

Where Strategic Philanthropy Went Wrong Webinar Transcript

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Speakers:

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John Harper: Hello, hello, folks. Thank you everyone for joining us today. We're going to get started in just a few minutes to give folks a little bit more time to join us. Hopeful you're enjoying some Bill Withers today. I know I am. We'll get started in just a few minutes. With that, I'm going to say let's go ahead and dive in. I hope folks enjoyed a little Bill Withers in the morning. If you're on the West Coast great way to get the day started. Hello, folks. My name is John Harper and I am CEO of FSG. FSG is a global impact firm. We're working to advance with our partners, clients in the broader field, we're trying to advance equitable system changing. Doing that more and more every day. I want to extend a huge thank you to everyone for joining us. We had over 2,300 registrants for today's webinar, so I think we're really in store for a great conversation, and of course, huge thank you to my panelists for joining us as well. Before we get into the conversation, of course, we've got to start with a few sort of tech tips, a bit of housecleaning. As a reminder for everyone the recording will be shared on fsg.org. And of course, we'll send you an email when it is live. Also, keep in mind live captions are available. If you'd like to turn them on go to the live transcript in the toolbar and choose Show Captions. If you have any tech challenges throughout the course of today's conversation, please use the chat to communicate with our team, or you can send an email to info@fsg.org. We have folks that are manning that station. And finally, a reminder that we'll have time at the end of today's conversation for a bit of audience Q&A, so I invite you to drop in, use that Q&A function, anything that's been coming up for you. Also, a huge thank you to everyone that shared any initial reflections or questions that were coming up as you registered as that helped to infuse some of what we'll be diving into today. With a bit of that throat clearing done, I guess, let's talk a little bit about why we're here. The title of today's webinar is Where Strategic Philanthropy Went Wrong, and yes, we're here in part to discuss the article by the same name, which was published in the summer edition of the Stanford Social Innovation Review. Mark Kramer and Steve Phillips, the article's coauthors, are here with us today, and I'll be joined with them in just a few minutes. But first, I wanted to do some context setting before we go too deep into the work. Over the course of the last 20-plus years or so we've seen massive growth in the philanthropy industry, and FSG among many other organizations, has been quite influential in that growth. When FSG was founded in 2000, at a time when philanthropic strategy was just created behind closed doors by a small group of people, our initial approach was rooted in some of those traditional strategies of management consulting approaches. Since that time we've grown. We've listened and we've learned. We've helped uplift more participatory and community-led practices like collective impact and led the field to embrace the more transformative aspects of human systems in power, relationships, and connections, and mindsets. The field, more broadly, has also evolved with the practice of strategic philanthropy today looking very different than it did when it was initially conceived. Now, while we've seen some tremendous impact with this growth and this evolution, if we're honest with ourselves the strategies and approaches we've advised clients on hasn't resulted in the kind of transformational and systems-level change that's really needed, which brings us to today. We're seeing philanthropy shifting from being at the center of social change efforts to

being more like a facilitator, a connector, a learner in a larger ecosystem of actors who are working to create lasting systems-level change. Now, what does that actually mean, right? We come up with these fun words. We believe, that means from moving from the top-down strategy created in isolation to co-creating, doing it in partnership with others, thinking of strategy more as a compass, not a map. Moving from funding singular organizations or predetermined solutions to funding multiple orgs coming together. Or perhaps even providing direct support to residents leading the charge in their own right, moving away from some of the onerous measurement and evaluation that focuses on grant-level outcomes to really focusing on the systems-level measures and co-developing learning systems and communities that actually help us get there. Now, while I'm excited for this shift, I think it's super important to acknowledge folks been telling us that we needed to shift for a long time. All along the way community members have been saying that they have the deepest knowledge of solutions and theories of change, frameworks, the one-size-fits-all solutions that so many times when using it they're not going to work. So I'm energized by this shift, and I'm grateful to my guests today, Mark and Steve, for their invitation in the recent article to embrace what we're calling an empowerment approach to philanthropy. Now, I want to acknowledge also that Mark and Steve aren't the first to dive into some of these concepts. The article in SSIR has had over 34,000 views today. We have over 2,000 registrants for today's webinar, so I think this is a conversation that's happening in the field, and excited to welcome more into this conversation. So with that, I'm going to actually shut up a bit and hear a little bit from our authors. So I want to invite our speakers to join me. I want to welcome both Mark Kramer, cofounder and current board chair of FSG, and I'd also like to welcome Steve Phillips, founder of Democracy in Color, and a treasured author as well. Mark and Steve, thank you so much for joining us today. To start, I'd love to hear a bit sort of what led you to write this article today, write this article now? What have you been seeing in the field and society that compelled you to team up and share some of these ideas? Mark, let's actually get started with you.

Mark Kramer: Sure, well thank you, John. Thank you for hosting this and it's a pleasure to be here. Delighted that we have such interest from the audience. I've been in the field of philanthropy for many decades as a donor, as a grantee, as a researcher, as a consultant, and the field is filled with such intelligent, passionate, hardworking people, and there are so many resources going into the field, and yet, we just so rarely seem to achieve the kind of impact we're trying to achieve. And so me, the question is, how can philanthropy be more effective and why isn't it working at scale the way it should? That's really the learning curve I've been on for many years and that's really what brought me to want to write this article with Steve.

John Harper: Steve, what else might you offer?

Steve Phillips: Mark asked me, so that was coerced, and we actually found, completely unknown to us, that we actually went to the same small high school in the Cleveland suburbs, so that was quite interesting. I think largely what Mark was saying around—and I'll just think after reflecting this morning around the journey and also this moment in that I've been both a writer and activist and organizer, but also in the philanthropy space, you know, for 25-plus years now, and just reflecting around how this moment is different than back on that time period. I was part of the original discussions when a lot of the major progressive donors came together to create the Democracy Alliance and that my in-laws were part of these early conversations with other major donors and Soros and Peter Lewis and some of the larger unions. And then there's a new era happening now. And so that's also what I think is reflective is that if you look at what MacKenzie Scott has been doing there's a change in the scale of funding and then now Melinda Gates stepping out and flexing, you know, her muscles, and then JPB Foundation or Deepak Bhargava who came out of a community organizing background where my late wife used to be the chair of his board when he was an activist and organizer, not as the head of a three-billion-dollar

foundation, so that, I think, for me, was presenting this opportunity around what lessons did we learn from that period and what were the shortcomings and some of the lessons. We tried things for 20 years and then what does this new era offer and can we try to share some of those insights for this next period.

John Harper: Let's actually dive into some of those insights, some of those lessons. Let's get into the teaching space a bit. Recognizing that everyone on the call might not have read the article, but I imagine is probably intrigued by the title, sort of Where Strategic Philanthropy Went Wrong. Can you summarize a bit? What are some of those key points? Again, Mark, I'll start with you.

Mark Kramer: Sure. Well, yeah, and they're really two points that we raise in the article. The first is the idea that there's some false assumptions, and the second is around the limitations of what can actually be done through the nonprofit sector. In terms of the assumptions, I went back to Andrew Carnegie's Gospel of Wealth more than a hundred years ago, and of course, nobody goes back and reads that to design their foundation strategy today, but it really had, I believe, a profound impact on the shape of the sector and on the attitudes underneath our work in strategic philanthropy for many years. And Carnegie said very simply, "Giving poor people money is a waste. They're going to spend it on indulgences, and those wise, wealthy capitalists who understand how to use money well can devise solutions that will help their poorer brethren and do better for them than they could do for themselves." As a result of that, we have a nonprofit sector where we fund programs, not people, and where it is up to the donors to decide which programs are worthy of funding. And there's some problems with that. The first problem is that this idea that giving money to poor people is a waste. It turns out to be entirely wrong. There are hundreds of studies and pilot projects around universal basic income and unrestricted cash transfers. GiveDirectly has given out hundreds of millions of dollars of unrestricted cash, and there are rigorous studies, J-PAL, Stanford, the University of Pennsylvania, all of which show that people use unrestricted cash well. Ninety-nine percent of the money is used to help transform people's lives by enabling them to pay down debt, to improve their diet, to get the health care that they need, to have the resources to apply for a better job or improve their education. So this idea that you can't give people money turns out to be wrong and in fact, some of the results of simply giving people a few hundred dollars a month for a year or two are actually transformative in their lives and the lives of their children. The second area where I think it's wrong is this notion that donors necessarily know what solutions will work for problems that they very often have never experienced themselves. The assumption is if you've been successful in business, then you know how to do things, and if you know how to do things, that can translate to social progress. But I have not really seen any evidence that people who are successful in business can translate that skill into actually leading social change. To my mind, it's a very different skillset. And of course, Carnegie also did not say that he had to make any changes to his business practices to improve society. There's kind of an unspoken assumption that we can solve society's problems without in any way diminishing the wealth and power of the donors. That may or may not be true, but certainly, we can give to a food bank without getting into the question of whether we need a better safety net which requires higher taxes, whether corporations need to be required to pay living wages, but I don't think we can really solve these problems without getting into some of those questions. The second point is around the limitations of the nonprofit sector. And the biggest limitation is scale. Even our most successful nonprofits, when you take a hard look at it, actually reach only a few percent of the people in need of the particular services they offer. You just can't scale nonprofits up to a national level of impact, whereas government, which we tend not to work with in the nonprofit sector, turns out to actually be highly effective at doing things at scale. In the U.S., the War on Poverty in the 1960s actually reduced the poverty rate by 50 percent, and since then there has been really no material steady change in the poverty rate whatsoever. The other thing that was astonishing to me, if you put up a slide for a minute, I wanted to look at the countries that give the most to charity, and how they rank on

something call the Social Progress Index, which assesses about 150 countries on different dimensions of social progress, and I was actually astonished to discover that there is an inverse relationship that the countries that do the most through philanthropy actually perform quite poorly, and of course, the U.S. performs quite poorly compared to other developed countries on many measures of social progress. What I realized in looking at this is that it's really through government action that we are able to create an equitable and sustainable society, not through the nonprofit sector. I also realized that when you look at, for example, the power of lobbying relative to philanthropy, this was also astonishing to me. The fossil fuel industry spends about 180 million dollars a year on lobbying, and we give seven and a half billion dollars a year to philanthropy for environmental change, environmental improvements. And yet I would argue that 180 million a year in lobbying has probably had more impact than that seven and a half billion in philanthropic contributions. So my conclusion is on the one part people can solve their own problems. We don't need to develop solutions for them. We do need to empower them. We need to give them support from their peers, and we need to give and encourage government to give unrestricted cash transfers to people. The second thought is we really need to use philanthropy to take a much stronger role in influencing government. And there are many ways that foundations can do that legally. And that's really where I was so excited to read Steve's recent book on How We Win the Civil War and turned to Steve because he really in that book describes a model for philanthropy to engage powerfully with government. So Steve, let me ask you to take it from there.

Steve Phillips: Thanks, Mark, for sharing that piece. Just maybe a quick story to illuminate, my wife and I were the first philanthropists outside of Georgia to support Stacey Abrams. She came to us in 2012 and 2013, and she said that there are a million unregistered people of color in Georgia, and she said, "I'm going to register them to vote." So we gave her her first grant, a 501(c)(3) grant from voter registration around the underrepresented people participating, and I called Stacey in 2021 after Congress had—a new Congress had come in, new senators from Georgia, new president came in, and had moved two trillion dollars across the country. And I said to Stacey, "You took that first \$20,000 we gave you and you turned it into two trillion dollars?" She says, "I like to provide return on investment." So I say that to say that this issue around scale and government versus philanthropy is one of the core points that we're trying to make, and that's I think a very powerful illustration, by doing work around supporting a nonprofit that was investing in and organizing and turning out more and more people of color to vote led to a situation where you had different representatives who were more reflective and responsive and so I think that's the other aspect of this, is government is very unresponsive often to the needs in the society and that's often because it's unreflective and it's disproportionately, frankly, whiter than the population within the country. So then you have a situation where its priorities are not actually the priorities of the underlying people in power. So we talk in the article, one of the more compelling examples around this, is what happened in Virginia. Again, we invested in a nonprofit, New Virginia Majority, which did voter registration work to change the composition of the electorate. They had tried to move forward—this was 2018. They had tried to move forward, 2016, '17, '18, the Medicaid expansion, and could not get Medicaid expansion adopted and implemented in Virginia. The legislature was opposing it. So what wound up happening is the more people of color wound up voting is that more people who wanted Medicaid expansion were making their voices heard, and the number of legislators who had opposed Medicaid expansion lost their seats. Then after both the composition of the electorate had somewhat changed, but equally important when the people who were still there saw what had happened to their colleagues who went against the wishes of the voters, they switched their votes. And that's how you got Medicaid expansion in Virginia, which had provided health care to 400,000 people. That's the fundamental, I think, bottom-line point and I'll stop with here and we can go more deeply is this issue around persuasion versus power, right, and that suggests that I think it's in here just to make it explicit and it's my late wife, Susan Sandler, who when she had gotten cancer created a philanthropic fund at her

family's foundation, the Susan Sandler Fund, she wrote a medium piece laying out the theory and the theory of change where she talks about persuasion versus power in that we spend a lot of time, energy, and effort doing reports and analyses and marshaling facts and trying to change the minds of the people in power. And all of that work in Virginia did not change the minds of the people in power. The way we got Medicaid expansion, the public policy we wanted, was we changed who the people in power were, and they did that by actually changing the composition of the electorate. So I think that's a core fundamental lesson. I reflect back on these 25-plus years in the philanthropic and the donor organizing space. It's this fundamental concept around persuasion versus power, and there's a whole other piece we should go into, if you want to around this. What is our premise? Is our premise that the majority of the population wants there to be the type of policy changes we want to see, or are they opposed to it? We spend a lot of time and effort trying to change the minds of people when I would argue, and I've written two books trying to argue this, that that's not what the empirical data actually shows.

John Harper: As a Georgia boy from Atlanta, I deeply appreciate this conversation. Generations of families who have not had that opportunity to vote benefiting from, I think, the transition that we're seeing led by Stacey Abrams. I want to dive deeper here in what you're naming, Steve, this persuasion versus power and what's that underlying premise. I think that you all have made a sufficient case and my question is, if someone's now getting ready to go down that path, shifting from some of those more traditional forms of strategic philanthropy, theories of change, rigorous measurement, randomized control trials, we know the list of things, but wanted to go more into this advocacy space, which in some instances feels like the third rail, if you will, what advice would you offer, Steve? What reflections have you offered up or gained over the course of these 20-plus years being in the space? For someone trying to make this pivot, what advice would you offer to them?

Steve Phillips: I was referring to this moment versus the moment 20 years ago, and I was reflecting on that this morning that a lot of these different donors came together and did a landscape scan of what existed within the country, and what didn't exist, and what was missing or should we focus on what should we try to create. So I'd say that to compare the current moment—people are also doing a similar analysis. Some of the core conclusions in the priority investments were to create think tanks and to create, invest in communications research. I just realized in the morning that kind of the essence of that theory of change and the underlying premise and assumption is that the majority of people, and certainly the majority of elected officials, do not support the kind of policies that we want. So you have to marshal evidence and do studies and compile information to change the minds of those people, and then the majority of the voters do not support the policy agenda, so you have to come up with communications language and tools and wording to be able to change those minds. That's what led to massive investments in the creation of many millions of dollars in think tanks and communications shops and research shops, which is a very different proposition than believing that actually the majority of people do want there to be these kinds of changes. What are the obstacles that stand in their way? Look at the state of Texas which is considered to be a very hostile state in terms of advancing multiracial democracy, meeting the needs of its people. Texas is only 39 percent White. I just came back from Texas last week, and I've written and studied this stuff. I was shocked to discover that Texas, and I would ask the question before I said the answer to this, what is the racial composition of Dallas? I spent three days in Dallas and I'm embarrassed to say I did not know. Dallas is 75 percent people of color. That is not the TV show Dallas's perception, but then that's a different issue. Are we trying to change the minds of people or are we trying to figure out why the voters are not 75 percent people of color? And then that leads you in the direction of a different set of investments, both in terms of strategically, and I guess another point I don't want to miss, is our mental model of who is a leader. Often, there's a lot of conception that we think a leader or an entrepreneur, someone like Mark Zuckerberg or somebody who has that profile, whereas the people I chronicle in my book who build organizations from scratch into

multimillion dollar electoral powerhouses and social change powerhouses, were people of color and largely women of color. So that's a different mental model if you think about who we are going to entrust with large sums of money.

John Harper: So much of this is—sorry, go ahead, Mark.

Mark Kramer: I completely agree and I think a tiny fraction of one percent of foundation giving actually goes to voter engagement or voter education on issues even though 501(3)(c)s can spend money on that, and the kinds of organizations like the New Georgia Project and the New Virginia and so on that Steve talks about have very modest budgets, eight million, 10 million, 12 million dollars a year, and yet are highly effective. I think if even five percent of foundation funding were dedicated to voter engagement around these effective models that actually engage peers in bringing other peers in and don't just hire White strategy consultants to do big ad campaigns, it would have a transformative impact on our country and on helping foundations actually reach their goals. There are also many other ways foundations can work with government. You know, the Arnold Foundation actually provides resources for groups to comment to the IRS and other agencies during the public comment period for regulations. The laws passed by Congress are interpreted by agency regulations and those have a big impact on what actually happens. They all have public comment periods but only lobbyists and lawyers for corporations are the ones who comment so the Arnold Foundation has enabled representatives of the population and the public interest to actually comment. Or the Hilton Foundation wanted to deal with homelessness in L.A., a huge issue, and what they realized, there's a well-accepted solution which is supportive permanent housing, housing with social services attached, and they realized in L.A. the city is in charge of housing but the county is in charge of services and they don't work together at all, and over a period of years they got them to work together. They got the city to issue a 1.2-billion-dollar bond to build housing and they got the county to pass a one-quarter of a cent sales tax increase with those revenues going to support the services, and there are now 12,000 units of supportive permanent housing under construction in L.A., and this is actually meeting almost half the need for chronic homelessness in L.A., and again, could never have been done through the nonprofit sector without engaging government.

John Harper: What I'm hearing what you both of you all are suggesting is what I would argue is strategy, that this is a new approach to strategic philanthropy. It is challenging some of the underlying mental models, challenging some of the approaches we've taken but it's certainly landing on a clear analysis and strategy within it. I think when folks talk about sort of moving towards trust-based philanthropy or some of these other forms of this movement, some would argue that there's less rigor there. There's not enough data or analysis. Can you share a little bit about that? Steve, I heard you start the conversation with Stacey naming the analysis that was done and what's actually present inside of Georgia. Are you all arguing that philanthropy should not be taking a rigorous analysis-driven approach? Sort of dive in a little bit. Do you feel like we are making some flavor of trade-off on that question?

Steve Phillips: Well, I don't—I'll put it this way. In my experience I have not seen an extraordinary amount of data and rigor in philanthropy so maybe my experience is like a one-off or something but I've seen a lot of effort around this issue of persuasion and around trying to commission papers and compile information. When Van Jones went into the White House, and I remember talking with him at that time, and he said that what the opponents of environmental reform would do but it's on our side, people would come into the White House and they had their index cards and they would be reading from their piece so the other side would come in with double-barreled shotguns in terms of like the—and so I don't—but I think if you look at the spending and I think climate change sector, environment is an example of that. I'm not deeply in that sector but I know that lots of money gets spent from philanthropy, and so the question is what kind of policy changes have we achieved. If you look that the

infrastructure bill that the new Congress passed in 2021, that wasn't the result of papers that were commissioned and minds that were changed. That was far more the result of voter registration and mobilization in Georgia that led to Georgia having two new senators who flipped that direction. So I don't think there's been a tremendous data showing the justifying the allocation of philanthropic dollars in my experience. The other thing I would say about it is one of the things I like so much about civic engagement work is that it's extraordinarily quantifiable, and so you can actually see what is happening in terms of the voters—eligible voters who are contacted, people who are registered, people who turn out to vote, very quantifiable. I talk in my book while working Virginia, when I asked them for examples of their plans that they had put together, Tram Nguyen who runs New Virginia Majority, he sent me a spreadsheet that had a thousand rows in it and so just in terms of all the different components of what they were looking at, and if you think about how do you get people to actually vote, you think through everything around where do you gather people, are there available bathrooms where you gather people, and then what's the universe of contact that that grouping is going to take. So I think the civic engagement space at least has—actually I would from my experience more data and is more accountable and transparent than in other sectors.

John Harper: I'm so appreciating this conversation. I happen to agree with you, Steve, in a very similar way. Mark, I'll turn to you because the data from the advocacy perspective, I fully agree. I wonder if you feel similarly around what it looks like to empower residents or some of the other facilitation aspects that you name in the article. Talk to us about measuring impact in this work.

Mark Kramer: It's not to say we don't need philanthropy. It's not to say we don't need strategy or research. It is to say that the focus should not be on finding new solutions to social problems. You know a lot of strategy is around the idea that we're going to sit around with the donors, often not including the affected population, and we're going to come up with the answers for them just as Carnegie said, you know, we know better, we can do better for them, and I think that has led us down an unfortunate path, and what we're suggesting and there are fascinating models from the Center for Peer-driven Change that Mauricio Miller leads, the whole movement around positive deviance that the Sternins had started, the economic facilitation work of Ernesto Sirolo, these things are not well known or widespread but they are really fascinating examples of supporting people in enabling them to solve their own problems and to become beacons of hope to their peers that can show their peers how they too can improve, and I think our focus on creating programs, on giving the credit to the nonprofit and the donor for changes that occur actually undermine the sense of agency that people have to fix their own lives. It reinforces a message that you can't do it for yourself. This is not the idea that everyone can bootstrap for themselves in America. That might be true if we had a level playing field but we absolutely do not but it is to say there are ways that philanthropists can support peer-driven change and can encourage unrestricted cash transfers which again can have a transformative effect. One of the sayings in that field is that everybody is the expert in their own lives, and it's true. People know what they need. They just don't have the resources or the encouragement to get there, and so it does suggest a different kind of strategy for philanthropy I believe. And then this area of influencing government which Steve and I believe is so critical and influencing voters is a very undeveloped area of philanthropy because foundations are very worried about overstepping the line of this 501(c)(3), and so very few resources go there yet we've come to believe that's the most powerful engine for social change at scale, and we're not using it.

Steve Phillips: Can I just tag team on that real quick, on that last point which I really want to lift up since we have so many people here involved in this space. We make this point in the article. Mark mentioned in his earlier point and I want to put an emphasis on it that wealthy individuals who make profits from their private investments as well as corporations are fully empowered to impact the electoral system but nonprofits are not, and so what is the intellectual or logical rationale of that? So if you were to remove

that restriction so that would be a public policy change in terms of asking Congress to change the 501(c)(3) law to simply make it the same as what the corporations can do. That could have an extraordinarily significant leveraging effect around the philanthropic dollars that are going into the space now to at least make it a more competitive arena against those who are often working against the policy aims that a lot of philanthropists want to see.

John Harper: Yeah, again I'm appreciating this conversation. I think there is an honesty, a reality of practicality that often feels missing from our philanthropic conversation, something that's been so in front of many of us for a while but yet we fail to see, and I think it's something to be said for folks like you to be uplifting some of these truths. Given that, I also acknowledge that the article is written in a very U.S. context. We think specifically about this context in this election year, the U.S. is not the only folks turning out to vote, right? I think there's something around 40 countries across the globe will be voting this year, and so I guess acknowledging that this might not be either of your areas of expertise, I'd love to hear reflections about what does this look like in other contexts, perhaps for the multinational corporate who is trying to advance this flavor of engagement in multiple countries outside of the U.S.? What reflections would you offer up? Mark, how about we start with you?

Mark Kramer: Well, I think, you know, the research and the data is very U.S. based in the article. That was really just a question of what data was available but I think that the principles around unrestricted cash transfer, around people being able to find their own solutions, and around the necessity for philanthropy to influence government and influence voters if it's going to achieve impact at scale applies in any country in the world.

John Harper: That makes sense. Steve, what else might you offer? I remember in prep you mentioned some of what's happened back in the day in South Africa. Love any reflections sort of globally. How does some of this work take shape?

Steve Phillips: Yeah, I would say two things in terms of the international piece. One is South Africa experiences, and the other is China frankly. So the formative experience of my life as an activist and a, you know, change agent that I am was the Free South Africa movement, and what was most eye-opening is also I think reflective of the—it's interesting that Donald Sutherland just passed. One of the first movies I saw with my wife was *A Dry White Season* where it talks about what frankly progressive Whites can do in the context of a country going through change but there was an election in South Africa, I think it was 1984, and those of us in the U.S. did not appreciate the absurdity of trying to say, oh, we're going to have this election where Black people cannot vote, and so you had 75 percent of the population could not vote, and then there's a lot of normalization of that like, oh, you have this party and then that party and so we'll see how this all plays itself out. What about the underlying piece that the majority could not vote? So it was a similar dynamic both in terms of impacting but also us learning from what's happening in other countries and that's the other point I wanted to raise about China. So I went to China in 1998 as part of a delegation of people from San Francisco who were involved in health care and education. This person, Hanmin Liu who runs the Wildflowers Institute, had brought us together and he had this exercise we call model building. He would dump a bunch of like toys and almost like LEGO thingies on a table and then he would say build your model city, and so we were designing our model city, and then the Chinese host would design their model city, and then we would share, and we showed ours. Here's where we have the school and here's where we have, etc., and the first thing they said to us was where are the old people? And that was a reflection of the priority that the Chinese government at that time was putting on senior care and what are you doing for elderly people, etc., so it was a very eye-opening experience. So I do think that there are insights that we can gain in this country from what's going on in other countries who oftentimes are not as constrained by some of the historical limitations that, you know,

Mark and I were highlighting in terms of like even the whole Carnegie thing. I don't think, at least I hope not that everybody around the world is constrained by Andrew Carnegie's frame of reference.

John Harper: Yeah, I'm reminding folks to please drop questions in the chat. I'm going to pull up some of the questions that have been coming up as we've been chatting and bring up some of these reflections, Mark and Steve. One is coming from a corporate foundation space. Acknowledging how many of FSG's clients are corporate foundations, of course government, public affairs offices are a different arm of the corporation more often, what reflections would you offer, Mark, for corporates wanting to move in this space, specifically corporate philanthropy that's seeking to engage with community and speak more to this empowerment approach? What comes up for you there?

Mark Kramer: As you know, Michael Porter and I have written about creating shared value and the idea that corporations, the success of companies really depends on social and environmental factors in the regions where they operate, and if you can improve lives of people, you get more customers and more productive employees. One of the things that's fascinating to me is the work by Zeynep Ton at MIT at the Good Jobs Institute who has found that if you pay employees well, give them a degree of autonomy, give them benefits, don't give them abusive shift schedules, you actually reduce turnover dramatically and increase productivity. Turnover is something that companies don't really track as a cost very clearly but it is a huge cost in many industries. There are industries that have 50 or 100 percent turnover every year and the reason for that turnover is frankly we are underpaying and overworking people and they don't stay and there's no reason they should but it turns out that many of the things that we thought were costs for companies, pollution control, wages, investment in new technologies and so on, actually turn out to be benefits. They actually increase the profitability of the company so we believe that there is a great synergy between the success of companies in the long term certainly and the success and wellbeing of the societies in which they operate. That's really where our corporate work has always focused.

John Harper: That resonates. I guess another question that's coming in is on this policy front. While I think we are excited that more folks are moving in this direction, we can also acknowledge that a lot of folks aren't, right? There are many boards, many folks that have very clear directives that advocacy is still that third rail. For the sort of junior program officer, perhaps even the senior program officer seeking to do a bit of this work perhaps even within that context, where would you suggest folks get started? What might be that initial step that can help open up some opportunity activists particularly if you're in an environment where we say we don't do advocacy? Steve, what might you offer? What sort of a first step for someone wanting to engage in the advocacy space but perhaps doesn't yet have the green light to go all in?

Steve Phillips: Well, I would actually maybe also piggyback on Mark's previous answer about corporate philanthropy as well, and I think one of the key lessons that I've learned, and actually interestingly even at the celebration of life for my wife, John Podesta was chief of staff to Bill Clinton and created the Center for American Progress, he spoke and told this story about how his interaction with my mother-in-law, and he was starting Center for American Progress, and then John was saying I'll send you the business plan for what we're doing. My mother-in-law said we don't invest in business plans. We invest in people, and this is the lesson that Susan and I came to when we were reflecting on our philanthropy when she first got her cancer diagnosis. We wrote this document that says that people are more important than strategies or plans. Without the right people, those strategies or plans will fail. Another underdiscussed aspect of this is it's actually a lot cheaper to invest in people than it is into a lot of these big organizations, and so I think that's a critical starting point. I'll just use this as an example. So one of my good friends, that's the person who introduced me to Stacey Abrams was Ben Jealous who, you

know, was the head of the NAACP and now head of the Sierra Club, and so I remember very well when Ben went to the NAACP and interestingly and notably we had—I had met with the head of the NAACP before Ben and so we were having these conversations around should we invest in the NAACP as an organization or should we do some other different pieces. The NAACP was a 40-million-dollar operation, how much is a grant to the NAACP really going to transform its operations but backing Ben, and we helped Ben with his first \$50,000 to be able to get going at the NAACP, he was then able to go in and change the organization, make it a force around marriage equality and make it a force around immigration reform and in the partnership so that was a very cost-effective and high-leverage approach, and I think that that's what I would commend both the individuals at foundations as well as in corporate America, create fellowship or back people. Pick people who you can invest in and help to elevate and make their lives, their paths more doable and more effective. That is I think the (inaudible) a lot of people because you don't have to say, OK, we're going to do this whole, you know, advocacy, taking over buildings type of a thing, we're going to back talented, committed, dedicated leaders who come from the communities that are focused on finding solutions, and that's something you can sell broadly, and I think it's something that can be quite impactful and transformative.

John Harper: What else would you offer, Mark? Ways to get—

Mark Kramer: Yeah, no, I mean I would emphasize Steve's point that this actually is less expensive. Philanthropy is this amazing growth industry. It was 55 billion dollars a year in 1980, it's 485 billion dollars last year. It's a 10X increase almost, and it doesn't take very much of that money to educate and engage donors. I don't think we're talking about a wholesale shift but I do think we need to recognize that we sort of often think, and I for many years thought, that, you know, we just focus on the nonprofit sector and all these wonderful organizations with these great new ideas and we'll achieve the change. I am not convinced that we cannot do that through the nonprofit sector alone, and so I think if a foundation board is serious about achieving their objectives, they need to confront the question of how they can influence government policy, perhaps how they can influence corporations. Certainly the impact investing movement that has taken off is another example of using corporate power and investment to achieve positive social impact but I think they have to confront the fact that we can't just put our head down, ignore what's happening in government, ignore what corporations are doing, and just focus on these wonderful little precious nonprofits. We've got to affect the other sectors if we want philanthropy to actually achieve impact at scale.

John Harper: Yeah, yeah, is there a risk to what you're saying? Is there a fear that you have more folks are not driven to the policy space? Do you see any downside or concerns that you might offer up if you see a wholesale sort of shift in this direction?

Mark Kramer: Well, one risk is there are obviously a group of very wealthy donors who like the shift that the country in in the U.S. is currently making that are anti-ESG for corporations, that are anti-racial equity, that do not want people to have easy access to vote, and of course if we enable foundations to do more with politics and public policy, these donors will also have the freedom to do more but it's a small group and what I think we often lose sight of is this is not where the majority of Americans are. I think we need to kind of restore our faith in individuals and in the majority of Americans, and make sure that they are able to express their views both with corporations and with government.

John Harper: Steve, any risks you see?

Steve Phillips: I do. It's an interesting question and I do. As you were saying it, I was thinking that—it's a little delicate how to say it but what was the saying back in the day that not all skin folks are kin folk, right? So I think there's a risk around solely being looking at the demographics of a person in terms of,

well, they might have the solutions, and it could even be more of a risk if you get people who come from a community and they get put into the position and they don't advance the change or they reinforce the status quo but then it's harder to actually struggle with them. That's why they get so fascinating, frankly revolutionary to look at what's happening at JPB Foundation which is again a multibillion-dollar foundation now. Barbara Picower does not get enough credit for handing that entity and that fortune over to someone like Deepak Bhargava who has spent 30 years as a community organizer, running Center for Community Change, came out of ACORN back in the day, the leader in the immigration movement, putting him in charge of that entire entity and then looking at what Deepak has done, bringing up people like Alicia Garza, one of the founders of Black Lives Matter, as one of his top deputies at that foundation. So those are the people that we need, people who have come out of these struggles and have done the work around trying to advance change. The risk is that you might not find people who actually come from the movement is fascinating. I was talking to Alicia. She's kind of having—the people are coming to her saying, oh, just give us the money, and I was like, well, that might work with inexperienced White philanthropists, right? But she understands at a deeper level around what the real metrics should be, what are the real levers of change and can actually demand a greater level of rigor and accountability so that I would say is a key piece as we kind of move in this direction.

John Harper: Yeah, what I sort of am reflecting throughout this conversation is the number of questions that are coming up at a sort of tactical and practice level, right? How do I do this thing? How do I do grantmaking differently? How do I think about measurement differently, and what I hear in both what Steve is naming and Mark but particularly Steve and this idea of what's your underlying premise is actually a mental model, right? Who do we believe the majority is? Who do we believe has the correct answers? Who do we believe expertise-wise, then, right? Can you share a little bit about that sort of narrative, that mental model, and the ways that we can continue to shift that? I think I'm getting at some of the ideas of systems change, that while we might have lots of reflections and questions and concerns that live at this practice element, if we shifted some of those underlying concepts, to your point, Steve, this idea of is it power or is it persuasion, and really interrogating that underlying premise, we might actually come to a different set of practices and approaches. Is that what I hear you saying, really getting at that underlying sort of narrative that is driving our philanthropy, the narrative that is driving our work?

Steve Phillips: I think so.

Mark Kramer: Sure, I mean—go ahead, Steve. I'm sorry. Go ahead.

Steve Phillips: Just real quickly, to the point about the organizational culture, the five whys or what not, right? It's like why are we doing this? Why, why, and I think that we stopped early on with, well, we should build think tanks for one because, you know, the more—they are the conservative sector that's trying to block change has them and they'll come up with good papers but then it's so you've got to pushing what is going to happen with those papers and reports and really trying to get at—and that unearths the underlying premise that the change we want to see is not currently supported by the majority of people and therefore we have to change more minds. Then when you see that, then you can interrogate that. Is that actually supported by the data which again I've tried to write two books saying it's not.

Mark Kramer: Yeah, I think first, you know, I want to be clear that there are wonderful philanthropic programs out there supported by foundations and donors that people depend on, and as much as I would like to see us move to universal basic income for everyone tomorrow, it's not likely to happen real soon, and these programs do matter. I think the question of how do we do grantmaking in a way that does not take away the sense of agency for the beneficiary, and how do we do grantmaking in ways that support people in making their own decisions and their own choices? I don't think we know the answer

of how to do that yet and that's something I'm very interested in doing further research to follow up and figure out how we actually can do that more effectively but it certainly is a different mindset. Right now we want a grant that has a very predictable outcome and hopefully it will happen within the one-year grant cycle, and we can prove that it is attributable to the grant that we made. Well, what we're suggesting is a very different way of thinking. We're saying we don't have the answers. We can help empower people. We can help encourage people. We can indeed create programs and institutions that support people in finding their own solutions, and we can change how government behaves but we don't need to be spending our time trying to find solutions to other people's problems or making grants where we know ahead of time exactly what the outcome is going to be. It's really analogous to what Steve said about investing in people because when you invest in people, you don't really know what those people are going to go do. It is a leap of faith and yet that is probably the most powerful vehicle for change.

John Harper: Yeah, just want to offer up something that was embedded in what you said, Mark, which is we're not suggesting that everyone now should make a complete 180 and only pursue this flavor of work. This is not a request that we stop funding nonprofit programs and services. As someone who would not be here had it not been for multiple nonprofit programs and services, I can personally appreciate that reality. It's more about understanding how does this fit within the ecosystem, how are we dedicating some resources to this space or there's no one within your community dedicating resources to this space, what does it look like to step in and fill that gap. We've been talking about sizable scale from a funder perspective, and there's an interesting question in the chat to say what about the smaller folks? Is there still opportunity? Is there value if you're not of the resource size of the JPBs of the world and the Arnolds of the world? Is there still value in making this pivot if we have much less of our corpus to dedicate to it?

Mark Kramer: Well, as Steve said, this is a much less expensive strategy. The organizations that are involved in voter engagement are not big organizations. They don't have huge budgets. What it takes to support people in peer-driven change or economic facilitation are very small budgets so I would actually say this is in many ways a great leveler in terms of strategy of saying you don't have to be big to have outsized impact. It's a question of how much leverage you're getting, and I think one can get tremendous leverage through this process.

Steve Phillips: Yeah, and I would just come back to the point about individuals. People can create fellowships. The \$100,000 fellowships make a very big difference in people's lives. I chronicle in my book, San Diego, Andrea Guerrero and the work that she's done, we gave her her first \$25,000 grant. She's built that into a multimillion-dollar operation down there so that's a very critical and underappreciated role the smaller foundations can play.

John Harper: I'm mindful of time. We could certainly continue this conversation the rest of the day and we only have about five minutes so I'm going to pose a final question to both of you ending on a bit of an optimistic note but I would argue we've been pretty optimistic throughout this conversation. Looking ahead, what's exciting for you? What are you excited for as more folks make this pivot in philanthropy as we sort of invite folks to go on this journey that you all have been on? Steve, I'll start with you.

Steve Phillips: Well, I'll just reemphasize what I said before. It's interesting that I had this reflection this morning. I mean I was there at the founding conversations of a lot of the organized progressive philanthropy in this country, and so, you know, Democracy Alliance is different in, you know, net worth from part of multiple donor formations, and this was 20-plus years ago, and so it was important and historic in work and yet also you can always learn and move forward. So what I am increasingly seeing and what is in fact the case is there is a new era and a new constellation of philanthropists stepping

forward who have great scale, frankly even greater scale than people were coming together with 20 years ago. I mean what we—it's undernoted, underappreciated, how revolutionary what MacKenzie Scott is doing just in terms of the scale of giving. She's giving a billion dollars a year actually even maybe more than that, and then she's doing a lot of this trusting people, moving money to the group. Somebody I know, my wife helped to create the Learning Policy Institute at Stanford with Linda Darling-Hammond, and they got a MacKenzie Scott grant. What they told them was this is not for what you're going to do, this is appreciation for what you have done. You don't hear that in philanthropy. So one also at the Donors of Color Network, so MacKenzie Scott is saving lives by reducing the stress on nonprofits, particularly people of color running nonprofits. And then now here comes Melinda Gates with her 12 billion dollars, and here comes Deepak Bhargava up from the trenches of doing the community organizing to be titans of philanthropy with a different mindset much more along the lines of what, you know, Mark and I were talking about so that to me is very exciting, inspiring news.

John Harper: Mark, what about you?

Mark Kramer: I'll be very brief. I mean I think the article seems kind of radical but actually this is the direction the field has been moving for some time, to engage beneficiary input in finding solutions, to work through collective impact, to bring people across sectors together to find common solutions without knowing ahead of time what that solution is going to be. So I think this is pushing the field further but it's pushing the field in the direction it has been moving anyway, and I'm very hopeful that as the field moves in this direction, we will see greater impact. But I know we're about to close but, John, let me ask you. From FSG's perspective and your own, what do you—what are you excited about for the future of philanthropy?

John Harper: Mark, you actually stole my answer. I think it's a reality that platforms like SSIR, like FSG, are starting to have this honest conversation. I come from a nonprofit background. These are the places to your point many of us have been saying elements like this for a long time, and it is encouraging and energizing to see more folks, specifically platforms like this which I have the pleasure of leading today, stepping in and having this honest conversation so thank you again for inviting more folks into this, and thank you, everyone, for joining us today. We will share this recording. It will be out, should be available very soon, and also invite to continue this conversation. On August 20th, I'll be joining Grantmakers for Effective Organizations to cohost a webinar that dives a bit deeper into this approach (1:00:09) at the earlier—at the start of today's chat and we are a bit more from other philanthropies that are starting to make this pivot, members of the GEO network. For today though, I want to say thank you again for joining us and hope that you enjoy the rest of your day. Thank you so much, Mark and Steve, as well.

Steve Phillips: Thanks for having us.

Mark Kramer: Thank you, John.