

HELPING HANDS

As the basis for philanthropy switches from old money to new, Will Hawkes looks at how benefactors are interacting with the charities they support.



‘To give away money,’ argued Aristotle, ‘is an easy matter and in any man’s power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man’s power nor an easy matter.’ Much has changed since Aristotle’s time in the fourth century BC but in the matter of philanthropy, his insights still have undeniable worth. How can philanthropists ensure their money achieves exactly the results they desire?

This question has driven the emergence of a more tightly-focused approach to the subject of giving away money. There are now many organisations that will help philanthropists avoid the pitfalls of investing their money in a charitable cause.

Rockefeller Philanthropy Advisors (RPA), with offices in New York, Los Angeles and San Francisco, has more experience than most, having evolved from its original role as the private philanthropy service of the Rockefeller family.

Melissa Berman, president of RPA, believes there are several key questions that every new philanthropist must ask before they invest. ‘We talk with donors about what their real goals are,’ she said. ‘The first question is: “what are you trying to change?” The second is: “how do you think change happens?” And the third question is: “are you putting your money in organisations that also plan to effect change in the way you intend to, and what milestones and indicators do those organisations have?”’

Fashion for passion

Dr Salvatore LaSpada, chief executive of the London-based Institute for Philanthropy, argues that investors should be informed by their own interests. ‘We really encourage people to operate from a place of passion,’ he said.

‘We want people to take on the big issues, the tough issues, and to stick with them over a long period of time, because I think that’s when philanthropic capital is at its best – but in order to really have that long-term commitment it’s really important to feel passion about the issue.’

The Institute runs the Philanthropy Workshop, which is now in its 13th year, having been born at the Rockefeller Foundation and brought to London by LaSpada. ‘[At the Workshop] a group of 14 high net-worth individuals go through a pretty rigorous experiential programme over the course of three weeks in a year,’ he said. ‘We’re trying to give our participants

PHILANTHROPY ROADMAP

Rockefeller Philanthropy Advisors’ roadmap outlines the questions you need to answer before you get started.

1. What drives you to give?

Each of us has a distinctive set of motivations to give in addition to our values.

2. What tugs at both your heart and your head?

Once you have a sense of the kind of issue you’re attuned to, you can begin identifying the good causes that are for you.

3. How do you want the change to happen?

It is important to consider how an organisation tries to solve a problem, not just which problem it tries to solve.

4. How do you want to get involved?

You’ll need to decide how to invest your time as well as your money. Think about these options:

- Do you want to provide general support, specific projects and/or challenge grants?
- What will your level of involvement be – anonymous giving, work on a specific project, lending professional expertise, raising funds?
- Assess your impact: is it enough to know that the groups you choose are hard at work on hard problems or do you want general reports on what groups are doing and/or periodic progress updates or detailed reports on outcomes?

the knowledge, the skills and the networks they need to be strategic in their giving.’

At the workshop, the Insitute brings together both those who have inherited wealth and those who have earned it. The balance between these two groups has changed radically over the past 20 years, Berman points out, and this has changed the face of philanthropy. She said: ‘I think a generation ago in the US, 40% of wealth was inherited and now it’s about half that – those are rough estimates – but it’s certainly a trend in the US.

‘People are coming into wealth younger because its earned rather than inherited, and they’re developing an enthusiasm about philanthropy earlier in their lives rather than thinking about it as something that they will do when they retire – so very active giving while alive is a powerful trend.’

LaSpada agrees. ‘It is fascinating, particularly in the UK,’ he said. ‘Twenty years ago, 75% of the wealth of this country was inherited, 25% was earned. Those numbers have flipped: right now, 75% is entrepreneurial wealth, 25% is inherited.

Stick with it

‘In the case of the inheritors, there is that sense of philanthropy as patient capital – these are tough problems, you are going to have to stick with

them over time, in some cases over generations,’ says Berman. ‘The entrepreneurs, conversely, come in with a great sense of energy and drive and determination and the understanding that they’ve built successful global businesses and they can be as successful in philanthropy.

‘That’s a major challenge. We advise donors all the time: don’t fund the problem, fund the solution.’

‘With this new breed of philanthropists, who are very engaged, have much higher expectations for social return on their investments on their contribution, that is raising the bar for charities – and that’s a good thing.’

Spada says: ‘There is an interesting emerging discussion about the intersection of business and social problem solving: there will be a growth of social purpose businesses that are marketing and selling a product but the proceeds go back into supporting charitable activities.

‘While it sometimes seems counterintuitive to think, “I need to learn how to give money away”, in fact if you want to do it well and have an impact you do need to learn some basic tools. It is very, very valuable to be in networks of like-minded, wealthy individuals who are doing this kind of work as well.’ ■