

# **Philanthropists, Philanthropoids, and Philanthropests: How We Can Work Together for a Better Community**

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## **Introduction**

I've spent most of my life trying to help the poor build a better life. Starting with my work as a newly ordained Dominican priest, I ministered to the poor around Monet Ferry, Louisiana and the inner-city black neighborhood on the West side of Chicago. After the first year, I settled in as a priest in Holy Rosary parish on the near Southside of Minneapolis, Minnesota. It was a mixed congregation with blacks, whites, American Indians and recent immigrants. Ninety-five percent of the middle-class members had fled. The remaining parishioners struggled for survival and the basic necessities.

President Johnson's War on Poverty was in full swing. In August 1968, shortly after Martin Luther King and Bobby Kennedy were assassinated. Hopes were dashed, but commitment among my co-workers was still strong and vital. We believed in civil rights for the poor, investment transfer of wealth from rich to poor, and a better life for all who were committed to work for it.

Not everyone can afford to devote his life to philanthropy. I've been very fortunate to have had enough friends to support me so I could "make a living" helping the poor. And I've had the courage and humility to ask for their help. After leaving the priesthood, I launched my philanthropic work by getting 100 of my friends (wealthy, moderate- and low-income) to send me a monthly check of \$5 to \$25 to support me in my work for the poor. That lasted for three years, a transition time long enough for me to start Project for Pride in Living (PPL) and make it strong enough to support an annual salary of \$12,000 for me.

Twenty-five years later, I ended my formal work years in much the same way. I had turned over the reins of PPL to Steve Cramer, the new Executive Director, but I wanted to continue working for the poor. I asked thirteen of my rich friends to help me work for five more years at my then salary of \$50,000. They agreed, and my transition plans were fulfilled.

When the sponsors of the Louis W. Hill, Jr. Fellowship invited me, the first of five fellows, to reflect on my 30 years of experience in the nonprofit sector, practical person that I am, I found myself even more inclined to look to the future, to probe my vision and the visions of my colleagues about what philanthropy and the nonprofit sector should look like.

The Humphrey Institute's interest in philanthropy and the nonprofit sector gave me even more incentive to look to the future for a *plan*, not just for the whole of the nonprofit sector, but for the niche the Humphrey Institute could serve both in and for the nonprofit sector.

The title of this paper, *Philanthropists, Philanthropoids, and Philanthropests: How We Can Work Together for a Better Community,*” describes what I hoped to accomplish through my fellowship. Philanthropists are the givers of the world, people such as Ken Dayton. Philanthropoids are the managers of large philanthropic gifts, the Emmett Carsons of the nonprofit world. Philanthropests are the Joe Selvaggios and other workers in the field trying to craft a better world through social services, education, and the arts. The three must work together like the legs of a tripod. If one or two legs try to function without the third, money will be wasted and the public will not be served.

The questions I hope to answer in this paper are:

1. What lessons have I learned from my 30 years in philanthropy?
2. What are the nonprofit sector’s strengths, weaknesses, opportunities and threats?
3. How can we stimulate corporate CEOs to be more involved in local philanthropy?
4. If the Humphrey Institute delves into philanthropy, how can it best serve the present actors and not duplicate their work?
5. How can we improve the effectiveness of the nonprofit sector?

Before I address these questions, I will describe (1) my work with Project for Pride in Living and the One Percent Club and (2) what 30 years in philanthropy has taught me.

### **Project for Pride in Living**

#### **PPL Motto and Mission**

*Give me a fish and I eat for a day.  
Teach me to fish and I eat for a lifetime.*

PPL assists low-income people to become self-sufficient by providing employment, job training, housing, and support services.

I started Project for Pride in Living, Inc. (PPL) because I felt obliged to carry out the work of Martin Luther King, Jr. in some form. Friends from St. Joan of Arc parish in Minneapolis and the business community joined forces with me to create PPL. I founded PPL on the belief that poor people can be helped to live a more fulfilled life if they are given a *hand up* rather than a *hand out*.

PPL has helped thousands of low-income people improve their lives. The programs foster self-sufficiency by providing employment, job training, housing, and support services. Three values guide PPL’s work: (1) commitment to a strong work ethic, (2) personal accountability and responsibility, and (3) the participation of the disenfranchised in their own growth toward self-sufficiency.

The efforts of PPL improve the wellbeing of the Twin Cities community as well as the individuals served. Just as we invest in our children's education through trade school or college, we can invest in those who haven't had the advantages of a middle-class or upper-class upbringing. The payoff is the same. If we don't invest, the dire consequences are the same and the misery index shoots up accordingly.

## **One Percent Club**

### **One Percent Club Mission**

Increase charitable contributions in our community by engaging people to commit to a minimum standard of giving: the greater of one percent of net worth or five percent of income annually.

I started the One Percent Club in 1997 because I felt obliged to try to develop *resources* for the PPLs of this world. By definition I had to turn to the rich, because the rich have the money the nonprofits need. Most folks like to continue working with the poor, but since I was "retired" from PPL, I thought I should cultivate the rich to support the groups serving our community in the nonprofit sector---a sector I knew fairly well.

The mission of the One Percent Club is to increase charitable contributions in our community by engaging people to commit to a minimum standard of giving: the greater of one percent of net worth or five percent of income annually. The focus is on people of means. Over 1999-2003 alone, One Percent Club members gave an additional \$100 million to charities in the community.

Since its inception in late 1997, the One Percent Club has grown at the rate of ten members per month, bringing the total membership to over 700 in November 2003.

Through my work with the One Percent Club, I've learned that wealthy people (or all people, for that matter) are generous. But they need encouragement to be more generous. And some need a *standard* for their generosity. They wonder whether they are giving too much or too little. They need to be educated about the various nonprofits that are in line with their passions, their values, and their causes. Then they write the check.

### **Lessons Learned as a "Philanthropest"**

Oil magnate and philanthropist J. Paul Getty said, "If you get up early, work late, and pay your taxes, you will get ahead if you *strike oil*." My key to success in philanthropy is similar: If you get up early, work late, and pay your dues, you will get ahead if you *find rich friends*. Other than learning the value of having wealthy friends, my 30 years in philanthropy have taught me many lessons:

**Focus on those who want to be helped.** You can't save people who don't want to be saved. One story that is humorous but risky to tell is about a woman who wasn't ready to be helped. A PPL

self sufficiency worker told the woman, “PPL is a great organization. It can get you bus tokens, a loan for a car, help with a down payment on a house, and job training. But it’s not a give-away program. You’ve got to put yourself into it. Are you willing to make the big effort?” The woman responded, “Sure, but I want to be real upfront with you. I ain’t going outside in no winter time.” Not all people are ready for the *hand up*. If they’re not ready, try again next year. I said it was risky to tell that story because some people are quick to judge that this woman is typical of poor people. I assure you, she is not.

**Be thrifty.** Russ Ewald, the legendary head of the McKnight Foundation, taught me the importance of frugality early in my career. I wanted to have a 10<sup>th</sup> anniversary party to celebrate PPL’s participants and volunteers. Russ said, “Well, have it in a church basement with volunteers cooking the meal. You don’t want to spend donors’ money on hotels and fancy meals.” I once asked a foundation executive if foundations hold themselves to the same administrative standards they demand of the nonprofits they fund. Although she said “yes,” I know the answer is “no.” Compared with nonprofits, foundations have nicer office space, provide higher salaries, and spend more on celebration expenses.

**Be persistent.** Many times a funder has said, “Okay, you’ve worn me down. I’ll give you a check.” Or, with the One Percent Club, they’ll say, “You’re relentless. I’ll send in the enrollment card tonight.” Advertisers say a potential customer must be asked an average of eight times before a sale. Philanthropy is no different.

**But don’t harass people.** *Badgering* people rarely works whether you’re dealing with the rich, the poor, or the middle class folks. If a funder doesn’t want to buy into your passion, move on to someone else. If a poor person doesn’t want to improve, move on to another person who is ready. Don’t waste time “breaking your pick” on people firmly planted against your wishes. Efficiency matters; come back at a later date. A gentle approach can be more effective. For example, a One Percent Club member who was trying to recruit a new member told her, “The important thing for you to decide now, is whether you’re going to be a giver or a non-giver. If you decide to be a giver, start small now. Later you will be more liquid and can give much more.”

**Work with people who respond quickly and honestly.** In my earlier days I wasted time with people who didn’t produce. I’ve come to love speed and honesty and have a little thicker skin when it comes to people who disagree with me. “It’s not personal, it’s business,” as the Godfather would say.

**Start now, no matter how small.** Try to give to a standard. One percent of net worth or 5 percent of income, whichever is greater is a reasonable standard. In time, as your wealth increases, your contributions will be large enough to make a noticeable difference. Enjoy the *psychic income* you get from giving because we don’t do things for a long time that we don’t enjoy.

**Avoid burnout.** Philanthropist Erica Bouza once said, “I burn out every night. Then I light up every morning. I don’t believe in long burnout periods.” Good advice, but when you have to overwork, take time to relax or go on a vacation. Also, take pleasure in the end product. If you’re

funding “poor people advancement,” spend time looking at your success stories. If you’re funding small theaters, spend time attending performances.

**Focus on your successes, not your failures.** Beating yourself up over failures is pointless. I still get depressed when I hear of a person I know who builds a \$20 million home in Hawaii, and another person who has a \$2 million furniture budget, but I just say to myself, “get over it; you can’t win them all.”

## **State of the Nonprofit Sector**

The nonprofit sector can accomplish things that no other sector can, because it is free to focus on immediate needs. Nonprofits can be more entrepreneurial than government. Nonprofits can concentrate on doing the right thing, without having to be so preoccupied with the bottom line, or the next election.

When a president addresses the people on the state of the nation, they generally know what the politician is talking about. But if I were to give a speech on the state of the nonprofit sector, the people listening might have very different definitions of the nonprofit sector.

For the purposes of this discussion, nonprofits are the part of the economy that is not funded through the fee-for-service for-profit sector or through the tax-funded government sector. Notice I did say “funded.” In other words, there is a money transfer or at least a time transfer, but it is *voluntary*, not *obligatory*. That’s why the nonprofit sector is sometimes called the “voluntary” sector or the “third” sector to distinguish it from the for-profit and the government sectors.

In the U.S., we have a fairly large nonprofit sector. In 1998, nonprofits accounted for 6.7 percent of the national income; the government sector accounted for 13.3 percent; and the for-profit sector generated 80.0 percent of the national income (Weitzman et al. 2002).

Is this 80%-13%-7% a healthy mix? It depends on the country and the vitality of each sector. In a perfect world there would be no need for the nonprofit sector. People would buy what they needed from one another and those that could not afford certain services would receive enough tax credits, through food stamps or housing vouchers for example, to pay for the services. Services such as public works and defense, which can be handled more efficiently by the government, would be paid for by taxes.

With that split in mind, is 7 percent of national income derived from the nonprofit sector too big, not big enough, or just right? Is it healthy? Does it do its job of filling in between the cracks for the government and for-profit sectors well? What are its strengths, weaknesses, opportunities and threats?

I set out to answer those questions by discussing the issues with 30 individuals who have a notable track record in the nonprofit sector (see Appendix A for list of individuals). Most of these people have also had a distinguished record in the for-profit sector, and several in the governmental sector. Here are the themes gleaned from the conversations with them.

## Strengths

**The people are talented and hard working.** A major strength of the nonprofit sector is its people. Over and over I heard that there are good people in the voluntary sector—people not just with good hearts but also with good heads – talented, hard-working people both on the giving and implementing side. Sure, some could be better trained as managers – and we should invest in them – but they are already good and eager to get better.

**Nonprofits have entrepreneurial flexibility.** When I asked several people to grade nonprofits compared to the other two sectors, nonprofits earned a “B+,” Business a “B,” and government a “C+.” Entrepreneurial flexibility makes nonprofits able to respond quickly to new problems, such as SARS, malaria, AIDS or the 9/11 tragedy. However, the smaller to mid-sized nonprofits and foundations tend to be more entrepreneurial and better run. The large ones can be more bureaucratic, just like large businesses and larger governmental entities.

**The work of nonprofits is exciting.** Whether we were talking about the theater, the visual arts, music, the environment, education, the disabled, the poor, healthcare, or sports, givers get excited about helping. Their passions burst through. I saw Ken Dayton’s face light up when he talked about the beauty of classical symphonies and heard Tom Warth’s voice rise with energy as he spoke of witnessing four boys in Africa all reading the same book at the same time. To be honest, I must admit that I’ve heard people like Bruce Thomson say, “I just love business,” and I’ve observed Don and Arvonne Fraser’s love of politics, but I somehow feel more people are excited about the causes of their favorite nonprofits than about business and the working of government.

**The nonprofit sector has integrity.** Business is losing its authority through scandals like Enron. The clergy have lost authority over the abuses of children. Politicians are losing authority over special interest groups and favoritism. But the nonprofit sector seems to be gaining authority.

## Weaknesses

**The level of giving is too low to meet communities’ needs.** Some people boast that they give nothing to non-profits; others woefully “under-give”—give \$1,000/ year when they can afford \$50,000 per year. While it’s estimated that 70 percent of American households give something to charity, that still leaves 30 percent who give nothing. The average annual contribution of \$1,075 per household represents only 1.9% of personal income (Weitzman et al. 2002). The One Percent Club and the Independent Sector recommend that each household should give at least 5 percent of income. In Old Testament days tithing (10 percent) was the standard. But in the modern world, with taxes taking much of the responsibility from the people, a 5 percent annual gift seems more acceptable.

**The role of nonprofits is confused with the role of government.** Nonprofits often do not do a good job distinguishing their efforts from the efforts of the government. When informed of how much the government spends to subsidize the housing needs of the poor versus a nonprofit housing provider, potential donors may think the nonprofits’ efforts are insignificant or that the government should handle the problem.

**Nonprofits are not driven by “the bottom line.”** Without the profit motive, or watching every dollar as if it were their own, nonprofits lose their edge. Nonprofits have less sense of urgency to manage expenses and increase revenues. The discipline of “return on investment” is missing and this scares off nonprofit investors and donors. Nonprofits have a different bottom line (results for their beneficiaries) and this often causes management challenges.

**Performance is uneven.** Some nonprofits are good at fundraising but bad at delivering the service. Some have weak boards and strong staff or vice versa. Some have clear visions and missions but lack a hard-driven work ethic. It’s hard to find nonprofits that do it *all* well.

## **Opportunities**

**The nonprofit sector has room to grow.** In 1978, Peter Drucker predicted that the voluntary sector would grow to 10 percent of the economy, from its 1978 level of 5 percent. In 1998, the nonprofit sector comprised almost 7 percent of the national economy (Weitzman et al. 2002). An increase of 3 percentage points would result in an additional \$218 billion to support the work of nonprofits. Think of how many mid-sized theaters we could support, or how many rivers we could clean up, or how many disadvantaged workers we could turn into wealth producers rather than wealth users.

**The diversity of nonprofits’ employees can be leveraged.** America prides itself on its diversity, as well it should. Nonprofits welcome minorities, women, and the disabled as staff members. After all, nonprofits are driven by a public purpose, not the bottom line. Chuck Denny, former CEO of ADC Telecommunications, says, “A diverse and eager workforce gives a nonprofit the edge in being effective, since the people power of a strong workforce is one of the best assets a company can have.”

**The raison d’être inspires continuous improvement.** People have an innate inclination to improve the well being of their lives and surroundings. The reason for being of any nonprofit is to improve the community. With that as a basis, the nonprofit has the right attitude; that is, we may be good, but we can be even better. The continuous improvement mentality propels us to go to the next level.

## **Threats**

**The needs of the community are pressing.** Indeed, the needs seem limitless. There are vast numbers of people without decent affordable housing, education, job training, a clean environment, health care or art to make life more bearable.

**Greed reduces giving.** The fact that a substantial number of people are building \$5 million homes, often as their second or third home, while many others are homeless, testifies to the power of human greed. The poor distribution of wealth in this country does not bode well for the health of our communities—whether in the area of basic human needs like health or housing or in education and the fine arts. Apathy toward community problems often coexists in people

afflicted with greed. Wealthy nongivers need to be educated first to be *minimal* givers and then to be *generous* givers.

**Revenues are unpredictable.** In 2002, giving by individuals in the US—who represent more than three-quarters of all charitable donations—is estimated to have decreased nearly 1 percent when adjusted for inflation, to \$183.73 billion (AAFRC 2003). Fortunately, corporate giving made up for the decline in individual giving. Nonprofits need to be just as strong financially as for-profits, but unpredictable revenues can threaten their stability. There are relatively few endowed nonprofits. Funders tend to be fickle and cautious when times are uncertain and profits unreliable. A lack of reserves can lead to inefficiencies, lay-offs and the suspension of services to clients.

### **CEO Involvement in Local Philanthropy**

The nonprofit sector needs the involvement of Chief Executive Officers (CEOs) from large for-profit companies as role models and instigators. By demonstrating an interest in the work of nonprofits, CEOs inspire others in their corporations to volunteer and donate money.

But the global economy and mergers have strained the old patterns of CEO involvement in local philanthropy. CEOs today are not as involved in their regional communities or the nonprofit sector as their predecessors were 30 years ago. It's been common to hear "when Ken Dayton was in his hey day, he and a handful of other CEOs would invite newcomer CEOs to get on boards—to get involved, and the needs would be tended to. Now the CEOs are too busy, not from around here, and are unapproachable."

How can we get the CEOs of large corporations more involved in the community's well being? Some corporations such as General Mills and Wells Fargo seem to have maintained their involvement despite major reorganizations. Surely if some CEOs can be involved, others could find ways and still be competitive.

I conferred with my network of 30 philanthropists about this problem and held a special meeting with three current CEOs and three retired CEOs to discuss the situation. Warren Staley, the CEO of Cargill Corporation hosted the meeting. The current CEOs also included Larry Moser, CEO of Deluxe Check Printers and Leland Lynch, CEO of Carmichael Lynch ad agency. The retired CEOs attending were: Winston Wallin of Medtronic, Inc.; Doug Leatherdale of St. Paul Companies; and David Koch of Graco, Inc.

Although some of the people I consulted think it is a hopeless effort, most were optimistic that CEOs can be persuaded to be more involved in local philanthropy. Following are the ideas that emerged.

**Start small.** Ask CEOs to be involved in small ways. Invite CEOs to be directors on nonprofit boards. Encourage them to support employee volunteer programs. Ask corporations to donate 1 percent of profits, which is the US average for corporate giving, then advance to 2 percent of profits, closer to the Minnesota average for corporate giving. [According to the Center on Philanthropy (2003) the U.S. average for giving has hovered around 1 percent of pre-tax profits

for several decades. For Minnesota, the average in 2002 was higher, between 1 percent and 2 percent (Building Business Investment in Community 2003).]

**Ask corporations to designate local executives to lead philanthropic efforts.** CEOs are often here on a temporary basis, or their headquarters is in another state or country. Encourage companies to appoint people as local Chief Philanthropy Officers (CPOs). In the case of Wells Fargo, the CEO Richard Kovacevich gave Jim Campbell, the President of Wells Fargo Bank Minnesota, the responsibility of getting the institution more involved. After Jim Campbell's retirement, his successor and brother, Jon Campbell, continued the tradition of involvement in local philanthropy. Susie Davis, Senior Vice President of Wells Fargo Home Mortgage, encourages her 7,000 employees to help needy residents of the Phillips Neighborhood where the mortgage division is located.

**Ask CEOs who are involved in the community to recruit uninvolved CEOs.** Approach CEOs one by one. A team of former CEO and present CEO should urge uninvolved or new CEOs to invest in the local community. Reach out to the CEOs and ask them how CEOs in nonprofit sector can help them get involved.

**Ask CEOs to donate themselves, not just on behalf of the company.** Personal gifts from CEOs are just as important as corporate gifts. When you call on CEOs for a gift they often say, "We just gave." The nonprofit should tactfully say, "No, the corporation gave. I was asking about your personal gift."

**Educate new CEOs about the benefits of community involvement.** It's often good business, e.g., Cargill doesn't give bribes, but it often contributes to community needs. Then, if Cargill needs something from the mayor or another local official, there is a friendly relationship already established.

**Approach CEOs with an understanding of their motivations for giving.** The primary reasons that motivate major donors can be classified into seven philanthropic personalities: (1) Communitarian, (2) Devout, (3) Investor, (4) Socialite, (5) Altruist, (6) Repayer, and (7) Dynast (Prince and File 2001). Conversations with my colleagues corroborated these categories. They said the reasons for giving include *nobles oblige*, peer pressure, moral obligation, the common good, guilt, wanting to help, psychic income, joy of giving, and *Tikkun Olam* (Hebrew for "repair the world").

**Connect giving with the mission of the company.** CEOs are more responsive if philanthropy is related to their markets and where their employees reside. Cause-related marketing can help counteract stockholders' objections to giving away "their money." However, if the benefit to the company is too direct, the deduction will come under IRS scrutiny.

**Build giving into how corporations and CEOs are measured.** Encourage corporations and their boards of directors to build *community involvement* into performance appraisals. When possible, the corporate culture should be shifted more toward the common good and away from short-term profits. Giving 2 percent of profits should be put into budget cycle discussions.

## **Humphrey Institute's Role in Philanthropy**

The Humphrey Institute should be a *servant leader* in the world of philanthropy, acting as a guild for the nonprofit sector in the way that Carlson School of Management acts as a guild for the business community. The Humphrey Institute's Center for Leadership in Nonprofits, Philanthropy and the Public Sector should be a catalyst, bringing issues and goals to the forefront.

I consulted my panel of experts to gather their thoughts on *what* the Humphrey Institute should do in philanthropy and *how* it should get there. Following is a summary of their recommendations.

### **Consult with leaders of the nonprofit sector to help shape the Humphrey Institute's role.**

Conduct a formal market survey of the local nonprofit world—institutional and family foundations, wealthy donors, wealth managers, philanthropic corporations, public sector professionals, and most importantly, the non-profit executives who are doing the work in the community. Uncover their ideas for how the Humphrey Institute could help nonprofits be more effective and better serve the needs of their clients.

### **Recruit philanthropists, foundation leaders, and nonprofit managers to serve as advisors.**

Experts in the field of philanthropy will help the Humphrey Institute stay on course and provide the greatest possible value to nonprofits and the community.

**Do not siphon funds away from nonprofits.** The Humphrey Institute should avoid the normal funders (family and institutional foundations), but rather get funding from corporations and wealthy people who are currently *under giving*.

**Be a center for discussing nonprofit issues and crafting solutions.** Don't be afraid to create debate and add value to the discussion of current issues. Hold conferences on society's hard-to-solve problems. Offer seminars for legislators, nonprofit and foundation executives and receivers of services. Sponsor lecture series with big names, for example, Kofi Annan, George Soros, and Ted Turner.

**Connect with the philanthropic community.** Audiences should be primarily *givers* as opposed to students. Attract givers with practical topics such as (1) how to build a solid relationship with a nonprofit, (2) how to end your life well with philanthropy, or (3) how to prepare your children for philanthropy.

**Ensure that what you do is high quality and practical.** The Humphrey Institute should demonstrate high quality in its programs, classes, products, and research. Its efforts should have practical applications for philanthropists, funding agencies, and nonprofit service providers.

**Develop a curriculum that fosters philanthropy.** The goal should be to create more givers, or at least turn *under-givers* into *great givers*. Tufts University has a 10-week course for art lovers. The Humphrey Institute could do the same for other causes. A dynamic curriculum could result in a rich vein of philanthropic leadership for the whole country.

**Form partnerships.** Engage in partnerships with forces both inside and outside the university. Promote synergies between the One Percent Club, the Keystone Club, United Way, and United Arts Fund. In partnership with the Carlson School of Management, the Humphrey Institute could advance the idea that capitalism carries with it an obligation to give. The HHH should also be careful not to duplicate what University of St. Thomas or other local educational institutions are doing.

**Create a central resource for philanthropic questions.** The Humphrey Institute should be a resource for the study of philanthropy and the nonprofit sector. They should disseminate information and provide expertise—even have a telephone hotline to answer nonprofit questions.

**Support life-long learning about nonprofits and philanthropy.** Get off the campus and into the community with researchers and seminars. Philanthropic learning should not necessarily end with a degree. The best professionals are those with life experiences and community experiences. Educate the broad population on the social needs in our community.

**Conduct original research.** Do case studies comparing the effectiveness or “return on investment” of nonprofits. Identify ways to evaluate the strategies used by nonprofits and funders.

### **Improving the Nonprofit Sector**

Lastly, I want to address how we can improve the effectiveness of the nonprofit sector. How should *philanthropists* support nonprofits? How should the *philanthropoids* (the managers of the money and foundations) act? And finally, how should the *philanthropests* (those seeking the money to do the work) act?

**Ensure that the majority of philanthropic dollars reach beneficiaries.** As we trace philanthropic dollars from givers (individuals and corporations), to brokers (foundations), to nonprofits, and finally to beneficiaries (e.g., the disabled or museum visitors), we must be careful not to have too much of the money go to the process and only a small amount trickle down to beneficiary.

**Shine light on everyone’s budget.** We’re dealing with tax-deductible money here, so the public has a right to know. There is nothing better to avoid waste and fraud than the fear that everyone in the morning paper may see your actions. If the budgets of the family foundations, the community foundations, and the corporate giving programs were open to public inspection, the executives would be far more careful to use the dollars wisely.

**Debate, but debate civilly.** Everyone, including myself, complains that the other person is too “thin-skinned” and this prevents honest open dialogue and better conclusions. But when someone criticizes me, especially in a public forum, I get very defensive---my reputation is threatened. This results in “Minnesota nice.” But Minnesota nice really isn’t very nice, because it often kills debate and better thinking.

**Strike the proper balance between planning, strategizing, and taking action.** Foundation executives and wealthy donors are very smart and love to strategize and talk about the problems. Meanwhile, the needs of the community are crying for action. Planning and research are necessary but they should not be done at the expense of providing services.

**Strike an equitable balance between funding nonprofits that serve the rich vs. the poor.** I am not anti-art or anti-rich people, but I'm often bothered by the fact that I see huge endowments for symphonies and Ivy League colleges, but the nonprofits serving the homeless and the low income music lovers are hobbled by lack of funding. Proportionality matters. For example, Yale and Harvard each have endowments of over \$10 billion.

**Fund nonprofits according to their results, not according to their size.** I've found that large funders consider universities or hospitals as so big that they wouldn't think of giving them less than \$500,000; whereas, when funders are giving to a small theater or school, they think of giving \$500. This makes no sense to me.

**Let the market and government perform their jobs.** The nonprofit sector can't solve all the problems. The government and for-profit sectors especially need to help solve long-term and pervasive problems (e.g., medical coverage for the elderly, living wages, public health, and cleaning up the environment). I've observed some businesses that are willing to contribute to building affordable housing, but very intent on keeping the bottom-rung workers earning the minimum wage. If the wages were better at the bottom levels, subsidies may not be needed for affordable housing or food stamps. Efficiency or economies of scale are needed.

**Add clarity to the nonprofit sector.** If the needs were lined up against different funding sources, we could better determine what should be done. For housing: (1) define the needs the homeless, the working poor, and the disabled (2) identify available resources (e.g., HUD, city and county funds, the capacity of nonprofits), and (3) match the problem with available resources. Everyone could better think of their "fair share" and economies coming from partnerships across the different sectors.

**Take big steps to narrow the income gap.** Our society is now structured to benefit the top 5 percent often at the expense of the bottom 40 percent. Every census study and economic analysis shows a growing chasm between the rich and the poor. Elimination of the estate tax, reduction of the top income tax levels by 10 percent, reduction of dividend and capital gains taxes, the sheltering of \$500,000 in profits on the sale of residences all favor the wealthy. Such items as the social security tax, sales taxes and other ubiquitous tolls all fall most heavily on the poor.

**Involve beneficiaries in the solution.** Wherever possible, the clients of nonprofit services should be active, not passive, participants. For example, nonprofit programs should allow beneficiaries to have a choice in the homes where they live, the schools their children attend, and the healthcare they receive.