

Abridged Remarks to the Wood River Women's Foundation Winter Forum
Sun Valley, Idaho

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Thank you very much. On behalf of the family trustees of the David Rockefeller Fund, it's really an honor to speak before your Winter Forum.

My remarks today are intended for what we hoped would be a broad public audience and my goal is to inform, perhaps provoke, and maybe even inspire -- but most of all not to put anyone to sleep at this hour!

This evening I'm going to talk about how philanthropy drives substantial and very significant change. But first let me say that the work of the Wood River Women's Foundation is so impressive when you consider what it has managed in just 12 years.

- The active involvement of well over 300 women;
- Contributing very meaningful amounts;
- Through the hard work of Program, Impact, and Governance Committees;
- The development of the Foundation's first endowment – an essential step forward in the growth and sustainability of the Foundation.

And of course, with over \$2M in grant-making disbursed to such a wide array of needs and good causes...I was really struck studying your grants list with the diversity of issues you have tackled. And I will come back to them.

But everyone involved with the Women's Foundation has reason to be very proud of such a collective effort and with so many volunteers. If they could be here, I know my trustees, many of them long involved in philanthropic ventures, would salute your good works.

I'm happy to take questions about the work of the David Rockefeller Fund during question time but let me give you a little background now and then address some aspects of the state of U.S. philanthropy, at present.

The David Rockefeller Fund is the fourth oldest Rockefeller grantmaking foundation. In order of age and size, we are distinct from the large Rockefeller Foundation started by David Rockefeller's grandfather over 100 years ago; the Rockefeller Brothers Fund, endowed by David and his brothers, and father over 75 years ago; and the Rockefeller Family Fund, started by David's children and their cousins over 50 years ago.

The DR Fund, as we are known is only about 30 years old, and exists to extend this long tradition of family philanthropy to the leadership of a 5th generation board since our

founder passed away at the age of 101 last year. David was present at all of the last board meetings and remains an inspiration for his generosity, humility, and graciousness.

Our vision, inspired by the values and generosity of David and his late wife, Peggy, is to foster and embody a more just, creative, and flourishing world. We invest in catalytic ideas, people, efforts, and institutions working, strategically, toward ecological regeneration, U.S. justice system reform, and art for social impact.

David was one of the most generous philanthropists of his era and his executors are helping him fulfill the Giving Pledge that he helped Bill Gates and Warren Buffett organize. This spring Christie's auction house will sell much of the estate of David and Peggy Rockefeller in fulfillment of \$700 million in additional charitable pledges.

I could go on and on about David Rockefeller's enormous philanthropic legacy but doing so would actually undermine the major thrust of my remarks tonight.

Because for most Americans, philanthropy is what a few big names, well beyond their own means, bestow on the local hospital or museum, playing field or stadium, concert hall or cultural center.

Many of those names predate us and the best known families of philanthropy—like Gates, Ford, and Rockefeller—suggest that philanthropy is the stuff of yesterday's titans.

I think the truth about modern philanthropy is much more exciting, democratic, innovative, and well below the public radar.

Of course, Bill and Melinda Gates have brought much more awareness to U.S. philanthropy, partly because of the colossal scale of their foundation. But they have done a better job, in my view than previous large donors in drawing attention to the *issues and causes* they are passionate about, especially Melinda Gates' concern about public health in the developing world.

Still, the vast, diverse spectrum of U.S. philanthropy is still not very high on the public agenda and very large, gifts by individual donors still dominate what news coverage exists about philanthropy. This is not helped by the arms race in large gift giving to universities and concert halls and even to named foundations like the Zuckerberg/Chan Initiative, to which the first family of Facebook recently pledged \$1 billion per year.

To me, these headlines obscure the larger picture of what makes this country the world capital of philanthropy--and that is the vast, diversity of our giving, which is not well known.

How many of you know, for example, that there are over 86,000 foundations in the U.S.? That the vast majority have either no staff or a couple of family members making

grant decisions? That the total assets of these foundations is almost \$900 billion and they give roughly \$60 billion annually?¹

Even more remarkably, the giving of U.S. foundations is eclipsed by the generosity of individual Americans. In the 2017 annual survey called Giving USA, the total amount donated by individual Americans, separate from foundations, totaled \$280 billion -- almost 5 times as much as all foundations.

We will return to this remarkable fact a little later, when I talk about the most exciting new frontiers of philanthropy.

But first, I want to share some of the more interesting, perhaps even exciting, trends in the field that we all might think about.

So my talk will cover four subjects:

First, the enormous impacts generated by what the wonks among us call, “strategic philanthropy”.

Second, new ways that donors are thinking about influencing big systemic change.

Third, the increasing maturity and creativity of smaller foundations, which run the gamut from very small to much larger as they grow from generation to generation.

Fourth, the enormous leverage, strategy, and impactful change generated by collective giving organizations such as the Wood River Women’s Foundation. Or what some call micro-giving platforms, which are relatively simple Internet sites enabling thousands of small donors to pool and channel their funds in service of big and well-leveraged impacts.

So, to begin:

1. How can “strategic philanthropy” generate significant change in areas that fly below the public radar?

Strategic philanthropy can be defined as an approach to giving that identifies:

- clear and definable goals in an area worthy of charitable giving;
- the obstacles that need to be overcome to accomplish those goals,
- a strategy for allocating resources—including but not limited to cash—in the most efficient, leveraged way to maximize qualitative and quantitative outcomes.

Strategic philanthropy can be differentiated from mere charitable giving to good organizations and it is best illustrated in concrete examples. So here goes:

¹ Source: Foundation Center website accessed February 2018.

In the mid-2000's, an organization called the Coalition of Immokalee Workers identified the problem of very low wages and inhumane working conditions for migrant farmers whose crops ended up in such marquee brands as Burger King, Taco Bell, and Chipotle.

The farm workers launched the Campaign for Fair Food, together with students and faith groups; it included fast-food chain boycotts and with the help of philanthropic donors, including my last foundation employer, the Mertz Gilmore Foundation, it significantly improved working conditions and increased wages for tomato harvesters in Florida and other U.S. states.

A second major philanthropic effort, touching more of our lives, tackled child malnutrition and food insecurity by supporting the research, organizing and advocacy that produced the National School Lunch Program. By 2012, some 31 million U.S. children—more than half of all public school students—received free or reduced-price meals.

Similar state-by-state campaigns, funded substantially by philanthropy, are producing universal access to public preschool; the first-ever paid sick leave requirements for low-wage employers; and higher minimum wage or living wage bills.

A final example of what strategic philanthropy can produce, at scale, is CPR Training programs that most of us have had the opportunity to take part in or at least became aware of. More than 18 million Americans now learn this emergency procedure each year and it is administered to nearly half the people who experience cardiac arrest outside a hospital.

Behind each of these economic, civil rights, child welfare, and health-related success stories is a group of philanthropists, often nameless and seeking no credit.

In a study of these successes and 11 others, by Susan Wolf Ditkoff Abe Grindle, called “Audacious Philanthropy”, published in the Harvard Business Review last fall, the authors identified five factors for foundations and philanthropists to consider in pursuing large-scale strategic initiatives:

First, Wolf Ditkoff and Grindle found that donors need to:

- Build a shared understanding of a problem and the ecosystem of nonprofits, government policies, and private actors who are relevant to fixing it.

Sometimes this requires investment in research consultants but often we can tap existing academic or think-tank experts who are more than happy to advise donors.

- Then donors need to set “winnable milestones” and hone a compelling message about the goals of a philanthropic initiative. This will eventually become important to sustaining support for a multi-year effort, recruiting new donors, and rallying public support if public policies need to be changed.

- Next, they need to imagine and encourage approaches that will work at some scale—a neighborhood instead of a block; a county instead of a town; or a whole school system instead of a few schools.

Some of the best initiatives produce state-wide policy changes in state legislatures that are surprisingly easy to engage.

- Finally, donors need to commit to a program of grants, measure progress to the milestones I mentioned above, and foster honesty amongst themselves and with their partners, about progress and setbacks, and embrace course corrections, if necessary.

When philanthropy has these elements of a more strategic approach, deeper, long-lasting change is possible.

What is most remarkable about the evolving strategies of philanthropists is that even with the success of such initiatives as the ones I described, donors large and small are trying to devise even bigger system-level change strategies. This is my second major point...

2. ... to deal with the most stubborn and intractable problems such as persistent and extreme poverty, the opioid epidemic, homelessness, educational achievement gaps, and the long-term harms caused by climate change, we need to think even bigger. And many donors are.

In an important article in Stanford Social Innovation Review last year, the author Jeffrey C. Walker, posed these questions:

Why, despite the tens of billions spent by U.S. foundations, and much more by individual donors, do so many social problems remain so persistent despite philanthropy's collective resources and best efforts? Why do we often fall short of our highest expectations?

Walker looked at some common failings and offered the following prescription. It happens to resonate with 16 years of my own experience as a grant-maker:

- We need to 'Think in systems. Having a great idea for solving a social problem is just the beginning. You also need to identify the community of collaborators who can help you translate your idea into a scalable strategy in the real world.'
- We need to understand that effective communication is the lifeblood of any campaign for changing systems. When we deploy compelling communications, both internally with collaborative partners, and externally with public audiences, we attract more partners and create momentum for success.

- We also need to embrace our inner policy wonks. If you seek to change a complex system--like affordable housing, the energy system, or education--you need to engage in the messy, two steps forward, one-step-back work, of those trying to change the laws, rules, and practices governing a system.

Most donors don't know that foundations can support advocacy for policy change even though there are limits on supporting lobbying. There are a lot of myths and misunderstandings about this, but policy change is one of philanthropy's most significant levers. And one I have used in almost every program I have had the good fortune to manage over 16 years of grantmaking.

Finally -- and this cuts against a lot of trendy thinking -- some of the most significant change is not measurable, though we do need to identify those things worth measuring and evaluating.

But how do you measure, for example, the aesthetic and emotional power of art to raise awareness of a social issue? The healing power of programs addressing domestic violence or PTSD? Or the value of an intervention that prevents a suicide?

We can aim for meaningful measurements but along the way we have to trust the wisdom of those we support, as they work to build high impact programs.

3. So now to my third set of points. As philanthropy evolves; as more donors become more thoughtful about learning and leveraging their giving; about being more strategic about their donations and working with others on more systemic change. And as the tools and practices of the craft become more easily available to individuals and foundations of all resource levels, small foundation giving programs are becoming more creative and innovative.

Let me offer a few examples from the David Rockefeller Fund, a family foundation endowed with far less resources than previous Rockefeller generations.

Like those before us, we tackle the most important issues facing society—but we have to be even more creative and strategic with relatively modest resources. That means using every *asset* at our disposal.

So what are the assets besides our grantmaking budget? Well, there are the underlying endowment investments that provide income; there is the good faith and credit-worthiness of our institution; there is the knowledge, networks, and name of our institution, our trustees, and our experienced staff.

We also have convening power and more importantly, a willingness to take risks, to be nimble, and to always seek collaboration with donors and foundations with shared values.

Here are some concrete examples:

We actively promote our grantees with other donors and on social media, such as Twitter, and sometimes raise additional resources for them of 2, 3, or even 8 times as much as our own grant, as we did late last year with an organization working on immigrant detainee issues called Detention Watch Network.

We have long screened our public equity endowment investments according to environmental, social, and governance criteria to make sure we are investing in public companies that are not undermining our program goals while ensuring their own profitability and sustainability.

We still consistently earn investment returns greater than our benchmarks. That track record led our board, the descendants of the man behind Standard Oil, to divest fossil fuel holdings in alignment with our environment/climate change program goals.

We have recently made capital grants and provided loan assurances to third party lenders to help a grantee seize a timely opportunity and generate long-term revenue well after the life of our initial grant. Providing a loan assurance cost us nothing but a phone call and a sheet of paper.

Our trustees and staff write articles, sign letters to policymakers, introduce us to other foundations and donors, and bring their issue expertise to our board meetings—every activity making us a more impactful grantmaking institution, as well as an advocate for our grantees and their environmental and social goals.

My board lets me serve on grantee boards, like Protect Our Winters (POW), an organization advocating for solutions to the climate crisis so that the winter and outdoor sports industry that makes our way of life so livable is sustained for generations to come. My board service adds strategy and technical assistance to POW.

We convene donors -- as we did recently for a network of environmental donors, to draw attention to under-appreciated issues, like the national security consequences of climate change. And we never pursue a strategy alone; always preferring to have fellow travelers pooling resources and risk.

We try to be nimble, approving smaller micro-grants between \$2500 and \$6500 within *hours* rather than days.

So how might the Wood River Women's Foundation think about innovating its own approaches, in similar or different ways?

Here are just a few ideas to consider and discuss:

- Beyond pooling donations to make larger grants, can you leverage your private grantmaking any further? For example, could grant partners be incentivized to

bring in more donations from their other donors if you offered additional sums for every dollar matched by others?

- Are there town, county or state sources of charitable grants that you could help your grant partners access by providing your own match grants?
- Are there local businesses or banks that share common values and goals with the Wood River Women's Foundation and its partners? Can you imagine meaningful collaborations to tap additional sponsorship, loans, or in-kind donations for the Foundation's partners?
- Are there new private donors in the Valley who might be attracted to special opportunities? For example, let's imagine the Wood River Women's Foundation received a special grant proposal for a capital project like buying or renovating an office space that exceeded the average size of your grants? Could you advertise that special opportunity to current or prospective donor-members and attract one-time or special grants where you demonstrated your own willingness to put additional capital in place?

We have done a version of this at the David Rockefeller Fund to help an arts grantee generate new earned income from renovating extra space. Not only did we provide a grant; we offered a no-cost loan guarantee for renovation—a huge impact that will allow rental income to replace our grant income and contribute to the grantee's program sustainability.

These are just a few ideas we can discuss for leveraging your commitment, networks, and assets to grow the pie locally and sustain your impact on local charities.

4. I'm happy to talk about these or other approaches from my experience but in my fourth set of points I want to talk about the enormous leverage, strategy, and impact of pooled donor contributions or micro-giving platforms.

One of the great privileges of our work is meeting heroic nonprofit leaders and social entrepreneurs, like Erin Barnes, a former student of the Yale School of Forestry.

The nonprofit she co-founded is called In Our Backyard or IOBY.org and it represents the very best of American technological, philanthropic, and civic ingenuity. The story of IOBY is applicable to a wide array of economic, social, and environmental issues, perhaps also on this valley.

ioby gives leaders the ability to organize all kinds of capital—cash, social networks, in-kind donations, volunteers, advocacy—to build real, lasting change from the ground up. It allows local leaders to describe a local project online and solicit contributions but it is more than just crowdfunding. It drives Community-led positive change. And it is different from simple crowdfunding platforms in at least three ways.

ioby's success rate for funded projects is rooted in a unique model of fundraising coaching. ioby's featured projects don't just put up a web page, they work with a team to craft the most effective campaign, fundraising plan, timeline, and budget. IOBY supports and train leaders whether they are working on a \$500, \$5,000, or \$50,000 goal.

Unlike other platforms, IOBY supports fully tax-deductible donations because it offers nonprofit fiscal sponsorship to groups that are not established as a charity. The model encourages grassroots leadership regardless of incorporation status.

ioby also believes in the power of offline connections. It connects with subject matter experts for help implementing a project. And as it holds in-person convenings and webinars a community of changemakers start conversations around key issues in their communities that lead to long-term, system-wide change.

IOBY believes local actions—starting something, building something, or donating to something—begin to comprise a powerful movement that inspires hope, benefits us all, and is critical to our democracy.

So how have the neighborhood leaders that find IOBY managed with an avg. donation of just \$30?

They have raised more than \$4 million and fully funded **almost 1500 projects in less than 10 years**...the average number of donors to a project is 71. And the project funding success rate is 87%. There are now 260 towns or cities with an IOBY leader.

More importantly 15,870 neighborhood leaders have been trained.

And while it started with environmentalism, 71% of projects now have a broader social change objective.

Most remarkable, to prove the point about a more democratic and civically engaged base, more than half of all IOBY donors also volunteer with a project.

To get even more specific, IOBY has channeled \$693,000 in individual giving from 4700 donors to Memphis in 5 years. These are meaningful measurements of success.

But back to my earlier point, how do you measure the impact of IOBY training 2,700 new civic leaders during that time in grassroots fundraising, asset-based community mapping, online communications and campaign planning? It is transforming a city's civil society and that is real leverage!

To quote a second example of leverage, on average an ioby leader will raise 400% more in their second campaign over their first, and 1200% more in their third campaign over their second.

This is the power of individual talent, tapping individual small donor philanthropy, through an online platform and training program.

Why is this important? Because we can never estimate the power of committed individuals pursuing their passion.

Talk about leverage.

And here are some more statistics to further excite the imagination about the power of small, individual giving.

- 76% of IOBY donors had never donated to a project before. That means the IOBY's of the world can exceed the \$280 billion Americans are already giving.
- Adding a match grant incentive increases the size of donations by 30%. So the \$60 billion already granted by U.S. foundations can potentially leverage another \$20 billion in individual giving.
- And 78% of IOBY donors lived in the same region – not surprising – but almost a quarter do not! They are inspired by the initiative of others in other localities.

But beyond the leverage and impressive statistics I've quoted, there is something far more powerful at work when technology platforms such as IOBY or foundations like the Wood River Women's Foundation enable pooled donation programs.

There is the intrinsic power of supporting programs addressing such issues as domestic violence, hunger, mental and physical rehabilitation, and enhancing the life of seniors and youth through programs such as those your wonderful program committee has chosen.

Too few donors stop to appreciate the enormous good that is spread across every survivor of domestic violence, every hungry child, every rehabilitated body, and every healing mind. Or how much young people and seniors look forward to programs that address their distinct needs.

Then there is the powerful benefit to the donor—well-documented by psychologists and sociologists. Every mother, daughter and caregiver knows that giving produces enormous good feeling and satisfaction. It is simply one of the healthiest and most satisfying ways we can live our lives—to give generously to others of attention, time, and resources rather than dwell on our own dissatisfactions.

But there are other powerful benefits that the IOBY track record illustrates -- building the sense of community that all human beings need -- because most of us live in, and want to be a part of, a community helping each other.

This is the power of philanthropy, especially when all of us, with whatever means are at our disposal, decide to pool our contributions and come together in good will, to help

others beyond our immediate orbit and make the world as livable and wonderful as so many of us have the good fortune to appreciate in beautiful places such as this Valley.

Thank you for your patience with me this evening. It's truly my privilege to be your guest speaker today. I'm happy to answer your questions as best I can, and I wish all of you very satisfying work, either through the Wood River Women's Foundation or your own individual philanthropy.

The word philanthropy simply means "the love of humanity, in the sense of caring and nourishing." So we can all be philanthropists. Indeed, by that definition, we all should be. Thank you very much.