

Stanford SOCIAL INNOVATION^{Review}

Bridgespan Supplement
Big Bets Are Important. But So Is a Big Heart.
By David Callahan

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Blue Meridian Partners, for example, offers flexible, unrestricted, long-term grants of up to \$200 million each and gives funds to support organizations' ideation and development of theories of change. Impressively, 70 percent of the Hewlett Foundation's grants are general operating support.

Humility | Before launching a new venture, donors would be wise to look for similar organizations and initiatives. If a donor needs to launch a new venture instead of investing in

an existing initiative or organization, then that new effort should be informed by genuine community engagement and learn from or build on past efforts and experiments. Take, for example, El Pomar Foundation, one of Colorado's oldest and largest. It convened councils in 13 different regions and, rather than tightly prescribing their work, gave each one an allocation, saying in essence, "You all self-determine what it is you want to do. Tell us how you are measuring progress, and then we roll up what we are learning across the 13 regions." El Pomar also

convenes these community leaders with state and national policymakers, informing policy formulation with community input and trusting local leaders to speak for themselves.

Getting the best from big bets will require more openness to turning over resources to those who have the deep knowledge of and proximity to the problems they are working to solve. Big bets are just that—bets. If you can pull them back, reign them in, and fully control them, then you have yet to make your bet. ●

Big Bets Are Important. But So Is a Big Heart.

The founder and editor of *Inside Philanthropy* argues in favor of giving that addresses humanity's most urgent needs.

BY DAVID CALLAHAN

An appetite for risk may be philanthropy's top competitive advantage—or at least it should be. Too often, though, funders play things safe instead, which is why it is encouraging to watch deep-pocketed newcomers embrace risk and see how this has reenergized some legacy foundations, such as the John D. and Catherine T. MacArthur Foundation.

But a downside of the growing focus on risk and innovation is that it may be sending the wrong message about what counts as a meaningful result of large-scale philanthropy. The high value placed on novel and ambitious programs may be slowing down the pace at which today's new mega-givers are disposing of their fortunes, and it may be depriving some of the most worthy—but often persistent and intractable—causes of urgently needed support.

A dominant message within elite philanthropy right now is that smart funders should not waste their money on Band-Aid solutions that are applied downstream. Instead, they must search for opportunities *upstream* to make breakthroughs in attacking systemic problems. These days, to pursue significant influence as a major-league philanthropist—and win accolades—you are supposed to be on a ceaseless

quest for innovative and scalable solutions to society's toughest challenges.

The problem, though, is that such promising solutions are not always so easy to find. When donors do identify true innovators—say, some overlooked nonprofit that has found the magic formula for licking this or that social ill—chances are that they will be unprepared to absorb an eight- or nine-figure gift. This explains why research by Bridgespan has found that wealthy philanthropists are often frustrated by the lack of shovel-ready opportunities to make such big gifts.

Bridgespan's response to that finding was to develop a set of blueprints for big bets that donors could simply pull off the shelf. That is smart, just as it is helpful that the most promising proposals submitted for the MacArthur Foundation's big-bet competition are available for anyone to review online at the 100&Change Solutions Bank. I hope that donors are making use of these resources to place more big bets; Warren Buffett is exactly right in often saying that philanthropy is "society's risk capital."

But fueling innovation and breakthroughs is not philanthropy's *only* role. Philanthropy also has an important role to play in helping human beings in need when nobody else is stepping forward or when assistance by others falls short.

Today, around the world, there is no shortage of urgent unmet human needs. Millions

of refugees in tent cities are now experiencing another bone-chilling winter. Millions of children in these camps have no schools. In Yemen, millions of people trapped in a civil war are facing starvation. Last year, nearly 3 million children under the age of 5 died in sub-Saharan Africa. Worldwide, around 100 million pregnancies a year are unintended, with one result being 25 million unsafe abortions that claim the lives of many thousands of women. Meanwhile, according to recent data, one in eight Americans, or 12.3 percent of the population, are food-insecure and many regularly experience hunger.

Any donor who wants a shovel-ready opportunity to help humanity with an eight- or nine-figure gift can pick up the phone today and call the office of United Nations High Commissioner for Refugees (UNHCR), which has long pleaded for private donors to supplement the inadequate aid provided by governments, or donors can call Doctors Without Borders or any number of large nonprofits right here in the United States that are alleviating suffering and improving lives.

But few of the big new donors ever make these calls. Giving for direct services is out within elite philanthropy. I understand why this is so. At *Inside Philanthropy*, the publication I founded and edit, we love spotlighting the savvy funders that are investing in systemic change. There's a real need for more high-leverage giving, and these givers should be encouraged to go after the systemic causes of problems and make more big bets. But philanthropy also needs a big heart. These donors should also be encouraged to move more money *right now*, to institutions such as UNHCR that are ready to spend it immediately to help human beings.

This is not an either-or choice for many top donors. They have enough money to pursue multiple strategies. What they need is more permission to do exactly that from a culture of elite philanthropy that's gotten too smart for its own good—and humanity's, too. ●

DAVID CALLAHAN is the founder and editor of *Inside Philanthropy*.