EFFECTIVE PHILANTHROPY IN URBAN COMMUNITIES

FALL 2014 Course B8543-001
Urish 329 Mondays, 4:00 p.m. – 7:15 p.m.

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Office Hours: By appointment

TEACHING ASSISTANT

Elise Miller: elmiller15@gsb.columbia.edu

READINGS

Excerpts from the following texts will be assigned, and as far as possible available on Canvas as well as in the library:

1. Collins, Good to Great and the Social Sector
3. Hunter, Working Hard and Working Well
4. Morino, Leap of Reason: Managing to Outcomes in an Era of Scarcity

The Marino and Hunter books can be downloaded for free at www.leapofreason.org

In addition, the following articles and case studies will be assigned and will be available on Canvas:

4. Giving 2.0 Learning Notes: Nonprofit Assessment
5. Giving 2.0 Learning Notes: Site Visit Guide
13. Stanford GSB Case Study SI-70: The Broad Foundation
15. Stanford GSB Case Study SI-67: The Skoll Foundation

There also may be additional readings/handouts in class or available via Canvas/Angel. The additional readings are essential to comprehending the content of the class.

Finally, we urge you to learn about the sector through regular reading online of *Philanthropy News Digest*, *Chronicle of Philanthropy* and the Stanford Social Innovation Review. Stay on top of current events, especially in New York City, because they will contribute to the richness of class discussions. We will use them and expect you to be aware of them.

**REQUIRED PREREQUISITES AND CONNECTION TO THE CORE**

There are no prerequisites for this course. The concepts in this course will use, build on and extend concepts covered in the following core courses:

<table>
<thead>
<tr>
<th>Core Course</th>
<th>Connection with Core</th>
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| Financial Accounting     | 1. Understanding the Accounting Equation in Nonprofits  
2. Revenue and Expense Models in the Nonprofit Sector  
3. How to Review Nonprofit Audits and Tax Returns |
| Strategy Formulation     | 1. What is Economic Value in Nonprofits and Philanthropy  
2. How is Value Created with Philanthropic Support  
3. The Role of Competition in the Nonprofit Sector and Philanthropy |
| Operations Management    | 1. What is the Nonprofit Operating System  
2. What is the Philanthropy operating System  
3. How does a Nonprofit Manage to Outcomes or Achieve Impact |

Students will be expected to have mastered these concepts and be able to apply them in the course.
COURSE DESCRIPTION

“To give away money is an easy matter in any man’s power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man’s power nor an easy matter. Hence, it is that such excellence is rare, praiseworthy and noble.”
— Aristotle, 384-322 BC

“What is the use of living, if it be not to strive for noble causes and to make this muddled world a better place for those who will live in it after we are gone?”
— Winston Churchill, 1908

“Will our economic success make us more generous or more self-absorbed? More idealistic about the aspirations of the founding fathers and the work of our forefathers in making American life what we so comfortably inherit? Or will the diminished need to struggle as hard as other generations lessen our imagination about how to address the needs of others and fix what is still broken in our society? Either society is possible. One will build our society; the other will erode and slowly degenerate it over the first few decades of the twenty-first century.”
— Claire Gaudiani, 2003

Philanthropy has become a significant force in recent years, assuming a level of importance within the United States not seen since the early 20th century, and burgeoning abroad as well. The current conception of philanthropy now includes not only grants and gifts but also impact investing, social enterprise, advocacy, dissemination, and complex public-private partnerships.

This course is designed to provide students with a rigorous understanding and practical experience in how philanthropy can create social change, including how to:

1. Analyze and identify social challenges and issues you would want to fund with philanthropic dollars;
2. Evaluate strategic options for addressing social challenges;
3. Develop selection criteria for funding;
4. Evaluate funding opportunities through a due diligence process;
5. Allocate funds; and
6. Evaluate results.

OVERVIEW OF THE AWARD PROCESS AND ASSIGNMENTS

The culmination of this course is a set of presentations by student teams in which each team articulates a social problem and, using the six-step process described above, argues for an evidence-based solution to the problem. Critically, the team must also advocate for a specific nonprofit that can ably deliver that solution in New York City. Thanks to an anonymous foundation’s generosity, one cash grant of $25,000 per team will be available, based on 5 teams per class. Each team will recommend an eligible nonprofit organization (subject to final approval by the instructors and donors). The nonprofit deemed “best in class” by the full class will receive additional $25,000 (subject to final approval by the instructors and donors).

At the outset of the course, students will be divided into teams, with about five students per team. Each team will be assigned a societal challenge that has significant impact in New York City. Topics may include:
Each team will then need to narrow the assigned topic to a sub-area that allows for meaningful focus, research, analysis and nonprofit selection in the context of New York City. Environment, for example, might be narrowed to urban farming or greening roofs. Education might be narrowed to college completion or middle-school math.

Teams will then research their topics, developing information and analysis about the scope and scale of the problem, its root cause, strategies to solve the problem, and evidence of effectiveness. This research will also include gathering information about the flow of funds into the specific topic from public, corporate and other philanthropic sources, as well as evidence-based analysis of programs.

This analysis, along with a decision about which strategic solution to seek, will be presented as a paper and an in-class presentation by each team, and will account for 40% of the grade.

Based on this strategic approach, teams will next develop criteria for determining which nonprofits would be appropriate grantees, as well as a method for assessing progress and impact. After approval by the instructors, the teams will identify which nonprofits meet these criteria, and select three finalists as potential grantees.

Next, teams will request proposals from the three finalists, and conduct site visits and due diligence, which will include analyzing the nonprofits' financials, programmatic or service capacity and evidence of outcomes or impact. The final paper - a rationale for the grant -- and in-class PowerPoint presentation, worth 40% of the grade, will present the team's process and final recommendation, supported by analysis, for a grant and evaluation criteria.

Active class participation throughout the course will count for 20% of the grade.

**METHOD OF EVALUATION**

<table>
<thead>
<tr>
<th>Type</th>
<th>Designation</th>
<th>Discussion of concepts</th>
<th>Preparation of submission</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>group / group</td>
<td>Permitted with designated group*</td>
<td>By the group</td>
<td>Same grade for each member of the group</td>
</tr>
<tr>
<td>B</td>
<td>group / individual</td>
<td>Permitted</td>
<td>Individually (No sharing of any portion of the submission)</td>
<td>Individual</td>
</tr>
<tr>
<td>C</td>
<td>individual / individual</td>
<td>None of any kind</td>
<td>Individually</td>
<td>Individual</td>
</tr>
<tr>
<td>D</td>
<td>(An optional category to be defined in detail by the faculty member)</td>
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Research paper and in-class presentation (type A)  40%
Final paper and presentation (type A)  40%
Active class participation (type C)  20%

CLASSROOM NORMS AND EXPECTATIONS

This will be an active three hour class. The instructors have knowledge and experience to impart, but very much see themselves as facilitators. We will keep lecturing to a minimum. In the course of the semester, we will read various books, articles, and documents and discuss them. Be ready to do so. You will meet leaders from the nonprofit and philanthropic community. Be ready to engage them. In the course of the semester, you will visit projects or programs in New York City. Be ready to observe and analyze.

Again, we want to use the class experience as a bridge between theory and practice. The readings we discuss in class and the speakers we invite into the class complement each other. We will spend time in each session exploring the readings and interacting with the speakers, so please complete the readings before class for which they’re assigned.

This course is not for the student who wants to receive information passively and then simply present it back in the form of papers. We are looking for students who want to engage with the material and the people in this vibrant sector, through site visits as well as in-class opportunities. Class participation is vital and will count toward your overall grade. Get to know your classmates as the journey in this work is better understood and enjoyed by shared experience. Since the topics discussed in this class often involve values and personal beliefs, we expect everyone to respect diverse viewpoints and experiences.

Students are expected to attend all classes for the full 3.25 hours. Absences, as well as partial attendance of a session, must be justified in advance to the satisfaction of the instructors.

Use of cell phones or other devices is strictly prohibited and use of laptops and iPads will be permitted ONLY during group work time.

CLASSES OVERVIEW

September 8, 2014  Session 1: Overview of the Third Sector

• Introductions/What You Hope To Get Out of the Class/Course Overview
• A Short History of the Nonprofit Sector
• Types of Philanthropy: Private/family; Independent; Corporate
• Key and Current Trends

Readings:

• Kemmis, “Philanthropy and the Renewal of Democracy”
September 15, 2014  Session 2: Best Practice in Nonprofits: Excellence, Efficiency and Effectiveness

- Current Practice in NPO Management – what works, what doesn’t
- To Scale or Not to Scale: Is small beautiful?
- Social Enterprise/Social Entrepreneurship: An answer to what ails the sector?
- HBS Case Study on Historical Society of PA or DBB developed case study

Team Time: Teams and issue areas will be assigned

Readings:

- Collins, Good to Great and the Social Sector
- Hunter, Working Hard and Working Well, Chapter 3 – The Pillars of Performance
- Miller, “The Looking Glass World of Nonprofit Money”

September 22, 2014  Session 3: The Infrastructure of Philanthropy — Part I

- Your Values, Your Worldview
- Defining the Problem: Issue Research and Root-Cause Analysis
- Developing a Strategy/Solution
- Funder panel: NY Foundation leaders

Team Time: Teams Define Focus area, What Kind of Nonprofits They Want to Consider Supporting

Readings:

- Carnegie, “Gospel of Wealth”
- Reich, “What Are Foundations For?”
- Stanford GSB Case Study SI-67: The Skoll Foundation

September 29, 2014  Session 4: The Infrastructure of Philanthropy — Part II

- Developing a Mission Statement
- Developing Grantmaking Guidelines and Criteria
- Developing Proposals
- Understanding the Grantee/Grantor Dynamic

Team Time: Teams discuss Scan of Issue and Focus Area to prepare for Framework Presentation

Readings:
• Fleischman, The Foundation: A Great American Secret and How Private Wealth is Changing the World, Chapters 6-7
• Russakoff, “Schooled”

October 6, 2014  Session 5: Frameworks for Grantmaking
Class Presentations by teams of their Frameworks for Grantmaking

October 13, 2014  Session 6: Identifying and Evaluating Effective Nonprofits

• Evaluation Processes and Matrixes
• Assessing Financial Strength (or lack thereof) of Nonprofits
• Financial Performance versus Program Outcomes: A False Choice?
• Case Studies: Review of Proposals from Clark Foundation grantees

Readings:

• Giving 2.0 Learning Notes: Nonprofit Assessment
• Morino, Leap of Reason, Introduction and Chapters 1-5

October 20, 2014  No class session. Teams to submit nonprofit finalists to instructors; solicit proposals; schedule site visits during this week

October 27, 2014  Session 7: Best Practices in Philanthropy

• The Social Compact that Enables Philanthropy
• Government, Business and Philanthropy: Who should be filling the gaps?
• Success Stories and Failures in Philanthropy

[Team time off site: conclude site visits]

Readings:

• Salamon (Editor), New Frontiers of Philanthropy, Chapter 1 by Salamon: “The Revolution on the Frontiers of Philanthropy: An Introduction”

November 10, 2014  Session 8: Forms of Philanthropy

• Types of Grants: Project, General Operating Support, Capital, Endowment
Columbia Business School

- Evidence-based Funding: Current trends and challenges
- Impact Investing and Program-Related Investments
- Convening, Advocacy and Communication

**Team Time: Check-in with instructors on write-ups and final presentation**

**Readings:**


**November 17, 2014 Session 9: Moving the Needle: Case Studies in Achieving Success with Urban Philanthropy**

- Part I: Key Issues and Promising Solutions to Urban Issues
- Part II: Case Studies in the role of measurement, accountability, risk, time and leadership

**Readings:**

- Aviv, “Wrong Answer”
- Kaufmann and Searle, “The Annie E. Casey Foundation: Answering the Hard Question: What Difference are we Making?”
- Stanford GSB Case Study SI-70: The Broad Foundation


- Outcomes vs. Outputs vs. Impacts
- Models and Tools
- Conducting site visits
- Case Study with Nonprofit Leader

**Team Time: Work on write-up and final presentation**

**Readings:**

- Giving 2.0 Learning Notes: Site Visit Guide

**December 1, 2014 Session 11: Bringing It All Home: Class is devoted to the teams finalizing their work and preparing for their presentations**

- Re-review proposals
- Discuss Findings from Site Visits and Any Additional Research
- Determine a Fair Grantmaking Decision Process that is inclusive and Data-Driven
- Outline the Team’s Presentation
- Assign Work to Individual Team Members
December 8, 2014

Session 12: Final Team Presentations

- 20 minutes per team plus 10 minutes per team for class discussion
- Course evaluation
- Closing thoughts from the instructors and class

INSTRUCTORS’ BIOS

Doug Bauer is Executive Director of The Clark Foundation. The Foundation focuses on helping individuals out of poverty and then leading independent and productive lives, and supports nonprofits and programs in New York City and Cooperstown, NY. Doug manages not only the Clark Foundation but is also executive director of the Scriven and Fernleigh Foundations. Together, the three foundations have assets over $700 million and provides over $30 million in grants, scholarships and programs annually. Prior to Clark, Doug was a Senior Vice President with Rockefeller Philanthropy Advisors (RPA) from 2002 to 2009 and led the organization’s Strategic Initiatives Team. Prior to joining RPA, he was a Vice President at Goldman Sachs and President of the Goldman Sachs Philanthropy Fund, the firm’s charitable gift fund. From 1997 to 2000, Doug was Director of Community Partnership at SmithKline Beecham (now GlaxoSmithKline) and Executive Director of the SmithKline Beecham Foundation, where he focused on community-based health care around the world. From 1992 to 1996, Doug was a Program Officer for Culture at the Pew Charitable Trusts. And from 1988 to 1992, he managed the Scott Paper Company Foundation. Doug’s opinions and ideas on philanthropy have been featured in the Associated Press, The Chronicle of Philanthropy, Contribute, the Financial Times, the Los Angeles Times, The New York Post, Stanford Social Innovation Review, The Wall Street Journal and on NPR, PBS and CNBC. Doug co-authored, with Steven Godeke, Philanthropy’s New Passing Gear: Mission Related Investing, A Policy and Implementation Guide for Foundation Trustees. Doug is a past chair of Philanthropy New York and current co-chair of its Public Policy Committee and also serves on boards or committees for Confluence Philanthropy, The Melalucca Foundation, The National Council of Nonprofits, and the Rockefeller Institute of Government. He is also an adjunct faculty member at the University of Pennsylvania in its School of Social Policy and Practice. Doug is a graduate of Michigan State University. He also holds a M.S. from Penn and a M.J. from Temple University.

Melissa Berman is the President and CEO of Rockefeller Philanthropy Advisors, Inc., an innovative nonprofit philanthropy service founded by the Rockefeller family. Rockefeller Philanthropy Advisors’ mission is to help donors create thoughtful, effective philanthropy throughout the world. RPA develops strategic plans, conducts research, manages foundations and trusts, structures major gifts, coordinates donor collaboratives, and provides regranting and fiscal sponsorship services. Rockefeller Philanthropy Advisors annually manages or facilitates about $250 million in giving to more than 20 countries. With funding from the Gates Foundation, RPA has developed some two dozen donor guides in its “Philanthropy Roadmap” series. It has offices in New York, San Francisco, Los Angeles and Chicago. Ms. Berman has led Rockefeller Philanthropy Advisors since January 2001. Previously, she served as Senior Vice President, Research and Program Development at The Conference Board, a nonprofit, independent business research organization. She oversaw all research and publications on management practices, including global corporate citizenship and governance.

Ms. Berman is a leading expert on foundation development, strategic planning and global philanthropy, and has been invited to share her expertise with organizations in Asia, Latin America and Europe as well as across the United States. A
frequent speaker, Ms. Berman has been profiled in the New York Times and the Stanford Social Innovation Review. Her ideas and views are featured regularly in the Economist, Wall Street Journal, New York Times, Business Week, Financial Times, USA Today, and the Chronicle of Philanthropy. She has been interviewed on the Today Show, NBC Nightly News, NPR, CNBC-TV, and Bloomberg TV. Ms. Berman is a director of Rockefeller Philanthropy Advisors and an adjunct Professor at Columbia University’s Business School, where she also serves on the Advisory Board for the Social Enterprise Program. She is a member of the International Council of the New Israel Fund and a former director of the Foundation Center. Ms. Berman holds a B.A. from Harvard University and a Ph.D. from Stanford University.

Elise Miller is a third-year dual degree student at Columbia Business School and Columbia School of Social Work, pursuing an MBA and MSW. She was recently a Summer Associate at the Robin Hood Foundation, where she worked with grantees in the Jobs and Economic Security portfolio to strengthen social enterprise activities. Prior to graduate school, Elise worked as a Research Analyst at the Vera Institute of Justice and managed and analyzed data for national legal service programs for detained immigrants and unaccompanied immigrant children. She was also a Social Work Intern at Federal Defenders of New York, where she worked with incarcerated clients on reentry planning and sentencing mitigation, and was an MBA Intern at the Center for Employment Opportunities, where she conducted a feasibility analysis of a revenue-generating enterprise. Elise has volunteered teaching financial literacy classes in prisons and homeless shelters, preparing taxes at a credit union, and conducting food stamp outreach. Elise holds a BA in Philosophy, Politics and Economics from the University of Pennsylvania.