

Philanthropy in the Age of Constant Disruption



Trends and forces that are creating new opportunities to
maximize the charitable impact of your wealth

Introduction

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As you think about defining your philanthropy legacy, begin by identifying the causes and values that inspire you. When it is time to activate that strategy, your approach should be informed by the trends that are shaping the charitable giving landscape today.

By understanding and embracing new trends and the role philanthropy plays as a tool for positive change and disruption, families and nonprofits can strengthen their philanthropic programs and legacies for generations to come.

The pace of change has accelerated across many aspects of society. These widespread changes are affecting philanthropy in meaningful ways as well. Just as the for-profit industry has been jolted by food insecurity, war, COVID-19, disruptive technology, shifting demographics, and evolving attitudes have changed how people and companies give and how nonprofits engage with their donors and constituents.

William Blair has examined the six greatest disruptive forces that are reshaping the philanthropic landscape. We provide our perspective on what they could mean for donors and nonprofits.

Catalytic Capital

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The scope of philanthropy has expanded beyond simply donating money or volunteering time. Today, families and companies are looking to deploy more than just those traditional philanthropic resources to make a difference.

Technical expertise, networks and relationships, social media influence, and fresh perspectives are all forms of catalytic capital that can be invaluable resources to help nonprofit organizations. Whether it is a young founder of a start-up using the company's platform to raise awareness or solve a social problem or a fast-rising analyst applying data analytics to optimize the efficacy of an organization's services, companies and philanthropists are looking for ways to leverage their expertise and connections to improve society. The rise of catalytic capital will continue as companies and philanthropists use their expertise to solve social problems and funds flow into microfinance initiatives, entrepreneurship programs, crowdfunding campaigns, and place-based initiatives.

In addition, philanthropy is no longer a solo effort. Collaborative initiatives such as the COVID-19 Fund to retain clinical scientists spearheaded by the Doris Duke Charitable Foundation and supported by the American Heart Association, the Burroughs Wellcome Fund, Rita Allen Foundation, and Walder Foundation, aim to help sustain research productivity of physician-scientists faced with periods of family caregiving responsibilities.

What This Trend Could Mean for Your Giving:

As you think about your philanthropic strategy, realize that your resources encompass much more than your time and wealth. Think of catalytic capital as a part of your personal balance sheet that could include your relationships, business acumen, intellectual capital, access to data, and other tools that could help nonprofit organizations achieve their missions.

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Breedlove Entrepreneurship Center

Breedlove is an important component of YWCA's larger economic empowerment initiative to close the racial wealth gap, focused on supporting Black women entrepreneurs with revenues of \$500,000-plus that are undercapitalized. The center was named after early 20th century entrepreneur Sarah Breedlove, professionally known as Madam C.J. Walker—one of the nation's first African American millionaires. Born to sharecropper and formerly enslaved parents, and orphaned at the age of six, Breedlove rose to success building a hair care empire with products specific for Black women. She employed over 3,000 workers and created 20,000 sales jobs and a pathway to the middle class for many Black women.

**eliminating racism
empowering women**

ywca

metropolitan chicago

Moonshot Philanthropy

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Between NASA's Mars landing and privately funded space exploration and tourism ventures, the final frontier has recaptured the public consciousness in recent years. Perhaps inspired by these efforts to keep pushing boundaries, some philanthropists are launching charitable missions that aren't limited by the gravitational pull of preexisting expectations.

Moonshot philanthropy, in which a donor sets an ambitious—some may say, audacious—long-term goal and funds the mission with a commensurately jaw-dropping amount, is gaining increased attention. An example is the [Audacious Project](#). Housed at TED, The Audacious Project is a funding initiative that encourages the world's greatest change makers to dream bigger. Audacious shapes their ideas into viable multi-year plans and launch them to the world alongside visionary philanthropists.

Sometimes these moonshots can be defined by the speed and scale at which a donor makes a pledge. Since MacKenzie Scott pledged to donate the majority of her wealth in 2019, she has given more than \$14 billion in unrestricted funds to 1,600 nonprofit organizations. Scott recently announced a catalytic effort to support small nonprofits through her organization Yield Giving. This next round of grants will make unrestricted \$1 million donations to 250 nonprofits. Increasingly, women are at the forefront of philanthropy including [Women Moving Millions](#) and local women's foundations and boards like the Illinois Holocaust Museum's [Women's Leadership Committee](#).

What This Trend Could Mean for Your Giving:

These trends may encourage you to think more ambitiously about your charitable mission. Rather than focusing on tactical ways to deploy your resources, you may be inspired to revisit—and make a renewed commitment to—the underlying change you are hoping to achieve.

Exploring New Frontiers in the Race to Cure Cancer

Technology entrepreneur Justin Ullman is a champion of exploring new ideas, a passion he embraces to lead his company and his philanthropy. Ullman is a William Blair client and CEO of RhinoDox, a cutting-edge company he founded in 2016 that provides automation and data analytics for commercial construction companies. Around the same time, Ullman got involved with the University of Chicago's cancer research initiatives—first in 2003 as a member of the University of Chicago Cancer Research Foundation associates board and today as president of its board of trustees. The board includes business, civic, and healthcare leaders with a mission to support the cancer research of University of Chicago scientists. "As a technology entrepreneur, I'm especially interested in harnessing the power of data, using artificial intelligence, and bringing great ideas to the market that can help improve lives," Ullman shared.



Advancing Equity: A Proactive Stance

Advancing Equity: A Proactive Stance

The events of recent years have underscored the profound impact of systemic racism and racial inequality, propelling many foundations to actively refocus their efforts toward promoting equity. An overwhelming 90% of foundations surveyed are initiating fresh endeavors to support organizations serving communities hardest hit by the public health and economic fallout of COVID-19—primarily Black, Latino, and lower-income communities.

These foundations are not just increasing their giving, but deliberately directing their support to organizations created and led by individuals from these communities.

Leaders at over 80% of foundations, according to the Center for Effective Philanthropy (CEP)¹, are instigating changes that integrate racial equity into their grantmaking or programmatic strategies. In addition, more than 80% of philanthropic leaders who responded to the CEP's survey believe that philanthropy will play an important role in advancing systemic change and engaging in policy, especially advocacy and organizing.

With unprecedented commitment, Fortune 1000 companies have answered the call for social justice, pledging \$66 billion to racial equity initiatives, as reported by the McKinsey Institute². Companies are not just donating funds but are actively engaging their employees and encouraging them to generate strategic ideas for meaningful and authentic changes to counter systemic racism.

The increasing support for equity initiatives aligns with the ongoing democratization of philanthropy. Examples of this include Fidelity Charitable lowering the barrier for philanthropy by eliminating the minimum amount required to open a donor-advised fund, formerly \$5,000. Foundations are not just supporting, but actively seeking out diverse leaders and recruiting representatives from marginalized communities to bring fresh perspectives to the philanthropic process.

William Blair's Capital Collective shines as a transformative initiative to advance equity and combat systemic clients. This employee-led program directly addresses the racial wealth gap by facilitating access to capital for diverse entrepreneurs, thus challenging systemic economic disparities.

The Capital Collective distinguishes itself by going beyond conventional financial literacy, focusing on practical wealth-building strategies. By tailoring bespoke experiences for community partners, like supporting Black women entrepreneurs via the YWCA's Breedlove program, this initiative is making concrete strides toward economic equity.

As you contemplate your philanthropic mission, consider focusing some of your efforts on causes committed to dismantling systemic racism and addressing economic inequality.

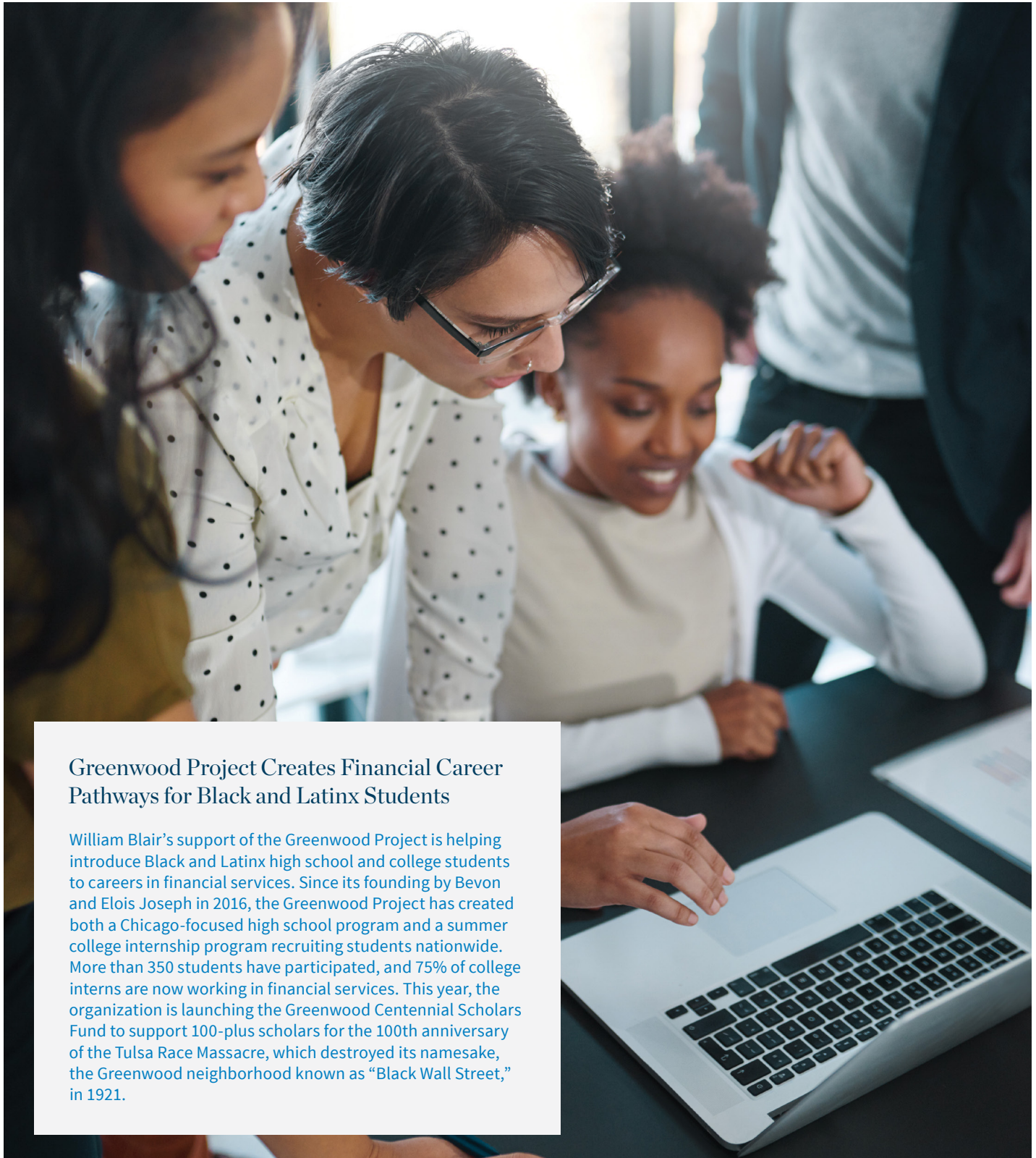
What This Trend Could Mean for Your Giving:

As you think about your philanthropic mission, you may want to consider whether you want to focus any of your efforts on causes related to addressing systematic racism and economic inequality.

“Foundations are supporting diverse leaders and recruiting diverse representatives to join their boards, helping bring new perspectives to the philanthropic process.”

¹ The Center for Effective Philanthropy. “Philanthropy and Racial Equity in 2020: Moving the Needle?” Ellie Buteau. <https://cep.org/philanthropy-and-racial-equity-in-2020-moving-the-needle/>

² McKinsey & Company. “It’s a start: Fortune 1000 companies commit \$66 billion to racial-equity initiatives.” December 2020. <https://www.mckinsey.com/featured-insights/coronavirus-leading-through-the-crisis/charting-the-path-to-the-next-normal/its-a-start-fortune-1000-companies-commit-66-billion-to-racial-equity-initiatives>



Greenwood Project Creates Financial Career Pathways for Black and Latinx Students

William Blair's support of the Greenwood Project is helping introduce Black and Latinx high school and college students to careers in financial services. Since its founding by Bevon and Elois Joseph in 2016, the Greenwood Project has created both a Chicago-focused high school program and a summer college internship program recruiting students nationwide. More than 350 students have participated, and 75% of college interns are now working in financial services. This year, the organization is launching the Greenwood Centennial Scholars Fund to support 100-plus scholars for the 100th anniversary of the Tulsa Race Massacre, which destroyed its namesake, the Greenwood neighborhood known as "Black Wall Street," in 1921.

Collaboration and Partnership

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From the Giving Pledge to local community response funds, collaboration among donors and organizations continues to gain momentum. Collaboration can provide numerous benefits. According to The Bridgespan Group, a global nonprofit that strives to make the world more equitable and just, the benefits of collaboration include “more efficient due diligence on potential grantees; access to networks and specialized skills that an individual donor may not have on staff; and the synergistic force of different sectors—such as philanthropy, nonprofits, government, and business—working together to make true headway on issues like healthcare or education.”³

Professor Laurie Paarlberg of the Indiana University Lilly Family School of Philanthropy recently led a research team that is studying philanthropic collaboration in response to the COVID-19 pandemic. Her team identified, as of June 30, 2020, 244 funds being jointly supported in partnership with at least one other neighboring United Way or community foundation. Her team estimates that as of November 30, 2020, these funds raised more than \$1.1 billion and distributed nearly \$750 million to financially vulnerable individuals and nonprofits contributing to local pandemic response efforts.⁴ Other ways that companies and foundations are collaborating to put philanthropic capital to work strategically and swiftly are projects such as the *COVID Action Collaborative* and America’s Cultural Treasures initiative.

³ The Bridgespan Group. “How Philanthropists Can Collaborate for Better Results.” <https://www.bridgespan.org/insights/library/philanthropy/how-philanthropists-can-collaborate-for-results>

⁴ Indiana University Lilly Family School of Philanthropy. “Response and relief funds by U.S. community foundations and United Ways.” <https://philanthropy.iupui.edu/research/covid/foundations.html>

What This Trend Could Mean for Your Giving:

Collaboration can be an incredibly effective way to amplify your charitable efforts—but it isn’t easy to execute. At William Blair, we are dedicated to fostering collaboration and helping our clients meet like-minded families and organizations who share focus areas and philanthropic priorities. Regardless of how collaboration occurs, one thing is always true—if we want to go far, we have to go together.



Walsh Construction Builds Pre-Apprentice Program

Walsh Construction is one of the nation’s largest construction companies, with more than 20 regional offices in the United States and Canada. The Chicago-based company, which is run by William Blair clients Matthew and Dan Walsh, has completed major healthcare projects across the country, including the recent renovation of the historic Cook County Hospital, which is part of a \$1 billion multiphase redevelopment of the Illinois Medical District. In conjunction with the Cook County Hospital project, Walsh launched a Pre-Apprentice Program, an eight-week exposure program for aspiring trades professionals to gain construction experience by participating at the old Cook County Hospital job site. Pre-Apprentices shadow construction superintendents and participate in industry-based training as part of the program. The Walsh Group is committed to more than building buildings; they are building careers.

Impact Investing: Values-Based Investing

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One of the most important trends in the asset management industry over the past decade has been the rise of impact investing. While impact investing can take many different forms, it is generally defined as investing in companies that are expected to make a positive impact on society or the environment, as well as to generate an attractive financial return for the investor. Impact investing is a subset of the broader category of sustainable, responsible, and impact (SRI) investing. A key element of many SRI programs is incorporating environmental, social, and governance (ESG) factors into investment analysis and portfolio construction. The growing importance of SRI investing is hard to overstate. The Global Impact Investing Network (GIIN) estimates the size of the worldwide impact investing market to be USD 1.164 trillion. “Our new estimate of a global impact investing market larger than one trillion dollars represents a significant psychological milestone for the industry, as it matures and grows in sophistication,” said GIIN CEO Amit Bouri.⁵ This means that investors have more opportunities to put capital to work in professionally managed funds that incorporate ESG factors or ones that also have more targeted goals for driving change. While governance and environmental issues have dominated much of the ESG discussion for years, recent events have prompted many asset managers to pay closer attention to racial inequality, diversity, and other societal factors that could affect a company’s financial performance as well (and the intersection of these issues). Investors have an ever-increasing array of ways to invest in equity, diversity, renewable energy, and other technologies that can effect meaningful change.

⁵ <https://thegiin.org/research/publication/impact-investing-market-size-2022/>

What This Trend Could Mean for Your Giving:

At William Blair, we believe that all capital has impact. Given our open architecture, investing is a customized experience, resulting in portfolios that reflect each client’s values. We also believe that ESG integration is a critical part of fundamental, active investing. We encourage investors to engage in ongoing conversations with their advisors about their values and priorities, not just as they relate to dedicated philanthropic funds, but across their entire portfolio.

Climate Vault Making Net Zero a Reality

Climate Vault is a nonprofit whose mission is to significantly reduce CO₂, one of the leading causes of climate change, while supporting innovation in carbon-removal technologies. Climate Vault works with organizations, individuals, and investors to make net zero carbon emissions a reality. Founded at the University of Chicago, Climate Vault’s approach maintains the university’s long tradition of addressing social problems using market-based solutions. William Blair is proud to support Climate Vault and its mission as we work with it to meaningfully understand and mitigate our own carbon footprint. Climate Vault also offers opportunities for investors to carbon neutralize their portfolios.



Next Generation: Paving the Way

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There are many benefits to engaging younger generations in philanthropy. It can bring a family together and help younger generations gain a fuller understanding of how wealth and investments affect the world around them. Creating this engagement starts with understanding that there are often differences across generations in how they think about philanthropy.

According to Fidelity Charitable, millennials' worldview is distinct from that of baby boomers. "[Millennials] approach philanthropy with a more global, social, and inclusive outlook and express more optimism about philanthropy's ability to impact the issues most important to them," according to Fidelity Charitable. Furthermore, millennials are significantly more likely to incorporate philanthropic trends into how they give.⁶

Traditionally, many individuals and families have taken a very planned and structured approach to philanthropy. In the past, giving decisions were typically made once a year, as evidenced by the surge in year-end giving around the holidays. Younger generations, however, tend to be continually evaluating ways to make an impact, and their giving decisions are driven less by the calendar and more by opportunities that arise.

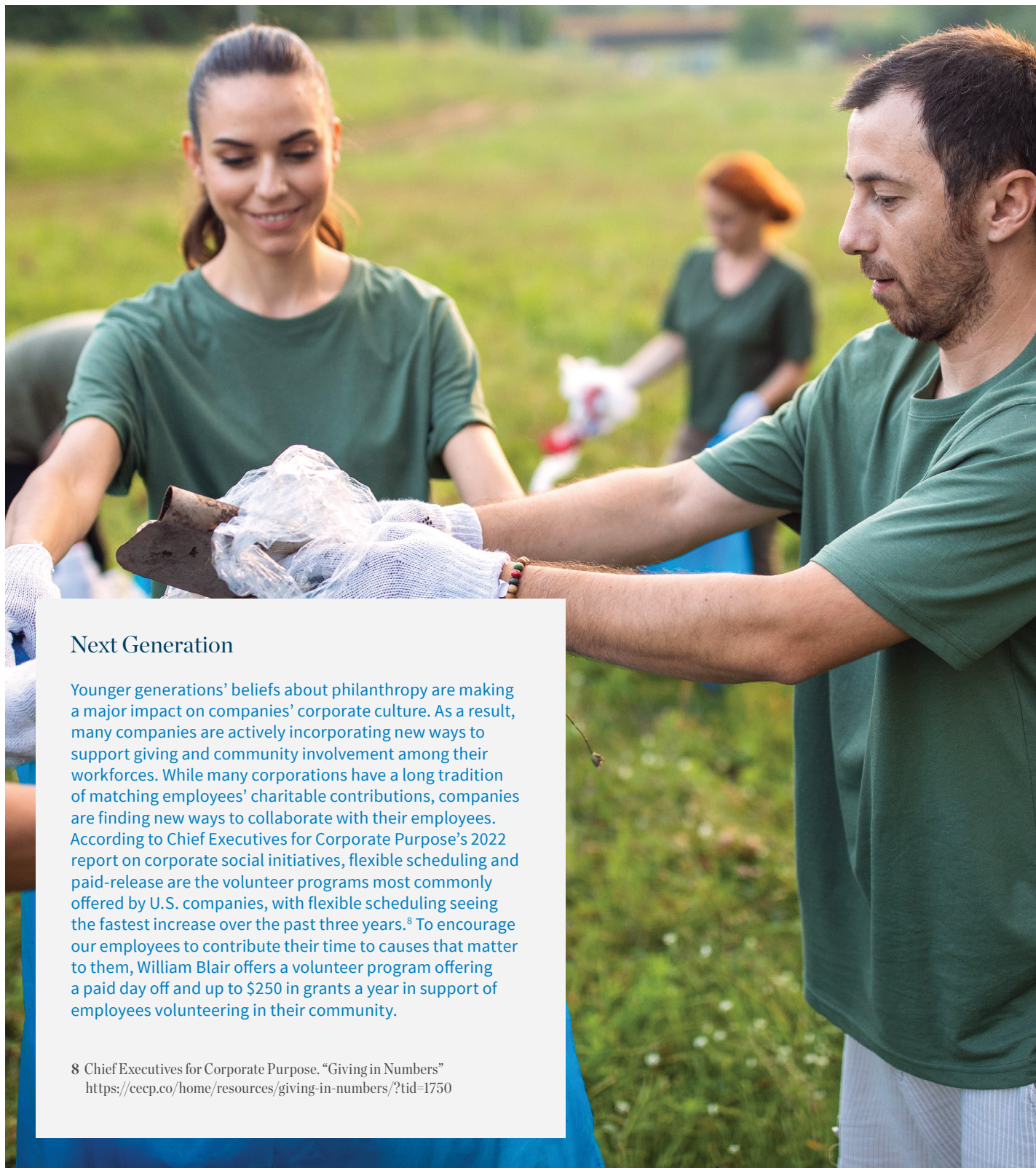
The timing differences among generations don't just manifest within the calendar year. Instead of waiting until they are established financially, members of the millennial generation and gen-z often believe that they can, and should, begin making a difference as soon as they start earning a steady paycheck. Even if the size of their contributions in terms of the dollar amount is relatively small, these young professionals are eager to begin doing their part to improve society.

⁶ Fidelity Charitable. "Key insights into the future of philanthropy." <https://www.fidelitycharitable.org/articles/key-insights-into-the-future-of-philanthropy.html>

What This Trend Could Mean for Your Giving:

Discussions about philanthropy can be a powerful and fun way for parents and grandparents to begin educating younger generations about the family's wealth and values. Having children identify causes and charities that they want to support can help younger generations engage with financial and social causes in a way that is enlightening and empowering. William Blair works with nearly 100 families on their philanthropic journey. We help families develop their strategy and engage their children in defining how they want to use philanthropic capital to make a positive impact in their communities.

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Next Generation

Younger generations' beliefs about philanthropy are making a major impact on companies' corporate culture. As a result, many companies are actively incorporating new ways to support giving and community involvement among their workforces. While many corporations have a long tradition of matching employees' charitable contributions, companies are finding new ways to collaborate with their employees. According to Chief Executives for Corporate Purpose's 2022 report on corporate social initiatives, flexible scheduling and paid-release are the volunteer programs most commonly offered by U.S. companies, with flexible scheduling seeing the fastest increase over the past three years.⁸ To encourage our employees to contribute their time to causes that matter to them, William Blair offers a volunteer program offering a paid day off and up to \$250 in grants a year in support of employees volunteering in their community.

⁸ Chief Executives for Corporate Purpose. "Giving in Numbers"
<https://cecp.co/home/resources/giving-in-numbers/?tid=1750>

The Purpose of Your Capital. Maximizing Your Impact.

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While these trends are gaining momentum across the philanthropic landscape at large, they shouldn't be the driving force in how you choose to make an impact. At William Blair, we believe that your approach to philanthropy is an intensely personal decision; your charitable strategy should be guided by your values, your passion, and your unique financial situation.

We are committed to helping you define the purpose of your capital. We then work with you to develop a philanthropic strategy that maximizes your impact by drawing on new developments in terms of tax planning and giving vehicles. We work with you as trusted partners, every step of the way, to execute that strategy with precision and purpose.

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