

“The Game of Philanthropy”

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game n. 1. an activity providing entertainment or amusement; a pastime: 2. a competitive activity or sport in which players contend with each other according to a set of rules.

philanthropy n. 1. the effort or inclination to increase the well-being of humankind, as by charitable aid or donations.

Games we're familiar with...

Tag, Jump Rope, Dodgeball, Kickball, Tetherball, Foursquare, Hopscotch, Marbles, Red Light Green Light, Hide and Seek, Duck Duck Goose, Pickle, Horse, Capture the Flag, Candyland, Barrel of Monkeys, Chutes and Ladders, Operation, Connect Four, Spin the Clue, Scrabble, Mousetrap, Aggravation, Boggle, Battleship, Twister, Bop It, Bottle, Hot Hammon, Pin the Football, Volleyball, Baseball, Softball, Hockey, Basketball, Soccer, Go, Life, Oil on the Track and Field, Bowling, Golf, Tennis, Car Racing, Billiards, Lacross, Stratego, Donkey, Pong, Tank, Death Race, Sea Wolf, Space Invaders, Skiing, Yahtzee, Musical Asteroids, Galaxian, Lunar Lander, Asteroids, Battlezone, Fishing and s, Trivial Pursuit, Mother Gran Turismo 4, Dragon Ball Z Budokai 3, Final Fantasy XII, Doom 3, Mario Kart, Final Fantasy VII: Defender, Minoes, On Says, Empires Command, Minton, Twister, Leads Up Star Fox Ac-Man, Cycling, Simon, Even Up do, Yoshi Rally X, ng, Field, ctionary, the Hill, e Sims 2, empest, y, Martial r. Potato co Polo, and- Year y Kong, Rowing, r. Topple, ardines, U.S. Navy Frogger, ng, Polo, ho, Fish, Limbo, 4, Grand usetrap, Paintball, no, Fish, eze Tag, Area 51, ig Dug, ter Polo, d, Poker, Shark Down! vs. Position, Skating, d, Poker, Ghost in Clank: Up Q*Bert, nastics, ackjack, ne Dark, Solitaire,



What is the game of philanthropy?

Game board



Game pieces



People



Data, information,
knowledge, experience



Technology



Capital

End of game

- ♦ Fill needs
- ♦ Fix problems
- ♦ Change views, values or beliefs

Rules, Constraints, Boundaries

- ♦ Non persistent
- ♦ Context sensitive

Strategy

- ♦ Competitive and/or cooperative

Playing time

- ♦ Indeterminate
- ♦ Intra generational or inter generational

Who are the players?

HELLO
my name is

Those that have money and resources:

Individuals
Foundations
Corporations
Government

64,000+ foundations (2002),



HELLO
my name is

Those that have ideas and need money
or resources:

Individuals
Non-profits
Schools
Government

About 850,000 U.S. non-profit organizations (2003)



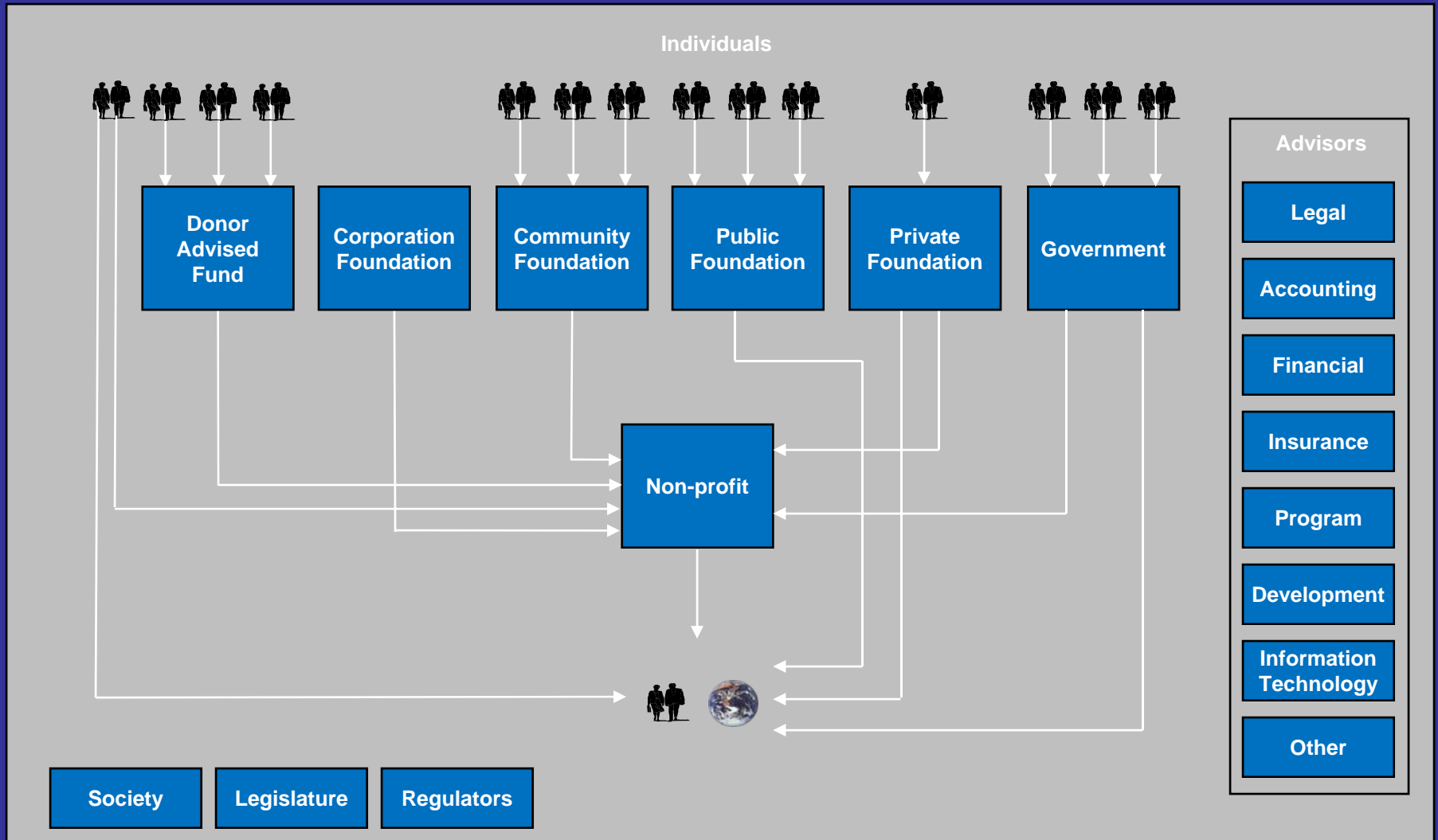
HELLO
my name is

Those that have advice:

Membership Associations
Professional services
Consultants
Financial managers
Others



Or put another way...



What is the current state of philanthropy?

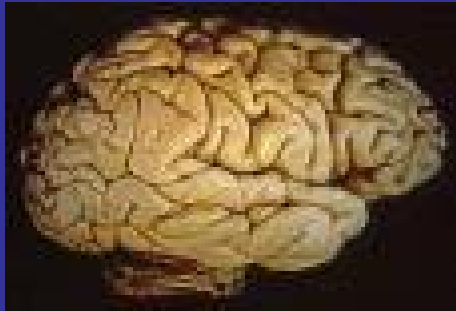
- ◆ There are a lot of broken things and a lot of people trying to fix them
- ◆ The battles to fix the broken things are very asymmetric
- ◆ Foundations, corporations and individuals cannot assume all of the responsibilities government is shedding
- ◆ The non-profit world (grantors and grantees) is very fragmented
- ◆ Non-profits have been wounded by scandals and are politically weak
- ◆ People in the non-profit world are passionate, articulate and generally committed to doing good
- ◆ Many non-profits (operating and non-operating) seem to be very personality driven and without clear succession plans
- ◆ Understanding, measuring and comparing the effectiveness, success and return on investment of programs is quite often difficult
- ◆ Funding and forums to pass on lessons learned seem to be scarce

What is altruism?

altruism n. 1. unselfish concern for the welfare of others; selflessness.

The theory

- ♦ Evolutionary biology suggests people should only help genetic relatives and not others



Why?

- ♦ Ensures continuation of common genetic material into the future

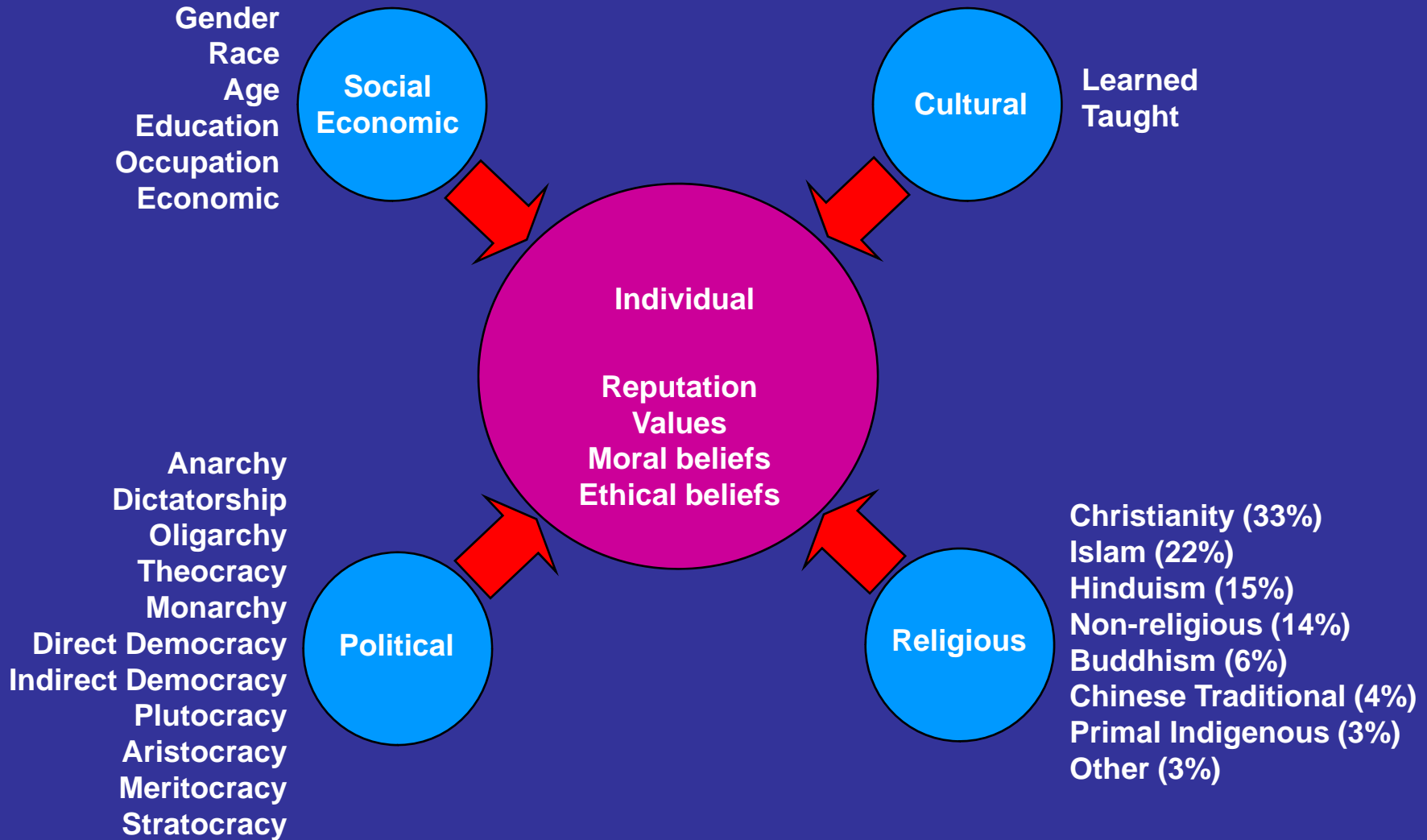
The reality

- ♦ People will often act against their own self interest
- ♦ People will cooperate with others and punish those who don't even when they have nothing to gain
- ♦ People trust others when they should not
- ♦ True altruism appears to be part of human nature

Why?

- ♦ Anthropologists, biologists and scientists don't know for sure

Why do people give?



Why do I give?

Time



- ♦ Attended church
- ♦ Food to mission
- ♦ Volunteered at public schools
- ♦ Volunteered to coach sports
- ♦ Volunteered for scouts

- ♦ Attend some church
- ♦ Food to mission
- ♦ Volunteer at public schools
- ♦ Letter writing and visits to elderly
- ♦ Family foundation
- ♦ Lobbying

- ♦ Food to mission
- ♦ Community service
- ♦ Family foundation

Money



- ♦ Food to mission
- ♦ Gave to homeless
- ♦ Gave to church

- ♦ Food to mission
- ♦ Gave to homeless
- ♦ Gave to church
- ♦ Gave to family
- ♦ Gave to charities
- ♦ Gave to public schools
- ♦ Gave to employees
- ♦ Family foundation

Generation -1
Parents

Generation 0
Ourselves

Generation +1
Children

How did I get my money?

People born	Total Wealth Transfer (1998 – 2052)	Transfer to Charities (1998 – 2052)
1906 - 1925	\$3.5 trillion	\$0.4 trillion
1926 - 1945	\$15.6 trillion	\$2.3 trillion
All adults as of 1998	\$41.0 trillion	



Based on: <http://www.bc.edu/research/swri/>



August 24, 2000

Intel to Buy Trillium, Networking Concern, In \$300 Million Pact

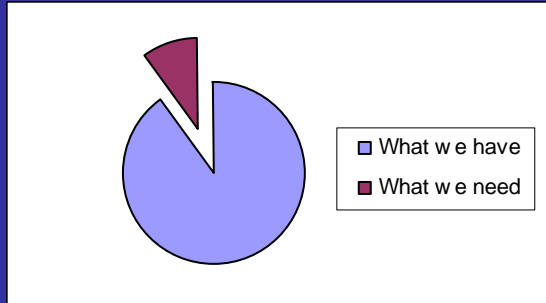
By a WALL STREET JOURNAL Staff Reporter
SANTA CLARA, Calif.—Intel Corp. said it agreed to buy closely held Trillium Digital Systems Inc. for \$300 million in cash and stock, in a move to expand the chip maker's portfolio of technology used

networking and communications tools that link voice, data and the Internet

and mobile communications. We provide OEM customers with tools that help access the Internet, manage networks and improve e-Commerce transactions through fast online connections, security authentication and server response time. In some cases, these products improve server performance by as much as 150 times. As handheld devices require less technologies, the enables flexibility in handheld devices.



Why did I start my foundation?



Considerations

- ♦ Self interest (family)
- ♦ Those we know (business and friends)
- ♦ Those we don't know (everybody else)

Possible Paths

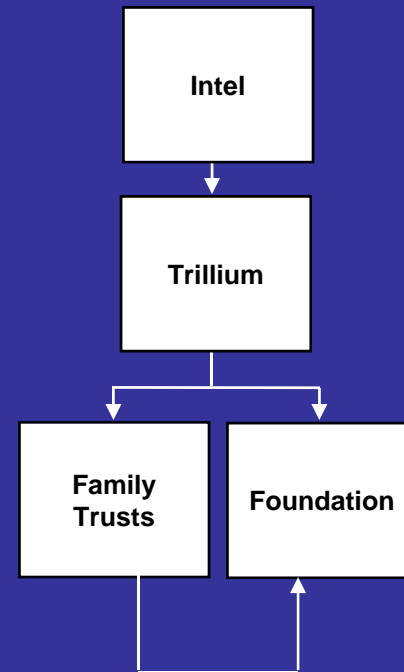
- ♦ Ad-hoc gifts
- ♦ Gift to non-profit
- ♦ Gift to public foundation
- ♦ Gift to community foundation
- ♦ Form private family foundation



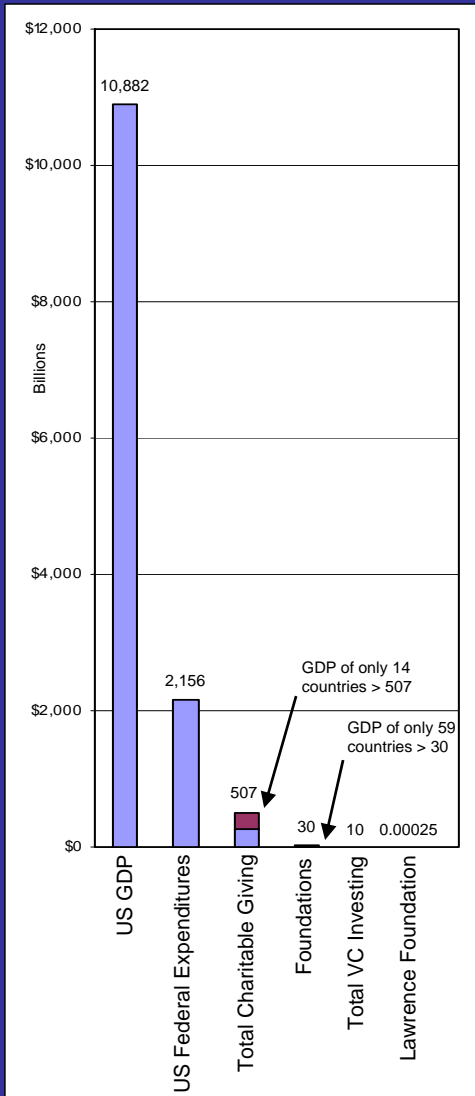
“When you learn, teach. When you get, give.”
- Unknown

How did I start my foundation?

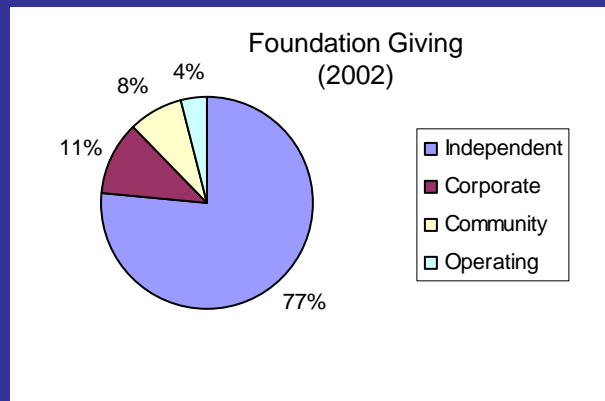
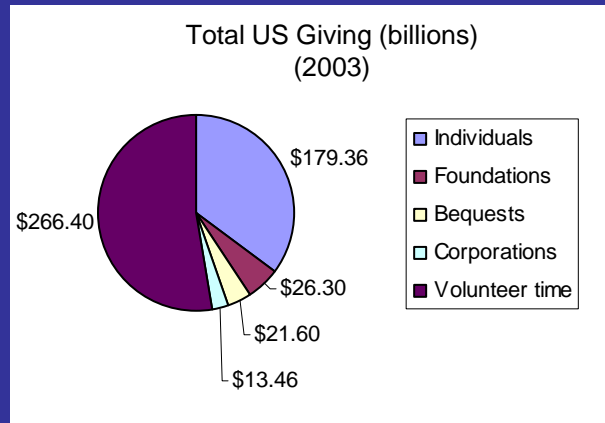
- ✓ Create legal structure
- ✓ Fund the foundation
- ✓ Publicize the foundation
- ✓ Understand the needs, problems and issues that are out there
- ✓ Decide what interests us and where we think we can make a difference
- ✓ Learn how to judge requests and make grants
- ✓ Meet with people and do site visits
- ✓ Learn about non-profit accounting and taxes
- ✓ Select a financial manager
- ✓ Establish an investment policy
- ✓ Manage our assets
- ✓ Manage and review our grants
- ✓ Attend conferences
- ✓ Let others know about our activities
- ✓ Plan for succession
- ✓ Learn how to make socially responsible investments
- ✓ Governance
- ✓ Pass on what we've learned and keep learning



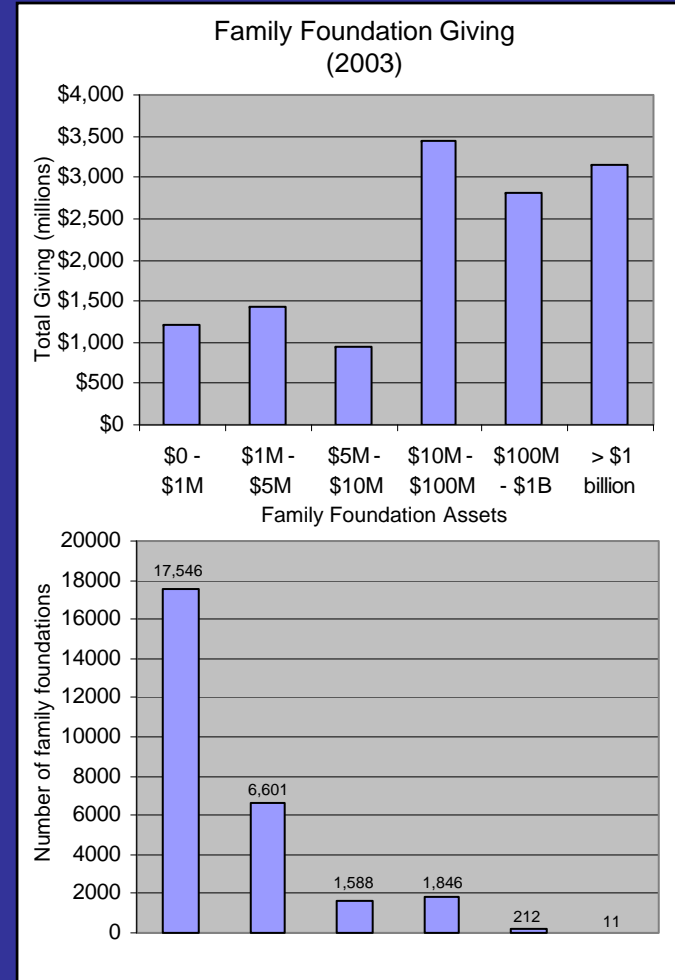
Where does my foundation fit in?



Source: Foundation Center, World Bank, PricewaterhouseCoopers MoneyTree

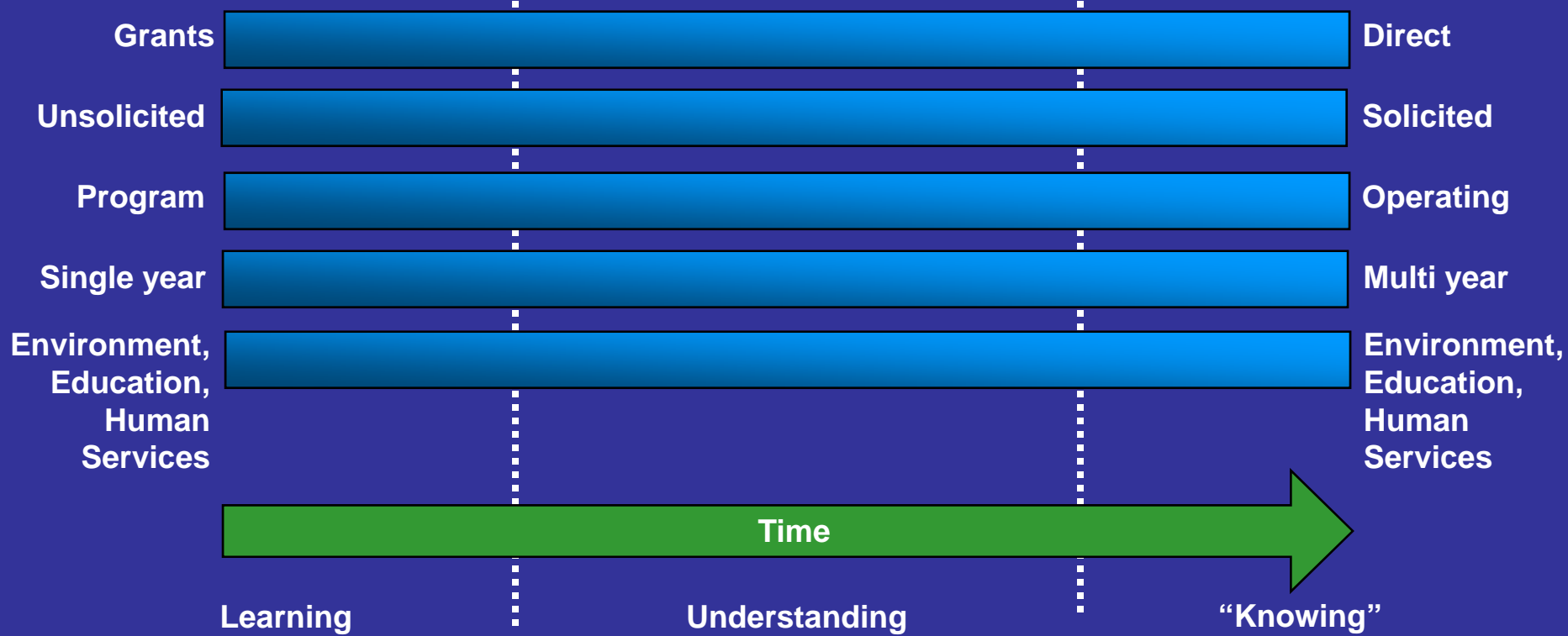
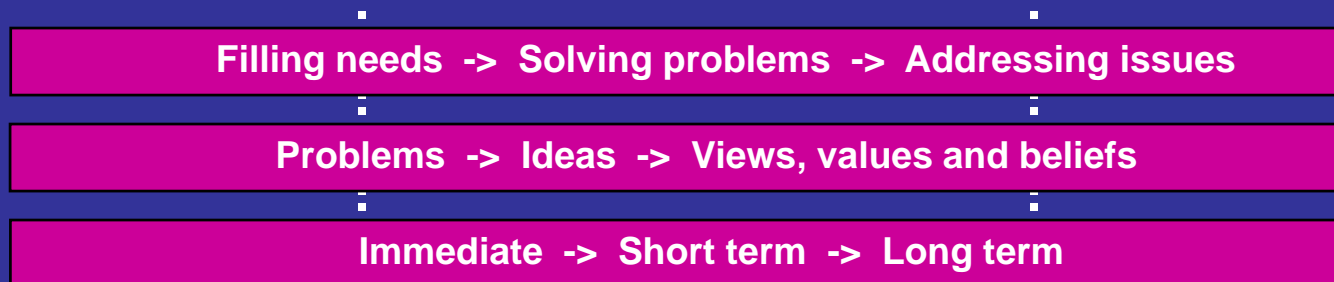


Source: Foundation Center



Source: Foundation Center

What does my foundation want to accomplish?



What does my foundation expect in return?

What we hope for

- ♦ To help others make the world a better place
- ♦ To pass on some of our knowledge and experience
- ♦ To learn
- ♦ An occasional thank you

What we get

- ♦ Plaques, articles, acknowledgements
- ♦ Honorary / advisory boards and committees
- ♦ Knowledge and experience
- ♦ Good feeling



What is the way to approach my foundation?

Right way

- ♦ **Make it real**
 - ♦ **Be honest and tell us the good and the bad**
 - ♦ **Teach us if we want to learn**
 - ♦ **Push back if we go too far**
 - ♦ **Take some risks**
 - ♦ **Understand our frames and language**
- 

Wrong way

- ♦ **Get greedy**
 - ♦ **Get impatient**
 - ♦ **Don't respond or answer our questions**
 - ♦ **Be unrealistic**
 - ♦ **Don't do your homework and know our guidelines**
- 

How does my foundation decide who to give to?

	Business	Non-profit
People	Strong, transparent, predictable, and ethical management team. Team gives a voice to the vision, gives purpose to the organization and serves the stakeholders.	Strong, transparent, predictable, and ethical management team. Team gives a voice to the vision, gives purpose to the organization and serves the stakeholders.
Vision	Addresses a real problem or need for change. Is realizable, easy to communicate and has good timing.	Addresses a real problem or need for change. Is realizable, easy to communicate and has good timing.
Opportunity	Large and identifiable addressable market.	Identifiable need, problem or issue.
Value	Real and understandable. Good product or service value and strong, defensible market position.	Real and understandable.
Execution	Strong, growing and consistent revenue and earnings performance.	Strong, effective and consistent performance.
Exit	Understandable story and strategy leading to a future liquidity event.	Understandable story and strategy to fill the need, solve the problem or change views, values or beliefs about an issue.

What are the chances of getting a grant?

June 2005 Grant Cycle (one of two cycles per year)



Requests (over 200)



1 1/2 feet



Grants (about 10)

Institution	Acceptance Rate
Venture Capital	?
The Lawrence Foundation	5%
Harvard	10%
US Military Academy	11%
Stanford University	13%
Massachusetts Institute of Technology	16%

Source: US News and World Report

What has been the good and the bad?

Good

- ◆ Saying yes
- ◆ The people
- ◆ The passion
- ◆ The learning
- ◆ The hope and faith
- ◆ What unites us



Bad

- ◆ Saying no
- ◆ Not having enough to go around
- ◆ The pace
- ◆ The odds
- ◆ The clueless and those who should know better

Newspaper reports published between 1995 and 2002 of incidents involving criminal and civil wrongdoing by officers and directors of charitable organizations

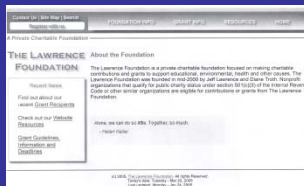
Activity	Incidents
Criminal activity	104
Breaches of the duties of loyalty and prudence—self-dealing, failing to carry out the mission of the charity, and negligent management of assets	54
Both	6

Source: Hauser Center for Nonprofit Organizations

What has surprised us?

Some short parables

- ◆ “The swing set” – what unites and divides us
- ◆ “The Sav-on parking lot” – don’t assume or underestimate
- ◆ “Parauresis” – don’t judge
- ◆ “Treasury regs” – sometimes, no one really knows
- ◆ “But, its my money” – no its not
- ◆ “The Seed Lady” – the power of personality
- ◆ “The California Grey’s” – the universe breathing
- ◆ “Remix” – the repackaging of a story



What do we think about the game?

- ♦ The game is too slow
- ♦ The fundamentalism of the market requires more business people in non-profits as players
- ♦ Winning is going out of business, some non-profits are too interested in staying in the game
- ♦ Many non-profits are fighting to win the battles, not the war
- ♦ Government is changing the rules with more unfunded mandates and shifting services, non-profits should become more active with policy makers and media (i.e. get more political)
- ♦ New metaphors are needed (e.g. music, art)
- ♦ Grantseekers and grantmakers are spending inordinate amounts of time and energy finding each other, applying for grants and managing grants
- ♦ Non-profits should be using more technology pieces (e.g. social networking, online applications)

**“Whoever decides what the game is about also decides who gets into the game.”
- E.E. Schattschneider**

What are some of the challenges?

Key Findings

- Enormous variability
- Requirements aren't "right-sized"
- Insufficient net grants
- Outsource burdens
- Trust undermined
- Reports on a shelf
- Fundraising gymnastics
- Due-diligence redundancy
- Double-edge swords
- Time drain for grantmakers

Recommended Practices

- Begin from zero
- Right size grant expectations
- Relieve burden on grantees
- Make communications and grantmaking process clear and straightforward

Source: Drowning in Paperwork, Distracted from Purpose – www.projectstreamline.org
a collaborative initiative of the Grant Managers Network and others

Why did we start the Common Grant Application?

Background

- ◆ **Technology**
 - ◆ **Software**
 - ◆ **Open standards and technology**
- ◆ **Family foundation**
 - ◆ **1000's of applications**
 - ◆ **1000's of grantseekers**
- ◆ **College aged children**
 - ◆ **Common App**

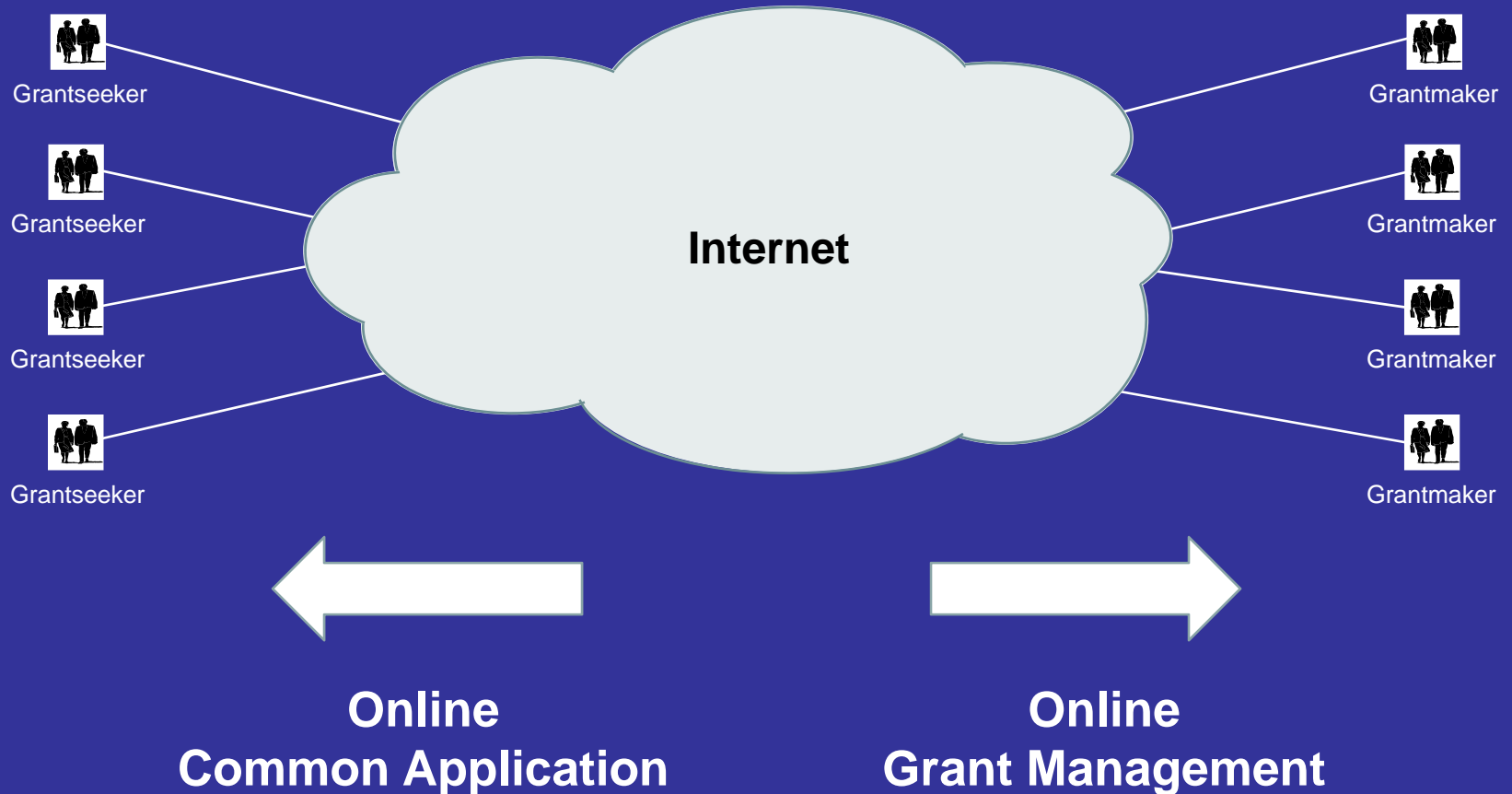
Reasons

- ◆ **Save time**
- ◆ **Save money**
- ◆ **Improves visibility**
- ◆ **Improves grantmaker transparency**
- ◆ **Improves grantseeker and grantmaker experience**
- ◆ **Decreases opportunity cost**

**“Intuition is linear; our imaginations are weak. Even the brightest of us only extrapolate from what we know now; for the most part, we're afraid to really stretch.”
- Rafe Needleman and Ray Kurzweil**

What is the Common Grant Application?

Web-based service that can be used by grantmakers to receive, review, track, and manage online grant applications from grantseekers.



What are its features?

Grantseekers

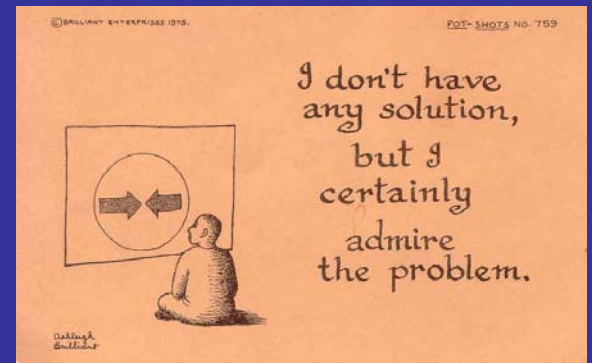
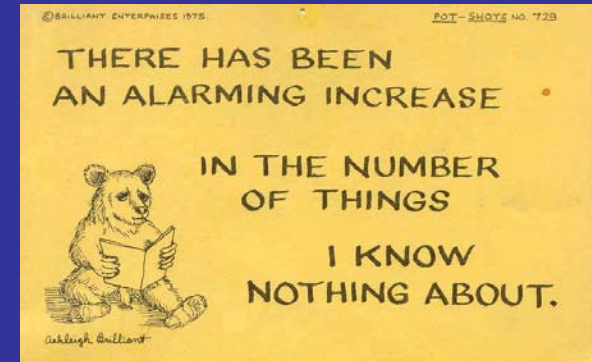
- ◆ No software to purchase or install, Web-browser based
- ◆ Review the background and interests of grantmakers
- ◆ Manage contact, organization background, program, and background information
- ◆ Upload documents
- ◆ Submit, track, and manage applications to grantmakers
- ◆ Collaborate with one another
- ◆ Small per application fee (unless waived by grantmaker)

Grantmakers

- ◆ No software to purchase or install, Web-browser based
- ◆ Review the background and activities of grantseekers
- ◆ Specify funding interests
- ◆ Receive, track, and manage applications and supporting materials
- ◆ Collaborate with one another
- ◆ Export applications and other reports into business information systems
- ◆ Small asset based monthly subscription fee

What have we learned?

- ◆ It's all about people
- ◆ People will surprise you
- ◆ You can't do it all by yourself
- ◆ Never stop listening and learning
- ◆ Understand the frames and languages of others
- ◆ Communicate, communicate, communicate
- ◆ Look forward and think backward
- ◆ Pick a direction, stay focused and keep at it
- ◆ Stay flexible and adaptable
- ◆ Stay true to your values and principles
- ◆ Learn from the differences
- ◆ Embrace the surprises
- ◆ Some luck is important



**“Anyone who has never made a mistake has never tried anything new.”
- Albert Einstein**

“Live with intention”

**Walk to the edge.
Listen hard.
Practice wellness.
Play with abandon.
Laugh.
Choose with no regret.
Continue to learn.
Appreciate your friends.
Do what you love.
Live as if this is all there is.**

- Maryanne Radmacher-Hershey

Thank You!

Common Grant Application background

- ♦ **Web-based service**
 - ♦ www.commongrantapplication.com
- ♦ **Opened to users**
 - ♦ **October 2007 for grantseekers, summer 2008 for grantmakers**
- ♦ **Current number of users**
 - ♦ **4000+ users (grantseekers and grantmakers)**
- ♦ **Founders**
 - ♦ **Jeff Lawrence and Lori Mitchell**

The Lawrence Foundation background

- ♦ **Private family foundation (non-operating)**
 - ♦ www.thelawrencefoundation.org
- ♦ **Grant themes**
 - ♦ **Environment, education, human services**
- ♦ **Initial funding**
 - ♦ **Funded in 2000 with Intel stock resulting from the sale of Jeff's Los Angeles based company to Intel Corporation in August 2000**
- ♦ **Grants made**
 - ♦ **Grants and commitments worth over \$3 million made since inception in 2000**
- ♦ **Trustees**
 - ♦ **Jeff Lawrence and Diane Troth (husband and wife)**
- ♦ **Executive Director**
 - ♦ **Lori Mitchell**

Contact information

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