

Transformation through Philanthropy – Theory, Fact, and Fiction

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Transformation through Philanthropy –Theory, Fact, and Fiction

By H. Peter Karoff

In the early 80s, Mel King, an outspoken advocate for the Black Community in Boston and champion for the rights of poor people, interrupted the United Way Annual lunch in the grand ballroom of the Sheraton hotel by dumping a few select bags of garbage on the head table. It was an attention-getter, a tactile and noxious metaphor. The maneuver got a little more United Way money allocated for the poor, at least for that year. Also, to no surprise, Mel King annoyed the hell out of a lot of Boston's most important people.

King's act was born of frustration, out of desperately wanting to see change in the way the establishment dealt with the reality of poverty and racism. While certainly outrageous, the garbage dump was more theater than substance. It did not really bring about change and as such it was a long way from being transformational. Except, perhaps, for King, for whom it may have been a defining moment.

Today, the term "transformation" connotes huge change. It is change where the whole context shifts and people begin to think and act differently. As an illustration we could point to a carbon burning automobile engine that's been made more efficient as an example of change; an engine built to run on solar battery as an example of profound change; and people selling their cars and taking the bus as transformational change. That kind of change, while tremendous, is the most ambitious kind of mission to aspire to. It is not, however, the only way to think about transformative philanthropy.

What concerns me is that many donors worry about "transformation" as a label, narrowing its definition. They worry they are missing some crucial ingredient, or that their goals are not lofty or ambitious enough. And, sometimes, that is the case. But not all transformations are about system change. I believe, in fact, that individual transformation is where it all begins, starting with a vision for change.

Often, it is frustration or anger about the status quo that fuels our desire for change. We see things around us that do not work; government is the most common culprit. We see things that are unfair or flat out wrong that for some reason no one, including those in authority, does anything about. Sometimes we see what Ratna Omidvar of the Maytree Foundation in Toronto sees, “a unique opportunity that must be taken up,”ⁱ and we feel a “sense of urgency” or a “sense of crisis” and are drawn to act, to stand up and be counted, though perhaps not as directly or dramatically as Mel King did.

Over the past fifteen years, TPI has assisted hundreds of donors and would-be donors, and we have met many who share that sense of urgency. Many people use philanthropy as a medium to change the way things are. The Melville Charitable Trust, for example, since its inception in 1990, has had the ambition to work on the root cause of homelessness, primarily in Connecticut where the Trust is based, and has pursued that objective with creativity and drive. Homelessness was once considered to be a completely intractable problem; the work of the Trust, and that of others, is slowly but surely changing that paradigm.

Increasingly donors are articulating more ambitious goals. The Russell Berrie Foundation has the goal of curing diabetes, an inconceivable statement a few short years ago, before the development of gene and stem cell research. Another foundation has the mission to make the world a better place through transformational support for Catholic education. There is a growing chorus of donors who believe that transformation in the systemic sense is possible.

But one needs to be careful that the rhetoric doesn't run away with itself. In fact, among the many things people do not trust in the world today is the claim that real change has occurred, never mind big change. Announcing that the goal is the transformation of something immediately makes it suspect. It sounds unrealistic and smacks of hubris. Still, many people want to move mountains and they work to do so.

However, in a report on transformational philanthropy published in 2002,ⁱⁱ a survey of foundations found that 95 percent of funding was directed to projects or work where the result was:

- Amelioration – lessening suffering within existing systems
- Adaptation – adjusting current systems
- Restoration – returning things to their “original condition”

If this is so, does the vast majority of philanthropy lie outside the realm of transformation? Perhaps, if the definition of transformation is narrow, but I prefer a more expansive one. I think there is far more flow and connectivity than may be apparent between these lines of distinction. So much depends on the kind of individual learning and growing that is very much a part of the philanthropic journey. From what I have observed, transformation is inherent in most realms of human endeavor, especially philanthropy, if the factors and conditions are ripe for it, and if the transformers, in this case the donor and the recipient, are open to the possibility.

Disruption and other conditions for change

Mel King, at the United Way lunch, might have been using the tactic of “disruption.”ⁱⁱⁱ A theory, which is making the rounds in business and social policy, says, in general, that interests become so entrenched that guerilla action is necessary. “You must get in trouble,” Congressman John Lewis (D-Georgia) advised graduating Lesley University students, “Necessary trouble. You must get in the way.” Ideas around disruptive innovation and disruptive entrepreneurs suggest that a wrench is essential in making change happen, in transforming the status quo. That seems right to me, even at the individual level, because seismic shifts in beliefs, or confidence, or awareness or whatever leads to a personal vision, are indeed disruptive.

Another theory is that big change happens at a time that is ripe because of a culmination of factors. In Alcoholics Anonymous it is said that a person stops drinking when he “is sick and tired of being sick and tired.” Cleveland was transformed from being flat on its back in the 70s, economically and in many other ways, into a lively and robust city, but it took that city’s

government, business, labor, community groups, and foundations coming together and rolling up their sleeves over the course of 15 years.

At other times, big change happens when there is a cataclysmic event, a wake-up call, and people have what might be called an “ah ha” experience. It can result from external events, like the Moon landing, Kent State slayings, or attacks of September 11, or come from within the individual based on a personal crisis or a revelation. The “ah ha” amounts to a sudden and deep clarity of understanding, whether it is how beautiful something is, or how unjust. Sometimes an “ah ha” comes completely out of the blue.

There is a story, for example, of a very wealthy man who previously had never made a large gift, who while on a long chair lift ride in Utah became enthralled with the person sharing the ride, the CEO of a national nonprofit organization that works with troubled kids. By the end of the ride, the wealthy man had committed to give the organization \$100 million. Providence may have played a role, but that donation was probably based on a long string of events, the time being right, and untold forces toward a personal epiphany within the newly minted donor.

Bringing about big change – People and approaches

Those who get involved in creating big change have common characteristics, including passionate intensity. Often present is a kind of keen awareness that may grow from very specific experience or first-hand knowledge. Agents of change are often innovators who – out of passionate obsession – develop huge confidence, motivation and ambition. But first and foremost they are visionaries. These qualities, of course, are all leadership characteristics and in leading change, vision is key on every level.

Peter Copen, President of the Copen Family Fund, wrote, “Transformational philanthropy means having a large vision, one that will create a new paradigm – a paradigm that will exponentially reduce suffering (and enhance the evolution) of people and the planet.”^{iv}

While that is a good definition, transformation is not always characterized by scale, as when a desperately poor person, with no hope whatsoever, becomes gainfully employed and so has a whole new image of the future.

Innovation is another characteristic associated with change. Innovation typically deals with things that do not exist. As innovators, however, these change agents may not always be searching for new ideas. Innovation is sometimes about making the best of unintended consequences, the dreams never dreamed. Innovation can also mean executing someone else's idea or plan better than it has ever been done before. Time after time, it is not the inventor of an idea or product who is successful, but those who come later and figure out how to make the most of it.

At TPI, when we think about change we usually turn to strategy. The term strategic has many variations, but it is typically based on a careful analysis of the facts and circumstances that looks for the opportunity where the investment of available resources can be most effectively deployed. A strategic approach, in itself, is not change, but it is very useful in bringing change about. For example, the Peninsula Foundation views venture philanthropy with the goal of social change as a long term investment that strives for the most intense form of philanthropic collaboration possible.^v Bringing together and bridging the parties at interest, frequently those who disagree with each other, is often a precursor to transformational change.

Ratna Omidvar stresses the role of leadership in transformative change, citing "creative catalysts." "The support of high-level, intensive policy work, the focus on leadership in a way that collapses time frames to participation and effectiveness, and the use of convening power to create a link which can once again collapse timelines: these are all transformational." This highly focused operating process builds a kind of momentum that is radical, and when linked to an important issue, increases the odds that big change will happen.

Philanthropy: creating change in a range of ways

The philanthropic resource, which is a combination of money and individual initiative, is but one player on a vast field and yet, at the right moment and the right time, with a combination of instinct, and a good plan based on a solid theory of change, the power of the philanthropic intervention can be huge. It has created:

- Change for individuals with staggering effects on circumstances and opportunities
- Change in nonprofit organizational capacity to accomplish big social goals
- Change for whole neighborhoods and cities to become better, more hope-filled places for people to live
- Change in public policy
- Change in whole systems and fields of interest
- Change in the way people think, in their attitudes and behaviors – perhaps the most difficult kind of change of all.

Some observers believe foundations can only take “a tiny bit of credit” for the results achieved by their grantees, especially in the arena of social justice.^{vi} Donors and foundations have a way of “branding” their work with nonprofits that can end up undermining the sector. Organized philanthropy is not the only arena where many players take credit for the same thing, but it is made more complex by the imbalance of power between donor and recipient. The real point, of course, is not who gets credit, but instead what transpires in relation to that thing that is to be preserved, rehabilitated, or built, or that critical program, issue or goal.

Strategic philanthropy helps to bring about change that is purposeful by design. But strategy alone is insufficient. Philanthropy is an art that requires good instincts, judgment and wisdom, perhaps nowhere more so than in the outer reaches, where one’s goal is transformation. ^{vii}

Tales of Transformation

Beyond the rhetoric, there are wonderful stories that paint vivid pictures of what transformational philanthropy can be. Some of these tales fit nicely into the notion of big change, reframing an issue. Others, however, are more subtle, the transformation more personal, more internal, or more difficult to see. Some are stories that I have heard from TPI friends and clients, some are stories I've read and some are stories I've written, based on histories and folklore and fable.

We begin with some of the big gifts made in the early days of American philanthropy that had three essential elements – vision, faith and will.

A Nation of Knowledge

IN 1852, JOSHUA BATES, A POOR BOY WHO GREW UP IN BOSTON AND MADE HIS FORTUNE IN England, made a proposition to the City of Boston. Bates offered to provide funds to buy the books for a new library under the condition it would be free and open to all citizens. Boston agreed and by building the magnificent building that still stands today became the first city in America with a public library.

The Bates gift preceded that of Andrew Carnegie, who some 30 years later made his extraordinary gift of 2,600 libraries to cities and towns across America. Carnegie was motivated by his deep Calvinistic belief that knowledge and learning is the principal salvation of the individual, and the nation. The library, especially as he envisioned it, was the temple of knowledge, and the center of both moral and intellectual life for a community. But, the community had to want it enough to agree to the terms of what was a quite precise transaction.

It is easy to imagine how different this country would be if those libraries had not been created. What might be surprising to today's practitioners of strategic, venture and high impact philanthropy is how similar in practice those notions are to the way Carnegie went about his gift-giving.

Chesed and Tzedek – a tradition of learning and caring

JULIUS ROSENWALD, THE FOUNDER OF SEARS ROEBUCK, SPENT HIS ENTIRE FORTUNE beginning in 1924 in the pursuit of social justice with an unusual focus on the very poor and mostly illiterate southern Black population still emerging from slavery. The goal was no less than the education of an entire people. Five thousand Rosenwald schools were established throughout the South for poor rural black youth, and four thousand libraries were added to existing schools. This network of new public schools employed more than 14,000 teachers. All told, Rosenwald gave away more than \$63 million, equivalent today to more than one billion dollars. Rosenwald was motivated by the Jewish tradition of Torah, chesed and tzedek – learning, caring and social justice. In that tradition, Rosenwald elected to spend down his foundation, giving up the opportunity to make it immortal, something that increasing numbers of today's new donors are doing as well.

One of my colleagues who helped research this essay said, “What the world needs is more Rosenwalds!”^{viii} And there are more. Here is a donor of today, from a different tradition than either Carnegie or Rosenwald, who is drawn to much the same vision.

The Reading Legacy

My mother was a great reader and some of my earliest memories are of going to the library with her. It was like going to church and my brothers and sisters knew we had better behave or else. This was a special place for my mother – another kind of church for her. She read to us all the time and I suppose I associate reading with my mother's love. From that time forward I have been a reader and it has made all the difference. Not only in school but also in the rest of my life, in the way I think about things. Let's face it, for kids it is everything. If they can't read, they are stuck behind the eight ball.

I was drawn to help urban Catholic schools, not just because I am a product of them, but because today their students are among the very poorest and the neediest. They come from families with lots of problems and, by the way, most of them are not Catholic. The work these schools do is the work of the true church. It is the church that I love. What I learned is that the parochial schools have even fewer resources than the public schools. One day, the principal of one of these schools mentioned that some local public schools were involved in something called the Literacy Collaborative. This model seemed

like just what was needed. It infuses literacy throughout the school, emphasizing teaching methods that engage children in a variety of meaningful experiences. Supported by a Literacy Coordinator – the school's in-house resource on early literacy – teachers work together to create a school-wide plan for improving the teaching of reading and writing.

The Literacy Collaborative works hand in hand with a supplementary reading enhancement program that was originally developed in New Zealand. Called Reading Recovery, it is able to take very weak first grade readers and in a relatively short time, helps them improve their comprehension. I liked the idea that the Literacy Collaborative and Reading Recovery train teachers who then take part in the ongoing instruction in their schools.

It has not been easy. It has been disappointing that so few of the elementary schools we approached feel they are able to take on an intensive program like this. It made no sense to me to provide the resources for schools unless they had the capacity to successfully undertake such an effort. That would be just spinning wheels and wasting money, and I have no interest in that. At the same time, the schools wanted to know how long I would commit to support the program. The more I thought about it the only thing that made sense was the answer, 'forever.' That's right, if the schools do their part then I will do mine. It seemed the right thing to do – don't you think so?

Is it working? The answer is yes and no. Many of the students are reading better but their overall life situations are in many instances too tough. We have also lost some teachers right after they completed their training, which has been especially disappointing. At the same time, two of the six schools where we have been working for the last three years have made great progress, and several of the schools that had initially taken a pass have now indicated a real interest in the program.

I have arranged my affairs so that when I die, this program can continue, but only if the schools continue to do their part. That's only fair. This program is the best thing I have ever done, and I am glad I am doing it.

When someone's values are strong and clear, and the need is equally clear, what you get is a kind of synergy between thought and action that simply sings.

The Modern Age of Medicine

It would be negligent to address the subject of transformational philanthropy without including the Flexner Report, commissioned by The Carnegie Foundation for the Advancement of Teaching and published in 1910.

THE FLEXNER REPORT DEALT WITH THE STATE OF MEDICAL EDUCATION AT THAT TIME AND MADE it clear that the science of medicine had radically changed and moved far beyond the prevailing methods of teaching and practice. The goal was to completely reform the existing system. The Flexner Report established scientific medicine and clinical teaching as the gold standard for teaching medicine and that remains the basis of it today. No other single study has been as visibly successful in reshaping a field. Philanthropic funds from the General Education Board, created by John D. Rockefeller, funded the growing number of medical programs that met these new standards. In the process, medical education was transformed.

It is interesting that The Bill and Melinda Gates Foundation, which today may be the closest equivalent to John D. Rockefeller in his time, has also chosen health as a major focus – in the case of Gates, world health issues affecting the poorest of the poor.

A Disease-Free World

The Gates Foundation vision is the virtual elimination of certain widespread diseases from the earth through distribution of inexpensive vaccines to the poorest of the poor.

THE STAKES ARE ENORMOUS. EARLIER IMMUNIZATION WOULD SAVE AN ADDITIONAL 1.6 million lives from Rotavirus alone, and an additional 800,000 lives from Pneumococcus. To accelerate the slow pace of immunization, Gates is pursuing multiple tracks. One track is the financing of new, very low cost, vaccines that drug companies would not otherwise develop because the profits are not sufficient to warrant the investment. Gates has supported public-private partnerships that negotiate deals with drug companies to share the cost of development up to the point where it becomes economic for the drug companies to invest their own capital. A second track has the goal of greatly accelerating the timetable for purchasing and distributing these vaccines in very poor countries. The Vaccine Fund, a critical Gates

Foundation grantee, is promoting the establishment of an Immunization Finance Facility, which would sell secured notes in the capital markets guaranteed by governments (including the UK, France and others) and private grants. According to Rajiv Shah, Senior Policy Advisor at the Gates Foundation, who is driving this concept, the frontloading of these investments greatly improves the likelihood of achieving the United Nations goal to reduce child mortality by two-thirds from 1990 levels by 2015, and do so at substantially reduced cost. He estimates that a \$4 billion 10-year pilot program could save nearly 5 million additional child lives over the next decade. The UK and France already have voiced strong support for this effort.

The creative use of foundation resources along with the use of capital markets to achieve philanthropic objectives is reinventing the concept of leverage in this field.

Enabling Transformers

There is an old maxim that says people don't change. It hovers over the claim that any intervention, philanthropic or otherwise, can truly influence individual action. What philanthropy can do, however, is level the playing field and open doors to education or economic opportunity. We have seen many examples of this – through innovative schools, youth development and mentoring programs, and scholarship/college support programs. Philanthropy can also empower, celebrate, and put a spotlight on the work of extraordinary individuals – all of which can and do contribute to people achieving their manifest destiny.

MOTHER TERESA RECEIVED THE FIRST TEMPLETON PRIZE FOR WORLD PEACE, A MILLION dollar gift, in 1973. The gift allowed Mother Teresa to significantly expand her remarkable work with the very poor. The widespread publicity associated with the Templeton Prize not only made Mother Teresa a world icon, epitomizing generosity of spirit and self, but awakened many people to the issues of global poverty. The Templeton gift was an act of faith to a person of faith.

That tradition of faith-based gifts to remarkable individuals continues. This year saw the first award of The Opus Prize, the largest humanitarian award for faith-based entrepreneurship,

one million dollars given to Monsignor Richard Alpert, a Jesuit priest who has worked for years on behalf of the poor of Jamaica.^{ix} There are other examples.

FOR FOURTEEN YEARS, TPI HAS SPONSORED THE BOSTON NEIGHBORHOOD FELLOWS PROGRAM on behalf of an anonymous donor. Each year we go out into the city and through spotters seek six unsung heroes and give them a no strings attached gift of \$30,000. Social workers, community activists, policemen on the beat, priest and nuns, artists, all of whom give of themselves without looking for glory, have been selected. The award is presented before a loud and enthusiastic audience by the Mayor of Boston.

Can \$30,000 in today's world be transformational? That's difficult to answer, but the statement of faith in the individual that the award implies, the completely unexpected recognition, and the sheer joy it has brought recipients and their families, friends, and colleagues has been hugely reaffirming and renewing.

Renewing, revitalizing, or even transforming the life of one person is one thing, but we have seen that philanthropy can enable individuals to become transformers themselves. There is a discernible trail from a philanthropic investment in individuals to action on a larger stage. Take the Ashoka Fellows program for example.

OVER 25 YEARS, ASHOKA HAS CREATED A NETWORK OF 2,700 SOCIAL ENTREPRENEURS WHO are influencing regional and even national issues in the developing world. Ashoka selects as Fellows individuals with ideas that, in the words of Ashoka founder Bill Drayton, "are going to have continental scale pattern change impact." Ashoka's success rate is exceptional. Many of these ideas have become a reality and Ashoka Fellows have started hundreds of projects, organizations and social ventures covering a wide range of education, health, environmental, and economic issues. Within five years, according to Drayton, 88 percent of Fellows have had their work copied by independent institutions, 59 percent have achieved national policy impact, and the average Fellow is providing direct service to 374,000 people.

What is now evolving is a powerful and experienced network of individual civil society actors. The best of these initiatives are going to scale through collaborations among themselves and with government and corporate resources. Ashoka is a great example of transformation and the coming of age of the social venture.

Transforming Organizations

There is a whole industry of experts and consultants devoted to organizational change. A great many philanthropic efforts are underway to bring more experience and skill to non-profit organizations, including many that have the goal of helping great organizations grow to scale, or address important community issues more effectively. These strategies for organizational change are part of the trend for greater involvement by donors who commit much more than money. They include what the Center for Venture Philanthropy calls “an accountability-for-results process” organized under “a managing partner relationship.” The goal is high impact. Here is a tale that is based on instinct and experience rather than process, one that resulted in the transformation of Cambridge College.

TEN YEARS AGO, A TPI CLIENT WHO HAD MADE HIS MONEY IN THE REAL ESTATE DEVELOPMENT business was approached by Cambridge College to contribute to a new building designed by a famous architect at an estimated cost of \$11 million. At that time, Cambridge College was spending \$700,000 in rent for 27,000 square feet in five different buildings around Harvard Square, and it needed a larger, more consolidated space. A new building seemed like the solution, if the money could be raised. Our client, however, thought building an expensive new structure made no sense at all. He had a different idea for how to solve the college’s space needs.

Since the economy was down, there was a lot of distressed commercial real estate around, even in the Harvard Square area. For a real estate ‘deal’ guy, this was an opportunity. A year later, the result was the purchase, guaranteed by our client, by Cambridge College of a 100,000 square foot building in a prime location for \$6.5 million. (The building had originally been on the market for \$10 million but the owners lost it to the bank.) The college occupied 50,000 square feet and leased the balance for enough income to pay the mortgage, taxes and all the other carrying costs. The net result was great space for a highly visible new

campus, control over the college's future space needs, elimination of \$700,000 in annual rent expenditure – the equivalent, at a 5 percent cap rate, of \$14 million in endowment – and a capital asset that in the intervening years has become significant. This one transaction radically transformed the economics of Cambridge College. Our client's 'gift' of expertise, and a little collateral, provided amazing leverage.

Transforming Communities

The notion of whole community change has been on my mind for a long time.

A FEW YEARS OUT OF COLLEGE, IN 1963, I JOINED WITH EIGHT OTHER YOUNG AND IDEALISTIC people in an effort to revitalize a rundown 26 square block area of Roxbury, Massachusetts. As a group we had a few contacts, but no money and only a vague idea of how we might accomplish our goal. Through the nonprofit organizations that we managed to create, apartment buildings were bought and rehabilitated and the first Headstart program in Boston was operated. These fledgling efforts had some early success, but we were continually challenged by the complexity and difficulty. The lessons I learned had a lot to do with my founding TPI four decades later. What we did not see in 1963 was the huge force that the community development movement would become all across the America. We also could not foresee that the murder of Martin Luther King in 1968, and the urban riots and unrest that followed, would be the wake-up call for action.

IN THE LATE 60S, NEW YORK CITY, ALONG WITH ALMOST EVERY AMERICAN CITY, WAS IN tough shape. In fact, areas like the South Bronx were wastelands and considered beyond redemption.^x It was in 1966 that Robert Kennedy, then Senator from New York, initiated with the support of the Ford Foundation the Bedford Stuyvesant Restoration Corporation in the Bronx, a remarkable effort that somehow managed to create an island of prosperity in a sea of urban decay and despair. In 1980, Ford established the Local Initiatives Support Corporation (LISC) under the leadership of Mike Sviridoff. At about the same time, James Rouse, the visionary urban developer, founded the Enterprise Foundation. These two initiatives sparked the growth of community development corporations (CDCs) and the remarkable contribution they have made to the revitalization of American cities.

Since 1980, LISC has built with its local CDC partners 147,000 affordable homes and 22 million square feet of retail and educational space; received support from 3,100 corporations, foundations, and government agencies, and worked with 2,400 community development corporations. A key aspect of this phenomenal success has been sophisticated financing – including tax credits, program related investments from foundations, and various forms of debt instruments – as well as conventional philanthropy. In 2003, LISC channeled more than \$700 million in loans, grants and fees to CDCs across the country. LISC and Enterprise have touched literally every major metropolitan area as well as hundreds of rural areas. As Paul Grogan, who ran LISC for 17 years and is now President of The Boston Foundation, put it, “The situation has turned almost 180 degrees since 1980. Today the comeback cities of America are a sea of prosperity with fewer and fewer islands of despair.”

LISC and Enterprise are large scale national efforts. Here is a tale of how one individual foundation trustee backed a community that wanted to change.

A Community Rises

I felt awkward, the only suit in the room, and the only white face and I think they felt awkward having me there. The storefront had an odd smell, maybe from a long ago fire, and the people were not easy to get a feel for. There were a couple of rough looking young men, angry when they spoke, a few older people including a grandmotherly type who seemed to be leading the meeting, to the extent it was being led, and a mixed grill of others, including several eager young men and women in jeans and sweats. An enthusiastic city planner was pouring over large street maps that were pinned to the walls. They had been meeting for more than a year and had the dream of transforming the whole neighborhood from one of poverty and despair to one of prosperity and hope. Or so said their letter, which came across as grandiose and vague. Because we had funded one of the CDCs involved in the project, and respected the young woman who ran it, I had agreed to come to this meeting. I was beginning to wish I hadn't when I began to sense something in the room and in these people.

Despite simultaneous conversations the discussion was more focused than I had initially realized, and the group interaction, including some heated disagreements that didn't seem to bother anyone,

was moving right along. I realized the woman leader was being quite skillful in bringing disparate views together and nudging the conversation to other related issues. She kept returning to the central idea of this effort being led by the community for the community. It was clearly a mantra for the group. To ensure it, they set a goal of directly involving as many as a third of the 10,000 residents who lived in the neighborhood. It would be a truly awesome community organizing effort that would take years. And it would be even more years before there would be demonstrable and visible evidence of change. Those in the room seemed to understand that. I became transfixed and, unusual for me, just listened. Instead of feeling ignored I was getting comfortable being a fly on the wall. Remarkably, they did not hold back at all, but allowed me a real look at their 'big' idea and their many challenges.

I sat there that first night and thought about the hundreds, thousands, of such storefront discussions about 'big' ideas that had not gone anywhere. This group actually thought they had a shot at getting eminent domain powers, which at first blush seemed crazy. Or was it? No private citizen-led, community based organization in this state had ever managed to do that. If successful, it would radically change the development dynamic. Being able to access land and properties would solve many problems and eliminate one of the most serious roadblocks for smart development.

I left the meeting that night with my head swimming. Were these serious people with a serious idea? Could they really pull this off? It seemed so daunting. Who were they? How were they viewed within the community? As funders, we had learned the hard way – it isn't easy to know these answers.

Driving through streets filled with abandoned homes, burnt out buildings, crack houses, and all the sidebars of inner city individual and family turmoil, I thought of the street map up on the wall. The city planner had put pins into what they were calling the neighborhood's 'assets' – the churches, the areas where two fledgling CDCs were building housing, vacant land that had potential for a supermarket and other retail development, an area designated for small businesses, and a new playground adjacent to an elementary school. One of the comments the meeting leader made kept ringing in my head: she was one of many people who had lived in the neighborhood for a long time, more than 25 years, and cared deeply about the community. I'm a numbers man, and liked thinking about the assets and the liabilities, the neighborhood balance sheet so to speak. I

was intrigued. No, the truth is I was excited about what our foundation might be able to do, but could I convince my fellow trustees?

I drove through that neighborhood recently and dropped in on the office. As always, there was a meeting going on. I could feel the hum of the place; remarkably the energy was still there after 15 years. I drove past the new large supermarket, the youth center, and thought about the several after-school programs and the new job-training program for formerly homeless women as I drove by. Has the neighborhood been transformed? Not yet, but I would say it is on its way. Supporting this project was the most ambitious thing our foundation has done. We threw away our rulebook; we had never before invested in something for nine consecutive years. How important was our philanthropy in the whole deal? Our gifts and those of one other major funder were critical to the planning and organizing work without which these major development efforts would not have happened, at least not on the scale they reached. It was a hard process and had lots of bumps and missteps. Many times along the way I felt it would not succeed but these people were amazing long-distance runners. I am glad we ran along with them. I just wish there were many more funders who felt the same way.

Take an evening of your time, in almost any city or town in America, and you will find a room where good ideas are percolating, where smart people, of all colors, have dreams and passions to improve their community and their lives. Just one evening of listening is sometimes all it takes.

One can hear echoes of the very same issues faced long ago on Roxbury's Blue Hill Avenue in the discussions today with a new generation of community leaders. I am struck by how far things have come, how large the delivery system, how strong the community development infrastructure, and still how much more there is to do.

Whole community change efforts continue to attract both local and national foundations. At its most ambitious, community change is social change. Perhaps most notable is the ongoing effort by the Annie B. Casey Foundation in its major commitment to comprehensive

placed-based philanthropy in communities across America. The goal is nothing less than the transformation of the way disadvantaged children and their families can work their way out of poverty.

Social Change

In his chapter in our book *Just Money – A Critique of Contemporary American Philanthropy*, Peter Goldmark, the former President of the Rockefeller Foundation, wrote that philanthropic institutions and NGOs can and must apply their “energy, foresight, entrepreneurial ingenuity, and grit to an elaboration of a popularly acceptable global agenda for survival.”^{xii} At the same time, others have addressed the difficulty in envisioning and confronting major issues like the environment or poverty. “These issues are so big, people tend to feel powerless just at the thought of them.”^{xiii}

Both statements are right but there are an amazing number of examples of how philanthropy is catalytic in the promotion of systemic change that deals directly with the most critical issues of our time. The examples that follow are just a few.

THE PAUL & PHYLLIS FIREMAN FOUNDATION HAS THE GOAL OF ENDING, YES ENDING, FAMILY homelessness in Massachusetts in five years. The Foundation has a plan. Its One Family program has an unprecedented strategic vision that provides scholarships, workforce development, housing and other solutions to bring homeless families ‘home.’ Paul Fireman, the Founder and Chairman of Reebok International, along with the Foundation’s Executive Director, Melinda Marble, obtained the backing of Massachusetts Governor Mitt Romney, a Republican, and convinced the state legislature, controlled by Democrats, to be supportive as well. The Foundation’s strategy includes an innovative housing finance program supported by several other family and private foundations, and a media, public relations and advocacy campaign. Currently in its second full year, the plan is on track to accomplish its goals.

MAYTREE FOUNDATION ESTABLISHED THE CALEDON INSTITUTE 10 YEARS AGO TO PROVIDE AN alternative to conservative think tanks in Canada. Caledon efforts are responsible for the passage of the National Child Tax Benefit, the first major new social program in Canada in 20

years. Maytree's work is focused on new immigrants, who today constitute 45 percent of Toronto's population but who lack a "voice" or a seat at the table of public policy discourse and decision. The foundation-sponsored TRIEC (Toronto Region Immigrant Employment Council) is leading the dialogue around the critical issue of how immigrant populations access the labour market, an initiative that "hopes to reverse the troubling trend between rich and poor in Toronto."

THE NOBLE PEACE PRIZE WAS AWARDED ON OCTOBER 7, 2004 TO KENYAN ACTIVIST Wangari Maathai for her work over 30 years leading a powerful grass roots environmental movement. Maathai is the first African woman to receive the Award. In announcing the award, the Nobel Committee wrote "it is the first time environment sets an agenda for the Nobel Peace Prize, and we have added a new dimension to peace."^{xiii} Maathai's organizations, The National Council of Women of Kenya and Green Belt Movement, have received critical support from international foundations, without which her work in empowering women and fighting corruption would not have succeeded. Today, Maathai is deputy environmental minister in Kenya.

As Fran Korten, a program officer with the Ford Foundation for 20 years, wrote, "Transformational philanthropy is for organizations pursuing a large vision of social change – organizations that see the depth of the ecological and social crises that is upon us and are working to bring about a deep shift in consciousness, in the way we live and in the possibilities we can see for our collective future."^{xiv}

There are many more examples that fit Korten's definition. The work of Habitat for Humanity, a faith-based organization started by Millard Fuller 20 years ago, today is the third largest builder of homes in the country. These houses are built one-by-one through a combination of 'sweat equity' from the home buyers and volunteer labor from hundreds of thousands of volunteers. Other examples are the ambitious efforts underway by a consortium of foundations, corporations and NGOs to create sustainable food systems, including the replacement of depleted fish stocks in the world's oceans. Another example, about to be

launched, involves a national social marketing campaign and grassroots organizing efforts, funded by foundations that seek to radically change American attitudes and policy about global climate change.

One Last Tale

I want to end this portfolio of tales with a story that is quite different.

Sarah Gleason's Gift

It is a lovely, warm evening in this remote part of Florida and the beach as always is beautiful, one of the most beautiful I know. I had accompanied my husband on this trip because it is really the only way I can ever see George these days. He is so busy; obsessed is a better word, with his dream of connecting the lakes and rivers inland from the coast. He and the Governor, as well as the President, believe that Florida's future is intimately connected to the creation of an inland waterway. It would greatly expand the potential for agriculture and cattle, and allow the much promised but so far unrealized potential of Florida to finally happen. The difficulties are formidable but that is what my husband is good at. He loves impossible jobs no matter what the cost is to himself and his family. But that is another story. This one has to do with this land I bought many years ago, it was around 1871 I believe. So we have been involved in the land for 14 years now.

The land in question was originally designated Section 16 and was granted to the State of Florida as school land. When the Florida Board of education decided it was 'excess' for their needs, it was advertised and my husband suggested I buy it using the money I inherited from my father. I decided to purchase it with our friend, William Hunt. We bought the Section together, basically a square mile of land, for \$1.25 an acre and it included one mile of beach – this beautiful beach. The idea was to develop it for houses and businesses, but it just did not work out as planned. Between the recession, and the general doldrums associated with what is commonly called "The Florida Problem," there were very few buyers. The other problem was that Mr. Hunt died and his daughters and their husbands had no interest in developing the land.

William Linton, who had incorporated the Town of Linton, came to me three years ago wanting to buy my half interest and I was willing but had one reservation. Every time I saw this beach, and over the years we came by several times, there was something about it that drew me. It was just too lovely to put into some kind of development scheme and I wanted to make sure it would always be there for the people in the town. My husband thought I was being 'female', but it was my money and that is how I felt. In October of 1895, I sold the land to William Linton subject to a mortgage. The deed had a provision that a strip of land, 150 feet to 200 feet wide along the beach across my half of Section 16, approximately one-half mile of the total, would belong to the public.

In 1896 William filed a survey for a row of 2.5 acre lots along the ocean beach. Those lots faced directly on the ocean except for the narrow tract I had reserved for public use. Things were finally happening and might have worked out differently if poor Mr. Linton himself had not unexpectedly died. His heirs were up against it and could not pay the mortgage so two years ago in 1898 I foreclosed on the mortgage and ended up where I started with half of the land. That foreclosure voided the filing for the 2.5-acre lots. A year later, I purchased from the William Hunt children his undivided one-half interest in Section 16, giving me for the first time complete ownership of the property.

My husband, who is successful and wise in the ways of the world, was excited about the potential to make a lot of money. The market for house lots and commercial development was finally beginning to turn and there were beginning to be buyers for this land. I would not yield, however, on the strip along the beach. I wanted it to belong to the public and insisted it be dedicated for that purpose. My husband and I argued about this at length, perhaps the most serious disagreement we have ever had. I guess I was on a mission of my own.

On October 27, of this year 1899, I filed in the Town of Linton notice to give free and full ownership of the entire section along the beach for absolute and forever public use.

The tide is low now, and the beach seems endless, the water shimmering in the late afternoon sun. Gulls, sandpipers, marbled kowits and all manner of sea birds are busy at their work. I walk among them and feel complete.

The mile long public beach in Delray, Florida, the result of the gift given by Sarah Gleason in 1899, is one of the longest stretches of public access beachfront property in South Florida.

Sarah Gleason was a 'creative catalyst' but would you call Sarah's gift transformational? There was no plan, no theory of change, it simply evolved based on the circumstances and was at its core, opportunistic. It was something else too. It was based on a vision and a passion that came out of that special place, and in my portrayal of this unknown and fascinating woman, there is an element of faith in that vision. Sarah Gleason exhibited another characteristic, that of will, she willed this to happen and it did. Since I am one of the legions who have walked that beach and been inspired and restored by its beauty, I know the inspiration it provided Sarah continues to inspire others to this day. So my answer to the question is yes.

The Transformation Within

"What we seek, what we personally want to reach, is 'the white hot core of things.'^{xv} It is the heart of the matter we want. It is truth without embellishment and spin, without improvement. What we want is to remove the cobwebs from our brains, sweep away the debris of the sell, the spin, the ask, and the hidden agenda and with trust in others, and ourselves, rise to be present in the new day."

Presence is the name of a new book, and one of the authors, Joseph Jaworski, wrote "When all is said and done, the only change that will make a difference is the transformation of the human heart." ^{xvi}

I think the truth of Jaworski's statement lies behind both the rhetoric and the tales presented here and that there is the potential for transformation within every non-profit endeavor or mission, and within every donor. The philanthropic journey is part experiential, part intuitive, and part spiritual. As that experience evolves, those involved grow and learn. They become more fulfilled, and gravitate without even realizing it to others who, like them, are committed to make the world a better place. These networks for good are everywhere, even if they often lie just below the surface of our consciousness. From that perspective it does not

matter whether the stage transformed is local or global because at the end of the day these communities of interest become part of a whole. But you do not get to transformation without engaging the hearts and souls of those who are the actors within those stories.

We are more comfortable with words like strategy, innovation, venture philanthropy, high impact, scorecards, and evaluation. The softer words that make some people uncomfortable, like vision, passion, values, justice, equity, right and wrong, and will are no longer abstractions when they are connected to the human spirit, to the human heart.

Our society is not practiced in contemplation or reflection, we are action oriented, and transformational philanthropy as described in these pages is all about action. Making the linkage between the spirit and doing, the human yearning that has us involved in the first place and the execution is the ultimate transformation. Its power is without limit.

FOOTNOTES:

- ⁱ Ratna Omidvar is the Executive Director of the Toronto based Maytree Foundation, established by Alan and Judy Broadbent.
- ⁱⁱ Taken from *Transformational Philanthropy: An Exploration* by Duane Elgin and Elizabeth Share. Contributing authors were Mark Dubois, Tracy Gary and John Levy.
- ⁱⁱⁱ See *The Innovator's solution: Creating and Sustaining Successful Growth* by Michael E. Raynor co-author.
- ^{iv} Taken from *Transformational Philanthropy: An Exploration* by Duane Elgin and Elizabeth Share. Contributing authors were Mark Dubois, Tracy Gary and John Levy.
- ^v From *Defining Virtue- Five Key Element of Venture Philanthropy and Five Years of Documented Results* from the Center for Venture Philanthropy, a division of the Peninsula Community Foundation.
- ^{vi} Steven Burkeman writing in the September 2004 issue of *Allavida's Alliance Extra*
- ^{vii} See Denis Collins' chapter "The Art of Philanthropy", in *Just Money - A Critique of Contemporary American Philanthropy* published by TPI Editions, edited by the author.
- ^{viii} Kristen Whelan, a TPI Senior Associate and unofficial Queen of Factoids, made this comment.
- ^{ix} The Opus Prize was awarded to Monsignor Alpert at the 2004 commencement ceremonies at the University of San Francisco. The Opus Prize Foundation is a philanthropic arm of the Opus Group, a nationwide family of real estate development and management companies.

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- ^x See “Next Hot Neighborhood? Stick a Pin in the Map”, by Joseph Berger, *New York Times*, Sunday, October 3, 2004.
- ^{xi} From Peter Goldmark’s chapter entitled “Before the Storm”, in *Just Money - A Critique of Contemporary American Philanthropy* published by TPI Editions, edited by the author.
- ^{xii} *Presence* by Peter Senge, C. Otto Scharmer, Joseph Jaworski, Betty Sue Flowers, published by SoL, 2004.
- ^{xiii} “Ole Danbolt Mjoes, committee chairman for the Nobel Peace Prize”, *Boston Globe*, John Donnelly, September 9, 2004.
- ^{xiv} From *Transformational Philanthropy: An Exploration* by Duane Elgin and Elizabeth Share. Contributing authors were Mark Dubois, Tracy Gary and John Levy.
- ^{xv} Richard Dyer in the *Boston Globe* on March 3, 2004 wrote in a review of Pablo Berglund conducting the Boston Symphony Orchestra in a performance of two Sibelius symphonies “.... he heads for the white hot core of things.”
- ^{xvi} *Presence* by Peter Senge, C. Otto Scharmer, Joseph Jaworski, Betty Sue Flowers, published by SoL, 2004.
