

In Search of New Meaning

Philanthropy, Community and Society



Gary J. Hubbell
Editor



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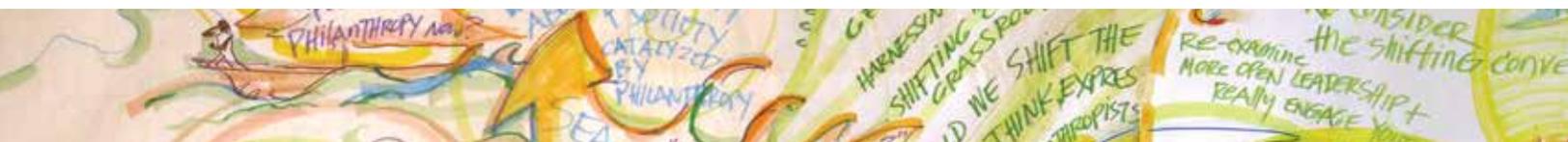


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Foreword

Shortly after launching my company at the start of 2006, I started noodling on a different kind of gathering of social sector professionals. Having long been interested in the historical evolution of philanthropy and in the ever-changing landscape of the social sector, I wanted to immerse myself in dialogue with colleagues who would stretch my thinking and challenge my assumptions. I knew these would have to be people who had achieved senior status in their organizations. I also knew they would have to come from many subsectors if I was to gain the full richness of their insight. Finally, I knew they would have to be people I knew and trusted; people who would bring a “dig deep” attitude to the discussion.

Much to my chagrin, it took me two years to figure out how to do this in a way that was not only as meaningful to each participant as I knew it would be to me, but that would also offer something that none of us felt we could get anywhere else. The impulse to launch this idea came from an oft-reinforced observation that even the best and most senior leaders today are working flat-out, foregoing more reflective moments because they can't get off the “do” treadmill long enough. After countless informal discussions with clients and colleagues about this observation, I felt there was a widely shared hunger for these reflective moments. And so was born Gary Hubbell Consulting Conversation 2009.

Margaret Wheatley nailed the essence of what I wanted to achieve with Conversation 2009 when she wrote this in *Leadership and the New Science*:

*Innovation is fostered by information gathered from new connections; from insights gained by journeys into other disciplines or places; from active, collegial networks and fluid, open boundaries. Innovation arises from ongoing circles of exchange, where information is not just accumulated or stored, but created. Knowledge is generated anew from connections that weren't there before.*¹

I identified and personally invited those colleagues I felt would both contribute and benefit the most from this gathering. I requested that they co-design the content with me, asking each to identify the topics of greatest personal interest to explore. Once we settled on four overarching topic categories, I asked each participant to write and submit an essay on one of the categories. All essays were then bound and distributed to participants in advance of our gathering in Scottsdale, Arizona in late April 2009.

A few of the essays are provocative. Some are confessional and cathartic. Others are speculative and farsighted. Each and every one of them proved indispensable in shaping some aspect of the resulting conversation. The essays were never intended to become boundaries to our discussion, however. Rather, they became catalysts for our individual and collective thinking. Other than asking respective essay contributors to briefly summarize for the group key points from their submissions, the resulting conversation was the product of each individual's interpretation and internalization of the groups' thinking.

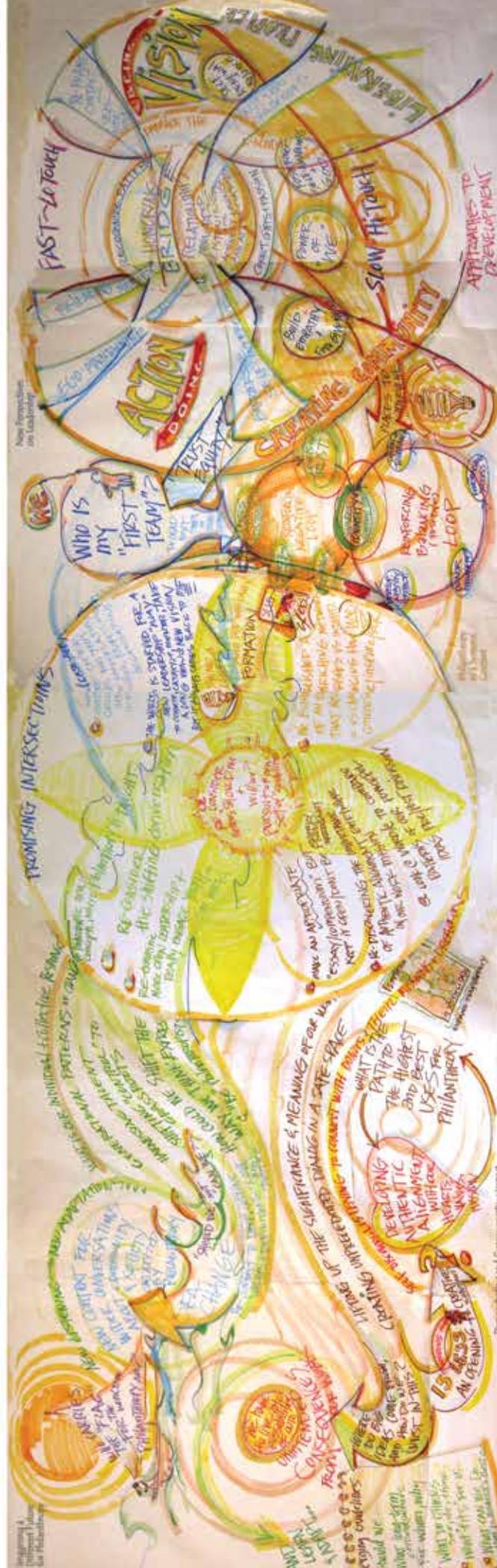
Stimulated by the advance essays, Conversation 2009 became a shared search for new meaning about philanthropy, community, and society. Our search for new meaning was clearly fueled by the context in which we found ourselves. At that time, the United States and much of the developed world was in the midst of great uncertainties wrought by the worst economic crisis since the Great Depression. The resulting social and economic upheaval threw a monkey wrench into the plans of many, if not most, nonprofit organizations. Those accustomed to giving great amounts saw their assets tumble. This period was also marked by the historical precedent of the United States electing its first African American—and Gen X—president. These and other factors collided to make our shared search for new meaning more than intellectually stimulating, it led each of us to see new openings and consider new ideas as we adjusted to the new environment.

My brother, Ken Hubbell, added a special dimension to the conversation by creating in real time a 16-foot-long visual map (mandala or mural) of our conversation, shown here on the left. This graphic illustration of our emerging thinking fostered our deeper reflection and enabled us to see connections and interpretations that may otherwise have been minimized or lost altogether.

The intent of this monograph is simply to provide a snapshot of a brief moment in time; a special concentration of experience, intellect, and commitment that produced insights which may fuel new questions and which may foster new openings for others in the sector. On behalf of my Conversation 2009 colleagues, I hope these essays and the resulting synthesis of our conversation become a catalyst for rethinking your work and your organization's role in producing new meaning and value in the social sector.

Gary J. Hubbell
July 2009

¹Margaret J. Wheatley, *Leadership and the New Science*. (San Francisco: Berrett-Koehler Publishers, Inc., 1992), 113.



Summary Highlights

A dozen social sector professionals shared enough of a hunger and a world view that they contemplated tough questions and later came together to think and share their questions with one another. A rich dialogue ensued, which is captured in this monograph. To one degree or another, each contributor shared the sense that the world is starved for a new leadership “way” to convene, to catalyze, to mentor, and to take the long view at a new vision. Inevitably, we were reminded that it always comes back to “me.” What can/should I do? Below are highlights of our conversation, captured in full in the full body of the narrative.

New Perspectives on Leadership

As leaders, it is centrally important that we are effective listeners. We all have different perspectives, so our responses differ as well. Leaders help others find their authentic alignment. Internal alignment and forgiveness are large parts of staying whole as a leader.

An alternative is to simply accept the complexity and participate in it. Relish diversity and the unique quality of all things. This engenders a sense of belonging—and hence reinforces the motivation to participate. What drives this reinforcing cycle is love, empathy, and relationships. The people we lead seek community.

To offer some perspective, Gary Hubbell reflected that as the builders of bridges—whether in metaphor or reality—leaders must neither underestimate nor undervalue the “trust equity” they have earned over time. This trust equity (some might call it “relationship capital” or “relationship insurance”) is not solely the product of a leader’s age, tenure, and personality. It is all that and more. This trust equity creates a platform for inviting others into a new type of conversation with deeper meaning. Leaders who have earned high levels of respect and who have demonstrated solid success often have more room to maneuver in introducing thoughtful questions.

No leader can afford to simply model someone else and expect similar results. Instead, leaders should start by asking themselves, “What is the highest and best I can do on any given day?”

A leader’s ability to become a catalyst for transformational change increases when devoting quality time to the insight and clarity that stems from “being.” When unable to step off the treadmill of the “doing” role, the leader is pulled into daily work on incremental change for operational survival and sustainability. Few social sector leaders have the luxury of being able to focus exclusively on one role or the other. They must balance both.

Imagine, too, the leader’s ability to refocus and reinvent his or her role and the organization’s response when inspired by these bigger questions. This shift requires organizational leaders to talk, think, and work together in new ways in order to develop a shared commitment to something new, something truly integrated. It requires investments of time and energy. It often requires a catalyst. Our current environment is calling for us to ask a different set of questions.

Who leads the conversation that leads us to a reshaped world?

Reimagining the Future of Philanthropy

By whatever name, we’re in a crisis that demands individual behavioral change. A societal shift (transformation/sea change/evolution) is taking place that is both influencing and influenced by generational personalities, fostering a shift in what people value, and pulling us to reframe our approaches.



Development officers and philanthropists are being drawn to more “whole” thinking rather than through the silos of a single organization or through the lens of immediacy. Philanthropy professionals and philanthropists (volunteers and donors) will be more focused on what is relevant and right, as well as what is good for the community (the system). They will increasingly bring together allied professionals to ask questions about whole change. Organizations with the courage to have both integrated and shared visions will lead. Philanthropy professionals and philanthropists will ask less often “*How* should we?” and more often “*Should* we?”—which will subtly change the look, feel, practice, and language of philanthropy (influenced by the Millennials).

Senior philanthropy professionals are being called upon to provide leadership to the longer view and asking the “right” questions; called upon to help guide organizational leaders to new ways of thinking; called upon to engage philanthropists (people with giving hearts) to partner with them for positive change.

Philanthropy in a Systems Context

In the eyes of many system-based development professionals, intra-system competition for resources becomes disruptive and limiting, evoking a huge personal energy drain to negotiate around these different areas. Amidst the complexity and intra-system competition, social sector and philanthropy professionals are looking for new navigational tools and new meaning. They ask themselves, “About what in our organization have we reached true clarity? What are we trying to be? What’s possible for us now?”

Where are the places to intervene in a system in order to create a stronger platform for philanthropy, and what changes can leaders make during such an intervention? First, it seems we must come to understand that, through our attitudes and our choices, we each have a role in the system’s continuance. Recognizing that some may always have more power and latitude to act, each person has an individual role in the system. In the aggregate, systems are constantly seeking stability through fluctuations, resistance, and adjustments that involve the system and its larger environment. Systems generate feedback that can trigger changes in behavior, and understanding the feedback and its relationship to the deep structure of the system is an important ingredient in successful leadership.

“The challenge, the hope, and the imperative are to maintain the ‘we’ proposition, so a win for one is a win for the entire organization,” offered Tom Soma, one of the contributors during our discussion. Optimal leverage is possible precisely at the juncture of two systems’ loops (creating shared identity/cultural coherence) combined with higher levels of trust. This is the pure domain of collective leadership.

A compelling organizational vision has the power to attract philanthropy and, once coupled, together they have the power to change the conversation of what is possible for systems. Environmental factors and competitive forces often create a tendency for system leaders to stay locked into the negative feedback loop, whereas development folks have to live in the positive reinforcing loop for their success. If we can harness the volunteer’s interest and liberate people while building community around that, it creates the gravitational pull for charitable giving, which changes the nature and impact of philanthropy.

So we concluded that, despite all the apparent “noise” and “chaos” from systems, development efforts are strongest when emanating from a coherent organization, one with a strong sense of “we” and a widely shared identity. Arguably, the greatest opportunity for change within systems is also the hardest to achieve—changing the hearts and minds of players within the system.

During our conversation, the question of “Who is my first team?” was discussed as a powerful lever for decision making and action by individual leaders. Even in the most dysfunctional organizations, issues often foster introspective questions: “What can I do? What one action can I take that affects this set of issues? With whom will I start having a different kind of conversation in my organization?” If everyone on your “first team” is equally committed to the relationship, there may be an opening for a very different



type of conversation organizationally. This new type of conversation may be the kind to produce greater alignment of hearts and minds.

Demonstrating & Communicating Philanthropy's Impact

We all strive to translate the enormous complexity of our organizational pursuits into meaningful stories about people. We must recognize and embrace the donor's call for transparency, devising new ways to help them get the information they want when they want it.

As practitioner awareness and language migrates away from fundraising (means) and increasingly to impact (ends), a host of challenges and new opportunities arise. Understanding, demonstrating, and communicating organizational impact cannot be relegated to a single operating department. It is a leadership philosophy about the covenant with the donor.

Dreams, visions, preferred futures—by whatever name, they are philanthropy's igniters and catalysts for positive change. Rather than trying to persuade donors to see an organizational feature or point of view, we have an obligation to foster each donor's sense of self-discovery. We are not only connecting donors to our organizations, we are connecting donors to their own dreams.

If our work in philanthropy is to be truly transformational, we must create a safe place for unprecedented and insightful dialogue about the true significance and meaning of our work. There is merit in taking the long-term view. As practitioners, we have to live into the possibilities of these unintended consequences. We must learn and adapt as we go. By creating a new frame for the conversations that are intended to facilitate solutions, the resulting "big ideas" can lead to sustainable solutions and fewer unwelcome consequences.



Contributors

Marv Baldwin

President & CEO, Foods Resource Bank

Marv Baldwin feels honored to be the President and CEO of the Foods Resource Bank (FRB). FRB's commitment to supporting the work of small holder farmers, their families and communities to grow their own food is the main factor that led Marv to his decision to leave the corporate world in 2005 to join FRB.

Before joining FRB Marv worked for Nalco Co. and Universal Forest Products in various sales, service, marketing and support roles for approximately 17 years. Marv received his Bachelor's of Science Degree in Mathematics from Hope College in Holland, Michigan in 1988. He was born and raised in Saginaw, Michigan.

FRB's volunteer-led community growing projects raise money and awareness in the US. The money is used to support subsistence farmers in the developing world who need a start. The awareness created leads to a grassroots realization that we are able to make a lasting difference. Dignity is preserved when assistance is shared humbly.

Marv believes that "We must learn to give without creating dependency and without desiring recognition if we ever hope to significantly reduce the amount of hunger in our world." FRB's model encourages local leadership, visioning, implementation and effort which "opens the door" for sustainable change. Although oceans and borders divide us, we have found a way to support one another, respectfully.

Marv, his wife Amy and their three children live in Western Springs, Illinois.

Ken Bartels

Vice President for College Relations, Elmhurst College

Vice President for College Relations at Elmhurst College, Elmhurst, Illinois. Ken's 35 year career in external relations and advancement includes the last 28 years at Elmhurst. Ken has extensive experience in board management, development, and community relations. He is a sought after speaker in the professional fields of motivation, relationship theory and visioning. A graduate of Carthage College, Ken has been a participant at the Harvard University Institute of Educational Management and the Indiana University Executive Leadership Institute.

Catherine Girard

Vice President of Development, Goodwill Industries of Southeastern Wisconsin

Cathy Girard is the Vice President of Development at Goodwill Industries of Southeastern Wisconsin. Cathy has worked in the non-profit sector her entire career, beginning with the National Multiple Sclerosis Society, Wisconsin Chapter in 1985. During her tenure, Cathy implemented four new fundraising campaigns, including individual and major gift programs. She also developed and managed numerous programs for people with multiple sclerosis (MS), their care providers and health professionals.

In 2003, Cathy took a position as the Executive Director of the American Diabetes Association, Wisconsin Market (ADA). While on staff with the ADA, she developed volunteer boards in Milwaukee and Madison, launched an advocacy committee and significantly increased corporate and foundation giving.

Under Cathy's leadership since 2007, Goodwill has increased its visibility among Milwaukee philanthropists and has more than doubled the annual revenue generated through the development function.

Cathy has served on the Board of Community Health Charities and has been involved with Girl Scouts as well as her church. She received her CFRE designation in 2006 and is a member of the Association of Fundraising Professionals and the Planned Giving Council.



Gary J. Hubbell

President, Gary Hubbell Consulting

Gary is a strategist, providing high-level consulting to mission-driven organizations in the areas of philanthropy, strategy, planning, and coaching. He is passionate about partnering with leaders to transform organizations - applying his research and experience to help define and achieve goals.

A voracious reader and student of history, he is constantly looking to understand the driving forces that shape organizational choices and produce transformational change. He seeks to know why people behave the way they do so that passion and energy can be channeled toward helping social sector organizations reach their potential.

With more than 30 years' professional experience, Gary has been counsel and coach to more than 135 clients throughout his career. He started Gary Hubbell Consulting in January 2006, following 15 years as a senior strategist with a national consulting firm. Earlier leadership roles include development and marketing responsibilities in hospital and museum settings, and consulting roles in resource development, public relations and opinion research.

Ken Hubbell

Principal, Ken Hubbell & Associates

Ken has been the principal of a boutique consulting firm for 15 years, providing strategy, planning, and communication services for the independent sector and selected private firms. The firm designs learning experiences and networks for funders and selected grantees, citizen and community engagement strategies for community colleges, and an assortment of strategic planning services.

Prior to consulting, Ken developed regional cultural centers, nonprofit community corporations, public markets, and downtown redevelopment initiatives in rural areas.

Bruce Karstadt

President & CEO, American Swedish Institute

Bruce was born in Lindsborg, Kansas. He received his B.A. in history and political science from Bethany College and his juris doctor from Washburn University School of Law. After a brief period in private law practice, he took a position at his alma mater (Bethany College) and spent ten very good years there teaching business law and as part of college administration, where he served for a number of years as executive assistant to the president and legal counsel. Since 1990, Bruce has been the executive director of the American Swedish Institute, a museum and cultural center founded in 1929. Additionally, he has volunteered since 1995 to serve as honorary consul general for Sweden in Minnesota.

Megan Olson

Vice Chancellor - University Advancement, University of Alaska Anchorage

Megan's career began in New York City, at public relations firms big and small. Her experience includes work at Burson Marsteller, Lou Hammond & Associates, Ketchum and Porter Novelli. She worked for a variety of clients, mostly in the consumer sector, with a focus for several years on the travel and tourism industry. She arrived in Alaska in the summer of 2001 for what she thought was just a three-month adventure working at a tourist lodge north of Talkeetna. Megan was quickly hooked on Alaska, and decided to stay at least another year. She began working for a small public relations and advertising firm in Anchorage called Northwest Strategies (NWS). She stayed at NWS until 2004 when she accepted a position as assistant vice chancellor for university relations at the University of Alaska Anchorage. In 2007, she became vice chancellor for University Advancement.

Mary Reinders

Reinders Research

Mary Reinders is a Senior Research Consultant serving mission-driven organizations in the fields of healthcare, higher education, arts/culture, religion, and social services. In her work, Mary has conducted a wide variety of qualitative, quantitative, and secondary research studies to advance the mission of organizations through resource development, strategic planning, collaboration, enterprise development, and program expansion.



Project examples include attitudinal research, fundraising performance studies, wealth screening, trend research, community asset research, compensation studies, enrollment projections, environmental scans, marketplace giving analyses, and program evaluation and development. Mary's role in projects is comprehensive; involving senior oversight in the initial discovery phase, design of the service strategy, project management, data collection, analysis, report writing, and presentation of key findings with recommendations.

Over the last three years, Mary has provided senior research consultation to a consortium of healthcare foundations engaged in a groundbreaking fundraising performance benchmarking study. Recent work also includes a comprehensive donor study with CentraCare Health Foundation in St. Cloud, Minnesota; program evaluations for the Milwaukee Art Museum and First Stage Children's Theater; marketplace analysis on behalf of the General Board of Pension and Health Benefits in Evanston, Illinois; and a trend study, environmental scan, and competitor analysis for the formation of an institute for adult education at Elmhurst College located in Illinois.

Mary holds a Bachelor of Arts and a Masters Degree in Sociology from the University of Wisconsin - Milwaukee.

[Susan Ruddy](#)

[President, Providence Alaska Foundation](#)

Early in her career, Susan was a reporter in Washington, DC. Her journalistic work brought her to Alaska in 1964, whereupon she decided to make it her home. She has been focused on Alaska ever since, seeing it as one of the driving passions of her life. With an academic background in political science, Susan has witnessed significant change in urban and rural areas and seen the impact of change on people in the villages.

She has travelled extensively to Europe, Africa, and Indonesia, harvesting experiences that have helped shape her world view and career pursuits. She describes herself as an accidental development officer because the things she got interested in required financial support.

Her conservation interests led her to start the Nature Conservancy Alaska Chapter, where she ended up serving as chief development officer for 12 years. Thereafter, love of learning led her to become the Vice Chancellor of Advancement for the University of Alaska Anchorage. Her cancer diagnosis and treatment sparked her healthcare interest, where she now serves as President of the Providence Alaska Foundation, having recently completed a major campaign to build a new cancer center.

[Shari Lynn Scales](#)

[Vice President of Advancement, George Fox University](#)

With more than 25 years experience in health care, Scales began her career in development in 1992 while employed at Legacy Meridian Park Hospital (Tualatin, Oregon). Positions held include Director of Development for three Legacy foundations; Assistant Director of Development for the Society of Jesus-Oregon Province; and Executive Director-Providence Newberg Health Foundation. Shari joined George Fox University in Newberg, Oregon in April 2009 as the Vice President of Advancement. Approaching her advancement work as a relationship ministry, Shari enjoys figuring out what drives a person's passion, thereafter engaging donors and volunteers to lead her to create a groundswell of excitement around those passions.

Educational experience includes a bachelor's degree in communications from Marylhurst University, and Certified Fund Raising Executive (CFRE), a designation she has held since 1999.

[Tom Soma](#)

[Executive Director, Ronald McDonald House Charities of Oregon and SW Washington](#)

Tom lives and works in Portland, Oregon as executive director of RMHC Oregon and SW Washington. His organization is comprised of two bustling Ronald McDonald Houses, which are part of the international Ronald McDonald house charity with nearly 3,000 houses in 30 countries. He's been the Executive Director since 1999.



With a small staff and a \$2 million annual operating budget, Tom, his board, and staff have distinguished themselves among their peers for highly successful work in planning, marketing, board development, and philanthropy efforts. Tom's focus is currently centered on cause related marketing and revenue generation through enterprise solutions and other ways to create reliable and sustainable revenue streams.

Tom is a graduate of Notre Dame University, with a B.A. in American Studies. He serves as a board member of The Snowman Foundation in Portland, Oregon. He's an accomplished writer and poet. Additionally, he volunteers to coach high school track and cross-country.

Pearl Veenema

President & CEO, Hamilton Health Sciences Foundation

Pearl is President & CEO of Hamilton Health Sciences Foundation and the Juravinski Cancer Centre Foundation. Together, the two Foundations raise philanthropic gifts to support patient care, research education and capital redevelopment for a family of six hospitals and a cancer centre, serving a region of 2.3 million residents. Hamilton Health Sciences is one of the most comprehensive healthcare systems in Canada, providing specialized services to patients from pre-conception through to aging adults.

Pearl began her healthcare career in nursing and has had extensive experience in healthcare administration over two decades. Her portfolio of responsibilities included public affairs, marketing, and patient representative. In 1999, Pearl decided to focus her career in development.

Her development roles included President and Chief Development Officer for the former Orthopaedic and Arthritis Foundation in Toronto. In 2002, she joined the Toronto General & Western Hospital Foundation at University Health Network (UHN) as Managing Director of Campaigns. In 2004, Pearl became Vice President Advancement for the Foundation, which position she held until July 2007. The UHN campaign achieved \$554 million in funds raised.

Pearl is a Fellow of the Association for Healthcare Philanthropy (AHP) and is a Certified Fund Raising Executive, CFRE International. She has served in many leadership roles at the regional and national levels for the Association for Healthcare Philanthropy including Chair. Pearl also served as Director and Chair, CFRE International Board. She is the Chair, AHP University-based Programs and Director of the Institute for Healthcare Philanthropy and is a frequent presenter at conferences.

Joe Zanetta

President, Providence Little Company of Mary Foundation

Joe has over 25 years of experience as a fundraising professional. His career has included leadership and fund development responsibilities as:

- President of the Providence Little Company of Mary Foundation, where he recently concluded the foundation's most ambitious fund raising effort to date – the successful \$50 million Legacy Campaign.
- Vice President for Advancement, Whittier College;
- Executive Director Planned Giving; and Executive Director, Office of External Affairs, School of Business Administration, University of Southern California;
- Director of Development, Belmont Hill School;
- Director, West Coast Regional Office, Cornell University.

Joe received his undergraduate and law degrees from Cornell University, Ithaca, NY, and is a member of the New York State Bar. He is active in many civic, professional and community organizations. He served as Chairman of the Pasadena Enterprise Center, and was a long-time member of the Council for the Advancement and Support of Education District Board. Presently he is Chairman of the Board of Holy Family Services Adoption Agency, member of the Board of The Jester & Pharley Phund and the Robert H. Jackson Center. He is an elected member of The Cornell University Council.

Joe Zanetta is a well-known speaker on philanthropy and consults with non-profit organizations in fund raising and board development. He has been interviewed on topics related to charitable giving and



philanthropy in the Los Angeles Times, Washington Post, American Benefactor, Dallas Morning News, Pasadena Star News, and Whittier Daily News. He is a resident of Altadena, California, and is the proud father of fifteen-year-old Samuel Leggett Zanetta.





Introduction

Two central themes are woven through the four essays in this section. First, Ken Bartels explores leadership as expressed in some fundamental, personal, and professional terms of accountability. He sees leadership, like the fundraising profession, as wholly improved by listening. Listening leads to flexibility and helps to mitigate leadership dogma. Ken reminds us of the power of the professional hunch.

From the world of a membership-based cultural organization, Bruce Karstadt tees up leadership lessons with universal application. Letting go of one's original plans is sometimes necessary to achieve long-range goals. Additionally, his essay observes that the leader who tries to control by force often loses the support of his or her followers.

Shari Lynn Scales examines leadership perspectives through the lenses of Barack Obama's presidential election and her own career transition from health care to higher education advancement. The "leader-elect" status offers an interesting perspective on leadership.

Finally, Tom Soma taps his passion for philosophy, theology, fiction, poetry, and drama to interpret the *Tao* in leadership principles. His is an introspective look at letting go, listening more, being patient, being simple and compassionate—and then watching what happens.





What is a Relationship After All?

Ken Bartels

Vice President of College Relations at Elmhurst College in Elmhurst, Illinois

“What is a relationship after all?” This straightforward question is one that I have been considering for a few years now. An advancement professional for the past 35 years, I have always believed that we are in a relationship-driven industry. This is true whether the goal is fundraising or external relations. Lately though, I have begun to wonder about our overall understanding of relationships and relationship theories.

We have been in a research age for some time. That is, a data-driven, proof-before-process, one-more-Internet-search age, which is the basis for fundraising and donor contact to commence. Outcomes have become paramount, and the margins for success or failure have produced a higher pressure on advancement staffers to get the information and move on it. Because there appears to be no end to the available details, it's very easy to decide you know a donor or prospect “well enough” and trigger a gift request. Without a doubt, much of this information is likely true and often will work.

So, what is a relationship really worth?

Do we even have the time for relationship-based advancement work? It's not that relationships are ignored or not valued, but relationships demand time and strategies. They must be a part of an internal mission concept for staff. They require training, discussion, and commitment. The idea is to have senior leadership embrace the orientation, mentoring, and education needed in order for relationship-based advancement meet the widening expectations. This means relationships supported by research, not research in search of relationships. If the best fundraising is donor-driven, don't relationships then become magnified in their importance?

Relationship theories revolve around some clear principles. The first stage is “identification and search.” There are key questions to apply to donors, prospects, and friends.

- What to look for? – Be alert at the office, the home, the event.
- Where to look? – Existing donors, board contacts, etc.
- Why do this? – To find the connections, the keys.
- Things to remember? – What is unique, new, confirmed, set.

The outcomes that come from a relationship search like this are to know individuals and organizations from a connections perspective. What drives or has driven these donors and prospects to where they are? What are they still searching for or trying to fulfill? How can they be assisted, and in assisting them, aid staff as well?

The second stage is “cultivation and management.” The process has begun; now it must be continued through creativity, a high degree of listening, and always being on alert for ways to advance the relationship to another level. While this is going on, it is vital that those engaged are being sincere, being truthful, and being themselves, yet representing their interests. Relationships don't exist without reason.

The third stage is “qualify and assess.” It is at this point where relationships must stand up to another series of questions, all designed to challenge the relationship's ultimate worth.



- What have you learned thus far? – Assessment of all details.
- What do you know for sure? – Details and data.
- What do you think you know? – Professional deductions.
- Who or what can help now? – To move the process along or provide more information about it.
- Are there links/matches? – Things that will lead to outcomes.
- Hunches and strategies? – Together, determining how to proceed.
- Serious critique? – Continue, delay, or end your efforts.

A personal note on professional deductions: I have for some years now used the board game “Clue” to explain major gifts fundraising to staffers, consulting clients, and audiences of my professional speaking engagements. “Clue” presents the concept of professional deductions as a part of the way to win the game. Rarely in “Clue” do you have all hard evidence to determine the murderous guilty party: Colonel Mustard in the ballroom with a knife. Rather, you *know* some things and *think you know* others. Everyone plays their own game, but to some extent, professional deductions—aided by facts and probable links, and informed by relationships—lead to Colonel Big Donor in the science center with a charitable remainder trust. The point is that in relationships theory, there is a definite place for the professional deduction or “hunch.”

The point is that in relationships theory, there is a definite place for the professional deduction or “hunch.”

You are less dogmatic as a fundraiser or an external relations professional when you listen.

The fourth stage is “actions and results.” It’s time to use your research, hunches, and insights to promote your case or cause. The donors and prospects at this point are ready, and so are the staffers. Again, be as personal as you were in cultivation—always personal. Use all you have in the best, ethical ways, and then listen to the responses. Listening leads to flexibility. You are less dogmatic as a fundraiser or an external relations professional when you listen.

I often ask staff who they know best in the world. After they answer, I then ask them to go and visit that person with the goal of knowing more. Whether it is your mother, spouse, child, or coworker—it is a guarantee that if you seek to know more, there is always more to know. Relationships are like that.

The fifth and final stage is “future and predictions.” You likely have an outcome now. Take that outcome and look at it from every possible perspective: success, failure, level of response, dollars, involvement, and accomplishment. Then look to the future and set a new course based on prediction for where and how this relationship will continue. Once carefully started and nurtured, a relationship rarely just ends. To illustrate that point, I describe “planned giving” as “ultimate giving” from a relationship viewpoint.

Throughout my relationship-based career, I have used a set of professional accountability terms to aid myself and my colleagues in our activities:

Professional Accountability Terms

Plans

- Create a plan
- Implement that plan
- Monitor and adjust the plan
- Communicate and report on the plan



Goals

- Support the goals of the organization
- Support the goals of the office
- Support individual goals
- Communicate and report on goal status

Respect

- Respect endorsed plans
- Respect endorsed goals
- Respect individual ideas
- Respect experience and authority

Responses

- Understand your strengths and weaknesses
- Take things seriously
- Meet all challenges directly
- Be honest in all your endeavors

Accountability

- Be accountable as an individual
- Be accountable as a team member
- Be accountable as an office colleague
- Be accountable as a professional

I have found these terms to help sustain and motivate both senior and rookie staff members. They center on the importance of plans, goals, respect, response, and accountability. They further the notion of an “A-Team” in terms of how to project and explain a relationship-based system into any organization or institution.

An A-Team Listing

- Academic – Research and review
- Awareness – Elements of personal conduct
- Action – Service driven
- Attitude – Dedication to those professional accountability terms
- Achievement – Successes now and into the future

“What is a relationship after all?” It’s a vital, exciting, fluid circumstance, unique in all ways. In my opinion, it’s something we cannot give up, and must promote now more than ever. It’s so worth it.



Relationships: demand time and attention.

Relationships: return the advancement process to a personal level, not just focused on the goals or objectives involved.

Relationships: very real the ageless quote, "Ideas are a dime a dozen, but people who put them into action are priceless!"

Relationships: work. They always did.

**Ideas are a dime a dozen.
People who put them into action are priceless**





The Paradox of Letting Go and Other Lessons: The Experiences of The American Swedish Institute and Its Campus Expansion Efforts

Bruce Karstadt

President and CEO of The American Swedish Institute in Minneapolis, Minnesota

Organizational Background

The American Swedish Institute is a private, nonprofit educational museum and cultural center supported chiefly by fees, gifts, memberships, and earned revenue. It was founded in 1929 by a Swedish-born newspaper owner, Swan J. Turnblad, who at the same time donated his imposing 33-room Park Avenue mansion (in Minneapolis, not New York) to be the center of the Institute's activities.

Up until the early 1990s, the Institute had remained on an unswerving course of defining its audience and programs. Its primary focus had been to interpret the Swedish heritage, past and present, and to preserve the landmark mansion and its collections, both material and archival. It had offered a limited range of programs, which until the early 1990s had mostly been developed with a fairly traditional, long-standing audience in mind.

Annually, the museum has about 45,000 visitors, and an additional 20,000 people take part in various programs. The membership base consists of 5,700 households located primarily in the upper Midwest (65 percent), but members can be found in all 50 states and in several other countries. These attendance and membership levels have remained fairly consistent over the past 15 years.

In 1990, the Institute had 12 full-time staff, and presently the staff consists of 24 full-time employees. The museum is supported by a large group of volunteers (about 350 in 2008) who assist in all areas of museum operation, serving as front desk receptionists in the museum, clerks in the retail area, food preparers and servers in the coffee shop, and in other support roles. Volunteerism is deeply rooted in the Institute; in fact, the first professional executive director was not hired until the 1940s, nearly 20 years after the Institute's founding, and until the 1960s, paid staffing consisted of an executive director and secretary. This has shaped many attributes of the Institute, in particular its collecting, programming, and retailing.

The present executive director arrived in November 1990, near the conclusion of the Institute's first-ever funds development campaign, with a goal of \$2 million for endowment and capital funds. The campaign, managed entirely through volunteer effort, ended successfully in February 1991. It was not until 1995 that the Institute hired its first professional development officer.

During the discussions with the new executive director in 1990, the board indicated its strong desire to move the Institute into a "new future." They believed in the importance of reaching out to a new, younger generation of Swedish-Americans in programs that would serve children and younger audiences. This has been an overwhelming, predominant topic for the Institute's leadership ever since.

Successes and Challenges

In recent years, the Institute has been strengthened in many ways: The board has been transformed; it no longer serves as a group of active hands-on volunteers, but rather as a governing board focused upon its stewardship role of financial oversight and community engagement. Programming for young families and



children has become an integral part of the Institute's activities calendar. A substantial donor base has been developed that now provides significant support for ongoing museum operations, exhibitions, programs, and outreach activities. Important relationships have been developed with cultural organizations and funding sources in Sweden that have enabled creative programming to be brought to the Institute that focuses upon contemporary life in the Nordic region.

Change has not come easily, and the recent years have been marked by a few episodes of internal turmoil among the member and volunteer base. Perhaps the most significant was a decision by the board in 1997 to assert greater control over the museum shop's operation. The shop had long been supported by a volunteer organization that, in turn, had gradually come to think of themselves as the owners of the retail operation. Prior to 1997, considerable tension within the organization had been created during recurring disagreements between the board, staff, and the volunteer organization on a variety of issues, though control over net retail income was clearly the most consistently disputed matter. The issue came to a head with the retirement of the retail shop manager who had served in the role for nearly two decades. By assuming responsibility for the hiring process for a new manager, the Institute asserted its formal control over the retail business, an action that had many consequences, especially a short-term loss of volunteers. Today the retail shop does very well under management of capable staff members, all of whom are fully woven into the administrative fabric of the Institute. And many volunteers who previously left have now returned to active service in the retail shop.

Another example is reflected in the reactions of many members and volunteers (and some staff) to a management decision to make use of underutilized program space on Saturday mornings. A group of parents who were operating a community-based "Swedish school" for children aged 3–15 years were enlisted to relocate the school to the Institute. Given the expressed desire of board leadership to create more opportunities for family programming, one would expect the Institute's community to welcome this. However, there were considerable tensions between the Swedish school parents/staff and a number of long-time Institute members and volunteers who were uncomfortable and unused to the idea of having children in the building. Despite a rocky start, today Svenska Skolan is one of our most important programs for young families, attracting more than 50 children and their parents to the Institute each week.

New Directions

In early 2000, the Institute's leadership began to consider the possibility of a campus expansion. There was considerable need for additional space, in particular for programming and the storage and care of collections. Our present facilities, while historically notable and cherished, were recognized to be a very real limitation upon the caliber of our current services and our potential to further grow innovative programs and services. Though the Turnblad mansion was and is our most important icon, it was suffering after being called upon to house many activities and functions for which it was never designed. Leadership determined that new spaces were required to enable ASI to give better care to its historic home and to attract a broader audience.

A feasibility study was undertaken with the assistance of an external consultant, and it was determined that the Institute had the capacity to raise \$18 million for four purposes: (a) key renovation needs of the Turnblad mansion, (b) construction of a new educational and cultural center, (c) creation of a parking facility, and (d) endowment growth. The board accepted the recommendation and proceeded to hire an architect and create a plan for expansion of the Institute's facilities. The studies undertaken at this time involved only a select number of principal stakeholders and donors, in addition to board, staff, and key volunteers. No broad-based effort was undertaken to draw into the conversation and to gauge the opinions of a large representative group of members and volunteers.



Planning and Raising Funds for the Building

The architectural vision endorsed by the Institute's leadership called for a new 40,000-square-foot educational and cultural center to be constructed next to the landmark Turnblad mansion, with an underground parking facility below. This new facility would necessarily have to be constructed on the only adjacent land owned by the Institute, which was and still is being used as an 80-vehicle parking lot. (The Institute was situated on the north end of a city block jointly occupied with a large seven-story skilled nursing care facility, Ebenezer Home, which owned the south 60 percent of the city block.)

Reactions to the plan were mixed. Fundraising among those donors not closely associated with the Institute's traditional base went very well. Several pledges and gifts in excess of \$1 million were raised from people and foundations in California, Minnesota, and Sweden. One trustee, desirous of making a true lifetime gift that would motivate others, committed \$5 million to the project. Sufficient pledges were paid that enabled fulfillment of the first goal of the project, that being to undertake major restoration of the front veranda, gardens, and solarium of the Turnblad mansion.

For those most closely associated with the Institute (the most active volunteers and close-knit local membership group), however, enthusiasm for the project could be characterized as restrained. Reasons for this varied. Some did not favor the architectural design of the new facility. Others were concerned that the recommended parking solution was an underground ramp that would be expensive to build, maintain, and assure safety in its use. Still others felt that the Institute simply couldn't afford such a large structure. Others did not endorse the view that the Institute should be more engaged in the community; they felt the programming view ought to be more narrowly focused upon the traditional audience, which ostensibly could be satisfied with continued use of only the Turnblad mansion.

Cultural identity was another reason for dissent; modesty and "making do" is part of the Swedish-American personality, thus it wasn't possible for some to accept that the group deserved a better facility. And perhaps, overall, the fact that the Institute never had an ongoing institutional commitment to cyclical funding campaigns meant that the traditional donor base was not prepared to break away from their normal giving patterns.

Lesson One – Let Go in Order to Achieve

In 2006, the Institute was presented with a momentous opportunity: the owner of the neighboring skilled nursing facility, Ebenezer Home, was preparing to close and wanted to sell the property. Would the Institute be interested in purchasing it, thus becoming the sole owner of the entire city block? The Board of Directors wrestled with this issue for several months. While pledges to the campaign (by then nearly \$15 million) would ultimately enable payment for the property, cash flow from pledge payments was not properly aligned with the purchase agreement. Thus short-term financing would be needed to make a purchase that represented a major departure from the original objectives of the campaign. (And if there is anything to which a conservative Swedish-American organization is averse, it is indebtedness of any kind and duration.)

After consultation with the major donors to the campaign as well as other key stakeholders, the board approved the purchase of the property for \$6 million. The nursing facility was torn down, and the property was transformed into gardens, festival grounds, and a 150-vehicle parking facility, thus uniting the entire city block into a comprehensive campus for the Institute. Within two years, campaign pledges were paid, the indebtedness was erased, and today the Institute fully owns its city-block campus. This was a key moment for the Institute, for the purchase of this property was a catalyst for the re-visioning of the strategic plan for program and campus expansion. It also was a clear signal to the Institute's membership and the broad community that campus expansion was a reality.



We find the truth that when we let go of what we have, we receive what we need.

This brings us to the first application of classic Chinese wisdom: The Institute needed to let go of its original plans in order to achieve its long-range goals. The executive director probably had the hardest time with this, as he had been a champion of the initial design and had carried it forward in hundreds of presentations to members, donors, and community groups. But the acquisition of the Ebenezer property, a symbol for new thinking about our campus expansion plans, was a breath of fresh air to those important constituents resisting the previous plans. They began to embrace, quite vocally in many cases, the new potential for campus expansion. Pessimists became optimists; naysayers became supporters. And in this episode, we find the truth that when we let go of what we have, we receive what we need.

Lesson Two – The Paradox of Pushing

With the acquisition of this property, the Institute abandoned the entire original concept for new facilities. No longer would there be underground parking. The new educational and cultural center could also be redesigned and repositioned in such a manner that it wouldn't crowd or detract from the Turnblad mansion. Both of these developments were quite enthusiastically embraced by many volunteers and frequent visitors within our membership. But the challenging economic realities now faced by the Institute also meant that any new facility would necessarily need to be more compact if the organization was to stay anywhere near the original \$18 million goal.

We also recognized that this was a wonderful, new opportunity to engage the Institute's audience in the re-visioning process. Or, to put it another way, we had the chance consult broadly within our large community of stakeholders to engage them in conversations about the future of a place that mattered greatly to them.

A series of information-gathering meetings was held in 2008 with nearly 200 people representing several core constituencies: staff, members, volunteers, trustees, and students. An electronic survey was designed and sent out via email to nearly 5,800 households; within 24 hours, the Institute received an astonishing 1,700 responses, and after one week, more than 2,500 responses had been received. Individual meetings were held with each staff member and each trustee, as well as all major existing donors. After analyzing the results, we found encouragement to proceed and a clearer sense of direction for reshaping the capital expansion.

The following were among the most important findings or areas of consensus:

1. The composition of support sources will likely change in coming years, but new sources exist and will come forth.
2. The demographics of those we serve are changing for the positive, as we are seeing results from past efforts to connect with young families.
3. Our core audiences deeply value the Institute as a place to gather.
4. The landmark Turnblad mansion has an enormously important place in their hearts. It is our hearth.
5. Stakeholders can imagine *and desire* an improved and different future for the Institute with the improved facilities to be brought about by campus expansion.

Through this process, we began to understand more clearly a major flaw in the campaign's launching. In retrospect, it could now be seen that in 2000–2001, a relatively small group of well-intentioned Institute leaders created the first vision for the Institute's campus expansion and then undertook an extensive effort to convince its membership and donor community of the wisdom and need for that particular plan. While it resonated well with some people and achieved a modicum of success, it never engaged the entire community of Institute supporters in sufficient level to achieve full success.



All of this now seems to be a very clear illustration of the paradox of pushing: The leader who tries to control the group through force does not understand group process. Force will cost you the support of the members.

The 2008 community engagement process recently undertaken has already been successful in generating a level of broad-based enthusiasm for campus expansion never quite realized previously. Further, this process has drawn forth ideas and suggestions that will be extremely influential in shaping the final revised plans for campus expansion.

Among the most important of these findings is the great passion of our audience and our community for the landmark Turnblad mansion and what this means for us. Any campus expansion plans cannot simply abandon the mansion in favor of new, contemporary facilities. It isn't enough to say, "Let's build a new facility, and then we'll figure out what to do with the mansion." Rather, our outcomes must embrace the concept of a fully renovated mansion with repurposed spaces seamlessly blended with a smaller contemporary facility. And thus, newly engaged architects are now working on such a design.

A number of benefits will flow forth if the Institute can achieve the foregoing: We will reduce the overall project cost, since the renovation of existing space is half the cost of new construction. A local audience previously resistant to change will be more likely to embrace the campus expansion project if the Turnblad mansion remains at the heart of our efforts. In turn, an engaged audience will continue to attend the Institute's expanded calendar of programs and activities.

The leader who tries to control the group through force does not understand group process. Force will cost you the support of the members.

Identity and Understanding Audience – A Swedish View for an American Institution

During the course of our 2008 community engagement process, a recent study came to light. It was conducted by the country of Sweden for purposes of creating a new brand identity for presentation of Sweden and the Swedish people to the world abroad. The Swedes' view is that a country's success (political goals, trade, etc.) is dependent in large part upon how it is perceived abroad. To help Swedish business, government, and society convey a consistent message, a very practical tool has been developed as a guide or platform upon which all could draw.

This platform suggests that Sweden could best be described as a country that bases its development upon people's needs and environmental conditions—in other words, a progressive country that strives for balanced development. Sweden's image is centered on four traits or core values that are believed to define it, with a uniqueness from all others in the international community: innovation, openness, caring, and authenticity.

As we read and assessed these Swedish materials, we began to realize that the language was remarkably descriptive of the Institute. We felt a strong resonance with those four qualities that Sweden itself determined were most "Swedish." We concluded that this formulation, with some adaptations, offered ASI a compelling framework for the development of programs and initiatives to bring our vision into reality. Thus inspired, we now state that in order to bring our vision into reality, The American Swedish Institute will be:

- **Innovative** – We will take an entrepreneurial approach to programs, services, and facilities, in the spirit of founder Swan J. Turnblad.
- **Authentic** – We will invest in our historic importance and reputation as a community gathering place and cultural crossroads.
- **Open** – We will move decisively towards a future with new and diverse audiences, especially through programmatic alliances with community partners that share our enduring Swedish values



of global concern.

- **Caring** – We will incorporate values of social responsibility and sustainability into our programs, facilities, and operations that uplift the health and welfare of our visitors, the community, and the environment.

We now seek to embed these core values into the American Swedish Institute's future role of service to the community and audience. These core values could be viewed as an organizing system for relationships, behaviors, attitudes, and work.

One early application of working within this system is in our examination of other community organizations that might be invited to co-locate on our campus. The possibility of new space gives us an opportunity to lease space to other like-minded organizations. Our belief is that this would help us to develop audience, as well as create an avenue to offset the increased operational costs of an expanded campus.

We see the wisdom of being guided by these core values in the evaluation and selection process. Would the presence of a specific organization on our campus be consistent with these values? With just one value, or more than one? This exercise is forcing our organization to go beyond lease revenues when evaluating these potentials, but to also consider the programmatic dimensions for our audience in such a relationship.

One particularly vexing issue confronting us is that of food service. The Institute has had very limited food service capability. We offer a small coffee shop serving Swedish pastries and beverages during open hours, an operation that is coordinated by a single staff person who is assisted by several dozen volunteers. Audience surveys suggest that an expanded food service is desirable; such an operation would require us to invite a commercial food service provider onto the campus.

Food service providers in the area are now being screened in the context of these core values, a process that has narrowed the field considerably in terms of viable candidates. We aren't interested in just any typical off-the-shelf catering operation. Rather, any such provider must be willing to embrace their role on our campus as a program partner that understands and lives out the values we hold firm for our future.

Another way in which these values are beginning to shape our future is in audience development. As a membership organization rooted in heritage and place, the American Swedish Institute is wonderfully situated to benefit from society's general desire to be engaged in small affinity groups. In *The Tipping Point*, Malcolm Gladwell observes that people tend to belong to several groups. Most have a sympathy group, that is, 10 to 15 people for whom they care deeply. A group of 150 tends to be the maximum size within which people can have genuine relationships.

It would be quite consistent with our core values and our audience's preferences to envision a membership and volunteer program structured around special interest groups, each relatively small, to allow for the development of strong relationships. Architectural design of both new and renovated space will need to be sensitive to this aspiration through the creation of spaces that will appeal to smaller affinity groups.

Conclusion

The Center for the Future of Museums (CFM), an initiative of the American Association of Museums, recently released a study entitled *Museums & Society 2034: Trends and Potential Futures*. Among the most salient of its findings are these:

1. Museums can take the lead in reshaping civic involvement for a new generation of retired, aging citizens.
2. Mothers visiting with young children are likely to be in their 30s and 40s. How will museums meet the rising expectations that highly educated, older mothers have for their children?



3. Museums, among the few institutions that bring together people of all economic classes, are uniquely situated to promote dialogue and understanding about other cultures and our place in the global economy.
4. Along with the outdoors and places of worship, museums will represent the best opportunity for human engagement and authenticity in an increasingly atomized and digitized world.¹

In founding the American Swedish Institute in 1929 at the beginning of the Great Depression, the Swan J. Turnblad family made a bold, entrepreneurial act that significantly enhanced the quality of this region's cultural heritage and its international relationships. Today it exists in a much different and ever-changing world, country, and neighborhood from the one known by its founders.

Even though the Institute is, in one sense of the word, a preserver of the past, it must also be in the business of the future. Our aspiration is to purposefully sustain and renew our audiences, our programs, and our services—to revitalize our campus and our community. We believe that our community engagement process and the identification of core values will help us significantly in preparing ourselves to respond to the changing environment predicted for museums in this country. We hope the lessons we have learned during this journey, especially about engagement of that community during the planning process and remaining open to changes in strategy, may be useful to other organizations.

¹Center for the Future of Museums, *Museums & Society 2034: Trends and Potential Futures* (Washington, D.C.: American Association of Museums, 2008).





Releasing the Leader Within

Shari Lynn Scales

Vice President of Advancement of George Fox University in Newberg, Oregon

If ever there were a time to consider the enormity of impactful leadership, Election Day 2008 was proof positive. This historical event, coupled with my own professional transition between a health care foundation executive role (a field in which I carry decades of experience) and a vice presidential seat in higher education (a field in which I possess no experience at all), caused me to reflect on the topic of leadership in the world of development: how each of us has the ability to lead, and how each can use this innate skill to release the leadership potential in others, whether they be staff, board members, donors, or prospects. This essay is not an attempt to solve a leadership problem and may not even generate “a-ha’s” for most readers. Rather, the words below offer a compilation of personal reflections meant to spark additional conversation or release further thought.

While U.S. society, politicians, pundits and leaders from around the world will be talking about Barack Obama’s unprecedented accomplishment for years, even centuries, to come, leaders in the nonprofit sector have many a lesson to learn from this historical campaign. For starters, we learned from the Obama campaign that it is possible, within a relatively short period of time, to generate a groundswell of community support through simple, grassroots efforts. How else are we to solidly flank our pyramids with new donors and relationships? How else are we to determine who our next Phil Knight may be or where our unimaginable \$100 million gift may come from?

Notice the language of we. An excellent leader instills a sense of ownership in the cause—and the solutions. Conversations with our staff and our donors are no different. From the time his campaign started to his impassioned acceptance speech, Obama never said it was all about him. “We have a lot of work to do to create change in America,” he said. *We*.

The beauty of work in nonprofit development is that we get to listen more than we get to talk. At least that’s what is supposed to happen. Many times, whether during the high of achieving an incredible gift or during a discomfiting lull in the campaign to build Providence Newberg Medical Center—a project that seemed to be without an ending—I found donors leading me toward their passions, their hopes, and their commitment to changing our community for the better. Simply providing that opportunity for a donor to support something bigger than both of us sparked deeper discussions about the meaning behind the bricks and mortar, and unleashed desires to lead, by example, a community toward positive change.

Leadership speaks to the freedom to express thought, emotion, passion, and persistence—and to help define and even release in others those same powers that each may carry within.

I found donors leading me toward their passions, their hopes, and their commitment to changing our community for the better.

Just ask Ken and Joan Austin. One wouldn’t know upon meeting them that the two founded and still run today the world’s largest dental equipment manufacturing company, A-dec, in Newberg, Oregon. You see, they never forgot what it took to grow their company from a small start-up shop in a World War II-era Quonset hut with two employees, to today’s state-of-the-art corporate and manufacturing campus boasting nearly one thousand employees. Leadership. It’s not about them. Yes, they are the leaders, but their passion first and foremost for their employees drives what they do, within their company and for their community. Leadership the A-dec way trickles down through the company’s management, supervisors, and frontline staff who, in turn, spark strong families, teach Sunday school, coach their kids’ sports teams, and so it goes.

Leadership is not stoicism. I’ve seen great leaders unafraid to bare their emotions in public by shedding



a tear or two, and with a quivering voice, deliver the best or worst of news to the flocks who follow them. Leadership speaks to the freedom to express thought, emotion, passion, and persistence—and to help define and even release in others those same powers that each may carry within.

So what does this have to do with raising money in what is, today, one of the worst economic storms our country has ever weathered? Back to the Obama campaign. At a time and during a campaign when it seemed most odds were against a gangly African-American freshman senator, election night proved many wrong as the political ticker showed more than a seven-million-vote lead over his opponent, and as 240,000 people filled Grant Park to congratulate his achievement—their achievement. He had the power to instill ownership among his supporters in this campaign. When leadership is shared, excellence is released.

Thus it is critical for nonprofit leaders first to get their organizational houses in order. Not the files, not the database systems, but the people. Whether a 2-person shop or an advancement team of 15, defining how each staff member embraces the organizational mission and understands implicitly the critical role he or she plays in the fund development process is imperative. One-on-one discussions foster opportunities to identify strengths and areas of growth, and to create game plans for movement forward, or onto another team altogether. Creating an environment that instills trust and accountability among the internal staff can only strengthen this idea of unity for a common cause. Leadership is not always about championing popular ideas, rather we need to demonstrate to our development staffs the willingness to be open, take risks, push the envelope, and ask the hard questions—all for the sake of our institutions' and our communities' success.

What about the board? We're taught as fundraising leaders to go out and recruit the best and the brightest community leaders out there. But once they're "in"—then what? I've seen a roomful of financial leaders, successful business owners, retired educational leaders, and real estate moguls reduced to head-nodding robots in board meetings, assumingly, for fear they are out of their comfort zones of expertise. Leadership knows no language. With our boards, we have incredible opportunities to speak in commonplace terms about everyday issues. Does my child or grandchild have a good school to go to? Will our local hospital be able to keep its doors open? Will the university add a much-needed program? What are we to do about the homeless, drug abuse, and domestic violence permeating our cities? Who do we know that can join us in understanding this cause, embracing our mission, and solving these problems? Without necessarily tactical measures and a detailed master plan for solving these crises, one can at least foster the idea of stepping up to dialogue and get our arms around owning the problems, which can then spark leadership in beginning to create the solutions. That's what Barack Obama has taught me anyway.

Leaders can express fear and courage at the same time, serving up doses of honesty along with stick-to-it-tiveness, in the face of incredible odds.

Leaders can express fear and courage at the same time, serving up doses of honesty along with stick-to-it-tiveness in the face of incredible odds. An old friend whom I met in the grocery store the other day talked excitedly about Phil and Penny Knight's unprecedented \$100 million donation to Oregon Health Science University. You see, she has an incurable form of lymphoma that she has been battling nearly five years now. When I mentioned that she looked great, Penny said, "The chemo is working. I'm in 90 percent remission now." But her eyes only lit up when talking about the possibilities the Knight's gift would bring to her oncologist and the team of specialists working with her and other cancer patients, and how their gift will benefit the legislation she is championing at the state level in support of cancer research—all this while juggling a family of her own and teaching business classes at Portland State University. Wow! She inspired me to do more right there on the spot. She made me feel that if she could have that much drive despite not feeling like dancing a jig some mornings when she struggles out of bed, how much more could I do and be? More than I am now, I am confident of that.

So how can we have these same conversations with our major donors? Easy. Get them to share their stories and their passions, and then talk about our organizations and the challenges and opportunities we face collectively. Surely there's a major donor on your list right now who has an idea, but is not sure where to take it; who has a passion, but doesn't have the right forum in which to share it; who has drive to learn



more, but doesn't know what questions to ask. Begin asking *yourself* how you can be a catalyst for that donor. Think, then, of the possibilities that may grow from there. What if we exchanged our MBAs and our CFREs and all our worldly applied skills for *love*, as Obama's poet laureate from Yale suggests? Not love in the sense of flowery romance, but the instinctual passion that drove us to our positions of nonprofit leadership in the first place.

I am blessed to have created a new leadership group at Providence Newberg Health Foundation called the Women's Health & Philanthropy Council. This "experiment" with a female-dominated group started with our hospital's plans to build a new women's health center. Thinking outside the box a bit, I didn't want simply to create another "campaign cabinet" of sorts whose work would be intense and time-limited, and whose anticipated success after an uphill climb would come to a screeching halt once the doors of the new women's center were opened. Rather, I thought, could this be an opportunity to finally grow our foundation's outreach into the community, and truly make a difference in philanthropy going forward. Could this be a chance for Newberg to have its own "women's giving circle" or "investment club"—except they would be investing in their collective communities rather than their personal portfolios. So, after a few phone calls and one-on-ones with some women hand-picked from my best relationship lists, our group launched. Being the organizer I am, I armed them with neatly laid-out three-ring binders containing lists, notes, and articles on women's health and women's philanthropy.

The chemistry was just right.

It took no later than the second meeting for the group to launch into its own self-facilitated discussion about—what else?—their kids. And the conversation wasn't focused only on the question of how the new women's health center could be a resource for their daughters and granddaughters. The question was, *How can we teach our younger generations about the importance of giving back?* A fundraiser's dream—at least mine! Because, if ever there was a question among the top five on any fundraising executive's list, if ever there was a question whose answer would have direct impact on the success or struggle of our nation and its future, it is this one. So, having created this group of women leaders, they will take their leadership out into the streets and begin to energize, recharge, and instill. They will foster, empower, and grow. Their actions—next year on the women's health center, in 5 years on community health, and in 20 years on a force of visionary change for the entire community—will make their indelible mark on the hearts and minds of old and young alike, teaching us all that, in the words of our first black president, "Yes we can" create positive change for the future with our collective thinking and gifts. "Yes we can" bring the work of hospitals, universities, social service networks, churches, schools, and environmental agencies to a new level that defines them, collectively, as the backbone of renewed nation. "Yes we can"—a phrase that will forever ring in the hearts and minds of many Americans after that historical election night, and should serve as the monolith for our work as nonprofit leaders going forward.

So, what possesses a team that boasts centuries of Washington DC experience and, comparatively, a team with decades of higher education fundraising knowledge to reach out to its most junior ranks? Hunger. Desperation. Can't someone, anyone, take our institutions by the reins and bring some truth and fair assessment, and make the hard decisions that will drive us to the success we have worked so long and hard to achieve? Can we be the coach that the team longs to have rally around them, assure and inspire them, and in turn, assure and inspire donors or prospects—to create powerful, impactful change in what we've already staked a claim in?



We're human bridges, really. That safe place between what is and what is yet to be. The beginning to an end of a yearning for something better, different, more.

And what does it mean to be president–elect? Or vice president of advancement–elect? We're human bridges, really. That safe place between what is and what is yet to be. The beginning to an end of a yearning for something better, different, more. You saw it in the eyes of the audiences who, month after month leading up to November 4, 2008, filled stadiums and parks, wide-eyed with enthusiasm toward a would-be president whose leadership brought hope when he hadn't even held the title of "president" yet. So, too, a somewhat successful, but could-do-more development team at an up-and-coming Christian university looks to their next advancement VP for direction *now*. A sense of calmness permeates as they wait and rest, for this new person now carries the burden of the future, although not officially yet. It's almost more burdensome to carry the "elect" term than to officially be tagged "it." There are expectations to meet in the interim, two or more hats to wear for a while, confidences to gain that are yours for the losing if you don't act before you're really supposed to. You're the bridge.

So too, we look to our donors to be that bridge—carrying our institutions from one project to the next. Sometimes, merely a footbridge with two ropes tied tightly at either end; at other times, the Golden Gate of a capital campaign goal exceeded. Sometimes we need only skip easily upon a six-lane concrete structure. Other times, we're grasping the unsteady railings, white-knuckled, as our toes curl and grip with every awkward step across the deepest ravines and raging rivers we sometimes find our institutions hovering over. Leadership is about building the bridge and crossing it simultaneously—with your teams and your donors—showing those around you that, yes, anything is possible once passion, and excellence, are released.

The futures of two institutions—a cutting-edge, Christian-heritage-rich liberal arts university on the brink of new success and a 225-year-young country long hoped to be the world leader that would bring all peoples and all nations to common worldly good, no matter their spiritual or ethnic core—depend on us.





Paradoxical Leadership: A Contrary Take on Executive Clout, Inspired by the *Tao Te Ching*

Tom Soma

Executive Director of Ronald McDonald House Charities in Portland, Oregon

paradox n. 1. A seemingly contradictory statement that may nonetheless be true....
4. A statement contrary to perceived opinion.¹

“There go my people. I must find out where they are going so I can lead them.”

—Alexandre Ledru-Rollin

Ledru-Rollin’s quote was sent to me by a trustee shortly before an annual board retreat. We were in the midst of a year-long planning process, feverishly eliciting and consolidating a vast array of input into what would become a new strategic plan. This being the second such exercise during my tenure, I was especially invested in both the process and product. But while clearly the organization’s leader, I was *not* out ahead of the troops. And that wasn’t bad!

As the trustee was hinting, the most effective CEO isn’t necessarily a “top-down” person. In fact, he recognized what I was coming to enjoy most about my job—the fact that our board and staff were comprised of passionate, enthusiastic professionals with a broad range of experience and expertise. We had *many* leaders—and my most significant contribution would be engaging and empowering the wealth of talent in front of me!

While insecure administrators might be threatened by a suggestion (even in jest) that they were being outpaced by their subordinates and volunteers, I considered the quote a compliment—and turned it into a PowerPoint slide to launch the retreat. Whether due to advancing age or tenure, I appreciate (though don’t always incorporate) a behind-the-troops approach to leadership alluded to by Ledru-Rollin, whose reflection is actually rooted in an ancient text that simultaneously defines and guides the paradoxical leader: *Lao-tzu’s Tao Te Ching*.

“If you want to lead the people,” Lao-tzu notes in the 66th of his 81 axiomatic chapters, “you must learn to follow them.”²

Though little is known about the man, much of Lao-tzu’s wisdom has found its way into the vernacular. The 2,500-year-old *Tao* is the reputedly second most translated book in the world, behind only the Bible. If you’ve ever wondered about the expression, “A journey of a thousand miles begins with a single step,” you’ll find it in chapter 64.

Much has been written about organizational leadership. Between Warren Bennis, Jim Collins, Stephen Covey, Larry Wilson, and all the other contemporary gurus, there’s plenty of advice about how CEOs might incorporate “powerful lessons in personal change” to guide their organizations from “good to great.” I compiled my favorite principles into a single-page handout several years ago. While the finished product was succinct, it struck me as merely a repackaging of the same old stuff.

After two decades of working with and observing CEOs, and a decade in the role myself, I’m not sure there are any quick fixes or foolproof techniques for managerial success in our increasingly complex world. And I’ve noticed that it’s far easier to bestow advice than to abide by it, especially when those upon whom it’s conferred aren’t in a position to hold you accountable! So I traded the professional journals



for my deeper passions: philosophy, theology, fiction, poetry, and drama—all of which contain their own inspiration for both leadership and life. Then I stumbled on the *Tao Te Ching*.

At first glance, just about every verse of the *Tao* appears to contradict some established (though not necessarily well-considered) Western cultural norm—particularly those that apply to leadership. Consider this from chapter 36: “The soft overcomes the hard. The slow overcomes the fast.” Or from chapter 43: “The gentlest thing in the world overcomes the hardest thing in the world.”

I had always envisioned the consummate CEO as the hardest-driving, fastest-running player on the team. But, if I was to take Lao-tzu seriously, I needed to step back and think again. In so doing, I discovered an invitation to consider a significantly different approach to my role, responsibilities, and ultimate value to the organization I lead.

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Before sharing the lessons I’ve found most helpful and relevant, I offer a caution. Perhaps the *Tao’s* most ironic directives are aimed at fools like me who would even consider offering advice on leadership (or anything else, for that matter): “True words aren’t eloquent, eloquent words aren’t true,” chapter 81 points out. “Wise men don’t need to prove their point; men who need to prove their point aren’t wise.” Chapter 56 is even terser: “Those who know don’t talk. Those who talk don’t know.”

So, be warned. This piece is written for an audience of one: me. If by some fate it has fallen into your hands, I urge you to take it with a hefty grain of salt. I’ve compiled this not as a prescription for anyone else, but as a reminder for me. The gathered pearls strike me as not merely interesting, but as vital to my work and life. They’re ideas and ideals to which I might aspire. In their distillation, I hope to define the qualities I find most worthy of emulating—and create a standard by which I might hold myself accountable.

A brief note on the *Tao*: All but one of the passages quoted here have been taken from *Tao Te Ching: A New English Version* translated by Stephen Mitchell. Among the many compelling and poetic translations of this ancient masterpiece, I chose Mitchell’s for its elegant simplicity and accessibility.

Until recently, if asked to describe a “leader” in a single word, I would have said, “charismatic”—envisioning, as I did (and still do), an intelligent, articulate, and dynamic individual who encourages, energizes, and unites others in pursuit of a noble cause. “Charisma,” as the American Heritage dictionary notes, is a rare quality—one attributed to those precious few who have demonstrated “an exceptional ability for leadership” and who have secured “the devotion of large numbers of people.”

Certainly *Tao*-inspired leaders are intelligent and articulate. But they possess a different sort of charisma. Rather than appearing dogmatic or competitive (as traditional CEOs are often characterized), they are serene and compassionate. Though open, attentive, and even “radiant” in person, they are not flamboyant. While status and privilege are the expected perks of most upper-level jobs, *Tao*-inspired leaders are satisfied with intrinsic rewards; they epitomize humility and service. Most importantly, perhaps, leaders rooted in the *Tao* effect change through listening, questioning, and nurturing, rather than by directive or decree.

“If you want to be a great leader,” Lao-tzu observes in chapter 57, “stop trying to control. Let go of fixed plans and concepts.” Consider how radical *that* seemed during our planning process!

Lao-tzu doesn’t suggest or imply that organizations dispense with planning. Rather, he urges that organizational *leaders* relinquish their own personal biases. Just to be clear—the *Tao* is addressed specifically to those who occupy or aspire to positions of influence. And the mark of a moderate leader, chapter 59 advises, “is freedom from his own ideas.” The verse continues:

Most importantly, perhaps, leaders rooted in the *Tao* effect change through listening, questioning, and nurturing, rather than by directive or decree.



*Tolerant like the sky,
all-pervading like sunlight,
firm like a mountain,
supple like a tree in the wind,
he has no destination in view
and makes use of anything
life happens to bring his way.
Nothing is impossible for him.
Because he has let go.*

“Letting go” is a repeated theme—and surely a reasonable tactic for avoiding the strokes, heart attacks, and other job-related stresses that commonly reduce executive tenure. “The Master takes action,” chapter 64 states, “by letting things take their course. He remains as calm at the end as at the beginning. He simply reminds people of who they have always been.” And, in chapter 48, “True mastery can be gained by letting things go their own way. It can’t be gained by interfering.”

In addition to facilitating a longer, healthier life, such a countenance generates other tangible benefits. Mentally, it enables greater clarity; in the workplace, it engenders intense loyalty.

But how does one attain such remarkable presence? As the *Tao* emphasizes, leaders must have deep reserves of patience and confidence. “Do you have the patience to wait till your mud settles and the water is clear?” chapter 15 inquires. “Can you remain unmoving till the right action arises by itself?” Chapter 30 adds: “The Master does his job and then stops... Because he believes in himself, he doesn’t try to convince others.”

Here a confession is in order. As anyone who has ever worked with me will immediately attest, I violate this all the time! I’ve always found it easier to inject an opinion or present a solution rather than wait for a “right action” to arise by itself! Who has the time?

If I were to truly embrace Lao-tzu’s approach, I would be offering far fewer answers and raising far more questions—especially when supervising staff. I *know* the questions (How do *you* see it? How will you address it? What can I do to help?). But *knowing* and *posing* are two different things! I’d do well to cultivate a more inquisitive approach from the outset. There surely are advantages. Such patient inquiry immediately minimizes potential resistance and resentment, and ultimately inspires both responsibility and confidence. It probably ends up *saving* time too.

Admittedly, for this to work, you need the right people. Great teams require great players at every position—and that doesn’t happen overnight. But I believe the *process* of team building (or rebuilding, when addressing underperformance) can also be expedited with two simple questions: “Are you happy?” and “Do you think this is a good fit for you right now?”

When I’ve taken this approach, I’ve had three outcomes—all positive. In the first case (which has played out several ways), employees have recognized either a poor fit or their own unhappiness and departed voluntarily. One employee even went so far as to propose a restructuring that included the elimination of her own job—a proposal I swiftly embraced! In the second case, an employee recognized that her unhappiness *on* the job was actually the result of circumstances unrelated to work. Consequently, she made some personal changes which dramatically improved both her attitude and performance. In the third case, an employee volunteered that her existing responsibilities (which she had fulfilled adequately for several years) were no longer a good fit—so she proposed a modified role that was better suited to both her professional and personal ambitions. Fortunately, over time, we were able to accommodate the change.

Of course, there are days I wonder if I’m up to the task. That feeling, too, the Tao puts in perspective. “Governing a large country,” Lao-tzu offers light-heartedly in chapter 60, “is like frying a small fish. You spoil it with too much poking.”

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In that context, the leader's role is far less ominous. His primary function is simply to guide "without interfering" (chapter 51). Leaders themselves, as chapter 58 points out, must be "content to serve as an example and not to impose (their) will." Above all, leaders should exemplify hope—a temperament that cannot be feigned and must be rooted in a genuinely youthful spirit. Chapter 55 offers the following:

*The Master
lets all things come and go
effortlessly, without desire.
He never expects results;
thus he is never disappointed.
He is never disappointed;
Thus his spirit never grows old.*

The idea of a spirit that is "never disappointed" and "never grows old" resonated more deeply when I was recently challenged to recall "an old and original part of myself" that I was not fully indulging. Immediately, "playfulness" came to mind, and I was flooded with childhood memories of the games I enjoyed from dawn past dusk. Then I wondered, What if I could bring that youthful, playful spirit into the workplace? How would that color my own experience? And how might it rub off on those who report to me?

While I wish I could report astonishing results—both for myself and my staff—that wouldn't be honest. The notion is still new and I'm out of practice. So far, I have managed to add a fourth "p word" (*playful*) to the three other mantras I've lately espoused as organizational best practices: *prudent*, *positive*, and *proactive*. Time will tell whether a tangible spirit of playfulness takes hold. I sense that kind of transformation will require the troops to be out in front of me again! Which only heightens my appreciation for another of the *Tao's* profound lessons: the fact that I don't have to epitomize another "p word": *perfection*.

The *Tao*-inspired leader, far from being immune to mistakes, is one who actually invites and celebrates them. "Failure is an opportunity," Chapter 79 suggests. When a "great man" makes mistakes, verse 61 notes,

*he realizes it.
Having realized it, he admits it.
Having admitted it, he corrects it.
He considers those who point out his faults
as his most benevolent teachers.*

Looking back over my decade-long tenure as an executive director, I'm especially grateful for two things. First, the constant evolution of my responsibilities—an opportunity facilitated not by failure, but rather by the gradual, calculated addition of new, more qualified employees. My job description now only remotely resembles the one I willingly embraced ten years ago, and I couldn't be happier. Each change (and there has been a substantial shift at least every two years) has simultaneously increased my own satisfaction and heightened my value to the organization. Second, and more importantly, I appreciate the considerable grace I've been extended by five different board chairs, each of whom has offered patient, nurturing guidance—counsel that has been most benevolent during times I've most needed correction.

In the end, *Tao*-inspired leaders maintain a healthy distance not only from their failures, but from their achievements as well. "The Master...succeeds without taking credit," chapter 77 instructs. The result, from an organizational standpoint, is nothing short of transformational. Chapter 17 eloquently concludes, "When the Master governs, the people are hardly aware that he exists... When his work is done, the people say, 'Amazing: we did it, all by ourselves!'"

This engaging notion struck a deep chord with the four other executives I join monthly for coffee

Whether volunteering their time or serving in paid positions, the people we're charged with leading all seek community.



and conversation. In our collective consideration of the *Tao*, there was enthusiastic agreement about a few basic implications. Whether volunteering their time or serving in paid positions, the people we're charged with leading all seek community. They *don't* need answers; they *do* want to be seen and heard. Our responsibility is to appeal to the best in them—to point to the summit and empower them to reach for it. And our ability to do so requires a disciplined, centered presence.

Lao-tzu himself, in chapter 67, boils that requisite presence down to three fundamental qualities:

*I have just three things to teach:
simplicity, patience, compassion.
These three are your greatest treasures.
Simple in actions and in thoughts,
you return to the source of being.
Patient with both friends and enemies,
you accord with the way things are.
Compassionate toward yourself,
you reconcile all beings in the world.*

In that sense, the challenge of leadership seems eminently reasonable, and the rewards—both personally and organizationally—substantial. Be simple. Be patient. Be compassionate. Then watch what happens.

If I could just stick to it, watching where *my* people go would be pretty interesting. If nothing else, I'd finally know where I'd led them!

¹*The American Heritage Dictionary of the English Language*, New College Edition.

²Lao-Tzu, *Tao Te Ching: A New English Version*, trans. Stephen Mitchell (New York: HarperCollins Publishers, 1988).





Discussion

Patterns in Decision Making

One of us introduced the idea of decision neuroscience, which enables us to better understand why good leaders make bad decisions. Emotional tagging helps us make decisions, but it can also get in the way of good decision making. False readings come from the presence of three patterns: (1) inappropriate self-interest, (2) distorting attachments, and (3) misleading memories. When Bruce Karstadt, a museum CEO, contemplated the evolution of his most recent—and very difficult—fundraising campaign, he was able to identify these three patterns at work in his leadership role in the campaign. Having to recount the history of the campaign afforded him an opportunity to see it, and his role, more clearly.

Inappropriate self-interest was evident in his own retrospective realization that he had a hard time giving up the concept of his organization's original campaign because he had personally invested so much in it. Subsequently, he came to realize that he had so much personal stake in his vision and plan that he could no longer recognize the signals that it was not being similarly embraced by others.

Distorting attachments, which include attachments to the tangible or intangible, were also present at two key levels. First, his museum's membership base was largely unable to conceive of a building design that would even unintentionally take the focus off the original house museum structure. They had become so singularly attached to the facility they had always known that they could not bear to see something else built beside the original facility. Second, Bruce came to realize his own distorting attachment during close introspection. Having made over 100 presentations of the design concept for the new building and interpreting the new vision symbolized by the new design, he was deeply committed to its success and the campaign to fuel its construction. Following his realization, he noted, "I needed to get past the fact that there could be another way to the future."

Finally, our museum CEO recognized the presence of misleading memories, those that seem comparable and relevant to a current situation but lead one down the wrong decision-making path. In his case, the misleading memories may have been a cultural byproduct of Swedish character, captured in the Swedish term *lagom*, which means that everyone is entitled to just enough and a little bit more. According to this belief, we can't allow too much to be given to anyone else, nor can we give too much recognition to someone. In the case of his Swedish-American constituents, the transformational vision for a new institute/museum would simply fly in the face of *lagom*. He reported that his museum members expressed the attitude that the museum was good enough and did not need to be the best. He initially viewed this as an important limiting factor. Upon reflection, this leader came to see this as evidence of shared misleading memories. The memories (cultural imprinting and emotional tagging) are not wrong; rather, he came to understand that his own approach to presenting the vision and plan simply would not align with these important emotional tags. This triggered an "aha moment" and cause for realignment. Lesson learned.

Shifting Perspectives

Many of us began to share similar stories that underscored the leadership imperative to examine many different perspectives. One contributor told of Stephen Covey's story about a man who was traveling on a subway car with his noisy children. When asked by an irritated passenger to control his unruly children,



the man apologized, explaining that they had just learned of their mother's death. The power of the story is that perspectives can shift in an instant with the introduction of new information and observations.

Susan Ruddy drew context from her Quaker upbringing, in which she was taught to “look for God in each person,” a teaching she subsequently encountered in Namaste yoga. The notion of “going past what you may see every day” came to have application in her health care philanthropy environment. There, the idea of “rounding”—going on rounds—provides another example of examining different perspectives. Ken Bartels echoed the rounding theme, noting that

The open-door policy often doesn't work because people don't come in the door. My version of rounding is to show up where I'm not expected—not to make people uncomfortable, but to make them more comfortable over time. I practice MBWA (managing by wandering around) repeatedly. Over time, it increases understanding—yours and theirs—thereby giving you more ability to see everything as a new day through eyes other than your own. If people see you as wanting to learn more, they'll tell you more. This informs you as a leader and reduces your sense of isolation and loneliness.

For some leaders, organizational accreditation reviews are an institutionalized application of rounding and gathering different perspectives. Done right, these processes can engage nearly everyone in an institution, creating cross-disciplinary teams that foster communication and idea integration. Isn't this something that could be practiced more often?

Really Listening

As leaders, it is centrally important that we are effective listeners. We all have different perspectives, so our responses differ as well. Leaders help others find their authentic alignment. As a senior leader, one participant confessed her need to make room for younger people on her staff to grow into their own leadership and find their own “true north.” “My agenda,” she said, “is to help young people find their own alignment with their hearts and passions. I would like to make sure they are in alignment with what they really want to do, not just because it's a job, but because doing so will bring out the very best in them.”



For one leader in our group, Shari Scales, the act of really listening was a central theme in her current reading. She shared an insight that listening is a principle reportedly practiced by Jesus and celebrated as a characteristic of his ability to communicate and lead. That same ability to listen to others is a central tenet of success as a major gifts officer. In that role, she said, 90 percent of the time is spent listening to identify people's passions. Success in that role is often as simple as honing one's ability to listen and translating a donor's passion into a clear picture of how action on that passion contributes to strengthening the missions of our organizations. In a new leadership position, Shari said, “I'm meeting one-on-one with my staff to identify their strengths. As a leader, my goal is to help people be excellent. They appreciate a leader who will help them be excellent. For me, Tom Soma's essay on the Tao of leadership applies here: “Those who know, don't talk. Those who don't know, talk often.”

With a chuckle, one contributor likened his executive leadership role to that of a pastor, especially when dealing with staff issues. During a private meeting with an employee, the staff member claimed to be unappreciated by this executive. “The meeting started out negatively because I got defensive,” explained the executive. “The employee then said, ‘It's not about you,’ so we stopped, I took a breath, and we had a productive meeting. What I learned is that the staff—or anybody!—needs us to listen. My approach is now to take a breath and in that breath see how much I can be aware of.”

This discussion about listening became an important building block to the balance of our conversation



about new leadership perspectives. One contributor diagrammed some of the important listening dimensions as follows:

The Centrality of Listening to Effective Leadership



Complexities of Leadership

With the mantle of leadership comes loneliness, which is often exacerbated during tough organizational and economic times. One colleague shared her story of her well-meaning board chair who recently stopped to ask her whether she was taking care of herself. The simplicity of the question led her to realize that she did indeed feel a sense of deep loneliness during the present crisis. She described the



daily pressure of her staff's speculation as to whether they would continue to have jobs and whether she would change their department somehow. She acknowledged the burden of figuring out what to do in an environment where the usual things don't work the way they used to. Even more destabilizing was the realization that the people she usually sought to get recharged were going through the same thing. She observed, "It's hard to get refreshed when we're spending countless hours on getting through the current muck. Doing the best we can is the best we can do. Through it all, we need to take care of ourselves." We concluded that nobody will take care of you if you don't.

Another member of the group reported that her board chair—a retired high-ranking military man—had advised her that leaders are not permitted to have bad days. "Nonsense," said another executive at the table. "You can't lead effectively unless you unburden yourself from the belief that you must never have a bad day. Otherwise, you can't create a safe platform for people to take risks, which propels their own learning. The idea of 'unburdening yourself' is a freeing idea, which opens up many possibilities." Other peers chimed in, recalling John Heider's Tao of Leadership, where leaders are reminded to "treat yourself with humor and kindness." Leadership is difficult and demanding. Yet as leaders, another participant observed, we often create our own loneliness. Sharing it with others, however, enables them to see us as human. People will respond to our humanity.

Cathy Girard made a New Year's resolution to have lunch with a friend or a colleague every week. She indicated that this was the smartest thing she ever could have done. This simple scheduled getaway enabled her to do a lot of reality checking, and she believes it reduced the isolation of leadership. "It enabled me to have some distance necessary to gain perspective," she said. "For me, the best way to mitigate the loneliness is to deliberately and intentionally build my network to reduce isolation."

Listening and empathy seem to start at home. We will never be strong enough leaders to meet the needs of everyone. But we can have impact. Internal alignment and forgiveness are large parts of staying whole as a leader. A consultant-coach contributor offered this perspective: "When I listen to you as leaders, I forgive you for not knowing or doing something, or for feeling bad about something. In my role, I become a trusted outlet for the leader."

Leadership is complex and, as one contributor suggested, "just plain messy." We need to accept the reality of that. One of us referenced Niebuhr's "Serenity Prayer" in application to the challenge of leadership:

*God, give us grace to accept with serenity
the things that cannot be changed,
Courage to change the things
which should be changed,
and the Wisdom to distinguish
the one from the other.*

*Living one day at a time,
Enjoying one moment at a time,
Accepting hardship as a pathway to peace,
Taking, as Jesus did,
This sinful world as it is,
Not as I would have it,
Trusting that You will make all things right,
If I surrender to Your will,
So that I may be reasonably happy in this life,
And supremely happy with You forever in the next. Amen.*

One participant confessed to having an ongoing leadership dilemma in search of a greater personal comfort level within a large and complex organization. Seemingly, the choices were to leave the organization for a smaller one with less complexity or to accept the things she could not change at the



larger organization. At this point in the discussion, a copy of the book *Ten Things to Do in a Conceptual Emergency*, which had been introduced to us earlier by Ken Hubbell, ended up in the hands of Pearl Veenema. She was immediately drawn to a brief entry entitled, “Give Up on the Myth of Control,” a section of which she read aloud:

An alternative is to simply accept the complexity and participate in it. Relish diversity and the unique quality of all things. This engenders a sense of belonging—and hence reinforces the motivation to participate. What drives this reinforcing cycle is love, empathy, and relationships.³

Honoring Relationships & Building Trust Equity

Leadership is about relationships and the bigger the organization, the harder it is to foster relationships. Leadership is also about honoring relationships—with staff, boards, donors, and volunteers. For some leaders, a central struggle is between being liked and being respected. If you have affection for someone, it influences you. While it shouldn’t be about this, it often is. Leaders must also acknowledge the challenge to look beyond the relationships they’re trying to build to the ones that people are trying to build with the leader for their purposes. Managing relationships, therefore, involves not just those relationships you initiate and maintain, but those initiated by others who seek to maintain a relationship with you. Additionally, leaders face issues of relationship building with those who have a degree of control over their position (e.g., CEOs, board chairs).

Reflecting upon this discussion of honoring relationships, Marv Baldwin reminded us that leaders are little different from everyone else. He explained that relationship difficulties come down to the idea that we see each other as “the other.” Being self-aware helps leaders bring it back to themselves, asking “What do I need to change or be open to changing in order to be a constructive influence?” Megan Olson agreed, noting her reliance on her trusted senior leadership team, with whom she is routinely open and honest. This posture enables her to be nimble, which she credits to a strong sense of self-awareness and adaptability. This discussion of leadership attributes resonates with Paul Light’s four organizational pillars of high performance: alertness, agility, adaptability, and alignment.

“I want to create a perfect formula or context to plug in everything I’m doing,” said one of the executive participants. “But I can’t. For example, how do I stay engaged and yet stay far enough away to let the new generation lead? As the leader, how can I help my organization most during this transitional time?” These are organizational questions of all leaders. We have to refocus and reinvent ourselves constantly. The longer we stay in leadership, the more our role changes and evolves. Therefore, it is incumbent upon us as leaders to adapt.

The people we lead seek community. One step in that direction is to consciously build empathy throughout the organization. Effective development leaders know how important it is to be empathetic when building relationships. Several colleagues shared their personal experiences of shadowing clinical team members and others in attempts to “walk in their shoes.” They are on guard for the language of “we” and “them,” looking in every way to foster a greater shared sense of empathy that can help build bridges among people in large and complex organizations.

As our conversation continued, the symbolism of bridge building became more prominent and more pivotal to our concepts of leadership and the role of philanthropy. “Leadership,” offered Shari Scales, “is about building a bridge and crossing it simultaneously.” A contemporary national example can be found in the rapid political ascendancy of Barack Obama from candidacy to U.S. presidency. We returned to the bridge imagery several times in our discussion.

Susan provided a real-world leadership struggle she was facing. She expressed a desire to seed a new and deeper conversation with her health system colleagues about community needs, provider expectations, philanthropy’s impact, and responsible decision making that would not add to the cost of health care.

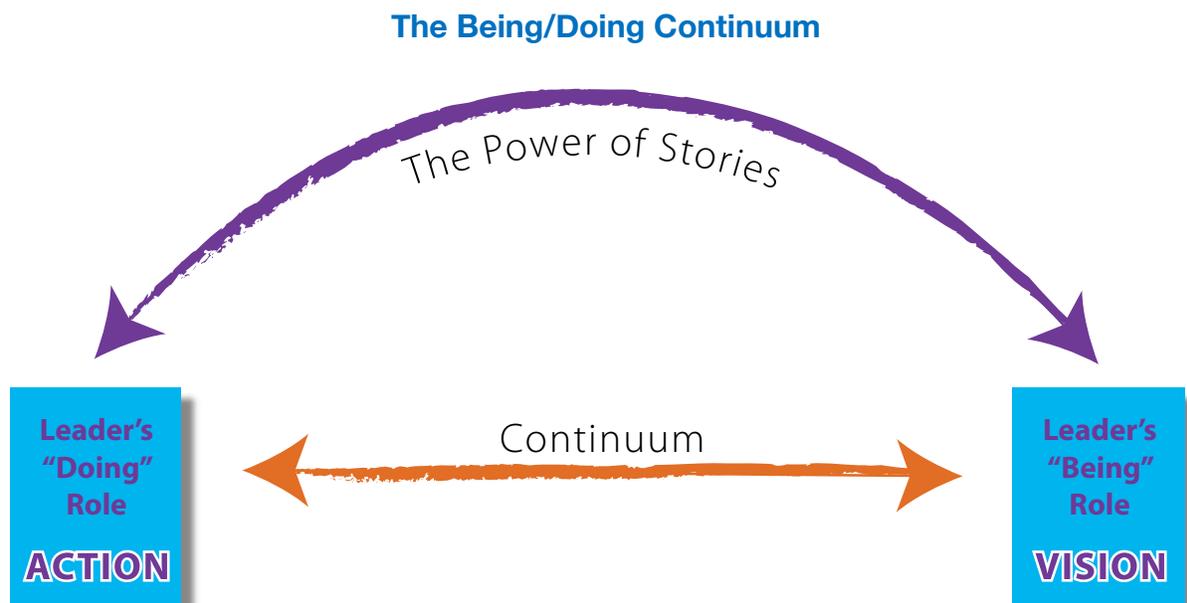


Supported in the notion that this was an important, timely, and relevant conversation to have, she and others worried that if it were raised in the usual context of administrative leadership meetings, the issue would be marginalized by the crushing weight of operational priorities. Yet, in her gut, she knew this was the right conversation to have and the framework of philanthropy was the right framework in which to open the conversation. She was searching for guidance on how to initiate such an important dialogue.

To offer some perspective, Gary Hubbell reflected that as the builders of bridges—whether in metaphor or reality—leaders must neither underestimate nor undervalue the “trust equity” they have earned over time. This trust equity—some might call it “relationship capital” or “relationship insurance”—is not solely the product of a leader’s age, tenure, and personality. It is all that and more. This trust equity creates a platform for inviting others into a new type of conversation with deeper meaning. Leaders who have earned high levels of respect and who have demonstrated solid success often have more room to maneuver in introducing thoughtful questions.

Balancing “Being” and “Doing”

Knowing how to lead and where to apply one’s energy is a slippery question for any leader. What’s right for one person won’t fit for another. No leader can afford to simply model someone else and expect similar results. Instead, leaders should start by asking themselves, “What is the highest and best I can do on any given day?” Each of us has to find what is the highest and best for ourselves. Tom Soma observed that the dynamic of individual behavioral change is every bit as interesting as the content of the change. He helped us visualize what we labeled “The Being/Doing Continuum.”



- Convene and catalyze
- Create and inspire community
- Create safe platforms for informed discussion
- Build consensus toward doing the right thing for the right outcome

- Listen and adapt
- Self-awareness of ego. Remove it from the discussion.
- Self-assessment of my highest and best
- Awareness of what my spirit and the world are calling me to do



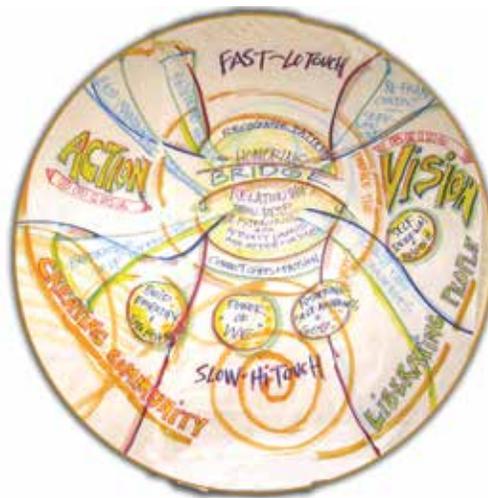
Where will you spend your time? How much risk are you willing to accept as a leader? How much are you willing to invest in growing your “being” role in the face of such great demands from your “doing” role? A leader’s ability to become a catalyst for transformational change increases when devoting quality time to the insight and clarity that stems from “being.” When unable to step off the treadmill of the “doing” role, the leader is pulled into daily work on incremental change for operational survival and sustainability. Few social sector leaders have the luxury of being able to focus exclusively on one role or the other. They must balance both. The tyranny of the urgent typically forces leaders into the “doing” mode.

Now think about the implications for philanthropy and the type of question previously raised by Susan Ruddy. If social sector leaders become too narrowly focused on the “doing” role, philanthropy can come to be seen as simply filling gaps and responding to urgent needs. How might the questions be different, the solutions be reconceptualized, and the visions be more powerful if more focus were placed on the “being” side? Imagine the nature of the conversations about the impact philanthropy might have. Imagine, too, the leader’s ability to refocus and reinvent his or her role and the organization’s response when inspired by these bigger questions. This shift requires organizational leaders to talk, think, and work together in new ways in order to develop a shared commitment to something new, something truly integrated. It requires investments of time and energy. It often requires a catalyst. Our current environment is calling for us to ask a different set of questions.

Ken Hubbell shared a story from Jaworski’s book *Synchronicity* in which he explains that a seed does not have all the information necessary to produce a full tree. It provides an opening for the whole system to co-create the tree. He suggests that it is the spirit of the original intention that governs how the seed evolves. This may be the lesson for leaders in the social sector. We must ask: “What is my spirit for this thing we are trying to do?”

Who leads the conversation that leads us to a reshaped world? Some caution us to avoid the trap of looking for “the hero” in times of uncertainty, suggesting instead that there is a movement toward focusing on the community and eschewing the individual hero. Marv Baldwin asked, “What’s changing in community?” Joe Zanetta raised a related question of who the spokespeople for philanthropy will be during this reshaping, noting that public policy leaders may have a bully pulpit but are not the spokespeople for philanthropy. Perhaps the answer to these and other questions is part of what Bruce Karstadt calls the “paradox of letting go”—if we can interpret “letting go” to include letting go of all doing and no being; letting go of a singular focus on simply surviving the current crisis and instead leveraging it to ask tough questions; and to look for the highest and best in all of us and in the application of philanthropy to create openings for new solutions.

The mural Ken Hubbell developed to map our discussion tells a story about our thinking.



Notice that the map of that conversation works around “honoring relationships” as the central theme of our discussion and the heart of our social sector work. We honor relationships through deep listening as well as actively loving and appreciating our work and those we engage. Deeper engagement becomes possible by connecting to people’s deep love and passions. There are two powerful continuums reflecting how we approach development work. One continuum represents the speed of our action and depth of our contact with donors—from fast-pace/low-touch to slow-pace/high-touch. We seem to feel anchored in the slow-pace/high-touch way. The other continuum is The Being (vision)/Doing (action) Continuum, which was detailed previously.

The leadership challenge at the core of these continuums is to determine how to have a vision and how to be a leader to effect positive change. We interpreted that the act of honoring relationships creates a bridge between the ends of each continuum.

The “being” side of the leadership mandala represents the vision to help leaders ask what they must do in preparing their own leadership action plan. The vision side of work can be nourished by focusing on the essentials, reframing the context, and coaching people through new challenges. The art of “being” is about liberating individuals. The art of “doing” is about creating community. We talked about it using terms like loving, connecting people’s passions, building empathy, and practicing forgiveness. The vision side of work enables us to express the best of who we are and the best of what we can be. To do so, we must liberate people and create greater trust around our work, which builds trust equity, empowers leaders to work with their teams, and creates community around action plans.

Done well, this clockwise movement creates trust equity with others. Done poorly, it creates success only for some and greater competition for most. The difficulty of decision making is expressed by warning signals; namely, that actions can get corrupted by misleading memories, misleading ego and attachment, and the many barriers to self-interest. These difficulties are shown on the mural as constraining slivers on the way action happens.

Tom Soma concluded our conversation on this topic, noting that the movement on the being/vision side of the mandala requires extraordinary leadership. He left us with two quotations to ponder, the first suggesting the constancy of organizational sea change, and the second presenting a guiding principle for leaders who want to make a difference.

No matter the shore before us, the swell and toss of the sea never ends.

— Mark Neepo

We can do no great things, only little things with great love.

— Mother Teresa

¹Andrew Campbell, Jo Whitehead, and Sydney Finkelstein, “Why Good Leaders Make Bad Decisions,” Harvard Business Review, February 2009, 60–66.

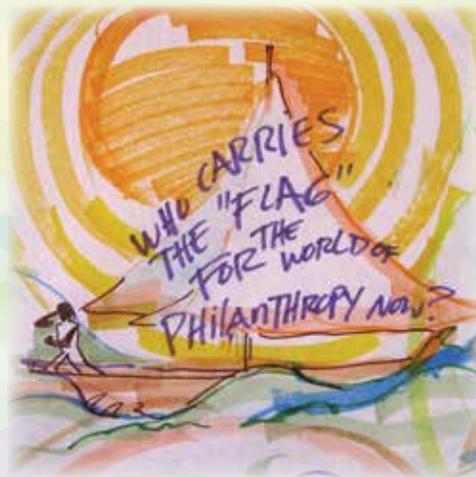
²Jedd Medefind and Erik Lokkesmoe, *The Revolutionary Communicator: Seven Principles Jesus Lived to Impact, Connect and Lead*. (Lake Mary, FL: Relevant Media Group, 2004).

³International Futures Forum, *Ten Things to Do in a Conceptual Emergency*, (Axminster, Devon, United Kingdom: Triarchy Press Ltd., 2003), 8.

⁴Paul C. Light, *The Four Pillars of High Performance: How Robust Organizations Achieve Extraordinary Results*. (New York: McGraw Hill, 2005).

⁵Joseph Jaworski, *Synchronicity: The Inner Path of Leadership*, ed. Betty Sue Flowers (San Francisco: Berrett-Koehler Publishers, Inc., 1996).





SECTION II

Reimagining the Future of Philanthropy

Philanthropy is essential to ensuring the future and vitality of...society, and so what we want for future generations is a healthy philanthropy. This is a problematic future to wish for, though, because philanthropy commands neither the power nor the wealth to ensure its own future, much less to ensure a good life in a good society. But that is why we need stewardship and education. The better we understand philanthropy, the better we can pass it on.

— An excerpt from *Understanding Philanthropy: Its Meaning and Mission* by Robert L. Payton and Michael P. Moody





Introduction

Our three contributors each explore a future with uncommon challenges, seeking to surface areas where attention is due, be it on human resource challenges, intersecting forces driving change, or the emergence of a new generation and its impact on philanthropy.

Cathy Girard forecasts a rising institutional dependence on volunteers. She predicts significant challenges in the ongoing access to trained development talent and explains the implications for fundraising.

Using scenario planning techniques, Ken Hubbell provides a fascinating view that the key to understanding the short-term future of philanthropy (to 2015) lies in considering the possible intersection of two powerful forces: (1) the length and impact of the recession and (2) levels of innovation and collaboration in philanthropy.

Gary Hubbell looks out over the next 30 years to consider shifting generational characteristics. He details the key factors that will influence the Millennial generation during rising adulthood and imagines the resulting impact on their embrace of philanthropy.





Demographics, Generational Change, and Their Impact on Philanthropy

Catherine M. Girard

Vice President of Development for Goodwill Industries of Southeastern Wisconsin

Last summer, I began the process of hiring a development manager to help my organization expand its fundraising activities. With the help of our human resources department, we posted the position everywhere we could think of. I activated my network, and put the word out among my colleagues in the field. What happened is probably all too familiar to anyone who has tried to hire qualified development staff in the past five years. In all, I received resumes from only three people who appeared to have the qualifications for the position. We interviewed all three candidates. One of them was late to the interview, was quite abrupt during our meeting, and did not bother to send a thank you note afterward.

Luckily, this particular story ends happily. One of the candidates turned out to be a person whose skills and personality are a good match for the position. She joined our organization in August and is off to a great start.

Not long after that, I came across a startling statistic. According to an article by Business & Legal Reports, “Members of Gen Y will hold 25 jobs on average in their lifetime.”¹

These two experiences have helped crystallize what I believe is the most important challenge facing philanthropy in the long term.

Over the next 20 years, several converging forces will compel dramatic change in the way nonprofits think about and manage the talent they need to drive the philanthropy function. The purposes of this essay are as follows:

1. To describe the single most important challenge nonprofits face as they confront these converging forces
2. To articulate questions that organizations must answer and issues an organization must face in order to begin addressing this challenge
3. To suggest new ways of thinking about the talent that drives the philanthropy function

The Challenge

Perhaps more than at any time in the history of modern philanthropy, the success or failure of fundraising will be determined by how well an organization recruits, motivates, and retains its talent.

Perhaps more than at any time in the history of modern philanthropy, the success or failure of fundraising will be determined by how well an organization recruits, motivates, and retains its talent.

This issue represents a human resources challenge of great magnitude and significance. For those organizations that depend on philanthropy to fund their missions, this issue could well determine whether an organization continues its work or ceases to exist. It means that nonprofits will have to dig deep to find unprecedented reserves of creativity and flexibility. Some organizations will need to review their own cultures and take deliberate steps to build new cultures. Many will need to learn new ways to collaborate with fellow nonprofits to effectively solve problems that impact a large proportion of the sector.



This is already a problem in the short term, and will worsen significantly over the next 10 years.

The shortage of experienced fundraisers has been well documented in the trade media. In a 2007 article from the *Chronicle of Philanthropy*, Holly Hall stated the following:

The demand for people with a track record of securing big gifts from individuals has reached such a fever pitch that those fund raisers are commanding top salaries, benefits and incentives such as signing bonuses, employment contracts and other rewards... While that's good for fund raisers personally, it is increasingly problematic for the nonprofit organizations trying to hire them... In a survey conducted by the Association of Fundraising Professionals in 2007, "staffing issues in the development office" was stated as the most pressing challenge fund raisers now face.²

Philanthropy will have to address not only a current labor shortage within the profession, but the added demographic reality of an overall labor shortage in the future. It is sobering to note that this is not a problem only for the distant future. The U.S. Department of Labor projects that by 2012, there will be 165 million jobs, but only 162 million people in the workforce.³

Simply put, in a profession built largely on interpersonal relationships, we have an existing labor shortage that will only worsen over time, in a world where new entrants change jobs every two years.

This challenge gives rise to several questions. Time and space do not permit me to address them all here, but I suggest the following as a place to start:

- How do we keep people in the field long enough for them to achieve practice excellence?
- How do we encourage fundraisers to stay at an organization long enough to make a difference?
- Who will provide leadership on this issue at a national level?
- What will be the role of the human resources function?
- Is the "talent" paid staff or volunteers?

This issue will need to be addressed on all levels. On a national level, the Council for Advancement and Support of Education (CASE), Association for Healthcare Philanthropy (AHP), and the Association of Fundraising Professionals (AFP) should convene a task force to develop an action plan to address this urgent issue.

To a large extent, however, organizations will need to solve this problem for themselves.

The good news is that it's not too late, and there are existing models to emulate.

Strengthening the Existing Model

As a first step, organizations must ensure that their existing business models and practices are being used to the fullest extent possible to support the philanthropy function.

Recruitment and retention of philanthropy talent must be made a priority, and organizational strategic plans must include action steps to address this. To be most effective and ensure that the needed resources are received, this should involve shared responsibility between the development office and human resources. Many organizations will need to examine their HR policies to determine whether they are positioned as an employer of choice. Nonprofits who wish to attract and retain good development staff must ensure that they can offer the flexibility and real work-life balance demanded by Gen Xers and Millennials.

Leaders in nonprofits need to be vigilant in ensuring that their fundraisers have consistent exposure to the



mission so they remain focused and motivated. This also needs to be incorporated into organizational planning.

Organizations who wish to keep their fundraising staff must also devote resources to training and professional development. Where possible, this training should include a variety of opportunities and provide a chance to do cross-training in other areas of the organization. For example, a young development staff person could spend time working with staff in the accounting department, or where appropriate, with a case manager.

Envisioning a New Model

Strengthening the existing model through sound human resource practices could certainly have some impact on an organization's ability to retain its philanthropy talent. This challenge is so great, however, that it will require us to rethink the entire fundraising staffing model.

This challenge is so great, however, that it will require us to rethink the entire fundraising staffing model.

One such model is an internship program developed by the University of Michigan (U-M). Essentially, this program enables U-M to grow its own philanthropy staff. The Development Summer Internship Program (D-SIP), gives U-M students the opportunity to explore careers in philanthropy, and provides the university with a way to fill the talent pipeline with people who are already passionate about the institution. As their website states, "The D-SIP has become a model for our peer institutions....And alumni from our first two graduating classes are enjoying their first jobs in philanthropy at U-M, UCLA, Boston University, Penn State and Syracuse, as well as the Peace Corps and other leading non-profits."⁴

Another idea is an adaptation of a model that has been used for more than 20 years by a large sector of the nonprofit community. Imagine for a moment, a fundraising activity where most of the heavy lifting—literally—is done by volunteers. In fact, this is already the case in most special events-driven organizations, especially national health organizations.

For the first 22 years of my career, I worked for national health organizations, first with the National Multiple Sclerosis Society, and then with the American Diabetes Association. Both organizations relied heavily on revenue from special events, such as walks and bike tours, to fund their missions.

One of the greatest challenges faced by these organizations is staff turnover. In the world of special events, it not unusual to lose 50 percent of the special events staff in one year. Some years, an organization can see staff turnover rates in excess of 80 percent. And this is not a new phenomenon. Health organizations have lived with this reality for years.

How, you ask, can an organization continue to run safe and profitable events year after year with this kind of staff turnover?

The Answer: Volunteers

In the two health organizations I worked with previously, most of the essential functions of the events—communications, housing, and event participant support, to name a few—are the responsibility of volunteers. Ham radio operators are in charge of communications. Groups of volunteers load and unload luggage throughout the entire weekend. In one case, a group of volunteers from a community theater operated a rest stop for the entire weekend of the event. The dedication of these volunteers is extraordinary. Many have fulfilled their responsibilities for 10 or 15 years. Some even arrange family weddings around the dates of the events.

Perhaps the time has come to envision a new, volunteer-driven model for annual campaigns as well as major and planned giving.



In this scenario, we have expanded our thinking about the idea of who the “talent” is. No longer is it assumed to be paid staff, with occasional help from a volunteer. Rather, as in the special event model, the volunteers do most of the heavy lifting. They assume significant responsibility for donor cultivation, solicitation, and stewardship, and make a substantial commitment of time, year-round to an organization. Perhaps a volunteer could one day assume responsibility for department management.

This solution has the added benefit of providing meaningful volunteer jobs for individuals who want to become engaged in the mission.

In closing, I want to clarify that I am not suggesting that it is unimportant to maintain a paid staff. Staff members work very hard and put in long hours to coordinate, motivate, and recognize event volunteers as well as participants. I am pointing to new models already used by some of our counterparts in the nonprofit sector. U-M has built its own pipeline of development professionals while national health organizations have given up control to volunteers.

We will need to challenge old assumptions and biases about how to integrate the philanthropy function into the fabric of the organization. We may be able to find an entirely new talent pool by stretching our ideas about who the “talent” is and how we develop it. The work of countless nonprofits depends on it.

¹Business & Legal Reports, “*Improve Engagement and Performance through ‘Generational’ Total Rewards*,” Business & Legal Reports, <http://neas.blr.com/articles.cfm?articlenum=1>.

²Holly Hall, “*Fund-Raising Frenzy*,” Chronicle of Philanthropy, August 9, 2007.

³Michael Horrigan, “*Employment Projections to 2012: Concepts & Context*,” Monthly Labor Review, Bureau of Labor Statistics, February 2004, 3-4.

⁴Jerry A. May, “*Development Summer Internship Program: Welcome*,” University of Michigan, Office of University Development, <http://www.giving.umich.edu/institute/index.php?page=welcome>.





Shape-Shifting in Philanthropy: 2009-2015 Reconsidering the Short-Term Future of Philanthropy in America

Ken Hubbell

Principal of Ken Hubbell & Associates in Little Rock, Arkansas

New Shifts in the Larger Context

Many of the ideas we have been debating in philanthropy for the last decade are now being crunched in a crucible of uncertainty. The 2008 recession upended foundation assets under management, destroyed earnings in most individual retirement accounts, and generated a unusually high level of turbulence in several sectors of the U.S. economy: financial services, banking, housing, construction, transportation, manufacturing—and even retailing, where consumer spending constricted more tightly than any time in the last 25 years. Aggressive government intervention has reshaped the role the federal government will play in stabilizing the market, the social safety net, financial policy, and funds flows. “Infrastructure” and “green” are hot topics.

Right now, it looks like a great rebalancing—a return to a new “basics” with less emphasis on the leverage, hype, and attitude that had colored the last five years. The shifts are unbalancing millions of lives as unemployment, layoffs, and foreclosures force families and communities to confront the new economic reality with an increasingly fragile social safety net.

Another key change in the context is the Obama presidency. Its extensive, distributed social networking components and youth engagement will likely change the way people, organizations, and institutions relate to and design public solutions for the greater good. Climate, environment, equitable health care and energy issues have become central policy “openings” as the new administration plans a nearly \$1 trillion stimulus plan for economic recovery.

Big deficits seem inevitable. A New York Times article on January 6, 2009, quoted then President-elect Obama warning Americans of “trillion-dollar deficits for years to come.” The record deficits are likely to exceed post WW II levels and may constrain the Obama reform agenda in a few years. The Times noted that economists fret sustained fiscal imbalances combined with increasing retirement of aging Baby Boomers will create strains on the federal budget, Medicare, and Social Security. So the long-term perspective looks frosty too.

Signals of Change in the Broader Context That Influences Philanthropy

Obviously, the U.S. economy is in a funk. According to “The World in 2009”—the Economist magazine’s annual collection of predictions—the recession and government bailout of the financial system created a pervasive, self-reinforcing investor mistrust that is scaring away credit.¹ There have been more frequent boom and bust cycles in this decade, creating a deep undercurrent of turbulence in the foundations of the economy. It may take years to redress the imbalances of the current cycle and rid the financial system of its bad debt. Results: lending standards are tighter, and an aging population won’t be able to depend on rising home and stock prices to finance retirement. People will consume less and save more.

The choking of bank credit, combined with general gloom about the economic outlook, is affecting other industries, especially automobiles. Many other non-financial businesses are likely to retrench, which further reduces growth and triggers continued layoffs and unemployment.

According to the Institute for Supply Management, new orders in the manufacturing sector fell to the lowest level in 60 years, part of a worldwide slowdown. No sector of the economy reported overall growth in December 2008.²



Corporate profits have fallen for seven straight quarters as of December 2008, according to the Bloomberg News coverage of reports published by the U.S. Bureau of Economic Analysis,³ but other stocks in the finance sector should eventually turn upward as the country comes out of recession.

Is this recession like others—largely cyclical and predictable—or is it different? I think this is what everyone wants to know, but can't figure out. One smart source, the worldwide management consulting firm McKinsey, reports a distinctive structural difference in our current, emerging recession that suggests the unfolding economic reality will be different, and worse:

In most of the recessions of the past 40 years, according to a McKinsey study, demand caught up with capacity and growth returned in 10–18 months. This recession feels different because it is hard to imagine the full-steam re-expansion of financial services or a rapid turnaround in housing. Beyond these two hot-spots, there seem to be unsustainable trends in commodity prices, oil imports, the nation's trade balance, the state of our schools, and large entitlement promises. Already, the idea that the United States can grow by borrowing money from China to finance consumption at home has begun to seem implausible. We know in our bones that the future will be different. When the business model of part of all of the economy shifts in this way, we can speak of a structural break... adjustment is neither easy or quick...old sources of comparative advantage weaken and new sources appear.⁴

The global economic recession is part of larger pattern of expected turbulent change that was the key finding in the new U. S. National Intelligence Council's scenarios for the next decade. In the introduction, the consensus report forecasts “more change than continuity.” The report suggests major discontinuities or disruptions and surprises. One predictable feature is the important energy transition from dependency on fossil fuels to alternatives—something that happens only once a century. In the energy sector, the report notes that it typically takes 25 years for a new production technology to be fully adopted.⁵

While there are no certainties about the length or impact of the recession, it looks like we're in for a slow, drawn-out recovery. As the Economist observed, the “go-go years” of 2003–2007 are being replaced by “go-slow years” of 2009 and beyond. Possibly for developed world, we're looking at the worst years since the 1980 recession (Economist).

More regulation is inevitable as payback for the public money put into the financial sector plus new focus on environmental regulations and labor during the early phase of the Obama administration.

What Signals Are Visible in the Transactional Environment for Philanthropy?

A *Chronicle of Philanthropy* article from November 27, 2008, noted the likelihood that recession will cut into number of gifts in the \$1 million to \$50 million level. A report from Indiana University Center on Philanthropy studied impacts from the 2001 recession, discovering that gifts were down markedly—about 50 percent—in the two years following the recession.⁶ In the summer of 2008, the *Chronicle* reported a gloomy outlook for corporate giving, with even the most optimistic corporate philanthropists ratcheting back and moving to a highly selective approach to giving.

“Sustainability is the new buzzword” for the arts and museum sector, according to “*The World in 2009*.” After the buzz wears off a new building or pricey blockbuster shows, operating costs rise and visitors ebb. Organizations are exploring how to successfully incorporate sustainability (Economist).

Many charities see experienced older workers delaying retirement, and many organizations are forced to leave positions unfilled or are combining job duties for existing staff. Another *Chronicle* article from November 2008 mentioned that working through the later years had crystallized a trend to lengthier working lives. More Boomers are now more likely to stay in corporate jobs if they can, while for those laid



off, the nonprofit sector looks like a meaningful place for employment, though the number of openings is limited.⁷

According to some studies, in the next decade more than 640,000 senior positions in the nonprofit sector will turn over, though the pace will likely be affected by the recession.⁸

Tough economic times increase pressure on impact measurement for nonprofits.

Will philanthropy be expected to close gaps in the social sector during the downturn? Total foundation giving in 2007, according to the Foundation Center, was only 6 percent of the \$700 billion the government invested in the 2008 financial bailout. Yet in the past, government and public sector leaders expect philanthropy to provide the missing resources.⁹

Is the current environment a recipe for a tipping point or just a rut?

The simple question is whether philanthropy will adapt to the turbulence in the larger ecosystem and how it will do so. Will the convergence of powerful forces cause important changes or merely form a shadow over the field that doesn't fundamentally alter the prevailing model and mindsets? Is the current environment a recipe for a tipping point or just a rut?

The magnetic power of the status quo in the world of philanthropy could prevail for another decade. In the study *Cultivating Change in Philanthropy*, authors Katherine Fulton and Andrew Blau argue there are important features of today's environment that could push philanthropy into new shapes if the convergence hits just right. However, the "business as usual" scenario for philanthropy is just as likely to prevail by incorporating a few new tools and clichés but maintaining the same basic direction. "The relentless centrifugal forces at work in philanthropy continued to dominate," wrote Fulton and Blau in a convincing status quo scenario, "reducing efforts to look at collective impact in new ways. Each donor, organization, and network was increasingly challenged to simply keep up with all the choices and pressures."¹⁰

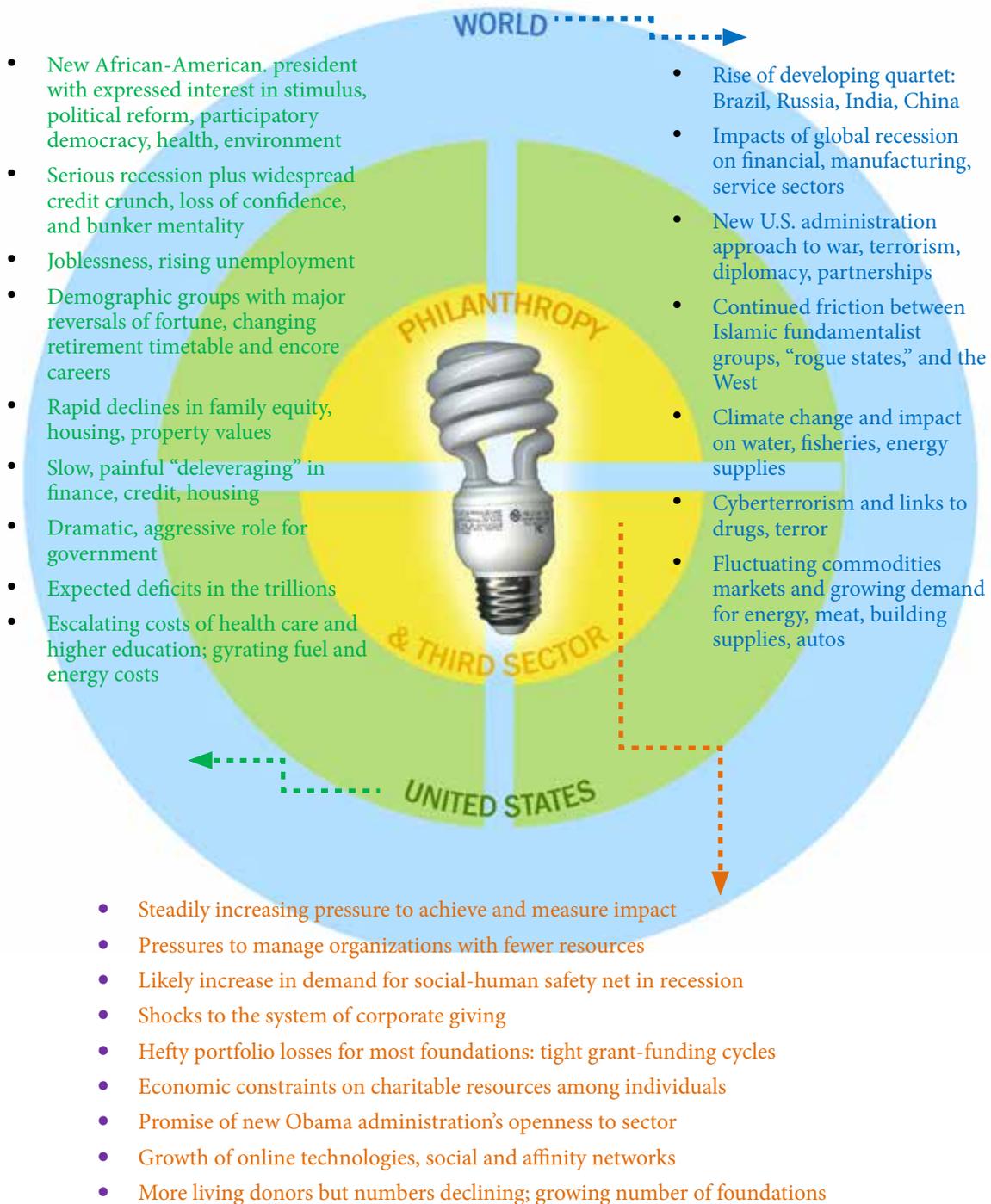


Online fundraising ad (December 2008): Saving dance from the economic crisis through \$2 donations. Perhaps they're taking a page from the Obama fundraising toolbox



The Leader's New Frame: Mapping the Forces That Are Shaping Our Environment

So, let's distill or simplify the key forces or signals of change on a target map to make it easier to visualize the whole environment facing the "third sector" and philanthropy at the start of 2009.



To further interpret this map of the current environment, we can attempt to collect our current wisdom into two complementary tables. This will help identify what might be certain and uncertain about the current and emerging situation—and the possible impacts and consequences.



Relative Certainties for Next 5 Years in Third Sector	Likely Impacts
U.S. stimulus program will provide new level of federal grants to nonprofits, states.	More competition and influence “gamesmanship” but new opportunities for groups that can create immediate jobs while building community infrastructure.
U.S. government is playing an increasingly active role in private and public sector.	Increased regulation and policy change, possibly more scrutiny for impacts from investments.
Individuals and families will be dealing with declines in retirement funds and value of housing and other assets of their own and their parents.	Nonprofit organizations will deal with slowdown in level of cash contributions or commitments.
Initial phase of Boomer generation will move into retirement era—10,000 every day.	Up to 640,000 staff and executives will enter transition to extended work lives, career shifts. May open up board positions, volunteer positions, and generational shift as staff members retire.
Most corporations will be more selective with contributions.	Pressures on nonprofits to maintain existing programs; increased competition for new grants, likely of smaller size.
Most foundations will operate with reduced grant-making budgets and smaller staffs.	Pressure on operations outside of direct program implementation; increased need or openings for collaboration. Social service groups may be caught in gap between rising demand and fewer resources.
Higher education tuition increases will continue outpacing families’ ability to pay. Enrollments typically rise in downturns and recessions. All states facing long-term structural budget deficits for higher ed.	States may trim higher education funding to free up additional funds for safety net during recession. Workforce agencies may increase grants for community college and training programs.



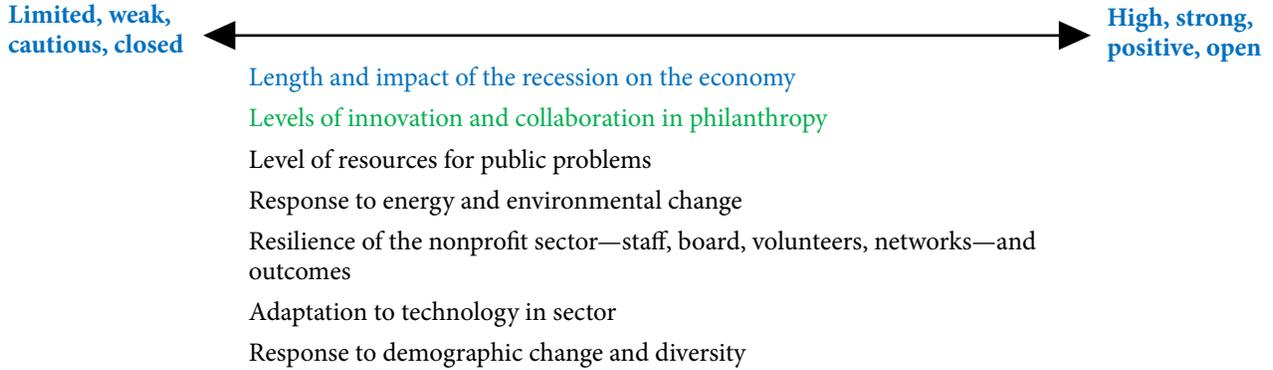
New Uncertainties in Third Sector	Possible Consequences for Third Sector
How will the “Obama nation” survive the recession? Will young progressives maintain the pitch of their engagement in social and environmental change?	Networks of committed change agents could tackle the rebuilding of the country in a new civic partnership, or political and economic realities could be this generation’s “Vietnam syndrome,” producing pushback, cynicism, drop-outs.
How will a long recession impact grassroots groups and fledgling nonprofits?	Some will continue to serve while carrying extra load with strapped staffs, but many will face desperate cutbacks that affect low-income people.
How will a deep recession impact foundations and other civic funders?	Will institutions hunker down and retrench, or will a convergence of forces stimulate a new era of collaboration and public service?
What will an era of muscular government do to the field of philanthropy? How long will the progressive phase last and will it be truly transformational?	What will it be like after the recession when the price tag for the stimulus and bailout hits the government hard? The “old guard” may be too proud to see ways to collaborate with public leaders, or the sheer diversity of the sector (from arts and health care to community development and education) ensures that it remains disconnected and insulated. It is also possible that the philanthropy community and partners could forge a spirit of alliance and true collaboration that fundamentally shifts the way all three sectors renew communities and industries.
Will the shift to energy savings and environmental awareness that is occurring in the private sector be taken seriously in the third sector? Will the sector adopt a “green” perspective or see it as a fad only for the privileged?	Factoring in the environmental costs and the benefits to the ecosystems of serving the greater good, local food systems, recycling, etc., could reshape the way nonprofits operate and communicate.
Will the credit crunch and economic uncertainty create a new era of caution or of community (back to basics, back to the land, taking care of others)? Will the social safety net be a shared responsibility, or will communities be left on their own?	A critical leadership challenge is at hand. We may see a new era of compassion and renewal, or steady increases in grinding poverty and hunger—or both simultaneously. Will we see a new “WPA” and Chautauqua decade, or a more rapid rise in income inequality? Alliances will be critical in articulating policy perspectives.
Is the current recession another boom and bust cycle, or is it a sign of deeper shifts in the foundation of the “real economy” as well as the societal fabric?	Magnifies zero-sum mentality and survival thinking instead of long view and systemic thinking.
Will gas and other fuels, transportation, and food prices continue to oscillate?	Increasing anxiety in developing and operating programs.



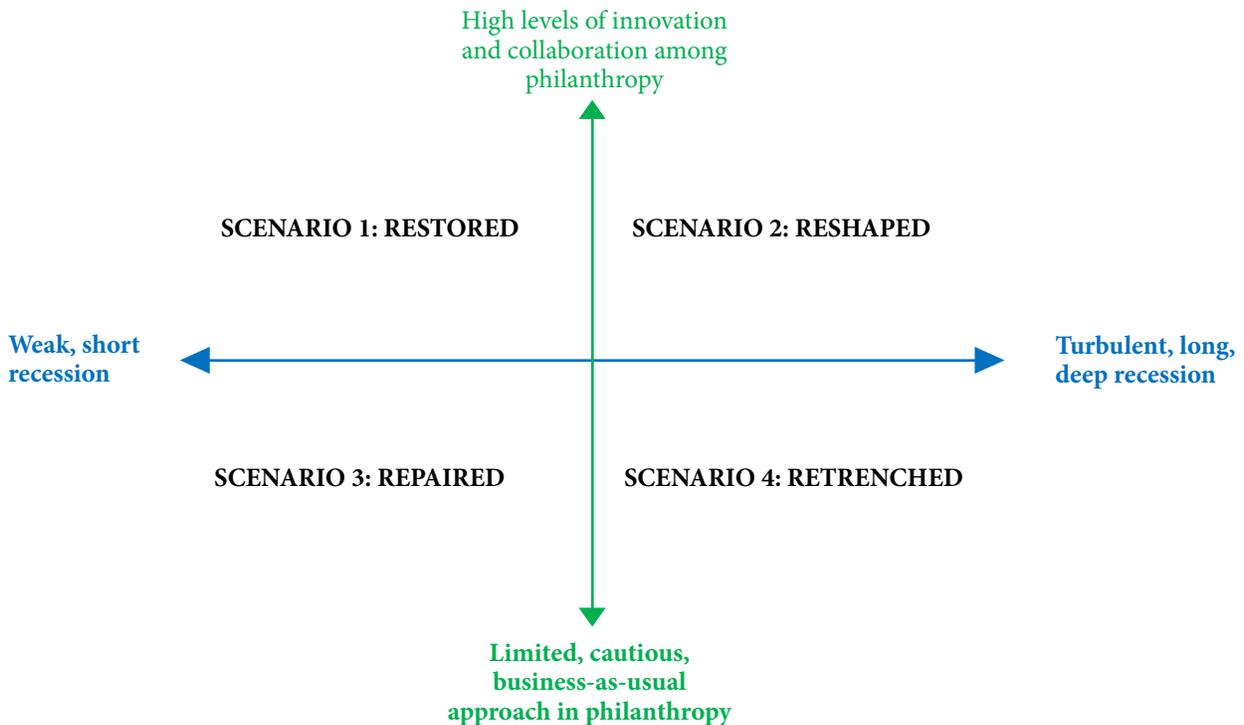
Key Drivers of the Short-Term: What Will Philanthropy Look Like in 2015?

Since it is impossible to write the future from today's vantage point, we can use scenarios to develop a set of possible short-term futures. This helps philanthropic leaders and consultants shape and test strategy and prepare today for eventualities in a whole range of possibilities. In this way, we are rehearsing and anticipating the future.

In order to simplify the range of uncertainties, we can create a shorter, consolidated group of dynamic forces from the map and tables. Since these forces are in constant motion, and leaders at all levels are shaping impact by their choices and actions, these are then framed on a continuum to include a range of strong and weak options.



These forces provide a structure for generating structurally different future scenarios. I believe the top two are simultaneously the most uncertain and the most critical in shaping the next five years in the third sector. These could be the key drivers. They are laid out below on opposite axes to structure four different possibilities:



Stakeholders That Will Shape the Short-Term Future

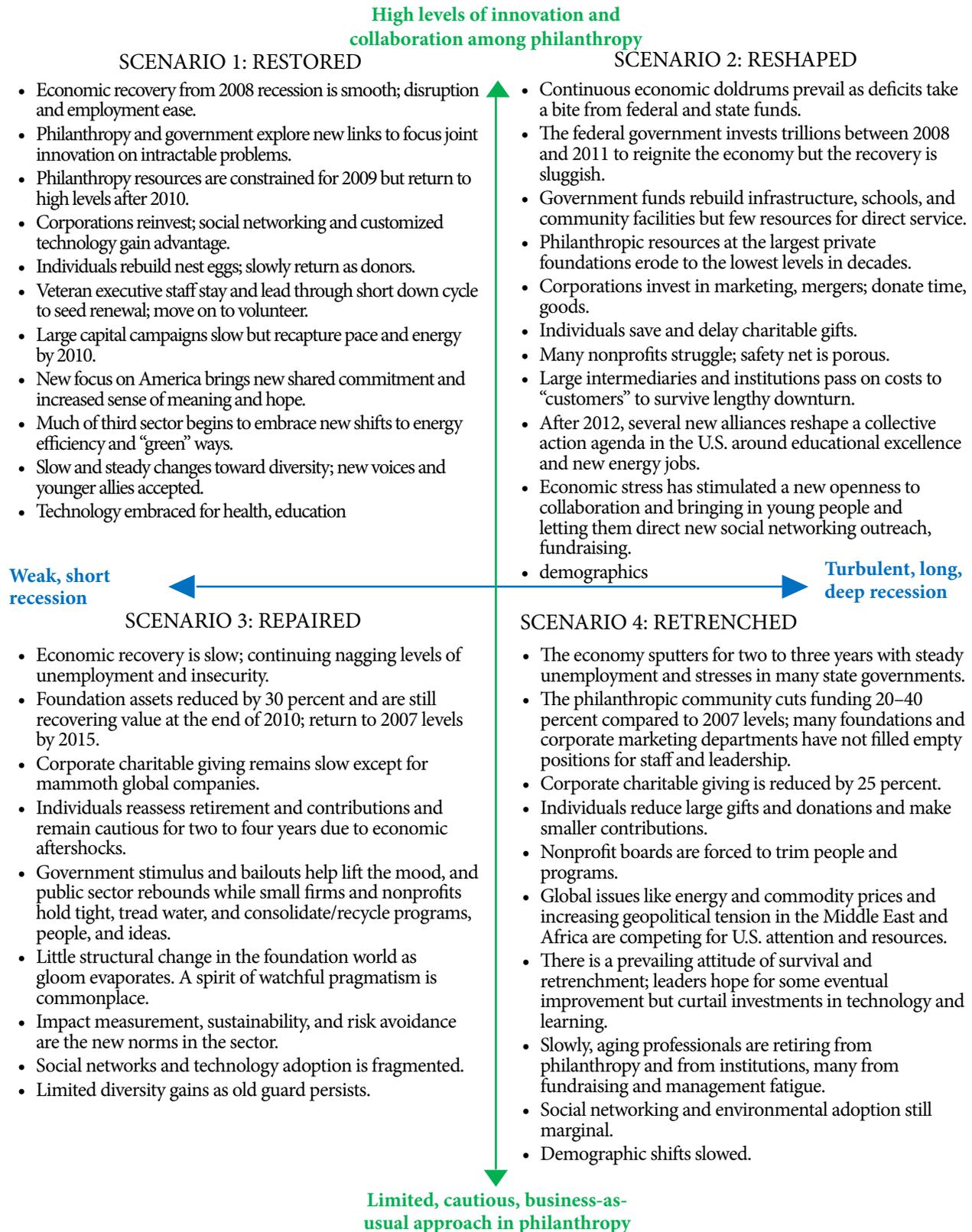
In order to identify assumptions and rehearse actions in the scenario process, it helps if we can list the actors that could have roles in the scenarios. Through their perspectives, attitudes, and actions, they shape the unfolding futures in different ways. Here is the initial list that I considered for this set of draft scenarios:

- Large private foundations, especially those with national scope
- Small family foundations
- Health conversion foundations
- Community foundations
- Federal and state agencies
- Corporate giving/PR or social responsibility departments
- Networks and associations of grant makers
- Academic programs linked to philanthropy
- Media devoted to independent sector
- Technical assistance providers, consultants
- Individuals and families who have contributed or may contribute
- Nonprofit grantees, especially large institutions like colleges, universities, hospitals, etc. with multiple revenue streams (boards, admin, professional development offices/staff/faculty, volunteers, partners, etc.)
- Mid-size nonprofit groups with good programs but limited operational resources
- Smaller community-focused groups and grassroots organizations or startups with tenuous support/resources

In more highly developed scenarios, we could test the scenario's implications for most of these stakeholders and play out enough possibilities to give the stories depth and complexity. For this brief overview, we have incorporated a few in each scenario. The scenario outlines and capsules follow.



Features and assumptions for scenarios



Four Scenarios for Philanthropy: 2015

SCENARIO 1: RESTORED

In Scenario 1, the year 2015 marked the blessings of positive convergence where a surprisingly swift and short recession coincided with a new progressive presidential administration. Widespread public concern over the negative impacts of markets, workforce cutbacks, unaffordable health care, and stagnating education stimulates successful dialogue about equity, high expectations, and new solutions for energy, health care, and youth opportunity.

Philanthropy and government explore new links to focus joint innovation on intractable problems. Philanthropic resources, constrained for 2009, returned to high levels by 2010 and provided a steady base and a new appetite for innovations that improved the common good.

Veteran executive leadership and energetic staff across the nonprofit world were able to create resiliency for many organizations.

Large capital and endowment campaigns were slowed but recaptured pace and energy by mid-2010. The renewed focus on America generated new shared commitment to volunteer, contribute, and engage the most diverse allies. New shifts to energy efficiency and “green” strategies became mainstream.

SCENARIO 3: REPAIRED

In Scenario 3, economic recovery from the 2008 recession was slow, and continuing nagging levels of unemployment and insecurity dampened communities. Many nonprofit organizations struggled, but most survived and developed new plans.

Foundation assets had initially been reduced by 30 percent and were slow to recover their previous strong value. Corporate charitable giving slowed too, except for mammoth global companies. Before 2011, most giving levels were back to their 2007 levels. Individuals were buffeted by market turmoil and layoffs, and emerged cautious, reassessing retirement plans and contributions.

Government stimulus and bailouts lifted the mood and public sector rebounded in most states; however, small firms and nonprofits treaded water and consolidated/recycled programs, people, and ideas.

Little structural change occurred in the foundation world. People maintained existing networks and habits of thought; risk avoidance emerged as the new norm in the sector.

A spirit of watchful pragmatism became commonplace, with an increased focus on impact measurement and sustainability. Diversity was still limited by the persistence of the old guard.

SCENARIO 2: RESHAPED

In Scenario 2, the new century’s first big recession provoked continuous economic doldrums from 2008 to 2012. The federal government invested trillions between 2008 and 2011 to reignite the economy, but the recovery was sluggish. Rising federal deficits took a bite from federal and state funds. Government funds had rebuilt a large percentage of the transportation infrastructure, schools, and community facilities, but there were few resources for operating programs and direct service, so communities and families suffered. Corporations, too, had to rebuild, and individuals struggled to save, so many gifts were delayed or cancelled entirely.

While philanthropic resources at the largest private foundations eroded to the lowest levels in decades, by 2012, several new alliances led by community foundations and social entrepreneurs emerged to reshape a collective action agenda in the U.S. around educational excellence and new energy jobs. This helped lead a new wave of stubborn optimism and resilience that piggy-backed on the second Obama administration. Young leaders emerged, bringing facility with technology and communication that helped reshape the third sector.

SCENARIO 4: RETRENCHED

In Scenario 4, the year 2015 was the first break from a sputtering economy and unusually problematic unemployment levels. The housing, auto, and retail sectors finally shook off the gloom and depression in 2011, but access to credit was still uneven for businesses, and lending was still conservative. This was a tough downturn for state and federal governments as legislators worked through fiscal deficits and constraints.

By 2012, global issues like energy/commodity prices and increasing geopolitical tension in the Middle East and Africa co-opted U.S. recovery attention and government resources.

The philanthropic community was operating with deep asset losses, and many foundations and corporate marketing departments consolidated staff and leadership positions. There was a survival mindset and retrenchment in the third sector; leaders began seeing signs of improvement after the 2012 election cycle, but were forced to limit investments in technology and learning.

Four hard years of economic stress had at least stimulated a new openness to collaboration and change, a sign that young people could lead the sector. Slowly, aging professionals retired from philanthropy and from institutions, many exhausted from fundraising and management fatigue.



Implications or Unanswered Questions

In the article “Leading through Uncertainty,” the McKinsey Quarterly explained: “A crisis is a chance to break ingrained structures and behaviors that sap productivity. Such moves aren’t a short-term response.” However, they are valuable in any scenario and could help an organization survive during the more turbulent scenario prospects.¹¹

Clearly, these short scenarios are stylized with a broad brush, but they suggest a set of difficult straits that many stakeholders in the third sector may confront in the next five years. Leaders of institutions and foundations should generate strategic and tactical options for each scenario. Leaders concerned about the sector as a whole can consider these questions:

- If foundations respond by cutting back grant-making, will their grantees be resilient enough to survive in every scenario?
- If the signals of economic distress described in scenarios come to pass, will foundations be able to push past retrenchment and innovate enough to reshape philanthropy?
- Will the recession shake the sector enough to lead to either Scenario 1 or 2, or are the essential features of philanthropy so ingrained that it is protected from discontinuities?
- How will leaders in philanthropy maintain their vision through what could be for many the most serious challenge of their careers?

It is wise to continue tracking the signals of change as they unfold or converge in 2009 to see which elements are surfacing. In addition, we can use the scenarios to illuminate assumptions about how people and institutions respond in times of stress and possibility. Each scenario will create winners and losers and trigger unintended consequences.

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The Prophecy of Millennial Philanthropy

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Introduction

Listen carefully. Can you hear it? Put your palms down on the table. Can you feel the vibration? Look around you in almost any corner of the developed world. Can you see it?

The Millennial Generation is upon us and will soon change everything.

From the perspective of a mid-life Baby Boomer, I have come to the conclusion (acceptance?) that the constant media and social attention heaped on my generation is being replaced by that given the Millennials. The history of their future is fascinating on any level, yet it is enriched when considering their impact on philanthropy.

This essay uses historical analysis and the theory of generational personalities to suggest how Millennials will impact philanthropy in North America (and, potentially, beyond) over the course of the next 30 – 40 years.

My interest in the general topic surfaced in 2004, where I explored Boomer and Gen X personalities in part to predict the coming decline in hospital philanthropy between 2010 and 2030.¹ Left out of that analysis was any treatment of the Millennial Generation (birth years 1982 – 2003).² A historian by early academic training and interest, I am drawn to studying the entire arc of a generation as a means of helping to understand the forces of change that may be evident in the near term. I would guess that today there are few, if any, papers or books on the future of Millennial philanthropy in 2035, 2040, or 2045. Yet one's ability to understand the influences and external forces that may shape this generation speeds one's adaptation in working with them now and in the near term.

History through the Lens of Generations

In 1991, Strauss and Howe hypothesized that all of society can be described as unfolding on a cyclical basis. Specifically, this cycle repeats itself every four generations (80 to 90 years).³ They further contend that each of the four generations within each cycle has a very distinct personality—which they label idealist, reactive, civic, and adaptive (Generations, 35).

Strauss and Howe define a generation as “a society-wide peer, born over a period roughly the same length as the passage from youth to adulthood (in today's America, around twenty or twenty-one years), who collectively possess a common persona”⁴ Phases of life are defined by the central social roles played during those phases. They describe the four primary phases as follows:

ELDERHOOD (age 66–87)	MIDLIFE (age 44–65)	RISING ADULTHOOD (age 22–43)	YOUTH (age 0–21)
Central role: <i>stewardship</i> (supervising, mentoring, channeling endowments, passing on values)	Central role: <i>leadership</i> (parenting, teaching, directing institutions, using values)	Central role: <i>activity</i> (working, starting families and livelihoods, serving institutions, testing values)	Central role: <i>dependence</i> (growing, learning, accepting protection and nurture, avoiding harm, acquiring values) (Generations, 60–61)



History does not take place in a straight, linear fashion. Neither do generations.

The authors assert that of the nine generations born over the past two centuries—including the Millennials—none have been longer than 24 years nor shorter than 17 years. What is so fascinating about Strauss and Howe’s theory is that they assert that history does *not* take place in a straight, linear fashion. Neither do generations. They talk about generations fully recognizing that no single description applies universally to all its bits and pieces. Rather, they focus on the generation’s “social and cultural center of gravity,” noting that its direction of change can be more important than its current location. A generation’s direction best reveals its collective self-image and sense of destiny (Millennials Rising, 17).

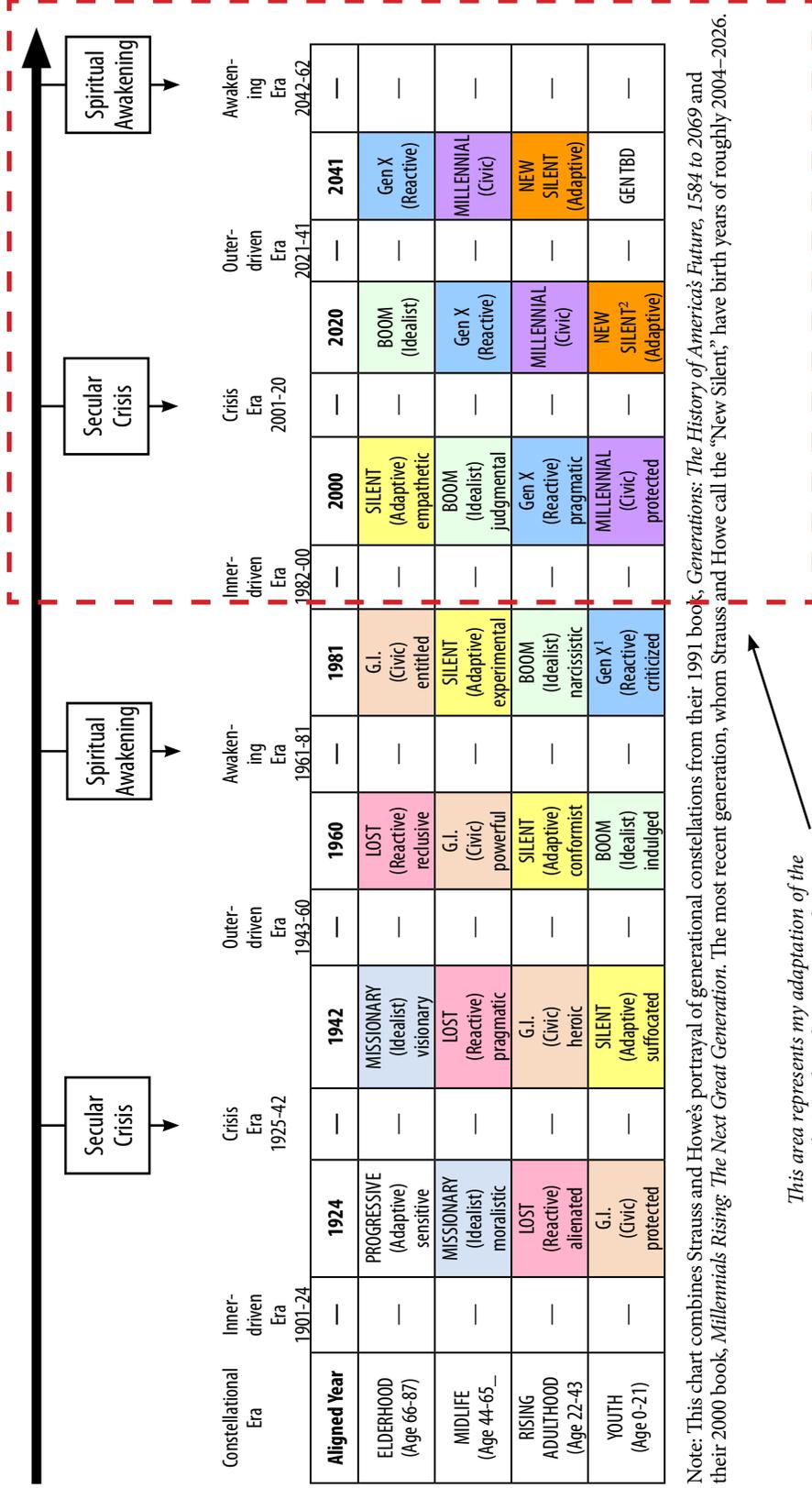
Therefore, while any study of the history of philanthropy could demonstrate variations and exceptions, a central pattern emerges, thereby reflecting the shared peer personality of the generation. Why not, then, turn that inquiry to the future to imagine the diagonal trajectory of that generation and its philanthropic social and cultural center of gravity?

The chart below presents the movement of generational cohort groups through time. I have adapted Strauss and Howe’s chart, published in 1991, where they showed each generation’s evolution from youth through elderhood against the backdrop of American history. The authors’ study shows that the dynamics of this same generational cycle have held true for 18 prior generations in five complete cycles—except one: the Civil War Cycle. I have adapted this chart to continue the pattern beyond 1982, which is shown in the dotted line box.

The key conclusion from this chart is clearer when following the movement of a generation by tracing their *diagonal* path from lower left to upper right (note color coding). In this way, one sees the connections between age location in history, social movements, and generational peer personality. Note the progression of the Millennials.



SOCIAL MOMENT



This area represents my adaptation of the original 1991 chart by Strauss and Howe (Generations, 79).

¹ I've used the label "Gen X," which became more widely adopted than the term "Thirteenth Generation" or "13er," which Strauss and Howe used
² "New Silent" is the placeholder label Strauss and Howe use for the generation following the Millennials, with birth years of 2004 to roughly 2026



The Millennial Revolution: Greatness Again

Born to late-wave Boom and first-wave Gen X parents, Millennial children have been protected and celebrated like no generation before them.

As is common in each generation, the trendsetters among them are the older cohorts. For the Millennials, that means kids born between 1982 and 1986. As children, they never knew recessions, they saw the Dow Jones go in only an upward direction, people seemed to only get wealthier (except for that nasty, ever-widening gap between rich and poor), America fought only effortless wars, global markets came calling, and the government was largely impotent. To Millennials, only those people getting direct mail from AARP give a hoot about voting, about unions, or about company loyalty. Those interests held (and continue to hold) little sway for Gen Xers in rising adulthood before them. Millennials have grown up with a dizzying number of choices as young consumers, a complete embrace of technology, a shared puzzlement at what they believe is rampant individualism and cult of celebrity, and an uninterrupted flow of happy music and feel-good pals.

Written from their perspective of the year 2000, Strauss and Howe identify seven distinguishing traits of this generation, which many readers will agree have been evident during the present decade of the Oh-Oh's (a.k.a. 2000s). They conclude Millennials are (1) special, (2) sheltered, (3) confident, (4) team-oriented, (5) achieving, (6) pressured, and (7) conventional (Millennials Rising, 43–44).

This generation is profiling like the one four generations earlier whose living members are fewer and fewer: the G.I. Generation, or what some have dubbed the Greatest Generation.

The attributes Millennials [have developed]—teamwork, friendship, rationalism—are, instead, the formula one associates with the big deeds that culture doesn't directly do but rather inspires beforehand and celebrates afterward. Collectively, Millennials share the kind of background and cultural inclination that is ideal for building spaceships to Mars, less so for making original movies about why anyone would want to go there. (Millennials Rising, 260)

Each generation is shaped by the generations before it. The pattern suggests three recognizable basic principles of generational evolution in societies like America where kids are given a measure of freedom to express their own inclinations and, thereby, shape society. Those principles are that each generation:

Each generation is shaped by the generations before it.

1 Solves a problem facing the *prior youth generation*, whose style has become dysfunctional in the new era.

- *The Millennials see the Gen Xers' dysfunction in the form of their in-your-face celebrity and free agency, cultural exhaustion, and what Putnam called the "bowling alone" syndrome.⁵*

2. Corrects for the behavioral excess it perceives in the current *midlife generation*.

- *The Millennials will "rebel" by overturning what they perceive to be the Boom Generation's hyper-individualism, impatience, mistrust, and a love of talk (and talk radio!) instead of action.*

3. Fills the social role being vacated by the *departing elder generation*.

- *With the passing of the G.I. Generation, the Millennials see the loss of team players, institution builders, civic achievers, and heroes (Millennials Rising, 62–69).*



Once every 80 to 100 years in American history, one generation emerges in a particular way that profiles as heroic. While heroism can only be judged by history, Strauss and Howe make a compelling argument about the validity of the generational pattern resulting from their study.

Much has been made of the hero archetype so widely present in the G.I. Generation. Born in 1901 through 1924, this generation—certainly the earliest cohorts—experienced the post-Great War growth and gains of the early twentieth century, flapping their way as teens into the Roaring Twenties. Their greatest test came during rising adulthood, as they (and their parents) clawed their way through the Great Depression to answer the call to duty during World War II. Of course, much has been studied about the celebrated status of these victorious G.I.s, who returned to a waiting and appreciative nation. “Collectively, the G.I.s comprise a ‘Hero’ archetype, the kind of generation that does great deeds, constructs nations and empires, and is afterward honored in memory and storied in myth” (Millennials Rising, 326).

Examining the diagonal trajectory of the generations as they encounter (and help produce) social moments of great significance (whether crises or awakenings), one begins to imagine a pattern for the Millennials not unlike that of their G.I. grandparents and great-grandparents. Through their study of all American generations, Strauss and Howe identified five hero generations, with an eerily familiar pattern of recurrence once every long human lifetime.

Generation	Birth Years
Puritan	1588 – 1617
Cavalier	1618 – 1647
Glorious	1648 – 1673
Enlightenment	1674 – 1700
Awakening	1701 – 1723
Liberty	1724 – 1741
Republican	1742 – 1766
Compromise	1767 – 1791
Transcendental	1792 – 1821
Gilded	1822 – 1842
Progressive	1843 – 1859
Missionary	1860 – 1882
Lost	1883 – 1900
G.I.	1901 – 1924
Silent	1925 – 1942
Boom	1943 – 1960
X	1961 – 1981
Millennial	1982 – 2003
New Silent	2004 – 2026?



With one exception, the hero generation appeared once every four generations. This pattern was interrupted in the American Civil War, as rising adult male ranks (North and South) were decimated by war before fully coming of age and acquiring the midlife mantle of leadership and later-in-life tributes. Strauss and Howe argue the hero pattern in each of the five generations' childhood years is reflected in the Millennial generation's experience. According to the authors, the three key elements of that pattern are as follows:

1. A hero generation arrives just after an era of society wide upheaval in values and culture that many historians call a "spiritual awakening" and passes through childhood during a time of decaying civic habits, ebbing institutional trust, and resurgent individualism.
2. A hero generation directly follows a youth generation widely deemed to be disappointing, reacts against the older "postwar" generation that fomented the spiritual awakening as young adults—and fills a void left by the passing of an elder generation known for civic purpose and teamwork.
3. A hero generation, early in life, becomes the target of passionate adult efforts to encircle and protect the childhood world, to promote child achievement, and to attach a new sense of destiny to youth—to which it responds by meeting and beating adult expectations. (*Millennials Rising*, 326–328)

Is this sufficient evidence to affix the mantle "the next great generation" upon the Millennials? There are certainly powerful and compelling arguments to that end. As the civic-minded G.I. builders pass away, we may be looking at the next wave of greatness in the eyes of today's 22- to 27-year-olds—the trendsetters and first-wave Millennial leaders in the early stages of their rising adulthood era, which occurs from age 22 to 43.

One would expect the experiences of youth and rising adulthood to have personality-shaping importance.

While the study of history produces recognizable repeating generational patterns, each era is shaped by generations—especially in their rising adulthood years. In twentieth-century America, the pattern of philanthropy found that peak giving occurs between a person's late 50s and early 70s.⁶ If that is true for the Millennial generation—who may live longer than all previous generations—one would expect the experiences of youth and rising adulthood to have personality-shaping importance.

Therefore, understanding those fundamentally important influences during the first two life stages (youth and rising adulthood) helps us anticipate the midlife generational persona and the potential feeling for philanthropy.

The forces of change influencing the Millennial rising adults are unfolding right now. To fully anticipate the frame of reference of likely midlife Millennial philanthropists, we must pause long enough to imagine the depth and scope of the secular crisis facing us all and facing this generation as it enters adulthood.

Secular Crisis as Catalyst: A Generation's Crucible

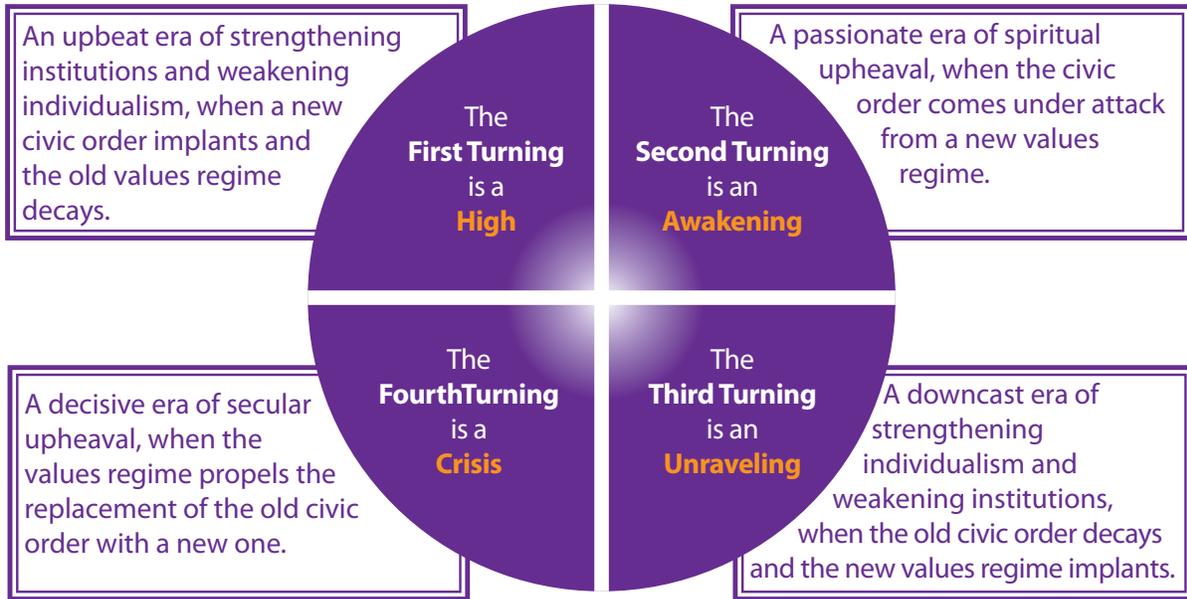
With great caution, I embark on the murky (at best) task of interpreting events of today and recent past within the context of Strauss and Howe's recurring generational personas. None of us can predict the future. Despite that realization, there is much to be gained in tolerating the exercise insofar as it produces present-day dialogue and action. Coupled with the general difficulties is the vulnerability of being labeled a doomsayer—or "the Dr. Kevorkian⁷ of hospital philanthropy," as one colleague referred to me after reading the draft of *Forces of Change*—because my affinity for the long view inexorably leads to dealing with dark times. Such is the case at hand.

As noted on the generational diagonal chart earlier, Strauss and Howe see a recurring pattern of secular crisis in American history, which they call a "Fourth Turning." These authors theorize that over the past 500 years, Anglo-American society experiences a *turning*—a new era—approximately every two decades. As each turning begins, people feel different about nearly everything: themselves, the future, the nation,



and their culture. Turnings appear in cycles of four, spanning roughly 80 to 100 years. They describe these turnings as “history’s seasonal rhythm of growth, maturation, entropy, and destruction.”⁸

Throughout American history, we’ve experienced many turnings, producing a discernible pattern as follows:



The authors posit that the six prior Fourth Turnings in Anglo-American lineage are:

War of the Roses (1459 – 1487)	Armada Crisis (1569 – 1594)	Glorious Revolution (1675 – 1704)	American Revolution (1773 – 1794)	Civil War (1860 – 1865)	Great Depression & World War II (1929 – 1946) (ibid, 259)
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Each Fourth Turning comes with the opportunity of greatness and glory—or apocalypse. Strauss and Howe predicted that American’s next rendezvous with destiny would begin in roughly 2005 and conclude around 2025. They described that we would feel optimism attached to self, but not to family or community; that we would perceive our civic challenge “as some vast, insoluble Rubik’s Cube;” that we will grope for answers, wondering if our intuition has given way to analysis; leaving us feeling “individually focused yet collectively adrift...wonder[ing] if we’re heading toward a waterfall” (ibid, 2).

Their historical pattern recognition indicates that roughly 15 to 25 years elapse between a Fourth Turning’s catalyst and its resolution, with a discernible four-step morphology:



1. A crisis era begins with a catalyst—a startling event (or sequence of events) that produces a sudden shift in mood.

I submit that the American (now global) recession/devaluation of 2008 is that event or a part of that event series. The home mortgage crisis, financial system insolvency, and stock market devaluation are all mounting evidence of sparks of the catalyst. While the crisis era is a period not without hope (from my view, the precedent-setting election of America's first Gen X and African-American president). However, the authors add: "Each of these sparks is linked to a specific threat about which society had been fully informed but against which it had left itself poorly protected. Afterward, the fact that these sparks were *foreseeable* but poorly *foreseen* gives rise to a new sense of urgency about institutional dysfunction and civic vulnerability. This marks the beginning of the vertiginous spiral of Crisis" (ibid, 256–257).

Catalyst

Consider the following progression of events from "2009 Outlook for Higher Education: Negative," a presentation by Roger Goodman of Moody's Investor Services to the Council of Independent Colleges, on January 5, 2009:

"So Much Has Happened..."

- July 15, 2007: Bear Stearns hedge funds collapse
- Dec, 2007: Insurer downgrades begin
- Auction Rate securities fail
- Widespread "puts" of insured floaters
- March 17, 2008: Bear Stearns "bought" JP Morgan
- Sept 7, 2008: Federal government takes over Fannie Mae
- Sept 15, 2008: Lehman bankruptcy/ Merrill bought by BofA
- Credit default swap uncertainty rocks markets
- Sept 16, 2008: Reserve Fund "breaks the buck"
- Intense spike in muni short-term rates
- Sept 22, 2008: Goldman & MS convert to commercial bank
- The end of investment banks
- Sept 30, 2008: Commonfund ST Fund closed by Wachovia
- October 3, 2008: \$700 Billion federal rescue plan approved
- Nov 4, 2008: First African-American President elected
- Nov 24, 2008: Citigroup bailout
- Dec 12, 2008: Madoff Indictment"

2. Once catalyzed, a society achieves a regency—a new counterentropy that reunifies and reenergizes civic life.

If we are indeed in the midst of a Fourth Turning, might this suggest that the American \$700 billion stimulus package of 2009 (which mirrors many in other countries) will have some rebalancing effect in the near term (several years)?



3. The regenerated society propels toward a climax—a crucial moment that confirms the death of the old order and birth of the new.

Perhaps this suggests an intersection of events that produces a climax—and a definitive call to duty among rising adults (Millennials) in the mid Oh-Teens.

4. The climax culminates in a resolution - a triumphant or tragic conclusion that separates the winners from losers, resolves the big public questions, and establishes the new order (ibid, 256)

It is not my intent to speculate on the countless possible sources of “sparks” that could bring about or exacerbate the current crisis. If one adopts the Strauss and Howe hypothesis about the cyclical nature of American history, then one must consider that the Millennial generation will be shaped by these events. Assuming a victorious resolution (whether to war and/or to some systemic financial meltdown), the Millennials will emerge as a celebrated, inspired, powerful, energized generation, ready to move into midlife leadership and their prime giving years. Strauss and Howe forecast a post-crisis era, including “a redefinition of government’s relationship to the economy and society, a redefinition of man’s relationship to technology, and a redefinition of America’s relationship to the world” (Millennials Rising, 355–356).

Let us now turn to examine what that context might suggest for the future of American philanthropy.

The Millennials will emerge as a celebrated, inspired, powerful, energized generation, ready to move into midlife leadership and their prime giving years.

Millennial Philanthropy Symbiosis

Perhaps there is a corollary to Strauss and Howe’s observation that history shapes generations and is shaped by generations. By extension, one might conclude that philanthropy shapes generations and is shaped by generations. This symbiosis—the interdependence or mutually beneficial relationship between two—becomes a fascinating field of study for future research in our field. If the Millennials’ demography and their generational response to political economy, family, school, the pace of life, personal conduct, community, culture, work, commerce, and the world is different than the three (or more) generations before them, then we are likely to see important differences in how they embrace philanthropy too.

We must first stop to remember Strauss and Howe’s admonition that neither history nor generational persona formation is a linear occurrence. As generation members age, our phase-of-life behaviors change, as does our interaction and effect on the generations ahead of and behind us. This is important to consider when attempting to forecast adult Millennial philanthropic behavior from the vantage point of early 2009, with only the first third of the generation newly into their rising adulthood (22+) years. From a historical perspective, comparatively more has been written about the Millennials’ childhood. Recent literature attempts to make more real-time observations about this generation going to college, to work, and into the military. The study of historical occurrences affords the luxury of context that is sacrificed in making present-day observations, where we can never be quite sure whether we are witnessing an emerging trend or a momentary anomaly.

Recall the earlier discussion that each generation’s personality is shaped by the generations which precede it. Therefore, through their childhood years, the Millennials sought to solve the perceived dysfunction of Gen Xers’ preference for in-your-face celebrity, free agency, cultural exhaustion, and going it alone. They sought to correct the then midlife Boomers’ excesses, hyper-individualism, impatience,



mistrust, and love of talk instead of action. Just as motivating is their collective will to become the team players, institution builders, civic achievers, and heroes they saw in their grandparents and great-grandparents (G.I. Generation). Let us consider how these generational principles may evolve to produce Millennials' response to philanthropy both as "givers" and "getters."

The Givers

Team-oriented, confident, sheltered, protected Millennial children of North America exude a pronounced sense of confidence tempered by conventional thinking. This generation loves to take action and they prefer to work in teams.

This generation loves to take action and they prefer to work in teams.

Consider Craig Kielburger as a fine example of this empowered generation. In 1994, at age 12, he and his brother Marc founded Free the Children, the world's largest network of children helping children through education. Under Kielburger's leadership, and with the involvement of more than a thousand Youth in Action Groups, Free the Children built more than 500 schools throughout Asia, Africa, and Latin America, providing daily education to more than 50,000 children. Through its Adopt a Village development model, it established more than 23,000 alternative income projects to assist women and their families in achieving sustainable incomes.

That same year he cofounded and became director of Me to We, a new kind of social enterprise for people who want to help change the world with their daily choices. Through its media, socially responsible choices and leadership experiences, Me to We supports Free the Children's work with youth creating global change.⁹ These actions catapulted Kielburger as an international example of what is best in this new generation and set the stage for many other young social activists taking their formative steps into the world of philanthropy.

Kielburger's story is impressive but not unique. His is a Millennial response to a felt need. His response: take action immediately and locally (which he did in his hometown of Thornhill, Ontario, through bake sales and pop bottle/petition drives), while tapping every available technology-supported social network.

This generational personality, faced with a secular crisis in its rising adulthood years, will bring practical strengths, optimism, and teamwork to the table. This is a generation very intentional about making a difference and building community. Steeped in solid values, the Millennials will bring the same solution orientation to philanthropy that they have brought (and will continue to bring) to every other aspect of their lives.

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Consider the rise in national youth service organizations in the U.S. Consider the frequency with which private colleges organize youth mission trips (e.g., flood victim relief) in growing numbers—despite the fact that this trend evokes far less media coverage than binge-drinking bouts and summer-break escapades on sun-drenched beaches. Strauss and Howe observed in 2000 that "Millennials are primed to give higher priority to the outer world than the inner, to push America toward a blander culture yet also toward a more aggressive and ambitious definition of the nation's collective action" (Millennials Rising, 261–262). They are what Allison Fine refers to as "Social Citizens, representing a nascent model and era of citizen participation that combines idealism, digital fluency, and immersion in social causes."¹⁰

Technology will accelerate and amplify the impact this generation will have on philanthropy.

Technology will accelerate and amplify the impact this generation will have on philanthropy. They will increase the reliability of the Internet (and its antecedents) and remove the chaos around divergent technologies, thus creating more useful and integrated tools. Groupware, community networks, cooperative applications, and an untold number of new Web devices will take communication options to unprecedented levels. All of these tools, second nature to these early-adopting



Millennials, will be harnessed without fanfare for the pursuit of all facets of life: family, social, economic, political, military, environmental, and, of course, philanthropic.

Strauss and Howe indicate that the oldest members of the Millennial generation will turn 30 in 2012 and become eligible for the U.S. presidency in 2017. The peak of the Millennial “breakout” will happen early in the decade of the Oh-Teens, evidenced by significant influence on politics and national institutions, with which they will closely identify and bond. Entering the first of two successive family-building decades, the Millennials will prioritize and embrace institutions that strengthen their roles as parents, help them raise their children, and provide for their households. The bottom line will be if it’s family friendly, success and support is more assured; if not, expect a Millennial challenge (Millennials Rising, 316–317).

The Oh-Twenties will find first-wave Millennials turning 40 in 2022. Collective confidence and energy will be high, especially if their generation’s response to the secular crisis appears effective. Interesting—and, perhaps, dismaying to Boomers—their sense of conformism will shape this new era in a way that’s family friendly and intolerant of social argument. “Millennials will aggressively apply their stamp to every aspect of American life. In the culture, they will clean up the elder ‘mistakes’ of their youth era, in ways that might today seem authoritarian and intensely anti-individual....In technology, they will launch big projects to improve people’s daily lives” (Millennials Rising, 319).

These forecasts lead one to conclude that philanthropy will be embraced by Millennials during the next two decades, even before they have evolved into what is typically known as prime giving years. Philanthropy will become another tool for accomplishing their social agenda. Their desire to make the world a better place—while cleaning up the messes and excesses and reversing the dysfunctions of the two preceding generations—will drive adoption of philanthropy. Grassroots philanthropy will become the norm, fueled by a healthy dose of activism and ubiquitous technology-assisted communication.

The Boomer- and Gen X-inspired trend toward venture philanthropy, philanthrocapitalism, and the like may become less compelling for Millennials. While this “business” approach to philanthropy may continue to be attractive to newly practical-minded Gen Xers entering midlife, for Millennials, those methods may seem to be more about the donor than the recipient and, therefore, replaced by giving that seems more values-laden and that allows for a stronger sense of personal connection to the recipient.

Millennial philanthropy will increasingly be color blind as racial and ethnic diversity was the norm during their generation’s childhood years. The divisions that plagued earlier generations will prove less distracting and less relevant for Millennials. Their philanthropic behavior will be similarly color blind for donors and recipients alike. Assuming successful navigation through the crisis—which, from the vantage point of early 2009, seems like a huge leap of faith—Strauss and Howe predict the emergence of a new American middle class. If this development occurs, it will add further momentum to the growth of philanthropy at grassroots levels, especially (or perhaps largely) if the philanthropic focus is family- and community-focused.

Today, one observes an increasing trend toward global philanthropy, where gifts are both sought and applied across many borders. While the Millennial persona infers this trend will only accelerate, it remains unclear how the response to the current (and continuing) crisis will affect that tendency. One can imagine that the herculean efforts required to resolve the secular crisis may pull the collective attention of newly victorious Millennials to a huge domestic agenda of institution building (or rebuilding). If so, this would likely be expressed in the form of a continuing appreciation for and interest in the global community, yet accepting the perceived need to prioritize improvements closer to home. It will be interesting to watch in years to come whether each country’s greatest philanthropists turn their attention inward to domestic issues. If that is the case, one worries about the world’s poorest and most vulnerable people. Clearly that is a topic for additional research and forecasting that goes well beyond the scope of this essay.



The Getters

Millennials value peer relationships over institutional loyalty.

Of course, Millennials have already entered and will continue to enter the ranks of the fundraising profession and nonprofit leadership. In time, they will become the dominant workforce, designing philanthropic solutions and opportunities to attract charitable support. Therefore, it is important for us to explore how they think and work (coupled with how they decide to give) and how that may change the way fundraising evolves as a practice. It forces us to wonder about the extent to which institutional fundraising (e.g., colleges, medical centers, federated social service organizations) will need to change to both serve and attract Millennials. Finally, we must consider what choices they might make as volunteers and which fundraising practices and tools are likely to look very different from those in vogue today.

Millennials in the fundraising workplace are now and will remain different from their predecessors. Scott Degraffenreid, a social network architect and principal with N2Millennials (meaning “Into” Millennials), states, “One thing you can count on with Millennials...they change at the pace of technology.”¹¹ According to Degraffenreid, functional MRIs have revealed physical changes in the way Millennials’ brains work, which, he claims, is the result of having grown up with personal computers, cable, music videos, video games, and search engines as daily interfaces.

Much has been made in the press and employment literature about the number of job changes the Millennials will experience. The U.S. Department of Labor estimates that current college learners will have 10–14 jobs before the age of 38. The Millennials’ ability (or penchant) for fast-paced change is, perhaps, a purely adaptive characteristic, given that the amount of technical information is doubling every two years and that the top ten in-demand jobs for 2010 didn’t even exist in 2004. No wonder, Degraffenreid notes, they’ve “been dubbed ‘Crash Test Geniuses’ because they aren’t afraid to ‘reboot’ and learn faster from failure than anything else. This means that they feel no guilt about walking off the job if it doesn’t seem to be working” (N2Millennials).

The personality traits of this generation make them strong candidates for service with nonprofit organizations.

The personality traits of this generation make them strong candidates for service with nonprofit organizations. In *Social Citizens*, Allison Fine notes that many Millennials have strong personal values, necessitating for them that their jobs and careers reflect those personal values. Many will look beyond the paycheck for meaningful, make-a-difference kind of work, which includes nonprofits, NGOs, and charitable organizations.

Fine’s research led her to conclude that “Millennials are set apart from other generations by their cause lifestyle—a youth that is infused with giving and volunteering, eventually complemented by careers dedicated to causes.”¹²

Degraffenreid believes Millennials are hard-wired to take on market shifts, innovative problem solving, and product creation without the fear of failure that paralyzes previous generations. This kind of fast thinking and bias for action will influence how these generation members perform in the fundraising shops of the future. Fine notes that in their professional lives, Millennials are wary of institutions, even when they run them. They crave genuine relations, and can instinctively sense when they aren’t there. Fine raises the question of how this persona will influence current and future institutions. While not exclusive or exhaustive, American philanthropy has largely been institution-based or institution-benefiting. Today, churches, colleges and universities, hospitals and medical centers, arts and culture, and major human service organizations have been the dominant players in the world of philanthropy.

Enter the Millennials, who, Fine tells us, value peer relationships over institutional loyalty. “This has profound implications for...organizations accustomed to support from their donors over long periods of time. Young people are unlikely to be lifelong donors to their local United Way or Sierra Club. They will engage enthusiastically in specific campaigns about which they feel passionate, but their institutional



support is likely to vanish once that campaign ends” (ibid).

Neither Allison Fine nor I question the continuing role and importance of institutions in the decades to come. Clearly, they have critical mass, offer expertise, focus efforts, provide institutional memory for communities, and lead issues. Yet, if they look as they do today, Millennials will disengage. Further, they (Millennials) will be unlikely to stay on fundraising staffs with quiet, unchallenging acceptance. While possessing strong values and an action orientation, this is the point-and-click generation with little patience for the ponderous pace of bureaucracy—a revulsion felt by both Millennial donors and Millennial development staff. They will test institutional assumptions about why philanthropy is needed, rather than simply acquiescing to administrative requests for “the next campaign” and “more millions.” Fine observes, “Millennials can be instrumental in questioning and assessing when and why institutions are needed to address causes, and when a protest campaign or a blog will do. The larger issue of how institutions will be structured and organized in the Connected Age is an ongoing process” (ibid). I believe that the same questioning and assessment of fundraising processes will occur.

Some might say this profile makes the Millennial a high-maintenance worker, requiring significantly more attention and direction, only to have them bolt for a different job at a moment’s notice. While that interpretation may fit some, chief development officers hiring Millennials should consider that a different set of characteristics requires an altered approach to teaching, managing, and mentoring. First, the Millennials’ inner desire to make a difference is a highly conducive framework for learning the mission of the nonprofit they select and the development profession in general. Second, they are learning machines. If Fine’s and Strauss and Howe’s profiles of their learning styles are accurate, this is a generation that learns from immersion and in cohort groups. Said another way: heap on the teaching, training, and real-life experience. Give them the opportunity to weigh in and offer feedback and alternative approaches. Third, they are highly relational and possess strong values, which makes them ideal for the work of fundraising.

Millennials may seem impatient and uncommitted. Don’t be deluded. These Millennials will “talk truth to power.”

Finally, listen intently to them. They are far less likely to take their own organization’s press releases at face value. If they can’t make the case for support from a position of truth and credibility, they won’t. They’ll either walk away, or they’ll demand it be stripped down and rebuilt. That clarity and assertiveness may frighten some Boomer development leaders who learned their development craft in an apprenticeship model. By comparison to those leaders, these Millennials may seem impatient and uncommitted. Don’t be deluded. These Millennials will “talk truth to power.” The successful nonprofit leaders will be those who listen and adapt. Doing so will signal to Millennials their value and impact, thereby redoubling their commitment and intention to stay, yielding what Degraffenreid calls “tenure equity.”

The tools and processes that shape fundraising practices of the future are in some cases already in play, and in others, pure speculation. If one subscribes to the belief that history shapes and is shaped by generations, and if philanthropy shapes and is shaped by generations, then fundraising practices shape and are shaped by generations. Every generation of fundraising professionals struggle to unlearn the techniques that worked with earlier generations but they now find don’t work nearly as well with the current rising adult generation. That’s why studying the generational diagonal chart presented earlier is as important to determining fundraising communication strategy and organizational structure as anything else to consider in imagining the future of philanthropy.



Following are just a few examples of some anticipated changes:

Today's Fundraising Practices/Techniques	Millennial Generation-Friendly Alternatives
Direct mail	Mobile electronic communications
Printed case books/statements	Video links on Web sites, including requests for constituent uploads of personal experiences (videos, photos, etc.) with relevant issues
Campaign feasibility studies to determine fundraising goals	Online surveys, coupled with peer networking to assess interest, strategy, and capabilities
Ego-centric giving appeals and recognition	Recognition for being part of a concerned group who made a real difference (the power of "we over me")
"Wine and dine" cultivation of major donors	Guided opportunities for committed prospects to "get their hands dirty" and to personally experience issues in their social context
Institutionally controlled flow of information	Pervasive transparency, yielding institutional participation in real-time discussions of information with constituents
Periodic reports of collective accomplishment	Ongoing, personalized, real-time tracking of impact available virtually and remotely to donors anywhere, anytime
Foundation and governing board membership	Strong willingness to get involved, but in formats that bring fast-paced opportunities to "immerse, converse, and disperse" (Social Citizens)

When and With What Impact on Me?

While the for-profit and nonprofit business worlds are accustomed to thinking in time frames as short as quarters, annual results, and three-year plans, historians are more comfortable with a longer view. Historians will think in terms of decades, eras, generations, and centuries. Development professionals can afford neither perspective in isolation. We must consider both short- and long-term variables. When attempting to understand the impact of Millennial philanthropy, it behooves one to keep in mind some key dates:

Mid 20-0hs	Secular crisis onset
2005	Gen X eldest turned 40, entered mid-life phase
2010	Boomer eldest turn 65, enter elderhood phase
2012	Millennial eldest turn 30
2016	Gen X eldest turn 55, assumed peak years of giving begin
2026	Crisis resolution
2026	Millennial eldest enter midlife phase
2026	New Silent eldest enter rising adulthood
2030	Gen X eldest turn 65, enter elderhood phase
2037	Millennial eldest turn 55, assumed peak years of giving begin
2047	Millennial eldest turn 65, enters elderhood phase
2047	New Silent eldest turn 44, enters midlife phase



The last three years have seen a plethora of blogs, editorials, articles, and a few books written to interpret the weak economy and the implications for fundraising. Most offerings that I've seen effectively address the issue from these perspectives: giving in comparison to previous U.S. recessions and the Great Depression, giving in relation to the performance of the stock market, or giving in relation to social psychology. Each of these lenses provides valuable insight and context to understand what we might anticipate in the years to come.

Equally important to those other views is to anticipate the implications for the future of philanthropy as shaped by generational persona. Following is my forecast about the coming decades, as influenced by my study of the generations.

Context:

The Fourth Turning continues to unfold. While not all bad news or doom-and-gloom, the tone of this period is downright serious. Having lost an average 18 percent of net worth in 2008,¹³ Americans worry more about income and assets, thereby dampening philanthropy. Stock market investors who followed the long sage advice of “buy and hold” will find that it may take three decades, assuming continuing the past 10-year annualized rates of return of 2.88 percent, to recover the losses from the bear market of early 2009.¹⁴

The fiscal crisis mounts and becomes global, displaying mind-numbing complexity and vulnerable interdependencies of nations, institutions, and peoples. Debt increases, civic decay, and community/global disorder are on the rise. Panic is never far from the surface. Few people alive during this period will have had any lived experience similar to these current events.

Boomer Response:

Boomers economic downward spiral in the Fourth Turning. “This generation will get a comeuppance for a lifelong habit of preaching virtues its members have not themselves displayed—of talking more than doing.... Sooner or later, the truth will dawn on old Boomers that the money simply won't be there to support their accustomed consumption habits in old age. Neither they nor their nation will have saved enough” (Fourth Turning, 283).

This situation poses a dilemma for Boomers who have long sought to change the world, but now must face the reality that it will not be their resources that get it done. Their impact as donors diminishes (far sooner than has been the case for previous generations), but their spirited (and spiritual) advocacy and philosophizing continues to add value.

Gen Xer Response:

The reactive persona of this generation will lead them to simply hunker down and take care of themselves as best they can (which they've been doing since childhood). Financial worries skyrocket during this entry into midlife. Thomas Murphy claims that the primary financial decision-making criterion for determining a donor's capacity to engage in philanthropic activities is neither wealth nor income; rather it is the expected present and future relationship between income and expense.¹⁵

This being the case, Gen Xers, who have never really been joiners or natural collaborators, will remain largely disconnected and only a modest force for philanthropy.

Millennial Response:

Grassroots efforts, fueled by widely shared generational optimism, must come to terms with the crisis. Pulling on a can-do spirit and marshalling deep inventiveness and community spirit, Millennials respond, helping to blunt the worst effects of the crisis and embracing philanthropy as a tool for change and improvement. While their gift resources are still small, they are disproportionately oriented to giving. Their role in boards, councils, and associations begins to increase significantly.



Context:

“All of America’s lesser problems will combine into one giant problem. The very survival of society will feel at stake, as leaders lead and people follow” (Fourth Turning, 277). “Emerging in this Crisis climax will be a great entropy reversal, that miracle of human history in which *trust* is reborn” (ibid, 278).

In the last half of this period, charitable giving emerges from its doldrums and begins to rise.

Boomer Response:

These Zen-like philosophers will take a more serene position in their later years. Having survived the crisis and having (for the most part) exhausted or lost much of their reserves, the Boomers are content to reflect for society. They add meaning through their lifetime pursuit of consciousness-raising. In this role, they are advocates for where philanthropy can do its most good, yet their own resources are in limited supply.

Gen Xer Response:

This generation lives its own version of *True Grit*. Strauss and Howe predict that this generation will, at this time, be financially worse off than their Boomer parents. As the crisis era deepens before its resolution, Gen Xers “will feel little stake in the old order, little sense that their names and signatures are on the social contract. They will have reached full adult maturity without ever having believed in either the American Dream or American exceptionalism” (ibid, 289–290).

Yet, this generation will persevere. They will plod on and play their own leadership role. Philanthropy will not be a priority for this generation—especially during crisis years. Holding weakness and compassion in contempt (at its most extreme expression), Gen Xers will look at philanthropy as a bit of a luxury better left to others.

Millennial Response:

The full weight of tax burdens, deferred debts, and economic upheaval of the past decade and a half has left this generation winded, but resolved. They know a better time is coming and they are leading the way to finally putting the crisis and its residual impact behind them. They are poised to regain their generational birthright as nation and community builders, bold goal realizers, and heroes. Philanthropy—long understood and personally embraced by Millennials—will be sought after as a vehicle through which they can make things happen. For them, this period is an exodus from the dark. They feel they are on the cusp of something exciting.

New Silent Response:

Like their forefathers and generational namesakes of roughly 80 years earlier, the New Silent childhood is one marked by crises, economic weakness, and—possibly—war. They will be continually reminded by their Gen X and Millennial parents that daunting sacrifices are being made...for them (Generations, 286). They’ll largely keep quiet and watch what unfolds throughout their childhood.



Context:

With the crisis resolved, society begins to open to a new era of progress and optimism. A pent-up agenda of breakthroughs is now unleashed, sparking unprecedented social and commercial undertakings. This is the period Havens and Schervish dubbed “the golden age of philanthropy” because of the anticipated intergenerational wealth transfer of roughly \$41 trillion between 1998 and 2052.¹⁶

Boomer Response:

With the oldest Boomers turning 90, their impact on philanthropy will be limited, except for the important role Havens and Schervish predict in their transfer of wealth, which will likely pass to the Millennial Generation.

Gen Xer Response:

Entering elderhood, Gen Xers will occupy little dominance in public life, having been forced to relinquish those leadership roles to midlife Millennials. Reflecting upon a lifetime of pragmatism and largely having to do without, Gen X philanthropy will be unspectacular, often directed at their generational peers, and performed in a way that draws little need for deep involvement or attention.

Millennial Response:

As far as philanthropy is concerned, this era is like the Millennials’ coming-out party. With many recent societal challenges now in check, with midlife earnings high, and with business, political, and social leadership positions all but locked up, the Millennials will catapult philanthropy to new heights. Echoing a civic forefather’s bold admonition, “If you can dream it, you can achieve it,” Millennials will take nonprofit organizations to new levels of relevance and accomplishment, they will invent and evolve more effective methods of solicitation, and they will set unprecedented goals for giving.

New Silent Response:

In their rising adulthood years, the New Silent are attentive students of the Millennials’ impressive accomplishments. They learn well what works and what does not. They are smart, trainable, and productive, making this generation a real asset as they enter the world of work. Millennials will gladly put them to work in the many new jobs and organizations they’ve created to fuel their big dreams. The New Silent will, in this period, develop a healthy respect and appreciation for philanthropy.



Close

Of course, the act of forecasting events or movements in the future—and generational responses to those events—is fraught with peril and the likelihood of error. It is my hope that a discussion of these observations does not become too easily distracted by surface level “will it or won’t it” debates. Rather, I’m hopeful that these observations will spark discussion and study about how neither philanthropy nor each generation’s relationship to it progresses in a straight line.

¹Gary J. Hubbell, *Forces of Change: The Coming Challenges of Hospital Philanthropy*. (Falls Church, VA: Association for Healthcare Philanthropy, 2005).

²While the literature on generations can be confusing with different names assigned and birth year brackets suggested, I subscribe to language and theory of generations presented by William Strauss and Neil Howe. See *Generations, The Fourth Turning, and Millennials Rising*.

³William Strauss and Neil Howe, *Generations: The History of America’s Future, 1584 to 2069* (New York: Quill/William Morrow, 1991), chapter 2 (hereafter cited in text as *Generations*).

⁴William Strauss and Neil Howe, *Millennials Rising: The Next Great Generation* (New York: Vintage Books, 2000), 40 (hereafter cited in text as *Millennials Rising*).

⁵Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000).

⁶Harry Lynch, “What Your Mother Can Teach You about Online Fundraising,” *On Philanthropy*, October 24, 2003, <http://www.onphilanthropy.com/site/News2?page=NewsArticle&id=5942>

⁷Dr. Jack Kevorkian was imprisoned in 1999 for illegally performing 130 assisted suicides.

⁸William Strauss and Neil Howe, *The Fourth Turning: An American Prophecy; What the Cycles of History Tell Us About America’s Next Rendezvous with Destiny* (New York: Broadway Books, 1997), 3 (hereafter cited in text as *Fourth Turning*).

⁹Wikipedia contributors, “Craig Kielburger,” *Wikipedia, The Free Encyclopedia*, http://en.wikipedia.org/w/index.php?title=Craig_Kielburger&oldid=285224941. I had the pleasure of hearing Craig speak at the 2007 AFP Conference in Dallas.

¹⁰Allison Fine, “Intro: Millennials as Social Citizens” *Social Citizens*, <http://www.socialcitizens.org/paper/millennials-as-social-citizens>.

¹¹Scott Degraffenreid, “What Do You Need To Know About Millennials?” *N2Millennials*, <http://www.n2millennials.com/> (hereafter cited in text as *N2Millennials*).

¹²Allison Fine, “Can Institutions Survive? Should They Survive?” *Social Citizens*, <http://www.socialcitizens.org/paper/key-questions-for-social-citizens/can-institutions-survive-should-they-survive> (hereafter cited in text as *Social Citizens*).

¹³Barbara Hagenbaugh, “Net Worth Sinks 17.9%, Uneasy Consumers Likely to Spend Less,” *USA Today*, March 13, 2009. This article indicates that the speed and depth of the decline in net worth in the fourth quarter of 2008 was the biggest decline since quarterly records began in 1951, according to the Fed.

¹⁴Adam Shell, “Stock Recovery Will Be a Long Haul,” *USA Today*, March 9, 2009. This article points out that using the March 6, 2009, S&P 500 close of 683, time periods were determined for how long it would take to recover the money lost in the bear stock market. At 25 percent annualized rates of return, it would take until June 2012; at 20 percent, until April 2013; at 15 percent, until September 2014; at 10 percent, until June 2017; at 5 percent, until September 2025; and at 2.88 percent—the annualized yield over the past 10 years—until November 2037.



¹⁵Thomas B. Murphy, "Financial and Psychological Determinants of Donors' Capacity to Give," *New Directions for Philanthropic Fundraising* 29 (Fall 2000): 34, <http://www.bc.edu/research/swri/meta-elements/pdf/Murphy.pdf>.

¹⁶John J. Havens and Paul G. Schervish, *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*. (Boston: Boston College Social Welfare Research Institute, October 19, 1999), <http://www.bc.edu/research/swri/meta-elements/pdf/m%26m.pdf>. One must question the extent to which their forecasting model is impacted by the wealth-dissolving thrust of the current devaluation/recession. Will the intergenerational wealth transfer really bring about the golden age of philanthropy?





Discussion

The Dichotomy of Crisis

We're in the midst of a real crisis!

“Crisis isn’t even the right word for it; it’s total upheaval. It may be worse now than in 1930,” said Susan Ruddy. Institutions are collapsing through greed and the lacking moral compass of their leaders. “The social contract has been broken,” echoed Joe Zanetta, “and there is now a breakdown of trust.”

Yet we can’t waste a good crisis. People are reevaluating everything now, which is the only reason some say we can maintain hope. There is a tremendous amount of opportunity during times of crisis.

“But the word ‘crisis’ causes a visceral physical reaction in some,” cautioned Tom Soma. “Crisis language encourages hunkering down and discourages civic engagement. The word ‘recession’ evokes fear. Our language choices influence our mentality and our response. As leaders, it is our responsibility to move away from crisis language. As leaders, we want to inspire, encourage, and engage people.”

“Perhaps,” said another contributor, “we could use the words ‘challenge’ or ‘opportunity,’ words that unlock fear and play to the Millennial generation’s persona.”

While it appears negative, using the word “crisis” allows us to shift our conversations internally. Some find it helpful to use the word “crisis” as a way of opening up conversations about doing things differently and looking at opportunity. In that regard, “crisis” is not a bad word; it presents an urgency that “opportunity” does not. A crisis can force us to look beyond our own organizations for partnerships. In this context, connections will become more about the mission and individual involvement than about institutional goals and metrics. This is the time to get people involved in the impact our organizations seek to have.

Maybe the term “crisis” is too vague, however. As social sector leaders, we must constantly define the situation and the context in which we operate. We operate not in fear, but in recognition of realities. A very present reality is that many of us—organizations and donors—are dealing with constrained resources. The level of urgency is different now.

This crisis context poses a real dichotomy for institutional fundraising professionals. This is a time when people are losing jobs and cannot afford food and shelter. In light of this, the social services have understandably become more important. Institutional leaders realize that people—even their most loyal supporters—are adjusting their priorities, often meaning there is less giving to support our missions.

A Time for Behavioral Change

Successful nonprofit leaders will be those who learn and adapt. We must strive to read and interpret signals differently. When facing multiple uncertainties, constant shifting, and unclear consequences, one may naturally seek out something known and sure. One seeks to establish a plan and work that plan.

Practicing the art of scenario thinking helps us uncover and rehearse possible futures. Ken Hubbell’s essay suggests there are many key forces in flux right now, two of which may be simultaneously the most



uncertain and the most important to the future of philanthropy.¹ While it is not known which one driver will emerge, thinking differently necessitates we work toward a reshaping. We must understand, but avoid, hunkering down.

The natural impulse of the social sector right now may be to repair breaks and plug gaps. But the better future for the social sector is probably one that requires change, innovation, collaboration, and learning. The ecosystem (or “system” for short)—the interconnected operating environment that drives our world—is telling us we have to change. Because we don’t know how, it’s scary. We need to be adaptive learners now more than before. We need to change our world views. Scenario thinking helps us examine our assumptions about the future. Our sense of the future is shaped by our world views and our institutional context. As social sector professionals, our work is to understand these signals and to become quick learners.

The real conversation we in philanthropy need to be having is more about changing awareness of the long-term consequences of the choices we make. We must use this time of upheaval for discernment. We must ask, “Philanthropy for what? Toward what end?” We have been too busy “doing” development work as opposed to “being” truly discerning. While it may be counterintuitive to embrace a time of crisis, we must seize this time to figure out how to hold open this moment of transformational inquiry.

At points throughout our discussion, many contributors struggled with the direction and behavior of their respective institutions. A philanthropy executive confessed a personal and professional conundrum. While she was excited about comprehensive organizational plans to construct more buildings on her health care campus in order to meet perceived constituent needs, she recognized that doing so would undoubtedly increase the cost of health care. Have we slipped seamlessly and quietly into a posture of simply working to perpetuate our mission? Are we building five-star facilities (despite the adequate facilities across town) simply to compete for market share? Have we unintentionally become trapped in an old paradigm of competition—more, more, more; better, better, better—then rationalizing our decisions with the mantra “no margin, no mission”? As philanthropy leaders, can we continue to justify what we’re about to undertake? Haven’t we reached a point where we, as a leading organization and health care provider, must ask ourselves whether we have the confidence and courage to say we won’t move forward with plans that escalate the cost of medical care? While placed here in the context of the health care environment, the question is no less relevant and powerful for other organizations. This is the real conversation that needs to take place internally.

We concluded that the fundamental question in the current environment must shift from “Can we?” and “How can we?” to “Should we?” As we struggle with the question of what philanthropy is really all about, we immediately recognize the internal conflict that stems from promoting the fundraising objectives of our own large and successful organizations (colleges, hospitals, etc.) at a time when the overall health of the community—the ecosystem—is now in jeopardy. For some, this becomes a source of internal conflict; for others, it is a moral dilemma. What’s going on?

Perhaps we’ve become narrow in our organizational application of philanthropy, which has moved us away from whole thinking. Our structures are constraining us. It’s a difficult time to figure out the bigger question of wholeness and community health. But this is exactly not the time to hunker down and ride it out; this is the time to adapt, to invoke and harness philanthropy for a different conversation and a deeper set of collaborative results. This is a time for behavioral change.

But language changes before behavior changes. Returning to our earlier reflection on whether “crisis” is the best way to describe the current environment, we now realize that our organizations are facing transformation. To some, “transformation” implies a tsunami effect. Others may see it as a “sea change,”



a poetic or informal term that indicates a gradual transformation in which the form is retained but the substance is replaced.

It may be that our attitudes are constraining us. Perhaps as individual practitioners, we've each defaulted to a position of understanding philanthropy as "philanthropy applied to my organization." Therein lies the important lesson from Hebrew law, where the concept of tzedakah is derived from the root word meaning "justice," and which is often translated as "charity." In his essay, Marv Baldwin reminds us that "tzedakah may be best thought of as a donor utilizing [his or her] donation to create a framework or hold a space where justice may occur for those in need."

Perhaps, too, this is a time to be reminded that we must simplify. If we remember why people give—people give to people—our institutions will survive to the extent that we maintain the focus on the people we impact. Simply speaking, the work of organizational philanthropy professionals is to connect people who want to support your work (donors) with those people who serve (employees) and those people who are served (clients/customers).

One example of behavioral change is the act of collaborating across organizational lines. Increasingly, sophisticated donor/partners are asking us the "should we?" type of questions. There is opportunity for greater change if solutions become part of a community forum, where philanthropy can be seen as part of the solution. If the notion of sea change suggests small waves creating gradual transformation, then there is a role for the single CEO or philanthropy professional to similarly become a catalyst. Pearl Veenema reported that senior development professionals from several different organizations in Hamilton, Ontario, often get together to discuss how philanthropy can make a fundamental change in community rather than staying solely within their respective areas and working alone to "do philanthropy smarter." This simple strategy may very well be the ticket.

Do you have the courage and the energy to do this? If successful and real collaboration were to take place, might this conversation across community become a model for potential breakthrough? If these questions are not asked and behavior not changed by philanthropy executives, then who will ask and who will change? If it turns out that one of the key driving forces is the level of innovation and collaboration in philanthropy, this simple move could lead to fundamental changes in how philanthropy is sought and applied through whole thinking for the health of communities of people.

The Power of Vision and the Long View

This dream of collective action and whole thinking underscores the power of vision. While many organizations have a clear mission, few have a powerful vision—a shared vision for their place or their people. Nanus reminds us

A vision is only an idea or an image of a more desirable future for the organization, but the right vision is an idea so energizing that it in effect jump-starts the future by calling forth the skills, talents, and resources to make it happen.²

Evidence of the power of vision is found in the story of T. Denny Sanford's \$400 million gift to the hospital in Sioux Falls, South Dakota, that would later bear his name. Sanford was enormously energized by the CEO's vision for health. One condition of his gift was that the CEO and two other senior administrators stay with the hospital for a minimum of three years in order to assure that this vision would take root. This story is a clarion example that the largest donors—transformational donors—gravitate to leaders with vision. If we can harness the volunteer's interest, liberate people, and build community around the right vision, it creates the gravitational pull for charitable giving, which changes the nature and impact of philanthropy.

Do we have the resolve to create the right vision? Isn't this the kind of conversation we need to be



having today? What will it take to reshape community and leadership toward justice and fairness and opportunity? Elements of all sorts of differing scenarios are playing out right now. Clearly, different people are taking different roads toward their preferred futures. In philanthropy circles, this is the time when we have to reinvest in science, volunteerism, education, climate, human service, health, and other key areas.

Do we have the resolve to take the long view? Have we fully internalized that we created the crisis that now surrounds us, in part, because of a collective failure to think deeply enough about the long-term consequences of our decisions? There is a tendency to talk about the future through the lens of the immediate. Just as a prism changes the look of the light, the lens of the immediate refracts the signals we see and the pathways open to us in decision making. The common belief among leaders that things have to happen in short-term cycles is often coupled with a view that big thinking (strategy) happens in the universities and in governments, whereas the implementation (tactics) is carried out at the grass roots level. This is fundamentally limiting. In reality, there are countless examples of just the opposite, where people at the grass roots—donors large and small—think long-term. The voice of the organizational philanthropy executive must be a voice for the long view.

What will be the shape of institutions 10 to 15 years from now? What might happen to institutions, especially the larger ones that have historically been the focal point for philanthropy? There has been a loyalty to the organization and to the people therein, more so than to the cause. Any study of generational personality traits hints at the strong possibility that this loyalty is likely to shift from organizations to people, networks, and causes. Philanthropy is a tool that gets called forth to change society. There is an intentional and growing embrace of philanthropy—in many new and changing forms—in hopes of reshaping the world.

Watching, with Interest, the Rising Millennial Generation

Patience versus the demand for immediacy are competing traits that generate interest when seen through the lens of generational personalities. The Millennials (born 1981–2003), who appear to embrace Boomer values, have a penchant for action and, therefore, exhibit less patience for the constant turning over of ideas common to Boomers. Having grown up with instant responses at the click of a tech tool button, Millennials exhibit a much stronger sense of immediacy than do previous generations.

Some senior development officers have found Millennials impatient for promotion, unwilling to wait for the “seasoning” that comes from holding multiple roles over time as experience is earned. The leadership challenge comes in the form of trying to retain talented, impatient Millennials without disrupting the staff dynamic of the remaining team. One colleague we know has six to eight young staff members. He mentors them in a very formal way, having them shadow him on calls and support him in some of his work. While he acknowledges this mentoring role as a huge time commitment, he believes he can do nothing different and must personally adjust in order to attract and keep top talent. This issue affects the esprit de corps of the rest of the team.

In such cases, we may need to explain the bigger picture to Millennial staff members, as they may not see the fuller impact on the organization of a decision they might make or a demand they might have. Millennials are tired of our language. They are already wise and will not be “sold.” While earlier generations are more accustomed to being convinced (sold) about a position, Millennials don’t take information on faith. They’re looking for more alignment between organizations and their own personal values.

Another philanthropy executive with three Millennials on her staff finds that they tend to be very skills-oriented and focused on getting the work done. As someone with “more miles,” she would like to help them start thinking more deeply about the alignment of their values with societal issues and needs. The key is this fruitful interaction among the generations.



Remembering the early days of the development profession, Ken Bartels reminded us there wasn't anyone with five-plus years of experience. There were people with skill sets but no development experience. Perhaps we've created our own shortage of staff because we've looked too narrowly at the experience criteria. What we need is people with talent and passion, not just experience. That's how development offices originally succeeded.

Newer initiatives like the University of Michigan's Development Summer Internship Program (D-SIP) have created some well-organized, systematized mentoring opportunities for young development professionals by coupling an academic curriculum to a professional mentorship program. These programs may be a way of accelerating incoming Millennial professionals' exposure to development. While this path doesn't mean they'll gain life learning lessons any faster than the rest of us, it may provide an alternative to the more traditional promotion track that's based on apprenticeship. Finally, while some may view Millennials as impatient, this generational trait toward speed and action may be exactly what leads to success, especially if our scenario thinking about accelerated, amplified, and multiple future events continues to be a driving force for change.

When imagining the next 30- to 40-year evolution of the Millennial generation's persona, we see cause to be deeply optimistic about the future of philanthropy and the future of the social sector. Studying generational patterns can help us anticipate—not predict—future decisions. Because every generation reacts differently to events depending on the life stage of its members, the Millennials become even more interesting in that they are in their rising adulthood years during this secular crisis.

¹Ken Hubbell suggests that one key philanthropy futures driver is the length and impact of the recession on the economy. The other is the levels of innovation and collaboration in philanthropy

²Burt Nanus, *Visionary Leadership*. (San Francisco: Jossey-Bass, 1992), 8.





SECTION III

Philanthropy in a Systems Perspective

Schopenhauer said: "Thus, the task is not so much to see what no one yet has seen, but to think what nobody yet has thought about that which everybody sees."

— An excerpt from *A Simpler Way* by Margaret J. Wheatley and Myron Kellner-Rogers





Introduction

Major integrated health care systems and higher education are the backdrop for essay contributions in this section. Both contributors share the contemporary challenges of advancing their organizations and growing philanthropy despite organizational issues that pose real barriers.

Pearl Veenema brings a perspective from her work with the Canadian health care system. She recognizes the inherent tensions and competition within the system. She makes the case for donor loyalty and “just plain good judgment” as the key tests of navigating complex systems. Pearl identifies the fundamental barriers to effective integration and provides the rationale for the professionalism, trust, teamwork, and give-and-take necessary for success within systems.

Megan Olson provides a view from the higher education advancement “hot seat,” noting the tensions and opportunities in operating the advancement program within a statewide university system. Her experience and best practice observations suggest attention to three areas: (1) establishing clear expectations; (2) consistent and clear communications from all parties; and (3) rock solid relationships.





Building Alliances to Enhance Philanthropy

Pearl F. Veenema

President and CEO of Hamilton Health Sciences Foundation in Hamilton, Ontario

Background

Hamilton Health Sciences (HHS) consists of a family of seven hospitals and a cancer centre serving a population of 2.3 million individuals in southwestern Ontario. It is the regional hospital for speciality cardiac, neurological, stroke, trauma, rehabilitation, seniors, and pediatric health care services. HHS is also an academic teaching hospital affiliated with McMaster University. With more than 10,000 employees, it is Canada's second largest academic teaching hospital.

Hamilton Health Sciences Foundation (HHSF) has a new organizational structure designed to focus volunteers, staff, and fundraising around attractive donor-centred programs and traditional site loyalties. There are four Fundraising Councils: St. Peter's (seniors), McMaster Children's, the Juravinski Cancer Centre, and Cardiac, Vascular and Stroke. Each council has a senior hospital administrative lead and clinician-scientist, board members, volunteers, and development staff. The councils are accountable to the HHSF Board of Directors, and each has three HHSF Board Members participating in the fundraising. One of those HHSF Board Members leads that council as chair.

Introduction

Foundations and advancement programs have varying governance structures, geographic and demographic profiles, and stages of maturity. As a development professional with a career spent exclusively in the health care sector, my insights and ideas are framed by my experience in small, medium-sized, and larger hospital/systems. In an institution focussed on a single programmatic function, integration was relatively easy. Where there are a wide variety of programs, hospitals/sites, cultures, and amalgamations of development programs over the years, there is a fundamental need to be sensitive and rational with integration. It is in this context that I find myself seeking to be a broker of ideas, to support organizational adaptability, and to build alliances.

A *system* is defined as a group of interacting, interrelated, or interdependent elements forming a complex whole.¹ I have shared in this essay my thoughts and questions about what fosters relationships, trust, communications, and competition in the ever-changing landscape of an integrated advancement operation.

I define an *integrated advancement operation* as one that is mission-based and recognized by key stakeholders as an operation that inspires engagement and investment.

While a complete constituency list can be powerful, the effective engagement of the following stakeholders provides the energy and momentum for others to become involved.

- Externally – donors and donor prospects
- Internally – hospital board, management, employees, and physicians, public relations department, and foundation board members/volunteers/staff

From an advancement systems perspective, the interrelation between the board/volunteers and staff is of paramount importance. An environment of mutual respect and shared responsibility sounds easy.

From an advancement systems perspective, the interrelation between the board/volunteers and staff is of paramount importance.



Defining roles, developing fundraising goals, implementing programs, training and supporting staff/ volunteers, and evaluating success based on agreed-upon criteria are everyday parts of the dialogue.

Why is the realization of these fundamental principles and processes a challenge?

- Is it because of the voluntary nature given the overloaded schedules we all have?
- Is it because advancement organizations are not using technology that minimizes the time needed to meet face to face?
- Is it because of inappropriate criteria holding both volunteers and staff to accountability?
- Is it because the actual tasks and activities are not interesting, success-oriented, or inspiring?

Equally important is the relationship with physicians and their active engagement in the philanthropic process. Every health care development educational conference has a presentation on physician engagement, but the criteria for universal success remains elusive. Those with success celebrate a physician leader and champion, highlight a tribute program dedicated to physicians, and use competitive tactics such as physician donor walls and dedicated endowment programs. When asked about the secret to everlasting success, a sage leader in our field wisely suggested that we should focus on those who enjoy fundraising and see the benefits to participation — then some percentage of the rest will follow.

Internal Collaboration

Looking at processes as an enabler to success, the principal ones relate to appropriate software to monitor and manage relationship building, prospect management (given the variety of councils for our organizations), designated staffing for councils (particularly in major gifts), optimal finance and administrative support, and a cadre of centralized services to support the councils. The centralized services for our organization are annual giving programs, special events, corporate and third-party events, communications, research, and elements of stewardship for donor recognition and granting.

Within the foundation, in its ideal state, this interdependency fosters collaboration, innovation, and creativity. In its less than ideal state, interdependency can lead to fragmentation and confusion with respect to role and accountability. Management has the principal duty to facilitate the above.

In our situation, I favour this decentralized structure since it brings volunteers and staff to local programs and sites that have centralized support services.

Managing Competition within the Foundation

In the age of metrics, measuring, and performance monitoring, it is critical to have an effective, easy-to-use prospect management process. It is equally important to have staff and volunteers mindful and respectful of donor interests and needs. Everyone must have a good sense of each individual council's fundraising priorities and how they are matched to organizational mission and vision while advocating for their particular fundraising and programmatic goals.

Professionalism, trust, teamwork, and a sense of give-and-take help everyone to mitigate against barriers to success. This potential does not only exist among the major gifts teams. It is a complete understanding of the donor's journey from annual to leadership to major/planned giving programs that foster good relationships among colleagues. Honouring the journey is one aspect. Knowing when and how to transition between the traditional fundraising programs is also an important attribute. When done respectfully to all involved, the questions about who leads, who follows, and who has the first rights to donors becomes positively self-evident.

Professionalism, trust, teamwork, and a sense of give-and-take help everyone to mitigate against barriers to success.



Some organizations have established performance goals to facilitate interdependence and collaboration. The question on my mind is whether this is necessary if there is a culture of collaboration and true adherence to a foundation's values.

Integrating Hospital and Foundation Boards

Historically, the hospital board has had representation on the foundation board, and vice versa. The same is the case for the chief executive officers. This has facilitated information flow, complementary strategic planning processes, and philanthropy. As governance in organizations transitions to fewer members, the joint representation mix is changing while the need to be fully cognizant of each other's strategic direction remains fundamentally important. This change can result in a stronger partnership between the CEOs.

In the HHS system, I am a member of the hospital's Executive Council and meet twice a month with the hospital's CEO. Being part of the hospital's leadership keeps philanthropy front and centre. The opportunity to regularly meet with the CEO provides the perfect scenario to discuss fundraising priorities, impact of gifts, and engagement of hospital leaders, as well as to form strategies for implementation.

The number of charitable entities is increasing; therefore, there is a growing demand for experienced volunteers. In my view, a joint board recruitment policy would strengthen the relationship and integration with volunteers. Prospective board members and volunteers are assessing their fit in our organizations. They ask: How do I know that I am adding value? What are gift expectations? What are my specific roles and responsibilities? How will I be supported? How will I be educated about the health care institution's mission, purpose, and funding mechanisms? How will I be evaluated?

With a joint governance recruitment process, the leadership of both organizations can strategically plan, recruit, and engage the best individuals and ambassadors to champion the missions and visions of the hospital and the foundation.

Iterative Strategic Plan Enabling Effective Action

Strategic plans are both directional and operational. They are "live" in annual operating, fundraising, and financial plans. They are challenged to be flexible so they are able to respond to competition, new methods of fundraising, changing demographics and economics, globalisation, and the ever-growing need for revenue diversification. As philanthropy is embraced as an enabler of the institutional vision, boards should be asking what should we stop, start, or continue doing each year. These questions keep the plan dynamic and worthy of the effort that is required to create it.

This is the time for organizational adaptability, flexibility, and cooperation.

The current global recession is challenging all of us to rewrite those thoughtful strategic and annual operating plans. This is the time for organizational adaptability, flexibility, and cooperation. The hospital system is also realizing the pressure of balancing budgets while foundations are realizing reduced investment incomes, higher costs per dollar raised, and a real struggle to right-size the organization without gutting programs that will impact the future. While past recession learning speaks to staying visible, increasing stewardship, and not retrenching, this recession is expected to last much longer and will require new thinking for survival. Some believe that challenging the predictable will bring the force of creativity—innovation, new methods of operation, and partnership—towards greater gains. I believe that the integrated development program with centralized supporting services, such as communications and prospect management, among others, provides the most opportunity for efficiency and efficacy.



Fostering a Culture of Philanthropy

A positive environment for philanthropy is one where there is a well understood and well recognized culture of philanthropy within the hospital system and the foundation. How do we recognize a vibrant culture of philanthropy in our organizations?

- Is it a culture in which there is ready evidence of key stakeholder participation and investment in the foundation's programs? Is such evidence measured by dollars raised?
- Is it a culture in which ambassadors bring new opportunities to benefit the foundation's mission?
- Is it a culture in which everyone can readily give examples of the impact of philanthropy?
- Is it a culture in which there is a formal, consistent program that is evaluated for its efficacy and is mandatory for all to participate in?

Is it all about communications manifested through a well-coordinated plan between the hospital's public relations and the foundation's communications plan?

Heather Pullen, the Manager of Public Relations for Hamilton Health Sciences, is enrolled in the Master of Communications Management Program at the DeGroot School of Business. She designed and conducted a survey including colleagues in both development and public relations professions. In some cases, the same individual had the responsibility for both. I have had experience with both models—where the lead provided direction for both corporate and fundraising communications, and, alternatively, where separate corporate and fundraising communication programs met their unique and shared goals by working collaboratively.

This is the specific topic posed by Ms. Pullen in the survey:

Inherent rivalries between public relations (PR) practitioners and fundraising professionals within the same nonprofit organization cause significant relationship problems that can undermine the efforts of both groups to achieve the goals of their organization.

The responses framed the issue as follows:

Public relations feel its role is to lead communications related to the organization's brand and goals. Fundraisers, on the other hand, believe that their PR counterparts do not understand fundraising, including the communications needs of fundraisers.

My experience has been that our public relations colleagues are increasingly consumed by crisis management given the widespread interests in health service delivery and access to care. They are not well-funded for the proactive work they would like to engage in and may not have the required brand development expertise or resources. While I believe they do understand the communications needs of fundraisers, it is my experience that their limited time and resources practically precludes fundraisers and their programs from being included on their list of priorities.



The survey showed the following results related to criteria for success:

- Well-defined roles and responsibilities
- Need to find win-win solutions (how to advance each other's goals together)
- Need for great communications between two groups

What impedes the above? The results highlighted:

- Lack of understanding about goals
- Conflicting priorities (identified by respondents as the most frequent source of problems between both groups)
- Lack of role/function definition
- Lack of respect and conflicting personalities

While a joint team charter, planning, shared calendars, increased cross-pollination, contiguous offices, and formal/informal gatherings will go a long way to improve communication and collaboration, I believe the root causes of disharmony are conflicting task and audience priorities. Hospital communications are more organization-centric; foundation communications are more donor-centric.

I believe the root causes of disharmony are conflicting task and audience priorities.

The donor community appreciates having timely and updated information about their hospitals, and they are more interested in the impact of their gifts. This expectation occurs at all levels of donor contributions. Did the foundation and hospital buy the equipment?

Did they fund research personnel and projects? Did the scope of services grow as a result of the gift investment? Are communications designed to position the organization as the health care charity of choice for philanthropic investment? Are communication vehicles matched to the targeted audiences? Are we using multi-channel formats: print, electronic, video streaming, and podcasts?

Another challenge relates to the usual calendar of activities that the foundation plan includes. Programs may be ongoing, seasonal, and layered in their needs for stories, media, advertising, and promotions. Traditionally, we have had shared publications, such as newsletters, annual reports, and brochures. These have been designed with dual audiences—internal and external. Both audiences are increasingly sensitive to the associated costs and are looking for more tailor-made, just-in-time, efficient communications that potentially make the usual tools ineffective.

Branding

In a large organization, it is virtually impossible to avoid brand creep. Everyone has his or her own definition of branding. Foundations need to forge new partnerships through cause marketing and move into the social marketing arena. While our foundation will be implementing a series of campaign themes and marketing to differentiate the councils, programs, and sites, we have taken every measure to keep the corporate brand whole.

Given the above analysis, it seems that the joint planning, mutual respect expressed through a team charter, and a spirit of flexibility and tolerance are the means by which we can navigate these challenges times and situations.



Developing and Designing the Ultimate Donor Experience

The magic of philanthropy is arriving at the place where a donor's dreams and hopes align with an organization's mission and vision. At all times as development officers, we must be consumed and humbled by that relationship that attracts donor interests and investment in our organization and communities. While the internal integration of people, systems, and processes can be documented, charted, and planned in perfect symbiosis, it is the expression of donor loyalty that is the true test of success and friendly competition.

For me, results and perfection are achieved when donors identify that their philanthropic dreams have been realized—when they witness the impact of their gifts and they convey that we are in their top three philanthropic interests and number one interest in health care.

The magic of philanthropy is arriving at the place where a donor's dreams and hopes align with an organization's mission and vision.

Conclusion

As a student of philanthropy and leadership practices, I strive to bring the wisdom and experiences of recognized leaders into my day-to-day work. Thinking about how component parts of the advancement process can work in concert with each other is what I frequently examine and test my assumptions and beliefs against. With no perfect recipe for success, I am reminded by Nordstrom's rule to all employees: Use the best possible judgement!

¹Dictionary.com, *The American Heritage Dictionary of the English Language*, Fourth Edition, <http://dictionary1.classic.reference.com/browse/system> (accessed May 13, 2009).





Fostering Relationships, Trust, Communication, and Competition within a System

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“System” can be defined as a set of interacting or interdependent entities, real or abstract, forming an integrated whole (Wikipedia, Jan. 2009). There is no doubt that the entities within a university system interact, but are they interdependent? There is likely not one answer to this question, and certainly there are numerous opinions and an infinite number of different characteristics of systems (university or otherwise). But there are commonalities among systems and best practices within that framework. This essay seeks to explore the unique nature of one system and the commonalities that may exist. We will also discuss and hypothesize about best practices within this organizational framework.

The elements within any system must interact, and interact often. They also behave certain ways, simply because they are a part of a system. There is a natural tension in a system, and an expected competitive spirit. This description reminds me of the family dynamic in which siblings compete for most loved, highest achieving, and most successful at winning resources. It seems to me that there is a healthy and an unhealthy dynamic within systems. It is not personality-driven necessarily, but rather how the “parents” set boundaries, expectations, rewards, and punishments. Healthy competition can exist if the goals and rules are clear and they remain consistent.

There are any number of ways a system may be structured. I am most familiar with the structure that has a statewide system office and three major administrative units (MAUs). Organizational charts are important in any bureaucratic organization, so we rely upon the picture depicted on that piece of paper to determine how we act and react in certain circumstances. There is obviously an organizational chart within each piece of the system too, adding layers to that concept. Such charts also include solid and dotted lines as well as formal and informal relationships and power seats, which are all equally important.

The question of loyalty and who one reports to comes up often in conversations within our organization. Those questions don’t come from a place of insecurity, but rather from a place of genuine concern. Who do we seek to please and do right by? Is it the system office or our Chancellor? We have frequent, often daily, contact with various counterparts within the system office, and that contact often sets the tone, creates the rules, and establishes our boundaries. Depending on the circumstances, the effect of that contact can make us dig our heels in, declaring that if that’s the way “they” want to handle a certain project or area, we’ll drop it and find another priority area to focus on. So, the system can dictate our priorities, but we don’t work for the system. We work for the Chancellor who says this is a priority for this MAU, right? You can see the conundrum.

Constant conflict results when the system does any of the following:

- Takes over a project (e.g., sees a promising MAU specific idea and steps in to assume control, reapplying the idea systemwide to the whole system)
- Changes the rules midway
- Sets boundaries that are too restrictive (e.g., a no-contact mandate with corporate donors who live within our small city’s boundaries)
- Maintains inconsistent policies among MAUs (e.g., there may be no such mandate in regard to another MAU’s local corporate donors)



Where does the responsibility and authority really lie within a system? And where does your loyalty reside as an advancement leader? Chances are, it is with the entity that issues your paycheck and with the person who conducts your annual performance review. The system may argue that without the other parts of the system (or without the system office itself), there would be no paychecks at all, but we could go around in circles about this inconclusively.

Sometimes we feel strong, independent, and successful within our system; sometimes we feel powerless “against” the system. Do they make all the rules? Do we have any say? When a system removes the autonomy of any of its parts through any of the actions described earlier, it is often a disaster that creates discontent, distrust, and sometimes rogue behavior that is ultimately unproductive for all.

Fostering strong relationships within the system is one key to success. Your relationships help you navigate the system, and adept navigation can often lead to success within the system and victory for your organization too (imagine that!). These relationships must be based on honesty and trust, and those principles are as important in this context as they are in every other area of life. I must admit, however, that in my role, I am often forced to play all sides of issues. It’s an uncomfortable, dangerous, and complicated game, but as we seek to gather as much information as possible about a particular situation, we are forced to call upon all of our interpersonal skills to woo such information from our colleagues across the system. We use that information to help us achieve success. That definition of success is often different for the various elements in a system and that’s where the moral quandary often lies. Are we appropriately using our relationships within the system for this purpose, or is it inappropriate manipulation of the system?

Communication is also of paramount importance. I propose that it’s even more important in the system context, because of the natural sense of competition that exists. If you don’t communicate what you are doing, then your actions may be perceived as subversive in some way, and will therefore undermine those strong relationships you’ve worked so long to cultivate in order to achieve your goals. I find that communication within the system is a job in and of itself. It is detailed and difficult work to develop the strategy behind how and when you communicate what and to whom. It is also work that’s essential to success. I have learned the hard way about not communicating enough and have yet to identify a situation in which I’ve communicated too much.

The style of your communication depends on who you are talking to, and will be determined in some part by the strength and quality of your relationships. Friendly and open communication that’s suitable for dialogue works best. This reinforces the sense of trust by way of consultation and feedback gathering as you move through the process. The trick is communicating openly while also staking your own territory, defending your turf, and making your goals known to everyone.

At the successful completion a project, everyone in the system will celebrate that success. This lays the groundwork for future successes. If others are not aware of what you are doing and a “surprise success” comes your way, it may be celebrated at one campus, but you risk having that project be dissected and torn down if others were unaware or uninvolved. I do believe that the location where success is celebrated is important. If the system behaves as it should, then the various successes of its parts will be celebrated at all levels, which helps everyone pull together as one unit and together raise the bar on that success. This promotes genuine interest in seeing the whole system be successful, rather than maintaining the equal treatment of all the “kids” by letting one succeed one year and then holding that one back so that another can have a chance. That creates distrust and dysfunction within the system.

While there is natural tension and competition within the system, there can be constructive competition through the fostering of healthy rivalry and success seeking. Success

Sometimes we feel strong, independent, and successful within our system; sometimes we feel powerless “against” the system.

While there is natural tension and competition within the system, there can be constructive competition through the fostering of healthy rivalry and success seeking.



for one part of a system does not have to mean failure for another part. Establishing clear expectations, achieving consistent and clear communications from all parties, and striving for rock-solid relationships based on trust help all of this occur. In the systems context so described, these become the three best practices for advancement leaders to pursue.





Discussion

What Do We Mean by “Systems Context”?

All of us interact with huge systems like regulatory agencies and government bodies on a regular basis. You have to learn how to interact with systems if you’re going to be successful. So we felt any consideration of philanthropy needed to include a systems perspective. As you’ll see below, our discussion took us down two paths. First, we harnessed the essay contributions of Pearl Veenema and Megan Olson to dig deeper into understanding the organizational nuances of resource development for organizations that are part of a large, multi-unit system. Second, we looked more generally at organizational (eco)systems to consider how their inherent function fosters or constrains the environment where philanthropy can grow.

We quickly identified intra-system competition for resources as a common problem in multi-organizational systems. The resources in question could be human (staff), financial (operating budget), or mindshare (able to influence decision making). Whether we come from health care or higher education (like our essay contributors) or from other subsectors, we see systems consciously or unconsciously fueling competition among the units. While some view this competition as inherent, most voice personal experiences of unhealthy intra-system competition that limits transparency, dilutes trust, and challenges effective communications.

One example of this struggle is the competition to present the organization to constituents in ways that meet departmental objectives. One contributor shared this perspective: “My biggest challenge is neither the sour economy nor the constantly hovering local media; rather, it is the inability to work with people in the organization to tell the stories of what we impact collectively.” The competition between the development unit and the marketing unit seems ubiquitous across subsectors. While development professionals see their role as telling stories of impact through investment, they see marketing professionals striving to both deal with the crisis du jour and “owning” every aspect of brand management. In the eyes of many system-based development professionals, this competition becomes disruptive and limiting.

These professionals acknowledge the personal energy drain required to negotiate around these different areas. Unintentional as this result may be, they observe, less time and creativity then exists to create the “perfect” experience for the donor. In their resolve to keep pushing forward, they cling to the desire to create an incredible journey for donors, demonstrating the collective impact the clinicians and support teams are having. “I recognize the organizational complexity,” said Pearl Veenema, “but I need to stop for the donors ‘all the noise’ we produce as an organization. My goal is to find the few organizational colleagues who will join me in my attempts to tell meaningful stories of real return on investment.” In her case, enlightened self-interest is the key to getting these potential organizational competitors involved.

A couple of participants focused on organization size as a contributor to this internal competition. The underlying assumption is that with greater mass, organizations gain economies of scale, becoming more efficient, effective, and competitive. Tom Soma asked and answered a central question: “At what point does mass become counterproductive and actually impede efficiency and effectiveness? Answer: When you start competing with each other within the system, thereby beginning to destroy that effectiveness.” In this view, the cost (the weight) of the system has the potential to bring down the larger organizations.



There isn't enough energy to deal with the corrective action needed in big systems. While large systems are expending energy on this, smaller and more nimble organizations are engaging the donor. He believes that the boutique approach will reduce costs to the customer, and as a result, smaller and more nimble organizations will prevail in the future. Nodding in agreement, Megan Olson offered her view that working in a system is twice as hard as working in a freestanding organization.

Not everyone agreed, however. "Big organizations are here to stay," Joe Zanetta stated, believing the trend toward multi-organizational systems is well established and firmly rooted. "Maybe so," countered Marv Baldwin, "but what about General Motors? Twenty years ago, none of us would have thought they were breaking up either." This is his example of how sweeping the type of change is that we're experiencing. Still others noted the swinging pendulum across time between the "bigger is better" and the "smaller is better" organizational philosophies.

When one participant asked whether we could think of one example of an effective multi-organizational system, Joe Zanetta, our resident historian, offered the American model of democratic government based on the Constitution as a time-tested example. Having been around for about 230 years at the time of this writing, there has always been a healthy tension between the federal government and the individual states as to which is best able to solve problems for the citizenry. "The inherent tensions—the healthy debate—is important and should be encouraged by systems as a way to assure open debate."

System Dysfunction and Coherence

Amidst the complexity and intra-system competition, social sector and philanthropy professionals are looking for new navigational tools and new meaning. They ask what they can do to focus energy on the right questions. Wheatley and Kellner-Rogers suggest there is a simpler way, guiding us to ask questions of ourselves: "About what in our organization have we reached true clarity? What are we trying to be? What's possible for us now?" The following excerpt from *A Simpler Way* addresses these questions:

...every act of organizing is the expression of a self that has realized it cannot succeed alone. We organize to make our lives more purposeful. We organize always to affirm and enrich our identity.

It is strange perhaps to realize that most people have a desire to love their organizations. They love the purpose of their school, their community agency, their business. They fall in love with the identity that is trying to be expressed. They connect to the founding vision. They organize to create a different world...

But then we take this vital passion and institutionalize it. We create an organization. The people who loved the purpose grow to disdain the institution that was created to fulfill it. Passion mutates into procedures, into rules and roles. Instead of purpose, we focus on policies. Instead of being free to create, we impose constraints that squeeze the life out of us. The organization no longer lives. We see its bloated form and resent it for what it stops us from doing...

How do we create organizations that stay alive? How do we create organizations that don't suffocate us with their imperatives for control and compliance? The answer is straightforward. We need to trust that we are self-organizing, and we need to create the conditions in which self-organization can flourish...

In a self-organizing world, we all take the same route. We refer to the organization's identity. We try to identify the self that we can organize around. We use our experiences of the organization. We think about what the organization seems to value, what it has recognized in the past.



But frequently, as we look into the organization, we see multiple selves—messages, goals, and behaviors that tell conflicting stories. How do we know what is important to the organization? Which identity should we honor? Which should we ignore?...

We can't resolve organizational incoherence with training programs about values, or with beautiful reports that explain the company's way, or by the charisma of any leader. We can resolve it only with coherence—fundamental integrity about who we are.

With coherence, comes the capacity to create organizations that are both free and effective. They are effective because they support people's abilities to self-organize. They are free because they know who they are.

Coherent organizations experience the world with less threat and more freedom. They don't create boundaries to defend and preserve themselves. They don't have to keep others out. Clear at their core, they become less and less concerned about where they stop. Inner clarity gives them expansionary range.

Such clarity creates order through freedom...

In organizations, clear identity is an unmistakable and certain call.¹

Philanthropy in Systems

In this systems context, whose needs and interests drive philanthropic focus: the system, the individual units within the system, and/or the donors? To what extent is systemwide attitudinal donor research being done to identify their needs and interests? Mary Reinders reported on recent health care system research, which uncovered that donors care little about the system, preferring instead a close affiliation with their local hospitals and physicians. This research concluded that relationships are local, not with systems. Other participants echoed this observation as applied to higher education, yet noting some instances where gifts to the system had been made for scholarship funds, often as a reflection of the governance model for that particular system.

Our discussion quickly shifted to the role of vision in determining the extent to which philanthropy plays a significant role at a system level. For the largest donors—some call them transformational donors—their primary focus is on organizational leaders and the vision, as we earlier referenced in the example of the Sanford gift of \$400 million (see p. 78). This story exemplifies the power of philanthropy at the system level when donors are sold on the mission and vision of the organization.

Understanding How “Systems” Work and Where to Intervene

Discussing philanthropy in the context of systems inevitably propelled us to explore what creates a platform for common initiatives, or as one participant described it, what gets us to “we.” As leaders, we're often told by our boards, staffs, donors, and business literature that “You could fix this if you were a better leader.” Yet we're sometimes left to fix the seemingly unfixable. In the previously proposed example of an effective multi-organizational system—the American model of democratic government—even the “best” system isn't without ongoing tension.

If systems have assumptions by which they operate, how can we understand those assumptions to better find commonality? Where are the places in a system that leaders can intervene in order to create a stronger platform for philanthropy, and what changes can leaders make during such an intervention? First, it seems we must come to understand that, through our attitudes and our choices, we each have a role in the system's continuance. Recognizing that some may always have more power and latitude to act,



each person has an individual role in the system. In the aggregate, systems are constantly seeking stability through fluctuations, resistance, and adjustments that involve the system and its larger environment. Systems generate feedback that can trigger changes in behavior, and understanding the feedback and its relationship to the deep structure of the system is an important ingredient in successful leadership.²

Ecologist Donella Meadows believes there are “leverage points” within complex systems “where a small shift in one thing can produce big changes in everything.” She identifies nine such places to intervene:

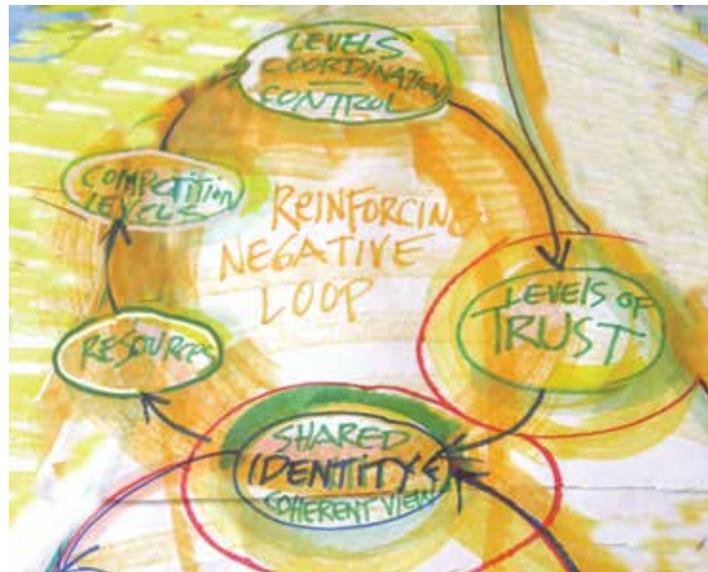
9. Numbers (parameters, standards, subsidies)
8. Material stocks and flows (the infrastructure or “plumbing” arrangement)
7. Regulating negative feedback loops (goals, monitors, response mechanisms)
6. Driving positive feedback loops (self-reinforcing factors)
5. Information flows (adding or rerouting information)
4. The rules of the system (incentives, punishments, constraints)
3. The power of self-organization (changing any aspect of a system lower on this list)
2. The goals of a system (system goals are tops in the hierarchy of goals)
1. The mindset or paradigm out of which the system arises³

As our conversation unfolded, we sought to capture what we saw happening in large institutional systems. We observed that these large systems have a built-in fragmentation that often produces a competition for influence and resources. Invisible system architecture can contribute to patterns of activity with inherent limits to growth or success. As Peter Senge observed in the *Fifth Discipline*, these archetypal forces are subtle: “You often don’t see them so much as feel them. Sometimes they produce a sense of *déjà vu*, a hunch that you’ve seen this pattern of forces before.”⁴

We identified the system forces that we had witnessed before which relate directly to the built-in limits of these complex institutional systems. We combined them in a reinforcing loop. In broad terms, we listed the following repetitive cycle that resembled a version of the classic archetype:

- Operating in silos, system participants’ (or departments’) identities shape plans, which leads to...
- Isolated pursuit of resources to pursue a piece of the vision or an individual plan, which leads to...
- Heightened levels of intra-system competition, which leads to...
- Increased friction and pressure to coordinate and control, which leads to...
- Pushback and limited trust, both exercised and felt, which leads to...
- A weakened sense of identity and shared commitment among the system participants (and the loop repeats, eventually slowing down productivity and success).





What we learned from our health care and higher education colleagues' essays on their systems is that information flows and control/coordination provide common ground for system "muscle" where energy and power—or, as systems people might say, "compliance management"—is often most visibly at work in systems. If exercised as such (or perceived by advancement/development leaders as such), it may foster the loss of trust by those professionals challenged with interpreting for and inviting in those donors whose investments are necessary to fuel the system vision. This is a perfect example of a negative feedback loop. The loss of trust and the desire for identity fosters greater internal competition and leads to the feeling of resulting control. As an individual's trust in the system is diminished, the sense of shared identity suffers, amplifying negatively. In these elements of the loop, the only real point of intervention may be through policy, which is an area in which development professionals are less suited for success.

If we apply this same systems context to the position of the philanthropy program within systems, we come to see a different—perhaps balancing—positive reinforcing loop emerge. The components of this cycle may flow as follows:

- System coherence and strongly shared identity leads to...
- Enhanced resource development capacity, which leads to...
- Greater donor attention, interest, and engagement, which leads to...
- Demonstrated fundraising success, which leads to...
- Higher levels of tolerance for the system, a greater sense of "we," which leads to...
- Reinforced coherence and a strongly shared identity (repeat cycle)

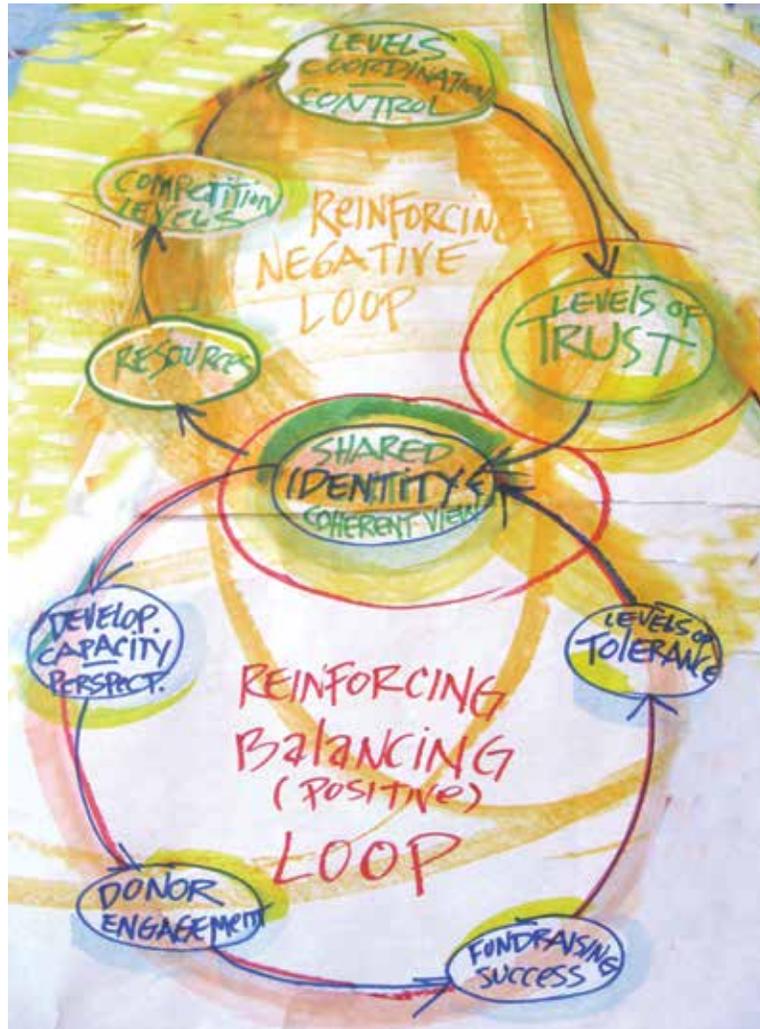
These components of the cycle are an incomplete and overly simplified set. However, they help to illustrate the key ingredients and the opportunities for leadership influence in creating a positive reinforcing loop. Achieving greater tolerance for the system not only reduces the energy requirements of advancement/development professionals, it also becomes its own trust equity platform that we discussed in our leadership perspectives session. More tolerance creates more reward for everyone. The result is more win-wins.

Maintaining the focus on "we" will naturally propel the system to do something with incentives and rewards, which reduces intra-system competition and the perceived need for control mechanisms. Ultimately, everyone plays a role that impacts the sense of shared identity and the meaning of "we" (cultural coherence). Recall an earlier comment about the power of trust equity as a platform for intervention that might lead more quickly to shared organizational identity. If things go well and there's



more tolerance within the organization, there will be more trust. Tom Soma said simply, “The challenge, the hope, and the imperative are to maintain the ‘we’ proposition, so a win for one is a win for the entire organization.” Someone in system leadership has to be the one to say, “We will operate differently in order to eventually get everyone to operate differently.”

It is precisely the juncture of the two loops (creating shared identity/cultural coherence) along with higher levels of trust where the optimal leverage is possible. This is the pure domain of collective leadership.



A compelling organizational vision has the power to attract philanthropy and, once coupled, together they have the power to change the conversation of what is possible for systems. Environmental factors and competitive forces often create a tendency for system leaders to stay locked into the negative feedback loop, whereas development folks have to live in the positive reinforcing loop for their success. If we can harness the volunteer’s interest and liberate people while building community around that, it creates the gravitational pull for charitable giving, which changes the nature and impact of philanthropy. Susan Ruddy and Gary Hubbell told of recent local conversations with board leaders who rebuffed hospital system plans to solicit gifts for new patient towers when they were more personally captivated by the vision of satellite clinics for the poor in their respective service areas.

So we concluded that, despite all the apparent “noise” and “chaos” from systems, development efforts are strongest when emanating from a coherent organization, one with a strong sense of “we” and a



widely shared identity. Arguably, the greatest opportunity for change within systems is also the hardest to achieve—changing the hearts and minds of players within the system. However, development professionals may be uniquely positioned to intervene, as our primary focus is to effect change in the hearts and minds of donors and our relationship management allies.

The leadership agenda among philanthropy executives may be best served by examining how they and their staffs contribute to the system coherence and shared identity. Additionally, we began to imagine a scenario where conversations like this could be introduced among system leaders by philanthropy executives, with the intent to shift the focus of the conversation and to ask new questions that lift up win-win opportunities. In other language, it may be the difference between deciding whether leaders will contribute time and energy to perpetuating a vicious or a virtuous cycle.

In her article entitled “An Era of Powerful Possibility,” Margaret Wheatley coaxes nonprofits and their unit leaders to collaborate in new and deeper ways. “For nonprofits, the question is not ‘How do I position our work to be heard over all others?’ but ‘During this time of uncertainty and dire needs, how can we freely bring our experience, knowledge, and expertise to bear?’”⁵

A practical question emerges from this conversation about finding the best place to intervene in the system to produce change: How much energy does it take to achieve the positive reinforcing loop and to change the system? For some, the answer goes back to the belief that what is possible for smaller organizations is very different from that of much larger, more complex systems. Alternatively, we can have a conversation about creative tension and energy requirements during the sea change as systems persist and adapt, and as new forms emerge, compete, or shift. Ken Bartels reminded us there are system issues in all organizations regardless of their size.

The Idea of the “First Team”

Determining who your “first team” is may help you focus on the system impact. Megan Olson introduced the concept of “first team” from Lencioni’s *Five Dysfunctions of a Team*.⁶ She reviewed Lencioni’s concept that one’s first team is that to which a leader or manager explicitly expresses greatest loyalty and commitment. In a system environment, however, it can sometimes be difficult to know who your first team is and/or whether first teams exist at multiple levels of the system. Is your first team those people to whom you report? Is it those you serve (who report to you)? In systems that are unaligned and a bit incoherent, there may be a practical necessity of having two first teams. Several contributors agreed, variably describing their first teams as those “where I have total trust,” or “the people who can help you get from the right side of the mandala (vision/being) to the left (action/doing).”

In some system instances, dual first teams could emerge. Using a higher education system setting as an example, a university vice chancellor of advancement might see her direct reports as one first team. Additionally, she may decide to treat her position peers at sister universities as another first team. Once developing a relationship and information rhythm at this system peer level—leading to more coherent and consistent messages—university system leaders would then have to interact differently with all systemwide advancement vice chancellors.

Such an approach to dual first teams would most likely be concurrent, rather than linear. Another contributor counseled in such settings to be opportunistic about the times when the dual first teams’ goals intersect.

The question of “Who is my first team?” becomes a powerful lever for individual leadership decision making and action. Even in the most dysfunctional organizations, issues often foster introspective questions: “So, what can I do? What one action can I take that affects this set of issues? With whom will I start having a different kind of conversation in my organization?” If everyone on your first team is equally committed to the relationship, there may be an opening for a very different type of conversation



organizationally. This new type of conversation may be the kind to produce greater alignment of hearts and minds.

Marv Baldwin contributed another question: “What would be the conversation that would make me most uncomfortable if I were sitting with that other group?” He believes this could be a starting point for a different conversation. Those of us trying to lead from inside systems need to get to the one thing we are most trying to avoid. Doing so produces clues to the real root of the organizational problem.

¹Margaret J. Wheatley and Myron Kellner-Rogers, *A Simpler Way*. (San Francisco: Berrett-Koehler Publishers, Inc., 1999), 56–66.

²Virginia Anderson and Lauren Johnson, *Systems Thinking Basics: From Concepts to Causal Loops*. (Waltham, MA: Pegasus Communications, Inc., 1997).

³Donella H. Meadows, “Places to Intervene in a System,” *Whole Earth*, Winter 1997.

⁴Peter M. Senge, *The Fifth Discipline: The Art & Practice of the Learning Organization*. (New York: Doubleday, 1990), 94.

⁵Margaret Wheatley, “An Era of Powerful Possibility,” *The Nonprofit Quarterly*, Winter 2008, 44.

⁶Patrick Lencioni, *The Five Dysfunctions of a Team: A Leadership Fable*. (San Francisco: Jossey-Bass, 2002).





SECTION IV

Demonstrating and Communicating Philanthropy's Impact

We observed that high-impact nonprofits don't treat fundraising as a stand-alone function of management; it is highly integrated with their programs, their mission, and their strategy. In some cases, fundraising is actually part of their "theory of change." The best organizations have a financial strategy that is aligned with their larger vision for creating social impact. These nonprofits choose to pursue fundraising from the government, the private sector, or individuals not just because they are good sources of revenue, but because they can help solve the problems these nonprofits are trying to address.

— An excerpt from *Forces for Good: The Six Practices of High-Impact Nonprofits* by Leslie Crutchfield and Heather McLeod Grant





Introduction

Our final four contributors take us down some interesting and thought-provoking paths, each very different from the others. Marv Baldwin sees philanthropy as a tool for and a symbol of justice. He argues for transparency, humility, and the long view. He invites the reader to forego the notion of *convincing* donors to provide support, instead asking us to help foster each donor's sense of *self-discovery*.

Mary Reinders presents the idea of an expansive exchange, noting that the consistent exchange of information deepens relationships between donor and organization. She views the primary purpose of donor communication as helping donors understand the vast possibilities for the impact of their gifts.

Susan Ruddy raises tough questions about “the potentially dire consequences of intervention” that parallel Marv's point about situations of dependence being unintentionally created by donors. Susan argues that philanthropists have an obligation to consider how their gifts can have the greatest long-term potential impact. She leaves us with a call to action, noting that the potential for global transformation can and should come from the philanthropic community.

Finally, Joe Zanetta argues that wealthy nonprofit institutions may someday lose donors to organizations that can truly demonstrate need and community/societal value. He believes donors have a responsibility to ask about the “highest and best use” of their gifts in order to bring about the greatest impact.





They Don't Need Us Anymore

Marv Baldwin

President and CEO of Foods Resource Bank in Western Springs, Illinois

They Don't Need Us Anymore

That is what I said to myself joyfully as our group traveled by van back to Nairobi, Kenya, after visiting Machakos, Kenya, a community that has historically been wrought with low crop-production rates, hunger, intermittent rainfall, and material poverty. All this changed for the people of Machakos several years ago when the people of that community said to one of their pastors, “We appreciate this food aid as it keeps us from starving, but what will we do in the future?”

“We need a longer-term solution.”

This situation and the events that surround it can be very instructive if we allow them to be. As we think about demonstrating and communicating impact in the twenty-first century, we must keep in mind that lasting impact comes from long-term thinking. Situations are often more complex than they appear on the surface, and without careful consideration, donors can actually do more harm than good.

One of the main points that this essay will make is that transparency is the key in philanthropy, and if those of us involved in philanthropic work are not completely transparent with those that give to the work, we need to find something else to do, immediately.

Therefore, in the context of this essay, four issues will be discussed:

1. Hierarchy of giving
2. The mindset of individuals and groups in the Western world, often referred to as “the North”
3. Communicating, sharing, and educating people about giving
4. The path forward—getting real—bringing it “into the light”

In this essay, I will make the argument that there is a *hierarchy of giving*. There are good gifts and bad gifts, and those who are involved in philanthropic work must be open with donors about the potential power of a donation to do good and, possibly, to do harm.

Philanthropy as “brotherly love toward people and society” is often misconstrued simply as giving “what we feel like giving” or “what we are moved to give,” when in fact, we need to always stop and ask whether the gift we will give is, in fact, going to help the individual organization or community that we are giving to for the long-term.

During the twelfth century, a rabbi, physician, and philosopher named Moses Maimonides was active in Spain, Morocco, and Egypt sharing his thoughts about many topics. One of the topics that helps us think about the *hierarchy of giving* is his enumeration of the various forms of charity, from “the greatest to the most weak” (a quote from Maimonides or perhaps one of his contemporaries).

The Hebrew law encouraged *tzedakah*, which is often translated as charity. Ironically, the root word of *tzedakah* is *justice*. The simplified translation is one example of the disconnection experienced between charity and justice in our world today.



Maimonides' view of *tzedakah*, from most desirable to least desirable:

- Giving a person independence so that he or she will not have to depend on *tzedakah*. Maimonides enumerates four forms of this, from the greatest to the weakest:
 1. Giving a poor person work
 2. Making a partnership with him or her (this is lower than work, as the recipient might feel he doesn't put enough into the partnership)
 3. Giving an interest-free loan to a person in need
 4. Giving a grant to a person in need
- Giving *tzedakah* anonymously to an unknown recipient via a person (or public fund) which is trustworthy, wise, and can perform acts of *tzedakah* with your money in a most impeccable fashion
- Giving *tzedakah* anonymously to a known recipient
- Giving *tzedakah* publicly to an unknown recipient
- Giving *tzedakah* before being asked
- Giving adequately after being asked
- Giving willingly, but inadequately
- Giving "in sadness"—it is thought that Maimonides was referring to giving because of the sad feelings one might have in seeing people in need (as opposed to giving because it is a religious obligation)

***Tzedakah* may be best thought of as a donor utilizing a donation to create a framework or hold a space where justice may occur for those in need.**

Demonstrating and communicating impact in the twenty-first century starts with a commitment to be transparent. People who give must be given the opportunity to completely understand what their gifts will do. Some will want to invest the effort to understand, and others will not; but those of us involved in this work must always be prepared to share the whole story.

As a math major, I have been wooed by the temptation of control and exact science many times. Mix that desire for cleanliness (dare I say neatness) with a fierce independence and we have a recipe for disaster. The mindset of people living in "the North" (westerners), especially Americans, has to be considered carefully as we think about the how to communicate impact. Many "northerners" feel that they have earned their place on the economic ladder, or at least act as though they have arrived there by their own efforts and wit. This donor perspective can be the undoing of many an organization.

We have found that twenty-first century donors want to know the answers to three basic questions

As leaders in this area, the transparency we must use is critical. It is often difficult in our society to be honest with people of means, but we must do it. Such honesty and openness communicates that people are more than the sum of their finances. A friend shared a quote with me that highlights a concept we should keep in mind when dealing with all people: "We are not human beings having a spiritual experience; rather, we are spiritual beings having a human experience."

We have found that twenty-first century donors want to know the answers to three basic questions:

1. How much is the overhead of the organization?
2. Who decides how my donation will be used?
3. Does the donation really get to those who need it?



Donors may not articulate these questions for fear of offending someone, but we know these questions are on their minds. It's essential that we provide donors with this information whether or not they ask for it.

One of the important things we have done at Foods Resource Bank (FRB) is to ask our community-growing projects to designate the money they raise. In that way, they have a better sense that the answers to some of their questions (2 and 3 above) are satisfied.

Question 1 is also a key question because it goes beyond a percentage; it speaks to the effectiveness of the organization and the relationships the organization builds with donors and other organizations.

One telling sign for us at FRB is that we offer growing projects the option of designating to all programming or part programming and part operations. Many inquire about our need for operating funding, and many voluntarily contribute to our needed operational funding. Another key to this approach is to engage people in conversations about the ratios, the operational activities, etc. What we have found is that people know that organizations have operational costs and they are willing to fund them. The bottom line is, they want to know that the organization is not wasteful.

There are several deeply held beliefs that seem to be at work with many “northern” people, which will be addressed here briefly. People often feel that an organization needs them or should act like they need them. We have discussed the human desire to be needed and how this can be an obstacle to real gifts. People also have a desire or an internal need to exercise control over the gifts they give. In essence, we can view donors' gifts as “our gift to them” instead of something they have entrusted us with to provide mercy or bring justice.

FRB has been in operation for 10 years, and yet because of our many partnerships, members, and experienced volunteers, we have more than 10 years' experience. Our linked experiences allow us to think about some very deep issues that create long-term impacts and can bring unintended consequences.

We have seen several specific views expressed through some of our volunteer donors that are instructive in demonstrating progress toward transparency and long-term transformation. Those views are captured in the questions listed below:

- How might I best support this organization to ensure it can meet its mission and vision?
- Will my gift hinder the work or distract the staff, board, or other volunteers from doing the work they are supposed to be doing?
- How can my gift empower and equip rather than create dependency?
- Might I damage this organization by giving too much money or by designating it to the wrong things?

Another big advantage FRB has is the wisdom of farmers. Farmers take the long, generational view, and this helps FRB be less reactive in a sound-bite, do-it now world. FRB credits the farmer's life, humility, and wisdom for our development as an organization. At a core, farmers bring a balance to FRB and those that associate with us. This is not to say that these traits are true of every farmer, but many have had to bring themselves along through many years of difficulty, worry, and uncertainty. What we see is that time and again, farmers and those who respect and understand farmers are just the type of long-view people that we need in our society today. Jim Collins, in *Good to Great* and *The Social Sectors*, would say that FRB has much value, essentially resource based on our brand and our time added (or perhaps multiplied) together. A farmer's wisdom comes from their dealing with many complexities in basic ways. The best farmers are not monolithic, however. They are focused and disciplined. Many farmers see the world in varying shades of gray—or perhaps green?

As an aside: One of our farmers once mused about the many, many shades of green in nature (and he was not talking about money). It is worth making ourselves present to notice things like that in our world!



Learning to Give Thanks for Others Rather Than Just Thanking Them

Thanking people for giving something sets up a potentially damaging cycle that can fuel the donor's "they need me" engine.

A few years ago, our senior staff had a great discussion about thanking people for their gifts to FRB. Conventional wisdom in fundraising circles says that a donor should be thanked seven times.

At our meeting, Joan Fumetti, who is on FRB's staff and is a pastor with the United Church of Christ, shared that she felt thanking people was manipulative, and after much contemplation and discussion, we agreed.

Thanking people for giving something sets up a potentially damaging cycle that can fuel the donor's "they need me" engine.

We have shifted to a "giving thanks for people" stance, which we feel puts the credit where the credit is due. Our view is that we are all God's children, and no material things actually belong to us. We believe strongly that we are stewards and must consider mercy and justice first as we decide how to use the resources we have been fortunate enough to accumulate. Much of society's language revolves around earning what we have and controlling what we have. We feel is not transparent to continue to fuel those falsehoods.

One of the pieces we have turned to many times is Henri Nouwen's *Spirituality of Fund-Raising*, which speaks to two issues that need to be highlighted as we consider how to communicate with donors.

1. Nouwen points out that we must share the vision and mission of the organization and then invite people to join
2. Nouwen says that the problem with philanthropic work, especially work that focuses on the poor, often carries a bias toward the rich. He says that we must be cautious to always treat people as people, and be very careful to never treat people as financial resource¹

Communicating clearly about what our vision and mission are will be central to communicating impact in the twenty-first century. People who consider giving to an organization must have a clear understanding of what the organization's purpose is.

We have noted time and again that selling or convincing occurs in our society. At FRB, we work hard to be different by maintaining our vision and mission and then articulating them clearly. The challenge in this approach comes from a culture that all of us share. We are used to, dare we say comfortable with, being "convinced" or "sold" and then "closed." This view leads quickly to a relationship based on customers and vendors.

I believe this will be one of the biggest, if not the biggest, challenge to overcome in philanthropy over the next many years. People are used to selling and convincing, being sold and being convinced, and we must be very conscious in our communications not to sell. We must share our vision and mission, essentially our story and purpose, thus allowing people the opportunity to join or not.

We should be inviting people to join us in our work.

Nouwen addresses another problem: the challenge of seeing people as financial instruments rather than God's children. This seems quite simple and direct on the surface but, in fact, goes deeply into the core of all our beings. Over the years, I have had a chance to sit with many people who have a good amount of wealth, and one of their greatest needs is to be valued for who they are rather than what they have and what they have to give, financially speaking.

In my opinion, treating someone of means as though their financial status is their greatest value is one of the cruelest and least transparent things we can do.



The other thing we need to be cautious of in our work is the trap of extreme communications. Perhaps the most vivid example is the almost constant vilification and/or victimization that occurs in our conversations and communications. As we guard against our own language, which comes from our basic views of others, we must be cognizant of making others out to be villains or victims. We must be present with people and view all people as similarly in this struggle called life. It can be a grand journey if we can view ourselves as one people and then communicate and act on that vision.

Volume of Data Does Not Equal Transparency

Some organizations, including ours, who have a desire to bring things into the open, have a tendency to give more information than people can ever digest. This is where our work to be present, listen carefully, and ask clarifying questions becomes critical to efficient, effective, and impactful communication.

Every person measures things in different ways, and although it is socially irresponsible to admit that most of us make gut decisions, we do. All of us use the Pareto principle (aka, the 80/20 principle). Some wait for a 30 percent/70 percent ratio, but we are only kidding ourselves if we ever think we have ALL the information.

We have all developed different lenses to understand our world and to assess whether people are trustworthy and programs are working. We can do a lot of assuming about what information people want in order to understand or measure impact, but it is much more effective to ask them. It's even better if they are willing to dig through documents or visit in person to figure it out, but that generally comes only with time and deeper commitment.

So the question becomes, How do we encourage people to delve deeper into issues without burying them with information? We must not underestimate the desire for journey and discovery most of us have. If organizations that receive donations do too much of the work for those interested in learning more, the information is less likely to stick.

Layering information is the key to satisfying those who can't or won't take the time, and providing full access is the key for those who will. Helping people set up tools like Google searches and RSS feeds will be a way to help people triangulate information they need to make decisions about whether their donations are having the impact they desire.

Finally, it is important to let people know we don't have it all figured out. Some will try to hold organizations and individuals to a standard that is unattainable. We must, as leaders, be willing to be open about our mistakes, failures, epiphanies, and fears. Walter Brueggemann has written about leaders and the internal struggle each of us has. If we are not first candid with ourselves about our "darkness," we cannot ever be real with others, leaving our organizations to suffer from non-transparency and not ever knowing why.

We must not underestimate the desire for journey and discovery most of us have.

Bringing It "Into the Light"

Communicating impact seems like a fairly straightforward thing in a world focused on measurement and time.. The path for us to overcome our unfounded dependency on metrics includes utilizing a healthy mix of humility, an understanding that things are often more complex than we want them to be, and respect for others.

Many times in the years to come, we will be put in the position of making plans and decisions and then taking action to implement them. We must accept that we will never make a perfect decision, but we must make the best decision we can, keeping in mind that mercy and justice must be foremost.



As we find ourselves tempted by a desire for significance, recognition, and comfort, we must remind ourselves to focus on our own shortcomings so we might be humble and then look toward others to see who might need a word of encouragement or a hand to get started.

¹Nouwen, Henri J. M., 2004, *The Spirituality of Fund-Raising*, Henri Nouwen Society (Nouwen, 2004)





Donor Relations 2.0: Building Lasting Bonds

Mary Reinders

Principal and Senior Research Consultant for Reinders Research in Milwaukee, Wisconsin

What is fundraising but a relational *exchange*? Industry professionals can avoid getting bogged down in metrics and simplified measurables by keeping their eyes firmly focused on this age-old fact. In reality, the process is not dependent on cost to raise each dollar or return on investment. Those are afterthoughts.

The more pressing issue that impacts the day-to-day operations of every foundation is the qualitative nature of donor intelligence. This issue impacts relationship building at each step in the cycle: identification, cultivation, solicitation, and recognition.

A more important question, then, is this: *What do donor relationships require to grow stronger and remain vital?* The answer starts with you.

What do donor relationships require to grow stronger and remain vital? The answer starts with you.

Given the nature of the fundraising process, one can observe an *expansive* exchange. This is a term borrowed from social psychology, meaning simply that within each of the partners' minds, a mental ledger of rewards exchanged exists over time. This is not to say that the relationship requires complete "tit for tat" reciprocity. Rather, that the rewards are *relevant* and of some type of value to the receiver. Expansive exchange is premised on *trust* that appropriate rewards will indeed result from corresponding inputs. The bonds of relationship are fortified with each reward, becoming ever stronger over the years.

Expansive relationships are the strongest and best suited for longevity, but they also require healthy doses of maintenance. In order to understand the nature of necessary upkeep, we should examine the less obvious organizational side. Of course, it is understood that the donor contributes monetary rewards, volunteer hours at times, and professional/personal affiliation. But what comes back? What is it that keeps supporters engaged over the long haul? There are the more ephemeral rewards associated with altruism and identity. But the question we seek to examine here is what endears the donor to *your* organization when they could derive satisfaction from supporting any cause?

Too often, organizations approach fundraising in a narrow and haphazard way. At a basic level, the process involves presenting the case, asking for support, getting the gift, and showing appreciation with a thank you note. And repeat. Sophisticated professionals work to find out more about donor interests and communicate a complementary case. But what happens after the gift? Too often, relationships with supporters suffer from lapsing communications and a lack of personalization. Sporadic and, at times, anonymous requests for funding compel donors to ask, "Do you really know me at all? Do you care? It seems you only call when you want money."

Using the expansive exchange paradigm, we must set about doing everything we can to move the relationship beyond the surface-oriented courting phase into a longer-term, meaningful relationship. Ultimately, the inputs should be personal and rewarding enough to solidify the bonds to weather any milestone that might be hurled our way.

What is the magic of maintaining donors' commitment from the time they cross the "threshold" (with an annual gift) to the time they make that major commitment as part of their legacy plan? True, some donors may just naturally be that dedicated to the cause because of past experiences or board/volunteer involvement. However, most professionals can tell you this is the exception, not the rule. The consistent exchange of valuable information at key points—delivered strategically, consistently, and personally—can



relationship building means maintenance. It is ongoing and involves knowing more about your donors. This can be challenging work, especially for organizations with large donor bases. Fundraisers must work hard to continually gather data. This can be done formally in qualitative interviews, focus groups, quantitative surveys, fundraising efficiency and performance benchmarking, program evaluation, and marketplace giving analyses. It can also be done informally through conversations and convenience surveying and carefully recording donor interest and needs in donor/customer management software to understand and meet the needs of their constituents.

Sometimes budget and time do not allow for sophisticated data gathering. Even so, foundations can still get a head-start on donor listening by asking major gifts officers to start the conversation in the field. They can do so by posing key questions to individual supporters. The inquiry can be as simple, pointed, and open-ended as the following:

- *Why do you support the organization?*
- *What would like to achieve with your support?*
- *How can we do a better job of communicating our needs and the value of the things we do?*

Clearly, the more avenues for listening and tracking, the better. The following chart offers a sample of a segmented health care donor intelligence grid, resulting from strategic tracking and a blended variety of research methodologies.

Constituency	Interests	Desired Rewards
Individual Supporters	<ul style="list-style-type: none"> • Motivated by personal experiences with specific programs • Life-or-death programming, such as heart, cancer, and trauma • Pediatrics • Capital improvements that link to critical programs and help meet pressing community needs 	<ul style="list-style-type: none"> • Transparency on fundraising efficiency (e.g., ROI, CTRD and net returns) • Outcomes data relative to the use of funding • Organizational offerings and impact • Community needs • Personal stories from patients served • Ways to get personally involved • Networking with other supporters • Recognition and naming opportunities for major gifts
Private Foundations	<ul style="list-style-type: none"> • Community benefit • Programs that emphasize social well-being (e.g., education, prevention, insurance coverage, charity care, abuse/neglect, alcohol and drug treatment, behavioral care) 	<ul style="list-style-type: none"> • Community needs and gap analysis • Impact and outcomes data • Program evaluation • Partnership in program creation and service area • Model programming for replication
Business and Corporate Foundations	<ul style="list-style-type: none"> • Community benefit, with focus on employees • Corporate sponsorship opportunities • Self-branding as a community partner 	<ul style="list-style-type: none"> • Recognition • Exposure • Community partnership and investment • Impact and outcomes data • Fundraising efficiency measures (e.g., ROI, CTRD, and net returns)



Constituency	Interests	Desired Rewards
Physicians	<ul style="list-style-type: none"> • Specialty program areas (e.g., heart, cancer, and children's) • Expert capabilities and research • Medical education and scholarships • Hospitality and patient services • Gaps in service/un-served populations 	<ul style="list-style-type: none"> • Education around individual/ departmental benefit • Recognition as a leader • Decision-making partner • Culture of philanthropy messaging • Impact and outcomes data • Ability to tell personal success stories
Staff	<ul style="list-style-type: none"> • Employee assistance programs (e.g., loans, scholarships, and health care) • Workplace improvement (e.g., capital expansion) • Resourcing for high-impact programs (e.g., heart, cancer, pediatrics, and hospice) • Gaps in service/un-served populations 	<ul style="list-style-type: none"> • Recognition as valued supporters • Education on organizational needs and the of funding (e.g., use of restricted funding vs. system allocation) • Culture of philanthropy messaging
Board Members	<ul style="list-style-type: none"> • Motivated to support programs based on personal experiences and interests • Health care system's capital needs • Personal/professional networking opportunities 	<ul style="list-style-type: none"> • Recognition and naming opportunities • Decision-making partner • Legacy interests • Community investment • Community exposure and access to business community • Fundraising efficiency measures (e.g., ROI, CTRD, and net returns)
Auxiliaries	<ul style="list-style-type: none"> • Greatest needs of the organization • Campaign 	<ul style="list-style-type: none"> • Feeling of "making a difference" in volunteer roles • Involvement in supporting the organization and the communities it serves • Impact and outcomes data • Community needs

The information above offers a tangible sense of the specific "rewards," in the form of information, exposure, and involvement that various constituents might seek in the expansive exchange with the organizations. Reading through them, we begin to understand why it might be important to keep major donors (particularly information-hungry types) in the loop about the outcomes of their gifts as well as gaps in the community that could be filled, with additional funding.

"But," fund managers may ask, "who has time to meet all of these specific needs?" While face-to-face meetings remain the gold standard, we realize that this information sharing can be taken a step beyond. Instead of pure quantity, in a barrage of printed materials, increasingly younger and savvy donors look for statistically valid information and targeted opportunities for exposure that intersect with their specific interests.

Imagine, then, the power of this knowledge in tailoring communication and exposure opportunities to individual audience segments. Reinforcing the identity of the organization as a worthy charity and communicating outcomes becomes far easier when it can be done in a strategic, yet blanket, way. Print materials can be enriched with personal stories and statistics and constructed for individual programs. At the same time, personal exposure can be made more meaningful. Consider, for example, the power of group facility tours that include both physician speeches and patient stories geared specifically toward like-minded donors interested in cancer research and innovations that can result from external support.



In all we do, we must remember that capitalizing on what we know about our supporters can help us fuel the expansive exchange. Communicating not only a “thank you” but also the outcomes of a major gift or a campaign can help donors get a tangible sense of the difference they made. This type of personalized reward will keep them involved for many years to come.





Keystone Questions

Susan Ruddy

President of Providence Alaska Foundation in Anchorage, Alaska

Keystone Questions

Two people were standing on the banks of a river, alarmed by the disconcerting sight of babies floating down the river in baskets. The charitable person immediately began wading into the river and pulling the baby baskets to shore, thus saving several lives. The philanthropist ran upriver to find out why the babies were floating down the river in baskets in the first place.

The babies needed both, and so do we.

Many of the topics we have chosen to explore in Conversation 2009 focus on how charity can be more charitable—in effect, how we can save more babies from the river. If the nonprofit community is to play a role in shaping the tsunamic changes many believe are on the horizon, we will need to focus on philanthropy. To actually intervene in the current madness in any meaningful way, we will need to seek transformations “upriver.”

This is not a new idea: In the 1950s, David Rockefeller said, “Philanthropy should always aim to transform society, rather than maintain the status quo.”

Peter Copen of the Copen Family Fund has said that that we must seek and find “a new paradigm—a paradigm that will exponentially reduce suffering (and enhance the evolution) of people and the planet.”¹

A few days after the 2008 election, Diana Aviv, President of the Independent Sector, said this during a presentation at their annual conference:

If we stand, as I believe we do, at a moment of profound rethinking about the American social compact, then the values of mutual concern and shared responsibility that unite us must be central to the discussion. We must use our voice—the organized expression of what we collectively call the independent sector, a voice founded on the values and aspirations that are embedded in the work we do. The great national reimagining that is poised to take place must draw a good part of its moral and intellectual inspiration from the nonprofit community. From us, individually and collectively. From our ideas and our actions. Government and business have recognized that our commitment to the greater good over individual gain is our enduring virtue; this puts us in a unique position to speak up now—when the good needs to be so much greater.

The wisdom in Ms. Aviv’s thoughts should encourage us to realize that we must go far beyond pulling the babies from the river:

- Philanthropy must be transformative.
- The current realities cannot be addressed by “those who cling to a present which is already dying” (Robert F. Kennedy, 1966).
- This time of profound rethinking, of great reimagining, “must draw a good part of its moral and intellectual inspiration from the nonprofit community.”

In the 1950s, David Rockefeller said, “Philanthropy should always aim to transform society, rather than maintain the status quo.”



- Only a new paradigm will exponentially produce the changes needed to keep the babies from being placed in the river in the first place.

For purposes of this discussion, let's assume that as a sector we are committed to keeping the babies from the river. Metaphorically speaking, how did they get in the river? How and why were they in baskets? How far from the river do we need to trace the problem? And how far ahead do we need to look to foretell what grim, unintended consequences might be of the babies floating in their baskets in the river?

That is when the very difficult questions must enter the discussion—the questions about unintended consequences. What are they, and how do we address both the current crying need and the potentially dire consequences of intervention? Is the river so polluted that the babies are already beyond saving? If they are saved, will they inevitably be at very high risk of another fatal disease? If they are saved from that disease because medicines have reached them in time, what about the next drought—will they and their children die of famine a generation later?

These are brutal questions, but they must be asked. They are immense questions about immense issues that must be triaged if philanthropy is to do more than address symptoms. Do we begin to face these questions by looking back from the future? Can we structure these issues so that we can, in effect, look back at today from a generation or two hence, and might we then be able to see more clearly what we should see today?

They are immense questions about immense issues that must be triaged if philanthropy is to do more than address symptoms.

The Baron Luc Tayart de Borms, managing director of the King Baudouin Foundation in Brussels, said in 2005, “A new role is emerging for foundations and philanthropists,” that of “providing a neutral platform for discussion, informed debate and consensus building.... This should be the new ethical imperative of their work in the twenty-first century.”²

The world's great philanthropists have the stature and, in most quarters, the credibility to begin this triage process by convening conversations around these highly complex and highly charged issues. Furthermore, I would argue that they have the absolute responsibility to do so: while their wealth derives from private sources, it is vast, they are relatively unaccountable, the majority of their assets are set aside to grow more wealth, and they are free to define their own priorities without regard for any democratically agreed-upon societal priorities. They are exempted from all taxation, and there is no requirement that anyone other than their boards and their donors agree on their mission. There is no one scrutinizing their outcomes to verify that they are impacting root causes and producing results which “exponentially reduce suffering,” or whether they are applying Band-Aids which may create detrimental, unintended long-term consequences of their own. Some of these consequences could, tragically, increase suffering exponentially.

Although I have used the word and the concept of triage, I do not mean to suggest an either-or scenario in which either the babies are saved from the river or that only upstream intervention is necessary. Most philanthropists would be constitutionally incapable of ignoring the babies in the river, thank heavens. But I do suggest that it is essential to deeply consider the places at which philanthropic dollars can have the greatest long-term positive impact, and that this consideration must now be global as well as local.

Dr. Jan Agosti, Senior Program Officer in Infectious Disease Development and Strategic Program Lead for Neglected and Other Infectious Diseases at the Bill & Melinda Gates Foundation, spoke on February 27, 2009, at the Anchorage World Affairs Council. When asked whether the Gates Foundation (or any other organizations she was aware of) were asking questions about unintended consequences of current efforts, or what might be considered the “keystone” questions about which half-dozen initiatives may be essential to ensuring current investments in health, justice, the environment, etc., she replied, “No. But that is THE question we are all talking about.”

If the Gates Foundation is not addressing these questions, who will, and when? If the Philanthropy Roundtable's mission is “to foster excellence in philanthropy, to protect philanthropic freedom, to assist



donors in achieving their philanthropic intent, and to help donors advance liberty, opportunity, and personal responsibility in America and abroad,”³ but does not mention the process of global prioritization, who will, and when?

Proposal:

A series of global philanthropy roundtables should be convened for the purpose of triaging the most basic “keystone” processes or problems philanthropy may be able to address that could, as Peter Copen suggested, “exponentially reduce suffering (and enhance the evolution) of people and the planet.”

The first roundtable should define the process within which the triage will proceed. At the least, each roundtable should have a purpose which builds on the preceding roundtable. Whether or not research is required before or between roundtables should be determined at the first roundtable as well. Initially, it may be most effective to resist the compulsion toward research and rather rely simply on the perspectives, experience, and wisdom of the participants.

Participants should include leading global philanthropists like Bill and Melinda Gates, Warren Buffett, George Soros, and might also come from the leadership of organizations like the Independent Sector, the Council on Foundations, the European Foundation Centre, the Global Philanthropy Forum, UNESCO, and the World Economic Forum.

One of our colleagues, Joe Zanetta, has written provocatively on “the highest and best use” of the charitable dollar. This is a critical and timely topic, and relevant not only to current needs but also to long-term impact. Each donor, whether individual, corporate, or foundation, will have to answer for themselves the questions about the most essential and critical application of their philanthropy. There are those who will want to address immediate problems with compassion, and with relatively immediate, measurable outcomes. There are others who will be motivated to address more universal problems with passion, and with tolerance for less immediate, less measurable outcomes.

Each donor, whether individual, corporate, or foundation, will have to answer for themselves the questions about the most essential and critical application of their philanthropy.

Warren Buffett said, “In business, you look for the easy things to do. In philanthropy, you take on important problems, and it is a tougher game.”⁴ This triaging of the application of philanthropy is important. It will be tough, and it will take courage. Both approaches—charity and philanthropy—must be encouraged by the need we know exists, and by our belief that we can make the world a better place. We know this is a time fraught with the potential for disaster on a scale not known before. We also must believe this is a time ripe for transformation. Transformation is the only worthwhile choice, and our philanthropic community will have to lead.

¹ Copen Family Fund: Quote from presentation to 2001 Trim-Tab Philanthropy Conference, November 17, 2001, Petaluma, CA

² p. 18, UBS Philanthropy Services 2005: The Year in Review

³ <http://www.philanthropyroundtable.org/content.asp?pl=406&contentid=488>

⁴ Buffett: Independent Sector: January 2009, Beyond “Business Thinking” as Panacea: Articulating Our Vision of a Distinct, High-Performing Nonprofit Sector, by Phil Buchanan (<http://www.independentsector.org/members/perspectives0901.html>)





Highest and Best Use of Charitable Gifts

Joseph M. Zanetta, J.D.

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When I attended law school, I learned in property class the theory referred to as the “highest and best use” of land. It states that the value of a property is directly related to the use of the property; the highest and best use is that which provides the highest property value. Applying that theory to the world of philanthropy, the question of “highest and best use” of charitable gifts arises.

Prior to the economic meltdown of 2008, national media had written articles about wealthy institutions that seem to be in a constant race for increasing their giving. In a notable article written in the *New York Times* (October 21, 2006), reporter Joe Nocera asked probing questions about wealthy universities: “All of which made me wonder, does Stanford—and Yale, and Brown, and N.Y.U.—really need to raise ever more billions to add to the billions it already has? Or is this an example of fund-raising run amok, a case of the rich getting even richer—just because they can?”

I would add Cornell to the list of wealthy institutions that are seeking to increase their wealth. I attended Cornell on a scholarship, and have always been grateful to the university. Having earned both an undergraduate and law degree from Cornell, I worked on the development staff and learned the “art” of being a successful fundraiser.

Recently, I attended the kick-off event for the university’s \$4 billion campaign and thought of the highest and best use of my own philanthropic gifts. (By the way, I have been a donor to Cornell nearly every year since my graduation.) As I analyzed my own charitable giving, I was struck by how insignificant my own gift would be to a university seeking to raise \$4 billion. Yet other charities that I support have only modest resources, and my gifts may provide greater value and impact. This challenge of highest and best use is one we all face in our charitable giving.

As Baby Boomers age, we have matured, we have learned to balance our needs with the needs of our community, and we have embraced philanthropy. However, in my view, folks of my generation have learned to question a perceived need for private support. I recall a talk given by Robert Zemsky, Ph.D., who is the founding director of the University of Pennsylvania’s Institute for Research and Higher Education. Dr. Zemsky has developed a phrase that refers to wealthy, highly competitive colleges and universities as *medallion schools*. Harvard and Stanford, Williams and Amherst—these are among the most highly regarded institutions of higher education in the world. But the question that the *New York Times* poses is certainly appropriate. With an endowment approaching \$30 billion (after adjusting for the market crash of 2008), can one make the case that Harvard needs to increase its endowment through private giving? Stanford, Williams, and Amherst have similarly achieved great wealth through generations of alumni support.

The highest and best use of giving theory applies in the twenty-first century, and suggests that a donor analyze the impact of his or her gift on the charitable organization. Let us suppose that an individual has \$100,000 to give away and is interested in creating an endowment to provide access to promising students. This hypothetical donor attended an Ivy League university and has lived in a metropolitan area for 25 years. His alma mater has an endowment approaching \$4 billion, while the local state university has an endowment of \$800 million. And in this case, size is not a factor, since the Ivy League university has 15,000 students, while the local state university has 30,000 students.

Setting quality arguments aside for a moment, and presupposing that the stock market will eventually correct itself and that a \$100,000 endowment will provide income of \$6,000 annually, what is the highest and best use of those charitable dollars? The Ivy League university’s annual expense is \$50,000, while the state university’s annual expense is approximately \$17,500.



Now let us address the quality issue. The Ivy League school is my own alma mater of which I am incredibly proud to be a graduate. Cornell has always been true to its mission as stated by Ezra Cornell: “To found an institution where any person can find instruction in any study.” The local state university is UCLA, which has achieved remarked academic success since its founding as the Southern Branch of the University of California.

So which institution is more deserving of that \$100,000 endowment gift? More importantly, where would it have the greatest impact on education?

Of course, emotions often motivate donors to make significant gifts. But based on the concept of highest and best use, I predict that donors will increasingly look at the balance sheet of a nonprofit organization and assess the potential impact of a gift.

Since 9/11, we have seen donors focus on issues that really matter to them. And, of course, that is rather subjective. But after such a national catastrophe, children’s causes and health care organizations have witnessed an increase in giving. I would argue that after the economic catastrophe of 2008, we will similarly witness a movement of charitable dollars away from wealthy medallion institutions to smaller, less prestigious ones.

Back to the comparison between Cornell and UCLA, and the question as to which institution might be more deserving of the endowed scholarship fund. The highest and best use theory of giving would create a series of questions to be asked: What percentage of students who attend the university are the sons and daughters of working-class families with annual incomes under \$75,000? What percentage of students are people of color? What percentage of students are children of the wealthy? How is such a scholarship fund administered? How much does the institution manage endowed scholarship funds?

Demonstrating impact is going to be increasingly important to donors of the twenty-first century. A Stanford Law School graduate, Martin Kimel, wrote an op-ed piece in the *Los Angeles Times* (November 26, 2006), in which he states, “Your already rich alma mater doesn’t need the money.” He embraces the highest and best use theory and applies it to philanthropy. Based on his analysis, his alma mater does not deserve its new \$500 million campus. He further states that wealthy institutions do not need the money from private donors, since they already have billions of dollars in the bank and that wealthy institutions often “suck scarce philanthropic resources from underfunded charities.”

Clearly, donors have the right to make their own decisions about which charities should be the recipients of their philanthropy. Many feel a desire to honor the memory of a loved one, the wish to express gratitude for a scholarship or a fine education, or the need to give back. These are all worthy endeavors. But philanthropy has become competitive, and the nonprofits need to be able to demonstrate impact and the ways in which society will be improved by the act of giving.

The highest and best use argument should be analyzed by leaders of nonprofit organizations, by grant-making foundations, and by the public at large. In the end, our society has been greatly enhanced by philanthropy, and that will certainly continue. We just want to make sure that our donors understand they have an obligation to support institutions that will truly be good stewards of their giving, have a demonstrated need for additional resources, and are not seeking private support merely to increase the balance sheets of already wealthy institutions.

My son’s independent high school boasts of its commitment to serve students from the inner city and manages the financial program with a \$1 million endowment. My own hospital foundation has an endowment of \$50 million, and we provide the poor and vulnerable with access to primary care. My alma mater has an endowment of \$4 billion. The highest and best use theory, which ironically I learned about in the ivy-covered walls of Cornell, now causes me to reevaluate my own private giving and designate those gifts to needier institutions.

Donors will increasingly look at the balance sheet of a nonprofit organization and assess the potential impact of a gift.

But philanthropy has become competitive, and the nonprofits need to be able to demonstrate impact and the ways in which society will be improved by the act of giving.





Discussion

Expanding Transparency & Emphasizing Impact with Stories and Data

What are you doing to demonstrate the impact of philanthropy in your organization? Representatives from three subsectors shared personal examples of their use of stories in conveying to donors the impact of their gift investments.

Two higher education leaders kicked off the discussion. “We use stories,” said Megan Olson. “We don’t talk about statistics but create stories that are memorable and meaningful.” Shari Scales echoed that experience, saying, “We have a story in each of our mailings, and we invite students to give live testimonials.”

Similar perspectives came from health care. Joe Zanetta told us about Oscar, a child with a 104-degree temperature who came to his hospital’s mobile pediatric van. The nurse later said Oscar would have died without the van’s availability. “We give them stories,” Joe said. “We keep it simple and give them warm and fuzzies.” Pearl Veenema found similar success in her Ontario hospitals. “We bring donors into the hospital for a closer look at what we do. We allow them to see clinical areas and talk with people working in that area. We point out how gifts made possible not only the pricey, sophisticated equipment in the room, but often simple things like surgical packs and trays. They can personally see and experience the impact of their gifts. We find that this approach is as relevant for lower-level donors as it is for larger-level donors. Our challenge, of course, is that these tours are time-consuming for development staff and for the hospital. Our hospital colleagues always ask whether these tours will lead to larger or more frequent gifts.”

Human service providers also weighed in with their success stories. Tom Soma of Ronald McDonald House Charities noted the organization’s use of annual reports for describing impact, the availability of 990s on their website, and ongoing website updates. “But there is a bigger impact that we have that is quantifiable. We talk about the number of families we cared for and how that has increased from previous years. We quantify the service and volunteer data. Several years ago, we hired an MBA student to study our impact. What we found is that for every family we house for seven days, sometimes keeping a child out of the hospital, it reduces time demands on nurses, hospital physical plant energy consumption, and physical resources like bedding and equipment. We would love to move more in that direction, maybe even being able to show the value we provide to insurance companies, quantifying it in dollars.”

Cathy Girard described Goodwill’s use of the logic model to demonstrate outcomes. “It answers the question of how we’ve changed a life in the short-term, mid-term, and long-term. Before we ask for gift support for one of our programs, we already know the desired outcomes. For example, we have an employment program that employs 50 people with serious mental illness. We’ve been able to keep 63 percent of these program participants employed for at least one year. We provide donors this kind of outcome specificity along with the story of one person. Donors love it! We find that donors are looking more and more for the numbers, for how we’ve helped change a life. The logic model has been very effective for us in communicating impact. Donors are reacting really well to this.”

Mary Reinders shared a research perspective that demonstrating and communicating impact is about pairing impactful statistics with the power of storytelling. “But the real key is transparency,” noted Marv Baldwin. “We’re heading toward greater transparency whether or not we want it. Our biggest challenge is helping people wade through all the organizational information. Our philosophy is to equip people on



how to go about getting the information they need and want versus us shipping out the information to them, hoping they find it of value. The key organization issue is to consider how people learn to access the information they need.”

Pursuing Alignment

The importance of demonstrating to donors the impact of their philanthropy is probably a given today. However, doing it in a meaningful way is not. As practitioner awareness and language migrates away from fundraising (means) and increasingly to impact (ends), a host of challenges and new opportunities arise. The exercise of considering how to meaningfully demonstrate the impact of your organizational work demands organizational leaders become very introspective.

Most senior resource development professionals will admit to at least the occasional struggle with how to be in authentic alignment with donors. Of course, each professional’s goal is to be sure that conversations with donors are ethical and aligned with the organization’s values. This alignment check can easily be reduced to a superficial scan or it can become the platform for much deeper introspection and an opportunity to further the organizational culture of philanthropy. Understanding, demonstrating, and communicating organizational impact cannot be relegated to a single operating department. It is a leadership philosophy about the covenant with the donor.

There is great power in having organizational leaders grapple with the question of intended and actual organizational impact. Executives’ shared and increased awareness of philanthropy’s role in deepening impact fosters organizational transparency and creates more authentic alignment of organizational values, mission, and individual hearts.

Dreams Discovery

The power of philanthropy is found in discovering and fulfilling dreams—within donors, within the persons served by the organization, and within the organization’s own champions and stars. Dreams, visions, preferred futures—by whatever name, they are philanthropy’s igniters and catalysts for positive change.

Despite the great temptation for organizational leaders to tell their stories, the key to discovering a donor’s dreams and desires is through intentional listening. We believe philanthropy executives have an obligation to listen intently to donors. Rather than trying to persuade donors to see an organizational feature or point of view, we have an obligation to foster each donor’s sense of self-discovery. Asking donors to describe the impact they’d like to see as a result of their gifts is one way of gauging where those donors are on their individual paths to self-discovery. In this way, we are not only connecting donors to our organizations, we are connecting donors to their own dreams.

We all know stories of some of the greatest major gifts that came from wealthy people who wanted to make a change in organizations and in society. The “arrogance of wealth” is an issue that every organization will address at some point in time while working with major donors. Philanthropy is about sharing and fueling people’s dreams. Big gifts are not (or should not be) about donor control of the organization; they are about enhancing the mission. Organizational leaders must be clear in language and behavior that they value more than the money. We must take care to avoid the temptation to react differently due to the size of gifts. We must avoid organizationally endearing ourselves to donors simply in hopes of securing big gifts. We must first and foremost be transparent in our focus on aligning the donor’s and our organization’s dreams. To do that, we must speak and behave in a way that demonstrates the value we place on individuals, regardless of gift size.



Ultimately, of course, donors decide to whom they will give. They are doing their due diligence, looking at the gift worthiness of the organization and its need for charitable gifts to pursue its vision with greater impact. The ongoing process of intentional listening—whether informally and/or through formal attitudinal research—is about understanding needs, becoming a learning organization, and taking what we know about donors to deliver on their needs for rewards. Typically, donors neither need nor want tangible rewards. We can often reward them by simply meeting their individual information needs, providing them exposure, and facilitating meetings with people who've been helped by our organizations.

Creating a Safe Place to Ask Tough Questions

If our work in philanthropy is to be truly transformational, we must create a safe place for unprecedented and insightful dialogue about the true significance and meaning of our work. Simply trumpeting the quality of our organizations is insufficient when considering how to demonstrate and communicate impact. Quality is often subjective, fuzzy, and hard to measure and translate.

There is merit in taking the long-term view. In philanthropy circles, we must increasingly find ways to look back from the future to learn what we should ask, know, and do today. If we continually seek the best use of combined resources, we must ask how human ecosystems may respond to consequences down the line.

Can we look forward to see other areas where we can intervene in the future to prevent unintended consequences 20 years from now? Some would say it is incumbent upon us as leaders to bring to the table people with different views in a safe environment for them to discuss tough issues and come to a conclusion. Any long-term view of the application and impact of philanthropy should clearly be the principle “First, do no harm.”

Envision planting a seed, tending it, and seeing a resulting field of plants. Farmers know that if you don't nurture the ground, the seed dies. If you overwater the seed, it will not thrive. So it may be with philanthropy as it is applied through our organizations. Too much money may lead to overwatering, which stifles creativity and growth. As social sector organizations, we are all trying to be sustainable while creating sustainability. These concepts often fight with each other.

We say we use philanthropy to seek sustainable solutions. We leverage it to help make people more resilient. The unintended paradox could be that as we work toward sustainability, we don't create resilient people. This shift in emphasis moves us from a focus on things to a focus on people. We seek to develop resilient people so they can respond to problems. Addressing the issue of how to demonstrate and communicate impact is about the struggle to help people be independent, creative, and entrepreneurial while giving them only enough water so they grow without stifling them.

At a point in applied philanthropy, there may come a time when what we've attempted together is successful and those we've sought to help don't need us anymore. Perhaps, then, our greater dilemma is our own need to be needed—to be of great significance. When this egocentric mindset is present, it gets in the way of what we can ultimately do with philanthropy. It may lead to unintended consequences and possibly deter others from donating.

What are the unintended consequences of our well-intended actions? The literature is full of examples. The reality of this was recently brought home to Susan Ruddy when talking to a retired pediatrician who had worked years ago to save kids in the Congo by fighting the outbreak of measles. He noted that now the children whose lives he saved had grown up and had children of their own. Regrettably, that larger and healthier population is now suffering through a drought, resulting in insufficient food and water for a population saved from disease.

Goodhearted people with a shared sense of humanity respond to those in need. Thank goodness we do!



Yet as the pediatrician's story highlights, the solution to one problem may unintentionally beget another problem. Questions for the philanthropist emerge:

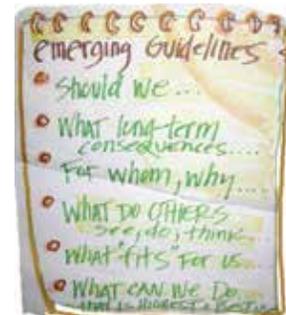
- What happens down the line after fixing the immediate need?
- How far ahead should we look to see the long-term impact as opposed to just meeting immediate needs?
- Have we triaged what we do and determined where impact is most critical and which of our responses is most lasting?
- What are we doing that is not sustainable?
- Is more always better?

As people involved in philanthropy, we need to ask these questions and answer them as best we can—pushing ourselves to do better at asking the tough questions. Asking tough questions is essential. One need only look at the world and realize there are places where we are doing extraordinary philanthropy and making astounding differences, but our efforts may not be sustainable and may only compound the initial problems. Our constant challenge is to consider need in relation to limited resources, making sure that resources go where the need is greatest. Susan Ruddy's essay frames this challenge and posits an approach to a solution.

These same questions should be considered more often by those of us daily engaged in fostering philanthropic support of our own social sector organizations. We must strive to be clear for ourselves and for our donors that their dollars are meeting immediate needs while conveying that we have considered the longer-term application and impact of their gifts.

As practitioners, we have to live into the possibilities of these unintended consequences. We must learn and adapt as we go. The “big ideas” that can lead to sustainable solutions and fewer unwelcome consequences may stem from paying more attention to creating a new frame for the conversations intended to drive toward solutions. Our conversation led us to a set of emerging guidelines for decision making around the focus of philanthropy:

- Should we invest in this?
- For whom? Why?
- What are the long-term consequences?
- What do others see, do, and think?
- What fits for us?
- What can we do that is the highest and best use of philanthropy?



Conclusion

A dozen social sector professionals shared enough of a hunger and a world view that they came together to think and share questions. To one degree or another, each of us shared the sense that the world is starved for a new leadership “way” to convene, to catalyze, to mentor, and to take the long view at a new vision. Inevitably, we were reminded that it always comes back to “me.” What can/should I do?

Conversation 2009 enabled us to rediscover the importance of authentic alignment in our missions and everywhere in our work. We came to reconsider the shifting nature of the conversation in the social sector and to examine our potential roles in reinforcing that shift. Our discussion helped us reexamine open leadership and reevaluate how to really engage younger generations in the work of philanthropy.

We established the seed of an enriched and enriching network that nourishes us as individuals, resulting in changing how we convene, inspire, mentor, and seek new openings. We envision what we’ve done as standing on the shoulders of many gifted leaders and practitioners, using our individual and collective wisdom to offer ideas in our own search for new meaning around philanthropy, community, and society. For one participant, *Conversation 2009* reinforced the sense of philanthropy as a noble profession. Another individual, reading from John Cage’s *Silence*, likened the learning and professional transformation to the result of studying Zen:

Before studying Zen, men are men and mountains are mountains. While studying Zen, things become confused. After studying Zen, men are men and mountains are mountains. After telling this, Dr. Suzuki was asked, “What is the difference between before and after?” He said, “No difference, only the feet are a little bit off the ground.”¹

¹John Cage, *Silence*. (Cambridge: The M. I. T. Press, 1966), 88.



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