limit government sprawl.

When some members of a society become needy, it is a fact that many citizens will insist, "Something must be done!"

Most times and places, the responsibility for picking up those in trouble has fallen to the state. America's energetic voluntary sector, however, allows Americans to meet humanitarian and Judeo-Christian responsibilities to their fellow humans without setting up large government apparatuses and regimenting rules that suffocate individual sovereignty.

By solving basic security hungers and stretching multiple safety nets among the general populace, philanthropy has made Americans much more tolerant of the creative destruction that's part of a dynamic economy, leaving us with a freer and faster-growing economy than comparable industrial nations. Philanthropy has thus been crucial in allowing America to grow up as an exceedingly rare society where average people can steer their own lives without the state lurking over their shoulder.

II. Donating money is sometimes too much about the giver's needs!

Giving is a two-way transaction, and the satisfactions of helping are just as real and just as good for human flourishing as the satisfactions of having someone come to your aid. That's why even people

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5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

with little disposable income are eager to give, and feel good when they do.

Social science research supports this. In a 2008 paper, three investigators gave study participants money, and then asked half of them to spend it on themselves, and the other half to give it to some person or charity. Those who donated the money showed a significant uptick in happiness; those who spent it on themselves did not.

Other academic work has shown that offering aid can actually make the giver healthier lowering blood pressure, stress, illness, and mortality. Americans who make gifts of money and time are more likely to prosper and be satisfied with life than non-givers who are demographically identical. A 2014 book by two University of Notre Dame researchers concludes, "The more generous Americans are,

the more happiness, health, and purpose in life they enjoy. This association is strong and highly consistent. Generous practices actually create enhanced personal well-being. We shouldn't overlook or discount the good effects of giving on the giver. Support SSIR's coverage of cross-sector solutions to global challenges. Help us further the reach of innovative ideas. Donate today. Read more stories by Karl Zinsmeister. Karl Zinsmeister is creator of The Almanac of American Philanthropy, a new encyclopedic reference to the field, just released by The Philanthropy Roundtable. DOI: 10.48558/jm4I-v703. If you like this article enough to print it, be sure to subscribe to SSIR! Copyright © 2024 Stanford University. Designed by Arsenal, developed by Hop Studios.

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Criticisms of Philanthropy and Some Answers Critics have argued that charitable
giving isn't focused enough on the poor, isn't sufficient to make a
difference, is undemocratic, and more, but research and history show
otherwise. By Karl Zinsmeister | May 17, 2016 Since January, I've been
traveling around the United States talking to audiences about my new book, The
Almanac of American Philanthropy, and how private giving affects our nation. During
these sessions I've collected 12 broad criticisms of charitable action that
people sometimes raise. From the lessons of my Almanac research, I offer responses
below. I. Charitable aid should focus on the poor; too much giving today goes to
other causes! This increasingly common argument is supported by the so-called
"effective altruism" movement, which complains that a dollar spent on a
university or park or music school could instead have headed off a dire problem such
as, say, river blindness for an impoverished African. The most specious part of
this criticism is the suggestion that donors can't do both
things. Philanthropists are currently producing good results across a vast spectrum
of causes, including many efforts to help the poor. In fact, the fastest-growing
sector of US private philanthropy in recent years has been overseas aid to poor
people. Indeed, the poor in foreign countries now get more help from US donors (\$39
billion per year) than from official US government aid (\$3 billion). Are you
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you subscribe. 1/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthr
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Philanthropy and Some Answers Moreover, it's shortsighted and often
inhumane to suggest that donating to causes other than poverty reduction is somehow
immoral. Yes, places like MIT and Johns Hopkins are wealthy institutions,
but voluntary gifts to them ultimately result in things like portable x-ray
machines, new vaccines, and inexpensive cell phones that are valuable to all people,
especially the poor. Part of what makes philanthropy powerful and beautiful is its
riotous variety. Allowing donors to follow their passions has proven, over
generations, to be an effective way of inspiring powerful commitments and getting
big results. Cramped definitions of philanthropy that limit donors to approved areas

would suffocate many valuable social inventions.

2. Charity is an artifact no longer necessary in a modern welfare state! Some view private giving and problem-solving as vestiges of simpler times, with which we can now dispense. The public, however, disagrees. In a nationally representative survey of likely US voters in 2015, respondents chose philanthropy over government as their "first choice" for solving a social problem in America by 47 percent to 32 percent. Asked whether they most trusted entrepreneurial companies, nonprofit charities, or government agencies, 43 percent of respondents chose charities, 28 percent selected entrepreneurial companies, and just 14 percent chose government agencies.

Philanthropy solves problems differently than government. It tends to be more inventive and experimental, quicker, nimbler, more efficient, more varied, more personalized, more interested in transformation than treatment, and more efficient. The public sees this and values it.

3. Charitable donations are just a drop in the bucket! America's nonprofit sector now commands 1 percent of our workforce and 6 percent of GDP not including volunteer time, which, if we attached a reasonable hourly wage to it, nearly equals the \$360 billion we donate in cash every year. The Gates Foundation alone now distributes more overseas assistance than the entire Italian government. It is estimated that in just its first two decades, its overseas vaccine program alone will save the lives of 8 million preschool children. Then consider that members of US churches and synagogues just one division of America's larger philanthropic army send four and a half times as much money overseas to poor people every year as the Gates Foundation does!

2/8 https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers# 5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers

The fact that most philanthropy takes place out of the public eye in small doses, and often in private or even anonymous ways makes it easy to overlook its size and power. But getting seduced by the gigantism of official aid is an egregious mistake. Small actions can and do converge into mighty rivers of cumulative effort.

4. There are too many amateur efforts in philanthropy! It's easy to write off "homemade" solutions as amateurish, but grassroots efforts accomplish many great things. Consider the ALS Association's Ice Bucket Challenge, which raised money for Lou Gehrig's disease research. The initiative occasioned snickers and sniping from some professional philanthropists, but donations it generated led to a major scientific breakthrough at Johns Hopkins University and pre-funding of clinical trials for new therapies.

There are many more examples. Crusades against autism by Bernie Marcus, against prostate cancer by Michael Milken, and against breast cancer by Nancy Brinker were all thought quixotic when they kicked off, yet each paid huge dividends. The Stowers Institute for Medical Research, the Howard Hughes Medical Institute, and Markey fellowships would never have seen the light of day if many professionals had their way. And it was support from the Guggenheim family that allowed physicist Robert Goddard to overcome scorn from other scientists and ridicule by the New York Times to become the genius of rocketry and father of America's success in space.

America's strong system of decentralized giving and homegrown problem-solving supports wide experimentation and avoids putting all of our eggs in one national basket.

5. Philanthropic aid lacks standardization! It's a chaotic patchwork! The lesson of the Internet is the accumulated power of millions of small actions. The story of today's hacker culture is that one individual with a laptop can do astonishing things. Small-scale action that lacks

uniformity should not be considered a failing. It's not chaos, it's crowdsourcing\u2014hordes of everyday people taking lots of small bites at a problem and eventually chewing through even very big issues. There are rich examples of the power of dispersed decision-making throughout biology and across human history. Many of our most effective charities discovered the power of decentralization generations ago. Each of the 1,400 local chapters of Habitat for Humanity, for example, are independent\u2014https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers#\u2014on May 24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\u2014entities with their own rules, practices, and funding. All of the 164 regional branches of Goodwill have their own boards of directors, and are autonomous in policy and funding; the central office is tiny compared to working affiliates in cities like Milwaukee and Houston. And the Appalachian Mountain Club efficiently maintains thousands of miles of hiking trails through a network of local branches. This same principle of accomplishing important tasks through loosely coupled teams or networks of independent actors is also a powerful trend in many of today's most successful private businesses. Every Uber city in America has different fares, different products, different practices. Philanthropy can be proud of having been a pioneer in solving problems via a flexible ecosystem of participants, rather than by following standardized formulas.

6. Charity may work for individuals, but what we really need are solutions that benefit entire groups! Ambitious people may look at the \u201cone soul at a time\u201d model prevalent in philanthropy and conclude that it's just too slow. But that perspective misunderstands what social reclamation usually requires. For tough problems like addiction and recidivism, the most successful solutions rely heavily on one-to-one human accountability. They take advantage of the useful information available when we actually know someone, instead of dealing with a stranger. By creating personal instead of impersonal transactions, we can wield the power of relationships to teach and change behavior. It's easy to romanticize the \u201dconsistency\u201d of government programs, and contrast it favorably to the crazy-quilt of individualized variations in charitable aid, but consistency is not really how humans work. If you have one child who needs a very structured environment and another who blooms when left to navigate on her own, you don't want one-size-fits-all schools; you want individualized services that recognize and work with intimate differences of personality. You'll have a hard time finding that in government-run programs, but it's a hallmark of philanthropic efforts.

Ben Franklin was one of the first donors to argue that philanthropy shouldn't just transfer funds in an attempt to relieve men in their misfortune. It should help build up individuals into a healthier state. The goal of charitable aid in the United States has always been individual competence and independence\u2014not just social quiet. And this often requires a personal touch, real mentoring, and one-on-one aid of the sort many philanthropic efforts emphasize.

7. Philanthropy is undemocratic! https://ssir.org/articles/entry/12_common_criticisms_of_philanthropy_and_some_answers#\u2014on May 24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\u2014Some critics, especially from the left, complain that donors accumulate too much power and that their money lets them impose their point of view on society. But it's important to note how radically decentralized US giving is. Only 14 percent of total giving today comes from foundations started by

the wealthy. The vast majority of annual donations come from individuals, dominated by everyday donors who give at a rate of about \$2,500 per household. The very largest single giver in the United States is the Gates Foundation, which grants out about \$4 billion per year. Measured against the \$360 billion of cash that Americans donate annually, and nearly that much more in the value of volunteered time, Gates Foundation commands less than 1 percent of our annual philanthropy. That is not an unhealthy concentration of power. American philanthropy is also diverse and diffuse. Its millions of givers and hundreds of thousands of charitable organizations compose a kind of huge matrix of private legislatures that define social ills, set goals and priorities, and methodically marshal resources to attack problems near at hand without masking the state's permission. Admirers of participatory democracy ought to be excited by these mass actions. As Yale law professor Stephen Carter points out, individuals who give to charity often "measure the needs of the community by different calipers than centralized policy makers, and will therefore contribute to a different set of causes. These millions of individual decisions lead to a diversity in spending that would be impossible if we adopted the theory that the only money spent for the public good is the money spent by the state." For this reason Carter refers to philanthropy as "democracy in action." Alexis de Tocqueville said in *Democracy in America* that what impressed him about America's voluntary activity was not just the practical problems it solved, but the way the country's hyperactive giving and volunteering builds up the social muscles needed for a people to be self-governing. Philanthropy is not just a sign of self-rule, but also a source of it—a kind of nursery for broader loyalties to one's fellow citizens. A healthy democracy should encourage, not discourage, people from acting on their own to improve what they judge to be the common good. Only government can lead important social change in a fair way! History tells a different story. Private donors and volunteers created the first schools, missions, colleges, and apprenticeships for Indians and African Americans, often in the face of state resistance. At the same time government was enforcing Jim Crow laws, philanthropist Julius Rosenwald erected 4,977 rural schools across America's black belt. At the time of his death, 27 percent of all African American children in the United States were educated in one of the schools he built.

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Those who view such examples as ancient history and believe that all necessary reforms now flow from government are gravely mistaken. According to the UCLA Civil Rights Project, America's most segregated and often most inadequate government-run schools are all in northern cities with activist governments: Detroit, Milwaukee, New York, Newark, Chicago, and Philadelphia. In fact, the country's most segregated schools are in New York state, thanks to New York City, where the proportion of schools in which at least 60 percent of the students are black or Hispanic rose sharply from 1989 to 2010. It is private philanthropy that is shaking up New York City's complacent educational establishment today by launching charter schools. There are currently 95,000 New York City children in charters, nearly all of them minorities and low-income, and another 42,600 on waiting lists. Stanford researchers and other investigators find that these children are receiving significantly better educations than counterparts in conventional government-run schools, in some cases even outscoring comfortable suburban schools in

annual testing. 9. Some donors are mean, vainly seek their name on things, or take part in charity for all the wrong reasons! It's true that philanthropists aren't always pretty. Prominent donors like J. Paul Getty, Leland Stanford, Russell Sage, and John MacArthur were known to exhibit shabby behavior. (Stanford, for example, employed stock watering, kickbacks, bribery, and collusion.) Nonetheless, each ultimately managed to be very helpful to others. The genius of the philanthropic mechanism is that it accepts people just as they are—kind impulses, selfish impulses, confusions and vanities, wishes of all sorts swirling together in the usual human jumble—and helps them do wondrous things, even when they're not saints. Adam Smith taught us that freely conducted commerce can take normal human behaviors—including ugly and mercenary ones—and turn them to broadly productive uses. The same is true in the world of philanthropy. Part of the magic of America's charitable structure is that it can convert common human impulses into truth, uplift, and beauty for all of society. No. Philanthropy distracts people who ought to focus on business! The right side of the political spectrum sometimes complains that philanthropy drags too many unproductive business people into do-gooding, distracting them from creating the commercial bounty that https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_some_answers# 5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy and Some Answers society counts on. But there are reasons to think that philanthropy actually strengthens capitalism. Economists Zoltan Acs and Ronnie Phillips have observed that the United States has a distinctive means of reconstituting old wealth via philanthropy. Philanthropy is part of the implicit social contract that continuously nurtures and revitalizes economic prosperity, they write. Researchers Tino and Nima Sanandaji agree that the legitimacy of American capitalism has in part been upheld through voluntary donations. They note that "much of the new wealth created historically has been given back to society. This has had several feedback effects on capitalism. For one, the practice has limited the rise of new dynasties. Another positive feedback mechanism is that the donations to research and higher education have allowed new generations to become wealthy?" II. Philanthropy encourages collective thinking, collective responsibility, and collective action—ultimately leading to more government! This is another concern sometimes launched from the libertarian right, where observers argue that what American society really needs is more individual responsibility, not more giveaways. However, we can just as plausibly turn that argument around, because there is evidence that philanthropy helps limit government sprawl. When some members of a society become needy, it is a fact that many citizens will insist, "Something must be done!" Most times and places, the responsibility for picking up those in trouble has fallen to the state. America's energetic voluntary sector, however, allows Americans to meet humanitarian and Judeo-Christian responsibilities to their fellow humans without setting up large government apparatuses and regimenting rules that suffocate individual sovereignty. By solving basic security hungers and stretching multiple safety nets among the general populace, philanthropy has made Americans much more tolerant of the creative destruction that's part of a dynamic economy, leaving us with a freer and faster-growing economy than comparable industrial nations. Philanthropy has thus been crucial in allowing America to grow up as an exceedingly rare society where average people can steer their own lives without the state lurking over their

shoulder.\n\n12. Donating money is sometimes too much about the giver's needs!\n\nGiving is a two-way transaction, and the satisfactions of helping are just as real and just as good for\n\nhuman flourishing as the satisfactions of having someone come to your aid. That's why even people\n\n7/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_sme_answers#\n\n\n\n5/24/24, 1:05 AM 12 Common Criticisms of Philanthropy\u2014and Some Answers\n\n\nwith little disposable income are eager to give, and feel good when they do.\n\n\nSocial science research supports th is. In a 20o8 paper, three investigators gave study participants\n\nmoney, and then asked half of them to spend it on themselves, and the other half to give it to some\n\n\nperson or charity. Those who donated the money showed a significant uptick in happiness; those who\n\nspent it on themselves did not\n\n\nOther academic work has shown that offering aid can actually make the giver healthier\u2014lowering blood\n\n\npressure, stress, illness, and mortality. Americans who make gifts of money and time are more likely to\n\n\nprosper and be satisfied with life than non-givers who are demographically identical. A 2014 book by\n\n\ntwo University of Notre Dame researchers concludes, \u201cThe more generous Americans are, the more\n\n\nhappiness, health, and purpose in life they enjoy. This association \u2022ef is strong and highly consistent. \u2022ef\n\n\nGenerous practices actually create enhanced personal well-being."\n\n\nWe shouldn't overlook\u2014or discount\u2014the good effects of giving on the giver.\n\n\nSupport SSIR's coverage of cross-sector solutions to global challenges.\n\n\nHelp us further the reach of innovative ideas. Donate today\n\n\nRead more stories by Karl Zinsmeister.\n\n\nKarl Zinsmeister is creator of The Almanac of American Philanthropy, a new encyclopedic reference to the\n\n\nfield, just released by The Philanthropy Roundtable.\n\n\nDOI:10.48558/jm4I-v703\n\n\nIf you like this article enough to print it, be sure to subscribe to SSIR!\n\n\nCopyright @ 2024 Stanford University.\n\n\nDesigned by Arsenal, developed by Hop Studios\n\n\n8/8https://ssir.org/articles/entry/12_common_critcisms_of_philanthropyand_sme_answers#\n\n\n\n", "cloud_doc_url": null}, {"matched_text": "\u30109\u2020source\u3011", "start_idx": 2334, "end_idx": 2344, "alt": null, "type": "file", "name": "week 4.2.pdf", "id": "file-633pKlwcrOvWVr7WwOesX98g", "source": "my_files", "snippet": "\nH a rva rd\nB u s i n e s s\nR e v i e w\n\nCorporate Social Responsibility\n\nPhilanthropy's New Agenda:\n\nCreating Value\n\nby Michael E. Porter and Mark R. Kramer\n\n\nFrom the Magazine (November-December 1999)\n\n\nDuring the past two decades, the number of charitable\n\n\nfoundations in the United States has doubled, while the value of\n\n\ntheir assets has increased more than 1,100%. Foundations now\n\n\nhold over \$330 billion in assets and contribute over \$20 billion\n\n\nannually to educational, humanitarian, and cultural\n\n\norganizations of all kinds. No other country in the world can\n\n\nclaim such substantial and widespread commitment to\n\n\nphilanthropy and volunteerism. But are we, as a society realizing\n\n\nthe full fruits of this commitment?\n\n\nGrant-giving foundations are intermediaries between the\n\n\nindividual donors who fund them and the various social\n\n\nenterprises that they, in turn, support. But if foundations serve\n\n\nonly as passive middlemen, as mere conduits for giving, then they\n\n\nfall far short of their potential and of society's high expectations.\n\n\n\nFoundations can and should lead social progress. They have the\n\n\npotential to make more effective use of scarce resources than\n\n\nneither individual donors or the government. Free from political\n\n\npressures, foundations can explore new solutions to social\n\n\nproblems with an independence tha t government can never have.\n\n\n\n\n\n\n\n\n\n\n\nFoundations Create Value in Four Ways\n\n\nOne grant\n\nX\n\n\nMultiple grants\n\n3X-5X\n\n\nEntire operating budget of one

organization\n\n50X-100X\n\nEntire field\n\n>1,000X\n\nmillionsDollar value of resources affected by foundation activity\n\nEach successive approach leverages a foundation's\n\nspecial assets more than the preceding one as the pool\nof\n\neff\n\nV\n\nl. Selecting the Best Grantees.\n\nThe process of value creation here is straightforward. Like\ninvestment advisers in the business world, foundations can use\ntheir expertise to channel resources to their most productive uses\nwithin the social sector by funding organizations that are the\nmost cost effective or that address urgent or overlooked problems.\nFor example, of the many organizations that seek funding for\nprograms aimed at reducing the high school dropout rate, a\nfoundation can select the most effective one. Thus its dollar will\nearn a higher social return than a dollar given less knowledgeably\nby an individual donor. In this way, choosing recipients and\nallocating funds is itself a source of value.\n\n\n\n\n\n\n\nexpertise to benefit from the increased tourism. The Packard\nFoundation's grant paid for marketing consultants who taught\nCEDO how to turn tourists into members, creating an ongoing\nrevenue stream for CEDO far greater than the Foundation's\n\$50,000 grant.\n\nThe Echoing Green Foundation, created by venture capitalist Ed\nCohen, gives \$1.4 million a year to improve the performance of the\nnonprofit sector even more broadly. It invests in social\nentrepreneurs, individuals with the drive and vision to catalyze\nsocial change. It aims to build a community of public-service\nleaders who share their experience, knowledge, and energy with\none another. To date, Echoing Green has funded more than 300\nfellows who not only pursue their own projects but also visit with\none another to share best practices. The lessons learned are\nrecorded, distributed to all grantees, and made publicly available.\n\nIn the fall of 1998, for example, the Charles and Helen Schwab\nFamily Foundation in San Mateo, California, joined with the\nPeninsula Community Foundation and the Sobrato Foundation in\na \$2 million, two-year initiative to address internal issues of\nmanagement and growth at 16 local family-service agencies.\nEvery eight weeks for the life of the project, foundation staff\nmembers meet with all 16 agency directors. Management experts\nare brought in to address relevant topics. As a result of the group\ndiscussions, three of the grantees have decided that they ca\n\nThe range of ways in which foundations can assist nonprofits goes\nwell beyond making management-development grants.\nFoundations can become fully engaged partners, providing\nadvice, management assistance, access to professional service\nfirms, clout, and a host of other non-cash resources. Improving\nthe performance of grant recipients often requires foundations to\nwork closely with grantees. It also requires the willingness to\nengage for the long term. Foundations are capable of both.\n\n\n\n\n\n\n\noperate more efficiently if they merge, and foundation staff has\nworked closely with them to accomplish the merger. Because\ntechnology management has surfaced as a major issue, the\nfoundations have researched and funded technology needs at\nseveral of the agencies.\n4. Advancing the State of Knowledge and Practice.\n\nFoundations can create the greatest value by funding research\nand a systematic progression of projects that produce more\neffective ways to address social problems. At its best, such work\nresults in a new framework that shapes subsequent work in the\nfield-making every dollar spent by philanthropists, government,\nand other organizations more productive.\n\nWithin six years, India doubled its rice production, and Mexico,\nonce an importer of wheat, became an exporter. Nigeria and\nColombia created their own research institutes modeled on the\nfoundations's research. The Rockefeller Foundation subsequently\ndisseminated its results to organizations from 28 developing\ncountries.

Altogether, many millions of the world's poorest people benefited from the knowledge created by those two foundations. Foundations are uniquely positioned to study a field in depth. They can set a new agenda and change both public sentiment and government policy. The green revolution, for example, had its roots in research sponsored jointly by the Ford and Rockefeller Foundations in the late 1950s and early 1960s. Concerned with world hunger and population growth, the two foundations created research institutes that developed new strains of wheat and rice that doubled and tripled crop output per acre.

Studies by the Carnegie Foundation have had a similarly powerful impact on education in the United States over the last 95 years. In 1904, Carnegie funded research by Abraham Flexner on the state of medical education, which revealed a widespread lack of it. In the field of education, the Philanthropic Ventures Foundation in Oakland, California, for example, focuses on grassroots funding. In 1995, PVF created the Teacher Resource Grants program. Working within the large field of education, PVF chose a specialized positioning appropriate to its small size. PVF provides inexpensive but badly needed classroom materials to teachers in its region materials that are useless if they don't arrive quickly, when the teacher needs them. PVF notified more than 6,000 teachers that grants of up to \$1,500 would be available for classroom materials, field trips, or teacher training courses. (After a year of experience, PVF lowered the ceiling to \$500 per grant.) Teachers refer to the program as the fax-grant program because the foundation takes requests by fax, and then sends an answer within one hour of receipt and a check within 24 hours.

Since its positioning is to help under-resourced teachers and it makes thousands of small grants, the Philanthropic Ventures Foundation developed a no-paperwork rule, freeing teachers from time-consuming grant applications. PVF finds that an elaborate process around the receipt, investigation, consideration, and funding of grant requests is not necessary in its chosen area. PVF is a perfect example of a foundation that tailored its activities to create value. Only by doing things differently from others, in a way that is linked tightly to what the foundation seeks to accomplish, can it achieve greater impact with the same grant dollars or enable its grantees to be more successful. Tailoring activities to strategy is the way a foundation institutionalizes and reinforces its distinctive strengths.

tyranny of the grant cycle, with barely the time to write up pending grant requests between board meetings. (See the exhibit *Resources Are Scattered*.)

Resources Are Scattered across too many fields.

U.S. Foundations by Asset Size

Asset Size	Number of Foundations	Percentage of Total Assets
\$500 million+	44	52%
\$100 million - \$500 million	115	25%
\$50 million - \$100 million	40	16%
\$10 million - \$50 million	155	10%
\$1 million - \$10 million	20	1%
\$500,000 - \$1 million	15	1%

by size

number of fields funded

The largest 6% of foundations contributed approximately 74% of all grants.

The data show that resources are spread thin at foundations of all sizes, but the problem is more acute at the smaller foundations.

across staffs spread too thin

across too many small grants

Resources Are Scattered . . . Source: The Foundation Center, based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

Asset Size	Number of Foundations	Percentage of Total Assets
\$100 million+	5	74%
\$50 million - \$100 million	549	54%
\$10 million - \$50 million	543	52%
\$5 million - \$10 million	81	8%
\$1 million - \$5 million	551	52%
\$500,000 - \$1 million	5109	33%
\$100,000 - \$500,000	5251	5%
\$50,000 - \$100,000	5999	15%
\$10,000 - \$50,000	51	0.004%
\$5,000 - \$10,000	5222	61%
\$1,000 - \$5,000	25	50%
\$500 - \$1,000	750	0.75%
\$100 - \$500	225	0.0015%
\$50 - \$100	150	0.00015%

number of grants per employee average grant size (excluding those below \$10,000)

Source: The Foundation Center based on a sample of 1,000 foundations giving at least \$1 million in 1997 and excluding grants below \$10,000.

The average

foundation, for example, makes grants in ten unrelated fields every year, where fields are such broadly defined areas as education and health care. Fewer than 9% of foundations make 75% or more of their grants in a single field, and only 5% focus more than 90% of their grants in one field. Such scattered giving is inconsistent with a clear strategic positioning. Nor do the data suggest that many foundations are taking advantage of their unique ways to create value. Among the largest foundations, with assets in excess of \$1 billion, each professional employee handles approximately seven grants per year (and up to 100 times as many grant requests). There are, on average, just three professional employees for every field in which the foundation makes grants. Staff at the largest foundations may well have sufficient time and expertise to evaluate grants, but it is hard to see how even the most dedicated staff could have much time to assist grantees. The smaller the foundation, the more stretched the staff. Among the hundreds of foundations with \$50 million to \$250 million in assets, there are five times as many grants per professional, and an average of two staff members handle grants in 11 unrelated fields. The smallest foundations often rely on the volunteer efforts of trustees, making it almost certain that many decisions are reached with little formal evaluation at all. Those broad metrics also suggest that foundations are not using the more powerful forms of value creation beyond selection. Foundations rarely contribute resources other than financial support. Only 2.2% of foundation grants were designated to improve the grantees' performance. Ninety-five percent of all foundation grants are for one year. Although one-year grants are sometimes awarded for several years in a row, there is little evidence that foundations exploit the opportunity to work more closely with grantees over extended periods of time to improve their performance. Foundations, which should be able to take the long view tend to focus on grant making quarter-to-quarter. Finally, while foundations express a strong interest in innovation and advancing the state of knowledge about society's problems, very few fund studies that explore the relative effectiveness of different approaches to a given problem. Only 8.8% of foundation grants went to research, and most of that was in basic medical and scientific areas. Funding studies or data collection is rare, and foundations generally see them as less desirable than current social services. Instead of funding research, many foundations seek to promote innovation through seed grants that are designed to establish and support specific new programs. There is little benefit, however, in starting new initiatives if they do not survive and grow. Too often foundations overlook projects aimed at fostering the growth and replication of new initiatives, or they fail to support the grantee over an appropriately long time span. They rarely do the up-front research and the postevaluation needed to ascertain if their programs have been successful and have continued to thrive after the initial period of seed grant support. In some ways, however, the overall failure to evaluate the results of foundation grants is the most telling danger sign of all. Almost no money is set aside for program evaluation. Many foundations are ambivalent about whether funds should be spent on evaluation and whether assessing the performance of past grants can improve future grant making. This ambivalence about evaluation is reinforced by the performance criteria used to judge foundation staff. These tend to emphasize the paper trail of pregrant analysis and recommendations and give little credit for achieving the real-world results that motivated the grant in the first place. Program evaluation, therefore, has only a downside: failure risks censure, but success adds no reward. The evaluations

that do take place are often problematic in three ways. First, they are limited to reports as to whether the money was spent as intended (output evaluation); they do not attempt to measure social impact (outcome evaluation). Second, many of the evaluations are done by the grant recipients themselves, who invariably seek further support from the foundation. How objective and reliable are these reports likely to be? Third, even in the few cases where the social impact of a program is measured by an outside consultant, it is usually assessed at the single grantee level, in isolation from the foundation's other grants. Therefore, it does not reflect the foundation's success in reaching its overall goals.

Certainly, evaluation may at times be costly and complex. But given clear goals at the outset, it is always possible. The criteria to evaluate a job-training program will differ from those used to evaluate a funding program for young artists. But meaningful criteria can be established for both.

Consider the San Francisco-based Roberts Enterprise Development Fund, which focuses on creating employment for the homeless and indigent. Working closely with its grantee Rubicon Programs, REDF developed 25 criteria that not only measure the success of job-training programs but also help Rubicon to manage the programs more effectively. In addition to the most obvious criteria—changes in employment stability, wages, and job skills—REDF and Rubicon found that related factors such as substance abuse and even qualitative factors such as the trainees' own assessments of their success in reaching personal goals were all meaningful measures of outcomes the program was trying to achieve.

Without evaluation, a foundation will never know whether or not it has been successful. The most basic premise of strategy—striving for superior performance—is violated if performance is not measured.

Addressing the New Agenda

How can foundations begin down the path we have outlined? A number of foundations, including those operating under the new rubric of venture philanthropy, are already moving in the direction outlined here. But none that we have encountered has gone all the way. Putting these elements together into a coherent whole will require developing a strategy, aligning operations with that strategy, and revising the foundation's governance so that the strategy can be monitored effectively. Responsibility for such change lies ultimately with the trustees and directors, who are the fiduciaries accountable for the use of the foundation's (and society's) funds.

To develop a strategy the place to start is positioning. This always requires systematic thought and research into important social challenges that are not being addressed well by others. The goal is not necessarily to identify the most important problem, since many are important. What matters is how effectively the foundation can contribute to its solution.

Second, a foundation can learn from prior efforts within its chosen area of funding. Do current socioeconomic trends favor one approach over another? What are other organizations doing in the field? Can the work of this foundation reinforce or complement theirs? Can we uncover root causes of the problem?

Third, what unique strengths will enable this foundation to create value most effectively in its field? Part of the answer to this question comes from examining objectively where the foundation has made the greatest impact in the past. It also comes from a realistic assessment of weaknesses.

Scale plays an important role in the choice of strategy. A foundation needs enough resources to pursue its particular way of creating value. Larger foundations may well have the scale to work in more than one field. If they choose to do so, each area must have its own strategy and tailored operations. All foundations,

however, can create more value by putting a greater proportion of their resources to work. This means stepping up the rate of giving in their chosen fields and investing a portion of their investment portfolios to support their philanthropic work.

Once the foundation has chosen a strategy, it can begin to realign its operations. A foundation, like any enterprise, is a collection of many activities. Each activity—how proposals are solicited, for example, and how grantees are supported—must be tailored to the chosen strategy. A particularly important aspect of operational alignment is the development of measures to help the foundation know whether or not it has been successful.

Operating strategically will require most foundations to rethink their governance systems. Change will be difficult in an environment where the pressure of processing grants and getting the money out the door extends beyond the staff to the boardroom. Today boards of all but the very largest foundations discuss and approve specific grant allocations at their meetings. Without goals or strategy, they have no way to delegate the grant selection process to staff and no framework through which to evaluate their experience. The Chicago-based Crown Foundation, in an effort to break this cycle, considers grant requests at only two of its quarterly board meetings each year; the other two are reserved for discussing policy, reviewing performance, and studying issues in more depth. Boards need to move away from the operating function of approving grants to focus on setting strategy and evaluating outcomes.

With goals, a strategy, and evaluation mechanisms in place, staff could have greater independence to make grant decisions themselves on a more timely and flexible basis. At the Colorado Trust, the board considers and approves multiyear, multimillion-dollar initiatives that have clearly defined goals and a clearly articulated strategy. Once the board sets the framework, program staff has the authority to make individual grants for the life of the initiative. Staff members, then, have greater responsibility and more freedom to make decisions on individual grants, and the board has the time to study the field, set overall strategies, and assess staff performance.

For those who care deeply about social problems and work tirelessly to make a difference, current foundation practices not only diminish effectiveness, they inevitably reduce the satisfaction that donors, staff, and trustees derive from their work. Scattered funding, short-length relationships with grantees, and a lack of awareness of outcomes necessarily create a divide between the foundation and the ultimate results of its work. Acting strategically is much more difficult. But for trustees and staff alike, it will be far more rewarding as well.

Improving the performance of philanthropy would enable foundations to have a much greater impact on society. Foundations could play a leading role in changing the culture of social sector management. They could spearhead the evolution of philanthropy from private acts of conscience into a professional field. Until foundations accept their accountability to society and meet their obligation to create value, they exist in a world where they cannot fail. Unfortunately, they also cannot truly succeed.

A version of this article appeared in the November–December 1999 issue of Harvard Business Review.

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interchangeably, have distinct roles within an organization. Fundraising is primarily the act of collecting monetary support, typically focused on immediate financial targets and often driven by specific events or campaigns. Development, however, encompasses a broader scope. It includes fundraising but extends to nurturing long-term relationships with donors, strategic resource planning, and fostering a philanthropic culture within and around the organization.", "request_id": "8888ee783cf85254-MXP", "message_source": null, "timestamp_": "absolute", "message_type": null}, "recipient": "all", "channel": null}, "parent": "e2bf722b-6cf3-4713-a370-fe2c73488620", "children": ["6553c9c9-9b01-4f3a-af70-d9a08ec5f3df"]}, "6553c9c9-9b01-4f3a-af70-d9a08ec5f3df": {"id": "6553c9c9-9b01-4f3a-af70-d9a08ec5f3df", "message": {"id": "6553c9c9-9b01-4f3a-af70-d9a08ec5f3df", "author": {"role": "system", "name": null, "metadata": {}}, "create_time": 1716508051.469604, "update_time": null, "content": {"content_type": "text", "parts": [""], "status": "finished_successfully", "end_turn": null, "weight": 1.0, "metadata": {"request_id": "8888ee783cf85254-MXP", "message_source": null, "timestamp_": "absolute", "message_type": null, "is_visually_hidden_from_conversation": true}, "recipient": "all", "channel": null}, "parent": "aaa2b9c6-eaee-41c2-9686-c43301155e5b", "children": ["e046176c-f5ed-4548-87c2-12e8c68aa75b"]}, "e046176c-f5ed-4548-87c2-12e8c68aa75b": {"id": "e046176c-f5ed-4548-87c2-12e8c68aa75b", "message": {"id": "e046176c-f5ed-4548-87c2-12e8c68aa75b", "author": {"role": "tool", "name": "myfiles_browser", "metadata": {}}, "create_time": 1716508070.944171, "update_time": null, "content": {"content_type": "tether_quote", "url": "file-oOTG3NdARlccxURLJHM7nlfY", "domain": "On Being Nonprofit A Conceptual and Policy Primer (Peter Frumkin) (Z-Library).pdf", "text": "\n\n\nOn Being Nonprofit\n\n\n\n\nOn Being Nonprofit\nA Conceptual and Policy Primer\n\n\nPeter Frumkin\n\n\nHARVARD UNIVERSITY PRESS\n\n\nCambridge, Massachusetts\n\n\nLondon, England\n\n\n\n\nFor my parents,\nAllan and Jean\n\n\nCopyright \u00a9 2002 by the President and Fellows of Harvard College\n\n\nAll rights reserved\n\n\nPrinted in the United States of America\n\n\nFirst Harvard University Press paperback edition, 2005\n\n\nLibrary of Congress Cataloging-in-Publication Data\n\n\nFrumkin, Peter.\n\n\nOn being nonprofit: conceptual and policy primer / Peter Frumkin.\n\n\nnp. cm.\n\n\nIncludes bibliographical references and index.\n\n\nISBN 0-674-00768-9 (cloth)\n\n\nISBN 0-674-01835-4 (paper)\n\n\n1. Nonprofit organizations. I. Title.\n\n\nHD2769.15 .F78 2002\n\n\n361.7\u221a63\u221a21 2002017227\n\n\n\n\nPreface Preface\n\n\nPreface\n\n\nIn recent years, the study of nonprofit and voluntary organizations has\nbeen a growth field, a fact that is apparent in the proliferation of non-\nprofit degree and certificate programs in schools of business and public\naffairs, the founding of new independent centers devoted to nonprofit\nresearch, and the steady increase in scholarship concerned with non-\nprofit organizations. To date, however, the study of nonprofit organiza-\ntions has yet to find a home in any single discipline. And this may well\nbe for the best. Our understanding of nonprofit organizations has bene-\nfited from the attention of economists, political scientists, sociologists,\npsychologists, historians, and management scholars. In writing this\nbook, I have endeavored to bring together some of the most significant\nand contentious ideas about the nonprofit and voluntary sector and to\nintegrate at least some elements of the competing disciplinary perspec-\ntives that have emerged. This is, after all, a book about the nonprofit and\nvoluntary sector written by an organizational sociologist who teaches\nstrategic management in a public policy school. It is my sincere hope\nthat this book will cross disciplinary bounds and that it will serve as a\nuseful and clarifying overview of the pressing conceptual and

policy\nproblems facing nonprofit organizations today.\n\nDividing nonprofit action into four broad functions, this book exam-\nines how nonprofit organizations promote civic and political engage-\nment, deliver critical services within communities, provide an institu-\ntional vehicle for social entrepreneurship, and allow the expression of\nvalues and faith. The core of the book explores the tensions and prob-\nlems that have arisen in each of these functional realms and the bound-\nary disputes that have broken out as nonprofit organizations have been\ndrawn into competition and collaboration with government and busi-\ness. In exploring the multiple roles of nonprofit organizations, I argue\nthat the long-term health and viability of nonprofit organizations de-\nv\n\npend on the achievement of balance among the four functions, so that\nno one function is allowed to dominate the other three. This has not al-\nways been achieved in recent years and the results have been painfully\nclear: charges of politicization, vendorism, commercialism, and particu-\nlarism have plagued nonprofit organizations. The argument developed\nhere is that only when nonprofits achieve important successes in each of\ntheir functions will they receive and sustain the financial support and\npublic acceptance that they need to continue to grow. In tackling these\nbroad and complex issues, I have aimed to provide a perspective on non-\nprofit activity that will be relevant to scholars and students approaching\nthe topic from a wide array of backgrounds and levels of familiarity.\n\nThe intellectual debts I have accumulated over the years are very\nlarge. From the very first moment I joined the faculty of Harvard Univer-\nsity\nu2019s Kennedy School of Government and began to work on this book, I\nhave benefited greatly from the good counsel and insightful criticisms\nof Mark Moore and Christine Letts, who together helped launch the\nHauser Center for Nonprofit Organizations, where I have been a faculty\naffiliate. I am grateful to both of them for creating a place where it is pos-\nsible to do serious work within a community of scholars and students.\n\nMy faculty colleagues at the Hauser Center and within the broader Ken-\nnedy School of Government have all contributed directly or indirectly to\nthe completion of this book. Through numerous seminar presentations,\ne-mail exchanges, and hallway discussions over the years, their active\nu2014sometimes aggressive\nu2014questioning has led me to sharpen and improve\nmy arguments. I owe a special debt to Peter Dobkin Hall, who read and\ncommented on the entire manuscript and generously shared with me his\nencyclopedic knowledge of all things nonprofit. My understanding of\nthe nonprofit sector has been substantially enriched by friendships, con-\nversations, and collaborations over the years with Joseph Galaskiewicz,\nPaul Light, Steven Rathgeb Smith, Brint Milward, Barry Karl, Ellen\nCondliffe Lagemann, Marion Fremont-Smith, Allen Grossman, Eliza-\nbeth Keating, Donald Haider, David Reingold, and William Ryan.\n\nOne of the real pleasures of working at the Kennedy School of Gov-\nernment has been the opportunity to teach and work with a group of su-\nperb doctoral students, including especially Alice Andre-Clark, Gabriel\nKaplan, and Mark Kim. For several years, Kennedy School students in\nmy class on the nonprofit sector patiently listened and questioned me\nas the ideas in this book were formed and developed. From the start,\n\nvi Preface\n\nShawn Bohlen has expertly managed the Hauser Center\nu2019s work and\ngrowth and, with great humor and patience, helped me navigate the ser-\npentine world of Harvard rules, regulations, and budgets, while also pro-\nvding the kind of advice and help that was necessary for seeing many\nprojects to completion. Jennifer Johnson provided wonderful research\nassistance throughout the writing of the book and helped bring the\nmanuscript to final form. Michael Aronson at Harvard University Press\n\nguided this book from an idea to a

manuscript, arranged helpful reviews, \npatiently explained the publishing process to me, and made the whole \nprocess appear less mysterious. \n\nBehind the scenes of much of my research, a group of generous sup-\nporters have allowed me to pursue ideas wherever they led. It is a plea-\nsure to thank the Hauser Center for Nonprofit Organizations, Claude \nRosenberg of NewTithing Group, Patricia Brown of the Burton G. \nBettingen Corporation, Ted Halstead of New America Foundation, and \nMark Abramson of the PriceWaterhouseCoopers Endowment for the \nBusiness of Government, all of whom supplied critical financial sup-\nport for elements of my broader research agenda. Within the Kennedy \nSchool, Alan Altshuler, Ron Heifetz, and Fred Schauer furthered the \nproject at critical stages, and I am grateful for their help. \n\nFinally, my greatest debt is to my wife, Elizabeth, who encouraged me \nfrom my first day of graduate school and through all my subsequent re-\nsearch. Her unstinting support has made everything seem possible. \n\nPreface vii \n\n\n\n\nContents \n\n1 The Idea of a Nonprofit and Voluntary Sector 1 \n2 Civic and Political Engagement 29 \n3 Service Delivery 64 \n4 Values and Faith 96 \n5 Social Entrepreneurship 129 \n6 Balancing the Functions of Nonprofit and \nVoluntary Action 163 \n\nNotes 183 \n\nIndex 209 \n\n\n\n\nThe Idea of a Nonprofit and Voluntary Sector The Idea of a Nonprofit and Voluntary Sector \n\n1 \n\nThe Idea of a Nonprofit \nand Voluntary Sector \n\nThe nonprofit and voluntary sector is the contested arena between the \nstate and the market where public and private concerns meet and where \nindividual and social efforts are united. Nonprofit and voluntary action \nexpresses a complex and at times conflicting desire to defend the pursuit \nof private individual aspirations, while at the same time affirming the \nidea of a public sphere shaped by shared goals and values. For this \ndifficult balancing act to work, participation in the sector demands a \ncommitment to, among other things, expression, engagement, entrepre-\nneurship, and service. Constituted by both legally chartered nonprofit \norganizations and myriad informal groups and voluntary associations, \nthis sector occupies an increasingly critical and visible position in our \npolitical, social, and economic life.¹ Yet despite its size and perceived \ninfluence, there is considerable uncertainty and confusion about its \nboundaries. The lines delimiting the sector have frequently been subject \nto challenge and revision, as funds and responsibilities have shifted back \nand forth among business, nonprofit, and government organizations. \nReaching consensus on the very definition of the nonprofit and volun-\ntary sector is difficult because many of the core features and activities of \nnonprofits increasingly overlap and compete with those of business and \ngovernment. \n\nThus, the nonprofit and voluntary sector is at once a visible and com-\npelling force in society and an elusive mass of contradictions. On the \none hand, the rise of nonprofits is thought to have contributed to de-\nmocratization around the world, opening up societies and giving people \na voice and a mode of collective expression that has in too many cases \n\n1 \n\n\n\n\nbeen suppressed.² In the United States, nonprofit and voluntary organi-\nzations are seen as playing a central role in generating, organizing, and \nemboldening political opposition, working through national networks \nand building international linkages. Nonprofit and voluntary organiza-\ntions have also acted as practical vehicles for the delivery of a broad \nspectrum of community services, ranging from affordable housing to \ntheater performances to vocational training to health care. The nonprofit \nsector appears, therefore, to be a real and identifiable group of tax-ex-\nempt organizations that encourage political engagement and produce \nservices. The sector is in fact a documented economic powerhouse that \nemploys millions of people and accounts for a significant portion of