Editor’s Note
Even Small Foundations Can Have a Big Impact
By Eric Nee
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In philanthropy, it’s often assumed that the more money you spend, the bigger the impact you can have. That is one of the reasons why so much attention is paid to foundations with large endowments like Azim Premji and Gates, annual rankings of the largest donors from publications like Forbes, and organizations that practice big-bets giving, such as the MacArthur and Blue Meridian foundations.

While large amounts of money can make a difference, it’s not the only way that philanthropists can have an impact. In fact, even small funders can have a big impact by acting strategically and funding in ways that they might not otherwise consider—ways that leverage the money they give so that it impacts an entire issue area.

Most small funders concentrate on making gifts to organizations that are doing good work. More sophisticated funders might even do that in the form of providing general operating grants so that the organizations they fund can spend the money the way they think is best.

These types of grants are important, but there are other ways, some of them unorthodox, that small (as well as medium and large) funders can use their money that will have an outsized impact on the issue area they are focused on.

Take, for example, a small funder who believes that supportive housing plays an important role in helping individuals and families during tough times. Instead of using their resources to fund one or two more supportive housing projects, they could invest in other ways that have an impact on the entire issue area.

They could fund an in-depth study that seeks to answer important questions about supportive housing, such as: What types of supportive housing work best for what types of people? How long should people be in supportive housing? What are the most effective ways that government and nonprofits collaborate to provide supportive housing?

To make sure that the results of the study are put to good use, the funder might also fund a convening of organizations that provide supportive housing to discuss the study and its implications for their work, or fund the creation of an organization that would be a hub of information for the field of supportive housing, or help create a network of supportive housing funders so that they can coordinate their efforts and help bring additional money into the area.

These ideas and others are explored in the cover story of the Winter 2023 issue of Stanford Social Innovation Review, “You Could Spend Your Money Differently.” The author of the article is Louis Boorstin, who worked for eight years at one of the largest funders in the world, the Bill & Melinda Gates Foundation. For the last seven years he has been executive director at one of the smaller funders, the Osprey Foundation.

Boorstin’s first article for SSIR was published in the Fall 2013 issue. It was titled “The Quest for Scale.” It was an article that generated a lively discussion among nonprofits and funders. I am sure that this one will as well.

—ERICH NEE