

## Introduction: From Aspirations to Impact

Every donor wants his or her money to make a difference, and nobody wants to see hard-earned wealth (their own or a benefactor's) go to waste. Yet philanthropy's natural state is underperformance.

*Outstanding* philanthropy is distinguished by what it achieves as well as by the act of charity itself. It requires you to complement your heartfelt generosity with a disciplined consideration of what you hope to accomplish: the results that will define success, what it will take to achieve them, and how those results will get better over time.

### Philanthropy's "Terrible Truths"

Giving money away is easy. Giving it away smartly, so that it not only gets results but also gets more and better results over time, is hard. In addition to the sheer difficulty of the issues many philanthropists choose to tackle, you also have to reckon with some "terrible truths" that are rooted in the realities of how the social sector works:

#### ***All philanthropy is personal.***

As donors, we make gifts for many different reasons: responsibilities to our communities or colleagues ("doing my share"), personal relationships ("can't say no"), giving back, returning a favor, fulfilling our volunteer commitment ("we need 100 percent participation from the board"). Such gifts may be relatively small, given our circumstances, or they may be substantial. Either way, the motivation behind the gift is primarily personal. And when institutions replace individuals as the source of funds, philanthropy's personal taproots do not disappear, even if they are seldom discussed publicly.

#### ***Results can confound.***

Tangible philanthropy—funding the construction of a new marine biology laboratory for instance—is about as straightforward as it gets. In contrast, the results of other philanthropic initiatives—such as sponsoring research on global warming or supporting a local neighborhood's revitalization—can be difficult to pin down. We cannot easily see the work in progress, nor can we be certain that whatever results we do see are directly attributable to our efforts.

#### ***Excellence is self-imposed.***

This is the last and most terrible truth of all: philanthropy has no built-in systemic forces to motivate continuous improvement. The absence of external accountability is what gives philanthropy its freedom to experiment, take risks, and pursue long-term initiatives on society's behalf. At the same time, it also means that if you do not demand excellence of yourself, no one else will require it of you.

Unlike business leaders, philanthropists have no market dynamics with which to contend. Quite the contrary: grant making is often accomplished through foundations established in perpetuity, insulated (and isolated) from any external pressure other than being required to abide by regulatory and tax laws. Therefore, if you want to narrow the gap between your aspirations and the results your giving achieves, you must be willing to set your own standard of excellence and hold yourself accountable for meeting it.

## Questions are More Important than Answers

There is no one best kind of philanthropy. The right course will be the one you conceive and design according to your own specific circumstances, ambitions, and values. There is, however, a smart way to go about choosing your course of action. That is to engage in a process of rigorous inquiry around six separate but related questions:

What are my values and beliefs?

What is “success” and how can it be achieved?

What am I accountable for?

What will it take to get the job done?

How do I work with grantees?

Am I getting better?

Taken together, these questions create an approach for donors and grant makers who want to give smart. Wrestling with them will require you to develop strategic clarity about what you hope to accomplish and what you believe will have to happen for your hopes to be realized, before you leap into action and start making decisions. It will require you to identify a set of results for which you’ll hold yourself, as well as your grantees, accountable. This will make it possible for you to develop real feedback loops for learning and continuing improvement. Last but not least, it will bring you face to face with the harsh realities of what it takes to make change happen when you work with and through nonprofit partners, as well as help you understand how you can be most productive in bettering their performance, and therefore your own.

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*Examples in this chapter include: Don and Doris Fisher; the KIPP Foundation*