A Newsletter on Strategic Philanthropy

INITIATIVES

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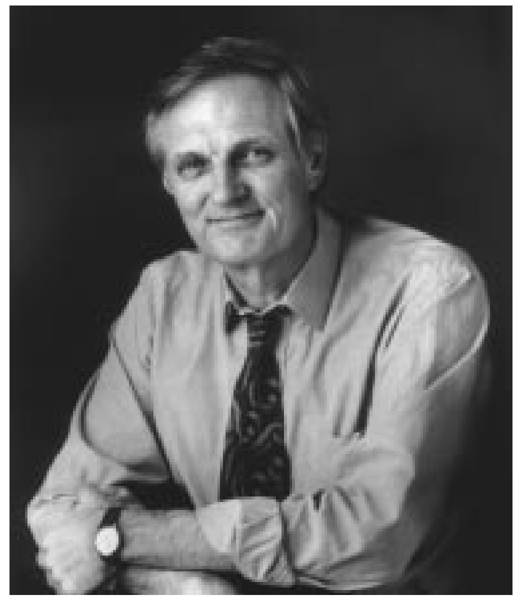
Giving Well

By Alan Alda

What follows is a wonderful summary of what makes the best of family philanthropy so remarkable and so valuable. It is the text of a speech Alan Alda delivered to the Council on Foundations' 1995 Family Foundation Conference on March 1. The address so mesmerized and inspired the audience of 350 that TPI asked the author if he would grant us permission to reprint the presentation in its entirety.



Alan Alda

Once you start giving, I think it's not long before you get the feeling that no matter how good you get at it, you'll never be good enough. The need is too great and cash is too short. Sometimes philanthropy seems like a little boat floating precariously on a vast and angry ocean. But I've come to believe that in answering a few key questions we can shape the rudder and sails of that boat.

The first of these is, "Why do we give?"

This is a fundamental question, but for our family, finding our own answer to it was only the beginning of a daunting series of questions that grew in importance and complexity — questions like how much should we give, where should we give, and the really tough one: how should we give?

Unfortunately, not only does every family have a different reason for giving, but every member of every family may look at it differently. My wife and I disagree about why our family gives. I think it has something to do with being part of a family of artists. My father was an actor. I am an actor. When we met, my wife, Arlene, was a symphony clarinetist. There's something about the life of a performing artist that requires a generous spirit. If you use your body to make music, to dance, to rake over your emotions so that others can feel, you have to be willing to give.

When Arlene and I married, we had pretty much nothing in the way of money. Arlene was with the Houston Symphony. We married in Houston, had $600 between us, and spent about $200 of it on our honeymoon in Acapulco — so we had almost nothing left. But as soon as we

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started to earn some money we started to give. And I think we gave for the same reason that we are artists — because it feels good.

Arlene thinks we give more out of a sense of responsibility and obligation to the larger community, and she may be right, but I think the pleasure of giving is a motive that ought not to be dismissed too quickly.

I think something happens to us when we give. There's a better self in us that comes to the surface, gasping for air, glad to be let out.

Once we feel that tug, whatever its source, we often think next about the magnitude of our giving. We leave why and move right on to how much. But I think the more critical question is not how much to give but how to give. The distinction is vitally important. For me, how we give trumps how much because even a small amount, if it's given well, can be more useful than a large amount given carelessly.

The notion of what makes a good gift has changed over time, but the idea that people with money are in a special position to contribute to the public good has been with us for centuries. In ancient Rome anyone coming into money was expected to buy dinner for most of the town or put on a public circus. But, the next day the poor were still poor and the hungry were hungry again. Pretty much the only thing that had changed was that the giver was identified as important.

Today, philanthropy requires a little more than offering dinner and a show. While giving may still enhance the status of the giver, the idea behind meaningful philanthropy is a desire to change the world for the better.

If we're going to develop an intelligent strategy for giving, I think we first have to struggle with that basic question: why are we giving? Are we modern-day Romans looking for honor? Or is there something in society — hunger or violence, for example — that we would like to help change? Or, is there something we'd like to help preserve, like the environment or art? Or, is there something we'd like to advance, like education or science?

Once you know why you're giving, you have to move on to how you give. Do you throw your money out the window and let anyone who needs something take it? Or do you put the same kind of care into giving that you put into making your money in the first place?

These are some of the questions we faced when Arlene and I decided five years ago to start a family foundation. I had already given some thought to these issues because I had been invited to serve as a trustee of the Rockefeller Foundation, an experience that has been a profound education for me. I was new to the world of philanthropy and I had to work to keep up with my fellow trustees. Little by little, I began to understand the difference between charity and philanthropy, which I would say is basically the difference between responding to the problem at hand and building a plan for the future.

The notion is embodied in the story of John D. Rockefeller himself, who contributed so much to the idea of modern philanthropy; pretty much, in fact, inventing it.

As he got wealthier, Rockefeller began to give away a smaller and smaller percentage of his overall wealth . . . but this was not because he was becoming less generous. It was because he felt increasingly frustrated by the fact that he was not as effective in his giving as he would have liked. So he made two major decisions: one was to look for ways he could contribute to root causes, and the other was to hire professionals who could help him build an effective strategy.

The notion of root causes is itself, of course, a root issue in philanthropy. I began to understand it intellectually when I joined the Rockefeller Foundation, but I didn't really grasp it until we started our own family foundation. It was then that I began to understand those simple little homilies we've all heard, "treat the disease, not the symptom," or, "if you give a hungry person a fish you've fed him for a day, but if you teach him to fish you've fed him for a lifetime." Or that legendary tale which I think really is at the heart of philanthropy:

The people of a village wake up one day to find bodies floating down the river. They start pulling them out. But the more they pull out, the more there are. Then someone gets the idea to go upstream to find out how people are getting into the river in the first place. The problem turns out to be something fixable like a broken bridge, and before long there are no more people floating down the river.

That's a story I'm sure we've all heard many times. But I don't think we can hear it enough. I know whenever I face a serious social problem now, I mentally go up river. I'm always searching for upstream solutions.

This is a way of thinking that began for me at the Rockefeller Foundation and became intensified in our little family foundation.

I hope it will be helpful if I tell you some of our experiences as our family has lurched toward philanthropy. You may have gone through similar experiences and at least you'll know you're not alone.

First of all, why we did it. For one thing, we wanted to involve our children in giving. From the time we taught our children how to wash their hands, whenever we wanted them to know something, we didn't just tell them about it, we did it with them. We'd put their hands between ours, stick them under the faucet and rub. And that's what we've done with philanthropy.

From the beginning, we've been on an equal footing with them. Everyone has an equal vote. Arlene and I as founders don't have any greater influence just because we gave the money in the first place. We don't even have any moral advantage in an argument. It's maddeningly democratic. One person, one damn vote.

But, I've always felt that starting our family foundation was the best thing that we've ever done with our money. We wanted our daughters and their spouses to think not only about giving, but about giving strategically. To see our family grow in wisdom, to see them get strong in their ability to weigh difficult decisions — to make the best choice among many good choices — these are among the greatest joys of my life, and Arlene's, too.

At the moment, we have three grandchildren, all under the age of 4, and very often, one of them has been present at a meeting because he or she has been nursing. So far we haven't decided at what age they'll become trustees, but I hope that early on they'll be sitting and listening to discussions, maybe with a running translation for them in language they can grasp. I hope they'll begin to look forward to the day they can speak up at meetings, argue their case and vote. I can't wait to hear the new generation's perspective. Of course, they will have a new perspective and we'll have to listen to the stuff.

But establishing a family foundation hasn't been as easy as making everyone in the family a trustee and giving everyone a vote. It took some time to find our focus. In fact, it took a while before we even realized we needed to find it.

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I don't think when we started our foundation, we realized how satisfying it would be to develop focus and I think that may have accounted for how slowly we drifted toward it.

Trustees would come to the table with requests for contributions that they had received in the mail or with articles they had yanked out of newspapers. But although we were contributing to good organizations, we didn't feel much satisfaction. It seemed like a cold process to us and we didn't have a feel for what these organizations were really involved in.

Our problems were compounded because no one in the family wanted to turn any other family member down, which led to scattering our efforts. We did a little of what everyone wanted.

We escaped from this cul-de-sac in an interesting way. Our family had a habit of everybody talking at once. This was a trait that had perhaps once been adaptive, but it was not working so well at these meetings. We sent Robert's Rules of Order to all the trustees and asked everyone to study them. Soon after, we found ourselves voting someone down on an issue and it was a liberating moment. We realized that everybody was still alive and we were still a family.

Now we could make tougher decisions. Oddly enough by letting the majority rule and risking excluding someone, we found the more inclusive sense of being part of a group. We felt movement forward.

But we still weren't closing in fast enough on a focus. We were still making last-minute decisions, giving to organizations we knew little about. We weren't involved.

We began looking around for somebody who had experience with foundations, somebody who could help us find some common ground in our giving, something we were passionate about. Someone suggested an organization in Boston called The Philanthropic Initiative.

We invited them to a meeting and we realized immediately that these people could help us. In one session, they got us to explore our interests and to see that we actually have a remarkable number of overlapping concerns. It's odd that until then we hadn't seen our focus staring us in the face.

I think it's clear, with meetings at which babies are present nursing, that there's a strong family feeling in our group. The name of our foundation, Jenjo, reflects that. (J-E-N is for Jenia, Arlene's mother, and J-O is for my mother, Joan.) When we began the foundation, two of our daughters had recently given birth; one daughter is a child therapist; another daughter teaches young children. Arlene writes children's books. Many of our concerns revolved around youth and the family. With TPI's help, we realized we had a beginning for focus. We decided to concentrate on projects that fell into four main areas: early childhood; youth development; violence prevention, including domestic violence; and microenterprise organizations that serve the needs of women and families.

We're still narrowing that focus, but it was a great relief to realize we had an interest that we could name in a sentence. Of all the ways we could choose to help make

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the world a little better, youth and families was the way we would go.

TPI also helped us act on this growing sense of focus. They agreed to put us together with the kind of organizations we were interested in and to set up site visits.

I can't tell you how much these site visits have meant to us. We can see the organization's work, and we can evaluate the effectiveness of the people doing it. Site visits have given us a sense of participation and, with it, a tremendous sense of satisfaction. We feel connected now to the organizations that we give to.

We're so animated by these visits that we recently decided not to make a grant to any organization where we had not made a site visit.

Finding our focus has been, in a way, finding our own identity.

And another important step for us, with TPI's help, was coming up with our own set of guidelines. It was long in coming and hard to do. It's made us commit to a description of who we are and I think the guidelines have made it clear to us as well as to the outside world what we're trying to accomplish.

Finding our focus has been, in a way, finding our own identity.

We've also begun to think about what kind of effect we want to have. For instance, how big an organization do we want to help? Do we want to help very large organizations that could get along without us? Or do we want to help small ones, maybe some that are just starting out, where we can make a big difference? We tend in our group to veer toward the latter. We like the feeling that we're making a difference.

We've started thinking about specializing even more.

We've begun thinking about what we call spreadability. What is there in a project we like that can be replicated in other geographic areas? Barring the possibility that it might be working only because of a charismatic leader, is there anything about this program that could be transferred to a similar neighborhood with similar problems? We're thinking of taking the next couple of years to see if we can be effective along these lines. But one of the things we've learned from this conference in San Antonio is that we'd be foolish to do it all on our own, foolish to risk inventing the wheel yet again. We realize that the first thing we have to do is to find out who's already covered this ground and how we can be helpful to them. If any gaps exist in a process that's already in motion, can we find a niche for ourselves? It's very satisfying to know where you can serve, how you can be useful. It's not so satisfying to find out that you're knocking yourself out on something that's already being done better by somebody else.

I keep mentioning satisfaction because, to me, satisfaction is one of the great engines of philanthropy. Sometimes, in fact, I get the impression that the purpose of philanthropy is to make the philanthropist feel better. It may not be the main purpose, of course, but it sure better be one of the things that happens, because I think without that feeling of excitement you start looking for other things to do with your time. In a way, we may all still be Romans after all.

I know from our experience at Jenjo that you don't get reinforced in your desire to help just by responding to what comes in over the transom. You have to find your passion for giving. I think you find that passion face to face with people. You find it, for instance, in a site visit. And I don't mean just by meeting with the staff of a program. You find your passion by sitting with the people they serve, by looking into their faces, by finding out how their lives have been changed by this program. That can be a revivifying experience.

So, I've come to feel that giving feels

good, but I think giving strategically feels terrific.

I'm on the boards of both a very small foundation and a very large one. And having covered the gamut, it seems to me that whether you have a hundred thousand dollars to give away or a hundred million, it's a good idea every once in a while to hold your strategy to the grinding stone. Are we really working on root causes? Can we have more focus? Can we improve our strategy? Can we achieve greater leverage?

There are dozens of ways to increase leverage. Some foundations use a challenge grant to double their effectiveness. By awarding a prize they generate a large amount of activity with a relatively small amount of money. Some foundations are increasing their reach by finding partners. Some are convening conferences so that the best minds in a field are brought to bear on key issues. Some have begun to think about an aggressive redefinition of asset management.

For instance, the Jessie Noyes Smith Foundation, which is devoted to sustaining a healthy environment, has a $60 million fund and gives away about $3.5 million in grants each year. They've decided to invest a million of that $60 million corpus in companies whose specific business objective is to benefit the environment. One is an energy services company, another makes enzyme-based cleaning products.

At the other end of the scale is the Rockefeller Foundation. With $2.2 billion in its corpus, RF has set aside a small percentage of its fund to invest in community development corporations, organizations that will help rebuild their own communities.

The point, of course, is that if we can find companies that do the kind of work we support with our grants, we may be able to support them with our investments, increasing our leverage while getting a return on our capital.

Whatever path we take, if we think about leverage in everything we do we're bound to find ourselves having more impact.

It's important to remember that increased effectiveness like this can come about through the investment of time and imagination; not necessarily of more money. Although, there's plenty of room for more money.

We live in a period, as we all know, when the national government is retreating from every area that philanthropy has traditionally funded: from social services, from the arts, from science and even from education. The slack, of course, is supposed to be taken up by charity. But the wealthiest people in our country give only a small percentage of their wealth during their lifetimes. Only one half of 1%, according to the latest estimate. Only 20% of individuals' wills contain charitable bequests.

Just at the time when there is a greater reliance on personal giving, it is declining. According to the IRS, charitable giving has gone down from 12.8% of the wealthy's estates in 1976 to 6.3% in 1990. With figures like these it's vital, whatever we give, that we make it count.

Since I've begun working consciously at giving in an organized way, I've been humbled by the realization of how immense the world's problems are, how pervasive and entrenched suffering is.

It's only after you embark on this voyage of philanthropy that you realize how far there is to go.

We're adrift in a sea of need. I don't think we can paddle aimlessly in our little boats. We'll have to stitch together sails from whatever we can find and catch the wind. On the other side of this vast ocean, there's a new world. But it's a better, more possible new world than all the new worlds we've ever known.

This time we're not sailing to fill our pockets with the spices of India. And we're not trying to touch the shores of a Utopian mirage.

We're sailing this time toward a world that will have to do more with less. But we're sailing toward a people we've seen far too little of in this world.

What we're sailing toward is our better selves. ▲

The Philanthropic Initiative, Inc. is a not-for-profit organization offering philanthropic design and management services to individuals, family foundations and corporations.

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