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Generation Next: New Leaders in Philanthropy

By Caitlin Tilton

A generational shift is sweeping over the world of philanthropy.

Whether they are volunteering for boards, joining family foundations or using their IPO riches to kick-start their own charitable ventures, young, well-to-do and well-connected do-gooders are challenging the non-profit sector like never before in how they approach leading and giving.

What does this generational shift mean for nonprofits

Teaching to Give

While some in the new generation are stepping into leadership posts easily, others need guidance from organizations to grow into philanthropic roles, experts say. Adam Bronfman, 44, fits into the first category.

Bronfman, who became managing director of the Samuel Bronfman Foundation in New York three years ago, was raised with a strong family tradition of giving. His grandfather Samuel, founder of the Seagram's business empire, was a major benefactor to charities. Adam's mother, Ann, and her family gave generously to educational institutions. When Bronfman was a teenager his father, Edgar Sr., became president of World Jewish Congress and also increasingly involved himself in charitable work.

"Although philanthropy was never a word that was used, it was something that we did," says Adam Bronfman, who also sits on board of governors of Hillel: The Foundation for Jewish Campus Life. "Involving myself in organizations to make this world a better place seemed perfectly natural to me."

But nonprofits have to adapt to the fact that many of the wealthy young of today did not have an upbringing like Bronfman's, in which giving is as natural as breathing. According to the 2005 Worth-Harrison Taylor Survey of Wealth in America, which polled high net-worth individuals, only 8% of those under age 50 became affluent through inheritance. The rest are self-made men and women who are unaccustomed to - and often uncomfortable with - being solicited, serving on nonprofit boards and giving away large sums.

"They're almost all children of the middle class," says Jim Taylor, vice chairman of the Harrison Group, which is based in Waterbury Ct., and led the survey. "There's no family tradition of giving. They have to be trained in how to give."

Guiding The Givers

Some organizations have already begun cultivating the young and newly wealthy by offering them a helping hand.

The Community Foundation Silicon Valley, for example, created a "giving circle" so new donors could network and learn from each other, says Peter Hero, executive director of the organization, which recently merged with Peninsula Community Foundation to form Silicon Valley Community Foundation. The nonprofit helps families and individuals manage their philanthropic gifts and provides prospective donors with information and guidance.

"We're trying to bring along the next generation," says Hero, now senior advisor to the newly merged entity. "They didn't necessarily grow up with wealth. They may not know the nonprofits or how to get involved. They often need help."

In 2006, a group of young Wharton business school alumni also set up an organization to do just that - to provide information, metrics and other tools for guiding the new generation in their giving.

"They were frustrated by the lack of reliable information they could use to make smart philanthropic decisions," says Katherina Rosqueta, executive director of the Wharton alumni-founded organization, Center for High Impact Philanthropy at University of Pennsylvania. "It is why we exist."

Unlike previous generations of donors, who often became involved in charitable giving later in life, young philanthropists - already accustomed to rapid career success - are trying to make their mark in the nonprofit world more quickly. And some are running into roadblocks.

Danny Krifcher, a 45-year-old former top executive at America Online and president of the board of JTA, the wire service carried by Jewish newspapers, says he sometimes sees a "generation clash" within Jewish non-profit organizations that leaves the younger set impatient and disenchanting.

"The old organizational model is that you volunteer and you work and eventually you rise up in the ranks to become a leader," says Krifcher, who now spends his time advising and investing in early-stage companies. But many in the new generation - who, like Krifcher have already scaled the highest rungs of corporate ladders - are not willing to wait decades on the sidelines for a leadership post.

To accommodate the new generation organizations will need to "make room at the table," says Dana Raucher, 34, who works as executive director of the Samuel Bronfman Foundation. "If you're seeking funding from younger people, you need to cede governance to these people. It's almost like no taxation without representation."

To reach out to the new generation and cultivate future leaders, the Bronfman Youth Fellowship - one of the programs funded by the Bronfman foundation - set up an alumni board a few years ago so that its graduates, many of whom are now in their 20s and 30s, can get more involved.

"Ideas from different generations can live together under one tent," Raucher says. "There's room for both and there's room for each to learn from each other."

But if young donors feel disrespected and that they're only being courted for their checks, Raucher and others say, they'll take their energy, ideas and dollars elsewhere.

New Generation, New Priorities

Like their philanthropic elders before them, young donors are keenly interested in doing good, according to surveys and interviews. Some are continuing in the tradition of their elders. Bronfman, for example, says that he plans to continue building on his father's legacy and does not foresee making major changes in the focus or direction of their family foundation.

But others in new generation look upon the nonprofit establishment - especially large and traditional institutions - with a skeptical eye. "The problem for the traditional charities is aligning their interests with the Generation X elite," Taylor says. "It's a tough time for United Way."

Though no age breakdowns are available, the total number of people giving to United Way has fallen dramatically in the last five years. In 2001, 17.5 million donors across the nation gave to the United Way. In 2005, the latest year for which statistics are available, only 12.5 million people contributed, according to Sheila Consaul, spokeswoman for United Way of America. Total donations over the same period rose by less than 2%.

Cindy Chazen, vice president of alumni and community development for the Wexner Foundation, has worked in the Jewish nonprofit world for more than 30 years and knows philanthropists on both sides of the generational divide.

One of the biggest differences she sees between the young and their elders is support for Israel and the Jewish Federation, which she likens to a "Jewish United Way."

"The younger generation, right or wrong, questions some of the policies of Israel to the extent that they withhold philanthropic gifts or shift their private giving to another organization," Chazen says.

Rachel Levin, associate director of the Righteous Persons Foundation, the nonprofit established by Steven Spielberg with profits from his film "Schindler's List," said there are broader trends underlying the "nuanced approach" of her peer group toward Israel.

"This is generation coming of age post the six-day war. For them, the reality of Israel is a much more complicated reality," says Levin, 37. "I've spoken to younger donors who have a lot of questions about the funding for Israel."

At the same time, Levin, said, many young Jews like grassroots ventures such as the nonprofit group OneVoice, founded in 2002 and already popular on college campuses. OneVoice - which hold town-hall style meetings and has a youth leadership program - aims to bring together moderate Israelis and Palestinians to work cooperatively toward peace in the Middle East. The group expressly rejects militancy and extremist politics.

"We live in a culture where people are less trusting of institutions, less trusting of government," Levin says. Traditional cultural institutions, such as symphonies and art museums, will likely face challenges in the future when it comes to younger donors, experts say.

While nearly 60% of those 50 and older donate to the arts, only 45% of younger philanthropists do, according to the Worth-Harrison Taylor survey, which has a margin of error of 5%.

To stem that tide and lure more young patrons through their doors, art institutions across the country - from Los Angeles County Museum of Art to Brooklyn Museum - have begun hosting events such as weekend dance parties with hip-hop deejays.

The new generation is also twice as likely as their elders to give to organizations benefiting children and twice as likely to donate to women's causes.

Those trends may accelerate over time, as the leadership ranks of nonprofits become more diverse. The campus leadership of Hillel, for example, used to be mostly men, says Wayne Firestone, the 43-year-old president of the nonprofit campus group. But now a majority are young women - creating a pipeline for more female leaders in the Jewish nonprofit world and beyond in the future, he says, though he couldn't provide figures comparing the current gender breakdown with earlier years.

In another reflection of how much the new generation prioritizes openness and diversity, Bronfman and other young leaders at Hillel have also been pushing the organization to be less insular and more welcoming to people of different backgrounds, including those who question their Jewish identity.

The desires and values of the new generation won out, and in May 2006 the Hillel board adopted diversity as one of its key values, says Firestone. Board members are now working on incorporating Hillel's new approach - being open and welcoming to all - as part of the standard for accrediting and judging campus chapters.

Hands-On Approach

"Years ago, the professional's job was to make their board members look good, to set them up for solicitation," Chazen says. "We were in the background, make sure everything works perfectly so the leaders can make decisions." But now, Chazen and others say, the new generation is much more hands-on.

Young donors seem much more likely to earmark donations and have been known to tell staff and older leaders that they need to run a tighter ship. Drawing lessons from their own careers and entrepreneurial success, the new leaders are also applying business ideas and values to their philanthropic works.

Bronfman, for example, once owned a luxury home-building company. After joining his family's foundation, he implemented a mission statement - something commonplace in the business world he had been in but until then did not exist at the nonprofit. While the new mission statement did not significantly alter the foundation's direction, it brought greater focus to how the organization filtered funding requests, Raucher says.

While their parents and grandparents tended to measure success in terms of dollars given away, the new generation of philanthropists today also tends to define success differently. What they care more about is: What kind of impact have my dollars made?

"We look at our grants as investments," says Brian Shirken 46, a founding partner of the Los Angeles Jewish Venture Philanthropy Fund and also chief executive of a real estate development company.

Shirken is part of a new generation of philanthropists who are behaving increasingly like venture capitalists. "They want to find outstanding organizations that are doing great work," Hero says. "It's very hands-on, very results-oriented."

The new generation is also using capitalism as a tool for positive social change - something unthinkable to the philanthropists of yore.

Started in 2002, JVPF-LA pools funds from a group of donors and aims to foster new and innovative programs consistent with Jewish values, Shirken says. Toward that end, the venture group favors smaller programs - where its dollars make a bigger difference - and funding for strategic planning and initial implementation. To make sure the money is well spent, the fund sets performance benchmarks for its grant recipients on such measures as impact, scalability and sustainability.

"We hold our beneficiaries accountable," Shirken says. "We're very interested in impact, the biggest bang for the buck."

Among the nonprofits the Los Angeles venture fund has supported are Hand in Hand, which runs bilingual Hebrew-Arabic elementary schools in Israel to improve relations between Arab and Jewish communities, and Jewish World Watch, which mobilizes Jews to engage in social justice work around the world, such as stopping the genocide in Darfur.

"You wouldn't see a Carnegie or a Rockefeller Foundation giving to a for-profit business. But the Google guys are doing exactly that. [Pierre] Omidyar is funding microenterprise," says Rosqueta, referring to the co-founder of E-Bay. "If anything, they may have a bias that nonprofits don't do it best."

It's too early to tell whether these new models for philanthropy will be successful, Rosqueta and others say. But as they become more pervasive, traditional nonprofits will undoubtedly have to work harder in the future to compete for Generation X dollars. Nonprofits also will likely face ever-greater scrutiny on how effective they are in their use of donor dollars.

Getting To The Point

Young donors are busy, and don't like to waste time.

"When I go to board meetings, I expect the board meeting to be as well or more focused and intellectually rigorous as the board meeting of a corporation," says Krifcher, the former AOL executive. "I expect meetings to be efficient, vigorous and thoughtful. The days are over when you can afford to operate as a second-tier business."

Nonprofits are trying to adapt to their new donors' needs.

Hillel, for example, has been trying to have more "impactful" board meeting to engage its younger members, Firestone says. Instead of just a traditional dinner get-together at a fancy hotel, the nonprofit also

has been inviting board members onto campuses and to participate in hands-on activities, like hauling trash and pounding nails along the Mississippi coast in the aftermath of Hurricane Katrina. Younger philanthropists also aren't as motivated by the same traditional rewards for giving as their predecessors have been: they feel much less need for recognition, for example.

While just 38% of those 60 and over prefer to give anonymously, half of those under 50 do, according to the Worth-Harrison Taylor survey. And while most in the older generation believe donors should be recognized for their largesse, only 41% of the younger set deems it necessary or appropriate.

"It's quite idealistic," says Rosqueta. "They're not inclined to give to have their name on a building or to increase their social standing. They want to make a difference."

In response to younger donors' values and expectations, Hillel recently created a new job: "Director of Measurement and Organizational Effectiveness," so it can provide donors with data and reports on the results of their philanthropic gifts.

The job has been open since September last year, and is still unfilled. So far, the organization has considered four candidates - two from academia and two from the private sector, but none was the right fit, says Firestone. Highly skilled professionals from the private sector expect private-sector level pay, and academics proficient in research and data crunching aren't necessarily adept at running an organizational evaluation system.

"It's a very new area we've gotten involved in," says Firestone. "It's a challenge to find the right person." But he predicts that such jobs will be much more common in the nonprofit world in coming years as the new generation takes greater charge, with expectations that its dollars will produce results.

"We're going to see the creation of new types of people in nonprofits, whose jobs aren't just to send a thank you letter to philanthropists," Firestone says. "We're an 83-year-old organization. People want to know they're not investing in a dinosaur, that you're a robust organization"

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