



Becoming a Strategic Philanthropist

A strategic philanthropist is someone who identifies a challenge or obstacle in society and invests resources to focus on that problem in a measured, targeted way. We like to say that while a “donor” hopes that his or her donation helps a cause, a strategic philanthropist designs a program to **advance a cause**. In fact, many funders come to us when they are considering transitioning their contributions from simple donations to a thoughtful grants program.

Funders often ask how to identify when they are ready to make the commitment of time and effort to run a strategic grants program: to be a strategic philanthropist.

You are ready to be strategic when:

1. **You have been funding in a cause for more than 3 years and plan to continue.** If you have significantly funded an area or organization for more than three years, then you likely have familiarity with the general challenges and obstacles at play. You are ready to dig deeper into the field, speak to academics and on-the-ground leaders, and conceptualize how your funding might help overcome the challenges and obstacles.
2. **You can commit time to your grant work.** Strategic funders commit several hours per month or more to pursuing their visions. Some funders hire staff or consultants to execute the administration and negotiation inherent to a good grantmaking process. It is important to evaluate your time or your willingness to retain support when you decide whether or not to become a strategic funder.
3. **You want to look back in five years and see how you have made a difference.** Some funders come to us feeling frustrated. They know in their hearts that they have made some terrific grants and supported important organizations, but they cannot pinpoint how the field changed because of their involvement. To know whether you have made a difference—or not—with your funding, you must first define a mission and strategy that you can evaluate on an ongoing basis. When you look back after five years, you will have objective evidence of the grants that worked, the strategies that worked, and how you want your philanthropy to perform for the next five-year interval.

Some funders will say that while the three concepts above ring true in their cases, they still feel there are obstacles in their way when they compare themselves to strategic funders that they know personally or from the news. You do not need to start off or ever become like other funders – sometimes the funders who are the best known have chosen to be public about their philanthropy. Do not let comparisons stand in your way – in fact, do not let some of the basic misconceptions about becoming strategic stand in your way.



Debunking the Reasons Donors Give to Avoid Becoming Strategic

Below are the top three reasons donors give to us for why they cannot become strategic.

1. **We do not have a foundation or trust.** These vehicles are helpful, among many reasons, because they allow for long-term contracting, pledges, international grantmaking, loans to nonprofits, program-related investments, payment of staff or consultant salaries, a public interface, and legacy planning. But we have worked with powerful philanthropists who do groundbreaking grant work directly from their personal accounts as well as donor advised funds. The lack of a personal philanthropic vehicle should not dissuade you from becoming strategic.
2. **We do not have staff.** Many funders believe that to be strategic, they need a full-time program officer or executive director to help them get started and execute a program. To the contrary, best practice dictates that consultants and lawyers be retained in the first instance. Hire lawyers and consultants with expertise in your particular area(s) of interest as well as experience with grantmaking and governance. The process of defining your strategy can take a year or more, and you may end up in a different program area or with different staffing needs than you originally expected. So wait to hire staff, if at all, until you know what kind of strategic grantmaker you are and how you need to be supported.
3. **We do not know enough about the area that interest us.** Some funders delay embarking on a strategy because they want to exhaust all the known information on a funding area or want to develop their own innovative and powerful solution. These funders often become bogged down and delay generating a grants program – there is no need to put philanthropic strategy on a pedestal. Just as you would with any other business or project, you need to research the players in the field, including nonprofits and other foundations and philanthropists; learn from academics in the field; get proper consultative support; and then jump in. Pick a few pilot programs in order to see which have traction as well as which programs motivate you. It's the traction plus the personal motivation that ultimately generate a successful strategy.

Place these myths aside and consider taking your grantmaking to the next level.