



## Passionately Effective Gifts

The scarcity of, and demand for, philanthropic funds requires that both donors and recipients sharpen their focus and effectiveness to maximize the value and impact of grant-giving. Giving must certainly be instrumental; effectively and efficiently addressing urgent social issues and problems. But at its best, corporate, foundation, or individual giving is also expressive, visibly manifesting the private passions, values and beliefs of the donor in the public domain. This convergence of instrumental and expressive values is at the heart of sound and rewarding strategic giving.

Whether articulated or assumed, strategic giving is based on a set of three inter-locking theoretical positions that generate the logical model for philanthropy: theories of change; theories of leverage; and theories of scale<sup>1</sup>.

Patterns and practices of grant-making inevitably express a theory of what drives progress and makes things change in society. Some givers believe in the power of the charismatic leader and gifted individual to create organizational progress and drive change. Their grants focus on leadership identification, training, development, and cultivation. Others believe that organizational strength and capacity lead change with their grant programs focusing on management improvement, organizational planning, and evaluation. Still others believe that effective change comes from coordinated networks of like-minded groups and they support consortia building, the reduction of duplication of effort, and the free circulation and exchange of best practices. Finally, there are donors who believe in the galvanizing idea, the new model or paradigm that changes entire ways of thinking and acting. These donors support think tanks, pilot programs, or radical challenges to existing policy and practices. Each of these theories of change creates a pattern and logic for a philanthropic program that needs to be strategically calculated and articulated as a beginning point for sharp, strategic giving.

Theories of leverage are all those ideas and tactics donors deploy to expand the authority, legitimacy, and impact of their gifts; that is, the array of policies and practices that can catalyze gifts magnifying significant outcomes from modest investments. These tactics can range from matching gifts to mega-grants, from strategic investments to low-interest loans. Most recently donors have become involved in earned income activities, investing in product and service programs that can generate profit within not-for-profit settings. Technical aid, planning, and capacity-building grants are also becoming increasingly common while overseas grants yielding increased gift-buying power is an emerging tactic for global issues that ignore nation-state boundaries. Each of these theories of leverage must be scrutinized for their cost/benefit ratios, affect upon recipients, and long-range effectiveness. As with theories of change, these tactics are often not clearly articulated, strategically tested, or carefully aligned with a donor's program, purpose, and values. To create a cohesive, compelling, and effective strategic giving model there must be a logical matching of theories of change and leverage.



Theories of scale are closely interwoven with those of change and leverage. Right-sizing programs, projects, and institutions is the theoretical goal here. What level of financial scope and strength is required to sustain an effort? Is the program comprehensive enough? Is it capable of resolving root causes or merely treating the symptoms of a problem? Can it become a model to be replicated in other settings? Can a program set a standard for products, practices, and services that can be employed to improve other like-minded institutions and programs? Careful strategic assessment is required to assist a recipient group to “get to scale” and maximize the quality, reach, sustainability, and efficiency of their program.

Taken together, these theories of change, leverage, and scale represent the logical model for a philanthropic program. They must be fine-tuned and strategically calibrated to support and resonate with each other in order to sharpen the focus, impact and effectiveness of a giving program.

Routinely, the definition of effectiveness in philanthropy refers to enhanced effectiveness of the part of recipients program, not of the giver’s policy and practices. Reducing overhead to service ratios, increasing measurable and marketable outcomes, generating documentation and rigorous evaluations of programs, all are now common demands from donors without careful and thoughtful assessment of the impact of these demands on the capacity and results of recipients. Corporate philanthropic efforts are increasingly focused on the marketing benefits their gifts can generate. Recipients are required to provide complex outcome measures for the donor’s own internal and external marketing programs, forcing recipients to divert precious energy and resources to gathering these data whether or not these advance the funded cause. Effective philanthropy must consider providing the funds to both build the management capacity of funded programs, and also provide the strategic planning, documentation, and evaluation instruments and services that will generate the measures and data to advance both recipient and donor purposes.

Chora is a consulting firm that works closely and creatively with foundation, corporate, and individual giving programs providing ideas and services that make gifts work smarter and harder for both donors and recipients. We believe in the importance of philanthropy that is passionate and instrumental; effective for the recipient and expressive of core beliefs and values of the donor. In short, we believe in the critical importance of strategic giving to increase the power and purpose of these generous gifts to society.

Maria Elena Gutierrez  
mgutierrez@choracreative.com

Robert Sullivan  
rsullivan@choracreative.com

<sup>1</sup> For a more detailed discussion on the theory of philanthropy please see Peter Frumkin’s [Strategic Giving: the Art and Science of Philanthropy](#) (University of Chicago Press, 2006) or Tom David’s [Reflections on Strategic Grantmaking](#) (California Wellness Center, 2000)