



Arabella
Advisors
Greater good

IMPACT 2013

*What the experts say about making
a difference in the new year*

ABOUT ARABELLA

Arabella Advisors helps philanthropists and impact investors achieve greater good with their resources. We can help you use all your assets—grants, investments, relationships, and time—to maximize your positive impact. Our comprehensive and personalized services deliver results for individuals, families, foundations, impact investors, and corporate clients worldwide.

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ERIC KESSLER
ARABELLA ADVISORS

As founder and a managing director of Arabella Advisors, Eric Kessler has built a social venture firm dedicated to making philanthropy more effective. His client work at Arabella includes philanthropy strategy, evaluation, foundation management, and project execution.

WHAT SMART DONORS SHOULD KNOW IN THE COMING YEAR

2013 will be a year of tremendous philanthropic need and opportunity. To help strategic philanthropists think about the coming year and how they may maximize their impact, we asked some of the sharpest thinkers and greatest innovators in the sector to share their insights on the crucial topics the sector must address, the challenges it will face, and the meaningful impact we are collectively well positioned to achieve. Throughout December, Arabella has run Impact 2013, a series of posts on our Greater Good blog. Impact 2013 featured ideas ranging from philanthropy and the political system to converting innovation into sustainable reality to global issues such as maternal health, nutrition, and more.

At Arabella, we take it as our job to think ahead about challenges the world will face and how philanthropists, including our clients, will plan for and react to them. This series of guest posts has informed us as much as it will inform you. We hope you'll enjoy this timely, actionable series. We also invite you to join the conversation by adding your comments on the blog at www.ArabellaAdvisors.com/GreaterGood or on Twitter using #impact_2013.

We look forward to more conversations—and to a healthy, happy, impactful new year.





LEE BODNER
ARABELLA ADVISORS

Lee Bodner oversees Arabella Advisors' management of two nonprofits: the New Venture Fund, a 501(c)(3) public charity, and the Sixteen Thirty Fund, a separate 501(c)(4). Both serve as fiscal sponsors to new and innovative public interest projects and nonprofits as they coordinate donor collaboratives and small-grants programs.

PHILANTHROPISTS NEED TO TAKE ON POLITICAL POLARIZATION

Political polarization is a crippling, systemic problem that philanthropists need to begin to confront more directly. In fact, I view it as one of the most important obstacles for donors who want to make an impact in 2013 and beyond.

As we head into the new year, we're coming out of an election cycle where we spent \$6 billion and ended up, for the most part, with the same governmental players. These are the folks who have brought us to the brink of the fiscal cliff, and have left us in a situation where the federal government only moves forward when metaphorical time bombs are under the seats of power.

Our political system is more polarized than ever, and there are no obvious forces that look set to change this dynamic. President Obama easily won re-election by mobilizing his base, capitalizing on a changing electorate that Democrats hope will tilt the political system in their direction over the next century. Meanwhile, most Republicans in the House of Representatives coasted to easy victories and see equally strong mandates from their constituencies.

These days, the partisan divide is deep and self-replicating. In the current dynamic, the most passionate partisans on both sides are the people most likely to engage, which enhances their influence. Policy and advocacy groups, political parties, and candidates have strong incentives to engage these passionate supporters, as they're the people who volunteer, who donate, who advocate. When the process depends on activists from both sides to work, there is little political incentive to compromise. In fact, in some cases, there is actually a political incentive not to compromise.

Philanthropists working to effect change need to be clear-eyed about how they can be effective in this challenging environment. Perhaps more importantly, they also need to be a force for good by shifting this underlying dynamic.

My Arabella colleagues have written extensively about strategies for effective advocacy in the current political environment. Bruce Boyd and Ryan Strode wrote a compelling paper about the need for environmental advocates to attract new allies.



And in a separate paper that's been garnering lots of attention from environmental funders, Eric Kessler and others on our consulting team discussed the need for advocates to engage more deeply and directly in the political process—as well as to bring strategic dealmakers to the table in addition to committed activists.

Fundamental political reform is the only long-term fix to this challenge, and philanthropists are among the few who are in a position to tackle it. We've seen some movement over the last several years. A group of major philanthropists in California, for example, has engaged by starting California Forward. This bi-partisan organization has made some progress in helping to create a more accountable, responsible, and effective state government, though it's been tough sledding. The group has backed successful efforts to independently draw political districts, create an open state primary process, and improve the state budgeting process.

This effort deserves more support, and replication at the national level. But to truly effect change, reformers need to do more than offer policy prescriptions. When only five percent of Republicans trust the government (as opposed to the 65 percent who trusted it during the Johnson administration), we've got a fundamental problem.

Reformers need to seed a movement that captures the imagination and support of the vast majority of Americans who are not currently engaged in the political process. Americans need to be reminded of the words of current movie star Abraham Lincoln, that it's up to all of us to ensure "that government of the people, by the people, for the people, shall not perish from the earth." Philanthropists can help lead the way and inspire others to engage in the hard work of fixing our political system.



CHRISTY TURLINGTON BURNS EVERY MOTHER COUNTS

Christy Turlington Burns is the founder of Every Mother Counts. Prior to her work as a global maternal health advocate, she focused her activism on smoking prevention and cessation after losing her father to lung cancer in 1997. She collaborated on several public health service campaigns and launched an award-winning website, SmokingIsUgly.com in 2002.

She is also an avid yogi and is the author of [Living Yoga: Creating a Life Practice](#) (Hyperion). She also founded two successful lifestyle brands: [Sundāri](#), an Ayurvedic skincare line, and [Nuala](#), a yoga-inspired apparel and accessories line. She has a BA from New York University's Gallatin School of Individualized Studies and is currently pursuing a MPH at Columbia University's Mailman School of Public Health.

WHY I AM SUPPORTING MATERNAL HEALTH IN 2013

After giving birth to my daughter Grace in 2003, I suffered a childbirth-related complication. My case was managed seamlessly thanks to my midwife and OB, but I soon learned that the complication I survived was the world's leading cause of maternal death. For hundreds of thousands of girls and women without access to basic or critical care, it's a death sentence. I was shocked by what I learned, but what struck me most was that 90 percent of these deaths are preventable.

Once I knew the facts I had to do something about them. Part of that involved sharing this information with as many people as possible. I made a documentary film in 2008 called "No Woman, No Cry," which profiles women in Tanzania, Guatemala, Bangladesh, and right here in the United States as they face various barriers to accessing maternity care at critical junctures in their pregnancies. As soon as the film was completed in 2010, I knew I needed to offer audiences more. Invariably, they found the subject so moving, they wanted to learn more and take action, so I founded Every Mother Counts (EMC) to help audiences take further steps.

EMC encourages new audiences to take action by connecting women in the United States with women around the world through the shared experience of motherhood. The first step is to build awareness about critical maternal health issues and the barriers that keep so many from their human right to health care. The next step is to offer ways for those who want to get involved and be part of the solution to do so. EMC is committed to harnessing that energy by creating actions anyone can take. That might mean spreading the word or fundraising to increase education and reduce maternal mortality. It might mean participating in a walk or a run, or buying a special product that generates additional resources to improve maternal health.

EMC's next step is investing what we've collectively raised in programs that save lives through the work of partners on the ground. In the spring of 2012, we became a 501(c)(3) and have since established two initial grants, with plans to add two to three more in 2014. The first allows us to administer transportation vouchers to pregnant women so they can physically reach a skilled provider once labor begins. We've also awarded a grant to Midwives for Haiti to train 15 midwives in 2013. In the coming year, we will be working to expand this portfolio both geographically—in Africa, Asia, and the United States—and across the various barriers that often compromise maternal health, such as family planning, sexual and reproductive health education, and antenatal and emergency obstetric care. As we see ourselves as first and foremost an advocacy organization, we remain committed to our origins of educating the public about and building support for the many maternal health challenges and solutions by sharing stories, as we did in "No Woman, No Cry," as well collecting new stories of those whose lives have been impacted by the collective efforts of our community.

We know that creating lasting change takes time, but it is possible. The global figures have decreased from 530,000 maternal deaths per year in 1990 to 287,000 today. EMC is building a constituency of support because we believe that together we can make pregnancy and childbirth safe for all moms.



RON D. CORDES
CORDES FOUNDATION

Ron D. Cordes has enjoyed more than 30 years in the investment industry, having co-founded and then sold AssetMark Investment Services to Genworth Financial in 2006. He is currently co-chairman of Genworth Financial Wealth Management, which is responsible for over \$20 billion in assets under management for individual and institutional clients. Ron is also a co-founder of ImpactAssets and the Cordes Foundation. Ron speaks and writes extensively on the field of impact investing, and his work has been profiled in many publications including FastCompany, Forbes, Second Act, and the New York Times.

EMPOWER FINANCIAL ADVISORS TO INCREASE IMPACT

Impact investing has continued to gain encouraging momentum in 2012, but to unlock its \$650-billion potential, there is still a long road to travel. I believe that to really grow impact investing in 2013, educating and empowering financial advisors is a key challenge the field must address.

I've been working with financial advisors for my entire career and they are critical messengers of impact investing to mainstream investors. Clients look to their advisors for guidance on how to invest their money in line with their values, but many advisors are not prepared to discuss impact investing with their clients, through no fault of their own. Financial advisors need support in the following three areas to help catalyze new assets for impact.

Education. The term "impact investing" was only coined five years ago and is still unknown or viewed skeptically among most advisors. There is confusion around terminology—how is impact investing different from SRI (socially responsible investing), ESG (environmental, social, and corporate governance investing), and double-bottom-line investing? Plus, many of the funds have not had a track record to point to that would allow a clear risk return assessment. Even for those advisors who are aware of and interested in impact investing, there is a lack of resources to research and compare fund managers. ImpactAssets, of which I am a co-founder and board member, created the ImpactAssets50 to help address this gap by publishing an open-source, publicly-available database of experienced private debt and equity impact investment fund managers.

Opportunity. Many advisors are aware that there will be a massive transfer of wealth in the next 20 years as Baby Boomers transfer their assets to the next generation. Not all advisors recognize, however, the huge opportunity impact investing offers to differentiate their practice and attract assets from the next generation. Millennials have a different perspective on the world than their



parents, and are very interested in new business models that generate both social and financial value. They are also very likely to choose a different financial advisor than their parents, so introducing impact investment options is a smart way to attract or keep their attention as they seek financial planning help.

Access. As with most innovative investment approaches, the first movers are high-net-worth individuals and qualified investors. These pioneers in impact investing have grown the field to \$4.4 billion in deals during 2011, but new products need to be developed to give the mass affluent access to impact investing. Financial advisors need access to a range of trusted investment products so that they can meet the varied objectives and risk appetites of clients. The Calvert Foundation's Community Investment Note is available through brokerage accounts, and ImpactAssets is developing new products that will lower minimums for private debt and equity investments with impact fund managers, but more retail products are needed.

This is important work to focus on in 2013. Financial advisors are a powerful force for change—over 300,000 strong in the United States—and empowering them to be messengers of impact investing will dramatically increase the flow of capital to social entrepreneurs and world-changing solutions.



KAREY DYE
GOLDMAN, SACHS & CO.
GOLDMAN SACHS
PHILANTHROPY FUND

Karey Dye is a managing director at Goldman, Sachs & Co., president of the Goldman Sachs Philanthropy Fund, and is responsible for philanthropic products and services within the Private Wealth Management Division.

THE POWER OF INDIVIDUAL LEADERSHIP IN PHILANTHROPY

Ever since Giving USA first began collecting data in 1955, individuals have, by far, accounted for the most significant segment of giving. In 2011, individuals were responsible for 73 percent of total giving, and if gifts from bequests and family foundations are taken into consideration, the share rises to 88 percent. It goes without saying, then, that encouraging and supporting personal philanthropy is vital for our communities and nation.

It has been well publicized that a particularly important group of individuals has signed the Giving Pledge, launched by Bill and Melinda Gates and Warren Buffett in 2010 as part of the Giving Challenge, an effort to motivate the wealthiest Americans to give the majority of their wealth to philanthropic causes. The 92 billionaires that have responded to the Giving Challenge are a great example of the power of individual leadership in philanthropy, but there are many other ways in which donors can encourage others to give. Leading by example is an effective tactic that can be used by donors of all levels.

This kind of leadership can manifest both inside and outside of families and communities. For some, it is a matter of setting an example for future generations within families, orienting the next generation to a family's legacy, values, and traditions in philanthropy. For others, it's a matter of embracing community leadership through volunteer service, board service, and other endeavors that demonstrate community commitment. For still others, it's all of the above.

Who are your philanthropy role models? Who do you aspire to emulate in your philanthropic work?

Most of the research exploring donors' interests in philanthropy identifies a desire to find mentors; a need to connect with peers who understand firsthand the challenges associated with personal giving journeys, including the process of transitioning wealth in families.



Another form of leadership involves a willingness to spend time publicly or privately sharing personal history and explaining the decision-making process. Access to credible advice from peers often accelerates the discernment process for individuals and families who are trying to decide on their own way to make a difference.

In the coming year, we will continue to look for ways to connect the donors we work with to each other and with peer leaders, and to support donors to take on leadership activities. By harnessing leadership and the positive power of peer pressure, we can continue to raise the bar for what philanthropy can accomplish.



SHARNA GOLDSEKER

21/64

Sharna Goldseker is the managing director of 21/64, a nonprofit consulting practice specializing in next generation and multi-generational strategic philanthropy.

RESOLVE TO HAVE CRUCIAL CONVERSATIONS WITH THE NEXT GENERATION IN THE NEW YEAR

As 2013 draws near, families of wealth, along with their advisors, are focusing their energies on charitable giving, estate planning, and tax planning, all the while feeling inattentive to the important conversations they feel they need to be having with their children: *How are you making a difference, feeling gratitude, and changing the world? How are you living a life of full of meaning? What are you passionate about? What decisions are you wrestling with? Do you want to play a role in stewarding our family legacy? How will you be responsible to that legacy?* Upwards of \$41 trillion will be passed to the next generation by 2052, which makes learning how to have these meaningful conversations all the more significant.

Over the past 10 years, we've had the privilege of walking alongside families who are starting these conversations and engaging their next generations. In order to make the most of these conversations, it's crucial to first get a sense of who the next generation is. With that in mind, we conducted a research study on the next generation of philanthropic leaders in collaboration with the Johnson Center for Philanthropy. We will release the official findings in late January at the Council on Foundations' Family Philanthropy Conference in San Jose, CA. In an effort to respond to families and advisors who are eager to plan for these conversations, here are some of our preliminary observations:

- While this cohort may be younger than most in the field, they are interested in being leaders today, not just in the future. Many have already assumed critical leadership roles in their family's philanthropy. They see the inheritance of such a mantle as an important, long-term endeavor. They are honoring the legacy of their predecessors as well as examining the impact their philanthropy can have on today's as well as tomorrow's needs.
- Next generation donors believe in impact and they are excited by innovation. They fund root causes, not just symptoms. By embracing new forms of philanthropy (including social entrepreneurial approaches, investing in mission-related investments, etc.) and other ways of building on traditional giving mechanisms, the next generation has the power to transform philanthropy over the next decade.

- The next generation is hungry for real experiences and hands-on engagement opportunities that will help them become more effective philanthropists. From working with community foundations in their local communities to conducting site visits in Eastern Congo to see the impact of their giving first hand, the next generation seeks out opportunities for learning and stewarding responsibly.
- The next generation wants to play an active role, bringing their experiences, ideas, and even their peer networks, not just their funds, to the table. Rather than plan fundraising events, they want to be asked to use their skills and mobilize their networks. They are bringing time, talent, treasure, and ties.

As we consider our resolutions for the new year, know that the next generation is listening to their parents and grandparents. They are building their identities to prepare for their imminent philanthropic inheritances with humility, and are cognizant of the opportunity to utilize those resources for the public good. The good news is that most next gens—at least those in our study—already feel the magnitude of a privilege that most on this globe will never experience. *Their* challenge is how to have the most impact. *Our* challenge is how to support them in achieving that impact for the generations that will come after them.



JACOB HAROLD
GUIDESTAR

Jacob Harold, president and CEO of GuideStar, is responsible for the strategic execution of the GuideStar mission, fundraising to support this mission, and liaising with GuideStar's board of directors. He joined GuideStar from the William and Flora Hewlett Foundation, where he oversaw \$30 million in grants to build a stronger infrastructure for smart philanthropy. Jacob received a BA summa cum laude from Duke University and an MBA from Stanford's Graduate School of Business, with a certificate in Public Management.



PHILANTHROPY AND EMOTION IN THE AGE OF BIG DATA

"Between the birth of the world and 2003, there were five exabytes of information created. We [now] create five exabytes every two days."

—Eric Schmidt, Executive Chairman, Google

We are constantly reminded that Big Data is upon us. The scale of available information is nothing if not overwhelming, bringing about new forms of commerce, science, medicine, culture, and politics. But philanthropy has not yet been transformed by this data revolution. We can take that as evidence that philanthropic giving is fundamentally different from other human activities: so personal and so reactive that it can only be tweaked by technology, not transformed. Or, we can—as I do—believe that the data revolution is coming to philanthropy. The torrent of data about social good is building up behind the dam of institutional resistance; soon it will break through.

The implications for organizations are immense: new forms of funding made stronger; old forms made weaker; new ways of collaboration within and across sectors. But what about the implications for us as people devoted to social good?

In my experience, social change actors who are embedded in certain ways of doing things can react with mixed emotions—fear, impulsiveness, even anger—when confronted with data. For example, a nonprofit manager might be fearful that data will expose a long-hidden weakness in his or her work; a new donor might impulsively choose to give to an organization based on a single metric; or a foundation staffer might feel defensive about a favorite grantee whose work he or she thinks cannot be quantified.

Can we as social change actors—whether donors or nonprofit executives or researchers—demonstrate the emotional maturity demanded by something as uncertain, diverse, and consequential as data about social change? Can we relax our relationship with data so that we can make good use of them without being overwhelmed or misled? I believe the answer is yes—and offer two basic principles as we try to rise to the Big Data occasion.

First, information is meant to inform, not decide. If we ever let data offer only one explanation, or one interpretation, we will become robotic in our practice. Data are meant to complement intuition and stories, not to replace them.

Second, embrace many sources of data. The nonprofit sector is simply too complex for any single measure of performance. We need a variety of measures—from randomized controlled trials to beneficiary reviews to financial analysis—to tell the full story of social change.

With the right emotional relationship to the data revolution, donors—and other actors for the social good—can take overwhelming amounts of information and create overwhelming amounts of good.



LARRY KRAMER

**THE WILLIAM AND FLORA HEWLETT
FOUNDATION**

Larry Kramer became president of the William and Flora Hewlett Foundation in Menlo Park, California, in September 2012. Before joining the foundation, he served from 2004 to 2012 as Richard E. Lang Professor of Law and Dean of Stanford Law School. He is a fellow of the American Academy of Arts and Sciences and is a member of the American Philosophical Society and the American Law Institute. He serves on the board of directors of Equal Justice Works, a nonprofit organization that helps advance public interest law.

WHY FOCUSING ON OUTCOMES HELPS GRANTEES AND FUNDERS ALIKE

Learning to “do philanthropy” has been harder than I expected—not that I ever thought it would be easy. My first few months at the Hewlett Foundation have been a humbling, as well as heady, experience. I’ve wrestled and continue to wrestle with a myriad of difficult questions: everything from how to justify our role in a democratic society, to whether we are transparent enough about our work, to how best to track and evaluate success.

Hewlett’s meticulous emphasis on tracking and measuring outcomes has been a particular puzzle. Of course we should want to know whether our grants are accomplishing their purpose, but we all know how much guesswork is involved and how uncertain results on the ground can be. Against that background, the oft-heard criticism that foundations are arrogant resonated with me. It’s one thing to ask for indications of success. But why should we be so punctilious about demanding clear metrics to measure progress against predetermined milestones? Isn’t this a form of disrespecting our grantees? Isn’t it treating them like children who can’t be trusted to deliver what they promised without a parent watching over them?

The answer to those questions, I now see, is: No, it’s not. Quite the opposite. A focus on milestones and measurable outcomes is as or more beneficial for our grantees than it is for us, though the reason is more complicated than I initially understood.

When I arrived to work on my first day at Hewlett, my office was empty except for something my predecessor, Paul Brest, had left behind for me: a framed piece of paper purporting to quote a Yiddish proverb that reads:

*With money in your pocket
you are wise and you are handsome
and you sing well too.*

Sadly, this sentiment is all too true. It was not something I experienced much in my former job, as dean of a law school. There, 500 students and 50 faculty members never hesitated to tell me all the things they thought I was doing wrong.



But getting people to criticize—even constructively—turns out to be mighty difficult when you control their resources. In the case of a grantor/grantee relationship, that control encourages the recipients of support to spend their time managing up to their funders by telling us what they think we want to hear and by spinning finely-tuned narratives that highlight our pet ideas.

A focus on outcomes helps counter this entirely natural, thoroughly unhelpful dynamic. It says to grantees, “The best way to manage up to us is to manage down to your clients, to show us you are achieving what we mutually agreed at the outset we wanted to accomplish.” Done well, an emphasis on outcomes *fre*es grantees to focus on their work by making that the critical measure of our ongoing support.

Obviously there is a lot packed into that “done well.” Managed poorly, we can impose costs on grantees that interfere with their ability to succeed—draining resources or forcing them to waste time ginning up data that are unhelpful, inapt, wasteful, or of marginal utility. We share the burden of ensuring that outcome-focused grant making is well balanced. But recognizing its potential for improving the grantor/grantee relationship can help us do that productively.



PETER V. LONG
BLUE SHIELD OF CALIFORNIA
FOUNDATION

Peter V. Long, PhD, is president and CEO of Blue Shield of California Foundation, a health foundation established in 2002 to ensure access to quality, affordable care for all Californians, and to end domestic violence. He has extensive experience in health policy, working on issues affecting underserved communities at the state, national, and global levels. Previously, he served in leadership roles at the Henry J. Kaiser Family Foundation and the California Endowment.

He received his BA from Harvard University, an MA in health policy from The Johns Hopkins University School of Hygiene and Public Health, and his PhD in health services from the University of California, Los Angeles.

AFFORDABLE CARE ACT OFFERS FUNDERS OPPORTUNITIES FOR IMPACT

As we approach the holidays, many look to the year ahead and what it holds. For those of us in the health policy world, January 1, 2013 may pass like another blip on the radar. We already have our eyes on January 1, 2014—the day that the Patient Protection and Affordable Care Act (ACA) fully becomes law. Amidst the political posturing in Washington, DC and state capitals across the country and the infinite maze of federal regulations and state legislation, the principal components of health reform remain clear. Three phases—which are overlapping and intertwined—will be critical to the successful implementation of the ACA: maximize enrollment, ensure access, and create greater value.

Between now and the end of 2015, the focus will be on maximizing enrollment in health insurance coverage as the first step to ensuring greater access to health care for individuals and families. These coverage expansions will take place through the creation of federally- or state-run health benefit exchanges, by which consumers can purchase coverage and expansion of Medicaid, the coverage program for low-income Americans. This expansion is important because studies have shown that individuals enrolled in Medicaid have better health outcomes than the uninsured, and the safety-net providers will have new dedicated revenue streams. There has been considerable attention in the media about whether certain states will establish a state-based exchange or expand eligibility for Medicaid. Regardless of what a state decides, health foundations are primed to work with federal and state agencies to make major investments to maximize enrollment.

As insurance coverage is expanded to up to 30 million Americans, there are legitimate concerns about the ability of the existing health-care system to provide sufficient access to primary care. It is increasingly clear that the traditional model of patients visiting physicians in an office setting will be inadequate as the foundation of a future health-care system. Training additional health providers and developing new models of primary care will both be required.



New models should allow health professionals to work to the full extent of their skill and license in order to deliver team-based care, use data and technology more effectively, and actively engage patients in managing their own health. Coverage alone does not equal access, and there is great opportunity to ensure that the coverage expansion of the ACA is coupled with system transformations that improve access.

There is also widespread recognition that the cost of the existing health system is unsustainable over time. The infusion of generous federal funding for families enrolled through Medicaid and Health Benefit Exchanges will alleviate some cost pressures for families in the near-term. However, over time the health care system must demonstrate greater value for its large share of the GDP. While the value conversation has a longer time horizon, innovations are being developed and tested now. On the federal level, the Centers for Medicare and Medicaid Services Office of Innovation has launched the State Innovation Models initiative, which will award up to 25 states as much as \$50 million each to help them identify multi-payer strategies to achieve better health outcomes, lower costs, and better care experiences.

As the post-election fog lifts and the rhetoric around the ACA subsides, there are myriad opportunities to reshape the American health care system for the foreseeable future. Foundations are uniquely positioned to rise above political posturing and promote progress on implementing the ACA—an action that will undoubtedly improve the lives of millions of Americans.



FRAN LOTERY

RELATIVE SOLUTIONS, LLC

Fran Lotery, PhD, is a principal with Relative Solutions, LLC, a firm that provides consulting services to multi-generational families who share assets. Her most recent book, The Family Wealth Sustainability Toolkit (Wiley Financial), co-authored with Fredda Herz Brown, gives wealthy individuals, families, and their advisors the tools they need to better assess their wealth sustainability and create their own road map to achieving it.

MULTI-GENERATIONAL PARTNERSHIPS CAN MAKE LASTING IMPACT

Which generation is the “next generation”? Is it the Baby Boomers, Generation X, or Generation Y? The fact is that most philanthropic foundations will include all three as active participants; as such, we are seeing a shift in how succession is being handled in the families we serve. In many cases, there is no longer a clear passing of the baton from one generation to another, or even to individuals within that generation. Rather, partnerships are forming between the generations to co-lead and co-labor to achieve a mission.

As we move into 2013, we may see this trend evolve. So what does this mean? The Baby Boomers do not want to be bypassed. Generation X wants their turn at the helm. They have experience, are self-reliant, and think globally. And even though Generation Y is just reaching the age of maturity, they are technologically savvy, diverse, and tenacious. They experience the power of the Internet to effect collective action.

While this presents some challenges (i.e., competing perspectives, interests, and vision, and the notion of waiting your turn), it also presents the opportunity for innovation, creativity, and broadened thinking. While creating the need to keep revisiting the philanthropic mission in order to attend to the desires and perspectives of different stakeholder groups, it also provides a huge opportunity to capture diverse voices and emerging talent.

This evolving multi-generational partnership is more of a “both/and” rather than an “even/or” kind of relationship. Each generation has a unique voice. Together, they can be complementary and synergistic, and can make a significant impact. With an environment of openness, explicit rather than implicit guidelines outlining roles, responsibility, and accountability, and the view that there is plenty of room at the table for those so motivated, these partnerships may achieve great things.



MARIO MORINO

VENTURE PHILANTHROPY PARTNERS

MORINO INSTITUTE

Mario Morino is co-founder and chairman of Venture Philanthropy Partners and chairman of the Morino Institute. His career spans more than 45 years as entrepreneur, technologist, and civic and business leader. In the early 1970s, Mario co-founded and helped build the Legent Corporation, a software and services firm that became a market leader and one of the industry's 10 largest firms by the early 1990s. He is the primary author of Leap of Reason: Managing to Outcomes in an Era of Scarcity, which is available for free download at <http://www.vpppartners.org/leapofreason/overview>.



HOW FUNDERS ARE MISSING A HUGE OPPORTUNITY

Many of the blog entries here on Greater Good are focused on innovation. Given my business and social-sector work, I'd be the last to discourage innovation. Yet I don't believe that a shortage of innovative ideas is holding us back from solving society's "wicked problems." Instead, it's our failure to convert concepts to sustainable reality.

Today, the whole funding system sets up nonprofit and government leaders for struggle and starvation, not for executing on their goals, performing at a high level, or solving big challenges.

We funders should be supporting government and nonprofit leaders to develop strong, high-performance cultures to create greater social impact. Instead, we are causing leaders to think incrementally—month to month and hand to mouth.

We funders often say we're focused on results. But what we're really doing is demanding more information on results without paying enough attention to what leaders actually need to produce meaningful results.

As I documented in the book *Leap of Reason: Managing to Outcomes in an Era of Scarcity*, the social sector is in for a huge jolt in the coming years because of tectonic shifts in the US economy, workforce, and demographics. So is our public sector. Our society will have less money for services. And we will have more demand for services from a broader swath of the population.

We funders must respond by providing more than program funding and more than the typical "capacity-building" grant. Leaders need funders who are willing to make substantive, multi-year investments in helping them rethink their models and strengthen their management muscle and rigor. This approach is core to what Venture Philanthropy Partners does.

Moreover, we absolutely have to break this misplaced fixation of an arbitrary "overhead" figure of 10 or 15 percent. I have a hard time seeing matters of improved quality, lower cost, faster service, and re-inventing to serve more people as "overhead." In my other life, we called this good management!

For their part, nonprofit leaders (and their public-sector counterparts) have to summon the courage to seek high performance. They must make it a matter of pride to take this leap. They must be relentless in their drive to understand whether they are making a material difference—through performance metrics, not just feel-good stories. They owe it to themselves and to the families who trust them to deliver on their intentions.



JILL RADEMACHER
ARABELLA ADVISORS

Jill Rademacher joined Arabella Advisors in December of 2012 as a managing director in Washington, DC. She has extensive experience creating strategies for foundations and nonprofit organizations focused on health, social enterprise, and education.

IGNITE INTERNATIONAL GIVING WITH SUCCESS STORIES

This holiday season, many people are drawing up their list of organizations to which to donate. Out of the close to \$300 billion Americans contribute to charities each year, Giving USA reports that only eight percent of those donations go to international affairs organizations. While I knew that international giving ranks well below domestic giving—especially given how many people are suffering at home as a result of the recession—I was surprised by the numbers. I believe one way to bridge that gap is through the sharing of success stories.

I have spent the last six years living in Africa and working with schools and communities to address their water needs. I have certainly seen my fair share of challenges, setbacks, and failures. Unfortunately, those narratives grab the headlines and lead us to believe problems are unsolvable or impact is difficult to achieve. But that's not the whole story. Beyond the news of armed conflict, drought, and disease are thousands of stories of hardworking, entrepreneurial people who are striving to be self-sufficient and who are making great use of the tools and training provided by effective aid organizations. Highlighting these stories may spur Americans to extend their generosity across continents.

One of the more powerful successes I've seen during my time in Africa comes from a small farming community in central Kenya. It is here that I met Gladys, the community's water steward.

Gladys is employed by the local water committee to operate and care for their small solar-powered water pump. She arrives each day with her wooden stool and carefully places herself between the communal tap and the long queue of people who come to collect water. Gladys works an eight-hour day collecting user fees and filling containers for hundreds of community members. She takes great pride in her position to preserve the community's most precious asset and is paid the equivalent of 25 cents a day. She told me that without this system the tap would be broken in a matter of weeks from the sheer volume of users and the resulting wear and tear.



On a subsequent visit, Gladys told me she had instituted an additional measure into her system. Each evening when she leaves, she takes the tap handle home with her. At first she received resistance from some members of the community, but she was persistent in her argument that this simple \$2 part on an otherwise sophisticated piece of technology is central to the ongoing maintenance of the water system. The initiative, creativity, and commitment that Gladys and her water committee demonstrated was an example I highlighted on many of my field visits to other communities that were struggling to make the most of their new water source. I also shared Gladys's story with donors to demonstrate how leadership and ownership are central to the success of any project and how it is worth investing in "soft skills." As a result, numerous communities are replicating the system Gladys put in place.

We need to do a better job of pushing forward success stories, not just among funders and grantees, but to a wider audience in order to motivate new people to join the conversation and take action. The successes we tout can offer us ways to relate to people far away and give hope to those with whom we work side by side.



LUTHER M. RAGIN, JR.
GLOBAL IMPACT INVESTING
NETWORK

Luther M. Ragin, Jr. is the chief executive officer of the Global Impact Investing Network (GIIN), a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing.

Prior to joining the GIIN, he served from 1999 to 2011 as vice president for investments at the F.B. Heron Foundation, where he oversaw the foundation's endowment, building a portfolio of more than \$260 million and steadily increasing the impact investing allocation to more than 40 percent.

2013 WILL OFFER IMPACT INVESTORS NEW OPPORTUNITIES

Today, the market for impact investment is at an inflection point. Investors are beginning to shift the way they think about financing social and environmental solutions. Whereas historically, impact has been achieved primarily through grants and other charitable contributions, the emerging impact investing market offers a path for investments that generate social and environmental good as well as financial return.

Impact investing is particularly attractive because of the diversity of opportunities within this field. Because impact investments can be made in developed and emerging markets, across the asset classes in a traditional portfolio allocation, and targeting financial returns ranging from below-market to market rate, there are opportunities for all types of investors. Unifying these investments is a fundamental commitment to transparency and the accountability of investors to measure and report the social and environmental benefits they seek.

Indeed, in recent years, diversified financial institutions, pension funds, and family offices have allocated funds for impact investing. Today, more than \$13 billion in impact investment capital is committed to over 200 funds and products listed on ImpactBase, the online global directory of impact investment vehicles.

In 2013 and beyond, as even more capital is committed to impact investment, we expect to see significant growth in the development of investment products that aggregate these dollars and distribute them to mission-driven projects addressing social and environmental challenges around the world, not unlike the technology startup boom that arose in response to the rising popularity of venture capital over the past 30 years.

There are opportunities in this market across asset classes, financial return hurdles, and in diverse regions of the world. For investors who have thought about impact investment but remained on the sidelines so far, this is the time to get engaged.





VIKKI N. SPRUILL

COUNCIL ON FOUNDATIONS

Vikki N. Spruill is president and CEO of the Council on Foundations, an organization that provides the opportunity, leadership, and tools needed by philanthropic organizations to expand, enhance, and sustain their ability to advance the common good. She brings a deep background in nonprofit management, communications, and advocacy to the council. Since joining the council in July 2012, she has initiated a proactive campaign to educate lawmakers about the value and impact philanthropy has in society. She is an eminent thought leader and policy advocate and is well known for her work in building effective teams and coalitions.

HELP AMERICANS UNDERSTAND PHILANTHROPIC IMPACT

According to recent studies by the Philanthropic Awareness Initiative, only 1 in 10 engaged Americans can give an example of a foundation's impact on an issue they care about. Yet 8 in 10 engaged Americans think it would be a loss for their community if foundations no longer existed. Philanthropic leaders must change this reality. 2013 will present an urgent backdrop against which to do so.

This past year presented philanthropic leaders with the grave reality of how delicately the charitable sector hangs in the balance of broader national issues. For nearly 100 years our government has provided an incentive for American generosity, but as our country's leaders grapple with finding fiscally responsible solutions, their decisions may result in limits on philanthropic giving. If we aspire to foster a more philanthropic society, more Americans must understand our sector's role and the impact of our work in communities around the globe.

Americans recognize the importance of philanthropy but they cannot readily identify it. It's time for philanthropy to take a more proactive role in promoting our collective impact. We should come together on behalf of the broader causes we champion to build more awareness among Americans about the impact and opportunity our daily work fuels in communities across the globe. We must replace organizational and transactional communications with a collaborative strategy about our impact and encourage each other to apply our individual strengths and expertise collectively in the search for solutions to social problems.

If we can increase the visibility of our respective issues and build awareness of how we collectively advance them, more Americans will understand the role we play and reaffirm the strong tradition and future importance of the charitable sector. We will have a clear sense that we are putting issue priorities ahead of organizational ones and are creating a better world.



GWEN I. WALDEN
ARABELLA ADVISORS

Gwen I. Walden is a managing director in Arabella Advisors' California office. Her work centers on the strategic needs of boards of directors and senior and executive leadership in private foundations, family foundations, corporate giving entities, and public agency grant makers.

WHY FUNDERS AND POLICYMAKERS NEED TO INVEST IN THE EARLY YEARS

High-quality and equitable educational opportunities have historically been considered an important pillar of the American Dream. Education, along with ambition and hard work, has been the foundation upon which generations of Americans have supported their families and communities. For decades, philanthropy, government, and business leaders have dedicated enormous resources to ensuring that American schools remain competitive in the global marketplace to educate future workers. In the recent past, "Race to the Top" and "STEM" have become the watchwords for K-12 education reform efforts. And they follow a long line of other efforts, going back to Sputnik and the early-1960s Cold War-influenced drive to improve our schools. In the past decade or so, however, a quiet revolution in educational reform has been taking place at the nexus of science and economics that, I think, deserves more attention from policymakers in 2013.

These reforms are grounded in science that shows that the human brain develops more quickly between the ages of zero and three than at any other time in our lives, and is more elastic and resilient at that age than was previously thought. In addition, studies have now definitively shown that early learning can shape our life experiences for decades into the future. Indeed, the economic researchers, including the Nobel Prize-winning James Heckman and Rob Grunewald of the Minneapolis Federal Reserve, have been able to quantify that the return on investment from early childhood education outpaces investments in the later years of learning. Individuals who have had high-quality early learning experiences from ages zero to five do much better in school, graduate more often, and achieve higher incomes than infants and toddlers who have not had the same opportunities.

Much has already been written and disseminated about the importance of early learning. Nicholas Kristof of the *New York Times*, for example, recently championed home visitation programs as the most cost-effective means to alleviate poverty.



Educare, a Buffett Early Childhood Fund initiative supported by other major foundations, has published evidence-based studies showing that early childhood learning centers improve school readiness regardless of the child's socio-economic, racial, or ethnic circumstances. ReadyNation and the First Five Years Fund have both garnered the support of the business community to expand the educational continuum from K-12 to pre-K and even younger.

Funders are also starting to understand the critical importance of the early years to achieving long-term and sustainable educational, health, and employment outcomes. The W.K. Kellogg Foundation, the Irving Harris Foundation, the Atlas Family Foundation, and The David and Lucile Packard Foundation are just a few of the foundations that have not only devoted significant resources to improved services for young children and their families, but have also worked closely with advocates, like Zero to Three, the Advancement Project, and the Birth to Five Alliance, to motivate policymakers to include early education in their reform efforts.

Perhaps philanthropy's biggest challenge is to find evidence-based, scalable, long-term, and systemic solutions to the social, economic, and educational disparities that keep increasing numbers of us from achieving our American Dream. Investing in early education represents a confluence of science, economics, public policy, and, most persuasively, outcomes that meet this challenge many times over.



SAMUEL A. WORTHINGTON

INTERACTION

Samuel A. Worthington has served as president and CEO of InterAction since 2006. InterAction is the largest alliance of US-based NGOs working around the world. With nearly 200 members, InterAction represents the NGO community in areas such as food security, climate change, humanitarian assistance, development effectiveness, health, and gender. Prior to joining InterAction, he was CEO of Plan USA, a position he held from 1994 until he joined InterAction. He is a member of the Council on Foreign Relations and serves on the Advisory Committee for Voluntary Foreign Assistance at USAID, the Inter-Agency Standing Committee at the United Nations, and the Modernizing Foreign Assistance Network.

TACKLING CHRONIC HUNGER TOGETHER IN 2013

Chronic hunger and under-nutrition will be on my radar in 2013 as InterAction's members intensify their efforts to solve a problem that has no place in the 21st century.

Poverty, conflict, and general access to good, nutritious food contribute to one in eight people suffering from under-nutrition. Climate change and more mouths to feed even as population growth slows have put ever greater pressure on smallholder farmers in the most impoverished parts of the world. These farmers, who are usually women, need to increase their yields in order to build up resilience to climate change and other shocks. They also need tools to reach markets where surplus food can be sold.

Rural families from Indonesia to Malawi not only need to grow enough food, but also to provide their children with the nutrition they need to avoid the ravages of child stunting. Research shows that the first 1,000 days of a child's life are vital in helping him or her live a healthy, productive life. A focus on this critical window could save more than one million lives a year.

InterAction members play an essential role in ensuring that these efforts aimed at reducing poverty work. NGOs often have decades of experience on the ground, and as a result have the technical expertise, local knowledge, and relationships required for lasting improvements that are responsive to local needs. On the sidelines of this year's UN General Assembly, InterAction members pledged more than \$1 billion in private, non-governmental funds over the next three years to improve food security and nutrition worldwide.

Foundations and corporations, which are beginning to work more closely with governments and NGOs to achieve development goals, are contributing to this effort. At the May 2012 summit of G8 countries, President Barack Obama announced the goal of lifting 50 million people out of poverty over the next 10 years via inclusive and sustainable agricultural growth. This will supposedly be achieved through private agricultural investments, with \$3 billion worth of investments over 10 years.

That nearly a billion people are still hungry is an unacceptable statistic for a problem that can be solved if we all intensify and coordinate our efforts. Only then can ending hunger in a generation become a reality.





BRUCE BOYD
ARABELLA ADVISORS

Bruce Boyd joined Arabella Advisors as a principal and managing director in 2007 after 20 years building and leading for-profit and nonprofit ventures. He oversees the work in the firm's Chicago office and has led a range of engagements for Arabella's foundation, individual and family, and corporate clients.

CHALLENGES AND OPPORTUNITIES AHEAD FOR THE NONPROFIT SECTOR

In reviewing the Impact 2013 series, I am struck not only by the range of challenges we face in this country and around the world, but also by the passion and creativity with which those problems are being addressed. I am also impressed by the increasing rigor and transparency of the nonprofit sector as it seeks to hold itself accountable for results. At a time when the United States is on the cusp of making critical decisions about how to address our fiscal crisis, it is important to remember the vital role the nonprofit sector plays in addressing many of the most pressing problems our country faces. From social services and health care for those in need to keeping our air and water clean, from vibrant cultural opportunities that enrich our communities to educational opportunities for children and adults who otherwise cannot afford them, from reducing gun violence to community development, the nonprofit sector is vital to the fabric of our society. For those of us who are philanthropists and impact investors, the return on our investment is a good one.

With gratitude for the generosity and commitment of our clients and colleagues, we at Arabella look forward to the impact the community of nonprofits, philanthropists, and social impact investors will have in 2013.

JOIN THE CONVERSATION ON THE GREATER GOOD BLOG:
www.ArabellaAdvisors.com/The-Impact-Series

