A GENERATION OF IMPACT:
The Evolution of Philanthropy over the Past 25 Years

James M. Ferris

March 2021

This research was supported by the Weingart Foundation

The Center on Philanthropy & Public Policy
Sol Price School of Public Policy
University of Southern California
Preface

The Center on Philanthropy and Public Policy was established 20 years ago in the midst of myriad changes in philanthropy. The Center’s inaugural forum focused on the question: What is ‘New’ About New Philanthropy? As a result, we have had a front-row seat to the changes shaping philanthropy over the last generation. We have been tracking changes across the U.S., including those that have emanated and gained momentum on the West Coast. At the same time, with our vantage point here in Southern California, we have had an opportunity to see firsthand how philanthropy has evolved in our own backyard. We have drawn on The Center’s two decades of observation, analysis and reflection, and countless conversations with philanthropic leaders about their work – the forces at play and the lessons learned – to examine this generation of philanthropy.

In this paper, *A Generation of Impact: The Evolution of Philanthropy over the Past 25 Years*, we analyze the development, at the national level, of an array of strategies that philanthropy has leveraged to create greater impact over this generation. We begin by documenting the changing landscape of philanthropy and the phenomenal growth in private giving that began in 1995. The times series data on giving and foundations (numbers, assets and giving) all show the establishment of a new plateau for giving over the last two and a half decades. Of particular note is the doubling of foundation giving – from 9 percent to 18 percent – as a relative share of total private giving. In addition, the foundations created over this period account for 60 percent of all U.S. foundations, hold 36 percent of total U.S. foundation assets and account for 48 percent of total U.S. foundation giving.

This generational change in the scale and scope of giving frames a period of substantial development of strategies designed for greater impact. The two strategies that are the hallmark of the beginning of the period are strategic philanthropy and capacity building. Both were at the heart of the venture philanthropy movement that introduced an investment mindset, including a focus on theories of change, logic models and outcome metrics. Beyond these two strategies, philanthropic collaboration emerged as a strategy to scale impact – blending resources, knowledge and effort within the sector – as did the focus on government. In the case of government, there are two avenues that have taken root: working from the outside to influence public policy, and from the inside partnering with government. The final set of strategies for impact that have developed most recently are impact investing to unleash the power of endowments; diversity and inclusion to increase foundation effectiveness; and more flexible and nimble giving structures, such as donor advised finds, limited life foundations and LLCs.

Then, in a companion paper, *Foundation Philanthropy in Los Angeles: An Assessment of the Last 25 Years*, we examine the extent to which these eight strategies have taken hold in the Southern California region. As a prelude to the analysis, we take an in-depth look at the structure of foundation philanthropy in Los Angeles over the generation. Foundations created since 1995 represent 65 percent of all L.A. foundations, hold 41 percent of total L.A. foundation assets and 49 percent of total L.A. foundation giving. Furthermore, an examination of the top 25 foundations, by giving, reveals that L.A. foundations have been dynamic, anchored by a stable core of 12 foundations. Ten of these foundations have been meeting as the L.A. Foundation Leadership Group since 2003, providing cohesion in the community. Together, this anchor group underscores the emergence of L.A.’s foundation sector and the potential for a vibrant future.

Undertaking this study has been a daunting challenge. The field is not monolithic. At times, it seems like an archipelago, as Brad Smith of Candid has referred to it. Not only do forms and structures of giving vary, but dramatic differences also exist among regions with their different histories and trajectories.
Looking beyond the hype of the moment, we reviewed the innumerable reports, monographs and articles in the field over the last 25 years as well as reflected on our experiences and observations at The Center on Philanthropy and Public Policy. It is evident that the eight strategies that have emerged over this period have created a new template for philanthropy. Cumulatively, they account for a generation of impact. Some of these strategies have been firmly established, while others are gaining traction. Moreover, we are mindful that the story of this generation is not yet finished. In particular, just as the new donors from a generation ago created ripples in the field, so can today’s new donors spur change.
A Generation of Impact:
The Evolution of Philanthropy over the Past 25 Years

Introduction

This is an important moment for philanthropy. The field has been evolving in substantial ways over the last 25 years, with important developments driven by the aspiration for greater impact. At the turn of the 21st century, a fundamental shift occurred in philanthropy, fueled by what was then called “New Philanthropy” — new players, new giving vehicles, and new strategies and approaches.\(^1\) New players came into their wealth with the explosion of the tech industry, new financial institutions and other growth industries. These donors are younger, more diverse and more philanthropically engaged. New vehicles for giving — such as donor advised funds and LLCs, which put the donor at the center of decision-making — have become more commonplace. The new strategies and approaches, at their core, view giving as an investment in outcomes and impact, not merely doing good. Philanthropy has been happening at a greater scale, and is being practiced at a faster pace. It is increasingly complex and global, with donors developing philanthropic portfolios to create social impact. As a result, philanthropy is more pluralistic and individualistic, with donors directing their own giving and amplifying multiple voices with diverse values and passions.

With these changes has come an increased public consciousness about philanthropy. Giving has become hip and hyped. The “New Philanthropists” were featured on the cover of Time in 2000, and Bill and Melinda Gates along with Bono were on its cover as Persons of the Year for their philanthropic work in 2005.\(^2\) This trend intensified when Warren Buffet made his magnanimous gift to the Gates Foundation in 2006,\(^3\) followed by him joining Bill and Melinda Gates to spearhead the Giving Pledge in 2010 — a “movement of philanthropists who commit to giving the majority of their wealth to philanthropy or charitable causes.”\(^4\) Since then, philanthropy has found its way into the mainstream of American culture and business. We now have the Forbes annual giving lists, philanthropists on the cover of Fortune and Fast Company, and the annual giving section of The New York Times every November.\(^5\)

In 2004, The Economist heralded “Why a new golden age of philanthropy may be dawning,” referencing an earlier period at the turn of the 20th century.\(^6\) This period saw the creation of the Rockefeller, Carnegie and other iconic foundations – creating what we refer today as the American Foundation: endowed organizations focused on grantmaking for various subject areas and a broad range of nonprofits, in contrast with the operating foundations of Europe.\(^7\) This revolutionized American philanthropy. Many suggested at the turn of the 21st century that we would see a similar watershed moment and a “new” philanthropy. There has definitely been change in recent decades, but has it resulted in a transformation of philanthropy? Over the course of this generation, a set of forces have

---

4. https://givingpledge.org/about.aspx
5. This increased profile of philanthropy has generated a number of critiques in the last several years that challenge its power, influence and legitimacy. One of the most notable is Anand Giridharadas, *Winners Take All: The Elite Charade of Changing the World*. Alfred A. Knopf, 2018.
driven philanthropy in search of greater impact. Although impact has always been part of philanthropy, a concentrated and determined effort to develop new strategies to achieve impact defines this generation.

Early on, a focus on strategic philanthropy and nonprofit capacity building prevailed. In the intervening years, a number of efforts have emerged ranging from a renewed interest in advocacy, organizing and public policy to philanthropic collaboration and partnerships with government and business. More recently, impact investing; diversity, equity, and inclusion; and more flexible and nimble structures for impact have gained momentum. Some of these approaches have taken hold, as evidenced by the emergence of related infrastructure organizations and affinity groups. In other instances, it is too early to tell if they will take hold. Despite the fact that these strategies are at different stages, it is clear that this generation is marked by a focus on impact.

The purpose of this paper is to examine the eight strategies that are defining this generation of impact. As a starting point, we provide context that frames the analysis. Then, we proceed to explore the development of the strategies that have emerged in the last 25 years, proceeding in roughly chronological order. We conclude with an assessment of what has taken root and what the future might hold.

Setting the Context: Trends and Data

It is important to set the context: “Time creates a frame, giving shape to what we see, to where we focus our attention.” This is particularly relevant to provide perspective, as the changes we observe today have been unfolding for a generation.

Growth in Private Giving

Private giving in the U.S. – giving from individuals during their lifetimes and at death, as well as from philanthropic foundations and corporations – over the last four decades suggests that we are in the midst of a growth period that can be traced back to the mid-1990s (see Figure I). Giving in the latter half of the 1990s was at an unprecedented scale and pace. It established a new plateau, even with short-term variations such as the slight downturn soon after the turn of the century and the Great Recession.

From 1995 to 2018, the level of private giving increased from $123 billion to $427.7 billion. When adjusted for inflation, this represents more than a doubling of giving from $202.8 billion to $427.7 billion. Giving remains at a higher level, even with the dip in giving experienced during the Great Recession in 2008–09, than existed nearly a decade before.

---

The great majority of private giving is derived from individuals (see Figure II). Since 1995, the overall trend has been upward, with short-term fluctuations. Of particular note, the relative share of foundation giving has grown markedly during this period, doubling from 9 percent to 18 percent. This trend foreshadows the influential role of foundations in shaping the philanthropic landscape over this generation and the dynamic between new donors and legacy foundations.
Foundations: Numbers, Assets and Giving

Trends among foundations are also instructive. Increases in the number of foundations created, foundation assets and total foundation giving since the mid-1990s mirror changes in total private giving. The number of foundations has more than doubled, from slightly over 40,000 in 1995 to over 86,000 in 2017. Foundation assets have grown from $373.4 billion to $1.03 trillion over the same period, adjusted for inflation – a two and a half-fold increase. Even more striking, the increase of foundation giving rose from $20.2 billion to $78 billion, adjusted for inflation – almost a four-fold increase.

Figure III: Number of U.S. Foundations


Figure IV: U.S. Foundation Assets (in thousands, adjusted for inflation)
The Next Generation of Foundations

An examination of the relative role of the foundations of this generation – those created during this generation – provide a window into the future of the foundation sector. The iconic foundations have been at work for generations, but with the wealth accumulations of new donors and the intergenerational transfer of wealth, these newer foundations have the potential to dramatically shape the future. Foundations created since 1995 represent 59 percent of all foundations today. These “younger” foundations hold 36 percent of all foundation assets and account for 48 percent of all foundation grantmaking. As these foundations come of age – receiving additional asset infusions over the donor’s life course – their role and influence is only likely to grow. Even the foundations created during this generation understate the future contours of philanthropy. They do not capture the giving of some of today’s wealthy donors who are using alternatives to foundations as their vehicles for giving, such as donor advised funds or philanthropic LLCs.

Figure VI. U.S. Foundations Created Since 1995

<table>
<thead>
<tr>
<th>Percent of All U.S. Foundations</th>
<th>Percent of All U.S. Foundation Assets</th>
<th>Percent of All U.S. Foundation Giving</th>
</tr>
</thead>
<tbody>
<tr>
<td>59%</td>
<td>36%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Source: Candid, 2019. Based on data collected from IRS information returns (Form 990-PF), foundation reports and information reported to the Candid. Data is likely incomplete for the end of the current decade.
In sum, this examination of the trends in total private giving, foundation growth and the relative role of newer foundations reinforces the importance of the last 25 years as a frame for examining a generation of philanthropy. At the same time, the period is not done. As we shall see in the next section, some of the new strategies and approaches are still playing out, with their enduring impact yet to be determined.

A Generation of Change

The growth in philanthropy over the last 25 years has led to a bolder mindset that philanthropy can contribute to solving critical problems with strategies that unleash greater impact. This attitude has been fostered by new players, new vehicles and new strategies, creating an action-oriented narrative. This is not just about the scale of the dollars, while greater than before, but about how philanthropy achieves impact: What is the strategy? What is the approach? What is the focus? These questions and their answers characterize developments in philanthropy over this generation, leading to a greater intentionality to make a bigger difference. In this section, we sketch out the eight strategies that define this period and assess their “state of play” in philanthropy today.

Working to Make a Difference: Strategic Philanthropy

A bedrock principle defining this new era is strategic philanthropy. Proponents suggested that philanthropy would be served by adopting a venture capital approach, as outlined in the seminal article: “Virtuous Capital: What Foundations Can Learn from Venture Capitalists.”10 This entails modeling what philanthropy intends to accomplish and how best to achieve it. This approach introduced the investment metaphor to grantmaking, leading to a new vocabulary for philanthropy – theories of change, logic models, metrics and rate of return.11

This strategic approach to giving has not been without its critiques, which note the imprecision and messiness of the problems that philanthropy tackles.12 But two decades later, regardless of the specific strategic framework chosen, philanthropy has placed a greater premium on intentionality of its actions and their impact. The give and take between the strident adherence to the framework and the push back from antagonists as well as lessons from experience have given way to a more nuanced understanding of what being strategic means. For example, a recent Up for Debate Series in Stanford Social Innovation Review notes that “foundations need to shift from the prevailing model of strategic philanthropy that attempts to predict outcomes to an emergent model that better fits the realities of creating social change in a complex world.”13 Indeed, there is recognition today of the need to both be strategic and adaptable.14

The focus on impact has not only changed how philanthropy develops strategy, but it has also created a focus on measurement and metrics. How do we know impact has been achieved? Along with the precision of theories of change and logic models, we have witnessed a push to gather metrics that link

11 For example, see Peter Frumkin, Strategic Giving: The Art and Science of Giving, University of Chicago Press, 2006.
12 One of the most notable early pieces is Bruce Sievers, “If Pigs Had Wings: The Appeals and Limits of Venture Philanthropy” Foundation News and Commentary. 11/12. 1997.
to desired outcomes in an effort to discern what works and what does not. In effect, measurement should be to improve programs through learning, rather than merely to provide proof of making good decisions.

### Building and Expanding Nonprofit Capacity

The corollary from venture philanthropy is that strategy is important but without the capacity to execute, the prospects for impact are fleeting. Good programs without strong organizations do not last. This has led philanthropy to pay greater attention to building the capacity of organizations, networks and movements that can deliver results.

Initially, the focus was on the nonprofit organization. Capacity building was preoccupied with building the leadership of organizations – executives and boards; organizational infrastructure, such as financial systems and evaluation processes; and the ability to discern opportunities and risks in the organization’s environment. But that is only part of the challenge. Resources are needed to achieve the organization’s mission and confront the nonprofit starvation cycle. “Over time, funders expect grantees to do more and more with less and less – a cycle that slowly starves nonprofits.”

The failure to spend on organizational overhead, often driven by the unrealistic expectations of funders – donors and foundations as well as public agencies – about the real costs of delivering on the nonprofit mission leads nonprofits to underspend on capacity building and reduce their overhead in funding requests, thus driving a vicious cycle. Recognition of this dysfunction has led to efforts to bring attention to the full costs of nonprofit programs by funders and nonprofits themselves.

Beyond focusing on organizations, more recent capacity-building efforts have focused on building strong networks and movements. Increasingly, the importance of networks that connect organizations for service delivery as well as policy advocacy is being recognized, as is philanthropy’s awareness of the role it can play in developing, supporting and nurturing them. Of course, to do so requires a change in mindset: adaptability, not control; resilience and redundancy, not duplication; emergence, not predictability; and diversity and divergence, not convergence. Beyond the bounds of organizations and networks, there is value in creating movement leaders who can work at the seams advocating and organizing for greater impact through social change.

The attention to capacity building sparked the creation in 1997 of Grantmakers for Effective Organization (GEO), an affinity group of funders focused on nonprofit capacity building, followed in 1998 by BoardSource, a resource focused on the importance of board leadership for successful nonprofit organizations. The work of these two groups has evolved over the last two decades to reflect the trends in capacity building – from nonprofit organizations to networks to movements.

---

15Mary Kay Gugerty and Dean Karlan offer a framework for meaningful and relevant impact evaluation that provides guidance on the kinds of data worth collecting based on how it is intended to be used in *The Goldilocks Challenge: Right-Fit Evidence for the Social Sector*, 2018.


Seeking Bigger Wins: Philanthropic Collaboration & Alignment

On the heels of strategic philanthropy and capacity building, philanthropic collaboration emerged as another strategy for impact. The limited resources of any one foundation or donor, relative to the complexity and scale of the problem to be solved, has created an impetus to consider collaboration. Philanthropic collaboration ranges from simply sharing information to co-funding/aligning resources, all the way to pooled funds. The ultimate value of collaboration derives from different philanthropic actors bringing different strengths to the table beyond committing dollars, blending the knowledge, experience and expertise of the group, as well as leveraging their reputations, networks and influence to achieve a bigger difference together than they could alone.

Philanthropy has adopted different models and structures to advance collaboration. They have bubbled up at the local level, where the philanthropic community can coalesce around a critical problem such as L.A. Urban Funders – a philanthropic collaborative created to work in three low-income communities in the aftermath of the 1992 L.A. civil unrest.19 Today, national collaborations have become more commonplace as large foundations have worked together to tackle large-scale issues that transcend particular communities. For example, the Hewlett, Packard and McKnight Foundations founded Climate Works in 2008 to act on strategies identified in the report Design to Win: Philanthropy’s Role in the Fight Against Global Warming, and laid out an ambitious course for climate philanthropy.20 Other collaborative efforts have advanced movements in philanthropy such as the U.S. Impact Investing Alliance – a group of 15 funders seeking to build the field by “raising awareness of impact investing in the United States, fostering deployment of impact capital and working with stakeholders to help build the impact investing ecosystem.”21

Collaboration is not new nor easy. It requires breaking down walls, transcending barriers and bridging cultures. As foundations gain experience working together and learn how to surmount the associated challenges – developing a new mindset, working across cultures, and understanding models and structures for working together – collaboration has become a more likely strategic choice. Whether it is bringing together local, regional and national foundations; connecting health funders with those in education or economic development; or propelling a movement for diversity, equity and inclusion, much more can be accomplished together than alone.

Engaging Public Policy: Working from the Outside

Foundation engagement in public policy has gained traction, in recognition of the fact that government action can unleash forces on a greater scale than philanthropy can do itself. This work has been aided by a better understanding of the considerable latitude foundations have to do policy work, despite restrictions in the 1969 Tax Relief Act.22 Based on their philosophy and mission as well as their scale and scope, foundations have an array of opportunities to influence public policy. Various points of entry are possible: the stage of the policy process, the venue and the level of government. The challenge is to determine at what points a foundation can best leverage its assets: dollars, knowledge and networks.23

20 https://www.climateworks.org/
21 http://impinvalliance.org/
Foundations engage public policy through research and education as well as support for advocacy and organizing. Moreover, foundations have played a more active role in driving public policy outcomes in several instances. For example, the California HealthCare Foundation has conducted research on rising employer-sponsored health insurance rates that has helped to place state regulation of those rates on the state policy agenda. The David and Lucile Packard Foundation has promoted the formulation and adoption of public policies that helped change land-use practices in its efforts to mitigate climate change. And The California Endowment worked to support the Affordable Care Act (ACA) by filing an amicus brief in the U.S. Supreme Court and, once the ACA was upheld, supported its implementation in California through outreach to vulnerable populations most effected by the new law.24

As foundations have gained experience, they have come to understand that public policy work is messy, risky and unpredictable. Years of frustration can result, as wave after wave of school reform efforts have shown.25 Yet, some successes have emerged, such as marriage equality, where the movement caught fire across a number of states.26 Despite the rollercoaster of policy work, increasing numbers of foundations have ventured into the arena in search of the greater impact. This has coincided with the growing number of opportunities at the local and state levels, putting public policy work within reach of more foundations.

**Partnering with Government: Working from the Inside**

Subsequently, foundations have pivoted to partnering with government – working from the inside – as well. Two factors are at play. First is the recognition that policy adoption is not sufficient. Implementation is essential and partnering with government makes that possible. Second, we see a greater appreciation that the two sectors together – each with their own strengths – can accomplish more working in concert.

Philanthropy has flexibility and nimbleness relative to governments, while the resources at the disposal of government can scale impact.27 The nature of philanthropic-government partnerships includes a variety of activities. It encompasses information-sharing to inform programs and policy development, and aligning the work of each sector to amplify efforts. The ultimate partnership is when the two sectors work together in a holistic way and co-own the effort with shared decision-making and authority.

While much can be gained from partnerships, they are not easy and have no guarantees of success. They do not happen as often as they might because philanthropy and government are worlds apart in their culture, perspective and rules. The gulf between the two sectors is wider than those within philanthropy, making cross-sector partnerships more daunting.

Over the last decade, we have seen a trend in the establishment of Offices of Strategic Partnerships to build an infrastructure for cross-sectoral work. These offices can catalyze partnerships between government and philanthropy and even business. They can demystify the sectors by sharing knowledge and information with each other and help to identify possible partnership opportunities, thereby facilitating and accelerating efforts across the sectors where there is much to be gained.28 Such offices

have been created in cities and states and across agencies and departments of the federal government. These offices encourage philanthropy to partner with government and vice versa, increasing the possibilities for partnerships.

**Going Beyond Grantmaking: Impact Investing**

A more recent strategy that has been gaining momentum is impact investing – an effort among donors and foundations to pursue investments that yield both financial returns and mission impact. The tradition among foundations is to maximize the financial returns from their endowments to underwrite the grantmaking directed toward their mission, with the prevailing practice of a 5 percent payout. The promise of impact investing is that a greater impact can be achieved if foundations put their investments to work in pursuit of mission. In order to advance this strategy, the firewall developed between the investments and grantmaking can be pierced with program-related investments (PRIs) and mission-related investing (MRIs).

PRIs are a mechanism that enable foundations to make loans or equity investments at favorable rates to support direct charitable activities. This instrument allows foundations to channel greater resources through investments below market rates to activities that fulfill their mission beyond what is possible through grantmaking. PRIs, while introduced in the 1960s, have been reinvigorated as a result of the new Treasury Department guidelines, published in April 2016, that expand the range of permissible PRIs. The original rules focused on PRIs in the context on economic development, while the more recent guidelines broaden their applications. Among the new areas are advancement of science, support of the arts and efforts to protect the environment.

MRIs represent a robust push to fully unleash the endowments of foundations to achieve mission by simultaneously yielding financial returns and meeting mission. They challenge the well-ingrained practices of foundation investment policies and practices by actively using mission as an investment criterion. In practice, many of the foundations that have undertaken mission-related investing create a carveout to their endowments for mission investment, such as The Kresge and Ford foundations, while a few have gone “all in,” such as the F.B. Heron Foundations and McKnight Foundations.

These early adopters are helping to grow the field. These include some of the larger national foundations as well as a number of individual donors and their family offices/foundations. Collectively, they are working to help develop the market. They are the impetus behind a burgeoning movement, evidenced by a handful of important infrastructure groups such as Mission Investing Exchange (MIE) formed in 2005, and Global Impact Investing Network (GINN) created in 2009, to provide arenas to build the ecosystem. Reflecting the growing momentum, a number of philanthropic institutions created the U.S. Impact Investing Alliance in 2016 to encourage new policies and practices to build the field.

---

29 While federal policy requires a minimum five percent payout, most foundations use that as a target not a floor.
31 The new regulations, including new examples of PRIs can be found in the Federal Register: https://www.federalregister.gov/documents/2016/04/25/2016-09396/examples-of-program-related-investments.
Prioritizing Diversity and Inclusion

Diversity and inclusion is a strategy aimed at increasing the effectiveness of foundations. This involves a conscious effort to incorporate new voices into an array of decisions that foundations make. This starts with their boards and senior leadership, their staff and consultants, and their grantmaking approaches. While there have long been calls for greater diversity and inclusion among foundations, it has moved up on philanthropy’s agenda.

As a starting point to make philanthropy more reflective of the communities served, foundations must be willing to change their policies and practices. This requires a sustained commitment to make such changes, and the organizational and cultural changes they require. In addition, there are programs and initiatives that can create a greater supply of leaders ready to step into those opportunities.

The final report of the D5 Coalition – a five-year initiative launched in 2010 by a group of foundation presidents to advance diversity, equity and inclusion (DEI) in philanthropy – noted that a broader set of foundations is now engaged in DEI work and efforts have increased to reduce barriers for greater collecting and sharing of data but more needs to be done. “If we are going to succeed in our missions, we need to embrace this reality and reflect it in our organizations. If people at a foundation’s decision-making table understand and share the perspectives of the people they are trying to help, we are far more likely to achieve impact as we collectively work to advance the common good.” A number of efforts continue this work, including the Presidents’ Forum on Racial Equity in Philanthropy. The Presidents’ Forum focuses specifically on racial and ethnic equity by developing “a peer-to-peer support and learning network through facilitated dialogue for CEOs who are dedicated to shifting the tide of philanthropy toward a diversified, equitable, and inclusive giving community.”

A number of pipeline programs have been created to facilitate a more diverse and inclusive sector. For example, a variety of leadership development programs have emerged to help individuals who aspire to leadership roles in philanthropy acquire the knowledge and skills that will make them attractive for open positions, with a specific focus such as the Council on Foundations’ Career Pathways Program. In a field with no well-worn career paths, this program works to expand the pool of candidates for executive positions.

In addition, several efforts focus on including those who philanthropy serves in foundation decision-making. For instance, the Fund for Shared Insight, a national funder collaborative started in 2014, aims to elevate the voices of those who are the intended beneficiaries of foundations but also are often the least heard. Listen4Good works to create feedback loops so that the needs, preferences and opinions of beneficiaries can provide input into foundation decisions. Participatory grantmaking is another effort to include the voices of those most impacted by philanthropy. The release of a 2019 GrantCraft report reflects a renewed, reinvigorated discussion of this practice that shifts decision-making authority to the impacted communities.

33 This argument is related, but separate from the move for diversity and inclusion, the other impetus for diversity and inclusion that comes from a mission to create a more equitable society. For a review of the value of diversity in achieving goals, see Scott E. Page, The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies. Princeton University Press. 2008.
34 D5 Coalition, Final State of Work, 2016.
Diversity and inclusion, as a strategy for impact, requires a multipronged approach. It centers on a change in the internal workings of foundations: policies, processes and practices. These efforts can be supported by creating pipelines for more diverse and inclusive board, executives, and staff.

**Increasing Flexibility and Nimbleness: New Models and Structures**

The final strategy is the blend of new models and structures that have been viewed as pathways to greater impact. While they were noted in the early days of this generation as new forces at play, they have gained some momentum over the course of the period. They are limited life foundations, donor advised funds (DAFs) and limited liability philanthropic corporations (LLCs). While each is driven by a variety of motivations, a common thread among them is their facilitation of greater impact. They provide today’s donors a set of alternatives to private foundation.37

These vehicles are not necessarily new. For example, Julius Rosenwald was explicit about not wanting his foundation to exist in perpetuity.38 DAFs have been offered by community foundations for decades, although they have enjoyed a resurgence since the early 1990s with the creation of Fidelity Charitable and other financial firms entering the field. The philanthropic LLC, which emerged early in this generation with Pierre Omidyar’s philanthropic portfolio approach, has gained renewed attention recently with the Chan Zuckerberg Initiative and Arnold Ventures.39

These structures create advantages over private foundations that can be appealing to donors who put a premium on impact. The limited life foundation accentuates impact today, not tomorrow. A DAF creates the potential for greater impact without the restrictions of a private foundation, including a greater degree of privacy. The LLC enables greater flexibility that comes with DAFs, but with a greater degree of control. Of course, to capitalize on these benefits requires that the donor be actively engaged and choose strategies for impact, on par with what a professionally staffed foundation makes possible. Of course, the choices need not be binary. A number of philanthropists employ a portfolio of vehicles for their social impact work and engage philanthropic advisors to develop strategies and their execution.40

**Implications and Challenges**

These eight strategies create a narrative for a generation of impact. Those that define the beginning of the period – strategic philanthropy and capacity building – have become entrenched. Those that appeared next – philanthropic collaboration, public policy engagement and partnering with government – have also taken hold, as philanthropy has come to understand that working alone is a challenge to achieving greater impact. The strategies that have been introduced more recently – impact investing, diversity and inclusion, and more nimble and flexible giving structures – are gaining momentum as they challenge longstanding philanthropic practices.

The capacity of philanthropy to achieve greater impact has been fueled by a number of forces. A key is the introduction of a “venture capital” mindset fueled by the new donors, new approaches and new institutions that coincides with the growing scale of philanthropy. This expansion of the field has

---

37 Giving Vehicles Comparison Chart, Effective Philanthropy Learning Initiative, Stanford PACS.
disrupted the structure of philanthropy with a growing number of new philanthropic actors. Some are national and international, but many are regionally focused. Although most are primarily foundations, we are seeing an increasing number of DAFs and LLCs – creating a more expansive philanthropic sector.41

An ecosystem to support philanthropy’s aspiration to achieve greater impact has emerged. Just a handful of organizations provided resources and networks for donors and foundations prior to the 1990s. The unprecedented growth that started in the mid-1990s fueled the creation of a number of organizations advancing a variety of philanthropic issues and practices. Organizations to support the strategies we have discussed include GEO, BoardSource, GINN and MIE. A variety of affinity groups bind together those focused on different areas – issues and identities such as Grantmakers in Health or Hispanics in Philanthropy. In addition, donors and foundations can turn to a number of management consulting groups, investment managers and philanthropic advisors as they work through new strategies for impact. Altogether, this has generated much knowledge that is captured in books, guides and websites to provide a tool kit for those in search of greater impact.

The greater scale and scope give rise to more dense networks within philanthropy – both formal and informal – that amplify connections. This web of relationships is important for sharing ideas, lessons and challenges. Of particular value are the informal peer networks among executives to learn from and support one another to advance impact as well as to foster collaboration. While many of the strategies can be undertaken in isolation, the ultimate impact comes from working together – within philanthropy and across the sectors. Philanthropy can create scale through collaboration, with the returns even greater when working across its silos. Likewise, greater impact is possible when philanthropy joins forces with business and government.

The confluence of the mindset for impact, the changing ecosystem and the structure of the philanthropic sector creates opportunities to work at the intersection of strategies. However, new ideas for greater impact are not enough, nor are a few bold, innovative donors and foundations to change philanthropy. It requires dedication to change the field.42 It is important to define success and provide evidence of a pathway to impact that others might join. In addition, it is critical to have influential advocates for a strategy and approach to build a movement and develop a community of practice. Philanthropic collaboration is a powerful strategy that can extend the impact of a number of other strategies, whether it is capacity-building initiatives, supporting policy advocacy campaigns, partnering with government or developing funds for mission investing. In addition, it requires a willingness to invest in the change.

Multiple pathways can lead to greater impact. In some cases, the larger, national foundations have set the agenda enabled by their professional staff and have often developed the resources to share with the broader foundation community. Particularly noteworthy are the early resources that the Kellogg Foundation created on logic models, evaluation and public policy, and the Ford Foundation’s GrantCraft series. In some cases, strategies that have taken hold in local settings have been shared from one community to another, such as the work on models of philanthropic collaboration that emanated from

41 The top 10 foundations at the beginning of the period accounted for 15 percent of all giving. Today those foundations accounted for only 4 percent, and only 2 remain among the top 10 as of 2014. See Alison Powell, Willa Seldon and Nidhi Sahni, “Reimagining Institutional Philanthropy,” Unleashing Philanthropy’s Big Bets for Social Change Supplement, Stanford Social Innovation Review.

Los Angeles Urban Funders. In other instances, the push for change has come from individual donors willing to chart new courses, such as mission investing and LLCs.

Finally, it is important to underscore that this generation is not over. A large number of donors who are relatively new to philanthropy and their foundations are still being established. This creates the possibility that the advances made to date can be deepened, and that strategies that have appeared can gain more traction. Taken together, the chapter of a generation of impact is still to be completed.