

CHAPTER 1



***Finding Your Focus***



**T**HE FIRST STEP TOWARD EFFECTIVE PHILANTHROPY is to decide on your particular interests, or focus areas. This chapter helps you consider the following questions:

- Why should I have philanthropic focus areas?
- What motivates me to give?
- How do I align my values with my tolerance for taking risk?
- What personal values should be reflected in my giving?
- How do I decide what causes or issues to fund?
- How do I allocate my philanthropic budget and time to my focus areas?

If you already have a clear idea of your focus areas and how much funding you plan to allocate to them, skip to **Chapter 3: Learning About Philanthropy With and From Others**.

## Focus Areas

### **Q. Why should I have philanthropic focus areas?**

A. Focusing on a small number of philanthropic areas is fundamental to effective philanthropy because:

- **You have limited capacity.** You will have to learn deeply enough about a field to know which organizations to fund to achieve your goals. You will need to conduct adequate due diligence and then make and monitor your gifts. These tasks can require considerable effort. Even large foundations with many staff members typically fund only a handful of program areas. If you're starting off by yourself or with one or two staff members or advisors, funding a few areas is probably your limit as well.

- **Change takes time.** To make and see meaningful change, it is most effective to commit to supporting a focus area for the long term. You are also more likely to sustain investment in a few areas closely aligned with your values, rather than a wide and changing range of issues.

Clearly defining your focus areas creates a framework for decision-making, helps define your philanthropic goals and assess your progress toward them, and reduces choice overload in making giving decisions. Reviewing your values and your motivations for giving can help you home in on focus areas.



## Motivations & Values

Even if you are reading these chapters on your own, you may wish to engage others in your philanthropy. (In **Chapter 2**, we explore how to involve family members.) You might ask each family member to articulate their focus areas independently, or to develop a unified family funding strategy. If the latter, consider working through these exercises together.

## **Q. What motivates me to give, and what values do I want to embody in my giving?**

A. Your motivations for giving may include concerns with particular social or environmental problems, the belief that your good fortune obligates you to “pay it forward,” or the desire to use philanthropy to bring your family together or create a legacy. In any event, your personal values will surely guide you to the issues or causes to which you direct your philanthropy.

### **DONOR STORY**

#### **Encountering Poverty and Finding Purpose**

##### **—Bill and Melinda Gates**

Bill and Melinda Gates' concerns for global poverty arose out of a trip they took to East Africa in 1993. To celebrate their engagement, they decided to go on safari. For them, the most memorable part of the trip was not the safari itself but the people they met—it was the first time they had seen extreme poverty. Profoundly affected by this experience, the couple began learning about poverty, inequality, and diseases. In 2000, they funneled their knowledge and philanthropic resources into creating the Bill and Melinda Gates Foundation. For Bill, running the foundation has been “the best job in the world: as thrilling and humbling as anything I’ve ever done.”<sup>3</sup>

When you read the news, you are likely to have emotional responses to some events. You may feel sad about humanitarian crises or angry about the verdict in a court case. These reactions are usually based on your personal values. Think of your values as guideposts for your giving—they are the principles or standards that you’d like to see shine through your philanthropy.

Value-based giving makes philanthropy more meaningful and personal; it also helps sustain interest in issues throughout the decades it may take to achieve real impact.

**Impact-Driven Philanthropy practice:** We intentionally draw on our values, ethics, and life experiences to identify the causes we want to address and guide our giving—thereby increasing meaning and joy and inspiring us to sustain our efforts.

**Examples of values:**

Refer to a longer list of Value Cards at the end of this chapter.

- |                |            |                 |
|----------------|------------|-----------------|
| ACCESSIBILITY  | EQUITY     | LEADERSHIP      |
| ACCOUNTABILITY | FAITH      | PEACE           |
| COLLABORATION  | FAMILY     | RESPECT         |
| COMMUNITY      | FREEDOM    | SECURITY        |
| CREATIVITY     | GROWTH     | TRADITION       |
| DIVERSITY      | HUMILITY   | TRUSTWORTHINESS |
| EFFECTIVENESS  | INNOVATION | UNITY           |
| EMPATHY        | JUSTICE    |                 |

Use this list as a jumping-off point for reflecting on which values are important to you—as some may resonate more than others. You may also identify other values that are not listed. If you wish to involve family members, including them in the values discussion may lead to more aligned giving.

**What values guide your philanthropy?**

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## Aligning Strategy Around Sustainable Development Goals—*Janine Firpo*

I've become a big supporter of the Sustainable Development Goals (SDGs), and I think more and more people are using them too. They seem to be showing up everywhere. The SDGs have become a framework for how I make all my decisions. I picked 5 SDGs that most closely reflected my values—and now all of my money, all of it, is being invested against those goals. That includes my philanthropy.

One of my SDGs is number 11, which relates to building sustainable cities and communities. For me, homelessness falls within that goal. Therefore, part of my philanthropic dollars are going toward fighting homelessness. As an example, I am donating to Samaritan, an innovative company in Seattle that is using beacons to connect citizens to the homeless and the homeless to services that can help get them off the streets.

And I have found that by using the SDGs and being strategic about my giving helps me not feel guilty when I have to say no.

## Risk Tolerance

### **Q. What is my philanthropic risk tolerance and how does this align with my values?<sup>4</sup>**

A. Knowing your motivations and values is important. It's also important to know how these align with your tolerance for risk. Some philanthropists are willing to support promising start-ups, while others prefer to donate to organizations with longstanding track records. Some philanthropists are willing to shoot for the moon to achieve ambitious policy goals, while others feel more comfortable supporting the delivery of services that offer predictable benefits.

**We recommend that you write a paragraph that captures your attitudes toward risk. Write a draft below:**

Example risk profile statements:

1. I am very comfortable with risk. I want to test solutions that others may be afraid to try. I am comfortable supporting new programs, start-up organizations, and ambitious but well thought-out strategies whose results may be uncertain.
2. I want to see major changes, but, given my public profile, I'm concerned about reputational risk. So while I'm willing to fund innovative approaches, I don't want to be the first funder. To mitigate potential reputation concerns, I may also use an intermediary vehicle or make my donations anonymously.
3. I'm not very comfortable with risk. I like knowing where my money is going and what I am getting for it. I'd rather get a predictable, lower impact return than invest in a new solution that is unproven—even if it has greater potential for impact.

**My Risk Profile Statement:**

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## Interests

### **Q. How do I decide on my philanthropic interests and which causes to fund?**

A. Where would you like to make a difference? Now that you have reflected on your motivations and values, it's time to identify your philanthropic interests. Will you focus on the environment, homelessness, education? If you are looking for ways to identify these causes, we recommend two tactics:

- “looking back”
- “clean slate”

## Looking Back

By reviewing your past giving, you can identify patterns and trends in your philanthropy. Have certain causes received greater proportions of your giving or time? Do those causes align with your values, interests, and philanthropic aspirations? Have any gifts given you special satisfaction—or not? The insight you glean from looking back can help you decide how to focus your giving in the future.

### ACTIVITY LOOK BACK AT YOUR GIVING

Think about your giving over the past several years. In the first table below, write the names of the organizations to which you made a contribution, the approximate amount, and the frequency of the donation. In the second table, note the organizations with which you volunteered your time, the amount of time, and the frequency of your involvement.

- Where have you given your time and money in the past, and why?
- Have there been any recent shifts in your giving, and if so, why?

The following table reflects my giving history

from \_\_\_\_\_ to \_\_\_\_\_

### GIVING OVERVIEW

	ORGANIZATION / EVENT / PERSON	AMOUNT / FREQUENCY (including one-time only)	NOTES
<i>Example</i>	Larkin Street Youth Services	\$1,000 / 3 times within the last 2 years	I was already interested in working on homelessness and a friend told me about the organization.
1			
2			
3			
4			
5			

The following table reflects my giving history

from

to

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## VOLUNTEERING OVERVIEW

	ORGANIZATION / EVENT / PERSON	AMOUNT / FREQUENCY (including one-time only)	NOTES
<i>Example</i>	Rescue Mission Soup Kitchen	3 hours / week for 6 months	I really enjoyed interacting with the clients of the soup kitchen.
1			
2			
3			
4			
5			

**On the basis of your giving and volunteering history, answer the following questions:**

- To which issues or causes did you give the most money and time?
- Does your giving and volunteering history reflect your most important values? If yes, how? If no, why not?
- Do any other themes or trends emerge from your giving and volunteering history?

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Using this exercise, select the causes or issues that are most important to you. With further refinement, these will become your focus areas.

**EXAMPLE**

*When I reviewed the two organizations that I volunteered with (Larkin Street and Rescue Mission), it became clear to me that I care a lot about supporting the basic needs of those facing poverty in my city. I care about equity, and I am motivated by a sense of responsibility to give back to my community in San Francisco. My focus area could then be providing living spaces and food for those experiencing homelessness in San Francisco.*

*The “looking back” approach has some inherent limitations. For example, you may only be aware of the problems closest to you, which may not align with the areas where you could have the greatest impact. To cast a wider net to develop an intentional giving approach, we suggest that you also explore the “clean slate” approach that follows.*

## Clean Slate

The “clean slate” approach involves identifying the broad causes or issues that concern you, regardless of your giving and volunteering history.

This approach may be helpful if:

- **You are new to philanthropy.** If you are just beginning to think about philanthropy, this approach will help you choose focus areas.
- **You have generally given reactively.** Reflecting on your giving history, have most of your donations resulted from friends asking or in response to emotionally compelling appeals? If so, the clean slate approach may enable you to think more strategically. (We’re not suggesting that you exclude all reactive giving. Many strategic donors maintain philanthropic budgets for unanticipated opportunities, friends and family, and emergencies.)
- **You feel your current giving is not fully aligned with your values.** Have you been giving mainly to your alma mater, religious institution, and similar organizations and now realize that there are other entities or causes that you also believe are important? The clean slate approach can help you to articulate those areas and focus your philanthropy.
- **You believe that the scope of your current philanthropy may be overly constrained.** In this case, begin exploring issues on the periphery of your vision, or consult some wise friends and colleagues for their ideas.

### ACTIVITY CLEAN SLATE

Refer to the Issue Cards at the end of this chapter.<sup>5</sup> Select up to five issues that most resonate with you and write them down below. Think about how your motivations and values align with your priority causes or issues.



#### EXAMPLE

*I am interested in protecting the environment. I am aware that many of my neighbors do not participate in the county's recycling program because of unclear recycling guidelines and collection schedules. For me, recycling is a concrete program that I can support to contribute to protecting the environment. As a donor, I would like to focus on improving the way our recycling programs operate—striving for them to be more efficient and innovative in making recycling easier within my community.*

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## Issue Cards

The list in the Annex contains suggested causes under the following broad headings:

ANIMAL RELATED	FOOD & NUTRITION
ARTS, CULTURE & HUMANITIES	HEALTH
CIVIL RIGHTS & ADVOCACY	INTERNATIONAL DEVELOPMENT
DISASTER PREPAREDNESS & RELIEF	LAW & SOCIETY
EDUCATION	SOCIAL SERVICES
ENVIRONMENT	OTHER

As priorities can change over time, you may find it beneficial to reevaluate the issues you support every few years.

## Choose Your Target Beneficiaries

In addition to particular issues of interest, you might want to consider focusing on particular populations or geographies. Alternatively, you could consider people's needs independent of geography.

You may decide to focus on supporting the needs of a particular group. For instance, if you aim to increase access to higher education, you may tailor your giving to services for people you believe have particularly great needs, such as students from low socioeconomic backgrounds.

You may wish to focus on the greatest needs of your own community. If so, you might consult a community foundation to help identify those needs.

## DONOR STORY

### A Pitch for Local Grantmaking—**Leo Linbeck**<sup>6</sup>

I would describe myself as a conservative communitarian and an advocate of the ‘self-governance movement.’ The conservative part goes to the idea that most new ideas are bad. I believe human beings tend to choose things that work over time, not unlike natural selection. The bar is pretty high for finding something else that will work better.

The communitarian piece is built around this idea that we’re social animals. We’re built to live in communities, to relate to people. Centralized, top-down authority structures tend to destroy what is human in us.

Self-governance means that everyone participates in decisions that shape the commons. But if I have no say in those decisions because they’re made 1,500 miles away by a group of people I’ve never met, never will meet, don’t know who I am, and know nothing about me or my neighbors, how’s that going to work? Self-governance means that we don’t have other people impose their vision on us—and, of course, vice versa.

My encouragement to philanthropists would be to focus on where you live, and find the people you can get to know who are committed to addressing something that’s in your community. If it’s in your own backyard, you’re much more likely to have a positive impact because the feedback loop is short and clear.

Adapted from an interview originally conducted by *Philanthropy* magazine (PhilMag.com) for their Spring, 2019 issue.

At the other end of the spectrum, you might be interested in addressing the needs of the world’s poorest people wherever they live or averting global catastrophes, such as climate change or pandemics. These are the goals of the effective altruism movement, which aims to improve the conditions of the world’s poorest people and mitigate catastrophic global harms.<sup>7</sup> The web-based charity rating service GiveWell<sup>8</sup> rates some organizations based on their cost-effectiveness in addressing the needs of individuals and communities in the Global South.

## Thinking Carefully About Which Causes to Support— *Luke Ding*

The one piece of advice I wish I'd had earlier in my philanthropic journey is to spend far more time evaluating which cause to support. Should I support climate change mitigation, or malaria interventions, or any number of other worthy causes? We know that some charities can do hundreds of times more good with our support than others. So it should not be surprising that some cause areas can do hundreds of times more good with our support than others.

In my early years as a donor, I often chose which cause areas to support based on how intuitive they seemed or how they spoke to me personally. While there was nothing wrong with this, I realized that it went against my goal: to do as much good as I can. As cause selection is such an important factor in determining impact, it needs much more consideration than I originally gave it.

## Philanthropic Portfolios: Decide How Many Organizations to Support in Your Focus Area

How many organizations you support in your focus areas depends on your capacity to adequately learn about the area and conduct due diligence on individual organizations. Depending on these capacities, you can make a few large gifts or a number of smaller ones.

### **Q. Should I treat my giving like a financial portfolio?**

A. Most individuals and families diversify their investment portfolios to reduce the risks of substantial losses. Does this imply that you should diversify your philanthropic gifts? Probably not.

Suffering a substantial loss to your portfolio of financial investments may adversely affect your family's wellbeing. The fact that other families on the block are doing just fine is of no help to you. But if you devote all your philanthropic gifts to one or two organizations in your focus area (for example, homelessness or reducing incarceration) and they fail, there are likely to be many other philanthropists supporting other organizations with the same goals. The risks inherent in your own gifts' failing are diversified by many other donors supporting the cause.

That said, you may find it personally stressful to put all your philanthropic eggs in one basket and risk having them all break at the same time. If so, you might want to fund several different organizations in a focus area.

## Budgeting

### **Q. How do I allocate my budget and time for philanthropy?**

A. Once you have identified one or more focus areas, it's time to think about how many dollars to allocate to them. You may decide to provide sustained, robust funding in a single focus area. Or, with a sufficiently large philanthropic budget, you can fund several focus areas—if you have the capacity to learn the field and find, fund, and monitor effective organizations in each of them.

If you have several focus areas, consider allocating funds based on how important you believe each focus area to be and how pressing the need is—for example, you might decide to allocate more to organizations working to reduce diseases and poverty than to a local theater group. Consider allocating your volunteer time to where you can make the greatest difference.

## DONOR STORY

### Aligning A Portfolio With One's Priorities

—*Jan Half*

At this point in my life, I have a very clear idea of my philanthropic priorities: 27% of my giving goes to education-related nonprofits (of which 23% are focused on STEM/STEAM education groups targeting underserved youth), 52% goes to my post-secondary alma maters in the form of scholarships to students in underserved areas, 20% goes to my religious institution (the first gay and lesbian synagogue in San Francisco where I met my partner), and 1% of my giving goes to miscellaneous donations in honor or in memory of others. While my strategy has evolved over the years, my focus on supporting underserved youth has remained consistent. Upon graduating with my teaching credential, I began teaching in the small, rural town of Leland, Illinois. Years later, as a nonprofit executive at MOUSE Squad Student Tech, my focus on helping underserved students persisted and still does to this day.

## ACTIVITY SET YOUR PHILANTHROPIC BUDGET

You may already have an amount in mind for your philanthropic budget this year. To begin this process for the first time or to reconsider your allocation, review the question below—on your own or with the support of your wealth advisor.

**How much do you wish to allocate to philanthropy in the next year, over the next several years, or for a longer period?**

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Once you have determined your annual budget, you can allocate funds across your focus areas. In addition to supporting organizations financially, you may wish to make non-monetary contributions of your time and talent by volunteering, including serving on a board (see **Chapter 9: Engaging Organizations and Developing Relationships With Their Leadership**).

## ACTIVITY ALLOCATE YOUR BUDGET AND TIME

In the chart below, list your focus areas and allocate your giving across those areas for the coming year. Also include:

- existing funding patterns or commitments that you'd like to continue, such as donations to your children's schools, your alma mater, or a religious institution
- an "opportunities" budget for unanticipated opportunities, requests from friends and family, and emergency/disaster relief

	FOCUS AREA	SPECIFIC POPULATION W/ GEOGRAPHY	BUDGET ALLOCATION	TIME ALLOCATION
<i>Example</i>	Homelessness	San Francisco	70%	Would like to volunteer at a soup kitchen if my time allows.
1				
2				
3				
4				
5				

## Finding Your Focus Takeaways

- ➔ To engage in effective philanthropy, begin by identifying focus areas to which you will devote your funding, time, and talent. Focusing allows you to set boundaries for your giving and channel your capacity into your top-priority issues.
- ➔ Proactive giving that is aligned with your values and motivations sustains interest and is more personally rewarding.
- ➔ Estimate your annual philanthropic budget to enable funding decisions within focus areas.
- ➔ Tailor the budget to ensure that you also have resources to address unanticipated opportunities, giving requests from friends and family, and emergency relief.

### **Impact-Driven Philanthropy**

**practice:** We don't spread ourselves too thin. Instead, we focus our resources to ensure the best opportunity to make a meaningful difference and learn along the way. We express our trust in the organizations we support through fewer, larger, and multi-year grants.

CHAPTER 1 ANNEX

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***Value Cards***

ACCESSIBILITY

ACCOUNTABILITY

AUTHENTICITY

COLLABORATION

COMMUNITY

CONNECTION

COURAGE

CREATIVITY

CURIOSITY

DIGNITY

DISCIPLINE

DIVERSITY

EFFECTIVENESS

EMPATHY

EMPOWERMENT

EQUITY

EXPLORATION

FAIRNESS

FAITH

FAMILY

FREEDOM

FUN

GENEROSITY

GROWTH

HAPPINESS

HARMONY

HEALTH

HONOR

HUMILITY

HUMOR

INDEPENDENCE

INNOVATION

INTEGRITY

INTERDEPENDENCE

JOY

JUSTICE

KINDNESS

LEADERSHIP

LOVE

LOYALTY

PASSION

PATRIOTISM

PEACE

PERSISTENCE

RESOURCEFULNESS

RESPECT

SECURITY

SELF-  
ACTUALIZATION

SERVICE

SIMPLICITY

SPIRITUALITY

SPONTANEITY

STEWARDSHIP

TRADITION

TRUSTWORTHINESS

UNITY

WELLBEING

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WRITE IN YOUR OWN

CHAPTER 1 ANNEX

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***Issue Cards***

This is a compact summary of the Issue Cards. To access a free, downloadable sheet of the cards in their full format, visit our website: [pacscenter.stanford.edu/donorguide](https://pacscenter.stanford.edu/donorguide)

ANIMAL  
RELATED

ARTS, CULTURE &  
HUMANITIES

CIVIL RIGHTS & ADVOCACY

DISASTER PREPAREDNESS  
& RELIEF

EDUCATION

ENVIRONMENT

FOOD &  
NUTRITION

HEALTH

INTERNATIONAL  
DEVELOPMENT

LAW & SOCIETY

SOCIAL SERVICES

OTHER

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WRITE IN YOUR OWN

- Civil Liberties
- Civil Rights
- Democracy
- Intergroup & Race Relations
- Voter Education & Registration
- \_\_\_\_\_

- Arts & Culture
- Arts Services
- Historical Organizations
- Humanities
- Media & Communications
- Museums
- Performing Arts
- Visual Arts
- \_\_\_\_\_

- Animal Protection & Welfare
- Veterinary Services
- Wildlife Preservation & Protection
- Zoos & Aquariums
- \_\_\_\_\_

- Climate Change
- Environmental Education
- Natural Resources Conservation & Protection
- Pollution Abatement & Control
- Recycling Programs
- \_\_\_\_\_

- Adult Education
- Elementary & Secondary Education
- Graduate & Professional Education
- Higher Education
- Libraries
- Special Education
- Vocational & Technical Education
- \_\_\_\_\_

- Disaster Preparedness & Relief Services
- Search & Rescue Squads
- \_\_\_\_\_

- International Human Rights
- International Peace & Security
- \_\_\_\_\_

- Diseases & Conditions
- Hospitals & Primary Healthcare
- Medical Research
- Mental Health
- Public Health
- Rehabilitative Care
- Reproductive Health
- \_\_\_\_\_

- Food Programs & Security
- Nutrition
- \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- Children & Youth Services
- Fair Employment
- Family Services & Assistance
- Housing & Shelter
- Labor Unions
- \_\_\_\_\_

- Criminal Justice Reform
- Crime Prevention
- Law Enforcement
- Legal Services
- Protection Against Abuse
- Rehabilitation Services
- \_\_\_\_\_

WRITE IN YOUR OWN

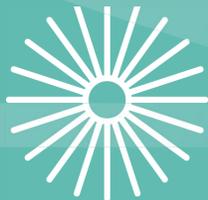
THE STANFORD PACS

# GUIDE

TO EFFECTIVE PHILANTHROPY

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