

UPDATED AND EXPANDED

GENERATION IMPACT

HOW NEXT GEN
DONORS ARE
REVOLUTIONIZING
GIVING

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WILEY

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AND
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CHAPTER 2

Show Me the Impact

Picture a big thermometer, that well-known symbol of many a fundraising campaign. Each donation is documented in red, pushing the “temperature” higher and higher toward the campaign’s total dollar goal. That image might be a fitting symbol for a previous generation of givers, but it is the antithesis of what next gen donors want to be a part of today and going forward.

For one, the thermometer metaphor focuses solely on dollars given, not on the results and impact fostered by those donations. The thermometer also makes it seem like the only role donors can play is to give cash—or encourage others to do so. Next gen donors insist that they have valuable assets to give beyond money, and those assets are valuable because they leverage more impact. Rather than measuring their impact as a line in a fundraising budget, next gen donors want to measure the real difference all their contributions make on the causes they care about. Seeing real-world impact is what gets them excited about giving.

Impact Obsession

We’d be hard-pressed to find any donors of any age who say they don’t care whether their giving makes much of a difference. But for next gen donors, impact is everything. As the leaders of the new Golden Age of Giving, as donors with unprecedented resources and the power to revolutionize philanthropy, making a tangible

difference is their top philanthropic focus. They want an Impact Revolution. They want to reshape philanthropy in ways they believe can finally lead to meaningful progress on our toughest challenges.

We can see this impact fixation in some of the philanthropic ventures already created by next gen donors. Facebook cofounder Mark Zuckerberg and his wife, Dr. Priscilla Chan embody Generation Impact. They created the Chan Zuckerberg Initiative (CZI) in December 2015 in celebration of the birth of their first child, and committed to using CZI to give the vast majority of their multibillion-dollar fortune to philanthropic purposes over their lifetimes.¹ CZI is a charitable LLC that reveals both the founders' hugely ambitious goals and their willingness to use a nontraditional approach to giving—one meant to allow them maximum flexibility to pursue promising solutions. In 2016, for example, CZI announced a \$3 billion, ten-year investment in health care, with the audacious goal of “helping cure, prevent, and manage all diseases in our children’s lifetime.”² Whereas previous donors might have defined such an initiative around a particular treatment (e.g., “investing in new diabetes medications”) or a particular institution (e.g., “expanding the endowment of the world-famous Mayo Clinic”). These next gen philanthropists defined their plans around a breathtakingly bold end result, a big impact.

Zuckerberg’s Facebook cofounder, Dustin Moskovitz, along with his wife, Cari Tuna, have placed “measurable impact” at the center of their considerable philanthropic initiatives. Through Good Ventures and the Open Philanthropy Project, they make their giving decisions solely based on which investments or interventions will “do the most good.”³ The causes they focus on are not determined by their personal passions or experiences—as they are for so many donors—but by what data and research suggest are the issues or solutions that can save or help the most

lives. If that means giving for criminal justice reform or malaria prevention rather than for rural libraries or urban green space, then so be it. The potential for maximum measurable impact on humanity is their deciding factor.

Another version of this impact-focused approach is the “hacker philanthropy” of tech billionaire Sean Parker. As a group, Sean says, hackers are already “intensely idealistic, so as they begin to confront the world’s most pressing humanitarian problems, they are still young, naïve, and perhaps arrogant enough to believe that they can solve them.”⁴ So when he set up his own foundation, he declared, “We will only target very big specific problems that are ‘tip-able,’ where we see a path to victory and where we can make a catalytic impact.”⁵

Impact is not just an obsession of next gen donors from the tech community, however. Our interviews with Gen X and Millennial donors of many backgrounds, from inheritors to earners, showed the same desire. Impact is what they want—and worry about—most. One talked about having “a nagging itch in the back of my mind: Am I really doing the most good I could be doing?” Another explained her primary challenge in giving as such: “When I look at my own giving, I get so overwhelmed because I go, ‘Where can I have the most impact?’” Similarly, when we surveyed over 300 major donors in their twenties and thirties, we asked them to indicate the importance of various reasons for engaging in philanthropy. Out of 23 possible choices, they ranked “seeing that my contribution makes a real difference and the organization has real impact” as one of the top three reasons for giving.

Moving the Needle

Of course, younger donors are not the only ones who say they want to “make a difference” with their giving. This sentiment is a

common one found in surveys and interviews on the motives and goals of many types of donors, including older high-net-worth philanthropists and Millennial donors across the economic spectrum.⁶ And research on how donors act suggests that impact matters. Experiments by psychologist Paul Slovic and others have shown that what really matters for people deciding whether to give to provide life-saving interventions (e.g., sending aid to a refugee camp) is *not* the sheer number of people who would be helped, but the *percent* of the total in need who could be helped.⁷ Donors are more likely to contribute to help, say, 90 percent of 100 people in a single village destroyed by an earthquake than they are to help 10 percent of 10,000 people in a bigger region—even though the total number helped is much smaller in the first case (90 versus 1,000).⁸ Most donors, it seems, don't necessarily want their contribution to be “just a drop in the bucket.” They like to see that their giving matters.

So what makes the impact focus of next gen donors different from past generations?

What's different—and what leads us to call them “Generation Impact”—is how highly they *prioritize* impact, how much they emphasize *seeing* impact over all other criteria for judging their giving, how specific and passionate they are about what they want to *change* to achieve more impact, and how far they want to *innovate* to achieve this greater impact. They draw a line in the sand between the philanthropic approach of previous generations and the impact-first approach they want to take.

When we asked next gen donors how they were different from their parents and grandparents, in fact, the most common theme in their answers was impact. Many rejected quite strongly what they saw previous generations doing—giving to “gain social status or participate in the right social circles,” giving merely out of “obligation,” or giving for the quid pro quo exchange of “you

give to my charity and I'll give to yours." Instead, they insisted they give in order to make a real difference, to "move the needle fundamentally and substantially on an issue." One donor claimed he was "impact-based rather than who's-who-based," unlike his parents, and another said she wanted to "be very focused on a problem," not just on "having a reputation." This donor made a similar stark comparison: "I want proof of impact. I believe my parents give much more for the 'feel good' feeling that comes along with giving, whereas I am dead-set on maximizing the impact of my philanthropic dollars."

Next gen donor and social entrepreneur Daniel Lurie has built a new model to address the age-old problem of poverty in the San Francisco Bay Area, and he has leveraged over \$120 million from donors, including those who are considered next gen and believe he's onto something. He offers a terrific example of the next gen donors' distinctive—some might say single-minded—focus on impact, their willingness to try out new models to change the philanthropic landscape and to finally move the needle on long-standing issues.

Daniel Lurie

Being Part of the Solution

I was born and raised in San Francisco. My parents divorced when I was 2. My dad, who is a rabbi, remarried and has lived with my stepmother in Marin County ever since. My mom remarried also, to Peter Haas, who was a member of the large family of descendants of Levi Strauss, who have done so much philanthropically in the Bay Area.

Both my dad and stepmother, and my mom and stepfather, were really involved in the community and giving back, and they

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each had their own traditions of family philanthropy. From an early age, the ethos that you had to be part of the community, that you had to serve, was imparted to my siblings. We had to be part of giving back, part of improving the community. We had to be part of the solution.

Not surprisingly, engagement in giving and serving in community started early for me. My brother and I sat on the board of my stepfather's and my mom's family foundation, the Mimi and Peter Haas Fund, from the time we were in high school. I went across the country to study political science at Duke University, where I became president of my class.

When I graduated from Duke—literally the day after I graduated—I was up in West Orange, New Jersey, trying to get a job on the Bill Bradley for President campaign. I ended up in Iowa for about ten months working on the caucuses in 1999 and 2000.

What I loved about Bill Bradley was that he always talked about issues of poverty. He talked about 12 million kids going to school hungry. He talked about the 35 to 45 million people who at the time were uninsured in this country. And it spoke to me that a guy with all the talents he had, all the smarts he had, wanted to serve. He wanted to talk about the less fortunate in our country. That spoke to me.

I moved to New York City right after the campaign and went to work for the Robin Hood Foundation there, New York's largest poverty-fighting organization. As it happened, I started work at Robin Hood one week before the attacks of September 11, 2001. The combination of Bill Bradley's ideals, the events of 9/11, and working at the Robin Hood Foundation crystallized for me what I wanted to do and how I wanted to do it. I have always had this desire to make my community better and to serve. But when I saw the Robin Hood Foundation at the epicenter of responding to the 9/11 attacks—responding with compassion and empathy and care for those hardest hit, low-income New Yorkers—that catalyzed me.

After a couple of years in New York, when I returned to the Bay Area for grad school, I started to work on a plan to bring a new model of philanthropy to my hometown. In 2005, I launched Tipping Point Community with a few board members and a group of about a hundred founding donors. Since then, we've raised over \$120 million to support people in poverty in the Bay Area, and I still proudly serve as the CEO.

A Different Model of Giving

I think many family foundations do great work, and I consider it a great honor and responsibility to be involved with a foundation making smart grants in its chosen area. But I think of our family foundation more as my stepfather's and my mom's passion and legacy, and I am there to support those efforts. I don't necessarily think of it as mine. Tipping Point is my passion, my way of serving, my way of impacting the entire community. And I'm convinced it is the best model for achieving that impact.

Tipping Point exists to make our community stronger and to improve the lives of the 1.3 million people who are currently too poor to meet their basic needs in the Bay Area. Tipping Point's model is to search for and find the most promising organizations and then help them become more effective and efficient at serving children and families who are living in poverty. We are focused on breaking the cycle of poverty by funding critical areas such as housing, education, employment, and wellness.

While we have come to know something about these issues in San Francisco over the last 12 years, we didn't start out as experts on these issues. We felt we were really good at helping groups get better at what they do, building capacity, and supporting their back office, which is why we provide general operating support. This gives flexibility to the organizations that know their opportunities and challenges better than we do. As a result of this early decision, one of the biggest things that I have learned is the value

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of general operating support, and the problems that arise for non-profits because most foundations don't provide this support.

Tipping Point wants to make our community better for every single person who lives here in the Bay Area, and that also includes our community of donors. Our model gives them a way to be involved, to be engaged in creating a stronger community. We engage young professionals in the community by helping them get onto the boards of our 44 grantee organizations through a board matching program. We also have a volunteer match portal on our website to get people engaged in volunteering with our grantees. By doing this we expand Tipping Point's impact even further, leveraging both our community's financial and human capital.

For many of us who work here at Tipping Point, we sometimes feel that we get more out of the work than anyone else. We like to think of ourselves as altruistic, but there is a selfish part because this work is so fulfilling and rewarding.

Finding What Moves the Needle

We have too many nonprofits—not only in this region, but in this country—that are well meaning and well intentioned but don't look closely at results. Good intentions are not enough. We need programs that are producing real results because results are desperately needed. Poverty has not decreased in this country in the last 50 years; it's gone up. We are seeing more inequality of opportunity in this country despite all these nonprofits that exist to close that gap. In order for us to move the needle, we need programs to be really effective. And in order to know which ones are effective, you have to have some measurement.

Our primary focus at Tipping Point is always supporting our grantee organizations, helping them improve on what they do, get better at serving their clients, and help those clients move out of poverty for good. We want to help our grantees focus on the parts of their work that are the strongest and that have the intended

impact they imagine. And in many cases, we try to help grantee groups shed those programs that are not having an impact, that are draining time and resources and aren't changing the lives of the people they are serving. We want grantees to get more bang for their buck.

To do this, we help grantees identify—using good data and impact measurements—which parts of their programmatic work are the real difference-makers. We love when groups go through their theory of change work and really figure out what is important and what is having an impact. We have had groups come to us and go through this process of real, deep self-reflection and end up eliminating entire programs. They look at the data and come to understand that a \$10 million budget would be more impactful than the \$15 million budget they could have, that they're wasting resources on something that is not having its intended impact.

We measure impact in this way—and have from day one—because we think it's the right thing to do. We don't want this measurement to be onerous on our groups, but we strongly believe we need better clarity on which programs are really making a difference.

R&D to Accelerate Results

We cannot continue to do the same thing over and over again and expect different results. It won't happen. Out here in the Bay Area, Facebook and Google and others literally spend billions of dollars on research and development because they know how that can lead to incredible results. But in the nonprofit sector, R&D dollars are essentially at zero. We at Tipping Point think that should change. We ask the nonprofit sector to do a huge lift in our society. We expect nonprofits to perform feats of strength and yet we don't give them what they need to perform those feats. We don't give them the general operating support dollars they need to run healthy organizations, and we don't give them any room to explore new approaches that might help them get better at what they do

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and have a greater impact. If we think so highly of these nonprofits and their leaders, why are we not giving them what they need?

We see ourselves at Tipping Point as an engaged grantmaker, an accelerator. We help our groups get better, faster. Some might say this means we practice *venture philanthropy*, a term made popular here in the Bay Area in the early part of the 2000s. But we steer clear of that label. The idea of venture philanthropy was that you should apply venture capital thinking to the nonprofit sector, but for some that term came to have a negative connotation. It suggested that venture capitalists lacking experience in the nonprofit sector should tell nonprofits how to run their business. That's not what we do at Tipping Point. We listen closely to our grantees to hear what they know is working and how we can help them get better, faster.

However, we do believe in some of the other principles of this “venture” approach—especially funding along a spectrum, taking risks, and supporting R&D. We fund some groups that have been around a hundred years and we fund start-ups. The R&D work at Tipping Point provides risk capital and partnership to our grantees so they can tackle big questions and ideas that could lead to the next big solution for issues our community faces.

The New Gold Rush

Whether you are at an “old school” foundation or a new school one, you want to have an impact. Donors have always wanted to have an impact. It was just easier in the early part of the twentieth century to build a library or a university. You could see a building, see students going in and out of it, see how many people took out books or graduated college. I think what's new over the last 10 to 20 years is this idea that you should measure that impact, hold groups accountable for achieving it, and try out new ideas to have greater impact. You can try something like Mark Zuckerberg and Priscilla Chan's new charitable LLC, the Chan Zuckerberg Initiative. Or you can try using the 1-1-1 model that

Marc Benioff started at Salesforce, integrating technology, people, and resources, which is great.

While we are good at measuring short-term impact, it is tougher to measure it in the longer term, I think. But that said, we can think long-term more readily now, as we have never seen people this wealthy at this young of an age before. The Carnegies were wealthy much later in life. Back then, no one was a billionaire in their 20s; it took time for people to build their fortunes, whereas now, especially here in Silicon Valley, we have seen billion-dollar fortunes built in a five-to-ten-year span. We're living in the new gold rush. It's incredibly exciting. But this also gives us the incredible opportunity to do better by those who have not taken part in this boom. We have the resources to do better, and I think we will do better.

I am incredibly optimistic because I do see these people starting to build the habit of giving at a younger age. There is a terrific crop of young philanthropic leaders who are engaged in and committed to improving our community, whether that's locally, nationally, or globally.

For nonprofits to take advantage of this gold rush and this new crop of young philanthropists, it's essential that they are able to communicate their impact. Many philanthropists are business leaders and want to see a well-run organization. They want to see strong leadership and strong financials. They also want to see the desire by the nonprofit to improve. This desire to become better is the standard, whether the investor is investing in a start-up or a high-performing nonprofit organization. Investors in Google and Apple want to see leaders adapt and change and try to improve for their shareholders. I think the same can be said for nonprofits. Tipping Point has 44 organizations we fund. We think we have great leaders at those organizations, but we also want to see them striving to improve, not being afraid to make mistakes, and admitting when those mistakes occur. Being able to admit mistakes should

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be valued as a way to say, “we are striving to get better and here’s how.” That is something that we value at Tipping Point.

This isn’t to say, though, that you have to be a tech billionaire to be a philanthropist and help make the community better. At Tipping Point, we believe that everyone can play a role, regardless of socioeconomic status. It doesn’t matter what family you are from or how much money you are giving, you can be part of this community effort to solve big problems. You can be engaged and you can volunteer your time, you can serve on a board, you can give money at the level you can, you can be part of the community. Everyone has a role to play. But just don’t wait. Get started now.

Daniel is clearly passionate about trying to alleviate poverty, but he doesn’t think trying is enough. He wants results. And he’s frustrated that despite the previous generations’ efforts to fund poverty eradication programs, poverty continues to rise. Something needs to change to make more of an impact.

What Daniel has done to try to “move the needle” on poverty illustrates well what other next gen donors want to do to make philanthropy more impact-focused. They want to try different models, take new risks, and look for evidence of effectiveness. They want results.

The Power of Seeing

Next gen donors say they want impact, but what do they mean by that? Do they agree on the definition of *impact*? When we pressed our interviewees to describe what they meant by impact, we heard a number of explanations. For some, it was about demonstrated outcomes—some sort of evidence that they had made a measurable

difference, like the higher graduation rate among charter school students. This donor even said that seeing the impact in emotional ways was not as important as seeing these actual measurements: “Most nonprofits simply talk about the problem they’re solving and what they’re doing about it and show you pictures of happy kids to show that impact and to pull on your heartstrings. But they don’t necessarily measure how much impact you get, how many happy kids you get per dollar that you give in. It is not exactly clear.”

For others, impact meant clearer evidence that results were tied to *their* particular contribution, or that their contribution was being used effectively to help solve problems or create change. As one person explained, impact meant making sure that the money “actually is going to provide an added benefit to a user, a community, a school, or something, and to be able to see that happen.”

Ultimately, the most common answer when we asked what impact meant was an indirect one. Next gen donors define impact as “being able to *see* something happen as a result of giving.” These next gen donors might not have a single, shared definition of impact, but they know they want to *see* it. While this approach might not be the best definition of impact—as we will discuss later—it was by far the most common.

Not surprisingly, next gen donors are particularly enthusiastic about site visits. They love being able to “see the impact in front of your face.” One donor called it her most “fundamental experience” to “both see need and see the nonprofit community step in and make an extremely concrete, real difference in people’s lives.” Another donor talks excitedly about a site visit he made to Central Africa: “I traveled with a small team, to kind of see the situation in person and to come face-to-face with what we have been discussing in what I thought was a more abstract way, sitting around the board table in a Manhattan office. That appealed to me. It was

an incredible experience. Coming face-to-face with what I hoped we would support more in the future.”

Next gen donors like site visits because they can see the outcome of giving *and* understand how this giving is working to make an impact. Sure they can read the mission statement for, say, the Boys and Girls Club they fund. But going to the club and hearing the children tell their personal stories about how specific programs helped them stay safe, build life skills, or prepare for college is much more powerful.

These rising generations—especially the Millennials—have grown up in a world full of screens, which may explain why they yearn to see the impact their giving has had “face-to-face” rather than virtually. One donor who works in computer science made this argument directly:

I’m a tech guy. I love the virtual. But actually, a picture, a 3D video, whatever, will not convey the same feeling as if you just get out and travel there. When you go to a site visit or a town or a community [as a donor], you’re not going to go there and walk around by yourself. You’re going to get a tour, and a tour is going to involve other people. So you see that human emotion. You can see either the passion in their eyes or the gratefulness in their eyes or a bit of both. That’s the driving force.

Many Gen Xers and Millennials have also been encouraged since they were very young to get out from behind their screens and get involved in community service and volunteering. So for some, their passion for seeing impact is tied to their passion for being hands-on in their giving. As with site visits, they feel that volunteering allows them to be physically present and to confirm, as one puts it, whether their money “is going to the right place, to the right people, where it can make a big difference.” Another

donor says that volunteering helps “me know who I’m helping, and how I’m helping them.” Several also told us that this need to see, touch, and contribute in hands-on ways really distinguishes them from prior generations.

Of course, we must ask, will next gen donors, with all their earnest bravado, stick around to see those impacts that take longer to achieve and measure? Will they bring humility and openness to the process of changing practices that affect lives and livelihoods? These will be important questions as the Impact Revolution in philanthropy unfolds.

What Does This Mean?

The potential upside of the Impact Revolution is immense. If donors with unprecedented resources give in new ways that do in fact leverage significant impact, we can make progress on problems we’ve struggled with for a long time, and advance causes beyond what we’ve ever seen. We could, as Priscilla Chan and Mark Zuckerberg want, cure or manage all disease. We could, as Daniel Lurie wants, help millions more people find a path out of poverty. Big impact is possible if big giving envisions it.

But revolutions are messy—even revolutions driven by the haves versus the have-nots, even revolutions fighting for change in board rooms and institutions versus in the streets. Revolutions are messy even if the intentions of the revolutionaries are noble and positive. How can we prepare ourselves for the messiness? What changes should we brace ourselves for? And what unintended consequences or unforeseen pitfalls should we look out for?

The impact-first orientation of next gen donors can be a boon for nonprofits working to attract and retain these donors, but nonprofits need to think carefully and creatively about how they

show impact. Fundraisers will certainly want to emphasize impact as the top-line message in their pitches to next gen donors. And nonprofits will want to find ways to put next gen donors in direct, personal contact with their organizations as well as with the people their organizations support, whether through site visits, volunteer opportunities, or simply the chance to hear the real stories of clients they serve.

Face-to-face encounters with impact are possible even if in-person meetings are not. Take an organization started by next gen social entrepreneur Charles Best. In 2000, when he was a 24-year-old high school history teacher in the Bronx, Charles founded DonorsChoose.org, a website where public school teachers post information about classroom projects and needs and donors choose which projects to support. DonorsChoose.org allows donors to see the teacher, project, and even the kids they are funding, providing both photos and details like budget and goals. They also get updates on the project's progress, and the DonorsChoose.org website has an ongoing "impact" page complete with an "explore our data" button. This approach appeals to the next gen because it gives these donors both a personalized sense of who they are helping and a clear sum of the impact they are making.

While seeing impact is exciting and motivating, providing personal meaning and fulfillment for the donors, we all need to be aware of some potential downsides of how zealous these next gen donors are for seeing impact. The primary focus must always remain on the real, complex needs and goals these donors are funding. Both nonprofits and donors need to be careful that the Impact Revolution doesn't devolve into misguided efforts to keep big donors happy with staged site visits showing only the positive sides of the hard work for social change. This is a worry that many nonprofit leaders surely have, and the savviest of next gen donors

we spoke with share the concern. They still passionately want their giving to show impact, but they want that impact to fit what organizations truly need and to do what will lead to substantial change regardless of the optics.

Another challenge is that not all causes or organizations do work that produces impact that can be monitored in clear, “face-to-face” ways. The outcomes that some groups fight for can be too big, too remote, too complex, or too subtle and intangible to see easily (think of changing attitudes about racial violence). And some of the solutions that will ultimately produce the greatest cumulative impact won’t be able to show tangible, donor-pleasing results in the short-term (think of basic scientific research to understand what causes cancer).

While it is vital that nonprofits try to show their impact—and the process of getting to that impact—in all its complexity, they also have to think carefully about how they can show donors their outcomes in appealing ways. It can be a tall order to highlight your positive outcomes for donors while still defining those outcomes in ways commensurate with the nature of their cause *and* in ways that demonstrate evidence of long-term change.⁹ We believe nonprofits and next gen donors can become better partners in effecting change if the donors learn about and witness the challenges nonprofits grapple with. The good news is next gen donors say they are eager to have this sort of close, honest relationship with the nonprofits.

Ideally, nonprofits and next gen donors can develop enough of a relationship that they define impact *together*. Donors can express the change they want to see in the world, and nonprofits can explain the complex nature of the problem they address and the struggles they face in fighting it. The two parties can mutually agree on what impact means in each complicated case and come up with the most appropriate performance and impact measures.

Both parties then buy in to that meaning of impact and hold each other accountable for achieving it.



But again we have to ask this: Will next gen donors, with decades of giving ahead of them, have the patience to stick around to see the real change their giving can have on long-term, complex issues? Time will tell. But some of the next gen donors we talked to were keenly aware of this challenge and tried to take the long view. One thoughtful donor explained, “You’re investing in an organization; you want an ongoing relationship with them. It’s probably long-term. Real problems take several years to solve, laying the groundwork and identifying areas of need, and going through many, many different stages. You might not see the outcome for a while. But I think we’re able to operate at a scale where our giving would be most effective over a period of time rather than just a one-time, one-year thing.”

Next gen donors will certainly push philanthropy to be even more focused on vehicles that allow “giving while living,” preferring this to setting up perpetual foundations or waiting to make “planned gifts” from their estates after they pass away.¹⁰ As we will see throughout this book, they dislike waiting until they retire to give, so waiting until they die is even less appealing. This means that raising money from next gen donors for endowments or bequests will probably be more difficult. But again, they want to develop close relationships with organizations, and if doing so shows them that the organization needs such deferred-impact gifts, they could be persuaded to give them.

A related challenge is whether donors want to fund specific programs or core operations.¹¹ We know that donors of all sorts often

prefer to fund programs, especially programs with visible beneficiaries or easy-to-see outcomes and new programs that are full of promise and innovation. Surveys and experiments consistently show that a primary concern people have about giving to charity is the worry that too much of their contribution will go to overhead or fundraising costs.¹² But as nonprofit leaders—and many of the emerging donors we spoke with—know all too well, the greatest resource they need in order to increase their impact is either unrestricted funds or support for talented staff, adequate space, and even core “R&D.”

Because of their special, outsized role, next gen major donors have an opportunity to help shift the field beyond this simplistic approach of making funding decisions by looking at overhead costs. Yes, these rising donors want to see impact, and yes they are excited about funding new ideas and new tools, tendencies that might lead them to prefer program funding. But as Daniel Lurie knows, funding organizational capacity and operations is often the best way to accelerate impact, especially over the long term.



Revolutions are never easy, but revolutions designed to create more good in the world can be worth the trouble. The coming Impact Revolution in philanthropy could be so, if we all go into it with eyes wide open.