

Philanthropy's Current Paradigm-Shift

OLD PARADIGM — 20TH CENTURY

Technology:

- Telephone
- Snail-mail
- Printing on paper



Economy:

- National, post-World War II manufacturing, stable, steady-growth, large national corporations, local-community oriented

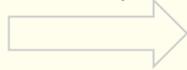


Institutions:

- Large private foundations lead and professionalize the field
- Community foundations multiply
- Large national corporate charities, some federated, industrialize fundraising by direct mail and telemarketing
- National professional associations created for grant-makers, fundraisers, and charities, dividing philanthropic community into separate constituencies
- IRS-based data conflates and confuses charities with “non-profits” — hugely inflates numbers
- National Taxonomy of Exempt Entities (NTEE) sorts into smaller interest groups named idiosyncratically, not logically or systematically

People:

- Professionalization makes philanthropy highly technical, dominated by social science-trained professionals and technical, procedural lingo



Practices:

- Industrialized mass fundraising by telemarketing and direct mail
- Donors not represented by national institution. Independent Sector formed to represent everybody, but actually composed of national foundations
- Grant seeking and fundraising become sales transactions, increasingly competitive and adversarial, pitting fundraisers against grant makers and donors

Culture:

- Social scientific; social engineering, purporting to attack roots of problems; vocabulary is technical
- The word and concept of “philanthropy” falls into disuse



Rhetoric:

- Inadvertently negative and moralistic: “Giving back”, “Giving away”, through “non-profits”, or “tax-exempt entities” in the “third sector” to the “disadvantaged” and “needy.”
- Generosity = how much one gives.



Results:

- Giving = < 2% Gross Domestic Product and Adjusted Gross Income
- Only 25% of taxpayers Itemize Charitable Deductions
- Less than 20% of estates over \$650,000 make charitable bequests
- 5% of largest charities get 80% grant dollars



NEW PARADIGM — 21ST CENTURY

Technology:

- Information and communications revolution with computers and Internet
- Global, universally accessible, telecommunications
- All charities become visible and accessible by everyone
- Multimedia, hand-held devices, social networks, crowd-fundraising
- Widgets enable frictionless, instantaneous one-click grants and donations
- Unlimited, low-cost, databases and spreadsheets enable “Big Data”

Economy:

- Global, high-technology, service economy
- Rapidly expansive, innovative, generating huge new wealth
- Old companies merging to take advantage of global markets
- Corporations less local-community oriented

Institutions:

- New mega-foundations, with new styles, bring new leadership
- Donor-advised funds rapidly grow and multiply
- Innovations abound; Internet speeds-up communications and eliminates geographic impediments, reducing need for national top-down associations and conventions, and creating new online professional networks (e.g. LinkedIn)
- Decentralized virtual philanthropic communities emerge in cyberspace
- Internet promotes systematization—e.g., of data systems, taxonomy of fields, searches for and direct access to all charities
- Leading national donor-advised funds (NDAFs) develop virtually complete, donor-based, charities datasets, systematically taxonomized for donor education, liberating philanthropy from IRS-based conflation and confusion with “nonprofits”
- NDAF donor datasets enable new depth and breadth in statistical analyses of donor behavior

People:

- New wealth-creators emerge as risk-taking donor-investors, and explore unconventional modes of giving and volunteering
- Major donors are younger, systematic, data-driven, quantifiers. They reject the negative vocabulary, conceptualization, and rhetoric of the Old Paradigm
- Want constructively to improve the human condition, more like the classical concept of philanthropy

Practices:

- Promoting increased giving and philanthropy itself
- Donor education; venture philanthropy; giving circles; e-philanthropy
- Social network systems; collaborations in and among constituencies and sectors
- Professional community broadens to include philanthropic advisors, scholars, and media

Culture:

- Humanistic and social-scientific self-development for both donors and beneficiaries; social scientific tools for explicitly humanistic ends
- Use of the word and concept of “philanthropy” is revived.
- Classical humanistic culture of philanthropy seen as quintessentially American — informed building Colonial society, the Revolution, the Constitution, anti-slavery, and women’s suffrage movements

Rhetoric:

- Constructive appeal; “Donor-Investors”, “Making a difference,” quantifiable impacts, “social change,” and “charities”
- Generosity = relation of giving to wealth

Results:

- Too soon to tell—combined factors above will drive significant increase

The paradigm-shift depicted above is in progress. The “New Paradigm” column is, therefore, a projection—not just of certainties, but also of what seem to be probabilities. This chart’s purpose is to encourage and assist future planning.

How will this historic shift affect your institution and practice?

George McCully – *Catalogue for Philanthropy* - © 2015
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Glossary:

Philanthropy: Private initiatives for public good.

Paradigm-shift: Total transformation of a mature field.