

EFFECTIVE PHILANTHROPY IN URBAN COMMUNITIES

FALL 2017 Course B8543-001

Warren 416 Tuesdays, 4:00 p.m. – 7:15 p.m.

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READINGS

Excerpts from the following texts will be assigned, and as far as possible available on Canvas as well as in the library:

1. Callahan, [The Givers: Wealth, Power, and Philanthropy in a New Glided Age](#)
2. Collins, [Good to Great and the Social Sector](#)
3. Fleischman, [The Foundation: A Great American Secret and How Private Wealth is Changing the World](#) (Updated 2009)
4. Hunter, [Working Hard and Working Well](#)
5. Morino, [Leap of Reason: Managing to Outcomes in an Era of Scarcity](#)
6. Russakoff, [The Prize](#)
7. Salamon(Editor), [New Frontiers of Philanthropy: A Guide to the New Tools and Actors Shaping Global Philanthropy and Social Investing](#)

The Marino and Hunter books can be downloaded for free at www.leapofreason.org

In addition, the following articles and case studies will be assigned and will be available on Canvas:

1. "The Gospel of Wealth", Andrew Carnegie, North American Review, available online
2. "Social Impact Bonds: Phantom of the Nonprofit Sector", Rich Cohen, Nonprofit Quarterly, August 7, 2014
3. Federation Employment and Guidance Services (FEGS), Inc., Consolidated Financial Statements and Independent Auditor's Report, December 2015
4. Giving 2.0 Learning Notes: Nonprofit Assessment
5. Giving 2.0 Learning Notes: Site Visit Guide
6. Impetus Private Equity Foundation, "Driving Impact"

7. Kaufmann and Searle, “The Annie E. Casey Foundation Answering the Hard Question: What Difference are We Making?”, Bridgespan, September 2007
8. “Pay What It Takes Philanthropy,” Jeri Eckhart-Queenan, Michael Etzel, and Sridhar Prasad, Stanford Social Innovation Review, Summer 2016
9. “Philanthropy and the Renewal of Democracy”, Daniel Kemmis, The Kettering Foundation and Philanthropy NW, Summer 2016 (Second Edition)
10. “Risk Management for Nonprofits,” MacIntosh, Millenson, Morris, and Roberts
11. “The Looking Glass World of Nonprofit Money”, Clara Miller, Nonprofit Quarterly, Spring 2003
12. “Time for the Plural Sector,” Henry Mintzberg, Stanford Social Innovation Review, Summer 2015
13. “The Performance Imperative,” Mario Morino, Venture Philanthropy Partners, February 2015
14. “Nonprofits say de Blasio Budget Pushes Them Toward Insolvency,” Laura Nahmias, Politico, February 8, 2017
15. “Wall St. Money Meets Social Policy at Rikers Island,” Eduardo Porter, The New York Times, July 29, 2015
16. “What Are Foundations For?”, Robert Reich, Boston Review, v. 38 no. 2, March/April 2013
17. “Tale of Three Cities”, Bruce Sievers, Linkages, Rockefeller Philanthropy Advisors, 2006
18. “A Covenant for Success”, Michelle Yanche, Good Shepard Services, February 2014
19. Stanford GSB Case Study SI-67: The Skoll Foundation

There also may be additional readings/handouts in class or available via Canvas. The additional readings are essential to comprehending the content of the class.

Finally, we urge you to learn about the sector through regular reading online of [Philanthropy News Digest](#), [Chronicle of Philanthropy](#) and the [Stanford Social Innovation Review](#). Stay on top of current events, especially in New York City, because they will contribute to the richness of class discussions. We will use them and expect you to be aware of them.

REQUIRED PREREQUISITES AND CONNECTION TO THE CORE

There are no prerequisites for this course. The concepts in this course will use, build on and extend concepts covered in the following core courses:

Core Course	Connection with Core
Financial Accounting	<ol style="list-style-type: none"> 1. Understanding the Accounting Equation in Nonprofits 2. Revenue and Expense Models in the Nonprofit Sector 3. How to Review Nonprofit Audits and Tax Returns
Strategy Formulation	<ol style="list-style-type: none"> 1. What is Economic Value in Nonprofits and Philanthropy 2. How is Value Created with Philanthropic Support 3. The Role of Competition in the Nonprofit Sector and Philanthropy
Operations Management	<ol style="list-style-type: none"> 1. What is the Nonprofit Operating System 2. What is the Philanthropy Operating System 3. How does a Nonprofit Manage to Outcomes or Achieve Impact

Students will be expected to have mastered these concepts and be able to apply them in the course.

COURSE DESCRIPTION

“To give away money is an easy matter in any man’s power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man’s power nor an easy matter. Hence, it is that such excellence is rare, praiseworthy and noble.”

— Aristotle, 384-322 BC

“What is the use of living, if it be not to strive for noble causes and to make this muddled world a better place for those who will live in it after we are gone?”

— Winston Churchill, 1908

“Will our economic success make us more generous or more self-absorbed? More idealistic about the aspirations of the founding fathers and the work of our forefathers in making American life what we so comfortably inherit? Or will the diminished need to struggle as hard as other generations lessen our imagination about how to address the needs of others and fix what is still broken in our society? Either society is possible. One will build our society; the other will erode and slowly degenerate it over the first few decades of the twenty-first century.”

— Claire Gaudiani, 2003

Philanthropy has become a significant force in recent years, assuming a level of importance within the United States not seen since the early 20th century, and burgeoning abroad as well. The current conception of philanthropy now includes not only grants and gifts but also impact investing, social enterprise, advocacy, dissemination, and complex public-private partnerships.

This course is designed to provide students with a rigorous understanding and practical experience in how philanthropy can create social change in an urban context, including how to:

1. Analyze and identify social challenges and issues you would want to fund with philanthropic dollars;
2. Evaluate strategic options for addressing social challenges;
3. Develop selection criteria for funding;
4. Evaluate funding opportunities through a due diligence process;
5. Allocate funds; and
6. Evaluate results.

OVERVIEW OF THE AWARD PROCESS AND ASSIGNMENTS

The culmination of this course is a set of presentations by student teams in which each team articulates a social problem and, using the six-step process described above, argues for an evidence-based solution to the problem. Critically, the team must also advocate for a specific nonprofit that can ably deliver that solution in New York City. Thanks to the generosity of the Anna-Maria and Stephen Kellen Foundation, one cash grant of \$25,000 per team will be available, based on 5 teams per class. Each team will recommend an eligible nonprofit organization (subject to final approval by the instructors and donors). The nonprofit deemed “best in class” by the full class will receive additional \$25,000 (subject to final approval by the instructors and donors).

At the outset of the course, students will be divided into teams, with about five students per team. Each team will be assigned a societal challenge that has significant impact in New York City. Topics may include:

- Education
- Criminal Justice
- Food Security
- Arts and Culture
- Environment
- Immigration
- Health and Human Services
- Employment
- Housing
- Youth Development
- Civic Engagement

Each team will then need to narrow the assigned topic to a sub-area that allows for meaningful focus, research, analysis and nonprofit selection in the context of New York City. Environment, for example, might be narrowed to urban farming or remediating brown fields. Education might be narrowed to college completion or enhancing the Common Core through the role of the arts in middle-school.

Teams will then research their topics, developing information and analysis about the scope and scale of the problem, its root cause, strategies to solve the problem, and evidence of effectiveness. This research will also include gathering information about the flow of funds into the specific topic from public, corporate and other philanthropic sources, as well as evidence-based analysis of programs.

This analysis, along with a decision about which strategic solution to seek, will be presented as a paper and an in-class presentation by each team, and will account for **40% of the grade**.

Based on this strategic approach, teams will next develop criteria for determining which nonprofits would be appropriate grantees, as well as a method for assessing progress and impact. After approval by the instructors, the teams will identify which nonprofits meet these criteria, and select three finalists as potential grantees.

Next, teams will request proposals from the three finalists, and conduct site visits and due diligence, which will include analyzing the nonprofits' financials, programmatic or service capacity and evidence of outcomes or impact. The final document - a rationale for the grant -- and in-class PowerPoint presentation, worth **40% of the grade**, will present the team's process and final grant recommendation, supported by analysis, using evaluation criteria.

Active class participation throughout the course and attendance will count for **20% of the grade**.

METHOD OF EVALUATION

<i>Type</i>	<i>Designation</i>	<i>Discussion of concepts</i>	<i>Preparation of submission</i>	<i>Grade</i>
A	group / group	Permitted with designated group*	By the group	Same grade for each member of the group
B	group / individual	Permitted	Individually (No sharing of any portion of the submission)	Individual
C	individual / individual	None of any kind	Individually	Individual

D	(An optional category to be defined in detail by the faculty member)
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Research paper and in-class presentation (type A)	40%
Final paper and presentation (type A)	40%
Active class participation (type C)	20%

CLASSROOM NORMS AND EXPECTATIONS

This will be an active three-hour class. The instructor has knowledge and experience to impart, but very much sees himself as a facilitator. Lecturing will be kept to a minimum. In the course of the semester, we will read various books, articles, and documents and **discuss** them. Be ready to do so. You will meet leaders from the nonprofit and philanthropic community. Be ready to **engage** them. Over the course of the semester, you will visit projects or programs in New York City. Be ready to **observe and analyze**.

Again, the class experience is a bridge between theory and practice. The readings we discuss in class and the speakers invited to speak to the class complement each other. We will spend time in each session exploring the readings and interacting with the speakers, so please complete the readings before class for which they're assigned.

This course is not for the student who wants to receive information passively and then simply present it back in the form of papers. We are looking for students who want to engage with the material and the people in this vibrant sector, through site visits as well as in-class opportunities. Class participation is vital and will count toward your overall grade. Get to know your classmates as the journey in this work is better understood and enjoyed by shared experience. Since the topics discussed in this class often involve values and personal beliefs, we expect everyone to respect diverse viewpoints and experiences.

Students are expected to attend all classes for the full 3.25 hours. Absences, as well as partial attendance of a session, must be justified in advance to the satisfaction of the instructor.

Use of cell phones or other devices is strictly prohibited and use of laptops and iPads will be permitted ONLY during group work time.

COURSE TIMELINE

September 5, 2017 **Session 1: Overview of the Third Sector: Nonprofits and Philanthropy**

- Introductions/What You Hope To Get Out of the Class/Course Overview
- A Short History of the Nonprofit Sector
- Types of Philanthropy: Private/family; Independent; Corporate
- Key and Current Trends

Readings:

- Callahan, The Givers, Prologue: The Great Power Shift, and Chapter 1, The Coming of Big Philanthropy

- Kemmis, “Philanthropy and the Renewal of Democracy”
- Mintzberg, “Time for the Plural Sector”
- Salamon (Editor), New Frontiers of Philanthropy, Chapter 1 by Salamon: The Revolution on the Frontiers of Philanthropy: An Introduction
- Sievers, “Tale of Three Cities”

September 12, 2017 Session 2: Best Practice in Nonprofits: Excellence, Efficiency and Effectiveness

- Current Practice in NPO Management – what works, what doesn’t
- To Scale or Not to Scale: Is small beautiful?
- Social Enterprise/Social Entrepreneurship: An answer to what ails the sector?

Team Time: Issue areas identified and teams will be assigned.

Readings:

- Collins, Good to Great and the Social Sector
- Hunter, Working Hard and Working Well, Chapter 3 – The Pillars of Performance
- Miller, “The Looking Glass World of Nonprofit Money”

September 19, 2017 Session 3: Identifying and Evaluating Successful Nonprofits

- Evaluation Processes and Matrixes
- Assessing Financial Strength (or lack thereof) of Nonprofits
- Financial Performance versus Program Outcomes: A False Choice?
- Case Studies: Review of Proposals from Clark Foundation grantees

Team Time: Further define issue area and identify topics to research.

Readings:

- FEGS June 30, 2014 Audit
- Giving 2.0 Learning Notes: Nonprofit Assessment
- Morino, Leap of Reason, Introduction and Chapters 1-5
- Morino, “The Performance Imperative”

September 26, 2017 Session 4: The Infrastructure of Philanthropy — Part I

- Your Values, Your Worldview
- Defining the Problem: Issue Research and Root-Cause Analysis
- Developing a Strategy/Solution

- Speaker: Jason McGill, Co-Executive Director, Arcus Foundation

Team Time: Identify and discuss Team Members' skills and values and how they are to be incorporated into the grantmaking process.

Readings:

- Callahan, The Givers, Chapter 10, The New Medicis
- Carnegie, "Gospel of Wealth"
- Reich, "What Are Foundations For?"
- Stanford GSB Case Study SI-67: The Skoll Foundation

October 6, 2017 (FRIDAY!!) Session 5: The Infrastructure of Philanthropy — Part II
(Special Date and Time: Friday, October 6 from 10 am to 1:15 pm, Same Classroom)

- Developing a Mission Statement
- Developing Grantmaking Guidelines and Criteria
- Developing Proposals
- Understanding the Grantee/Grantor Dynamic

Team Time: Share issue area due diligence; affirm the Team's grantmaking focus; outline presentation and determine assignments for each team member.

Readings:

- Fleischman, The Foundation: A Great American Secret and How Private Wealth is Changing the World, Chapters 6-7
- Russakoff, The Prize

October 10, 2017 Session 6: Frameworks for Grantmaking

- *Class Presentations by teams of their Frameworks for Grantmaking*

October 17/24, 2017 Exam Period – NO CLASS

Team Time: Between 10/10 and 10/24 identify 10 nonprofits for possible consideration. By 10/27, select three to five nonprofits to solicit proposals. By 10/31, contact the three to five nonprofits and have them submit grant proposals by no later than 11/10.

October 31, 2017

Session 7: Forms of Philanthropy

- Types of Grants: Project, General Operating Support, Capital, Endowment
- Impact Investing
- Convening, Advocacy and Communication

Team Time: Develop a timetable to conduct site visits between 11/10 and 12/4. Check-in with instructor on process.

Readings:

- Cohen, “Social Impact Bonds: Phantom of the Social Sector”
- Porter, “Wall St. Money Meets Social Policy at Rikers Island”
- Queenan, Etzel, and Prasad, “Pay What It Takes Philanthropy”

November 14, 2017

Session 8: Best Practices in Philanthropy

- The Social Compact that Enables Philanthropy
- Government, Business and Philanthropy: Who should be filling the gaps?
- Success Stories and Failures in Philanthropy

Team Time: Proposal deadline on 11/10. Conduct site visits with identified nonprofits. Ensure that at least two team members attend each site visit. Begin to develop evaluation criteria and/or matrix to help guide decision making.

Readings:

- Callahan, *The Givers*, “Epilogue: The Balancing Act”
- Giving 2.0 Learning Notes: Site Visit Guide

November 21, 2017

Session 9: Philanthropy’s Obsession: Assessing and Achieving Impact

- Outcomes vs. Outputs vs. Impacts
- Models and Tools
- Conducting site visits
- Speaker: Melissa Beck, Executive Director, Educational Foundation of America (www.theefa.org)

Team Time: is off campus and conducting site visits.

Readings:

- Impetus Private Equity Foundation, “Driving Impact”
- Salamon (Editor), *New Frontiers of Philanthropy*, Chapter 20 by Edwards, Bishop and Green: “Who Gains, Who Loses? Distributional Impacts of the New Philanthropy”

November 28, 2017

Session 10: Moving the Needle: Achieving Success in Human Services

- Speakers: David Garza, Executive Director, Henry Street Settlement; and Muzzy Rosenblatt, CEO, Bowery Residents Committee

Team Time: Finalize evaluation criteria/matrix for informing grant recommendation process on 12/5.

Readings:

- Kaufmann and Searle, “The Annie E. Casey Foundation: Answering the Hard Question: What Difference are we Making?”
- “Nonprofits say de Blasio Budget Pushes Them Toward Insolvency,” Nahmias, Politico, February 8, 2017
- Yanche, “A Covenant for Success: Working in Partnership to Strengthen New York City’s Neighborhoods”

December 5, 2017

Session 11: Bringing It All Home: Class is devoted to the teams finalizing their work and preparing for their presentations

- Re-review proposals
- Discuss Findings from Site Visits and Any Additional Research
- Determine a Fair Grantmaking Decision Process that is inclusive and Data-Driven
- Outline the Team’s Presentation
- Assign Work to Individual Team Members

December 12, 2017

Session 12: Final Team Presentations

- 20 minutes per team plus 10 minutes per team for class discussion
- Course evaluation
- Closing thoughts from the instructors and class

INSTRUCTOR and TEACHING ASSISTANT BIOS

Doug Bauer is Executive Director of The Clark Foundation. The Foundation focuses on helping individuals out of poverty and then leading independent and productive lives, and supports nonprofits and programs in New York City and Cooperstown, NY. Doug manages not only the Clark Foundation but is also executive director of the Scriven and Fernleigh Foundations and Senior Vice President with the Clark Estates, Inc. Together, the three foundations have assets over \$700 million and provides over \$35 million in grants, scholarships and programs annually. Prior to Clark, Doug was a Senior Vice President with Rockefeller Philanthropy Advisors (RPA) from 2002 to 2009 and led the organization’s Strategic Initiatives Team. Prior to joining RPA, he was a Vice President at Goldman Sachs and President of the Goldman Sachs Philanthropy Fund, the firm’s charitable gift fund. From 1997 to 2000, Doug was Director of Community Partnership at SmithKline Beecham (now GlaxoSmithKline) and Executive Director of the SmithKline Beecham

Foundation, where he focused on community-based health care around the world. From 1992 to 1996, Doug was a Program Officer for Culture at The Pew Charitable Trusts. And from 1988 to 1992, he managed the Scott Paper Company Foundation.

Doug's opinions and ideas on philanthropy have been featured in the *Associated Press*, *The Chronicle of Philanthropy*, *Contribute*, the *Financial Times*, the *Los Angeles Times*, *The New York Post*, *Stanford Social Innovation Review*, *The Wall Street Journal* and on NPR, PBS and CNBC. Doug co-authored, with Steven Godeke, *Philanthropy's New Passing Gear: Mission Related Investing, A Policy and Implementation Guide for Foundation Trustees*. Doug is a past chair of Philanthropy New York and current co-chair of its Public Policy Committee and serves on boards for The Leatherstocking Corporation, The Melalucca Foundation, The National Council of Nonprofits, Partners for Health Foundation, and the Rockefeller Institute of Government. He is also an adjunct faculty member at the University of Pennsylvania in its School of Social Policy and Practice. Doug is a graduate of Michigan State University. He also holds a M.S. from Penn and a M.J. from Temple University.

Molly Magnuson is a second year here at CBS, already distraught by the thought of being halfway done with the program. But how did she get here? After graduating from The University of Miami, FL (many years ago but she won't say how many) she went to work at The Brookings Institution in Washington, D.C. where she was Center Manager and Special Assistant to the Director of Health Care Reform at the time of the development and debate centered on The Affordable Care Act. After 4 plus years inside the Beltway, Molly decided a change of scenery was needed and headed to NYC to pursue a consulting opportunity at a healthcare services firm. At The Kinetix Group, she provided strategic insight on issues related to the delivery of care and helped both pharma and providers anticipate the impact of healthcare policies and the changing environment on their business operations. Aside from her day job, she became actively involved with philanthropy work, volunteering primarily with The Leukemia and Lymphoma Society (LLS) in several capacities but most recently in their Man and Woman of the Year Fundraising Campaign.

Inspired by the type of experience she had with LLS, Molly decided business school would open her eyes and (hopefully) opportunities while giving her a chance to "soul search" and figure out what matters most to her. Last year she took the classes High Performing Non Profits and Non Profits & The City, which reaffirmed her passion for the nonprofit sector, and while she enjoyed learning about other industries throughout her first year at CBS, her strong sense of devotion for the healthcare industry stayed strong and she spent this past summer working at Memorial Sloan Kettering Cancer Center. At MSK, she participated in managerial functions throughout various organizational and operational settings including Development, Administration, Strategic Planning, and Marketing and Communications, all the while helping to launch the new enterprise-wide Project Management Office. In her free time- which seems to be wearing thin these days as business school commitments ramp up again- she enjoys reading, writing, attending concerts, plays and recently lots of weddings, hanging with friends, exercising of some sort or even better- doing absolutely nothing.