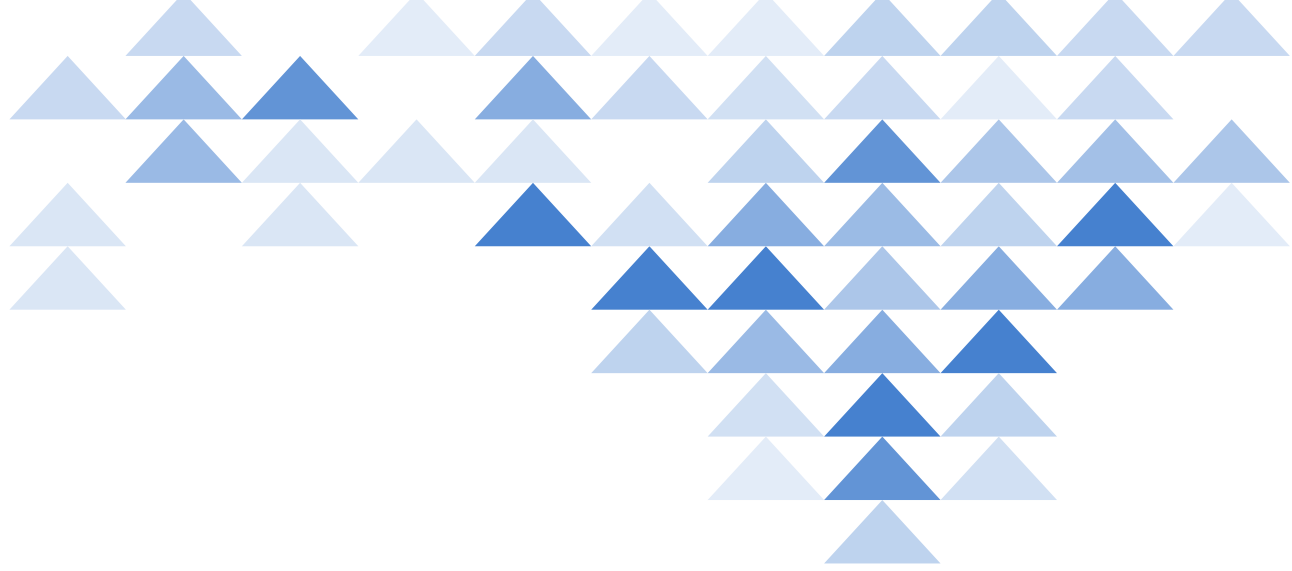


OUTSIZED **IMPACT**

Illustrating the power of individual, family, and small-staffed foundation donors



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philanthropy




Thank you to our Sustaining Partners



About Exponent Philanthropy

Exponent Philanthropy amplifies and celebrates the vital work of a diverse group of givers who give big while keeping their operations lean, including foundations, public charities, donor advised funds, giving circles, and individual donors. We are a vibrant membership organization that provides resources and connections to help funders make the most of the minutes they have and the dollars they give.



“If you think you’re too small to have an impact, try going to bed with a mosquito.”

—Dame Anita Roddick, businesswoman, human rights activist, and environmentalist



I’m sure you would agree the tiniest creature can have tremendous impact. You might even say it can have *outsized* impact.

But what is outsized impact when speaking about philanthropy? Does giving a lot of money indicate outsized impact? Does a grant that affects many define it? And, if we choose those parameters, who decides how much money or how many people are enough? We could attempt to describe it the way Supreme Court Justice Potter Stewart might, saying, “I know it when I see it.” Yet such attempts to describe outsized impact fall short for, as you’ll see, we believe it has no direct correlation to amount given or number served or similar quantifiable descriptors.

We believe outsized impact results from how funders act—their motivations, their approaches, and the ways they engage with those around them. Actions speak louder than words, and, in the case of achieving outsized impact, this phrase is never more true.

In this report, you’ll find stories of funders who are making an outsized impact. They are located around the country and fund in many different program areas. The funds available to them vary, as do the vehicles through which they give. Some are new to organized philanthropy; others, more seasoned. Yet, operating with few or no staff and minimal infrastructure, all are achieving great results for their communities and causes.

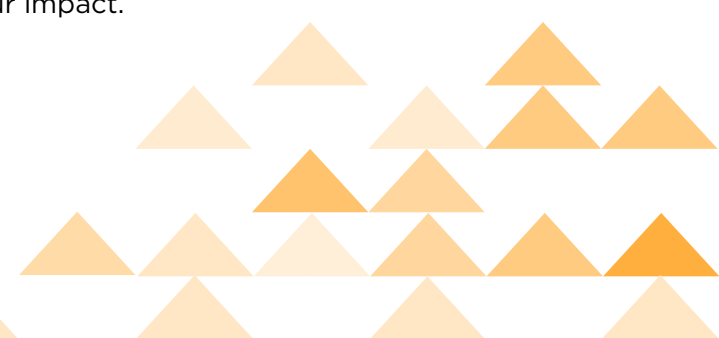
At Exponent Philanthropy, we have observed four characteristics that put our members’ philanthropy on a path to achieve outsized impact:

- Passion for—and deep connection to—a cause or community; in short, philanthropy that is highly personal and hands-on
- The ability to see, recognize, and seize opportunities, often the result of close ties to a cause or community that position funders in the right places at the right times
- A willingness to take risks as they act thoughtfully to seize opportunities and leverage their gifts
- Responsiveness to grantees, whether with dollars or other support, which follows from trusting relationships built on open, honest communication

You’ll find clear evidence of these characteristics in the stories that follow—as well as in the accompanying commentary by leading thinkers in our field. I invite you to study the report, share it with others involved in philanthropy, and embrace the practices that will help you leverage your resources and amplify your impact.

A handwritten signature in black ink, which appears to read "Henry".

Henry Berman, CEO
Exponent Philanthropy



At Exponent Philanthropy, we celebrate the power of individual, family, and small-staffed foundation donors.

Total 2015 charitable giving in the United States:
\$358 billion



Individuals and small-staffed foundations make an estimated **80%** of all charitable donations in the United States.*

We represent individuals, families, and small-staffed foundations that share a style of philanthropy characterized by:

RESPONSIVENESS
to grantees' needs

Personal passion

AGILITY **Connection to community**

Willingness to take risks

We are the nation's largest community of donors seeking to maximize the impact of dollars and time.



* Giving USA 2015 and Foundation Center

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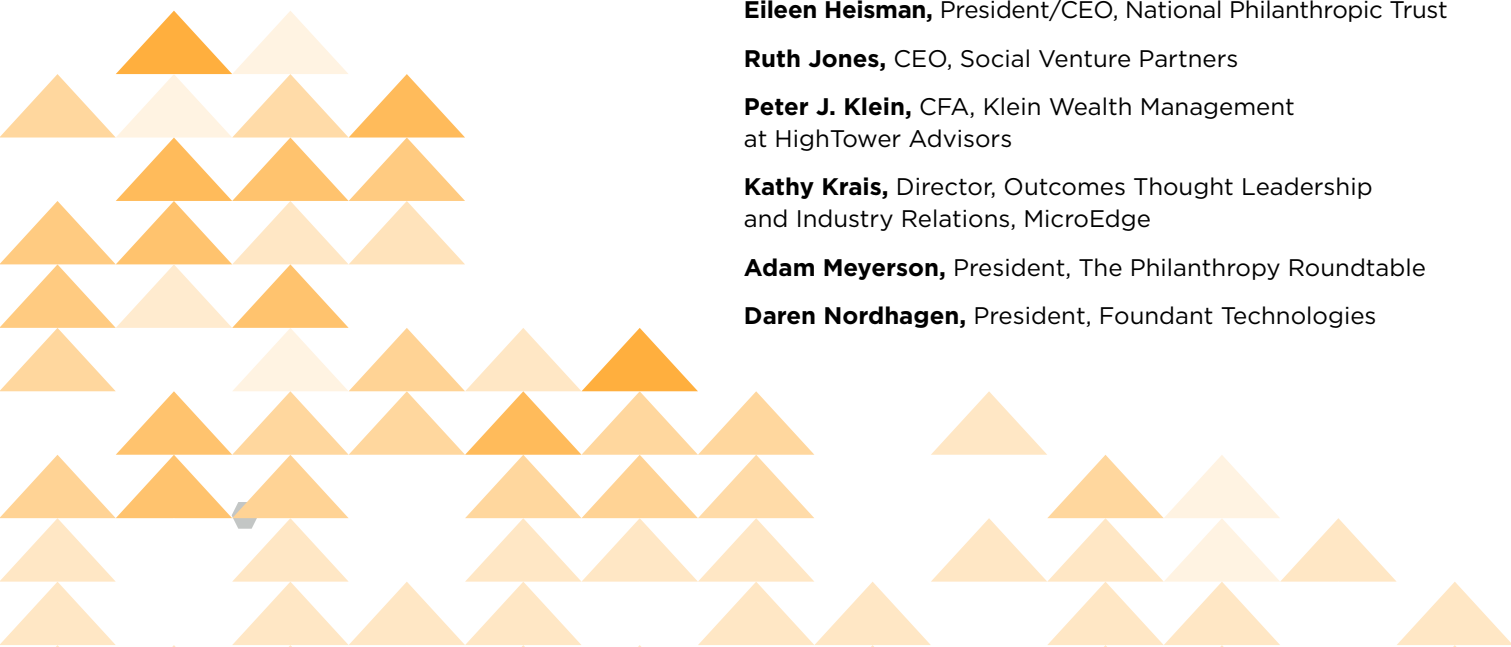
Ruth Jones, CEO, Social Venture Partners

Peter J. Klein, CFA, Klein Wealth Management
at HighTower Advisors

Kathy Kraiss, Director, Outcomes Thought Leadership
and Industry Relations, MicroEdge

Adam Meyerson, President, The Philanthropy Roundtable

Daren Nordhagen, President, Foundant Technologies





Small-Town Donor Leverages Personal Networks

Jameson (Jamey) French, The French Foundation

Jameson (Jamey) French of Portsmouth, New Hampshire, knows how to get things done. He should—he's been engaged in his community for decades as a businessperson, philanthropist, and board member. His community engagement started at a young age.

"I was an eco-activist at age 16. When others were protesting the war in Vietnam, I chaired the first Earth Day in my town."

That was 1970. Fast-forward 45 years, and Jamey is still doing what he does best: engaging in what he believes in, rallying public support, and raising (and giving) philanthropic dollars. An individual donor to many causes and a trustee of many boards, Jamey donates considerable time, energy, expertise, and money to a number of local, regional, and national environmental and charitable organizations.

"I come from a family that earned its living from the land and from the forest," says the

"Giving of your time, your expertise, and your life experience is just as important, or more important, than giving financially." —JAMEY FRENCH

fourth-generation lumberman. "Luckily our family's attitude was that you grow trees for your grandchildren. My family had deep appreciation for and long-term engagement in protecting land and protecting the forest."

Today Jamey chairs The French Foundation, a small family foundation set up by his grandparents. He also serves on the board of the Davis Conservation Foundation, a fund set up for environmental protection of the northern woods and gulf of Maine.

PHOTO: Jameson (Jamey) French, a fourth-generation lumberman whose family has been in the hardwood industry in New England since the 1880s



“Engaging with nonprofits has been highly valued in my family for a number of generations,” says Jamey. “It was modeled by my parents and my grandparents. Involvement meant more than writing a check; it was a highly valued asset. It was something you could talk about with pride at the dinner table, and it influences what I do today.”

Jamey often joins the boards of organizations to which he donates. He believes that, when you commit to something, you have to go all in. “Giving of your time, your expertise, and your life experience is just as important, or more important, than giving financially,” he says.

At the moment, Jamey is involved with more nonprofit boards than you can count on one hand. “Time management is a really big part of getting things done,” he says. Plus, chairing nonprofit boards for 30 years puts things into perspective. “I’ve had a lot of experience with the basic problems, strategic planning, nonprofit management, and governance. It’s easy to move the skill set around.”

One thing that’s valuable in individual giving, he says, is leveraging philanthropic networks. “If you believe passionately in the mission of an organization, you’ve got to commit and call on your networks,” he says. “Maybe I can’t give a five- or six-figure gift personally, but I can engage others and piece together the total.”

When rallying for an organization, Jamey first looks to his personal network—his business, his family foundation, and members of his family—to see if they will join him in supporting it. He then looks to business colleagues and community members. “If I believe in something and want it to be successful—if I’ve made that commitment personally—then I can go to peers who I know share an interest and comfortably make the case why they should consider the cause as part of their philanthropy.”

In a small town like Portsmouth, it helps that most everyone knows one another. “There’s a network of people who are generous, and we tend to know one another’s interests. We’ve already built trust, and they know I don’t share a campaign unless I believe in it. That gives people confidence that something is going to work. It enables me to build community support.”

One success story he shares is his work for the Society for the Protection of New Hampshire Forests—a 100-year-old land trust his family has been involved with for years. Jamey was board chair in 2001, and, along with other key leaders, helped meet a \$30 million campaign for the centennial.

“I personally supported the effort; my parents stepped up as personal supporters; and other members of our extended family got involved as well. In addition, I called on people in the industry and my networks to participate. I was deeply involved, and we reached our campaign goal—raising what, at the time, was an enormous amount for this iconic organization. It moved the organization to the next big place,” he recalls.

“More donors need to be willing to put their social capital, not just their financial capital, into making a project successful,” he says. “I think people would be more satisfied with their philanthropy if they did.” ■



There is a significant trend among funders to create impact.

Impact relates to everything from social impact investing or program- and mission-related investing to tracking and measuring the impact of donations, grants, and programming. Funders are gravitating toward and embracing the idea of “social profit,” and they are looking for new ways to measure impact instead of merely relying on past performance to drive future initiatives.

We have particular insight into funders’ willingness to take risks. Our clients can be nimble and on the forefront of change. They recognize that not all efforts will be successful, yet, in an effort to create and sustain impact, open themselves to a broader range of investments—like program- and mission-related investments; a broader range of grantees, programs, and organizations; and a variety of ways to support initiatives, including expanded grantmaking programs which include seed or overhead grants, microloan programs, non-traditional programs like advocacy programs, or even strategically partnering with international organizations.



NINA COHEN
Director of
Endowment and
Foundation Advisory,
Glenmede

The personal nature of their giving sets our clients apart.

We see more and more funders wanting to develop and maintain strong relationships with their grantees and others in their community. They make site visits, often conducted by board members or trustees, and look for ways to support their grantees with more than just money. They look for ways to collaborate in advisor or partner roles, or to help nonprofits collaborate with one another. And, whereas they are very concerned with measuring impact, they tend to shy away from formal or traditional approaches, preferring instead to hear and see firsthand the impacts of their gifts.

In general, our clients do not consider their assets to belong to their organizations. They see the funds as already belonging to their communities and causes. They view their responsibility as maximizing the impact the assets will have today and in the future. This perspective fuels their passion, and it is tangible. Internally we call it “The Attitude,” and we purposely seek out organizations that display these characteristics.



DAREN NORDHAGEN
President, Foundant
Technologies





Relationships That Run Deep

Sasha Rabsey, The HOW Fund

Sasha Rabsey woke up unusually early on a Tuesday morning when her dog barked out of the blue. Still bleary-eyed, she logged onto email to check in with her grant partners in Nepal on their recovery progress. It was then she saw the news: Another earthquake had hit. The second in a week. She read the lines of her email over and over: “The earth started shaking again. Two women in labor were rushed to the hospital. Many lives have been lost, thousands are injured.”

“I’m sorry I’m not on top of my game this morning,” she says, clearly shaken by the news. It’s no wonder this hits her personally. Sasha has deep relationships with her grant partners in Nepal as well as other parts of the world. “My philanthropy is about women and about depths of relationship.”

As founder and director of The HOW Fund, a donor advised fund she established 8 years ago, Sasha has supported mentorship programs for women and girls worldwide, and she has been

on the ground with partners in many of these countries. She also co-founded the Present Purpose Network, a group of highly engaged women funders in the United States and Europe making grassroots grants through a collective action fund.

“I want to inspire people to be more than they believe they can be. After all, philanthropy should be transformational, not a transaction.” —SASHA RABSEY

Her passion for philanthropy was born in the bush of Africa.

“I was going through a real crisis in my life. My kids were growing up, and it was a big period of growth and change. My daughter was a senior in high school and involved in a leadership

PHOTO: Investing in women's health alone could increase productivity in Africa by \$15 billion per year —www.howfund.org

group, and, at one point, she said to me, ‘Mom, let’s go to Africa together.’ I said okay, but I knew nothing about Africa.” Sasha found an organization online where they could volunteer, filled out their applications, and she and her daughter got on a plane to Ghana for 5 weeks.

It was nothing like they expected. Their post was an orphanage that never had outside volunteers before. “The staff of the orphanage took one look at me and my 17-year-old daughter and thought we looked competent enough. They literally left us there, alone for a week, with 15 kids—six of them had HIV. We had no experience; there were no protocols. It was an insane experience.”

After the first week, the staff came back, on and off. It was physically and emotionally taxing. “We did what we could, and we took it seriously. The best thing I knew how to do was be a mother, so that’s what I did. We cleaned up the house, cleaned the yard, got everyone to school, and administered medical care.”

“We had no business being there. To our credit, we could have looked at the situation and said ‘We’re out of here.’ But we didn’t. We stayed. We saw the humor and the craziness in everything. It was pivotal in showing me what bad development and bad philanthropy look like.”

Sasha came back from that experience and thought: What am I doing with my life? It spurred her interest in wanting to become a funder—and not a disconnected checkbook funder, sitting by the wayside. “I wanted to be more than just money to the people I partnered with. I wanted to know: What can I do that will best serve you?”

It was then that Sasha started The HOW Fund. Since that time, she has worked hard to empower women and girls worldwide and to mitigate the power dynamics between funders and grantees.

One of the ways she does this is through the HOW Fellowship, a program that supports grassroots leaders working with young women around the world. Each year, the fellowship awards five women social entrepreneurs a professional development grant and tuition to attend Opportunity Collaboration, a conference on poverty alleviation held in Mexico.

“As funders, we go to conferences and talk about our grantees, but our grantees are rarely in the room. I felt the conversations were going nowhere. I realized I could bring a group of incredibly dynamic grassroots women leaders into this space, where they can spend five days engaging and talking with people from all over the globe about poverty alleviation, collaboration, professional development, capacity building, and so much more. Some of these women have never heard of professional development because they tend to be selfless and don’t choose their work; it chooses them.”

Some of the fellows have walked away with tangible assets—grant money, for example—but it’s about more than that, says Sasha. “I tell the fellows, ‘This is about being authentic, owning your power, and taking care of yourself.’”

“I want to inspire people to be more than they believe they can be,” she says. “After all, philanthropy should be transformational, not a transaction.” ■



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Being a legacy agent requires an open ear and an open mind...

seeking opportunities that others may miss and being a steward when formulating an investment plan and a fiduciary when implementing it.

Passion is front and center. Our clients have invested valuable time and resources into beloved nonprofits and causes, and they want this commitment to continue long after. We and our clients are willing to think outside the box, both in choosing a vehicle for their legacy and identifying the optimal investment strategy to support their passions.

Many clients are using capital—investments—to maximize their giving in what I call a “double play,” growing their capital base within their areas of giving interest. One client who focuses on domestic violence carves out a portion to invest in private companies that provide training and development for tech professions, providing opportunities for victims of domestic violence to get back on their feet. Our client expects these private companies to grow in value—the proverbial double play!



PETER J. KLEIN
CFA, Klein Wealth
Management at
HighTower Advisors

The dialogue around impact is heating up more than ever

with increasing demand for accountability and transparency, stiffer competition for funding dollars, and the desire to fund programs that make the greatest impact.

In our market survey of funders earlier this year, what we heard about impact was remarkable: 94% are tracking outcomes at a basic or intermediate level; almost 90% want to improve how they are tracking impact; and more than half are actively working to achieve improvements. We consistently hear of three major hurdles to effective outcomes measurement: lack of systems to connect funders and grantees for joint program assessment; limited ability to gauge which organizations are making the largest impact; and cross-sector data gaps that inhibit how philanthropy communicates around social change.

As our research shows, measuring impact is not something the funding community and those who serve them are simply thinking about; we are actively tackling the challenge.



KATHY KRAIS
Director, Outcomes
Thought Leadership
and Industry
Relations, MicroEdge

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A New Kind of Call and Response

Wes Miller, Fremont Area Community Foundation

The bucolic backdrop of Newaygo County, Michigan, looks like a living, breathing postcard. More than 350 miles of waterways glisten with natural splendor, and trees topped with vibrant, jewel-colored leaves stretch for acres uninterrupted. Its beauty makes it an attraction for outdoorsy tourists and a point of pride for people who call it home.

“Now that we’re sitting down with grantees one-on-one versus a phone call or a letter, I think they recognize how much we value our relationships with them.” —WES MILLER

Inside that picturesque wealth, Fremont Area Community Foundation serves the county’s network of five rural towns and 50,000 residents.

Preserving those natural resources is one of the foundation’s five primary focuses, along with community and economic development, education, nonprofit sustainability, and poverty reduction. The challenge for the community foundation, one the largest per capita in the country, is to avoid overextending any of its limited resources in the process of doing the work in those areas. It’s an often complicated science of weighing priorities against funding and support.

“When you’re working in that space, you can have the ‘S.T.P.’—the same ten people—and you find yourself tapping the same individuals for multiple things,” says program officer Wes Miller. After four years with the foundation, his favorite thing about the work he does is connecting organizations and facilitating shared goals they may not even know they have. “Grassroots organizations have limited capacity, so we have to be cognizant of how often we’re engaging them and making sure we’re doing that in a strategic fashion.”

PHOTO: Founded in 1933 with modest charitable funds, Fremont Area Community Foundation (Michigan) is now one of the country’s largest community foundations on a per capita basis

At Exponent Philanthropy's 2014 National Conference, Wes co-presented a session on the importance of actively listening to grantees, something he's learned in his four years of developing community specific programming. Findings from a grantee perception report prompted broad, empowering conversations about what the foundation is doing right and what it could be doing better.

"The idea is to be able to solicit feedback in a way that grantees can respond candidly," he explains. "One of the things we do that's fairly unique: We deliver funding decisions in person. It takes a lot of time but, as a place-based funder, it gives us the opportunity to be face-to-face with organizations. We can share what went into our decisions and offer feedback from our trustees."

In their reporting, grantees revealed a desire for nonmonetary support to strengthen their leadership, sharpen their technical savvy, and train their boards. Fremont Area Community Foundation delivered, partnering with a local management support organization to provide capacity building to nonprofits in Newaygo County. Had the foundation not invited grantees to give feedback, those needs may have never been met. Instead, the community wins as a whole.

The greatest takeaway from the work itself is that there is still much work to be done, says Wes. "We recognize that we can continually improve. We've partnered with many organizations for a number of years. Now that we're sitting down with grantees one-on-one versus a phone call or a letter, I think they recognize how much we value our relationships with them."

That responsiveness, he adds, allows the foundation to take the dialogue beyond the grant into bigger-picture conversations and

visions for the future. According to Wes, building these relationships has enabled the community foundation to build buy-in for two ongoing initiatives that guide its grantmaking: Community Partner Effectiveness, which focuses on nonprofit sustainability, and Goal 2025, centered on education. It also enabled the foundation to form implementation groups and work cooperatively on better responsiveness to community needs.

Putting relationships first and being open and responsive to feedback are particularly helpful in a small, rural community where most stakeholders either know or know of one another. "Because we don't have hundreds of thousands or millions of people, I think we can have a really good handle on who's doing what," Wes adds, "which can be really helpful especially when we're doing community leadership where we can get people around the same table and talk about the same topics. That doesn't happen as much as you might think it would." ■





Nimble Champions for Children

Denise Mayotte, The Sheltering Arms Foundation

On a balmy Monday afternoon in May, Denise Mayotte sat in her office anticipating good news. “It’s a big day here in Minnesota, because our legislature is due to wrap up. We’ve been doing so much work around early childhood issues,” she says of The Sheltering Arms Foundation. “There are some differences of opinion with our governor, who wants to do universal pre-K, but we believe low-income families need to be the first to get resources. So we’re all waiting with bated breath to see what the results will be.”

The Sheltering Arms Foundation focuses on advocacy for vulnerable children in Minnesota, and Denise uses her leadership as executive director to support policies that, in turn, support those children. She funds direct service work and engages with grantees, which she enjoys, and she also digs into legislation, translating constituents’ experiences into broader policymaking. It’s the on-the-ground, grassroots tangibility that she loves.

“We’ve helped to ensure \$27 million a year in the Minnesota state budget for scholarships for low-income kids to go to quality early childhood programs. We’re hoping this year there’ll be an extra \$30 million a year. What’s needed is \$150 million a year, so we’ve got a ways to go,” she acknowledges. “But we feel we’ve been part of changing the discussion around what kids need and the opportunities at the statewide level to fund it.”

Change doesn’t necessarily happen when people sit around a conference room table. Those conversations may generate the blueprints, but action—the visible, concrete work—actualizes them.

PHOTO: A MinneMinds press conference celebrating its recent legislative win: over \$100 million in early learning funding targeted to Minnesota’s low-income children

The work requires agility, particularly since processes can be tedious and the pace unpredictable. It helps that Sheltering Arms is a small, public foundation and doesn't have layers of bureaucracy to tunnel through when it's time to make decisions. (Legally, public foundations are freer to engage in advocacy



than their private foundation counterparts, which can be more limited by stricter laws.) Denise credits her supportive board—composed of Episcopal women with hearts for children—for allowing a structure that keeps the foundation responsive and nimble.

“We’ve built structural supports within the organization so we can be a player in advocacy,” she explains. “We have an advocacy committee that reviews our legislative agenda, and we’ve put aside money for a fund so we can support this kind of work without going through our regular grants process. We’ve also gotten solid opinions from our lawyers on the extent to which we can be involved in this work, taking the H election, meaning we can declare our lobbying and advocacy work, so that’s all above board.”

The foundation is also part of MinneMinds, a 100-member coalition that champions early childhood advocacy statewide. Sheltering Arms, which started as an orphanage more than

130 years ago and has been a foundation for more than three decades, helped to launch MinneMinds via the Start Early Funders Coalition. Denise is a co-chair of Start Early and plays a leadership role in MinneMinds as well.

“We call it our ‘collective impact work.’ Within the coalition, we’ve had to create ways that private funders concerned about this level of advocacy can protect themselves, making it clear that their funding might only go to education or things they’re legally able to do. For us, the United Way, or others constituted as public foundations or organizations, we can go further. All of us have the assurances that we can be more outspoken and not endanger our foundations by doing so.” A full-time staff person for Start Early lessens Denise’s burden, but she estimates that she spends about 20% of her time on coalition-related activity.

Change doesn’t necessarily happen when people sit around a conference room table or congregate in an office to swap ideas. Those conversations may generate the blueprints of change, but action—the visible, concrete work—actualizes them. Denise is all about making plans happen, and she advises other foundation leaders to adopt her “just do it” mantra.

“For any foundation that’s looking at getting involved in policy, you want to look internally and develop some structures like a policy or advocacy committee to review the legislative agenda that you’re involved with,” she advises. “Think about doing some grantmaking to organizations that are directly involved in advocacy. Most of those are 501(c)(3)s, and there’s no need to change your structure. You can fund those organizations and their policy work, and it makes a huge difference.”

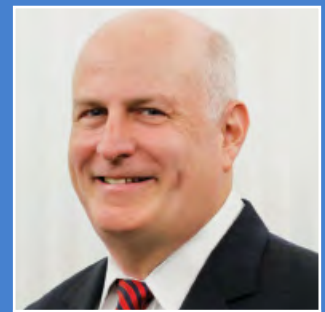
“It’s just remarkable to me the difference that our voice can make.” ■

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I have seen dramatic changes in the landscape of charitable giving.

One is a growing commitment to giving by wealth creators during their lifetimes—both to apply their entrepreneurial mindset to the philanthropic causes they most care about and to preserve donor intent. Another is the explosion of services for donors and foundations. Among those: the rapid growth of donor advised funds; strategic consulting firms applying high-powered business principles to philanthropy; for-profit firms achieving business efficiencies by handling back-office responsibilities and grant execution and evaluation; innovations such as crowdfunding, impact investing, and growth philanthropy marketplaces; and the growth of specialized intermediaries.

As long as freedom to make philanthropic decisions is protected, charitable giving is likely to become a more entrepreneurial and more competitive industry in the years ahead, and this, in turn, has the potential to stimulate substantial increases in charitable giving.



ADAM MEYERSON
President,
The Philanthropy
Roundtable

Donor advised funds are the fastest-growing giving vehicle in philanthropy,

granting more than 20% of assets each year to the charities that move them. DAF donors are active philanthropists who are passionate about giving, and we often hear heartwarming stories about their grantmaking. For example, three brothers honored their childhood caretaker by naming a pediatric unit at her hometown hospital, and a teacher and author of children's books started a DAF to fund literacy programs across the United States.

We also see a big trend toward international grantmaking. At one time, donors supported charities that were close to home or with which they were very familiar. Now donors give globally, often spurred by traditional and social media reports on natural disasters or pressing political or social issues. Some charities that manage DAFs give directly to foreign charities, so when a donor's interest in other places is triggered, they can respond as easily and quickly as if giving to a charity in their hometown.



EILEEN HEISMAN
President/CEO,
National
Philanthropic Trust

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Giving Time to Meet Grantee Needs

Sammy Politziner, Arbor Brothers

When Sammy Politziner and Scott Thomas met at the University of Michigan, they quickly realized they had two things in common: a passion for social change and Michigan football. Little did they know, they would one day dedicate their day jobs to helping nonprofits grow into powerful forces for change.

In 2010, after years spent teaching and brief stints on Wall Street, the two founded the public foundation Arbor Brothers—the name a nod to their school town of Ann Arbor, Michigan. Sammy and Scott now make it a priority to partner with nonprofits, listen deeply to their needs, and together build solutions that help them grow.

It works like this: Arbor Brothers raises money from individuals and families—anywhere from \$10K to \$100K each on an annual basis—and then directs that money to second-stage nonprofits in New York, New Jersey, and Connecticut. Currently about 40 donors contribute to the Arbor Brothers contribution pool, which will fund seven or eight organizations this year.

With the money they raise, Arbor Brothers provides unrestricted grants of \$250,000 over 3 years, coupled with extensive capacity building consulting. Sammy and Scott dedicate between 200 to 300 hours per year with each grantee, offering assistance that everyone agrees is necessary for the organization's growth and success.

“Our grantees need to like us as much as we like them. We’re in their office every two weeks for three years.”

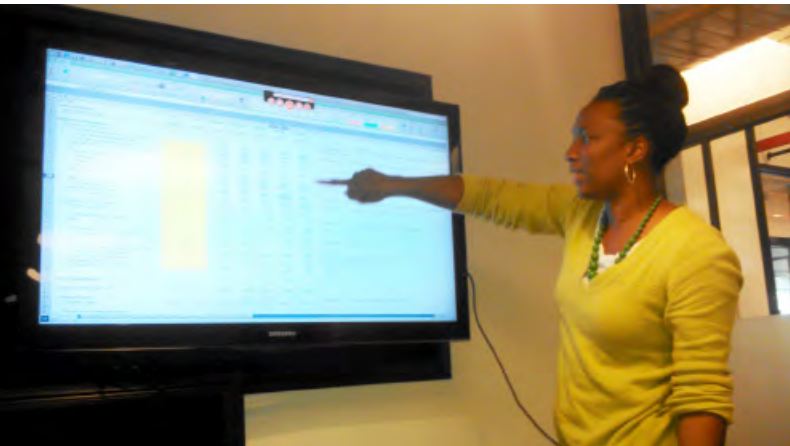
—SAMMY POLITZINER

Before partnering with a grantee, Arbor Brothers makes it a priority to listen. “We look for nonprofit social entrepreneurs that fit our philosophy for social change and that invest in

PHOTO: Arbor Brothers co-founder Scott Thomas working with GirlTrek, a groundbreaking 3-year-old national nonprofit that mobilizes African-American women and girls to live their healthiest, most fulfilled lives through a habit of daily walking

people for the long run. We also look at how useful we can be in helping them,” says Sammy. “We make a few big bets on organizations, and then we have to prove to ourselves that this organization can get to the next level.”

At the first meeting with a new grantee, Sammy and Scott ask questions to truly understand their challenges. “We ask them, ‘What do you think you need?’ We then do a diagnostic with each grantee and look at their culture to see if it is focused on outcomes,” says Sammy.



This early listening pays off by way of building trust. “Our goal is to make an impact with our grantees. To do that, grantees need to trust that we understand their organizations extremely well, have good judgment, and won’t think negatively of them or put their funding at risk when we see the challenges they’re facing.”

Sammy and Scott then work to prove their value to grantees as quickly as possible, taking on the bulk of the project work upfront. This might include working with the grantee to build out financial models, set a theory of change strategy, set up systems to manage stakeholders, or collect data to measure success.

“We treat our grantees like clients. Once they feel like they can give us the real scoop and

that the relationship is set, we’re then able to provide thoughtful advice—advice we hope will stick, thereby maximizing the impact of our time,” says Sammy.

Once a grant is awarded, time is on their side. “We don’t come in, tell them what to do, and then leave,” says Sammy. “Because we care about the growth of the entire organization, we stick with them over time. Our grantees need to like us as much as we like them. We’re in their office every two weeks for three years.”

How do they know they’ve done their jobs? “We grade ourselves in terms of where an organization has built an outcomes-focused culture—which we define as management by system rather than by feel or the founder’s personality.” The two have developed a rubric for evaluating a grantees’ outcomes-focused culture, which they also use as a way to determine what they should work on each year.

In addition, Arbor Brothers measures the extent to which they can match grantees with other funders. “If we can find a fit, we will make an introduction to that funder or help the grantee prepare a pitch. We then measure the hit rate—if and how it converted to cash for the grantee.”

Arbor Brothers is trying to solve real problems, says Sammy, but, at the end of the day, they know the people doing the heavy lifting are the grantees themselves.

“We—as grantmakers—don’t make impact directly; we rely our grantee partners for that. This means our job is to help grantees do their job as well as possible. It means inhabiting a grantee-centered mindset, where every moment we ask of them has to be one where we’re making their jobs easier. It means not wasting their time.” ■

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We are seeing a lot of interest in collective approaches to problem solving.

There is a huge gap between the challenges we face and the scale at which we are engaging those challenges, and encouraging people to pool all their capital (intellectual, financial, social) and work collaboratively is an important step.

SVP Portland (Oregon) partners have convened dozens of players in the early childhood space. They are implementing a collective approach to ensuring that every child in Multnomah County is “Ready for Kindergarten” and on track for academic and life success. Similarly, SVP partners in Bangalore, Mumbai, and Pune (India) have set a goal of helping to create 1 million jobs and 1,000 philanthropists in India by 2020. We are not sure yet if they can achieve this ambitious goal, but there is no way they would have conceived it without the SVP network there.

Both are excellent examples of the passion, ambition, and appetite for risk that our partners bring to their philanthropy.



RUTH JONES
CEO, Social Venture
Partners

We're proud of a long tradition at the Ford Foundation of supporting community philanthropy in the United States and worldwide. We've helped establish new community foundations, strengthen the ability of community foundations to engage diverse communities, and promote understanding of community philanthropy among other types of donors.

Our reasons for doing so have evolved as the field has evolved. Currently, we're helping to capture the learning from decades of practice worldwide. What has remained constant is the conviction that empowering those closest to the ground to use the tool of philanthropy to build and share power is a meaningful way of advancing community progress and social justice. Today, we see that there are more community foundations globally than in the United States, and that 74% of community foundations have been created in the past 25 years. With proper attention to balancing, as the Global Fund for Community Philanthropy puts it, “assets, capacity, and trust,” community philanthropy has a promising future.



CHRIS CARDONA
Program Officer,
Ford Foundation

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The Risk of Not Taking Risks

Lisa Tessarowicz, CALM Foundation

The word risk can have negative connotations. It implies the potential for danger and loss. But Lisa Tessarowicz doesn't look at it that way.

"Risk is doing things you're uncomfortable with when you're not sure what the outcome will be," she explains, "but it also means doing things that no one else is willing to do and leading the way for others."

Her definition is less doom-and-gloom and more empowering for people like her—those inclined to be adventurous and take chances, two qualities she'd like to see more widely adopted by funders. Risk is part of the mantra driving her tenure as president of the CALM Foundation and a concept she embraces as an impact investor.

After graduating from the University of Denver with a degree in international business and finance, Lisa was working on mastering the science of making corporate money. In fact, she was quite satisfied doing so until a family favor

changed her mind. "My aunt runs a women's day shelter in South Bend, Indiana, and she was getting ready for a big donor event when her database crashed. She'd just lost an employee and asked if I could come out and help. I said, 'Okay, fine, if I have to.'"

"We need to experiment more and think critically about how we give away money. We should all be failing a little bit, or we're not trying hard enough." —LISA TESSAROWICZ

She laughs about her reluctance now, because those 3 months on the shelter's frontlines changed her life. When her family started the CALM Foundation—an apt acronym of the first letters of each of their names—she threw herself

PHOTO: Millibo Art Theatre in Colorado Springs, loaned \$50,000 by The CALM Foundation to finish construction of its new theater

into the work of giving money to local organizations that fostered community attachment and pride.

She loved the giving back part, and she was energized by her business mindset. At her brother's recommendation, she completed a 9-month course in strategic philanthropy at the Philanthropy Workshop. Lisa took her personal theory of change and her fine-tuned passion back to her home in Colorado Springs, where she had been raised by entrepreneurs. She quickly established herself as an entrepreneur in her own right and, as an impact investor, began providing capital to fund the startups of other entrepreneurs and nonprofits.

"I make uncollateralized loans at super reasonable interest rates. Some people think it's unethical because you should only ever give money to nonprofits. It's all about giving, giving, giving. Well, I say bull. You want to start a business and make money? That's great. I'm not writing you a check. I'm not giving you a donation. I'm going to treat you like a business," she insists.

In her program-related investments, Lisa gravitates to organizations and projects that share her same enthusiastic vision of growing the Colorado Springs metropolitan area into a hub of business opportunity. For example, the Colorado Springs Conservatory came to her with the idea for a for-profit music venue where students and alumni could perform that would double as a cool cultural venue. It was a win-win-win for the borrower, the lender, and the city they share.

"I love it when nonprofits want to be more business savvy, when they're trying to find ways to be more sustainable so they can rely less on grant money and money from donors," she says. "I can loan a lot more money than I can give away because, if I loan it, I'm going to get



it back. So I'll often say to a nonprofit, 'I can write you a check for \$5,000 or I can loan you \$20,000. Which one is it going to be?'"

The most glaring risk in Lisa's business model is the unknown. Most of the loans' durations range from 3 to 5 years, and none has been fully repaid yet, making this an experiment in success. As a business owner herself—she owns Epicentral Coworking, a hub for Colorado Springs' entrepreneurial culture—she's intimately familiar with the tremendous risk of putting finances, reputations, even sometimes ego and pride on the line to actualize a profitable plan. The same risk exists for nonprofits, she says.

"It's okay to feel uncomfortable, and it's okay to not know the answer. I wish foundations would be okay with failing. We need to experiment more and think critically about how we give away money and the impact we're trying to have," she adds. "If we support each other through that and share our lessons learned, we might be closer to actually solving some really big problems. We should all be failing a little bit, or we're not trying hard enough." ■



Changing the Culture of Small Businesses Around the Globe

Erik Schultz, Thriive

Erik Schultz is jet-lagged. It's no wonder: He just traveled 9,000 miles and 34 hours from Kenya back to his home to Ketchum, Idaho.

He's used to long trips, though. As co-founder and CEO of an operating foundation called Thriive, Erik travels several times a year to meet with NGO partners in various countries. Thriive offers interest-free financing called ThriiveCapital to small businesses in developing countries, and Erik and his team maintain a close connection with the businesses and communities they serve.

Thriive started as a program of the Arthur B. Schultz Foundation, a grantmaking foundation started by Erik's dad in 1985. Erik always knew the foundation existed and was interested in it, but it was decidedly his dad's thing.

In 1998, everything changed. Erik had a skiing accident that left him with a spinal cord injury and in a wheelchair. It was during this vulnerable time that he reevaluated his life and what he wanted to make of it.

"I realized I wanted a career helping people and doing good," he says. He saw his father's foundation as a natural way to do that. "I more or less gave my dad an ultimatum: I told him I wanted to professionalize the foundation and make it a formal vehicle for giving, and that I wanted to run it. He knew I was in a rough place at the time, and he agreed." Erik became the foundation's first executive director.

Inspired by his own experience with paralysis, Erik led the foundation to focus on providing quality, technology appropriate wheelchairs for disabled individuals who couldn't attain them. They partnered with local wheelchair manufacturers in developing countries to design and build durable wheelchairs for free distribution across the developing world—giving thousands the gift of expanded mobility and independence.

This led the foundation to realize the impact it could make by giving internationally. "The need is so much greater, and grant dollars go so much further in the developing world," says Erik.

PHOTO: In 2013–2014 alone, Thriive entrepreneurs created 900 jobs and trained 1,150 unskilled workers in five developing countries

With that in mind, Erik revived an earlier concept that his dad had initiated in the mid-90s: a pay-it-forward loan model for small businesses and entrepreneurs.

Arthur (Art) Schultz came up with the idea while in Russia in the early 90s, there to help small businesses grow and transition to a free-market economy in the early days after the fall of the Soviet Union. He offered to finance some new equipment for a struggling dentist to expand his business. Hearing the dentist say that he would never be able to pay him back, Art got the idea for a “grant with strings.”

“My dad said, ‘Instead of paying me back, why don’t you donate dental services for the poor people in your community? When you have given free dental services equivalent in value to the loan I’m giving you, the equipment is yours.’”

“When I saw this model, I said, ‘Why did you stop doing this, Dad? This could be applied to countries around the world,’” says Erik.



The foundation began making interest-free loans called ThriiveCapital to private small businesses in developing countries such as Vietnam, helping entrepreneurs to grow their businesses and create desperately needed jobs. They repay those loans not in cash, but by donating an equivalent value of staple products or job training to people in need from their communities.

“These pay-it-forward loans are not just helping one business grow; we’re teaching businesses to be philanthropic. In many places we work, there’s no culture of that.”

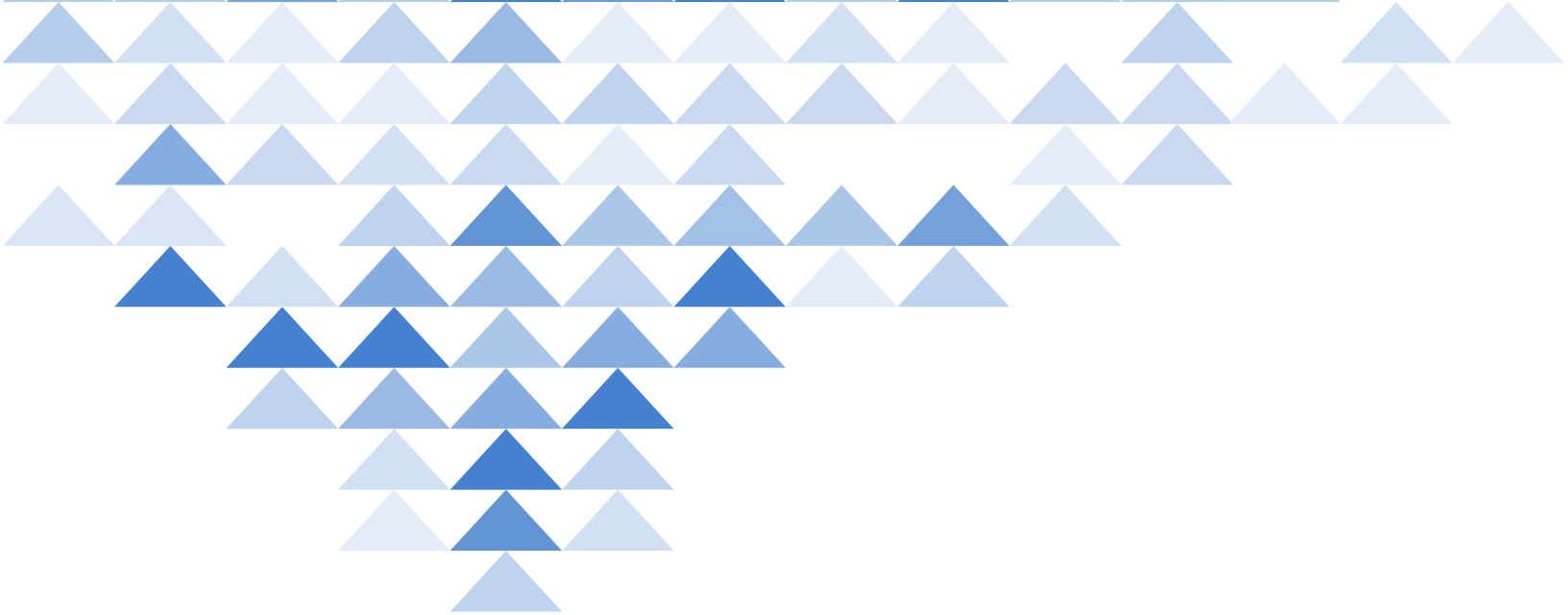
—ERIK SCHULTZ

In 2010, Thriive became an independent operating foundation. In partnership with local NGOs assisting small enterprises, today it supports hundreds of socially responsible small businesses, which in turn serve hundreds of thousands in need through global programs in Vietnam, Kenya, Palestine, Guatemala, and Nicaragua.

Erik runs Thriive full time and is exceptionally passionate about what he does. “With Thriive, we have the ability to create much more impact than I see with a conventional grant,” he says. “These pay-it-forward loans are not just helping one business grow; we’re teaching businesses to be philanthropic. In many places we work, there’s no culture of that. People give individually to their church and community, but giving at the small business level is unheard of.”

One of the keys to success, he says, is that Thriive is such a hands-on program. “We sit down with every business we make a loan to, and we get to know the communities and end recipients personally,” he says. “This helps us create a network of socially responsible businesses that serve their communities over the long term.”

“My dad had this inspiration 20 years ago, and to see it grow to our work today in five countries—I’m proud of that. We’re changing the culture of small businesses around the globe. We’ve got to weave more social responsibility into the free market, and Thriive is doing its part.” ■



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