DONOR PERSPECTIVES ON
PLACE-BASED PHILANTHROPY

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September 2004

Supported by the Annie E. Casey Foundation,
the Academic Sabbatical Leave Program of the University of Nevada, Las Vegas,
and the Human Interaction Research Institute
In recent years, a number of foundations have focused their philanthropic strategy on a particular community, sometimes even on a specific neighborhood - both to increase the impact of their grantmaking, and to provide opportunities for those living in that target area to have greater involvement in the foundation’s priority-setting and decision-making processes. For instance, the Annie E. Casey Foundation, the John S. & James L. Knight Foundation and the Northwest Area Foundation all have made major changes in their philanthropic strategy, moving in the direction of what has come to be called “place-based philanthropy.” Some other foundations may or may not use this label, but are nonetheless adopting this approach.

But what about individual donors? Concentrating one’s giving on a particular neighborhood is perhaps one of the oldest philanthropic traditions - “give where you live.” However, a more strategic focus, involvement of residents in decision-making, and other aspects of place-based philanthropy (see definition below) may not be widely known among individual donors.

To get an initial reading on the perspectives of individual donors about place-based philanthropy, our study included several questions on that topic as part of larger research about donor perspectives on nonprofit capacity building (reported separately in Backer, Miller & Bleeg, 2004). The study involved both telephone and in-person interviews across the country with a range of individual donors - some relatively new to philanthropy, others with long family traditions in it; some giving relatively modestly, others who are major donors in their communities. We also interviewed a small number of trusted advisors to donors (private bankers, trust attorneys, wealth managers, etc.).

In addition to getting some initial impressions about whether neighborhood-focused or “place-based” philanthropy was a part of donors’ thinking, we also were interested in determining what kinds of learning activities might be most appealing to donors, if they wanted to know more this topic.

**Background** As already mentioned, there has always been place-based philanthropy, whether it had that name or not. Many foundations as well as individual donors concentrate their giving on a particular geographic area, sometimes one neighborhood within a city. As philanthropy has become more strategic (setting specific goals, using good planning approaches, and evaluating outcomes), some foundations have begun speaking of “place-based philanthropy” as a shorthand for such strategies that are also neighborhood-focused, and that provide opportunities for community residents to be actively involved in philanthropic planning and decision-making.

Often the decision to move to a place-based strategy springs from some underlying assumptions or theory of change about the target population of the philanthropy. For instance, the Annie E. Casey Foundation has as one of its central tenets the belief that at-risk kids and adults (Casey’s target population) live not in isolation, but in families, in communities and in cultures. Helping people
succeed through philanthropic investments means learning to work in that complex context of family, community and culture - that is, in the life of the community.

The Annie E. Casey Foundation also assumes kids and families are primary stakeholders in their own lives and aspirations. Decision-making in the design, planning and delivery of services has to be shared with the kids and families Casey seeks to help.

Out of these assumptions, Annie E. Casey Foundation has developed principles for place-based philanthropy, oriented to improving results for children and families, which are presented on their website (aecf.org). Briefly stated, the six principles are:

(1) focus on a pressing social need,

(2) involve residents in philanthropic strategy,

(3) take a results orientation within a theory of change,

(4) use data to set priorities and evaluate results,

(5) use the Foundation’s convening ability and other strategies to promote community collaboration, and

(6) use the Foundation’s unique standing in the community to leverage political, human, and financial capital to support good outcomes.

Others have expressed their place-based strategies in somewhat different ways. For instance, websites of the John S. & James L. Knight Foundation (knightfdn.org) and the Northwest Area Foundation (naf.org), two other pioneers in use of this approach to philanthropy, set forth their goals and activities in this area.

Explorations of ways individual donors become involved in philanthropy, and ways they develop their philanthropic expertise through peer-to-peer networking, education programs and other means, have also been conducted recently (Remmer, 2000; Siegel & Yancy, 2003). These exploratory studies indicate that the channels by which individual donors learn about philanthropy, including funding strategies for nonprofit capacity building, are small in number.

**How This Study Was Conducted** The main steps carried out for this study were as follows:

(1) We created several interview questions on how individual philanthropists may think about and take action on place-based philanthropy. The interview questions we used are presented in Appendix A (they include also questions used for the separately-reported study of donor perspectives on nonprofit capacity building).
(2) We obtained interview nominees from the following sources:

(a) Philanthropists and trusted advisors interviewed about capacity building for “The Expanding Universe” study (Backer, Bleeg & Groves, 2004). Several donors were interviewed, along with trusted advisors such as senior executives from Northern Trust Bank, US Trust, The Capital Group, and Fiduciary Trust International;

(b) Donors and trusted advisors nominated by those individuals, several of whom also served as an informal advisory committee to this project;

(c) Donors nominated in “snowballing” fashion by our interviewees.

Our sample was not intended to be representative of all types of donors or advisors, but was deliberately selected to include a fair range of types of donors, as described below.

(3) We conducted interviews with 34 donors and trusted advisors. The interviewees were spread across the United States in Upstate New York, New York City, Chicago, Las Vegas, and Los Angeles. They included donors from a wide range of backgrounds, interests and giving levels (from moderate annual donations to very large philanthropic commitments). Trusted advisors interviewed included senior staff of private banks, wealth management firms and other financial institutions that serve the wealthy; and trust and estate planning attorneys.

Interviews were conducted by telephone, by e-mail and in person over a four-month period (late 2003-early 2004). Appendix B gives interviewee names, along with affiliations for the trusted advisors. All interviewees were promised anonymity with respect to any specific input they provided.

(4) We synthesized what was learned into this report, in order to share results with the broader philanthropic community. A draft of the report was shared with all 34 interviewees, to promote greater accuracy and completeness.

Study Findings  Results from our study are presented in three stages - an overview of what we learned, a brief case example of one donor’s activities related to place-based philanthropy, and a set of more specific findings.

Overview  Most interviewees did not consciously conceive of their philanthropy as being “place-based,” in the sense of having a deliberate strategy for focusing their giving on a particular community. However, perhaps a third of those we interviewed are in fact focusing on a neighborhood or city for most of their individual philanthropic activities, even if they don’t think of it that way, or convey that sense to others. A few are quite conscious and strategic in this focus
on a particular community or neighborhood, making it a fundamental part of their overall philanthropic strategy. Interviewees mentioned that well-written case examples of how individual philanthropists do this would be instructive for their peers (more on this subject follows).

As has been found in other studies of donor behavior, some or all of their concentration almost always is on the “cause” - services for the homeless, programs for inner city youth, etc. - rather than on place, or on strategy in general. In some instances, the “place” focused on was not a neighborhood but a particular nonprofit that is the central emphasis of the donor’s philanthropy. Still, when asked the question about community focus, there was often a thoughtful discussion about why making such a deliberate emphasis might be a good idea, in terms of increasing the impact of the donor’s dollars and energies.

With some exceptions, as already mentioned, individual donors and their advisors seem to have virtually no connection with the knowledge base or opportunities for learning and networking that might be afforded by foundations involved in place-based philanthropy. Some of the donors we interviewed are members of local or national philanthropic associations, or network more informally with their philanthropic peers. However, no simple vehicle currently exists to offer a broad audience of donors information about place-based philanthropy as practiced in the foundation world.

Based on what we learned from this study, it is apparent that some donors would be interested in learning more about approaches to place-based philanthropy. Trusted advisors could in some cases play a pivotal role in facilitating such learning.

However, it is equally clear that donors want these learning opportunities delivered in ways that fit with their convenience and learning styles. Peer networking is one strong preference. So too are information resources that can be accessed easily and quickly, for instance through the internet, or through very brief, journalistically-written summaries (ideally a page or two in length, and distributed through trusted resources). Seminars or other classroom-like experiences may be useful for some, but the majority of those we spoke with are not keen on these more traditional approaches to “donor education.” Even that term has negative connotations for some.

Some donors do participate in the more traditional outlets for learning in philanthropy, such as conferences of local, regional or national philanthropic associations (including those oriented to the needs of smaller foundations, such as the National Center for Family Philanthropy or the Association of Small Foundations). The organizers of these learning events can consider including more coverage of both capacity building and place-based philanthropy. Moreover, there may be many creative ways to tie such events to the peer networking and easily-accessible information resources just mentioned. Making all these resources more known to trusted advisors could also increase the contact of donors with them.
Well-written, concise case studies would help - donors can learn a good deal about these strategies by observation. Case studies constructed as a kind of “peer-to-peer communication” may be especially valuable. Education for financial advisors also might be beneficial.

**A Case Example** Several of our interviewees gave us examples of their approaches to focusing on particular neighborhoods in their philanthropy. One brief case example is provided here.

This donor integrates her own personal giving with that of her family foundation to help small, grassroots groups. She does a lot of capacity building work - she has personally supported the foundation’s grantees, mostly quietly, for capital campaigns, to staff up for a project, for executive transition, and has done a lot of start up funding as well.

She also has a place-based approach in that she is very sensitive to the messages she sends as a donor about the several neighborhoods in which she gives. For example, she is particularly oriented to helping fund capacity building through constructing a building the nonprofit will own in its service area. She feels that a building tells people in a neighborhood whether or not they matter, so for this she offers money, her name, the use of her house, whatever is needed. That tends to enhance the sense of community as well as to build the building or strengthen the nonprofit, and thus fits generally with the place-based principles discussed here, even though this donor doesn’t use the term in describing her philanthropic activities.

**Specific Findings from Interviews** Among the other specific findings from this study’s 34 interviewees are the following:

- One interviewee suggested a donor learning activity that would begin with some brief, targeted lectures, and then move to a “bus tour” of local nonprofits - so that donors could see first-hand how they actually operate in particular neighborhoods. The Liberty Hill Foundation in Los Angeles, a public charity which must do its own fundraising each year, offers such bus tours to its donors. These learning events are received with enthusiasm by donors, and are well-attended. They could be a critical element of a place-based philanthropic strategy that would involve local donors.

- Trusted advisors can contribute in many ways to increasing donor awareness of and attention to place-based philanthropy as part of their philanthropic strategy. According to our interviewees, a first step in that process would be to provide learning experiences for the trusted advisors themselves, through informational materials, as well as seminars given by private banks or other financial institutions; or by professional associations of advisors on a local, regional or national basis.

- A website providing basic information on place-based philanthropy for donors and their trusted advisors, coupled with a simple print publication on this subject, were recommended by some of those interviewed as having at least equal potential with more traditional educational programs to
help donors and advisors learn about place-based philanthropy. The Annie E. Casey Foundation already has a section on its website for that purpose, as mentioned; this web section might be expanded to serve the purpose mentioned by interviewees. Tie-ins to existing organizations that serve individual donors might help in disseminating such information (for instance, the Association of Small Foundations, the National Center for Family Philanthropy, and so forth).

When asked about “place” as a factor in their philanthropic activity, some interviewees immediately referred to a particular organization, rather than a neighborhood or region. While some interviewees are involved in philanthropy on a national level, most we interviewed do limit their giving to a few organizations or areas, without necessarily thinking of this as a “strategy.” Some education about the leverage value of a more strategic focus might be helpful in this regard.

As with capacity building, donors want practical examples and contacts with peers as pathways into more serious consideration of a place-based strategy for their individual philanthropy. They were not familiar with the work of Annie E. Casey and other foundations on this subject, though they would be receptive to hearing more about how foundations address place as an element in their funding, if this work were presented in brief, “user-friendly” formats - like case studies, as mentioned.

Some Next Steps This modest study has only begun to explore the complexities of donor perspectives on nonprofit capacity building and on place-based philanthropy. The findings do suggest that there are some good examples of individual donors approaching both these subjects, and that there is potential for much further learning and development.

A first step in examining further what might be done to increase donor ability to reach philanthropic goals through place-based philanthropy might be to gather together a small group of philanthropists, trusted advisors, foundation staff, nonprofit leaders and leaders with expertise in this topic. This “brainstorming group” could start with this report and then build on it to define major issues that will shape any future expansion activity.

Some particular areas worth exploring further are:

(1) Donor learning approaches on place-based philanthropy that focus on donors with multiple philanthropic vehicles (based on the assumption that educating them might increase the spread of this knowledge because of their multiple contacts in the world of donors).

(2) Donor learning approaches that draw on the special potential of trusted advisors who also happen to be significant donors themselves. These “dual passport holders” can talk peer-to-peer with other donors on these new and unfamiliar subjects and encourage them in very productive ways.
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(3) Donor learning that utilizes a “concierge” approach, in which a range of resources (learning materials in print or internet form, peer-to-peer networking, professional consultation, seminars, contacts with philanthropic associations, etc.) are offered to donors in a customized way that responds to their particular needs at a particular point in time. While such an approach is expensive, it also may be much more likely to be effective in promoting real action and involvement by donors.

Some donors have much to share with other donors who are not as knowledgeable or risk-taking, and could be used in peer learning opportunities to fire up others with their success stories. At the same time, they can also help funders (including foundations that do not yet use place-based approaches) understand which expectations for results are and aren’t realistic.

Enthusiastic donors always have taken on leadership roles in their communities. The results of this study suggests they also can do so by encouraging other donors (and/or foundations) to become involved in place-based philanthropy - resulting in stronger, more effective communities as well as improved functioning for the nonprofits serving them.
References


Acknowledgments

We would first like to thank our informal advisory committee for their assistance with this study: Steve Buster, Peter Haight, Allison Sampson and Jean Tardy-Villernaud. Their generosity, both in meeting with us at the beginning of the study to define its purposes, and in providing contacts for some of the interviews we conducted, is much appreciated. Terri Ruddiman of the HIRI office staff helped coordinate the project. Ira Barbell of the Annie E. Casey Foundation provided many insights along the way, helping to shape the study’s direction of inquiry and also the form of its results.

Finally, we thank our 34 interviewees, who assisted us in learning about nonprofit capacity building and place-based philanthropy as seen through the eyes of donors, in ways we believe will benefit the philanthropic, nonprofit management and nonprofit capacity-building fields in many ways.

This project is part of the Human Interaction Research Institute's (HIRI’s) program of philanthropy studies, which also includes a national capacity building and philanthropy database project, research about how small foundations can collaborate with each other, a study of capacity building approaches smaller foundations can use for themselves, several studies of community infrastructure for capacity building, and work on approaches of foundations around the world use to promote "stakeholder interactions" (who they bring to the table to help them shape their philanthropic strategy). Co-investigator Professor Alan Miller participated in the project part of an academic sabbatical leave from the University of Nevada, Las Vegas. More information about HIRI’s work in this area is available at www.humaninteract.org.

The project also was supported in part by the Annie E. Casey Foundation, in connection with its Place-Based Philanthropy Initiative. This initiative seeks (a) to engage funders in ongoing learning and sharing around characteristics of effective philanthropic practice, including a focus on place; (b) to increase the capacity of funders to engage in effective philanthropic practice that improves results for disadvantaged children and families; and (c) to increase the philanthropic resources - both financial and human - that advance the mission of improving results for disadvantaged children and their families.
Appendix A

Donor Perspectives Study - Interview Questions

1. Is capacity building for nonprofit organizations “on the radar screen” for you as a donor?

2. What are your experiences, if any, with supporting capacity building activities of nonprofits?

3. Who helps you to make decisions about any such support (family members, trusted advisors, etc.)?

4. Do you concentrate your giving on a particular place (like a neighborhood within your city)? If so, does that affect how you think about capacity building?

5. Have you supported nonprofit capacity building in partnership with other funders, and if so, how did that work out?

6. In general, what have been your experiences in partnering with other funders?

7. What might help donors learn more about topics like nonprofit capacity building or place-based philanthropy (seminars, print materials, websites, guidance from trusted advisors, etc.)?
Appendix B

Donor Perspectives Study - Interviewees

Jerome Blut, estate and trust planning attorney
Suzanne Booth
Steve Buster, U.S. Trust
Catherine Carlson
Nancy Castle
Arunas Chesonis
Mel Clark, Northern Trust Bank
Abigail Disney
Martin Early
Robert Egleston
Frank Ellsworth, Japan Society
Susan Grinel, Jewish Community Foundation of Los Angeles
Peter Haight, Fiduciary Trust International
Jeanne Kracher, Crossroads Fund
Barbara Marcus, Brown Family Office
Aaron Mendelsohn
Kathy & Ted Nixon
John Orders, consultant
Peter Pennekamp, Humboldt Area Foundation
Joy Picus, consultant
Ellen Remmer, The Philanthropic Initiative
Tom Safran
Allison Sampson, The Colburn Foundation
Barry Sanders
Joan Seidel, personal money manager
Abby Sher
Jeff Shields, US Trust Northern California
James Allen Smith, The J. Paul Getty Trust & Georgetown University
Kim Smith
Jean Tardy-Vallernaud, JTV Financial Source
Roger Thomas
Robert Wahlgreen
Jeff Weissglass
Chris Wilson
Amelia Xann, Jewish Community Foundation of Los Angeles