Choosing Your Path: Principles for Seizing the Opportunity Ahead

By Katherine Fulton and Andrew Blau

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Choosing Your Path: Principles for Seizing the Opportunity Ahead

There is no going back to a less complex and varied time in philanthropy—or in the world. The new ecology, the seeds of change being planted in response to it, and the various ways those responses could play out in the future ensure that. As a result, anyone who wants to give—to save a soul, to save the world, or some mix of the two—now has more choices than ever.

The new ecology can make those choices seem more difficult than ever. The complexity and acceleration, the growing numbers and new diversity, the increased scrutiny and greater pressures put on private actors all test the creativity, acuity, and patience of donors at every level.

What may be less obvious, but more important, is that the new ecology also presents every donor with new opportunities. Many of the opportunities are the mirror images of the challenges.

We believe the essence of the opportunity ahead is for philanthropists to amplify and align in various ways that reinforce one another. Let us explain.

In a world of many more actors, many different types of actors, and a larger, even global stage for creating, managing, and solving problems, each one of us could easily be convinced that our individual efforts to do good are small.

Well, they are. That’s why the most important strategic goal for many givers will be finding ways to amplify their efforts. Defined technically, amplification is “an increase in signal magnitude,” which in this context simply means looking for ways to increase the magnitude of your philanthropy so that your actions can reach further and with more force. The same ecology that challenges us generates new means for each of us to amplify what we do, especially by seeking new connections to other people and ideas.

“Good is the enemy of great.”
- Jim Collins
At the same time, the amplification that has the most chance of succeeding will be aligned with the forces of the environment you find yourself in. We’ve all had the experience at different times of swimming against the current and swimming with it. When swimming with the current, you go farther, faster, with less effort and a greater sense of ease. You have aligned yourself with the greater forces around you.

The same is true of practicing philanthropy. Finding a way to align yourself with the forces in the wider world will help your giving reach further as it is amplified by broader forces you cannot control, but can benefit from. This is not to suggest that you should merely go with the flow or accept the world as it is; it still leaves plenty of room to challenge the status quo and confront issues that concern you.

Regardless of what goals you set, the chance to work with a growing number of others, to learn from and with them, to tap an expanding pool of resources in more places, and to do it faster, are all good news, because they can help you achieve your aims. Amplifying and aligning what you are doing will increase your pleasure and satisfaction—which is, after all, one of the major reasons that people get involved in philanthropy in the first place, even if it is difficult and frustrating at times.

Like doctors, we can’t offer you a prescription for how best to amplify and align without a consultation; like lawyers, we can’t provide specific advice without knowing the facts of your situation. We know that there is nearly infinite variability among donors, causes, situations, contexts, and histories, and that everything we have been describing argues against one “right” answer or one true way for giving and givers. What we can offer here are some principles to guide your practice—and some questions to help tailor them to your specific situation.

The principles represent a synthesis of the most interesting experiments now underway and the lessons we have taken from applying scenario thinking to how philanthropy could develop in the next generation. They may not be entirely novel, but the new ecology means that they will be experienced in new ways and entail new choices for donors. The principles are:

**EXPLOIT PHILANTHROPY’S STRATEGIC ADVANTAGE**

**SEEK COOPERATIVE ADVANTAGE**

**EMBRACE COMPLEXITY**

**INVITE MEANINGFUL SCRUTINY**
These principles are designed to help you confront the two central questions underlying this guide: How can you make better decisions today in support of the issues, institutions, and communities you care most about? And are you doing the best you can with the resources at your disposal?

We offer what follows with one important and obvious caveat: there are many straightforward giving choices that aren’t affected a great deal by the changes we describe in this guide. Donors, whether individuals or foundations, will still give to religious, educational, and cultural institutions and a host of other good causes because they choose to give to a trusted organization. These are of course good, honorable gifts that don’t require elaborate strategies.

Our interest here is in exploring what it means for individuals and institutions to do more than support the good work that they already know about, as satisfying as that may be. We think it matters, as the bestselling business author Jim Collins has argued, that more people and institutions become dissatisfied with just doing good, and aim instead for great.

Here, we believe, is how.

EXPLOIT PHILANTHROPY’S STRATEGIC ADVANTAGE

Philanthropy provides social benefit along with governments and businesses, but it is profoundly different from either of them. Its capital is entirely discretionary, free from the pressures on businesses or governments. It is money freed from quarterly profit projections or regular election cycles, unconstrained (at least in the abstract) by the need to please political constituencies or maintain shareholder value. As a result, it is money that has the most ability to take risks and to be patient, or to move quickly in response to something unexpected. It can seek out and support work of great potential but little popularity.

That’s not new, but in this era of acceleration, we believe every donor should consider to what degree he or she will exploit this advantage in his or her giving. The time-honored way to do this is to think about your giving as a portfolio, much as one does investments of different kinds. Figure 1 depicts a simple tool to help you map the various gifts you make and visualize the balance and diversity of your entire giving portfolio.
Most people and many institutions give in more than one of these quadrants. We would argue, as many before us have done, that the strategic advantage of organized philanthropy lies on the left side of the chart. We have also argued that in an era of increased power and wealth for private actors, there is also increased responsibility for these actors to get involved in the public problem-solving represented by the left half of this giving map.

Here are three questions to ask yourself:

**Does your portfolio need a “wicked problem”?** Few difficult challenges, such as curing a disease, resolving a difficult conflict, or addressing an enduring issue such as racism, can be met quickly. Sustainable change is a long-term challenge; the solutions cannot be known ahead of time. Some of these problems can’t even be defined until you are trying to solve them. These are sometimes called “wicked problems.” Those who want to see results for their philanthropic investments may be tempted to stay away from these types of challenges, in favor of goals that can be clearly identified ahead of time, with clear targets and near-term measurable outcomes. That’s fine. That’s part of the diversity and freedom of philanthropy. But as a society we will be ill-served if everyone’s portfolio eschews difficult problems the way a retiree would stay away from a risky long-term investment. Map your giving onto the matrix pictured in Figure 1. How balanced is your portfolio?

**Are you using all your resources?** As a donor, the most strategic asset you possess may not be money. While the money is key, you usually will not have enough money to make the essential difference in a situation by yourself. So it’s critical to ask, What are the other resources

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**Figure 1: Mapping Your Giving**

This matrix provides you with one way to understand the balance of giving within your philanthropic portfolio. The horizontal axis reflects the perspective and approach of your giving. Is the gift of your time or money immediate and responsive, as when a hurricane hits or a homeless person asks for help? Or is the gift meant to initiate longer term, more systemic change, as in battling the reason that the person is homeless in the first place? The vertical axis represents the gift’s scope of concern. Is the gift in support of a personal community that you are part of, such as a church, or meant to benefit a place that you have direct contact with and knowledge of, because you live there? Or are you extending beyond your immediate environment with a gift, trying to reach a person or institution or cause that is national or global in scope? Map all of your gifts along these two scales, and you can get a sense of the diversity of your giving portfolio. Do you see gaps or clusters in your giving strategy that you might want to change?

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SEEK COOPERATIVE ADVANTAGE

If philanthropy’s core strategic advantages are enduring ones, the new ecology has opened up a new source of advantage that is as important as it is underutilized. Philanthropy works in an increasingly interconnected environment but still conceptualizes its role according to a long history of independent action. That, in fact, is the new paradox of modern philanthropy: the scarcity of connections (of many kinds) in a more powerfully connected age.

Changing that will require letting go of some of the most precious assumptions of recent years, especially around the meaning of strategy. The strategy literature, borrowed from business and in some cases from the military, has, at its core, the presumption of success in competition. But the philanthropist’s goal isn’t victory over others, and strategies imported from competitive industries that focus on identifying and exploiting a niche must be adapted to an environment where differentiation may be more of a liability than an advantage.

The search or scan that precedes your giving should focus on looking for connections as well as the “white space” or empty arena to occupy. Sometimes it will be best to work to amplify what others are already beginning to do; sometimes it will be best to do the new thing that no one has yet done. It will depend. The default option should be to find, trust, and support the part of the system that holds the most knowledge or is making the most progress in the arena that you care about. If the knowledge or the movement absolutely doesn’t exist in the work of current nonprofits or funders, then create it.
In other words, rather than seek competitive advantage, philanthropists should develop their cooperative advantage—the advantage that comes uniquely from working in concert with others, developing the capacities to harness resources beyond any single institution, and applying them to complex problems. In the new ecology, it may make as much sense to identify a useful network and join or incubate it, as to seek a distinctive niche and occupy it. Once the challenge or opportunity sits in the middle of your strategic sights, you can begin to see how various actors fit into more sustainable, integrated solutions, rather than focus solely on improving a single organization’s response.

To start to find and benefit from seeing and making new connections, review your strategy and consider these questions:

**Who’s already doing it?** In light of the multiplication and diversification in the field, your starting assumption should be that someone is already doing, or has done, whatever you want to do, somewhere, at some time. That means you do not have to make the same discoveries and mistakes that have already been made; you can make new ones. Are there grantmaking associations, affinity groups, or other infrastructure organizations that you can plug into? It may be that those doing what you want to do are not in your town or region, or that they are using a similar model but not in your subject area. Then the alignment could be around knowledge and learning. But if you are interested in a goal that is already being addressed at the level at which you want to address it, then consider how to combine or coordinate, not fragment or compete. That cooperation could take a number of forms—and increasingly does—as our seeds of change discussion illustrated.

**Who are your allies and who could be your allies?** Look for allies in many places, from the most obvious to those that aren’t obvious at all. Allies aren’t necessarily restricted to funders like yourself. Individual donors, institutional funders, and corporations all can be important potential partners. And with continued reductions in government funding for social issues, state and local governments are likely to be open to partnering with private sources. Beyond other funders, are there ways that you could plan and act with nonprofits to do your work better? What’s also important is to make it easy for others to make an ally out of you, a point that we’ll return to below.

**Where are the intersections?** One of the gifts of doing philanthropy can be breaking through the confines that trap most of us in class, discipline, or sector. As you do so, you will find the growing intersections that exist within diversity. Few problems can be solved in isolation, and increasing numbers of issues can only be addressed by reaching across existing boundaries—of organization, sector, culture, place, class, race, discipline, and identity.
How can you help others help you? In a philanthropic universe that is growing in size, diversity, and complexity, what steps could you take that would help others find and support what you are doing? What could you do to increase both the visibility and legibility of your work, which is to say the characteristics that would allow someone else to understand the activities, the strategy, and the goals? If the ecology says you will be observed, then the response it invites is to be visible. Your strategy should be your calling card, not your trump card. Use your strategy and what you’ve learned to find like minds and secure allies. This is not to suggest that every donor should have a press campaign or seek to make headlines whenever possible. There are many ways to make one’s self, ideas, experience, and strategy visible that aren’t about grabbing attention.

As Robert Axelrod points out in his classic *The Evolution of Cooperation*, keeping one’s intentions hidden or making them so complex that they are hard to understand is really only useful in a competitive or zero-sum setting—not where cooperation is the goal. Philanthropists who are giving away significant resources gain little from keeping their intentions mysterious, and may hinder attempts to cooperate with other donors or grantees.

What obstacles are waiting to be resources? You will inevitably confront people, institutions, or impersonal forces that stand in the way of your progress. (If there were no obstacles, your philanthropy might not be needed.) Can you “cooperate” with any of these obstacles in order to turn them into resources for your cause? This probably wouldn’t happen by simple advocacy, but it could happen by reframing how the

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**You Don’t Have to Be Big to Have a Big Impact**

Many individuals and small foundations have limited resources to invest in giving or in designing a strategy for giving. Neither do they desire to make the act of giving into work. The standard solution is to give in response to those who are best organized and skilled at asking for assistance. This, in turn, is one of the reasons that so many gifts go to organizations large enough to have professional development departments. If you’re visited enough times by someone representing your university, eventually you are likely to say yes.

This is not to suggest that giving to large institutions is bad. Of course not. But there is a “rich-get-richer” dynamic at play in the nonprofit world that creates disadvantages for those who are new or excluded from certain social circles.

That’s why we have great hope for the new ways that individuals and small institutions can seek cooperative advantage by giving to one of the growing number of institutions that now play a brokering role between givers and receivers. If you’re a relatively small giver—individual or institutional—you can plug into an expanding infrastructure that allows you to essentially “outsource” the strategic work of giving by tapping knowledge and networks that amplify your own.

This is nothing new, of course, and it’s why community foundations and giving federations, such as United Ways, flourished in the twentieth century. What is new is the stunning growth of options that far exceed the traditional ways and places these federations have been utilized. In the past generation, the number of community foundations in the U.S. has tripled. On top of that base, many communities now have women’s foundations, giving circles designed for various racial and ethnic groups, or pooled funds around a particular issue or set of values. In the late 1990s, venture philanthropy funds created yet another intriguing option.

These collaborative philanthropic institutions can enable you to become much more strategic in your giving—to practice great philanthropy—without taking the time and expense to do the work by yourself. Some of the new aggregated giving organizations also help you use your time in more effective and strategic ways if you care to be engaged in your giving beyond writing a check. Regardless of which option you choose, consider shifting some of your giving to the “brokers” that can get your resources to organizations that are new and innovative, on the margins, or outside your personal network.
problem is presented. Are there some situations in which an obstacle becomes a resource? For example, Ecotrust, an Oregon-based environmental nonprofit, partners with timber companies and logging communities—traditional opponents of environmental efforts—to find alternative strategies for promoting forest sustainability.

**What might cause people to pay for part of the solution?** This question’s underlying goal is to explore whether or how there may be a market dynamic that can be brought to bear in favor of your solution. The reason to do so isn’t some abstract preference for market-based solutions. The reason is that solutions where people “cooperate” by voluntarily expressing their preferences in direct financial ways are more likely to be sustained over time while also tapping substantial resources on behalf of your issue.

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**EMBRACE COMPLEXITY**

The problem-solving institutions of the last century thrived on cultivating clarity. The problems facing philanthropy today, however, are not as amenable to reduction and clarification. They require us to experiment with responses that see complexity as part of the nature of the problem, not simply a failure to clarify it. That might be as simple as understanding that putting a geographic boundary around one’s work may be counter-productive, since solutions may rest in policy decisions in the state capital or in Washington, D.C. It might be as difficult as using system dynamics as a tool for understanding and modeling complex phenomena. Or it might mean the most difficult thing of all for some people: giving up the illusion of control.

If you can make the time (or call on staff support or hired consulting help), ask yourself these questions:

**What kind of problem or opportunity will your giving respond to?** If it’s a problem, is it one where the nature of both the problem and the solution is clear and can be known beforehand? If so, find the best experts and support them. Is it one where the nature of the problem is clear but the solution isn’t? If so, creativity and guts may be as important as expertise and analysis; seek them out. Or is it one where the nature of the problem itself is unclear and so the solution can’t be known until you are in it? This kind of situation requires gathering all those who own a piece of the problem and the solution, as in a poor neighborhood that might reject “fixes” imposed from outside; a lot of resources will be wasted...
using experts and traditional approaches when neither the exact nature of the problem nor the solution are understood. In short, each of the three types of problems require different philanthropic responses, but knowing what kind of problem you are working with is a crucial first step in understanding and embracing the complexity of your choices.

**What’s the problem standing behind the problem?** Many people working to address a problem or create an opportunity are responding to a need they see. It may seem obvious, but ask yourself, “What is causing this problem, and why?” Try doing that five times for the problems that interest you (an exercise called the Five Whys).

From a statement of the problem as you see it, ask, “Why is that happening?” From the answer to that question, ask again, ”Why is that happening?” And then take the answer you come up with and ask yourself, “But why is that happening?” And so on. This is a very simple but powerful tool associated with “system dynamics,” the attempt to situate phenomena that we have traditionally looked at in isolation amid the broad forces and complex factors that connect them. By asking the Five Whys, you will have increased the chances of finding deeper causes, pinpointing more powerful leverage points, and seeing connections among the things you know to look at and those you need to learn more about. This kind of thinking is what underlies good theories of change, which add bite and depth to vague mission and vision statements.

**What is the regional or national part of a local issue, or what is the local part of a national or international question?** However you frame the question, push yourself to experiment in two ways. What are the parts of the problem or solution that are far away and so might escape your attention if you only focus on the issue locally? Conversely, what are the opportunities that may be close at hand to develop momentum for an issue that otherwise seems far away or beyond your control?

**When must you learn by doing?** Some of the most creative work happens when people commit to a point of view that enables them to act, while holding on to that point of view lightly, accepting that failure may be the price of creating knowledge. They understand that for certain types of complex challenges they must learn by doing—by getting involved and learning from the experience of trying, failing, and recalibrating. Thomas Edison famously observed that he failed his way to success. Insisting on a high degree of certainty from the outset is to deny complexity in many situations, not to recognize and confront it.

**What’s right today that might be wrong tomorrow?** If you’re giving away significant amounts of money, and therefore have much at stake, by all means do what increasing numbers of funders are doing: create a clear strategy or logic model to describe what you are attempting to do and how you will do it. But it’s also worth considering different scenarios about
the environment in which you will be working. Change, after all, is dynamic, not linear, and logic models usually don't allow for this reality.

Think a bit about the world outside the domain you are trying to work in or influence. Imagine the different environments in which you might have to work; you can do this through a formal, elaborate process, or in quick, back-of-the-envelope ways with a group of smart people. How, for instance, might political and economic conditions shift to be more or less favorable to your goals than at present? (See Figure 2, A Simple Scenario Matrix, to help you frame these possibilities.) As you rehearse what the future may bring that is beyond your control, you will embrace complexity rather than run from it. Would you have different allies in some futures compared to others? Would you deploy different resources? Are there obstacles in some futures that don't matter in others? Do the answers change what you ought to do now? Are there ways to alter your routine decision-making to take better advantage of sudden shifts in the external environment? By looking at external forces you cannot control, you can improve your ability to use the resources you do control or can influence.

Figure 2: A Simple Scenario Matrix
Scenarios frame uncertainties. Here, the horizontal axis considers a future in which, on the one hand, the macro geopolitical and economic context is merely unsettled (the new normal we are accustomed to now), or whether some extreme turbulence is dominating current affairs (growing violence or an economic downturn, for instance). The vertical axis invites you to consider the key uncertainties for the issue or institution that you are associated with. What could create an increasingly unfavorable or favorable climate for making progress? The four scenarios that result from crossing these two axes give you a simple way to test your current strategies by understanding the forces beyond your control that you may have to reckon with in order to succeed. Ask yourself why each scenario might take place in the next decade, and then rehearse what you would do in each of these futures. A strategic conversation such as this may cause you to alter your present approach or theory of change. For more information on scenarios, see www.gbn.com/whatif.
INVITE MEANINGFUL SCRUTINY

As philanthropy has grown in size and ambition, it has attracted more attention from the outside and generated more reflection on the inside. Outsiders and insiders are both asking harder questions, a new form of scrutiny that, while not always comfortable, is here to stay and perhaps even grow. This is an especially acute issue for institutional givers, who are subject to requirements that could expand in the future.

It is often said that the best defense is a good offense. Rather than be concerned with compliance alone, consider inviting scrutiny by increasing your appetite for learning. There are ways that donors can use the growing energy to investigate, observe, and report as a source for learning, rather than a source of distraction. They can do what growing numbers are now doing: learn from their own work and the work of others, establish appropriate measures of success, clarify their beliefs, and shape their strategies around their ability to review and revise their efforts.

Here are some questions to ask yourself to help accelerate your learning and increase your effectiveness.

**How can you meaningfully diversify?** One important way to invite scrutiny and question assumptions is to diversify staffs, boards, advisers, and partners in terms of gender, race, ethnicity, worldview, or other categories that increase the range of ideas, experiences, and networks that become part of your planning. Far too little of that has been done. Some of the most inspirational individual donors we have met are those who have used their philanthropy to expand their definition of family to include people very different from themselves. This might mean diversifying who sits on their family foundation board or reaching with their giving far beyond the communities of faith or education that they personally know.

**How can you help others help you learn?** Every serious giver will create new knowledge, at least about their own processes, but more likely about what happened as a result of their gift. That knowledge is useful to the donor, but it becomes even more useful when it is shared. Not because it might educate others, although it might, but because it allows you to learn from others. It may not always be comfortable, but when you open up your experience and allow others to connect, correct, challenge, and learn with you (as well as from you), you increase the value of the experience you have. But you can only learn from others who can see your work.

**What can you monitor that will increase your capacity to learn rather than increase your capacity to control?** You should scrutinize yourself, your performance, your inputs, and your outputs and challenge yourself by asking the hard questions before others do. But be careful not to focus solely on the most basic (albeit important) measurements, most
of which can be put into numbers on a “performance dashboard” of some type. Drivers who focus on their dashboard rather than the road ahead are the ones most likely to get into trouble.

Have a dashboard for the basics of investment, staff performance, speed of response, and the like—things that can be looked at routinely. But don’t mistake it for a map, a goal—or a substitute for judgment. The pioneers of new approaches to evaluation are leading the way toward making evaluation about real-time learning, not about compliance.

**What’s the earliest point at which you can learn about the effect of what you are doing?** This may sound like an appeal for speed, and in some cases it is. But it’s actually about identifying the appropriate moments for learning and committing to reviewing and revising plans as part of the strategy rather than as a deviation from it. It may even be a plea for patience. Consider that whatever you are trying to affect or change is likely to shift in some unpredictable way before you finish trying to change it in the way you had hoped. How will you change in order to do what you intended better?

**What’s the evidence that you are wrong?** Most of the time we look for evidence that confirms our suppositions or biases, ignoring or explaining away evidence that may point to other explanations or causes until it becomes impossible to ignore. This is a perfectly normal human trait, but it can slow down our ability to learn and adapt to changing conditions. One technique to counter this habit is to identify the evidence that would suggest you are wrong, which is to say, be on the lookout for specific disconfirming evidence, not just signs that things are going well. Disconfirming evidence can be just as random as evidence that supports our biases, but by identifying ahead of time the information that might encourage you to revise your understanding, you decrease the chances that you will later tell yourself, “I should have seen it coming.”

**Which assumptions have outlasted their value?** We have found that philanthropy is full of many unquestioned rules: Only give out of your income. If you want to do giving seriously, start a foundation. We need to operate lean, and only give to places that have low administrative costs. Every one of these assumptions, once probed, could yield interesting new insights as to why the usual rule doesn’t always apply; from that questioning will come new strategic options. Which of your assumptions can hold up to your own scrutiny? In our work, we have found that the mere act of making assumptions explicit and then examining them is often the most productive way to increase creativity and impact. What do you need to hold on to? What do you need to let go? What do you need to learn?

There are ways that donors can use the growing energy to investigate, observe, and report as a source for learning, rather than a source of distraction.
A Few of Our Favorite Resources

One of the big shifts in the past generation is both the amount and the availability of information about the practice of philanthropy. You won’t have to look far to find a publication or email list to subscribe to, or an association or network to join. The most visible resources are *The Chronicle of Philanthropy* and *Foundation News & Commentary* and the associations Independent Sector and Council on Foundations—all of which have taught us a great deal. Among the many resources now available, we have selected a few we found especially helpful and that speak to different issues for a range of givers.


Grantmakers for Effective Organizations, www.geofunders.org. GEO’s speciality is effectiveness—for both donors and grantees. Both institutions and individual givers can join. Among its many helpful resources is a new database tracking funder networks.


Putting All the Pieces Together

This template will help you apply many of the ideas discussed in *Looking Out for the Future* to a specific problem or opportunity that you are interested in. It aims to help you see how you might re-envision your philanthropic efforts when you put the problem, rather than yourself or your institution, at the center of your thinking. The template then walks you through a series of steps to help you to understand how your resources might fit together with the contributions of other philanthropists and stakeholders that are a part of the solution “puzzle.”

1. Name the problem you want to address:

2. What other issues, forces, or problems relate to this problem?

3. What resources could YOU bring to solving this problem?

4. WHO ELSE is working on some part of this problem?

5. How can you make your strategy more visible? How can you learn better about what others are doing?

6. How would you measure success? What can you do with what you’ve learned that would help others?