

Pull the right levers for maximum effect

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At a New York charity auction in May, the Robin Hood Foundation raised \$56.5m for its mission of eradicating poverty in the city. This is an extraordinary amount to raise on a single evening. Last year, however, the total was a record \$71m.

Some see the fall as further evidence of a slowing economy. Few pundits commented when the foundation raised \$71m or \$56.5m. From a philanthropic perspective, the total is less the issue than the ability of the organisation to leverage the money and achieve maximum impact – a strategy that the Robin Hood Foundation has pioneered. At this time of economic downturn, this skill will be more important than ever before.

The philosopher and engineer Archimedes once said: “Give me a lever long enough, and a fulcrum on which to place it and I shall move the world.” Those of us in the philanthropic sphere also strive to move the world, and as Archimedes suggests, leverage is the key to doing so. In philanthropy, of course, it is the “leverage” gained through strong grantee programmes, proactive communications and dynamic personal networks.

Leverage is critical to effective philanthropy. Philanthropic leverage is a donor’s ability to impart social benefit greater than the dollar amount of his or her gift. This is achieved through the application of experience, insight, partnerships, and yes, money. Indeed, the multiplier effect that leverage creates is the reason our government provides foundations with such generous tax incentives. In an economic downturn such as the one we are experiencing, the need for philanthropic leverage is even more crucial because the relative value of a foundation’s gift is diminished.

This being the case, we find it very disheartening to see individual and institutional donors giving money but not using leverage to extend the long-term value of their gifts. These funders are doing “big-ticket” charity work, where one dollar put into the system yields no more than one dollar of social benefit in return. Whether you are Bill Gates or a moderately wealthy individual who wants to engage in philanthropic activities, you can use best-practices to extend the social value of your gifts.

First, know your philanthropic goals. This is critical regardless of the economy’s condition. Unlike the for-profit world, in which businesses can measure results with profit and loss statements, there are no universally agreed measures of success for philanthropy. Is it based on gaining awareness of an issue, or helping a struggling but promising non-profit bring a programme to scale? If you don’t have a barometer for success, how will you know where, when and how to exert leverage?

Equipped with your strategy, let’s take a look at three types of philanthropic leverage:

- **Programmatic.** In a slowing economy, foundations must carefully evaluate the efficacy of each grant recipient, and if necessary, decrease funding to those that are not yielding social dividends. Determining the impact and efficacy of your grantees is challenging work to be sure, but if you are unable to do this, how can anyone else be expected to? Conduct programme evaluation work based on predetermined criteria and you will strengthen the overall performance of your grantee portfolio, thereby ensuring that your energies are not squandered on under-performing grantees.

- **Communications.** A straightforward but often overlooked strategy for leveraging greater social return is to develop a communications plan around your philanthropy. Shine the spotlight on your grantee successes. Generate attention about the issues for which you advocate. Tell your community about the role philanthropy is playing in its own backyard. It is much easier to engage outside funding and partners when your work is visible to the public. Share your failures along with the successes. Philanthropy is defined by its spirit of innovation and risk. If we only talk about what is working, we doom others to make the same mistakes that we have.

- **Relationships.** In 2000, the Andrea and Charles Bronfman Philanthropies in partnership with philanthropist Michael Steinhardt spearheaded Birthright Israel, providing first-time trips to Israel for young Jews. By leveraging early funding and a myriad institutional, governmental and personal relationships, we secured the long-term capital required to make the programme work. At the time of writing, more than 170,000 young adults from 52 countries have participated in the programme. This year, Birthright Israel's annual budget is \$104m, funded by a coalition of private donors, the government of Israel and the US public Jewish federation system.

Long-term solutions require that philanthropists take strategic approaches to their work, leveraging the array of resources that only they can bring to the table. Living up to the high standards that we can and should set for ourselves results in fuller benefits to the societies we serve.

The co-authors are chairman and president, respectively, of the Andrea and Charles Bronfman Philanthropies, overseeing annual investments and grants ranging between \$15m and \$30m

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