

# Effective Philanthropy: The Importance of Focus

FOR FOUNDATIONS, A SMALLER FIELD OF VISION  
CAN MEAN GREATER EFFECTIVENESS

BY RICHARD A. MITTENTHAL

*In 2001, foundation giving grew 5.1%, from \$27.6 billion to an estimated \$29 billion; and, while the growth in giving did not show the same exceptional increases as it did in the boom years of 1998, 1999 and 2000, giving has more than doubled since 1996. Despite the slowing economy and the drop in the value of stock portfolios, foundations continued their spending and fulfilled payout commitments in 2001 that had been made in previous years. According to the Foundation Center, other factors contributing to the growth in giving were the “mega-gifts” of foundations like the Bill and Melinda Gates Foundation, the ever-growing number of newly established independent foundations – now over 50,000 – and the philanthropic activity following September 11.<sup>1</sup>*

*Many observers predict that the growth period is over and that today’s market declines will translate into short-term declines in foundation giving over the next few years. There is still general agreement, however, that much of the*

*sustained economic growth of the last decade will be preserved in the form of larger foundation endowments, and in turn, increased grant budgets.*

*But generosity doesn’t always translate into results. The reality is that not all grantmaking is effective. What are the prerequisites to effective philanthropy? Why are some foundations and individuals more able than others to achieve significant results?*

*The answer appears to be “focus.” There is clear evidence that a foundation with a carefully articulated purpose, a clear understanding of the larger environment in which it operates, and a carefully defined grant program has the best chance of achieving success.*

*In this paper, updated from a similar paper published in 1999, we draw on The Conservation Company’s over two decades of work with grantmaking organizations to offer suggestions on making philanthropic programs more focused and, ultimately, more effective.*

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## Focused Philanthropy: A Definition

Foundations, as Dennis P. McIlroy writes in *How Foundations Work*, are unlike any other type of organization. In contrast to private businesses or nonprofit organizations, a foundation can “take the long view, deal with the most difficult problems, support impartial studies, and contribute in a nonpartisan way to the solution of problems.” Spared the pressures of profit-and-loss accounting, foundations “have the assets and freedom that enable them ... to be the venture capitalists of philanthropy.”<sup>2</sup>

But by the same token, they also have the freedom to dissipate their assets in scattershot grantmaking or by funding ill-defined pursuits. Not all philanthropy is *focused* philanthropy.

**Prerequisites.** By definition, focused philanthropy satisfies a number of criteria. In particular, it

- *responds* to a pressing societal need (for example, improvements in public education)
- clearly *defines* a specific aspect of the need to be met (declining K-6 reading scores)
- *envisions* a clear means of addressing the need (assigning a trained reading teacher to each school in the system)
- *identifies* and *marshals* the requisite resources (a specific commitment of all or some portion of the foundation’s or individual’s resources)
- *embodies* a clear and relevant definition of desired outcomes (raising reading scores at least one grade level).

**Philanthropy vs. Charity.** Another test of focused philanthropy is that it be clearly differentiated from charity. Charity is limited to private transactions between donor and recipient; philanthropy, focused or otherwise, is more broadly committed to the public good. According to Daniel Boorstin in *From Charity to Philanthropy*, the concept of philanthropy owes much to Benjamin Franklin’s notion that doing good is a prudent social act that ultimately benefits both the giver and the larger community. It requires that people work together to meet socially important needs not addressed by government or the private sector.

Philanthropy attacks the root causes of societal problems. Charity treats the symptoms. “I do not underestimate the value of helping the underdog,” Julius Rosenwald, the early 20<sup>th</sup> century retail magnate and philanthropist, said. “That, however, is not my chief concern, but rather the operation of cause and effect. I try to do the thing that will aid groups and masses rather than individuals.”<sup>3</sup>

## 2001 Growth in Foundation Giving

U.S. grantmaking foundations gave an estimated \$29 billion to nonprofit organizations in 2001, according to the Foundation Center.

All three major types of foundations – independent, corporate and community – showed slower growth in giving in 2001 compared to the two years previous. In particular, many corporate foundations saw their profits, and thus contributions from their foundations, shrink. Most independent foundations, many of which also witnessed a general drop in the worth of their stock portfolios, still managed to increase their giving by 5.4%.<sup>4</sup> Community foundations increased their giving by 4.6%.<sup>5</sup>

While the giving levels of corporate foundations rose only 2.6% in 2001, following growth three and seven times that amount the two previous years respectively, it is noteworthy that corporations pledged \$621.5 million following the September 11 attacks, and paid out approximately 66% of their pledges in 2001. Independent and community foundations pledged \$195 million to September 11 related causes and paid out approximately 60% of pledges.<sup>6</sup>

The number of foundations more than doubled between 1987 and 2000. Almost 10,000 foundations have been established since 1998, with approximately 6,400 established in 2000 alone.<sup>7</sup> In 1999, new funders accounted for 9.4% of the total \$3.9 billion increase in foundation giving (including independent, community and corporate foundations), distributing over \$360 million in grants.<sup>8</sup> These new foundations also contributed to the 1999 growth in foundation assets – accounting for one tenth of the \$5.2 billion increase in independent foundation assets and 10.3% of the over \$211 million growth in corporate foundation assets.<sup>9</sup> According to The Foundation Center, most of these “younger” foundations are expected to receive their principal endowments over the next 15 years, thus significantly enhancing the long-term prospects for growth in giving.

The number of foundations will likely continue to grow given the transfer of wealth that is expected over the next 50 years. Estimates of the amount of money that will transfer to younger generations range from \$40-\$136 trillion.<sup>10</sup>

## Why Focus?

**G**iving away other people's money: To those outside the philanthropic sector, that might not sound like an especially demanding job. "I figured out how to make money," insurance billionaire John D. MacArthur said after endowing a foundation. "Let them figure out how to spend it." Everyone knows of at least a few nonprofit organizations with worthy missions that are regularly in need of funds. How difficult can it be to read their material and write them a check?

In fact, it *is* easy to give away money. What is difficult is giving it away *effectively* – that is, in a manner that makes a tangible difference to the grant recipient while remaining faithful to the intent of the donor.

Effective grantmaking requires direction. The reason is threefold: 1) The relative current role of foundation funding; 2) The declining importance of foundation funding; and, 3) The nature of most foundation mission statements.

### 1. The Relative Current Role of Foundation Funding

Private foundations control significant assets – \$408.7 billion in 2000, the most recent year for which data is available – and enjoy high visibility.<sup>11</sup> However, even taking into account the impressive increases noted above, foundations continue to play a comparatively minor role in the financial lives of most nonprofit organizations.

In each of the last several years, private contributions – from individuals, foundations and corporations – have accounted for approximately twenty percent of the total income (\$665 billion) of America's nonprofit organizations.<sup>12</sup> The other eighty percent comes from government aid (31%), direct payments, such as dues, fees and charges (38%), and other revenue (11%). Throughout the nineties, there was little variation in the distribution of the percentage of revenue given to the nonprofit sector by source. In 2000, giving from private foundations accounted for only 12% of total private contributions or only about 2.4% of the total revenue flowing into the nonprofit sector.<sup>13</sup> It follows that unless foundation funding is carefully directed, it will be lost in the much larger funding streams that support nonprofit activity.

### 2. The Declining Importance of Foundation Funding

A second reason focus is important relates to the declining role of foundations in the nonprofit universe. In 1930, the

Rockefeller Foundation was the largest in the United States with a grant budget of \$17 million. In 1995, the Rockefeller Foundation was still one of the ten largest private foundations in the country with a grant budget of \$86 million.

However, during that same period, the growth in many areas of the nonprofit and government sectors vastly outpaced the growth of private philanthropy. Between 1930 and 1995, while the grant budget of the Rockefeller Foundation was increasing by 405 percent, the research and development budget of the federal government increased from \$20 million to \$76 billion, or 379,900 percent.

During that same period, Harvard Medical School's operating budget went from \$1 million to \$213 million (an increase of 21,200 percent), and the State of Pennsylvania's welfare budget from \$18 million to \$11.5 billion (an increase of 63,800 percent). The upshot: Not only do foundation dollars represent a small part of total nonprofit revenue, their *relative* importance has actually diminished over the years.<sup>14</sup>

### 3. The Nature of Most Foundation Mission Statements

While some foundations are obligated to the intent of the donor's original mission, others have more flexibility in changing and focusing a mission statement. Sometimes, a donor will establish a foundation with a specific purpose that is articulated in a crisp and clear mission statement. While work will be required to develop focused goals and strategies, the donor has simplified the task ahead.

It is more often the case, however, that foundations are established with broad, sometimes vague mission statements. Donors sometimes have good reasons for this decision, the most common being that they want the foundation to have the flexibility to respond to changing conditions and needs over the years. This approach is found in foundations of all sizes and types [see "Broad Mission: Strategic Focus," on page 4]. Consider these excerpts from mission statements drafted by foundations of various sizes:

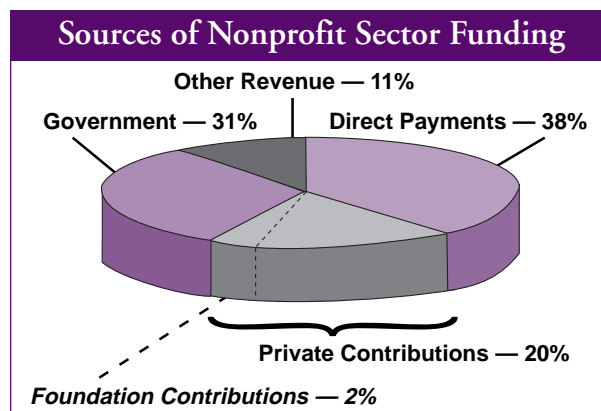


Chart derived from 1997 and 2000 data about sources of funding to nonprofit organizations.

"... to promote a compassionate world of enduring peace, with justice, and with social, economic, and political equality for all."

"... to relieve the misfortunes and promote the well being of mankind."

"...to assist humanity in reaching its maximum usefulness."

## Broad Mission, Strategic Focus: A Historical Perspective

At first glance, the charters of America's earliest foundations offer what appear to be an object lesson in *diffuse* thinking. For example, the Rockefeller Foundation, which came into existence on the eve of World War I, was established to promote nothing more specific than "the well-being of mankind throughout the world."

The Russell Sage Foundation aimed to support "the improvement of social and living conditions in the United States." And the defining goal of the Carnegie Corporation was more nebulous still: "the advancement and diffusion of knowledge and understanding."

But the vagueness of those charters belies a mind-set that was firmly grounded in the era's concept of "scientific philanthropy." The new foundations formed at the turn of the century began to think about their work in terms of the investigation of root causes and the uses of science to eradicate social ills.

"Donors shared a keen fascination with some of the great 19<sup>th</sup>-century scientific advances, especially in biology and medicine," says James Smith, former executive director of the Howard Gilman Foundation and author of *The Evolving Role of American Foundations*, a chapter in *Philanthropy and the Nonprofit Sector in a Changing America*.

The Rockefeller medical philanthropies were among the most successful in this regard. "As individual diseases came to be understood and cured, the intellectual

appeal of germ theory transcended science, suggesting direct linkages between a problem, the identification of its cause, and ultimately its eradication," says Smith. "People like Frederick Gates, a Baptist minister and advisor to Rockefeller, spoke often of the link between disease and social misery."

In time, the philanthropic world moved beyond germ metaphors, but the appeal of science persisted. In the 1930s, it became fashionable to apply metaphors drawn from physics and, later, psychology to the treatment of social problems; in the postwar years, the language shifted to engineering and systems analysis.

Today, philanthropic thinking appears to have come full circle. What Smith calls "the viral metaphor" suggests new roles for philanthropy. "Public health workers use the term 'surveillance' when they construct early warning systems," he says. "The age of the virus requires institutional structures that can apply new knowledge quickly as well as respond effectively even in the absence of complete knowledge."

The viral metaphor also serves as a reminder "that philanthropy must operate in an era when expectations of permanently eradicating the causes of disease or social distress have diminished." That reality may be the toughest issue foundations face today, he says. "It goes against that optimism and yearning for quick results that has sustained much of the philanthropic enterprise in this century."<sup>16</sup>

Such statements often reflect the optimism of the founders. But their undifferentiated ambitiousness can create serious problems for foundations, particularly when the board and/or staff disagree about the best way to fulfill the mission.

The following missions are more specific but still leave considerable room for interpretation:

"... to improve the health and health care of all Americans."

"... to change the lives of women by supporting feminist expression in the Arts in Kentucky."

"... to provide a counterbalance to the recent, disturbing trends in funding for educational endeavors."

Many foundations take their missions a step closer to specificity, but still leave critical questions unanswered. What *precise* need does the foundation intend to fill? What *tangible* outcomes are desired? What steps will it take to achieve those outcomes? Who will the foundation serve? Ideally, a foundation's mission and related goals will address each of these questions.

In a recent monograph, *Raising the Value of Philanthropy*, Dennis Prager discusses the cost of not focusing. "The resulting diffusion of emphasis serves to:

- dilute the capacity of foundations to have a significant impact in any one area;
- reduce the effectiveness of boards in overseeing their foundation's programs and assessing their outcomes;
- reduce the ability of staffs to develop, facilitate, monitor and evaluate programs; and
- confuse the external world.

The most effective foundations are those that are able to resist this temptation to 'be all things to all people' and sustain a focus of attention and action that is driven by a coherent and consistent sense of values, principles, mission, and comparative advantages."<sup>15</sup>

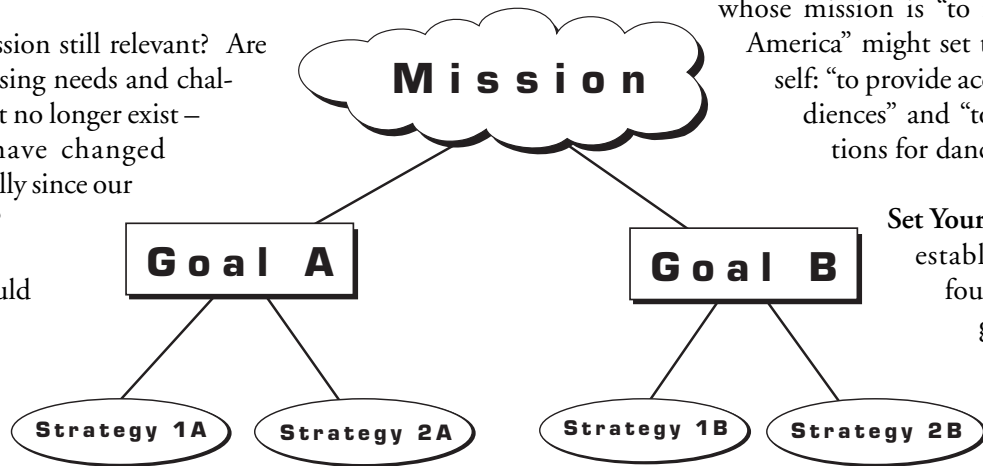
# Steps to Effective Grantmaking

While philanthropic output can be measured in dollars, there is no universal calculus of philanthropic success. Each foundation has its own heritage, agenda, values and interests; definitions of “effective” can reasonably be expected to vary as well. Even so, there are a number of steps most foundations can follow to assess and enhance their effectiveness:

**Clarify the Mission.** A clear, unambiguous mission statement is essential to effective philanthropy. In fact, most foundations have mission statements. But in their rote reflection of the original donor’s goals and values, many such statements lack clarity, direction or relevance.

The first step towards effective philanthropy, then, is a painstaking and honest reexamination of the foundation’s mission and purpose. The mission statement may require fine-tuning or a complete overhaul. As part of that process, foundation leaders must ask themselves some tough questions:

- Is our mission still relevant? Are we addressing needs and challenges that no longer exist – or that have changed substantially since our founding?
- How should our mission statement change to reflect environmental changes and our accomplishments?
- Apart from our financial resources, what other attributes qualify us to address the needs we’ve identified? Do we also have specialized intellectual, technical or institutional capabilities?
- Are we alone in our mission? What are others doing to help – or hinder – our efforts?
- What historical trends are at work in the world that should affect the way in which we define our mission? – demographic, technological, scientific, economic, political, institutional?



**Find a Niche.** In the consumer marketplace, the surest path to success is to supply a product that fills an unmet need. A similar principle applies to philanthropy. In 1997, having long underwritten a varied mix of health care initiatives, California’s Archstone Foundation decided to confine its scope to “promoting the health and well-being of aging seniors and supporting choices throughout the aging process.”

Research indicated that few funders were active in that program area; further, Archstone already had considerable relevant experience in the field. Since the shift, the quality of grant proposals received by the foundation has improved, according to program officer Mary Ellen Courtright. “When you’re covering the waterfront,” she adds, “it’s hard for people to know what’s a fit.”<sup>17</sup>

**Set Goals.** With a clear mission in place, the next step is to put it into action. That requires setting explicit goals, against which progress can be readily measured. A goal is not the same as a mission: the latter defines the foundation’s reason for existing, while the former delineates what the foundation is trying to accomplish in a particular area and articulates major outcomes. For example, a foundation whose mission is “to further dance in America” might set these goals for itself: “to provide access to diverse audiences” and “to improve conditions for dancers.”

**Set Your Strategy.** A goal establishes where the foundation wants to go; a strategy provides a roadmap for getting there. One way to reach diverse audiences might be through travel grants that enable city-based dance companies to offer free performances to new audiences in rural communities. Another strategy might include development of an advocacy campaign aimed at increasing the role of dance in elementary school curricula. A third option could be to commission a study on the feasibility of encouraging dance training for certain ethnic groups in poor communities.

In developing their strategies, grantmakers are invariably faced with an abundance of possibilities. In sorting through the various avenues open to them, they will have to consider the human and capital resources they have at their disposal, as well as the needs and priorities of their prospective grantees.

## Models of Focused Giving

Whatever its particular goals, effective grantmaking can generally be identified by characteristic markings: an innovative – and, in some cases, daring – approach to a problem; thoughtful planning based on an exhaustive examination of that problem; and a level of investment commensurate with the foundation's financial strength and the recipient's long-term needs.

At the same time, effective grant giving demands responsiveness to changing needs and social conditions; a willingness to take risks; an ability to learn from mistakes; and openness to collaborations with other funders. It is not the province of bean counters or turf-watchers.

Throughout this century, there have been countless philanthropic efforts

that met these standards. Most remain unhailed; a few merit a place in history by virtue of their scope, drama and lasting impact. Mary Ann Zehr, in a *Foundation News & Commentary* article, discussed the following four examples:

### **Libraries (Andrew Carnegie)**

Andrew Carnegie believed that a “man who dies rich dies disgraced.” In 1879, the Pittsburgh industrialist underwrote the building of a new lending library in Dunfermline, Scotland, where he was born. It was his first major gift, and it became a model of philanthropy at its most purposeful.

In his lifetime, Carnegie gave away more than \$350 million to a staggering array of causes on both sides of the Atlantic. But in some ways his most pervasive impact was as a funder of library construction. Widely regarded as “the patron saint of libraries,” Carnegie provided more than \$56 million for the construction of 2,509 libraries in towns and cities throughout

the United States and the British Commonwealth.<sup>18</sup>

### **Hookworm Control (The Rockefeller Foundation)**

Addressing an audience of physicians in 1909, John D. Rockefeller asked, “Is there a disease affecting a large number of people of which you can say, ‘I can cure it, not in 50 or even 80 percent of the cases, but in 100 percent?’” There was, indeed: hookworm. By the following year, the oil magnate's bold challenge had led to the creation of the Rockefeller Sanitary Commission. Many believed that hookworm was an illusory disease fabricated to justify school and workplace absenteeism in the Southern states. Supported with a five-year \$1 million grant from the Rockefeller Foundation, the commission established beyond question that hookworm existed, that it was parasitic in nature, and that it could be cured.<sup>19</sup>

### **Community Colleges (W.K. Kellogg Foundation)**

W.K. Kellogg is best known as America's foremost cereal baron. But he was also its greatest champion of the community college movement, which has enabled many working people to gain access to higher education. In the late 1950s, a \$240,000 grant from the Kellogg Foundation helped strengthen the American Association of Junior Colleges at a critical time. In addition, the W.K. Kellogg Foundation has helped launch more than 66 community colleges and supported over 35 others. Its total grantmaking to date to community colleges exceeds \$34 million.<sup>20</sup>

### **Sesame Street (Carnegie Corporation of New York)**

In the 1960s, it became evident that some children – especially those from poor families – entered school less prepared than others, and that the gap widened as they grew older. Preschool programs could help, but few public school systems could afford to offer them.

## Signs of Weakness

In *Assessing a Foundation's Performance*, John Craig, Executive Vice President of The Commonwealth Fund, identifies four characteristics of high-performing foundations: a clear mission; an ability to focus; a program of well-defined, specific strategies; and a solid intellectual grounding in its field of interest.

He lists several signs of weakness in these areas including:

- Confusion among outsiders about the foundation's mission and programs;
- A decline in the demand for long-standing programs, with grant proposals weakening over time;
- Routine refunding of projects, with few questions of performance raised;
- Rare development of new programs;
- Almost exclusive focus on foundation processes, with little attention to project or program outcomes;
- Programs appearing to be off the mark and out of tune with the times;
- Programs failing to meet objectives; and
- Overall, a diminished reputation for the foundation.<sup>21</sup>

Almost a century earlier, Andrew Carnegie had created a world of new learning resources by building libraries (see above). In 1966, Carnegie Corporation of New York donated \$35,000 for a feasibility study on the use of television in preschool education. That grant led to the creation of “Sesame Street,” which adapted commercial TV techniques to give preschoolers an early start in learning letters, phonics and numbers. Carnegie also gave the show’s designer, Children’s Television Workshop, a \$1 million grant covering the 1967-68 fiscal year. The show premiered in 1969 and currently airs in more than 80 countries.<sup>22</sup>

Another example cited by William S. McKersie in *Voluntary Sector Quarterly*:

**School Reform (Woods Fund of Chicago)** Founded in 1941, the Woods Fund of Chicago demonstrates how a small foundation can leverage its resources to register a major impact. Following the 1988 decentralization of Chicago’s public schools, Woods took the lead in supporting grassroots education reform initiatives. These efforts consisted largely of programs that prepared parents and school staff to collaborate with community leaders, nonprofits and other funders in advocating systemwide policy formation. Ranked 21<sup>st</sup> among Chicago foundations in asset size, “Woods moves to third when the measure of reform involvement is number of grants,” writes McKersie.

Although grantees focused on parent and community participation and public policy, neither they nor Woods ever lost sight of the ultimate goal: a higher standard of classroom learning. By 1995, McKersie writes, “curriculum reform was underway. Teachers were learning new ways to teach. The broader community ... was engaged. School violence was down.... The central administration had been streamlined and more oriented to serving schools.... Moreover, parents and educators at a large number of schools talked about improved student experiences.”<sup>23</sup>

## One Impetus for Focus: A Finite Lifespan

One way for a foundation to gain greater effectiveness is to set a date for its own demise. In 1986, the Aaron Diamond Foundation was reactivated with a specific mission and an unusual time frame: to make a difference in New York City in medical research, minority education and culture, and to spend down its endowment over the next ten years.

“Aaron Diamond had made a fortune in real estate, which he’d always wanted to turn back to the city he felt had done so much for him,” says Vincent McGee, who served the foundation as its executive director. After Aaron Diamond’s death in 1984, his widow Irene became president of the foundation and began its reactivation. “We started by casting a broad net in each area, making short-term grants,” she says. “We watched, we listened, and we asked questions.” Before long the foundation zeroed in on its medical focus: the emerging field of HIV/AIDS research.

The ten-year countdown began on January 1, 1987; on December 31, 1996, the foundation was dissolved. Why the predetermined lifespan? “We wanted to have maximum impact,” says Irene Diamond. “Knowing we’d be going out of business in 10 years provided a powerful incentive and enabled us to do a great deal. We had no interest in making the foundation into a perpetual memorial.”

Though still the exception, fixed-term foundations can be traced at least as far back as the Julius Rosenwald Fund, endowed by the Chicago industrialist in the early years of this century. Rosenwald directed the fund to give away all its money and dissolve within 25 years of his death. It made the deadline with 11 years to spare.

McGee says that working against the clock “made it a lot easier to keep our long-term goals in view. There was less distraction from administrative matters than there might otherwise have been.” The shortened timeframe also reduced operating expenses relative to available funding dollars, “so that we could give away more money each year and thus have a greater impact.”

For example, as one of the nation’s largest private supporters of AIDS research, the foundation started the Aaron Diamond AIDS Research Center for the City of New York. It was there that the first protease inhibitors, which appear to suppress the HIV virus, were developed.

Over the course of 10 years, the Aaron Diamond Foundation made 2,290 grants totaling \$220 million. “There is no question that without our ten-year horizon, we would have lacked the economy of resources to establish the Diamond AIDS Research Center,” says McGee. “Operating on an open-ended basis, we might have been an interesting foundation, but not a particularly remarkable one.”

## Not by Dollars Alone: Tools for Effective Philanthropy

Direct grants are only one tool at a foundation's disposal. It can also achieve its mission and aid grantees by creatively applying a broad menu of funding techniques, including program-related investments, loan guarantees, insurance, and the underwriting of specific expenditures. Non-financial support, in the form of management assistance from staff and consultants, can also prove invaluable.

Foundations are realizing the benefit of evaluation, capacity building and many other techniques. But few understand the full scope of their potential "toolkit" or are adept at using its tools optimally.

**Evaluation.** An objective, outside assessment of a grant program or individual grant offers many benefits. Internally, it can provide staff and trustees with critical insights and lead to more effective grantmaking. Externally, it provides accountability to specific stakeholders as well as to the general public. In the health and social welfare fields, comprehensive evaluations of major foundation initiatives have helped change public perception as well as public policy.

In recent years, The Conservation Company has been retained by many private foundations to conduct evaluations of key grant programs. Recent clients include the Japan Foundation Center for Global Partnership; the David and Lucile Packard Foundation; the William Penn Foundation and the John D. and Catherine T. McArthur Foundation.

**Communications.** Many foundations regularly provide financial support for targeted communications efforts. Mothers Against Drunk Driving and the Children's Defense Fund Immunization Campaign are two notable examples. Many funders also publish and disseminate research reports and sponsor conferences aligned with their mission and goals. These initiatives are typically aimed at a specific audience, such as government officials, representatives of the media or academics. Their purposes are to inform and, increasingly, to change public behavior.

**Advocacy.** Advocacy encompasses such foundation-driven activities as briefings, press releases, reports, conferences, and advertising. While advocacy sometimes overlaps with communications, it generally involves a more direct effort by the foundation to change public policy, laws and regulations.

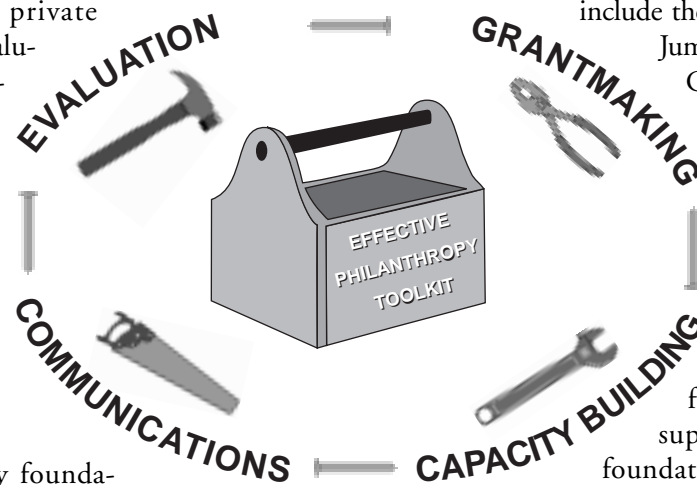
**Organizational Capacity Building.** Many foundations see general support grants as organizational capacity-building, and more and more grants to nonprofits are being earmarked for the purchase of management or technical assistance. Some foundations have even set up technical assistance centers that serve multiple organizations in a given community. The Meadows Foundation's sponsorship of the Center for Nonprofit Management in Dallas and the Metropolitan Atlanta Community Foundation's sponsorship of The Nonprofit Resource Center are two recent examples.

Foundations can also help grantees build capacity by sponsoring seminars, providing funding for consultants to work with grantees, and supporting "technical assistance providers," who are then asked to work with grantees. The Tiger and Robin Hood Foundations in New York City are excellent examples of these techniques. During the past few years, The Conservation Company has conducted strategic planning projects for nonprofit organizations that have received foundation grants to retain consultants. Examples include the Studio Museum in Harlem, Jumpstart New York, the Citizens' Committee for Children of New York, Baltimore Substance Abuse Systems and USA Child Care.

**Partnerships and Collaborations.** By convening a group of funders or participating in a joint effort with other foundations in support of a common goal, a foundation can influence colleague grantmakers and extend its impact beyond its grantmaking budget.

**Loans or Investments.** In recent years, foundations have been more willing to lend nonprofit organizations money to meet their capital financing needs. Program-related investments are the best known of these techniques.

**Leverage.** A foundation can provide matching grants, challenge grants or other partial, critical funding, to promote a nonprofit organization's efforts.



## Refocusing a Grant Program

### Background

In 1935, Dr. Leonhard Felix Fuld and his sister, Florentine, created a foundation in honor of their mother, Helene. In 1965, the foundation was converted to the Helene Fuld Health Trust and, in 1969, HSBC Bank USA (formerly Marine Midland Bank) became its corporate trustee. HSBC is currently responsible for overseeing and administering the Trust. The Helene Fuld Health Trust is dedicated to the primary objective set by Dr. Fuld when it was established: the support and promotion of the health, welfare, and education of student nurses.

In 1997, HSBC Bank USA retained The Conservation Company to help set a new direction for The Helene Fuld Health Trust, one of the largest trusts under its management. Today, the Trust is the country's largest private funder devoted exclusively to nursing education. It has more than \$154 million in assets and a yearly grant budget in excess of \$5 million.

### Main Issue

The Trust's original mission was very specific. But even focused missions demand constant reexamination and fine-tuning to remain relevant. During the Trust's first three decades, the nation's health care system underwent profound changes.

Accordingly, the Trust's grantmaking changed as well. By the early 1990s, its primary focus was the technology needs of student nurses. But by mid-decade, upheavals in health care and nursing education demanded a fresh look at the Trust's mission and funding programs.

### Gathering Information

The Conservation Company began its work with an assessment of needs in the nursing education field and how those needs were being met – by the Trust and by other funders with similar interests.

The process included interviews and roundtable discussions with HSBC, the trustee, nursing leaders, outside experts and other grantmakers as well as a literature search for relevant studies and articles.

### Addressing the Issue

The research confirmed that the Trust had an opportunity to take a leading role in meeting the needs of the next generation of nurses. The consultants recommended that the Trust focus its grantmaking in three areas: curriculum and faculty development in community-based care; educational mobility initiatives that encourage nurses to earn higher degrees; and leadership development for nursing students. For each of these areas, the firm developed specific objectives, which were approved by the trustees.

The Conservation Company was subsequently asked to assist in the management of the Trust. From 1998-2001, The Conservation Company developed and implemented grantmaking and fellowship programs for the Trust.

## How Focused Is Your Grantmaking?

### *A Checklist for Foundations*

Some foundations are more focused than others. To gauge their own effectiveness, staff and board should ask themselves these questions:

#### *Relevance*

- How long has it been since we last reassessed our mission, goals and strategies?
- Have external and internal factors changed so as to warrant a reassessment of mission, goals and strategies?
- If warranted, how might we go about reassessment?

#### *Resources*

- What resources do we have on hand to achieve our mission?
- What resources are needed and how might we obtain them?

#### *Strategy*

- To what specific activities should we be committing our resources?
- How do we measure the effectiveness of our strategies?
- How do we know that we are making the best use of our grant budget?

#### *Other Tools*

- In addition to grantmaking, what other tools might we employ?

## Resources

### Selected Readings:

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Ylvisaker, Paul N., *Small Can Be Effective* (Washington, D.C.: Council on Foundations, 1989).

### Other Resources:

CHRONICLE OF PHILANTHROPY, 1255 23<sup>rd</sup> Street, NW, Washington, D.C. 20037, (800) 728-2819, [www.philanthropy.com](http://www.philanthropy.com).

THE CONSERVATION COMPANY, 50 East 42<sup>nd</sup> Street, 19<sup>th</sup> floor, New York, NY 10017, (888) 222-2283/One Penn Center, Suite 1550, Philadelphia, PA 19103, (888) 222-2281/875 North Michigan Avenue, Suite 3930, Chicago, IL 60611, (312) 642-2249/88 Kearny Street, Ninth Floor, San Francisco, CA 94108, (415) 788-4044. [www.consco.com](http://www.consco.com).

COUNCIL ON FOUNDATIONS, 1828 L Street, N.W., Washington, D.C. 20036, (202) 466-6512, [www.cof.org](http://www.cof.org).

THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS, 1828 L Street, N.W., Suite 300, Washington, D.C. 20036, (202) 467-0472, [www.rag.org](http://www.rag.org).

THE FOUNDATION CENTER, 79 5<sup>th</sup> Avenue, New York, NY 10003, (800) 424-9836, [www.fdncenter.org](http://www.fdncenter.org).

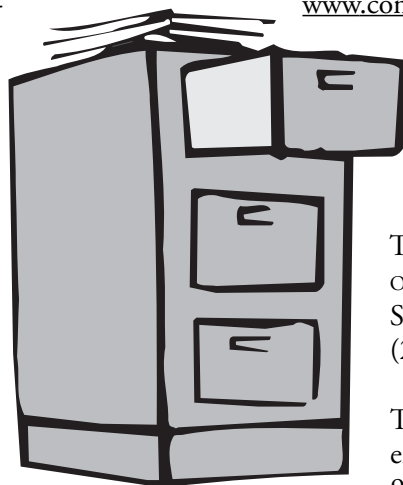
INDEPENDENT SECTOR, 1200 Eighteenth Street, NW, Suite 200, Washington, DC 20036, (202) 467-6100, [www.indepsec.org](http://www.indepsec.org).

INDIANA UNIVERSITY CENTER ON PHILANTHROPY, 550 West North Street, Suite 301, Indianapolis, IN 46202, (317) 274-4200, [www.tcop.org](http://www.tcop.org).

NATIONAL CENTER FOR FAMILY PHILANTHROPY, 1818 N Street, NW, Suite 300, Washington, DC 20036, (202) 293-3424, [www.ncfp.org](http://www.ncfp.org).

NATIONAL NETWORK OF GRANTMAKERS, 1717 Kettner Boulevard #110, San Diego, CA 92101, (619) 231-1348, [www.nng.org](http://www.nng.org).

THE PHILANTHROPY ROUNDTABLE, 1150 17<sup>th</sup> Street, N.W., Suite 503, Washington, D.C. 20036, (202) 822-8333, [www.philanthropyroundtable.org](http://www.philanthropyroundtable.org).



## The Challenge for the Future

Much of this paper has approached the issue of focused philanthropy from both an historical and a current perspective. But we might also ask: “Will focused philanthropy continue to be important in the future? Will the projected increases in philanthropic resources mean that focus will become less important?”

In the spring of 1998, the American Assembly and the Indiana University Center on Philanthropy sponsored a conference at the Getty Center in Los Angeles titled “The Future of Philanthropy in a Changing America.” The event brought together 100 leaders from foundations, major nonprofit institutions and grassroots organizations, government, academia, business, law, the faith community and the media.

The participants identified a number of forces that are expected to shape the future of the nonprofit sector — issues that will require philanthropic creativity and focus if they are to be addressed effectively. These include:

- a rising **inequality** in income levels and a growing concentration of wealth in the U.S. population;
- internal population growth and immigration that will result in **demographic changes** throughout the country;
- increasing **globalization** that will place pressure on U.S. philanthropic resources;
- **technology**, which will create both new opportunities and threats for the nonprofit sector;
- a widespread individual search for **values** in an increasingly complex world;
- continued **blurring of roles** among government, the private for-profit, and the private nonprofit sectors;
- **devolution** – the shift in power from the federal government to the state and local levels; and, an increase in **citizen initiative** and **social entrepreneurship**.

Although there is less confidence about projected rates of growth, most people believe that philanthropic resources will continue to increase. Many are also convinced that money alone cannot solve problems and that creativity and persistence are key elements of successful philanthropy. Most important for success, however, is a sense of direction – and the desire and ability to focus.

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# THE CONSERVATION COMPANY

## About The Conservation Company

For over two decades, The Conservation Company has provided strategic planning, program development, evaluation and management consulting services to nonprofit organizations, foundations, corporate community involvement programs and government agencies. In this time, the firm has developed substantive knowledge and expertise in fields as diverse as community and economic development, human services, children and family issues, education, health care, the environment, and the arts.

From offices in Philadelphia and New York, and fulltime staff in Chicago and San Francisco, the firm works with clients nationally and, increasingly, globally. Our services include strategic planning, organizational assessment and development, feasibility studies, program evaluation and development, board development, restructuring and repositioning, as well as grant program design, evaluation, and facilitation.

## Our Services to Grantmakers

Our distinctive competence ranges from establishing foundations, to assessing grantees and their needs, to developing foundations' internal processes and external communications strategies. We have extensive experience in helping foundations understand and improve both grantmaking and organizational issues.

## Grantmaking

- Grantmaking strategy and assessment – reviewing past initiatives and refining strategies.
- Program design and evaluation – assessing initiatives that are under consideration, identifying “gaps” in the field, identifying opportunities to leverage funding, and developing and implementing evaluation systems.
- Grant program management – developing RFPs, reviewing and evaluating specific proposals, identifying potential projects, and supervising program implementation.

## Organization and Management

- Strategic planning – guiding foundations through a rigorous and goal-oriented planning process.
- Organizational development and assessment – developing processes for administering grant programs, evaluating foundation/grantee interactions, and assessing programs and staff.
- Formation – working with the benefactor's legal counsel to create the foundation, developing initial program goals and strategies, establishing grant application requirements, facilitating board development, and creating a staffing plan.

Foundations also ask us to work with a grant recipient to develop a comprehensive strategic plan, to conduct an organizational assessment, to help develop board and staff capacity, and to otherwise improve the nonprofit organization's effectiveness.

We offer an integrated approach that provides a broad perspective to our clients, so that the varied experiences of our staff can be brought to bear on specific challenges. We are proud of the long-term relationships we have with many private funders – relationships that demonstrate The Conservation Company's ability to adapt and refine its approach in order to be of continuing service in these challenging times.

One Penn Center, Suite 1550  
Philadelphia, PA 19103  
215.568.0399 or 888.222.2281

50 East 42nd Street, 19th Floor  
New York, NY 10017  
212.949.0990 or 888.222.2283

875 North Michigan Avenue, Suite 3930  
Chicago, IL 60611  
312.642.2249 or 888.222.0474

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*Richard A. Mittenthal, President of The Conservation Company, oversees the firm's philanthropy practice. This briefing paper would not have been possible without the help of the following: Paul Connolly, Melissa Knott, Christine Koronides, Laura Meislin, Carol O'Connor and Cara Cipollone.*

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