Columbia Business School

EFFECTIVE PHILANTHROPY IN URBAN COMMUNITIES

FALL 2022 Course B8543-001
Geffen 570 Mondays, 2:00 p.m. – 5:15 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:

To Purchase (and all books are in paperback):

1. Callahan, The Givers: Wealth, Power, and Philanthropy in a New Glided Age
2. Collins, Good to Great and the Social Sector
3. Elliot, Invisible Child: Poverty, Survival & Hope in an American City
4. Giridharadas, Winners Take All: The Elite Charade of Changing the World
5. Russakoff, The Prize

To Access on Canvas and Library Reserves:

1. Fleischman, The Foundation: A Great American Secret and How Private Wealth is Changing the World (Updated 2009)
2. Hunter, Working Hard and Working Well
3. Morino, Leap of Reason: Managing to Outcomes in an Era of Scarcity
4. Reich, Just Giving: Why Philanthropy is Failing Democracy and How it Can Do Better
5. 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

And at your leisure and if you have time (it's optional):

1. Guggenheim, Inside Bill's Brain, Netflix

In addition, the following articles and reports 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. "Essential or Expendable?," A Report from the Covid-19 Recovery Task Force, Human Services Council of New York, June 2021
7. Impetus Private Equity Foundation, "Driving Impact," 2017
8. "The Systemic Starvation of Those Who Do Good," Jeremy Kohomban and David Collins, Stanford Social Innovation Review, February 24, 2017
9. "Pay What It Takes Philanthropy," Jeri Eckhart-Queenan, Michael Etzel, and Sridhar Prasad, Stanford Social Innovation Review, Summer 2016
10. "Do Better," Gideon Lewis-Kraus, New Yorker, August 15, 2022
11. "Risk Management for Nonprofits," MacIntosh, Millenson, Morris, and Roberts
12. "Think Outside of the Box," MacIntosh
13. "Too Big To Fail: NYC's Largest Human Service Nonprofits," MacIntosh
14. "Tough Times Call for Tough Action," MacIntosh
15. "The Big Money Behind the Big Lie," Mayer, The New Yorker, August 9, 2021
16. "The Looking Glass World of Nonprofit Money," Clara Miller, Nonprofit Quarterly, Spring 2003
17. "An Event or an Era?," The Monitor Institute/Deloitte, July 2020
18. "How Fortune Society Achieved A Triple Bottom Line With Castle Gardens," Nagrecha and Page
19. "Wall St. Money Meets Social Policy at Rikers Island," Eduardo Porter, The New York Times, July 29, 2015
20. Her Posts, Mackenzie Scott, Medium, December 2020 to March 2022
21. "Tale of Three Cities," Bruce Sievers, Linkages, Rockefeller Philanthropy Advisors, 2006
22. "The Billionaire's Losses," Michael Steinberger, New York Times Magazine, July 22, 2018

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	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	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	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 4. How does Philanthropy capture or measure impact of its grantmaking

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 of how philanthropy invests in 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. Evaluate results; and
6. Allocate funds.

OVERVIEW OF THE AWARD PROCESS AND ASSIGNMENTS

The culmination of this course is a set of presentations by student teams in which each team assesses a social problem and, using the six-step process described above, argues for, and invests in, an evidence-based solution to the problem. Critically, the team must also advocate for a specific nonprofit that can ably deliver or contribute to 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 five 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 students 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 five to six students per team. Each team will be assigned a societal challenge that has significant impact in New York City. Topics may include:

- K-12 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, a charged political environment, the ongoing impact of the pandemic and economic uncertainty. Environment, for example, might be narrowed to urban farming or remediating brown fields. Education might be narrowed to college completion or enhancing curricula 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 government, 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 via an in-class presentation on October 10th by each team, and will account for **40% of the grade**.

Based on this strategic approach, teams will next develop criteria for determining which high-performing nonprofits would be an appropriate grantee, as well as a method for assessing progress and impact. After approval by the instructor, the teams will identify which nonprofits meet these criteria, and select three nonprofits that could be a potential finalist grantee.

Next, teams will request a proposal from the three finalists, and conduct in-person or virtual site visits and due diligence, which will include analyzing the nonprofits' financials, programmatic or service capacity and evidence of outcomes or impact. The team will then select a finalist. The team will present the finalist via an in-class presentation on December

5th as well as develop a final document describing the rationale for the grant supported by analysis, using evaluation criteria. This component is worth **40% of the grade.**

Active class participation throughout the course and attendance will count for **20% of the grade**. Prepare for each class by immersing yourself reviewing in the readings and be ready to provide an open and comfortable atmosphere in which to share comments and participate. As part of the participation portion of the overall grade, and for each session, students will also submit to the professor and the teaching assistant via Canvas a brief analysis (two to three paragraphs maximum) of at least two of the assigned readings. Each student will enter their submission by midnight on the day before that particular class.

METHOD OF EVALUATION

Type	*Designation*	*Discussion of concepts*	*Preparation of submission*	*Grade*
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)			

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 virtually visit projects or programs in New York City. Be ready to **observe and analyze**.

Again, the course 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 want students who to engage with the material and the people in this vibrant sector, through virtual or in-person site visits as well as virtual and 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 hope and 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 prohibited; however, use of laptops and iPads will be permitted.

COURSE TIMELINE

September 9, 2022 (A FRIDAY!!) 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 and Philanthropy in America

Readings:

- Callahan, The Givers, Prologue: The Great Power Shift, and Chapter 1, The Coming of Big Philanthropy
- Giridharadas, Winners Take All, Prologue and Chapter 1
- 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, 2022 (A MONDAY!!) 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
- Elliot, Invisible Child, Prologue and Part 1
- MacIntosh, "Tough Times Call for Tough Action"
- Miller, "The Looking Glass World of Nonprofit Money"
- Monitor Institute, "An Event or an Era?"

September 19, 2022 **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 Study/Guest Speakers: Sammy Politziner and Scott Thomas, Co-Founders of Arbor Brothers/Arbor Rising

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

Readings:

- www.arborrising.org
- Elliot, Invisible Child, Part 2
- FEGS June 30, 2014 Audit
- Giving 2.0 Learning Notes: Nonprofit Assessment
- Kohomban and Collins, "The Systemic Starvation of Those Who Do Good"
- MacIntosh, "Think Outside of the Box"
- Morino, Leap of Reason, Introduction and Chapters 1-5

September 26, 2022 **Session 4: The Infrastructure of Philanthropy — Part I**

- Types of Philanthropy: Private/family; Independent; Corporate
- Key and Current Trends
- Your Values, Your Worldview
- Defining the Problem: Issue Research and Root-Cause Analysis
- Developing a Strategy/Solution
- The $10 exercise

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"
- Elliot, Invisible Child, Part 3
- Mayer, "The Big Money Behind the Big Lie"
- Reich, Just Giving, Chapter 4
- Scott, Her Posts on Medium (12/15/20, 6/15/21, 12/10/21 and 3/23/22)
- Steinberger, "The Billionaire's Losses"

October 3, 2022 **Session 5: The Infrastructure of Philanthropy — Part II**

- Developing a Mission Statement
- Developing Grantmaking Guidelines and Criteria
- Developing Proposals
- Understanding the Grantee/Grantor Dynamic
- Speaker: Christopher Kellen '12, Director, Anna-Maria and Stephen Kellen Foundation

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
- Elliot, Invisible Child, Part 4
- Russakoff, The Prize

October 10, 2022 **Session 6: Frameworks for Grantmaking**

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

October 11-23, 2022 **Exam Period -- NO CLASS**

Team Time: Between 10/11 and 10/23 identify ten nonprofits for possible consideration. By 10/24, select three nonprofits to solicit proposals. Have the nonprofits submit proposals by no later than 11/14.

October 24, 2022 **Session 7: A Site Visit to The Fortune Society: Achieving Success in Human Services in NYC**

- A visit to Fortune Society's Castle Gardens facility on 625 West 140^{th} (Between Broadway and Riverside Drive)
- Speakers: JoAnn Page, President and CEO, Fortune Society, and Stanley Richards, Executive Vice President, Fortune Society

Team Time: Conducting interviews with the three finalists. Determine and develop a fair decision process or matrix that is inclusive, and data driven. Once again, the deadline for proposals is 11/14.

Readings:

- Elliot, Invisible Child, Part 6
- Essential or Expendable?, A Report From the Covid-19 Task Force, Human Services Council of New York
- www.fortunesociety.org
- Giving 2.0 Learning Notes: Site Visit Guide
- MacIntosh, "Too Big To Fail: NYC's Largest Human Services Nonprofits"
- Nagrecha and Page, "How Fortune Society Achieved a Triple Bottom Line with Castle Gardens"

October 31, 2022 **Session 8: 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 a virtual or, if possible, in-person site visits with your team's three finalists between 11/15 and 11/28. Check-in with instructor and TA on process.

Readings:

- Cohen, "Social Impact Bonds: Phantom of the Social Sector"
- Elliot, Invisible Child, Part 5
- Porter, "Wall St. Money Meets Social Policy at Rikers Island"
- Queenan, Etzel, and Prasad, "Pay What It Takes Philanthropy'

November 7, 2021 **NO CLASS**

November 14, 2022 **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, Sozosei Foundation

Team Time: Proposal deadline is today! Conduct virtual or in-person site visits with finalist nonprofits before 11/30. Ensure that at least three team members attend the site visit.

Readings:

- Melissa Beck's Linked In profile
- Elliot, Invisible Child, Part 7 and Afterword
- Impetus Private Equity Foundation, "Driving Impact'

- Lewis-Kraus, "Do Better"
- Salamon (Editor), New Frontiers of Philanthropy, Chapter 20 by Edwards, Bishop, and Green: "Who Gains, Who Loses? Distributional Impacts of the New Philanthropy"
- www.SozoseiFoundation.org

November 21, 2022 **Session 10: 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

Readings:

- Callahan, The Givers, "Epilogue: The Balancing Act"
- Giridharadas, Winners Take All, Chapter 7 and Epilogue
- Reich, Just Giving, Chapter 5 and Conclusion

Team Time: Review proposals from the three finalist nonprofits. Prepare for virtual or in-person site visits.

November 28, 2022 **Session 11: Bringing It All Home: Class is devoted to the teams finalizing their work and preparing for their presentations**

- Review Proposals
- Discuss Findings from Virtual Site Visits and Any Additional Research
- Outline the Team's Presentation for 12/5
- Assign Work to Individual Team Members
- Draft Grant Recommendation Write-up

December 5, 2022 **Session 12: Final Team Presentations**

- 20 minutes per team plus 10 minutes per team for class discussion
- Submit Write-up
- Course evaluation
- Closing thoughts from the instructor 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 $750 million and provides over $37 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*, *Bloomberg*, *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, and Partners for Health Foundation. He is also an adjunct faculty member at the University of Pennsylvania in its School of Social Policy and Practice and a member of the Leap of Reason Ambassadors Community. Doug is a graduate of Michigan State University. He also holds a M.S. from Penn and a M.J. from Temple University.

Gee Mi Jorde is a second-year MBA student at Columbia Business School. Prior to CBS, she served in the U.S. Navy for six years as a Surface Warfare Officer. She spent four years forward deployed to Japan onboard a cruiser ship, where she was the Gunnery Officer and Training Officer. Her last two years in the Navy were spent teaching a tactical navigation course. At the same time, she volunteered as a First Connection Coordinator with the Leukemia and Lymphoma Society, connecting blood cancer patients and family members with trained peer volunteers of similar cancer journeys. At CBS, Gee Mi participated in the Nonprofit Board Leadership Program, conducting a financial compensation analysis for the Immigrant Justice Corps, a nonprofit organization dedicated to supporting law school graduates with a passion for immigration justice. She most recently interned at PwC's Strategy & Deals Strategy practice, where she will return after graduation. Gee Mi has a BS in International Relations and a Japanese minor from the United States Naval Academy.