

Responsive Philanthropy

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Levi Strauss Foundation launches Pioneers in Justice, a new initiative to shape the next wave of social justice efforts. Photo by Steve Bott.



A User's Guide to NCRP's *Criteria for Philanthropy at Its Best*

Each year, the staff of the Levi Strauss Foundation convenes for one week in its San Francisco headquarters to examine trends in the field of philanthropy, ensure organizational alignment and promote team building. Our June 2009 global staff meeting served as an opportune moment to examine the

National Committee for Responsive Philanthropy's *Criteria for Philanthropy at Its Best: Benchmarks to Assess and Enhance Grantmaker Impact*, parse the issues in the heated public reaction following its publication and explore the relevance of *Criteria* to our institution.

The report proposed 10 benchmarks in four broad categories: values, effectiveness, ethics and commitment. The benchmarks were designed for foundations, in the words of the NCRP, to "maximize their impact and best serve nonprofits, vulnerable communities and the common good." NCRP's report also examines the philanthropic practices of 809 of the largest foundations in

the United States, whose combined three-year grants total almost \$15 billion, in light of these criteria.

No doubt, the maelstrom of controversy greeting the NCRP publication exposed major fault lines in the field. Fresh on the heels of the fears stoked by California Assembly Bill 624 in the preceding year—which called for data collection and public reporting on the diversity of the boards, staff and grantees of the state's largest foundations but did not see passage—critics latched on to (continued on page 12)

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challenging grantmakers
to strengthen communities

Levi Strauss Foundation *(continued from page 1)*

the NCRP criteria as a harbinger for sweeping legislative mandates destined to crimp the self-determination of donors. The Council on Foundations distanced itself from the publication, claiming that it does not endorse “one-size-fits-all” measures. The Philanthropy Roundtable described it as “a serious threat to freedom, and to charitable giving as we know it.” Meanwhile, an editorial in the *Wall Street Journal* lambasted the report, claiming its intent was to “redistribute foundation wealth based on racial quotas” and to “push philanthropic institutions into ignoring donor intent.”

However, many others believed that NCRP’s *Criteria* provoked healthy public debate on the aims and responsibilities of philanthropy, echoing far beyond the traditional contours of the field. Given the considerable subsidy that foundations as tax-exempt organizations receive, proponents believe they carry the responsibility for transparency and service for “the public good.”

NCRP, in response to this criticism, clarified that the report was never designed as a blueprint for legislative mandates, but a tool to inform “meaningful self-regulation for foundations.” Moreover, the organization insisted that it is entirely possible to respect donor intent while striving to practice philanthropy in ways that are consistent with the NCRP’s *Criteria*.

It is in this spirit that the Levi Strauss Foundation encountered *Criteria for Philanthropy at Its Best*. It was neither a casual nor a *pro forma* process. At both the staff and board levels, grappling with the NCRP *Criteria* demanded rigorous (and, we believe, fruitful) reflection on donor intent, what it means to live our values and how we measure up *vis à vis* the broader field.

APPLYING THE NCRP CRITERIA

At the Levi Strauss Foundation, we believe respecting donor intent means bringing to bear the pioneering spirit of

our namesake, as well as the values of the company he created in 1853, to push the frontiers of social change in our communities. Four institutional values—originality, integrity, empathy and courage—drive not only how the company does business but also how the Foundation supports social change in more than 30 countries around the world.

Donor intent is clearly inscribed in our mission: to advance the human rights and well-being of underserved people in places where Levi Strauss & Co. has a business presence by taking courageous risks and investing in innovative community partnerships. Our global grantmaking—annually averaging \$8 million in recent years—focuses on four priority areas, each a reflection of our values:

COURAGE

HIV/AIDS: Fighting the stigma and discrimination associated with the global HIV/AIDS epidemic.

EMPATHY

Worker Rights: Improving the lives of over 300,000 workers in the global apparel industry.

ORIGINALITY

Asset Building: Working to end poverty through an innovative approach: helping low-income people save.

INTEGRITY

Social Justice & Human Rights: Taking on the energy and events of our day and fostering access to justice.

In our 2009 global staff meeting, a full session was devoted to evaluate the Foundation’s FY2008 grant portfolio against four of the most relevant benchmarks of the NCRP’s criteria in the categories of values and effectiveness. These benchmarks are as follows:

- Provide at least 50 percent of its grant dollars to benefit lower-income communities, communities

of color and other marginalized groups, broadly defined;

- Provide at least 25 percent of grant dollars for advocacy, organizing and civic engagement to promote equity, justice and opportunity;
- Provide at least 50 percent of its grant dollars for general operating support; and
- Provide at least 50 percent of grants as multi-year grants.

Our Foundation has a tradition of applying what is affectionately termed the “So what?” test. Asking this question invites both the leader and group to probe to a deeper, more substantive layer of meaning. In many cases, it serves to keep in check a growing tendency in philanthropy (one that is perhaps even more pronounced in the field of corporate social responsibility) to value *innovation* of programmatic approaches over *impact* on individual lives and communities.

In discussion of the first criterion above, one staff member intervened with the “So what?” invocation. Since all of the beneficiaries in his grant portfolio—people living with and vulnerable to HIV/AIDS, low-income people and apparel workers in key sourcing countries of the company—fall within the NCRP’s broad conception of underserved groups, what was the purpose of this exercise? Moreover, what was the significance of giving, say, 25 percent versus 60 percent?

The importance resided in the broader context of the rest of the field; as the NCRP pointed out, only 13 percent of surveyed foundations met its suggested guideline of designating more than half of grant dollars for the widest umbrella of marginalized communities (including economically disadvantaged people, racial or ethnic minorities, women and girls, people living with HIV/AIDS, people with disabilities, elderly persons, immigrants and refugees, offend-

ers and ex-offenders, single parents and LGBTQ citizens). Through the “plumb line” of this particular criterion, we gained clarity about our foundation’s differentiation within the philanthropic field; that which is enshrined in our mission and instinctive in our grant-making practices is hardly *de rigueur* among other institutions.

Robert D. Haas, Levi Strauss Foundation president and CEO and chairman emeritus of Levi Strauss & Co., joined this session. Struck by the lively discussion, he suggested sharing the NCRP *Criteria* at the next board meeting. He cited the following rationale:

- NCRP, as an independent observer of philanthropy that seeks to bring the voices of nonprofits and marginalized communities into deliberations about foundation practices, provides an invaluable “outside-in perspective” to promote accountability;
- The benchmarks serve as a touchstone to compare where the Foundation sits relative to other U.S. foundations and reflect on the broader goals of philanthropy itself;
- *Criteria* serve as a prism to illuminate how the foundation is living up to its own aspirations and values.

We facilitated a discussion about the NCRP report, its repercussions in the field of philanthropy and its implications for the Levi Strauss Foundation at our

November 2009 board meeting. Widespread agreement emerged among the 11-member board, comprising shareholders of the company who are themselves descendents of Levi Strauss as well as business leaders representing each of our global regions, all expressing that the guidelines make sense for the foundation because they resonate closely with our vision and values.

Since then, staff has presented to the board the Foundation’s FY2009 and FY2010 grant portfolios specifically through the lens of these guidelines, institutionalizing this as an important annual practice.

CRITERIA FOR PHILANTHROPY AT ITS BEST IN ACTION

Analysis of the recent performance of the Levi Strauss Foundation against selected benchmarks from *Criteria* is provided below, along with “liner notes” offering insights from internal dialogues among the board and staff.

Provides at least 50 percent of its grant dollars to benefit lower-income communities, communities of color and other marginalized groups, broadly defined (see figure 1).

Given that empathy is one of its enshrined institutional values, the Levi Strauss Foundation focuses its investments on the following underserved target groups:

- Individuals and communities bearing the brunt of the stigma surrounding HIV/AIDS;
- Apparel workers, mostly young women entering the work force for the first time, in key sourcing countries like Bangladesh, Lesotho and China; and
- Low-income workers seeking opportunities to save and invest in long-term productive assets.

Provides at least 25 percent of grant dollars for advocacy, organizing and civic engagement to promote equity, justice and opportunity (see figure 2).

The foundation embraces three “levers” to advance pioneering social change: changing laws and policies, bringing innovative program models to scale and sustainability, and building a moral and political consensus for a change agenda. Advocacy, organizing and civic engagement are the handmaidens of these approaches. LSF supports the NCRP’s view that these strategies—which require courage, tenacity and persistence among grantee partners—are proven lynchpins to securing human rights and social justice.

Provides at least 50 percent of its grant dollars for general operating support (See figure 3).

It is relevant to point out that some of the concepts LSF supports—including matched-saving programs for low-

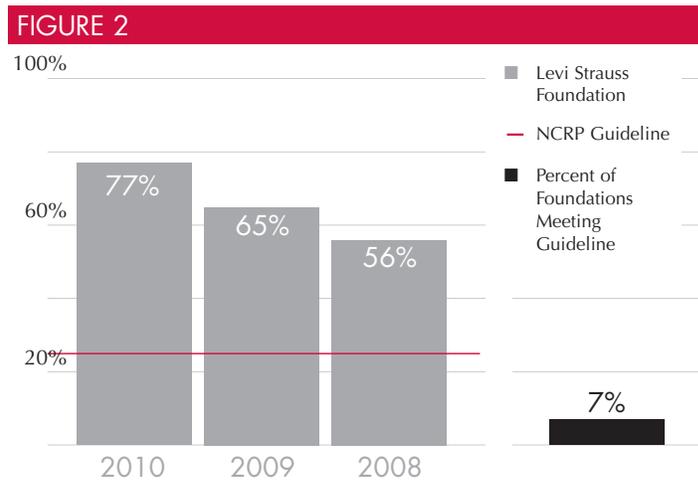
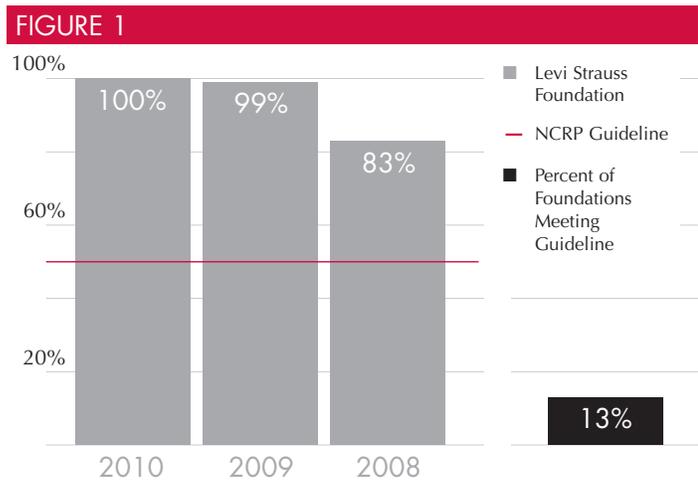


FIGURE 3

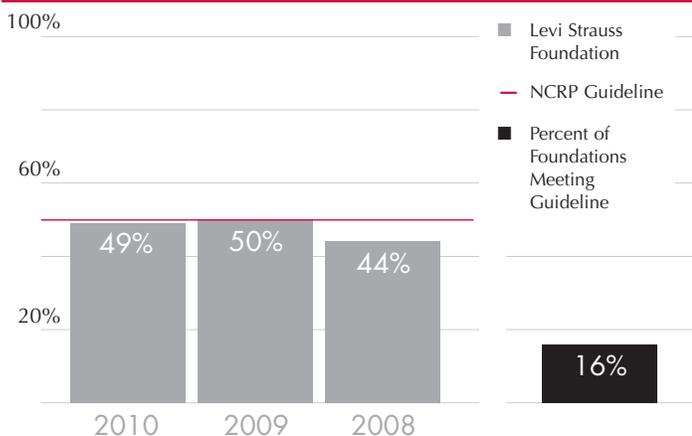
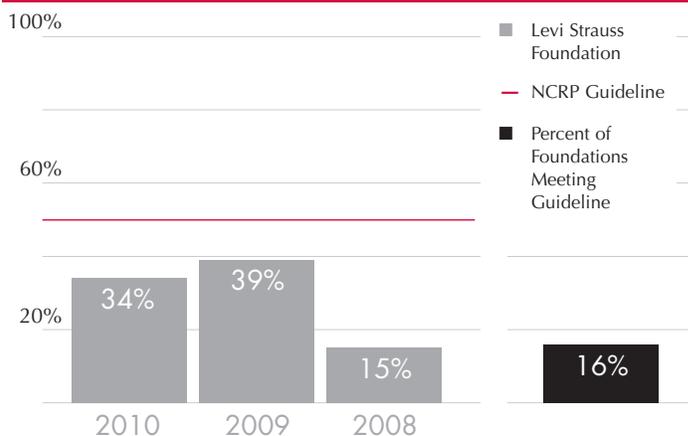


FIGURE 4



income people and legal aid promoting redress for labor rights violations in the apparel sector—remain quite new in some parts of the globe. It often is necessary to seed these approaches through grants to larger organizations with broad mandates, necessitating project-specific support (including line items for capacity building) at the outset.

Provides at least 50 percent of grants as multi-year grants (See figure 4).

In 2008, our proportion of multi-year grants was unusually low. At that time, the foundation had recently completed a periodic strategic review of its grantmaking programs. With this came a preponderance of “tie-off” grants as well as new partnerships with initial one-year terms. Based on the understanding that continuity will best serve the foundation, the subsequent years will provide a valuable opportunity to “stay the course” and witness the impact of these strategies. We believe an increased proportion of multi-year grants will serve this end and also provide meaningful stability and capacity to grantee partners.

Pays out at least 6 percent of its assets annually in grants.

Unlike some corporate foundations, the Levi Strauss Foundation maintains a corpus, bolstering its ability to sustain

investments through the peaks and valleys of company performance—and, when possible, increase giving during hard times. In 2010, year-on-year grantmaking increased by 7 percent, while approximately 12 percent of the Foundation’s assets were disbursed.

CONCLUSION

Philanthropy should be not just a transactional exercise of giving away money, but a disciplined craft of investment in opportunity and change. Foundation leaders are charged with bringing the most cogent understanding of the external environment to bear in the shaping, execution and evaluation of grantmaking strategies. However, sifting through this body of work we call “foundation effectiveness”—with its parlance of performance metrics, outputs, outcomes, impact and so on—can prove dizzying, invigorating or downright somniferous.

Drawing from the insights of respected leaders from nonprofit institutions and marginalized communities, NCRP has developed a highly accessible, voluntary “plumb line” for funders seeking to challenge themselves to achieve the greatest impact in strengthening communities. In developing the *Criteria*, NCRP has made a tremendous contribution to the philanthropic sector and the field of foundation effectiveness, warranting

spirited dialogue and deep introspection rather than knee-jerk condemnation.

The board and staff of the Levi Strauss Foundation found significant value in engaging with the *Guidelines for Philanthropy at Its Best*. By applying NCRP’s “outside-in” perspective to our grantmaking, we have been able to validate and hone our approach toward increasing our community impact. This exercise forced us to look carefully at our values, legacy and guiding principles—a process that we like to call “owning our genes.” Whether or not a foundation’s objectives resonate with the NCRP’s *Criteria*, we believe that the rewards of periodically probing donor intent are considerable.

Bringing trustees and donors in conversation with external conceptions of serving the “common good” hardly constitutes a threat to charitable giving, but can only serve to strengthen our craft. Thankfully, the hoopla over the NCRP publication has died down. Fears that the criteria would serve crudely as a blueprint for legislative mandates have not come to fruition. Now, let’s get down to the real work of using them in our institutions and bring them into meaningful, inspired deliberations in our field. ■

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