

How Family Foundations Can Practice High-Impact Philanthropy

BY KANDICE K. BRIDGES

In only eight years, the Center for High Impact Philanthropy at the University of Pennsylvania has become a leading resource for family foundations. The Center works with donors and advisors and educates students to help them develop a strategy to maximize their impact on their chosen philanthropic cause. Katherina Rosqueta, founding executive director of the Center and adjunct faculty, observes, “Our alumni are emerging leaders in high-impact family philanthropy.”

Refining Your Giving Strategy for Maximum Impact

High-impact philanthropy is the process by which philanthropists make the biggest possible difference in a community or in the lives of targeted individuals. It consists of four key elements:

- **A focus on social impact:** High-impact philanthropy emphasizes creating a measurable, social good. It requires improving another person’s life in social impact areas such as reducing poverty.

IMPACT INVESTING

Impact investing occurs when a foundation invests financial resources, expecting a return that is both financial and social. For example, a foundation extends a loan to an African entrepreneur who manufactures malaria nets. If the effort is successful, it will result in the distribution of bed nets, and fewer people will die from malaria. The foundation enjoys a positive financial return on its invested capital, which it can use to generate more social impact, and lives are saved. “Impact investing is a way to use your money to support efforts, including commercial efforts, that line up with your philanthropic interest,” says Rosqueta.



- **Decision making informed by the best available information:** It is critical to identify what has worked historically and what hasn’t, and to use that information to make smarter decisions. Many issues remain unsolved despite enormous effort. “You don’t want to spend your money inadvertently reinventing the wheel or, worse, learning the same lessons others have learned before,” explains Rosqueta. The Center helps donors identify and harness the power of existing knowledge.

- **Linking cost and impact:** “High-impact donors think bang for buck,” says Rosqueta. The bang is the social impact and the buck is what it takes to achieve it. An appropriate cost-per-impact analysis reveals information and specifics. For example, in its year-end giving guide, the Center analyzes an opportunity where \$200 can save a child’s life in the developing world from preventable disease. “Linking cost and impact goes beyond asking, how much is spent on overhead. It asks the more important question, what does success cost?” she says.

- **Continuous learning:** “High-impact philanthropists are ambitious and recognize that they are working on tough issues.

There’s an attitude of continuously learning, refining and getting better and better answers,” says Rosqueta.

The Center’s Role

The Center provides free, topical guidance about various social impact issues, and it also helps solve challenges all family foundations face, regardless of their mission. “We guide foundations in how to define social impact, deploy human resources to find smart answers, focus a vision and measure its impact,” Rosqueta notes. Sometimes support is more direct. “Our team facilitates the process of identifying answers when foundation members across generations ask, ‘What if we were more coordinated and more strategic? Could we make a bigger difference?’ We do the legwork, allowing foundations to get to impact faster,” says Rosqueta.

High-impact philanthropy allows foundations to make a bigger difference. And they do. ■

For more information about the Center for High Impact Philanthropy at the University of Pennsylvania, visit: www.impact.upenn.edu