

Stanford SOCIAL INNOVATION^{Review}

Bridgespan Supplement **Introduction**

By William Foster

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The Bridgespan Group is pleased to present this supplement to *Stanford Social Innovation Review*, “Unleashing Philanthropy’s Big Bets for Social Change.” It brings together the latest thinking about how big-bet philanthropy is changing the ways that social entrepreneurs, nonprofit organizations, donors, and advisors are working to have an impact on major social challenges.

In the following pages, leaders from across the social sector offer their perspectives on big bets—what they are accomplishing, what it takes to land a big bet, and what needs to happen to expand opportunities for big bets and help more social change leaders lay the groundwork to envision and deploy far-reaching gifts with the capacity to launch transformative change.

Introduction

BY WILLIAM FOSTER

In 1993, there were 310 billionaires worldwide. Today there are more than 2,200, and their fortunes are collectively worth more than \$9 trillion. This massive increase in the wealth of our world’s most affluent is creating shock waves across society. What does this wealth portend for society and social change?

Philanthropy is at the center of this story. Importantly, many of those with the greatest wealth are being explicit about their intention to spend their assets for global good, including 187 who have signed the Giving Pledge to donate at least half of their wealth. This is not a cultural dynamic to be taken lightly. For many civic leaders, social entrepreneurs, and advocates, such funding opens potential new horizons and presents opportunities to tackle longstanding problems that afflict millions.

At the same time, the philanthropy made possible by this increasing wealth has attracted vigorous critics. Some argue that philanthropy will have only modest effects yet serve to distract the public from scrutinizing deeper inequities that the wealthy intend to preserve. Others argue that rather than having only modest effects, the greater risk of such philanthropy is that it will change societies in major ways, and that doing so via private rather than governmental means is inherently undemocratic.

Philanthropy’s biggest gifts, what we call “big bets,” offer an important window into this debate. These gifts can help us understand what philanthropy is and is not doing. How many are focused on issues of poverty and justice? Are these wealthy donors giving nonprofits and communities the freedom to do their work? Can these gifts have significant and enduring impact? Could the number of big bets increase significantly?

From our work, what we have learned so far is that big bets have played a pivotal role in propelling major social advances, from eliminating age-old infectious diseases to securing civil rights for repressed populations. Yet, looking at the gifts of all US donors to causes anywhere in the world, the large majority of major gifts still go to universities, medical research, or cultural institutions. While these gifts strengthen important pillars of a vibrant and educated society and advance scientific frontiers, few of these institutional gifts are focused on poverty, justice, or other social change goals—causes that major donors say are the dominant motivation for their philanthropy.

There are, however, heartening signs. US donors’ social change gifts of \$25 million or more have grown from 18 in 2000 to 69 in 2017. The Bridgespan Group believes that the growing numbers of major gifts made thoughtfully to address tough social problems is a good thing for the world.

At the same time, philanthropic giving is not making a dent in the wealth that continues to accumulate. There is a yawning gap between

the very wealthy’s current level of giving and their full philanthropic potential. In the United States, families worth over \$500 million give an average of 1.2 percent of their wealth per year to philanthropic causes. If current appreciation trends continue, donors seeking to channel half their wealth to philanthropy within the next 20 years would have to contribute more than 11 percent of their wealth annually, which would mean a nearly tenfold increase over their current rate of giving.

Since the publication of “Making Big Bets for Social Change” in *Stanford Social Innovation Review* just over three years ago, the topic of philanthropy’s big bets has been receiving more attention, and that article is increasingly used as a framework by philanthropists and nonprofit leaders alike. In this special issue we seek to inform the current debate on big-bet philanthropy by:

- Providing an overview of trends and reflecting on what we can learn from recent highly promising social-change bets
- Introducing new research in two articles: one for nonprofits and NGOs that aspire to secure major philanthropic commitments (“Becoming Big Bettable”) and the other for foundations that aspire to concentrate their giving for greater impact (“Reimagining Institutional Philanthropy”)
- Sharing a range of critical thinking from philanthropy and nonprofit leaders and experts on the opportunities for and challenges of big bets

Today, we stand at a pivotal moment in the history of philanthropy. With the rapid growth in wealth over the last two decades come unprecedented levels of giving and commitment to bettering society. For example, in 2017 US giving exceeded \$400 billion for the first time,¹ and charitable assets in donor-advised funds reached an all-time high of \$110 billion.² And in the next two decades, as more of the world’s wealthiest people reach their sixties, more and more of them will be making critical decisions about their giving.

These decisions will lead to one of two possible outcomes. In one, giving to the most promising opportunities grows dramatically, creating a renaissance of innovation and impact that is genuinely focused on society’s greatest needs. The other outcome is that philanthropists’ giving levels advance modestly and focus on less ambitious initiatives, leaving both society and donors disappointed. As this special issue details, when big bets are used with discipline, ambition, and humility, they can be a channel to help philanthropy achieve the better outcome. ●

NOTES

1 “Giving USA 2018,” Giving USA Foundation, <https://givingusa.org/tag/giving-usa-2018/>.

2 “2018 Donor-Advised Fund Report,” National Philanthropic Trust, <https://www.nptrust.org/reports/daf-report/>.

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