“The Game of Philanthropy”

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or
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game n. 1. an activity providing entertainment or amusement; a pastime: 2. a competitive activity or sport in which players contend with each other according to a set of rules.

philanthropy n. 1. the effort or inclination to increase the well-being of humankind, as by charitable aid or donations.
Games we’re familiar with…

- Tag, Jump Rope, Dodgeball, Kickball, Tetherball, Foursquare, Hopscotch, Marbles, Red Light Green Light, Hide and Seek, Duck Duck Goose, Pickle, Horse, Capture the Flag,

- Candyland, Barrel of Monkeys, Chutes and Ladders, Operation, Connect Four, Clue, Scrabble, Mousetrap, Aggravation, Boggle, Battleship, Twister, Bop It,

- Football, Volleyball, Baseball, Softball, Hockey, Basketball, Soccer, Track and Field, Bowling, Golf, Tennis, Car Racing, Billiards, Lacross,

- Pong, Tank, Death Race, Sea Wolf, Space Invaders, Asteroids, Galaxian, Lunar Lander, Asteroids, Battlezone,

- Gran Turismo 4, Dragon Ball Z Budokai 3, Final Fantasy XII, Doom 3, Mario Kart, Final Fantasy VII: Advent Children, Age of Empires III, Star Fox, The Sims 2, Grand Theft Auto: San Andreas,

- Pong, Tank, Death Race, Sea Wolf, Space Invaders, Asteroids, Galaxian, Lunar Lander, Asteroids, Battlezone,

- Life, Candyland, Barrel of Monkeys, Chutes and Ladders, Operation, Connect Four, Clue, Scrabble, Mousetrap, Aggravation, Boggle, Battleship, Twister, Bop It,

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- Gran Turismo 4, Dragon Ball Z Budokai 3, Final Fantasy XII, Doom 3, Mario Kart, Final Fantasy VII: Advent Children, Age of Empires III, Star Fox, The Sims 2, Grand Theft Auto: San Andreas,
What is the game of philanthropy?

Game board

- People
- Data, information, knowledge, experience
- Technology
- Capital

End of game
- Fill needs
- Fix problems
- Change views, values or beliefs

Rules, Constraints, Boundaries
- Non persistent
- Context sensitive

Strategy
- Competitive and/or cooperative

Playing time
- Indeterminate
- Intra generational or inter generational
Who are the players?

**HELLO**

**my name is**

Those that have money and resources:

- Individuals
- Foundations
- Corporations
- Government

64,000+ foundations (2002).

**HELLO**

**my name is**

Those that have ideas and need money or resources:

- Individuals
- Non-profits
- Schools
- Government

About 850,000 U.S. non-profit organizations (2003).

**HELLO**

**my name is**

Those that have advice:

- Membership Associations
- Professional services
- Consultants
- Financial managers
- Others

Source: Guidestar, Foundation Center
Or put another way…

- **Corporations**
- **Community Foundation**
- **Public Foundation**
- **Private Foundation**
- **Government**
- **Non-profit**
- **Customer**
- **Individuals**
- **Society**
- **Legislature**
- **Regulators**

**Advisors**
- Legal
- Accounting
- Financial
- Insurance
- Program
- Development
- Information Technology
- Other
What is the current state of philanthropy?

- There are a lot of broken things and a lot of people trying to fix them
- The battles to fix the broken things are very asymmetric
- Foundations, corporations, and individuals cannot assume all of the responsibilities government is shedding
- The non-profit world (grantors and grantees) is very fragmented
- Non-profits have been wounded by scandals and are politically weak
- People in the non-profit world are passionate, articulate, and generally committed to doing good
- Many non-profits (operating and non-operating) seem to be very personality driven and without clear succession plans
- Understanding, measuring, and comparing the effectiveness, success, and return on investment of programs is quite often difficult
- Funding and forums to pass on lessons learned seem to be scarce
What is my background?

**Recording engineer**
- *Butterfly* (spoken word recording)
- *Student BSEE UCLA*

**Unemployed**
- *Travel*

**Software and systems engineer**
- *Amdahl, Doelz Networks (communications systems)*

**Co-founder, President & CEO**
- *Trillium (communications software)*
- *Intel (chips, software, systems)*
- *Clivia Systems (technology and business consulting)*

**Trustee**
- *The Lawrence Foundation (private family foundation)*

**Founder, President & CEO**
- *Co-founder, President*
- *Common Grant Application (grantmaking & grantseeking software)*

**Volunteer**
- *Volunteer (public schools)*

**Student, Employee**
- *Student*
- *Employee*

**Unemployed**
- *Individual contributor*

**Individual contributor**
- *Manager, Leader, Officer, Director*
- *Shareholder*
- *Advisor, Trustee*
- *Individual Contributor, Advisor, Trustee, Director*
What is altruism?

altruism n. 1. unselfish concern for the welfare of others; selflessness.

The theory

- Evolutionary biology suggests people should only help genetic relatives and not others

Why?

- Ensures continuation of common genetic material into the future

The reality

- People will often act against their own self interest
- People will cooperate with others and punish those who don’t even when they have nothing to gain
- People trust others when they should not
- True altruism appears to be part of human nature

Why?

- Anthropologists, biologists and scientists don’t know for sure

Source: Science, NewScientist.com, Los Angeles Times
Why do people give?

**Social Economic**
- Gender
- Race
- Age
- Education
- Occupation
- Economic

**Cultural**
- Learned
- Taught

**Political**
- Anarchy
- Dictatorship
- Oligarchy
- Theocracy
- Monarchy
- Direct Democracy
- Indirect Democracy
- Plutocracy
- Aristocracy
- Meritocracy
- Stratocracy

**Religious**
- Christianity (33%)
- Islam (22%)
- Hinduism (15%)
- Non-religious (14%)
- Buddhism (6%)
- Chinese Traditional (4%)
- Primal Indigenous (3%)
- Other (3%)

**Individual**
- Reputation
- Values
- Moral beliefs
- Ethical beliefs
Why do I give?

<table>
<thead>
<tr>
<th>Time</th>
<th>Generation -1 Parents</th>
<th>Generation 0 Ourselves</th>
<th>Generation +1 Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Food to mission</td>
<td>Food to mission</td>
<td>Food to mission</td>
</tr>
<tr>
<td></td>
<td>Gave to homeless</td>
<td>Gave to homeless</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gave to church</td>
<td>Gave to church</td>
<td>Gave to church</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gave to family</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gave to charities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gave to public schools</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gave to employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Family foundation</td>
</tr>
</tbody>
</table>

- Attended church
- Food to mission
- Volunteered at public schools
- Volunteered to coach sports
- Volunteered for scouts
- Attend some church
- Food to mission
- Volunteer at public schools
- Letter writing and visits to elderly
- Family foundation
- Lobbying
- Food to mission
- Community service
- Family foundation
- Attended church
- Food to mission
- Volunteer at public schools
- Letter writing and visits to elderly
- Family foundation
- Lobbying
## How did I get my money?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1906 - 1925</td>
<td>$3.5 trillion</td>
<td>$0.4 trillion</td>
</tr>
<tr>
<td>1926 - 1945</td>
<td>$15.6 trillion</td>
<td>$2.3 trillion</td>
</tr>
<tr>
<td>All adults as of 1998</td>
<td>$41.0 trillion</td>
<td></td>
</tr>
</tbody>
</table>

Based on: [http://www.bc.edu/research/swri/](http://www.bc.edu/research/swri/)
Why did I start my foundation?

Considerations

- Self interest (family)
- Those we know (business and friends)
- Those we don’t know (everybody else)

Possible Paths

- Ad-hoc gifts
- Gift to non-profit
- Gift to public foundation
- Gift to community foundation
- Form private family foundation

“When you learn, teach. When you get, give.”
- Unknown
How did I start my foundation?

- Create legal structure
- Fund the foundation
- Publicize the foundation
- Understand the needs, problems and issues that are out there
- Decide what interests us and where we think we can make a difference
- Learn how to judge requests and make grants
- Meet with people and do site visits
- Learn about non-profit accounting and taxes
- Select a financial manager
- Establish an investment policy
- Manage our assets
- Manage and review our grants
- Attend conferences
- Let others know about our activities
- Plan for succession
- Learn how to make socially responsible investments
- Governance
- Pass on what we've learned and keep learning
Where does my foundation fit in?


- Individuals: $179.36 billion
- Foundations: $266.40 billion
- Bequests: $26.30 billion
- Corporations: $21.60 billion
- Volunteer time: $13.46 billion

Source: Foundation Center

Family Foundation Giving (2003)

- $0 - $1M
- $1M - $5M
- $5M - $10M
- $10M - $100M
- $100M - $1B
- > $1 billion

Source: Foundation Center

Foundation Giving (2002)

- Independent: 77%
- Corporate: 11%
- Community: 8%
- Operating: 4%

Source: Foundation Center

GDP of only 14 countries > 507

GDP of only 59 countries > 30

Source: Foundation Center, World Bank, PricewaterhouseCoopers MoneyTree
What does my foundation want to accomplish?

- Filling needs -> Solving problems -> Addressing issues
- Problems -> Ideas -> Views, values and beliefs
- Immediate -> Short term -> Long term

Grants
- Direct
- Solicited

Unsolicited
- Operating
- Multi year

Program
- Environment, Education, Human Services

Single year
- Environment, Education, Human Services

Environment, Education, Human Services

Learning
- Understanding
- “Knowing”
What does my foundation expect in return?

<table>
<thead>
<tr>
<th>What we hope for</th>
<th>What we get</th>
</tr>
</thead>
<tbody>
<tr>
<td>To help others make the world a better place</td>
<td>Plaques, articles, acknowledgements</td>
</tr>
<tr>
<td>To pass on some of our knowledge and experience</td>
<td>Honorary / advisory boards and committees</td>
</tr>
<tr>
<td>To learn</td>
<td>Knowledge and experience</td>
</tr>
<tr>
<td>An occasional thank you</td>
<td>Good feeling</td>
</tr>
</tbody>
</table>
What is the way to approach my foundation?

Right way

- Make it real
- Be honest and tell us the good and the bad
- Teach us if we want to learn
- Push back if we go too far
- Take some risks
- Understand our frames and language

Wrong way

- Get greedy
- Get impatient
- Don’t respond or answer our questions
- Be unrealistic
- Don’t do your homework and know our guidelines
How does my foundation decide who to give to?

<table>
<thead>
<tr>
<th></th>
<th>Business</th>
<th>Non-profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Strong, transparent, predictable, and ethical management team. Team gives a voice to the vision, gives purpose to the organization and serves the stakeholders.</td>
<td>Strong, transparent, predictable, and ethical management team. Team gives a voice to the vision, gives purpose to the organization and serves the stakeholders.</td>
</tr>
<tr>
<td>Vision</td>
<td>Addresses a real problem or need for change. Is realizable, easy to communicate and has good timing.</td>
<td>Addresses a real problem or need for change. Is realizable, easy to communicate and has good timing.</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Large and identifiable addressable market.</td>
<td>Identifiable need, problem or issue.</td>
</tr>
<tr>
<td>Value</td>
<td>Real and understandable. Good product or service value and strong, defensible market position.</td>
<td>Real and understandable.</td>
</tr>
<tr>
<td>Execution</td>
<td>Strong, growing and consistent revenue and earnings performance.</td>
<td>Strong, effective and consistent performance.</td>
</tr>
<tr>
<td>Exit</td>
<td>Understandable story and strategy leading to a future liquidity event.</td>
<td>Understandable story and strategy to fill the need, solve the problem or change views, values or beliefs about an issue.</td>
</tr>
</tbody>
</table>
What are the chances of getting a grant?

June 2005 Grant Cycle (one of two cycles per year)

Requests (over 200)  Grants (about 10)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Acceptance Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venture Capital</td>
<td>?</td>
</tr>
<tr>
<td>The Lawrence Foundation</td>
<td>5%</td>
</tr>
<tr>
<td>Harvard</td>
<td>10%</td>
</tr>
<tr>
<td>US Military Academy</td>
<td>11%</td>
</tr>
<tr>
<td>Stanford University</td>
<td>13%</td>
</tr>
<tr>
<td>Massachusetts Institute of Technology</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: US News and World Report
What has been the good and the bad?

**Good**
- Saying yes
- The people
- The passion
- The learning
- The hope and faith
- What unites us

**Bad**
- Saying no
- Not having enough to go around
- The pace
- The odds
- The clueless and those who should know better

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**Newspaper reports published between 1995 and 2002 of incidents involving criminal and civil wrongdoing by officers and directors of charitable organizations**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Incidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal activity</td>
<td>104</td>
</tr>
<tr>
<td>Breaches of the duties of loyalty and prudence—self-dealing, failing to carry out the mission of the charity, and negligent management of assets</td>
<td>54</td>
</tr>
<tr>
<td>Both</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Hauser Center for Nonprofit Organizations
What has surprised us?

Some short parables

- “The swing set” – what unites and divides us
- “The Sav-on parking lot” – don’t assume or underestimate
- “Parauresis” – don’t judge
- “Treasury regs” – sometimes, no one really knows
- “But, its my money” – no its not
- “The Seed Lady” – the power of personality
- “The California Grey’s” – the universe breathing
- “Remix” – the repackaging of a story
What do we think about the game?

- The game is too slow
- The religion of the market requires more business people in non-profits as players
- Winning is going out of business, some non-profits are too interested in staying in the game
- Many non-profits are fighting to win the battles, not the war
- Government is changing the rules with more unfunded mandates and shifting services, non-profits should become more active with policy makers and media (i.e. get more political)
- New metaphors are needed (e.g. music, art)
- Grantseekers and grantmakers are spending inordinate amounts of time and energy finding each other, applying for grants and managing grants
- Non-profits should be using more technology pieces (e.g. social networking, online applications)

“Whoever decides what the game is about also decides who gets into the game.”
- E.E. Schattschneider
## Why did I start the Common Grant Application?

### Background

<table>
<thead>
<tr>
<th>Technology</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>° Technology</td>
<td>° Save time</td>
</tr>
<tr>
<td>° Software</td>
<td>° Save money</td>
</tr>
<tr>
<td>° Open standards and technology</td>
<td>° Decrease opportunity cost</td>
</tr>
<tr>
<td>° Family foundation</td>
<td>° Improve transparency</td>
</tr>
<tr>
<td>° 1000’s of applications</td>
<td>° Improve visibility</td>
</tr>
<tr>
<td>° 1000’s of grantseekers</td>
<td></td>
</tr>
<tr>
<td>° College aged children</td>
<td></td>
</tr>
<tr>
<td>° Common App</td>
<td></td>
</tr>
</tbody>
</table>

### Reasons

- Save time
- Save money
- Decrease opportunity cost
- Improve transparency
- Improve visibility

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“Intuition is linear; our imaginations are weak. Even the brightest of us only extrapolate from what we know now; for the most part, we're afraid to really stretch.”

- Rafe Needleman and Ray Kurzweil
## What is the Common Grant Application?

<table>
<thead>
<tr>
<th>Grantseekers</th>
<th>Grantmakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No software to purchase or install, Web-browser based</td>
<td>• No software to purchase or install, Web-browser based</td>
</tr>
<tr>
<td>• Review the background and interests of grantmakers</td>
<td>• Review the background and activities of grantseekers</td>
</tr>
<tr>
<td>• Manage contact, organization background, program, and background information</td>
<td>• Specify funding interests</td>
</tr>
<tr>
<td>• Upload documents</td>
<td>• Receive, track, and manage applications and supporting materials</td>
</tr>
<tr>
<td>• Submit, track, and manage applications to grantmakers</td>
<td>• Collaborate with one another</td>
</tr>
<tr>
<td>• Collaborate with one another</td>
<td>• Export applications and other reports into business information systems</td>
</tr>
<tr>
<td>• Small per application fee (unless waived by grantmaker)</td>
<td>• Small asset based monthly subscription fee</td>
</tr>
</tbody>
</table>
What have we learned?

- It’s all about people
- People will surprise you
- You can’t do it all by yourself
- Never stop listening and learning
- Understand the frames and languages of others
- Communicate, communicate, communicate
- Look forward and think backward
- Pick a direction, stay focused and keep at it
- Stay flexible and adaptable
- Stay true to your values and principles
- Learn from the differences
- Embrace the surprises
- Some luck is important

“Anyone who has never made a mistake has never tried anything new.”
- Albert Einstein
“Live with intention”

Walk to the edge.  
Listen hard.  
Practice wellness.  
Play with abandon.  
Laugh.  
Choose with no regret.  
Continue to learn.  
Appreciate your friends.  
Do what you love.  
Live as if this is all there is.

- Maryanne Radmacher-Hershey
Thank You!
Common Grant Application background

- Web-based service
  - www.commongrantapplication.com
- Opened to users
  - October 2007 for grantseekers, summer 2008 for grantmakers
- Current number of users
  - 4000+ users (grantseekers and grantmakers)
- Founders
  - Jeff Lawrence and Lori Mitchell
The Lawrence Foundation background

- Private family foundation (non-operating)
- Grant themes
  - Environment, education, human services
- Grant geography
  - Primarily in the U.S., secondarily - International
- Initial funding
  - Funded in 2000 with Intel stock resulting from the sale of Jeff’s Los Angeles based company to Intel Corporation in August 2000
- Grants made
  - Grants and commitments worth over $3 million made since inception in 2000
- Trustees
  - Jeff Lawrence and Diane Troth (husband and wife) in Santa Monica, CA
- Executive Director
  - Lori Mitchell in Steamboat Springs, CO
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