

Perry L. Cochell's Speaking Notes of August 27, 2009, at Top Hands, for the Seminar Large Philanthropic Gifts for Councils

Mantra: *Scouters will give to Scouting.*

Large philanthropic gifts, for purposes of this seminar, refers to gifts of such a great size and impact that it transforms the council now and in the future, and also transforms the philanthropist and his/her family. Definitionally, large philanthropic gifts during this seminar refers to gifts of at least 1 million dollars or more.

- I. Donors vs. Philanthropists
 1. Donors give from income streams
 2. Philanthropists give from assets
 3. EXAMPLE: Rodeo: Calf Roping vs. Braham Bull Riding

- II. The sophistication of philanthropy in securing large gifts, centers on what has become known as philanthro-capitalism.
 1. Philanthro-capitalism is a term that views philanthropy as an investment in solutions to society's greatest problems.
 2. In his book, *The New Philanthropist*, Charles Handy attributes the...enthusiasm for philanthropy, in part to a need for meaning in people who have found that business success is not enough to make them happy. Handy writes, "There is a search for a narrative, about making a difference with your life, which is vaguely religious and gives you a buzz". He also refers to, Abraham Mazlo's *Hierarchy of Needs*, when he suggests that nowadays more people are quickly getting to the stage that Mazlo described as "The highest need, for a purpose beyond ourselves. They want to make a difference – it used to happen in their 60's and 70's, now it is in their 30's and 40's."
 3. Generally anonymity is not an element in pursuing philanthro-capitalism. In the book *Philanthro-capitalism*, the authors make the following statement, "Unbalanced anonymity, for all its admirable modesty, is probably against the spirit of philanthro-capitalism".

- III. The underpinning element of philanthro-capitalism is that the philanthropists of today apply the very business practices that made them wealthy, in their giving. In other words, they will see a philanthropic opportunity through the lens of his/her personal business practice. Typically, the over arching factor in a successful business practice is the element of control and intimate involvement. Two primary factors that are important in the practice of business that are commonly pursued by philanthropists in their charitable contributions are leverage and experience:

1. First, leverage. One powerful insight that today's philanthropists bring to the table is a sophisticated understanding of leverage.
 2. To make a real difference, a philanthro-capitalist needs to leverage their resources by concentrating them where they can generate maximum bang for the buck.
 - a. In the world of finance, leverage refers to increasing the potential upside on an investment by borrowing.
 - b. In philanthropy, leverage means increasing the returns on investment, by targeting money where it has a potentially disproportionate impact.
 3. The achievement of leverage in charitable pursuits requires rigorous analysis of the conditions and systems underlying social problems in order to find tipping points or bottlenecks where money generates a significant multiplier effect, often as a result of a charity partnering with other organizations.
- IV. Second, expertise. Philanthro-capitalist such as Warren Buffet state that "They eagerly turn their money over to people who have a certain expertise". HDL experience
1. In the world of philanthro-capitalism, the philanthro-capitalist associates with people who are more talented than they are at what they are doing.
 2. A primary complaint of philanthro-capitalists is that they seek and need feedback on their charitable investment. The norm in the world of non-profits, is that feedback is provided at a slow pace.
- V. In addition to leverage and expertise, a prospective philanthro-capitalist will require a powerful vision of what his/her money will create, and a need to immediately recognize the impact a large gift will have, and that the gift will provide a solution to a societal problem that he deems important. Let me provide seven considerations that a typical philanthro-capitalist needs to immediately grasp in order to consider a large philanthropic gift:
1. That the impact is demonstrable and that impact can be sustained over a long period of time.
 2. That this impact employs strategies that create leverage in maximizing their charitable investment.
 3. That the impact of the gift can be measured and understood in economic terms.
 4. The structure of a proposal needs to think ambitiously and be drawn up as a credible business plan.
 5. That leverage will include other potential sources of funds
 6. That the non-profit organization receiving a large philanthropic gift operates transparently and provides accountability based on a strong business approach.
 7. The organization must be able to demonstrate the strength of the program to be funded, the capital required, and sufficient business expertise to achieve success, and that the philanthro-capitalist sees true success in the future if solid execution is preformed.
- Aside from these seven points, it is important to realize that the philanthro-capitalist does not consider his/her philanthropy as giving his/her money away, Instead, he considers it as an investment – an investment in the pursuit of whatever the gift is to realize. For further guidance, I refer you to a book entitled, *Forces for Good: The Six*

Practices of High End Non-Profits, by Leslie Crutchfield and Heather McCloud-Grant. Also an article in the Harvard Business Review, 1999, entitled *Philanthropy's New Agenda, Creating Value* written by Michael E. Porter and Mark Kramer.

VI. Now we are going to switch gears and discuss actual steps that will assist you in how to acquire large philanthropic gifts. I have provided each one of you, what I have entitled Legacy Worksheet. This legacy worksheet is a tool that will guide you to collect data that will be used to frame the information to create a plan of action, draft a proposal and make the ASK. There are no short cuts in the use of this worksheet, nor are there short cuts in the pursuit of large philanthropic gifts. That stated, there are cases I have pursued where the worksheet has taken over a year to complete. The overarching uses for the worksheets are as follow:

1. Collect data on the prospective philanthro-capitalist.
2. To guide research about various aspects of the philanthro-capitalist. Including, his/her personal interests, net worth and sources of income.
 - i. Caveat: Research needs to be ethically pursued and maintained.
3. Defines personal connections with the BSA.
4. Requires the measurement of the philanthro-capitalist intent for Scouting and other charitable institutions.
5. Requires you to define the philanthro-capitalist philanthropic type(s).
6. Requires you to discover the connection for other charitable institutions.
7. Requires you to define the amount of the estate and his/her charitable giving patterns of the philanthro-capitalist.
8. Requires you to determine the philanthro-capitalist(s) gate keeper.
9. Requires you to define who will be the members of the ASK Team.

VII. A proposal normally requires 4-6 months to create. The creation of a proposal for a philanthro-capitalist is created from the information obtained. If the worksheet is not complete, a proposal cannot be properly written. There are four primary aspects of a proposal:

1. The proposal should reflect a document that the philanthro-capitalist is familiar with using. A business plan.
2. The proposal must be created to show a business plan that will carry out what he/she cares about and not why the council needs money.
3. The proposal needs to clearly demonstrate how the philanthro-capitalist will be publically recognized for solving a major societal issue.
4. The proposal needs to demonstrate the primary way in which his/her philanthropic gift will immortalize him/her.

VIII. Once the proposal is drafted, an ASK can be considered and/or proceed. The assembly of the ASK Team, typically begins after it is strategically determined who needs to be in the ASK meeting. In one ASK, I started assembling a team one year and four months before the ASK. It required 6 months to determine the individuals to be on the ASK Team. The primary considerations regarding the ASK Team and the ASK meeting as follows:

1. A team should comprise of no more than 4 individuals.

2. The typical ASK Team members need to be of sufficient stature from within the social and/or professional circles of the philanthro-capitalist, so that the ASK Team members will not feel psychologically inferior in the ASK meeting.
 3. The ASK Team needs to be provided a sufficient background profile of the individual and history of the philanthro-capitalist business.
 4. A team preparation meeting for the ASK Team is required. This meeting has 6 purposes.
 1. To understand the role of each individual.
 2. To understand the purpose of the ASK. (Why him/her?)
 3. To solidify the understanding as to who the ASK Team leader is. (May not be the Scout Executive, typically it's a peer of the philanthro-capitalist.)
 4. To review the agenda of the meeting and it's protocol.
 5. To review any questions regarding the meeting set up and proposal.
 6. To review the facilitation of the meeting, i.e. when to meet, where to sit and protocol for introductions.
 5. Generally, the ASK Team meeting will be set 2-3 months in advance.
- IX. Let me provide you with some wisdom regarding the actual ASK meeting. The proposal should be provided to the philanthro-capitalist at least one week prior to the ASK.
1. When asking for large philanthropic gifts, philanthro-capitalists will rarely provide an answer in the ASK meeting.
 2. Once ASK is made and the presentation is provided, all ASK Team members remain silent.
 3. The philanthro-capitalist will verbally and/or mentally brainstorm.
 4. Some things to avoid in the ASK meeting are:
 - a. Small talk.
 - b. Spirit of entitlement.
 - c. Relationship building techniques.
- X. In conclusion, you have been provided an article in Big D Magazine about Bill Lively an individual who has enormous experience in pursuing million dollar gifts. This article will be a great resource for you. You will discover in the article the different hats that a successful fundraiser wears in pursuing and securing large philanthropic gifts. These include, rainmaker, change agent, strategist, recruiter, posturer, communicator, leader, follower, visionary, and choreographer.