EFFECTIVE PHILANTHROPY IN URBAN COMMUNITIES

FALL 2016  Course B8543-001
Uris 329  Thursdays, 4:00 p.m. – 7:15 p.m.

INSTRUCTOR:  Douglas B. Bauer
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Office Hours:  By appointment
TEACHING ASSISTANT:  Melanie Chow
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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
5. Russakoff, The Prize

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:

5. Giving 2.0 Learning Notes: Nonprofit Assessment
6. Giving 2.0 Learning Notes: Site Visit Guide
17. Stanford GSB Case Study SI-70: The Broad Foundation

There also may be additional readings/handouts in class or available via Canvas. 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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<tbody>
<tr>
<td>Financial Accounting</td>
<td>1. Understanding the Accounting Equation in Nonprofits</td>
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<tr>
<td></td>
<td>2. Revenue and Expense Models in the Nonprofit Sector</td>
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<td></td>
<td>3. How to Review Nonprofit Audits and Tax Returns</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td>1. What is Economic Value in Nonprofits and Philanthropy</td>
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<td></td>
<td>2. How is Value Created with Philanthropic Support</td>
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<td></td>
<td>3. The Role of Competition in the Nonprofit Sector and Philanthropy</td>
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<tr>
<td>Operations Management</td>
<td>1. What is the Nonprofit Operating System</td>
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<tr>
<td></td>
<td>2. What is the Philanthropy Operating System</td>
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<td></td>
<td>3. How does a Nonprofit Manage to Outcomes or Achieve Impact</td>
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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 in an urban context, 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 the generosity of the Anna-Maria and Stephen Kellen Foundation, 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 remediating brown fields. Education might be narrowed to college completion or enhancing the Common Core through the role of the arts in middle-school.

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 document - a rationale for the grant -- and in-class PowerPoint presentation, worth **40% of the grade**, will present the team’s process and final grant recommendation, supported by analysis, using evaluation criteria.

Active class participation throughout the course and attendance 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>
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</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>
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(An optional category to be defined in detail by the faculty member)

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Research paper and in-class presentation (type A)</td>
<td>40%</td>
</tr>
<tr>
<td>Final paper and presentation (type A)</td>
<td>40%</td>
</tr>
<tr>
<td>Active class participation (type C)</td>
<td>20%</td>
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**CLASSROOM NORMS AND EXPECTATIONS**

This will be an active three hour class. The instructor has knowledge and experience to impart, but very much sees himself as a facilitator. Lecturing will be kept 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, the class experience is a bridge between theory and practice. The readings we discuss in class and the speakers invited 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 instructor.

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

**COURSE TIMELINE**

**September 8, 2016**

**Session 1: Overview of the Third Sector: Nonprofits and Philanthropy**

- 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”
- Mintzberg, “Time for the Plural Sector”
- Sievers, “Tale of Three Cities”
- Stanford GSB Case Study SI-66, “Philanthropy in America: An Historical and Strategic Overview”

September 15, 2016  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?

Team Time: Issue areas identified and teams 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, 2016  Session 3: Identifying and Evaluating Successful 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

Team Time: Further define issue area and identify topics to research.

Readings:
- FEGS June 30, 2014 Audit
- Giving 2.0 Learning Notes: Nonprofit Assessment
- Morino, Leap of Reason, Introduction and Chapters 1-5
- Morino, “The Performance Imperative”
September 29, 2016  Session 4: The Infrastructure of Philanthropy — Part I

- Your Values, Your Worldview
- Defining the Problem: Issue Research and Root-Cause Analysis
- Developing a Strategy/Solution
- Speaker: Mark Bodden, Executive Director, The Rudin Family Foundations

Team Time: Identify and discuss Team Members’ skills and values and how they are to be incorporated into the grantmaking process.

Readings:

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

October 6, 2016  Session 5: The Infrastructure of Philanthropy — Part II

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

Team Time: Share issue area due diligence; affirm the Team’s grantmaking focus; outline presentation and determine assignments for each team member.

Readings:

- Fleischman, The Foundation: A Great American Secret and How Private Wealth is Changing the World, Chapters 6-7
- Russakoff, The Prize

October 13, 2016  Session 6: Frameworks for Grantmaking

- Class Presentations by teams of their Frameworks for Grantmaking
October 20, 2016   Exam Period – NO CLASS

Team Time: Between 10/13 and 10/20, identify 10 nonprofits for possible consideration. By 10/24, select 3 to 5 nonprofits to solicit proposals. By 10/27, contact the 3 to 5 nonprofits and have them submit grant proposals by no later than 11/7.

October 27, 2016   Session 7: Forms of Philanthropy

- Types of Grants: Project, General Operating Support, Capital, Endowment
- Impact Investing
- Convening, Advocacy and Communication

Team Time: Develop a timetable to conduct site visits between 11/7 and 11/30. Check-in with instructor on process.

Readings:
- Porter, “Wall St. Money Meets Social Policy at Rikers Island”
- Queenan, Etzel, and Prasad, “Pay What It Takes Philanthropy’

November 3, 2016   Session 8: Philanthropy’s Obsession: Assessing and Achieving Impact

- Outcomes vs. Outputs vs. Impacts
- Models and Tools
- Conducting site visits
- Speaker: Melissa Beck, Executive Director, Educational Foundation of America (www.theefa.org)

Team Time: Proposal deadline on 11/7. Conduct site visits with identified nonprofits. Ensure that at least two team members attend each site visit. Begin to develop evaluation criteria and/or matrix to help guide decision making.

Readings:
- Giving 2.0 Learning Notes: Site Visit Guide


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

Team Time: is off campus and conducting site visits.
Readings:


**November 17, 2016**  
**Session 10: Moving the Needle: Achieving Success in Urban K-12 Education**

- Speakers: Kristin Kearns Jordan, CEO, Urban Assembly; and James Merriman, CEO, NYC Charter School Center

*Team Time:* **Finalize evaluation criteria/matrix for informing grant recommendation process on 12/1.**

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

**November 24, 2016**  
**Thanksgiving – NO CLASS**

**November 30, 2016**  
**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, 2016**  
**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
INSTRUCTOR and TEACHING ASSISTANT 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 and Senior Vice President with the Clark Estates, Inc. Together, the three foundations have assets over $700 million and provides over $35 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.


**Melanie Chow** is a second year MBA candidate. Prior to CBS she worked in M&A consulting at Ernst & Young and corporate strategy at Neuberger Berman (a global asset manager). While working in both of these positions, Melanie stayed connected with social enterprise by leading a consulting project for Union Settlement in East Harlem and running a social enterprise start-up focused on design for social impact. She has also worked at multiple arts nonprofits in New York City. At CBS, Melanie is heavily involved with the Tamer Center and is the Co-President for the Social Enterprise Club. She has enrolled in relevant coursework such as High Performing Nonprofits and Global Philanthropy, interned for The Clinton Foundation, and completed a Pangea project for the United Nations in Nairobi. After CBS, Melanie hopes to work in social impact or international development consulting. Melanie has a B.A. in English and Art History from Brown University.