



FALL 2003

San Diego Grantmakers

OUR VISION IS TO BUILD A STRONG PHILANTHROPIC COMMUNITY STRENGTHENED BY OUR VIBRANT LEADERSHIP.

OUR MISSION IS TO CONNECT, TEACH, AND INSPIRE A DIVERSE GROUP OF FOUNDATIONS AND CORPORATIONS TO DEVELOP AND IMPLEMENT SUCCESSFUL PHILANTHROPY IN THE SAN DIEGO REGION.

Many resources and events in this issue.

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The \$100 Billion Opportunity – Is It Real?

When he was in politics, Bill Bradley, former New Jersey senator, was known for proposing big ideas to flame debate. Perhaps it is not surprising that he is doing the same thing in the nonprofit sector.

\$100 billion is more than three times the annual giving of every foundation in the U.S. It is enough to give every high school graduate in the U.S. a \$40,000 scholarship.

Along with his McKinsey colleagues, Paul Jansen and Les Silverman, in May's *Harvard Business Review*, Bradley charged that nonprofits could “free up to \$100 billion each year—maybe even more—by challenging the operating practices and notions of stewardship.”

Paul Jansen, Director, McKinsey & Co.'s Non-profit Institute, joins SDGrantmakers October 28th to discuss **The Nonprofit Sector's \$100 Billion Opportunity.**

The study is proving to be highly divisive as opponents argue that the numbers are weak and draws incorrect assumptions by relying on the finances of the large nonprofits and ignoring the smallest. In the *New York Times*, Diana Aviv, president of the Independent Sector, a coalition of 700 foundations, nonprofits, and corporate philanthropy programs, worries that “Its headline of saying there is \$100 billion in savings is unrealistic and unhelpful. When lawmakers and donors see a headline like that suggesting charities are inefficient, ineffective and extravagant, they will use it to justify cutbacks.”

Nonetheless, the practical suggestions of increasing efficiencies in the nonprofit sector are worthy to examine. The controversial study argues that nonprofit organizations, and the sector as a whole, could become far more productive by making five changes in the way they operate.

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SDGrantmakers' Second Annual Conference—Grantmaking for Impact: How We Do It Matters—October 28, 2003
See complete info on page 2 and in the calendar section pages 6-7.

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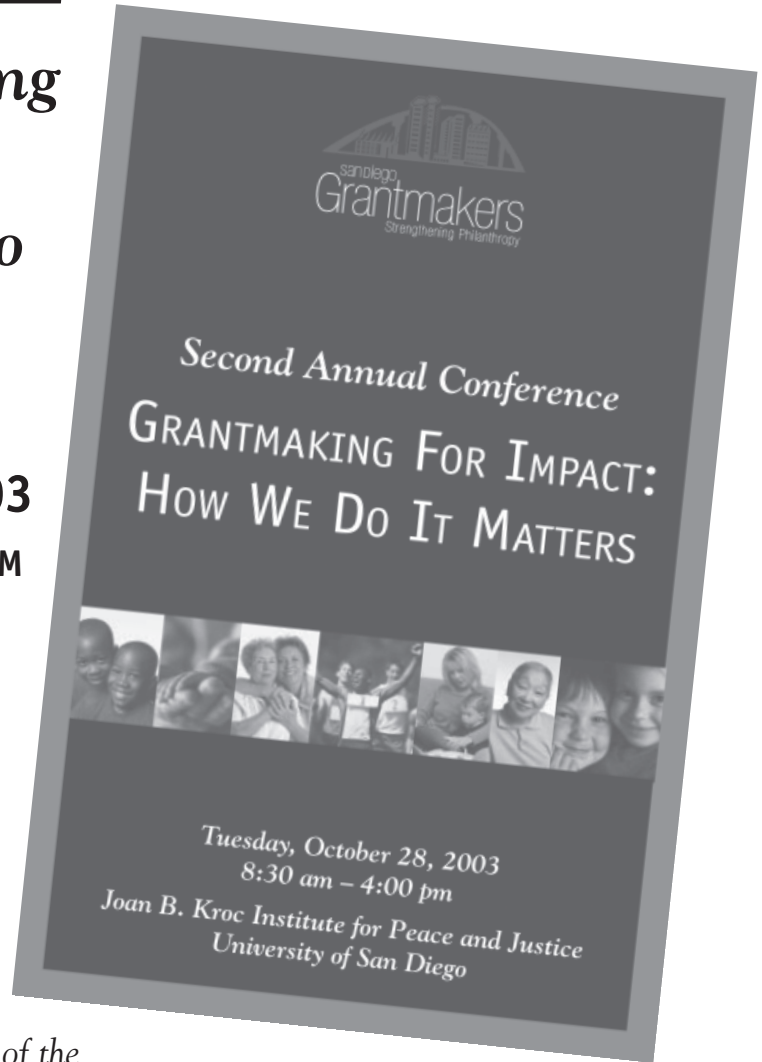
SDGrantmakers' Second Annual Conference— Grantmaking for Impact: How We Do It Matters

**TUESDAY,
OCTOBER 28, 2003
8:30AM - 4:00PM**

**JOAN B. KROC
INSTITUTE FOR
PEACE & JUSTICE,
UNIVERSITY OF
SAN DIEGO**

Join grantmaking colleagues for this provocative exploration of the most critical issues impacting grantmaking and the philanthropic sector. Take needed time to reflect, share ideas, and seek input from colleagues.

If you represent a grantmaking organization working in the San Diego region, then this is your annual conference!



Conference workshops will address public policy issues, special needs of corporate and family foundations, as well as issues of collaboration and funding strategies, among others. Highlights will include a dialogue with Paul Jansen, McKinsey Consulting, co-author of the recent, controversial article, entitled, "The Nonprofit Sector's \$100 Billion Opportunity." Don't miss it!

San Diego Grantmakers would like to welcome our newest members . . .

- **THE SANDERSON FAMILY FOUNDATION**
- **CAPITAL ONE AUTO FINANCE**

The \$100 Billion Opportunity – Is It Real?

CONTINUED FROM PAGE 1

- 1. Reduce Funding Costs:** The key, according to the study, is to attract larger donations with minimal effort. Nonprofit organizations could raise up to \$26 billion by concentrating fundraising efforts, such as using the internet and securing larger grants from fewer foundations.
- 2. Reduce Program Service Costs:** The study strongly argues that it is critical to close the gaps in performance between the more efficient nonprofits and the “laggards.” Organizations could save \$55 billion in program costs by eliminating inefficiencies among the bottom half performers.
- 3. Trim Administrative Costs:** While the authors note cutting administrative costs purportedly saves \$7 billion, they do argue these opportunities to save are quite small compared to savings available with program costs.
- 4. Distribute Holdings Faster:** A controversial topic in our field, the study argues that foundations could provide \$30 billion to charities annually by increasing payout.
- 5. Improve Sector Effectiveness:** While impossible to estimate the gains, according to the study, while improving efficiency, nonprofits have opportunities to spend more effectively. “Efficiency improvements increase the dollars available for social investment, effectiveness improvements increase the social benefit delivered for each dollar spent.”

Of course the McKinsey recommendations come with costs of their own. Implementing the prescribed changes would increase administrative costs – buying better equipment, training managers, and even recruiting higher level executives – affecting the bottom line. Paul C. Light, Director of the Brookings Institution’s Center for Public Service, argues “The notion of this \$100 billion just lying out there that you don’t have to spend to get is not true”. Donors are generally sensitive to increases in such costs.

Paul Jansen, one of the authors of the study and SDGrantmakers’ keynote speaker October 28th, concedes that nonprofits might have to spend more on management. However, he argues, “Because administrative costs are easy to measure, they’re measured and people pay attention to them. It’s going to take management capacity to capture the opportunities we’ve identified”.

Hear more from Paul Jansen on October 28, 2003 at the SDGrantmakers’ Annual Conference, entitled, “Grantmaking for Impact: How We Do It Matters.” Copies of the report will be available at the conference. They are also available through the Harvard Business Review website at: <http://harvardbusinessonline.hbsp.harvard.edu> for \$6.

THE SIZE OF THE PRIZE

“The Nonprofit Sector’s \$100 Billion Opportunity,” *Harvard Business Review*, May 2003

If nonprofits were to ...	Cut cost of raising and distributing funds from 18% to between 5% and 10%	Distribute “excess” funds over the next 25 years or up payout rates to 7%	Reduce program service costs by roughly 15% for the bottom half of performers	Trim administrative costs by 15% for the bottom half of performers	Increase sector effectiveness by allocating funds to organizations that produce the greatest social return
... this much money could flow back into nonprofit services	\$25 BILLION	+ \$30 BILLION	+ \$55 BILLION	+ \$7 BILLION	+ X*
					*this variable, impossible to estimate, could deliver the greatest gains

\$100+
BILLION

Featured Resources From Our Resource Library ...

AVERY, CAROLINE D. *The Guide to Successful Small Grants Programs—When a Little Goes a Long Way.*
WASHINGTON, DC: COUNCIL ON FOUNDATIONS. 2003.

This guide outlines ways for grantmakers to do the most good with little money. Written for all types of foundations and giving programs, it offers tools and examples on starting, administering, and evaluating small grants programs. It includes case studies, tips from colleagues, and sample documents among other small grant resources.

Highlight: SDGrantmakers New Member Service ...

If your company or foundation operates outside of the San Diego region, then this is for you. The **Regional Association Guest Membership Program** mutually extends member rates on programs to board members of grantmaking institutions that are members of one regional association but who live in an area served by a different regional association. For example, a trustee of a family foundation that belongs to San Diego Grantmakers lives in Connecticut (a state in which the family foundation makes no grants). That board member would be eligible to participate in programs at the Connecticut Council for Philanthropy. In return, a trustee of a CCP member who lives in San Diego would receive similar benefits.

The benefit of this program lies in the peer network that would be created by the participating board members. The attending board member learns about another region's philanthropic experience while sharing (and comparing) his/her own perspective with a wider audience.

BERRY, MINDY L. AND JESSICA CHAO. *Engaging Diverse Communities For and Through Philanthropy.*
WASHINGTON, DC: FORUM OF REGIONAL ASSOCIATION OF GRANTMAKERS. 2001.

This report is written for all types of philanthropic organizations. It discusses ways that philanthropic organizations can broaden their donor bases, services, and programs via outreach to diverse communities, in particular the African American, Asian American, Latino, and Native American communities. It offers straightforward advice on how to identify, initiate, and nurture such partnerships and provides examples of success stories. They list resources and organizations that have tried many of the tips outlined in the report.

ESPOSITO, VIRGINIA M. (ED). *Splendid Legacy: The Guide to Creating Your Family Foundation.*
WASHINGTON, DC: NATIONAL CENTER FOR FAMILY PHILANTHROPY. 2002.

Splendid Legacy is written for donors, families, and their financial advisors who are starting family foundations. This book explores how to shape the foundation by establishing grantmaking interests and priorities, how to avoid legal entanglements, and other topics related to developing the dream of a foundation as a lasting legacy. The charts and checklists are useful as are the sample documents and policies and lists of resources.

More information: Members are welcome to borrow materials by mail, or make an appointment to visit our office and browse through the library. All of our publications, videos, and tapes are complimentary, available for two-week use to our members (we even make it easy for you, we'll give you the envelope in which to ship it back to us).

Member Recognition ...

Callaway Golf Honored Nationally

It isn't just great golf that's winning Callaway Golf national acclaim this time around—it is the company's outstanding service to the community



through their community-giving program. The Points of Light

Foundation honored Callaway Golf with the 2003 National Family Volunteer Award for Callaway's 2002 Third Annual Thanksgiving Food Drive and Dinner, a benefit for St. Clare's Home. St. Clare's Home is a San Diego-based agency that provides homeless women and children who are victims of domestic violence and/or substance abuse with transitional shelter and services. Callaway hosted more than 50 women and children (all part of the St. Clare's program) for an evening of activities and a traditional Thanksgiving meal whipped up by the staff and families of Callaway Golf. The Points of Light Foundation and Volunteer Center

National network, a national organization based in Washington, D.C., that focuses on encouraging and facilitating local volunteers to take action to help solve serious social problems within their communities.



**POINTS
OF LIGHT
FOUNDATION**
&
**VOLUNTEER CENTER
NATIONAL NETWORK**

People ...

SDGRANTMAKERS WELCOMES BILL JULIAN, JULIE FRY, AND "MIA"

Bill Julian recently joined the Waitt Family Foundation as the Research Manager in June of this year. Bill comes to the world of philanthropy after a 15-year career on Wall Street working as an equity analyst and market strategist for Lehman Brothers, CSFB and most recently Smith Barney. Bill and his wife Kimberly moved to the San Diego area from New York City. Welcome Bill!

Julie Fry is the new Director of The San Diego Foundation's new Arts & Culture Program. Julie has previously been Director of the Arts & Business Programs at the San Diego Performing Arts League. There she was involved with expanding the Business Volunteers for the Arts and Technology for the Arts programs and establishing the Lawyers for the Arts, National Arts Marketing Project and OnBoard: Arts Board Development programs. Julie hails from the Midwest—she received her BBA in Economics and French from the University of Wisconsin, Eau Claire and her MBA from the University of St. Thomas in Houston, Texas. Welcome Julie!

Congratulations to **Patricia Sinay**, The San Diego Foundation, who was recently named one of San Diego's "40 Under Forty" by San Diego Metropolitan magazine. A panel of 40 judges each year selects 40 of this community's inspiring young leaders, acknowledging their professional success and community involvement. Congratulations Patricia!

As some have heard, **Sharla Hays**, SDGrantmakers' Member Services Manager, recently had a baby girl! First weighing in at 7 lbs., 7 oz., "**Mia**" is doing great and making periodic guest appearances. Congratulations Sharla and welcome Mia!



Julie Holdaway, SDGrantmakers' Executive Director, will be on maternity leave mid-January through mid-March. The office will remain open with limited hours. Heartfelt congratulations to Julie and her family. We look forward to welcoming your new "philanthropist!"

SDGrantmakers



NATIONAL PHILANTHROPY DAY: “Change the World with a Giving Heart”

**SHERATON HARBOR ISLAND HOTEL
11:15 AM - 2:00 PM
NOVEMBER 12, 2003**

“Change the World with a Giving Heart” National Philanthropy Day is celebrated across the nation each year to recognize the important role that philanthropy plays in enriching our communities. This celebration allows us to honor the individuals and organizations whose gifts of time, talent and treasures strengthen the diverse richness of the San Diego community. It is in this spirit that we recognize the invaluable role that we each play in supporting San Diego’s nonprofit organizations. These festivities afford us the opportunity to celebrate our accomplishments and refresh our commitments to philanthropic goals.

Details at: www.afpsd.org

GRANTMAKING 101 : THE BASICS OF EFFECTIVE GRANTMAKING

This series of three workshops offers a comprehensive review of the art and science of grantmaking and includes presentations by experienced grantmakers, experts, and peer-to-peer discussions.

**THE ART AND SCIENCE OF PHILANTHROPY
SEPTEMBER 16, 2003, 8:30 AM - 12:30 PM
JACOBS CENTER FOR NONPROFIT INNOVATION**

Valerie Jacobs, practitioner and foundation trustee, will walk participants through exercises designed to align your passions with your foundation and to translate those into funding guidelines that make sense. We’ll also hear from a foundation trustee and nonprofit executive on how to make sense of it all.

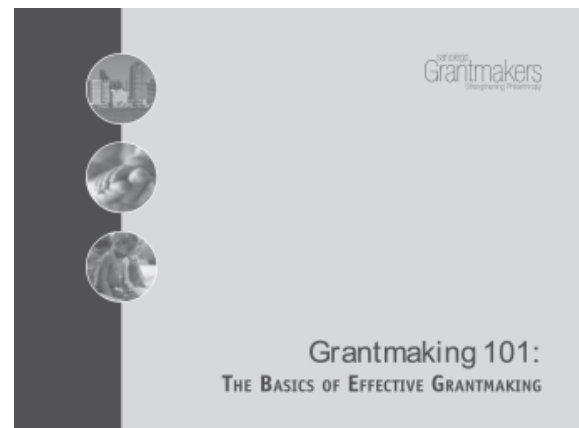
**PANNING FOR GOLD: REVIEWING PROPOSALS AND FINANCIALS
SEPTEMBER 23, 2003, 8:30 AM - 12:30 PM
SAN DIEGO NATIONAL BANK (KETTNER & ASH, DOWNTOWN),
FIRST FLOOR COMMUNITY ROOM**

This session covers Reviewing Grant Proposals, Making Site Visits and Financial Statements: Understanding the Danger Signs and Success Stories Nonprofits Financial Statements Hold. What do you want to know about grantmaking? We’ll address your questions and other frequently asked questions, including: How do you learn to do effective grant reviews?; What are the tax and legal requirements that guide foundations and corporate giving programs?; How should grantmakers use financial statements to evaluate grant applicants and determine fiscal accountability?; What are common problems and common solutions?

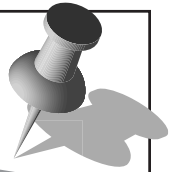
Special Opportunity: one of the most frequently asked questions from family foundations is *How do I involve multiple generations in grantmaking?* Join Murray Galinson, Galinson Family Foundation, for an intimate lunch to hear one foundation’s experience. Space is limited, reserve now.

**BEST PRACTICES
OCTOBER 1, 2003
8:30 AM - 12:30 PM
ALLIANCE HEALTHCARE**

The last workshop in the three-part series, Best Practices, covers sessions on Effective Evaluations and The Buzz Word is Collaborations: How to Make them Work.



Calendar of Events ...



SAN DIEGO GRANTMAKERS' ANNUAL CONFERENCE "GRANTMAKING FOR IMPACT: HOW WE DO IT MATTERS" OCTOBER 28, 2003, 8:30 AM - 4:00 PM JOAN B. KROC INSTITUTE FOR PEACE & JUSTICE, USD

Join grantmaking colleagues for this provocative exploration of the most critical issues impacting grantmaking and the philanthropic sector. Take needed time to reflect, share ideas, and seek input from colleagues. Conference workshops will address public policy issues, special needs of corporate and family foundations, as well as issues of collaboration and funding strategies, among others. Highlights will include a dialogue with Paul Jansen, McKinsey Consulting, co-author of the recent, controversial article, entitled, "The Nonprofit Sector's \$100 Billion Opportunity." Don't miss it! For more information, see the event website: http://www.sdgrantmakers.org/programs/2nd_annual_conf_28%20Oct.asp



VIOLENCE PREVENTION IN A TIME OF BUDGET SLASHING: A FUNDERS' ROUNDTABLE SEPTEMBER 24, 2003 11:30 AM - 1:30 PM LOCATION TBA

Each year law enforcement agencies document approximately 25,000 domestic violence incidents within the City and County of San Diego. This figure is even more alarming when one considers that experts estimate that only 25% of domestic violence cases are actually reported. Research suggests that there are strong relationships between different forms of family violence and youth violence. There has never been enough attention and funding for prevention and current budget cuts will make it worse. It behooves us as funders in San Diego to share what we know about violence prevention in San Diego, the current cuts, and our thought and funding plans in response.

Yes! Sign me up for:

GRANTMAKING 101: THE BASICS OF EFFECTIVE GRANTMAKING

- SEPTEMBER 16TH ... THE ART AND SCIENCE OF PHILANTHROPY
- SEPTEMBER 23TH ... PANNING FOR GOLD:

REVIEWING PROPOSALS AND FINANCIALS

- OCTOBER 1ST ... BEST PRACTICES

- SEPTEMBER 24TH ... VIOLENCE PREVENTION IN A TIME OF BUDGET SLASHING: A FUNDERS' ROUNDTABLE

- OCTOBER 28TH ... SAN DIEGO GRANTMAKERS' ANNUAL CONFERENCE "GRANTMAKING FOR IMPACT: HOW WE DO IT MATTERS"

NAME: _____

ORGANIZATION: _____

PHONE: _____ EMAIL: _____

San Diego Grantmakers
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www.SDGrantmakers.org

SDGrantmakers is committed to increasing the impact of philanthropy in San Diego by creating a forum for the open discussion of ideas among grantmakers. To achieve our goal of strategic education, programs are open to members and other grantmakers as guests, unless otherwise noted.

San Diego Grantmakers Reserve your seat today!
phone 619/744-2180 • fax 619/744-2182 • programs@SDGrantmakers.org

Independent Sector comes to California

The Independent Sector hosts its national conference in San Francisco, November 2-4. With the theme of "Uncommon Visions for the Common Good" this conference promises to tackle major challenges facing the work of the nonprofit sector. Tough times require creative, powerful strategies and solutions to help our communities and our organizations survive and thrive. Special discounts are available for California nonprofits. For more information visit www.independentsector.org/AnnualConference/2003/california.htm



SAN DIEGO GRANTMAKERS PHILANTHROPY LINK

We encourage members to contribute suggestions, articles ideas, news items, and personnel changes. Submit items or ideas to Link@SDGrantmakers.org or mail to the our office.

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Strengthening Philanthropy

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