Seven Strategic Philanthropy Lessons

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Bruce DeBoskey | Aug 16, 2017

Seven years ago, I began working closely with families, businesses and foundations to help them achieve greater impact for themselves and their communities through philanthropy. Over that time, much has changed, and I've gained practical experience and learned valuable lessons within this very special niche.

The field of strategic philanthropy is more sophisticated and complex than ever. The opportunities for philanthropists to make a difference are better defined. The understanding of philanthropic "best practices" has evolved.

Although mission-based philanthropy is highly individualized, there are some broadly applicable lessons. Here are seven that have risen to the top over the past seven years. You may want to discuss these lessons with your clients.

1. In Decision-Making, Use Two Lenses

When setting philanthropic goals, donors should look through two lenses. The external lens helps us answer the question, "What are we hoping to accomplish for our community, country or world?” The internal lens helps us answer, “What am I hoping to achieve for my family, business or self by donating hard-earned money and precious time to charity?”

Both questions are important. Your thoughtful answers inform an effective strategy to achieve both internal and external goals through philanthropy. Donors who neglect one or both of these questions miss the opportunity not only to “make a difference,” but also to fully engage family members or business stakeholders in truly meaningful communication about values, goals, priorities and lessons learned.

2. Create a “Safe Zone” for Family Philanthropy

In most cases, philanthropy represents a small fraction of a family’s assets. Create a separate table for consideration of these assets, and invite all members of the family to sit there as equals. This is a key step towards creating a “safe zone” for improved communication about philanthropy, which can lead to more engagement, enhanced family dynamics and greater impact.

Often, each generation of a family has its own view of the role philanthropy plays internally and externally. Because of their unique life experiences, the rising generations have perspectives that can differ from that of the wealth-creating generation. On this shared journey, each has much to offer to and learn from the others.

3. In Business, Engage Other Stakeholders

Business stakeholders can include employees, directors, shareholders, customers, vendors, regulators, lenders and community leaders. Each stakeholder offers a different and valuable perspective on the role of the company in the community. Looking beyond the “C-Suite” in an effort to engage a wide range of stakeholders in philanthropic planning and implementation greatly enhances internal and external effectiveness.

4. Go Deep, Not Wide

Many donors adopt the "peanut butter" approach to giving — spreading their charity thinly across a wide variety of nonprofits. Donors and beneficiaries alike benefit when donors focus deeply on a smaller number of carefully selected key issues or causes. By going deep, not wide, donors can advance their philanthropy from transactional to transformational.

5. Give While You Live

Giving in the present is much more satisfying than giving in the future — from the grave. Guaranteed. When you give while you live, you can learn about and experience the internal and external impacts of your philanthropy. Plus, as government budgets shrink, the causes that you care about need your help today, not down the road.

6. Align Investments with Mission

Nearly $1 trillion currently sits in foundations and donor-advised funds. This money is committed to charitable missions, has received a tax deduction and can't be returned. Each year, just 5 percent to 20 percent of that amount is distributed to nonprofits. The rest is usually invested for the single bottom line of financial growth.

By using the engine of these assets, rather than just the fumes, all of this "philanthropically committed capital" can be deployed to help you attain your mission. Impact investing that uses mission-related investing, , program-related investments and socially responsible investing tools can help you achieve much more bang for your philanthropic buck.

7. Give Boldly and Take Risks

People rarely donate so much to charity that they can no longer provide for themselves or their loved ones. Yet, many of us can give far more than we do. Your financial advisor can help determine what you can really afford to give — and then give boldly.

Because it seeks to solve seemingly intractable problems, philanthropy can be seen as the ultimate "risk capital." Taking calculated risks with grant making may be the only way to find new solutions to old problems.

Philanthropy, done well, is a powerful tool that adds meaning, joy and purpose to life and enhances business success.

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