

The Philanthropy Column

Teresa Araco Rodgers 09 June 2011

Introduction

Much is happening in the world of philanthropy. There is a wider emphasis on strategy and a greater focus on impact. The notion of using today's money to solve today's problems is becoming more accepted, and the infrastructure to support the transfer of capital to social and environmental causes is changing dramatically. I will explore these topics and more in a regular column focusing on philanthropy from the perspectives of the funder and the donor, as well as the investment capital behind the innovation.

My children often ask what I do for work. They can barely pronounce the word "philanthropy." (In their defense, they are 5, 4 and 1.) My first column explores and better defines the growing industry of philanthropic advising. It is an industry built on educating grantmakers. I have asked fellow advisors in the Greater Philadelphia area to weigh in on the profession and share their views on the changing needs and interests of their clients.

What Is a Philanthropic Advisor?

"If you want to know the legal mechanics and tax benefits of giving away money, a wealth adviser, estate lawyer or

accountant can help you," writes Suzanne Barlyn (2010). "But if you want to figure out where and how your money will do the most good, a philanthropic adviser may be what you need."

Philanthropic advisors help donors navigate through charitable giving by offering broad advice ranging from identifying nonprofit organizations for grants or establishing a charitable gifting vehicle to providing in-depth examinations into organizations and projects to carefully evaluate financials, leadership and impact. They consult with donors to determine and target the level of involvement needed. They address multi-generational issues as well as offer aid in new areas of grantmaking such as gifting outside of the United States. Their services also provide better understanding in the world of triple bottom line investing, combining social, environmental and financial returns.

So who are philanthropic advisors? They come from various backgrounds—nonprofit, development, finance and legal. They are part of large, established organizations like law firms, banks, community foundations and universities. They are also part of independent firms, ranging in size from national organizations like Rockefeller Philanthropic Advisors to smaller boutiques.

At this point, the philanthropic advisor market is unregulated, and anyone can call himself or herself a

philanthropic advisor without formal training or experience. Daphne Rowe is Founder and President of Pembroke Philanthropy Advisors. A seasoned advisor, Rowe has noticed a "recent proliferation of philanthropic advisors," and finds "the lack of accreditation for the field . . . concerning."

Although there are few certifications in this industry, a growing number of advisors hold the Chartered Advisor in Philanthropy® designation from The American College. The aim of the designation is to provide the knowledge and skills needed to help clients and donors achieve their charitable gifting goals. The focus of the curriculum is on charitable gifting vehicles, mixed with content on donor motivations and how to have meaningful conversations with clients about their philanthropic intentions. The curriculum does not focus on grantmaking or strategic philanthropy.

How Is the Industry Growing?

Media coverage reflects the growth of this profession, driven by research and high-profile philanthropists. Barlyn's article examined the rise of and need for strong philanthropic advisors, noting the desire of donors to carefully vet organizations before giving. In November 2010, the Los Angeles Times published an article on celebrities' use of philanthropy consultants (Ryan 2010). The author writes, "An increasing number [of celebrities] are paying charity experts for advice. Some want to help

but aren't sure how. Some want to give more effectively. And, yes, some may just want some good PR."

We are seeing a promising market for philanthropic advice as there is a greater demand for people to give more effectively. New donors as well as experienced donors who want a new approach rely on the experts to navigate this vast industry of philanthropy. The 2010 Study of High Net Worth Philanthropy backs this up (The Center on Philanthropy 2010). The study examines trends in charitable advice sought by high net worth individuals. Consistent with trends observed in previous studies, the 2010 study witnessed increases in donors' use of advisors to help with charitable giving decisions.

I have recently contributed to the efforts of LearnPhilanthropy. Their initiative is a "network of people from all parts of philanthropy who are working together to create a stronger, more rational and less fragmented system for grant maker learning than we have today" (LearnPhilanthropy.net 2011). The initiative is still young, but the current aim is to first understand how grantmakers have learned their trade and then to provide peer exchange, support and learning resources. The industry has recognized that learning the craft of grantmaking is challenging, but that with guidance from an experienced advisor with a multi-disciplinary background, the learning can be fast-tracked and meaningful. Heather Gee, President of GPS Philanthropy, agrees. Gee says, "So much time and effort can be saved by getting real

philanthropic advice from professionals who know how to help families and individuals create a plan for being an effective, efficient and impactful grantmaker."

Educating Clients

Eliza Vellines Phillips, President of Phillips Philanthropy Advisors, says, "I consider education to be one of the most valuable services I offer to my clients. I develop customized education programs for clients to help them learn about the issues and organizations they are interested in supporting. I also help my clients network with philanthropists with common interests."

Independent or unaffiliated philanthropic advisors do not work alone. If there is a strong relationship with the individual or the family, the philanthropic advisor will have a seat at the planning table alongside other traditional advisors including lawyers, accountants and wealth managers. It is the responsibility of the philanthropic advisor in these discussions to consider charitable intent when making decisions. Gee observes, "Without such guidance, in my experience, people are often overwhelmed and frustrated by the process, and what once seemed like an exhilarating idea to create a family foundation becomes a family burden."

We all are witnessing some significant shifts in the mindsets of our clients and as a result their needs are changing. One of the biggest shifts is involving the next

generation in the charitable work of the family sooner rather than later. Philanthropy is a wonderful tool for passing along values and sharing a family experience. However, it can also be a source of contention. A philanthropic advisor is often called to go beyond advice around grantmaking; sometimes the advisor needs to steer through deep and complex family dynamics. Phillips does this by leading workshops for families. She believes that it is important to “leverage personal talents and experiences and build consensus around common goals.”

The turmoil in the capital markets also has caused many to rethink their plans. I have seen a greater interest in making “investments” versus pure grants. The idea of a loan or an investment in a social enterprise that complements grantmaking and returns principal is appealing to many who have seen shrunken assets. Rowe has also witnessed her clients “reexamin[ing] their mission and guidelines to try to achieve a more targeted impact. They want and need to do more with fewer distributable funds.”

How Do Philanthropic Advisors Stay Current?

Building a network is of utmost importance. Organizations such as the University of Pennsylvania’s Center for High Impact Philanthropy have the resources to handle the necessary multi-disciplinary legwork. According to Katherina M. Rosqueta, the Center’s Executive Director,

“To really identify high-impact philanthropic opportunities, donors and their advisors can find themselves sifting through a lot of noise. The Center provides guidance through publications such as our recently released special report, High Impact Philanthropy to Improve Teaching Quality.” The Center assists advisors in moving clients more quickly from generosity and good intentions to impact.

The most important aspect of any advisor-client relationship is trust. There needs to be a strong personal connection as well as an understanding of the expertise being brought to the table. Undeniably, philanthropic advisors are in the business of education. The profession will continue to evolve, and the needed infrastructure such as uniform standards will be put into place as more and more donors seek this guidance and expertise.

References

Barlyn, S. (2010). Doing Good, With Help, The Wall Street Journal, December 13.

The Center on Philanthropy at Indiana University. (2010, November). The 2010 Study of High Net Worth Philanthropy: Issues Driving Charitable Activities Among Affluent Households. Sponsored by Bank of America Merrill Lynch. Available at http://www.philanthropy.iupui.edu/Research/docs/2010_BAML_HighNetWorthPhilanthropy.pdf.

LearnPhilanthropy.net. (2011). About Us. Available at http://blog.learnphilanthropy.net/?page_id=6> (accessed February 25, 2011).

Ryan, H. (2010). Celebrities Hire Philanthropy Consultants to Guide Their Giving. Los Angeles Times, November 14.

Teresa Araco Rodgers is a philanthropic advisor and Principal of harp-weaver LLC. Teresa is a Chartered Advisor in Philanthropy and serves clients in the Greater Philadelphia area.