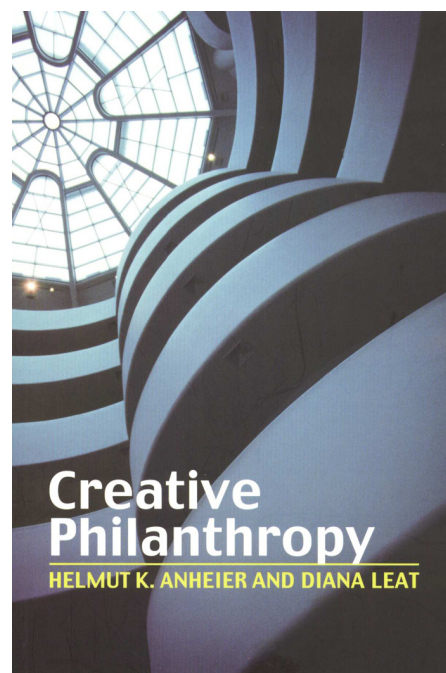


CREATIVE PHILANTHROPY: A BROADER VISION OF THE POTENTIAL OF FOUNDATIONS

A recently published book, *Creative Philanthropy*, by two scholars in the nonprofit field, Helmut K. Anheier and Diana Leat, examines the principles and practice of a relatively new approach to foundation work – one that capitalizes on their special position to take risks, test innovative ideas and influence the way entire sectors think about some of our greatest challenges. This paper summarizes the authors' points and offers a Wallace perspective on the benefits and challenges of the approach.

Foundations seeking to address society's toughest challenges, such as improving education or revitalizing neighborhoods, have powerful means at their disposal beyond their limited dollars. They can draw upon the intellectual capital of leading thinkers in a field. Free from the pressures of profit and politics that can hold back government or the private sector, they can take risks on supporting the development of innovative solutions. And they can add objectivity, deepen understanding and share solutions in ways that can encourage decision-makers to take notice.

This real but often untapped potential of foundations to add to their social value is the argument at the heart of a new report titled *Creative Philanthropy*, (London, England, Routledge, 2006) by Helmut K. Anheier,



director of the Center for Civil Society at UCLA's School of Public Affairs, and Diana Leat, visiting professor at

CASS Business School in London. The authors write that many foundations spend money year after year, but because their grant-making is focused on the good they accomplish through individual programs or projects, and not on integrated initiatives that can help move entire fields forward, their work does not consistently produce the long-term effects that could improve the lives of people on a large scale.

quences...They can change the way we think about things, our priorities and our ways of creating a truly civil society characterized by respect and dignity for all.”

Because innovation is knowledge-intensive, write the authors, foundations interested in catalyzing new ideas should not view money as their only, or even most important, commodity.

which they believe has the potential to give greater weight to foundations’ work. “In encouraging constructive conversations about new approaches to old and new issues,” Anheier and Leat write, “creative foundations increase the problem-solving capacity of society and reinvigorate civic engagement and democracy.”

THE CHARACTERISTICS OF CREATIVE PHILANTHROPY

According to the authors, foundations that practice creative philanthropy share a number of distinguishing traits:

- **They match innovative solutions to problems.** “Creativity,” the authors write, is “finding an approach to a solution of a perceived problem or need, and generating or making possible some kind of innovation in response.”
- **They seek sustainable impact beyond their own grantees.** Grantees are chosen because they are innovative, forward-thinking and can develop knowledge that can improve the field as a whole, if their lessons are widely shared.
- **They take a long view.** Creative foundations recognize that social change often occurs as a result of many small events that occur over time, and that initiatives may take at least four to five years before they show significant results.
- **They operate as “learning organizations” that emphasize finding out how to do things better and resolve problems.** Creative foundations are not afraid to confront, publicly, the reality of what works and what doesn’t. They believe that they and others can learn as much from the failure of their projects and investments as they do from the successes.

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The 65,000 foundations in the United States have a broad range of missions. For Anheier and Leat, “The key question is not ‘do foundations do good,’ but rather ‘do foundations do the best they possibly could in the current environment?’” Indeed, the authors suggest that foundations might do well to think of their inherent weaknesses (lack of resources relative to the fields in which they work, and relative absence of political or market accountability) as liberating strengths in a society that needs institutions like foundations that are well positioned to take risks and test new approaches to major public problems.

The authors put it this way: “Endowed foundations are uniquely placed to bring genuinely creative, innovative ideas to the intransigent problems of our age. Free of market and political constraints, they are uniquely able, if they choose, to think the unthinkable, ignoring disciplinary and professional boundaries. They can take risks, consider approaches others say can’t possibly work – and they can fail with no terminal conse-

quently, they should recognize their additional capacity to produce knowledge, share lessons and foster learning in the fields in which they work. And that is what can make a real difference over time, say Anheier and Leat: “Lack of solutions to problems is often related to the lack of knowledge, ideas or political will, rather than the lack of money.”

The authors, who first explored this idea in an earlier book titled *From Charity to Creativity* (Comedia, 2002), call this approach “creative philanthropy” – the capacity of foundations to spot innovative solutions to problems, to catalyze and then help sustain the innovation process, and then to help disseminate and implement results. Their new study finds that a relatively small number of foundations in the United States and abroad have already put this approach into practice, although elements of the approach can also be found in the efforts of many others. The authors encourage foundations to reexamine their practice and to consider adopting the principles of creative philanthropy,

- They invest in objective, credible research to capture the results of their efforts. They want to see their results in clear and verifiable data so that they can document what practices are most effective in the field.

Trusts, The John S. and James L. Knight Foundation and the Annie E. Casey Foundation. The Joseph Rowntree Charitable Trust, The Carnegie United Kingdom Trust and The Victorian Women's Trust operate abroad. The authors also offer 17 vignettes of

and develop ways for entire cities to make lasting improvements in the quality of out-of-school learning opportunities.

CREATIVE PHILANTHROPY: A WALLACE PERSPECTIVE

In 2000, The Wallace Foundation adopted a new approach which applies many of the characteristics Anheier and Leat describe as creative philanthropy. In reviewing the first ten years of our existence as a national foundation, we were dissatisfied with the impact of our work and sought new ways to contribute to more long-lasting and fundamental change in the areas in which we worked. To do this, we knew we needed to go beyond traditional grantmaking, and we refocused our efforts around the goal of supporting and sharing effective ideas and practices so that we could contribute to fundamental improvements not just in the work of our grantees, but in others who may never get a grant from us.

The emphasis on developing effective ideas and practices also required us to become a knowledge hub – meaning, we needed to become widely known as a place that captures and shares objective, credible and useful information that is responsive to the fields we are working with. This effort led to a new “Wallace Approach” whose goal is to enable us to catalyze wide-scale change that benefits institutions and the people they serve beyond the reach of our grant dollars:

- The development and testing of smart new ideas “on the ground”;
- Evidence on what works and why – from objective sources; and
- The effective sharing of that knowledge to inform the decisions of others.

This new approach has also required a different way of working at Wal-

In encouraging constructive conversations about new approaches, creative foundations increase the problem-solving capacity of society and reinvigorate civic engagement and democracy.

- They work with others to help ideas spread. Creative philanthropies understand the limitations of their resources relative to the social problems they are seeking to address. This requires them to find effective ways to share innovative ideas and knowledge with influential people in the public and political spheres who are in the best position to make change.

how creative philanthropy is surfacing in the work of other foundations.

Among the examples:

- The Annie E. Casey Foundation, which has, among other things, created and vigorously promoted the benchmarks by which states may measure their treatment of children in its annual KIDSCOUNT data book;
- The Pew Charitable Trusts, which have been major players in saving more than 100 million acres of old-growth forest and wilderness areas in the United States;
- The Rosenberg Foundation, which over a ten-year period achieved major reforms in California's child support system; and
- The Wallace Foundation, which has worked with scores of institutions and researchers on three core focus areas: to develop and share effective ideas to improve school leadership in order to lift student performance; make the arts part of more people's lives;

In creative philanthropy, then, making a grant is only one step in a multi-faceted process that continues through learning lessons, sharing and discussing that knowledge with people in the field, persuading those in positions of power to promote smart solutions to problems, and evaluating the success of those solutions at every stage.

CREATIVE PHILANTHROPY IN PRACTICE – CASE STUDIES

In their report, Anheier and Leat offer eight case studies that show how foundations have embraced this approach. Five are in the United States – The Wallace Foundation, The Rosenberg Foundation, The Pew Charitable

lace. Over the last five years, we have developed an interdisciplinary team-based staffing structure that brings to bear program, research and communications expertise to inform strategy and action at every stage of the work. Because our goal is to help promote widespread, sustained change in entire systems that benefit people, we work more directly with public entities such as states, cities and school districts as well as non-profits and engage with public and private leaders who have authority to make changes. We have created a new internal measurement system to track our progress annually toward our change goals, and to highlight areas where we need to strengthen or revise our strategies. And we have concentrated on developing a more public reputation as a source of objective and credible ideas, not just of money.

While the evidence on the efficacy of this approach is far from complete, the results so far are encouraging. Through our combined support for innovative field work, relevant research and well-targeted communications efforts aimed at field leaders with the authority to make change happen, we have begun to see results that are changing established thinking and practice beyond our grant-giving.

For example:

- Business planning that Wallace has supported in five cities (New York, Chicago, Boston, Washington and Providence) is developing useful knowledge for the after-school field about how to use market research to accurately pinpoint demand for out-of-school learning opportunities.
- As a key element of Wallace's work in improving education leadership to support learning, more than 17,000 aspiring and sitting principals in 12 urban districts have participated in high-quality

leadership training programs, and another 9,500 have taken part in state-level training programs supported by Wallace. Findings from commissioned research on the importance of leadership and the efficacy of their training has influenced the thinking of the entire field.

- The innovative participation-building work supported by Wallace at scores of arts organizations over the last decade, combined with widely-cited reports commissioned by Wallace – particularly RAND's *A New Framework for Building Participation in the Arts* (2001) and *Gifts of the Muse: Reframing the Debate About the Benefits of the Arts* (2005) – have had considerable impact in shaping policy discussions about the public value of the arts and establishing the range of benefits of engaging more people, especially children, in artistic experiences.

Is creative philanthropy for everyone? While valuable, this approach *in its entirety* may not be right for every foundation or every aspect of work within a given foundation. For example, many worthwhile projects do not involve change as a core goal, but rather seek to sustain or expand a well-functioning program or organization whether that takes the form of support for a performance or art exhibition, or the work of a homeless shelter or hospice. But the larger principles of Anheier and Leat's arguments – that the strength of foundations is their freedom to take risks, support innovation and consider a range of strategies beyond organizational support – seem to us relevant to foundations of all sizes and circumstances.

To purchase *Creative Philanthropy*, visit www.routledge.com or the websites of other commercial booksellers.

The Wallace Foundation

5 Penn Plaza, 7th Floor
New York, NY 10001
212.251.9700 Telephone
info@wallacefoundation.org

www.wallacefoundation.org

Our mission is to enable institutions to expand learning and enrichment opportunities for all people. We do this by supporting and sharing effective ideas and practices.

To achieve our mission, we have three objectives:

- Strengthen education leadership to improve student achievement
- Improve after-school learning opportunities
- Build appreciation and demand for the arts



The Wallace Foundation®

Supporting ideas.
Sharing solutions.
Expanding opportunities.®