

Best Practices in Strategic Philanthropy

## A Conversation with Phil Buchanan: Principles of Effective Philanthropy

Wednesday, 23<sup>rd</sup> March

16:00 to 17:15 Gulf Standard Time

Phil Buchanan, president of CEP, is a passionate advocate for the importance of philanthropy and the non-profit sector and deeply committed to the cause of helping foundations and individual donors to maximize their impact. Hired in 2001 as the organisation's first chief executive, Phil has led the growth of CEP into the leading provider of data and insight on philanthropic effectiveness.

Phil is author of "Giving Done Right: Effective Philanthropy and Making Every Dollar Count", published in 2019 by Public Affairs and named the "Best Philanthropy Book of the Year" by Inside Philanthropy. He is co-host of a podcast, also called Giving Done Right, with CEP's Grace Nicolette. Phil is a frequent blogger for the CEP Blog, author of op eds that have appeared in publications such as The Financial Times and The Boston Globe, and a frequent commentator on philanthropy in the media.

Phil is co-founder of YouthTruth, an initiative of CEP's designed to harness student perceptions to help educators and funders accelerate improvements in K-12 schools and classrooms. In 2016, he was named the Non-profit Times "influencer of the year" and he has been named nine times to that publication's "Power and Influence Top 50" list. Phil serves on the boards of directors of Philanthropy Massachusetts and the National Council on Aging.

The virtual convening was attended by both the individual and institutional donors' streams of the Pearl Initiative's Circle network. The event began with Phil sharing his insights on the key principles for effective philanthropy, followed by a curated Q&A session after which the floor was opened up to the audience for a live, interactive Q&A session between them and Phil.

### Key Takeaways from session

- Historically, some of the greatest philanthropists and business moguls have emphasised the necessity in ensuring funds given away are done so strategically and wisely.
- Free markets, governments and business often cannot solve all societal problems, and there is a role for philanthropy to fill this gap.
- It is vital for philanthropic donors to approach their giving with humility and not presume that they are aware of what's most needed for the communities they are working with.
  - Societal issues are often interdependent on each other and having too narrow a focus can make donors blind to important underlying factors.
  - Donors should focus on building relationships with and listening to their grantees.
- Both individual and institutional donors should keep the following principles in mind for effective giving:
  - Set clear goals. It is important to try and focus on the root problem of the issue your funds are trying to solve, as societal impact can otherwise be deflated or limited. It is vital that there is a balance of the focus. A case study on the need to focus on hunger when it came to an intervention aimed at education was used to illustrate this need.

- Solid strategies. Most social impact interventions and programmes fail if they are using a top-down approach. It is imperative to be committed to the community a donor is aiming to support. Most donors believe their strategies were widely supported, when in reality there was a disconnect between the community need and the intervention the donor has set out.
- Implementation. Ensure that the feedback you are receiving as a donor is candid and that your grantee is comfortable in expressing them to you transparently. The experts in implementation tend to be grantee/non-profit staff, rather than the donors themselves.
- Performance indicators. Analogies from the business world do not usually translate well to the philanthropic world. As a donor, ensure you are not using metrics from the corporate ecosystem to measure impact in your giving.
- There is no perfect framework to measure social impact. There are a variety of indicators that can be looked at, and this should be dependent on strategy and cause, and is extremely variable.
  - It is important to ensure that a donor's strategy and implementation plan is both data and community driven.
  - Overhead percentile is not a good indicator of a grantee/non-profit's effectiveness or competency. All costs are equally important, and it is vital to not restrict funding to a project-basis if this can be helped.
  - An organisation's impact should be measured based on its performance.
- Donors must be strong headed in denying proposals that do not fit in with their chosen strategy and vision.

### Key Takeaways from event

- Members from the Circle network also communicated their gratitude in receiving the resource of Phil Buchanan's published book a pre-reading in setting context for the session.
- Several members had asked to be connected to Phil Buchanan regarding their own philanthropic strategy following the event, in which PI staff obliged.
- PI Circle staff also shared information about Phil Buchanan's running podcast and blog on effective philanthropy with members, as well as additional resources from the refreshed Circle website.
- The session was attended by over 20 members of the Circle network.

### Q&A Sessions

#### *Questions asked during the Q&A sessions:*

- If organisations that conduct the most rigorous impact evaluation or performance assessments are not necessarily the most far reaching in their impact, what are some other indicators that donors can look at to assess an organisation's work?
- How can a donor work effectively as a local funder, when large INGOs already operate in the geographic region of interest and give large sums generously, to the detriment of the target population?
- How effective is monitoring and evaluation? Perception on the ground often seems as though INGOs are conducting M&E as a check-box exercise and aren't necessarily following through on detailed accounts of community needs or feedback on the reality of what's taking place.
- How does a donor ensure high-performance from an organisation without insisting on evidence for funds gifted and maintaining a trust-based relationship with the grantee?
- The notion of Creating Shared Value focuses on creating social impact while creating economic value through same initiative/programme. If a company has a fund, wouldn't it make more sense to follow a Creation of Shared Value approach rather than a philanthropic one? Wouldn't that be



more sustainable and scalable? An example, moving funds to innovate in products/services design to create dual impact such as the re-design of cars into electronic models for instance.

- In your book you talk about trusting the organisations you work with. What are the guidelines (in absence of a GuideStar rating) a donor can use to judge a trustworthy partner with whom they share common goals?

### Testimonials from attendees

- “Excellent and informative event, thank you.”
- “Thank you so much for organising this informative talk and the opportunity to meet with Mr. Buchanan. We hope to speak with him soon and hopefully find opportunities for collaboration. Also, we look forward to continuing to participate in Pearl Initiative events and networking.”
- “Thank you very much for such informative session yesterday.”
- Aspects audience members enjoyed the most included (*Data from post-event survey*):
  - The quality of the discussion
  - The audience participation
  - The interactivity of the Q&A sections, as were the case studies Phil incorporated
  - The Q&A section, as well as Phil's insights on the importance of balancing the transformative power and strengths of non-profits, government, and the market