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Disciplining Generosity

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Philanthropy advising hit the headlines as a result of the Bridgespan Group's support for MacKenzie Scott's historically significant contributions (in terms of both scale and style) which began in 2020. Up until then philanthropy advisors had been one of the lesser known and understood elements of the social change ecosystem. But advisors have been quietly playing their part for decades, if not centuries in supporting the design and implementation of solutions to improve the welfare and wellbeing of individuals and communities. Now, as philanthropy is being called upon to do more to help tackle daunting social and environmental challenges, it is time to pay attention to the advisors who strive to encourage more and better giving that will enable effective and sustainable social innovation.

Since 2017 we have taught a graduate course on Advising Donors within the MA Philanthropic Studies programme at the University of Kent in the UK. Whilst designing and delivering that course it became clear how little robust research or best practice information was available on this topic, so we decided to write a book to fill that gap. Advising Philanthropists: Principles and Practice draws together the knowledge and practical insights that we have gained during our combined 48 years working in fundraising and studying philanthropy (Beth) and working in grant-making and as a philanthropy advisor (Emma). This material is enhanced by interviews with 40 philanthropy advisors across 15 countries who kindly shared with us their motivations for doing this work, what it involves, the challenges they face, the highlights that make it worthwhile, and their hopes for the impact of this work. Shining a spotlight on philanthropy advisors - who they are, how they work and to what effect - has been a pleasurable task. It has also been an important step in making this part of social change work more transparent. We hope the insights in our book help to attract more people into this profession, enable colleagues to better understand their work, and lead to greater understanding that philanthropic funding of successful social innovation rarely happens by accident.

Understanding philanthropy advisors' influence on donors and wider society

Philanthropy advisors have the ear of big donors – including some with many millions or even billions to distribute – and can make use of that privileged position to advance social change and innovation. Being in this position of influence means that philanthropy advising involves a high degree of responsibility and a willingness to confront ethical dilemmas. Even when a donor makes a straightforward request for their advisor to identify good projects and organisations to fund (noting that what counts as 'good' is always subjective), the advisor will not be able to bring all of the possible options to the client. The choices they put forward will depend on how far their networks reach, what their view is of what counts as an effective organisation and, quite practically, how much time they have. Bridgespan's team of advisors considered 6,490 potential gift recipients and conducted research into 822 of them before philanthropist MacKenzie Scott funded 384 organisations to the tune of $4.2 billion in 2020. This was a massive effort but will still have been imperfect, and successful social change initiatives will have been missed. Advisors must therefore be aware of their influence through this 'conscious curation' and be explicit about the decision-making principles and processes that they use when selecting options for their clients to consider.

At some point influencing will move into challenging, and advisors need to make sure they are also explicit and intentional when crossing this line. Most of the advisors we interviewed said they were very comfortable challenging donors who held outmoded assumptions about social change organisations – for example, by explaining nonprofits' need for overheads or misconceptions about the amount of effort that effective giving involves. Other challenges may include asking donors to examine the source of their wealth, to think about their power and privilege, and to consider whether they are giving enough. To raise these issues without harming the relationship – after all, the donor is a client - the advisor needs to have listened to and understood the donor's position, and to back up their challenge with evidence and examples.

Observers may assume that all professional advisors inevitably seek to placate, rather than provoke, their clients due to inherent status and power differentials but in reality the options are often not as clear cut as this polarity suggests. For example, at the start of the engagement, the philanthropy advisor's role may be to encourage the donor in their stated interests and then later, as trust and understanding grow, the advisor may prompt deeper thinking and bring more options for the donor to consider. There are ongoing judgements to be made along the way as to what will best help the donor to accomplish their philanthropic goals and what will most likely lead to meaningful social change.

In whichever way the advisor sees their role – as someone who serves their client or challenges them, or a bit of both – their influence goes beyond the advisor–client relationship to impact the broader philanthropy sector and society-wide debates about the roles of wealth and private giving. Being part of the philanthropy ecosystem, advisors are not immune from criticisms facing the role and impact of private giving. One crucial concern about the advising role is the question of who they really work for: the donor/client, the nonprofit sector, or wider society? Or – for those who see it as an entirely commercial proposition – are advisors really only working for their own gain?

When thinking about how they stand in relation to the criticisms of philanthropy and its power dynamics, advisors firstly need to take a view on why they work in philanthropy and why helping people to give is a socially useful endeavour. Secondly, they need to be able to explain the unique and legitimate role of philanthropy and be ready with examples of the positive changes it has brought about.

Advisors can also help their clients to understand the debates within philanthropy and how their giving may be open to scrutiny, and they can support their clients to acknowledge and respond to reasonable criticisms. For example, advisors can help donors to guard against accusations of being ineffective by helping them to become more strategic and encouraging them to collaborate with other donors and social change actors. Or advisors can help donors to avoid accusations of improper exercise of power by encouraging them to listen carefully to beneficiaries and view them as valued partners rather than grateful recipients. Advisors can connect donors with the realities of non-profits and those most affected by issues instead of leaving misconceptions unchallenged. Advisors can also encourage donors to adopt good practices – for example, co-designing impact measures, providing additional funding to cover the cost of evaluations, or doing away with monitoring reports altogether and engaging in a more trusting relationship with grantees as equal partners.

Unhealthy and undemocratic power dynamics are a focus of much current concern about private giving. In our interviews we highlight a number of examples where advisors (which includes both individual consultants and advisory organisations) are working with donors to promote and support power-shifting practices. These include:

- **Ceding control:** Phīla Engaged Giving advised on the establishment of The Share Fund, which aims to "step out of traditional power structures of donor control, … to cede all grantmaking decisions to a Funding Committee composed of BIPOC [Black, Indigenous and people of colour] community members with expertise in racial and gender justice".
- **Listening and responding:** Melinda Tuan is Managing Director of Fund for Shared Insight, which she describes as "a national funder collaborative working to improve philanthropy by promoting and supporting ways for foundations and non-profits to listen and respond to the people and communities most harmed by the systems and structures we're seeking to change with our work".

- **Taking a reparative approach:** there are new advisors with expertise in equity and justice moving into the philanthropic space. For example, private wealth lawyer Stephanie Brobbey has founded the Good Ancestor Movement, which advises clients to adopt a reparative approach when choosing how to use their surplus wealth.
- **Examining privilege:** Generation Pledge is helping donors to examine their privilege through a behavioural change model which helps inheritors to think about their relationship with wealth and learn to operate from a place of intellectual humility, meaning they are willing to change their minds and behaviour when presented with solid reasoning.
- **Encouraging bolder action:** Resource Justice "exists to educate young people with wealth about the roots of inequality and to encourage each other to take bold action to redistribute wealth, land and power in solidarity with movements for social justice that can create systemic change".

Our research finds three main ways that advisors can make a positive contribution to social change: by encouraging more philanthropy; by supporting better philanthropy; and by mitigating social problems through philanthropic acts and practice.

How advisors encourage more philanthropy

The potential for advisors to promote and encourage more giving is built into their business model: whether they aim to make a profit or not, they need clients and therefore have a vested interest in stimulating more people to become givers. Younger generations who are anticipating an inheritance, or who have earned wealth but not yet considered or solidified their spending plans, constitute a particularly promising pool of future philanthropists. Effort expended on reaching and communicating with the next generation is a particularly crucial way in which advisors can grow their own client base while also helping to influence and educate the next generation of philanthropists. Advisors are often involved in bringing younger generations into the family's giving, which creates an opportunity to engage the next generation and to do so in a way that addresses concerns about private giving.

Increasing the quantity of donors is a necessary first step before improving the quality of their giving because donors need to get started before the focus can turn to improving their philanthropy. One of the advisors we interviewed used a sporting analogy to make this point: "You can't get people to improve their swing if they don't take up golf in the first place!".

How advisors support better philanthropy

Helping clients to do philanthropy better is at the heart of donor advising. Advisors use different approaches to help clients become better givers including donor education, challenging clients' views and misconceptions, and advocating best practice in grant-making from the start, in order to create a giving plan that is more likely to demonstrate good practice in its implementation and success in its impact. Such efforts can continue throughout the process, too: once the overall goals have been articulated in a giving plan there are many ways in which advisors can help clients to continually improve the implementation of their plan. For example, advisors can help donors to think through how involved they should be with the organisations they are funding and to identify better ways to undertake any such involvement.

There is a known documented generational shift in attitudes to involvement, with younger donors wanting (on the whole) to become more involved with the causes they support and to be much more hands on in shaping the projects and organisations they support. This desire for involvement can generate additional positive societal benefits, such as donors bringing their expertise to an initiative and sharing their contacts with organisations. But notable downsides include creating additional work for recipient organisations (through requirements to facilitate donor involvement) and aggravating existing power dynamics. It can be difficult for recipients to challenge or say no to those wielding financial resources, so advisors can make philanthropy better by helping clients to adopt good practices and avoid problematic involvement that might otherwise distort the non-profit's strategy, add costs, alienate other donors and lead to under-performance.

How advisors mitigate social problems through philanthropic advice

In response to the critical view that sees advising as part of broader problems within philanthropy, another perspective suggests that some clients seek help from advisors precisely to avoid harms such as aggravating inequality and to promote goods such as greater social mobility. For example, some choose philanthropic distribution as a preferred alternative to preserving or growing family wealth. One study found that the question of how to handle large family inheritances was the second biggest concern of UK donors who sought philanthropy advice.

Another potential alignment between what donors want and what brings greater social benefit is growing enthusiasm for starting serious philanthropic giving at an earlier age and spending down rather than creating vehicles to give in perpetuity. Advisors can help clients to donate the bulk of their surplus wealth during their lifetime rather than waiting to disperse gifts through their will. In making this decision, donors may ultimately be looking to their own wishes, as this approach gives them greater control over how they spend their money and more opportunities to enjoy recognition and praise while they are alive to enjoy it. But given the urgency of many needs requiring philanthropic support, such as those encapsulated in the Sustainable Development Goals, any private benefits from 'giving while living' are arguably more than matched by resulting public benefits.

In addition, advisors sometimes work with donors who are uncomfortable with having inherited large fortunes. They may choose to give some or all of their money away to align with their personal commitment to equity and/or their desire to make reparations for what they see as the extractive or exploitative source of family wealth.

Conclusion

It is fair to say that expectations of philanthropy tend to be high, which may explain why some observers are quick to call out perceived under-performance in the philanthropy and social change sector. Yet, those high public expectations are often also held by advisors and donors themselves. Numerous studies show that donors are motivated by a desire to catalyse transformational change, or even 'change the world' by pursuing social innovations. Realising such expectations clearly requires a lot of money, but it also requires complementing "heartfelt generosity with a disciplined consideration of what you hope to accomplish", in the words of Tom Tierney, co-founder of the Bridgespan Group. This is where advisors can and should play their part in helping donors to achieve philanthropic success through impactful interventions, which generate greater public benefit by achieving more public good; inspiring confidence in donors, which may lead to greater giving; and moving more money away from private consumption or inheritance towards philanthropic distribution and, ultimately, positive social change.