The Power of Philanthropy

On behalf of Morgan Stanley, I am pleased to announce the inaugural issue of Perspectives in Philanthropy. As Theodore Roosevelt once said, “Do what you can, with what you have, where you are.” We believe this message has special resonance in today’s environment.

We realize that our clients have been deeply affected by the economic downturn. We know that the current environment is having a significant impact on their communities and on the causes and philanthropic organizations they hold dear.

Perspectives in Philanthropy offers fresh ideas on reinventing and reinvigorating charitable giving during these challenging times. This publication is unique in that it not only features articles from recognized authorities, but also includes pieces authored by clients and employees testifying to the pivotal and rewarding role that philanthropy is playing in their lives and well-being.

Perspectives in Philanthropy aims to break down preconceived notions of philanthropy. While the term “philanthropy” typically conjures up visions of a wealthy alumnus writing large checks to his alma mater, it also applies equally well to a family that donates its country home to a camp for children with serious illnesses or a granddaughter who gifts her grandfather’s rare book collection to the library in the town where he was born. We believe that “leading a generous life” is a compelling and inspiring message during these difficult times.

We hope you enjoy this journal and welcome your thoughts.

Best regards,
Charlie Johnston
President, Morgan Stanley Wealth Management
Letter From the Editors

We are delighted to share with you our first issue of Perspectives in Philanthropy, a quarterly journal highlighting real stories of our clients’ generosity, as well as a spectrum of opinions and observations from recognized professionals in the philanthropic field.

Our inaugural issue focuses on philanthropy in difficult economic times. The Council on Foundations, a national nonprofit association dedicated to increasing the effectiveness of the nonprofit sector, estimates that foundation endowment assets fell by about 28% in 2008, resulting in a decline in value of approximately $200 billion.¹ This decline translates to the unfortunate fact that fewer charitable dollars will now be available to nonprofits.

Yet, despite these challenges, evidence shows that the level of individual giving will not decline as much as some might have predicted. According to the 2009 Giving USA study, giving in 2008 declined 2%—much less than the doomsday scenarios. In fact, one in three foundations surveyed by the Council on Foundations reported they would maintain or increase the value of their grant making in 2009, with more than half of corporate grant makers and 41% of family foundations maintaining or increasing the value of their grant making. Additionally, the Women’s Funding Network recently announced that its campaign, Women Moving Millions, has reached the $174 million mark, with more than 93 women (and a few men) having made individual contributions of a million dollars or more in less than three years. Also, in the face of the worsening economy, according to the Foundation Center, the nation’s 717 community foundations raised their giving by an estimated 6.7% in 2008 to a record of $4.6 billion.

In this issue you will read many stories about how donors and nonprofit organizations are coping during this time of economic uncertainty. For example:

• **Joe Weinstein** of Arabella Philanthropic Investment Advisors, discusses how important it is for donors to focus on strategic ways to leverage their resources for greatest impact.

• **Brian Mullaney**, founder of The Smile Train, explains how his philosophy has always been to run his organization more like a business than a typical charity.

• **Daniel Brodhead** of Grameen America writes that amidst the current economic crisis, microfinance has emerged as an innovative and promising approach to fighting poverty right here in America.

• **In Spotlight: Making Philanthropy Real**, Tracy Seckler, mother and strategic philanthropist, and Jeffrey Wigbels, Financial Advisor and cancer survivor, share their personal stories and convictions about finding cures for two life-threatening illnesses, while raising funds in a difficult fundraising environment.

We hope you will enjoy reading Perspectives in Philanthropy as much as we enjoy helping Morgan Stanley clients implement strategies that maximize their ability to lead generous lives. Please join us in ushering in a new stage of philanthropy—one that will continue to hold a valuable place in our society, regardless of economic or financial challenges.


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Philanthropy and the Recession: Opportunities to Leverage Charitable Investments

By Joe Weinstein

At a rally in Colorado during the presidential campaign, Barack Obama made a striking commitment: “[Service] will be a central cause of my presidency. We will ask Americans to serve. We will create new opportunities for Americans to serve. And we will direct that service to our most pressing national challenges.” And the challenges are pressing. The recession has caused a dramatic increase in demand for social services, but, at the same time, decreased the resources and volunteers for nonprofit work.

This is where strategic philanthropic investing comes in. The president and Congress passed new national service legislation and now donors can play a tremendous role by leveraging their charitable dollars in support of nonprofit service. Opportunities abound in areas like health, environment, finance, homelessness, literacy, youth and seniors. Beyond choosing an area to support, donors need to think about how to be strategic and leverage their resources. Here are three ideas:

1. Invest in innovation: Business entrepreneurs are always looking for the great new ideas — the ones that just need a small investment to take off. Investing in nonprofit ideas is the same, and philanthropists can leverage their charitable dollars by fostering new approaches to social problems. Maybe there’s a local organization with a unique and successful approach to teaching kids how to read, or a regional organization with a bold new plan to increase volunteers in national parks on the west coast. Supporting new approaches is a part of Obama’s plans as well — he’s calling for a “social innovation fund,” to support new ideas and attract private and philanthropic dollars. The philanthropic dollars will play a key role, since many times, philanthropy can take those big risks that government and business, answerable to the public and shareholders, cannot take. For more information about the innovation fund, good sources include Congressional staff for the main players in national service: Senators Kennedy (D-MA) and Hatch (R-UT) and Representatives Miller (D-CA) and McCarthy (D-NY).

2. Create service opportunities through business. A second way donors can create leverage is by working with business, perhaps even their own. Companies can support the nonprofit sector through “skilled volunteering,” in which people give their time while applying their professional abilities. One example is lawyers doing pro bono legal work. Another is Target. As part of the project “Target Volunteers”, employees support local schools by donating books and volunteering to help with school library makeovers, using their design and construction expertise. According to the company, more than 500 Target stores participated in 2008, and every Target store in 49 states will participate in 2009 (www.target.com). For more information on skilled volunteering, check out the Taproot Foundation, a nonprofit consulting firm that connects service organizations with businesses looking for skilled volunteer opportunities (www.taprootfoundation.org). Another key player is the Corporation for National and Community Service’s “A Billion + Change Campaign,” which is aimed at working with the private sector to increase skilled volunteering. Participating companies include GE, McKinsey and Intel. More information can be found at www.abillionandchange.org.

3. Support direct service and advocacy. Giving resources to organizations that provide direct services is a key part of fighting the effects of the recession. To go a step further, many philanthropists are looking to advocacy, in order to increase public funding for important social services. Advocacy is one of the best ways to leverage philanthropic dollars, but let’s be honest: it makes people nervous. They worry about mixing their charitable activities with the political world. To ease their minds, they should look at the Bill & Melinda Gates Foundation. Advocacy is a major component of Gates’ work, for the simple reason that even with all his money, he realizes that the truly massive resources of government will be needed for real change (www.gatesfoundation.org). To get more information, a great place to start is the Center for Lobbying in the Public Interest (www.clpi.org), which offers comprehensive information on nonprofit advocacy. To get a sense of many advocacy groups in the US, a good place for information is Google Directory’s advocacy organization page (http://directory.google.com/Top/Society/Organizations/Advocacy/).

With his commitment to service, President Obama follows a rich history of past presidents: Franklin Roosevelt’s Civilian Conservation Corps, John Kennedy’s Peace Corps and most recently George W. Bush’s call to service after 9/11, when the country experienced a tremendous surge in volunteering. Indeed, data from before the recession shows the high level of service in the post-9/11 years. The latest report from the Corporation for National and Community Service estimates that in 2007, 60.8 million Americans, or 26 percent of the adult population, gave 8.1 billion hours of volunteer service. But while Obama’s...
commitment comes at a time of great interest in service, the recession is a major countervailing force, draining resources and volunteers from important nonprofit activities.

So far, the president has kept the promise he made in Colorado. He promoted the National Day of Service, and tens of thousands of people participated in projects like rebuilding a high school garden in Oakland and packing food boxes for needy families in Phoenix. He used his speech to Congress to highlight the importance of service, and his budget calls for spending increases for national service programs. The president is keeping his word, but the severity of the economic downturn demands equal responses from other sectors.

Philanthropy’s role is clear. For donors interested in playing a strategic role and leveraging their charitable investments, now is the time to get involved.

Joe Weinstein is an Associate Director with Arabella Philanthropic Investment Advisors, a philanthropic services firm supporting the efforts of individual, family, institutional and corporate philanthropists around the world.

An Interview With Brian Mullaney, The Smile Train

1) You must be thrilled with the success of Smile Pinki and the exposure it has given to the terrific work that The Smile Train accomplishes. How did this film come about?

We are very excited about the way that the film has allowed us to tell our story in a new and compelling way—just in time for our 10-year anniversary. We conceived of this film to show the world what goes on in just one Smile Train partner hospital and how just one Smile Train patient’s life is changed forever; and when you realize that this is what is happening every day of the year it is really overwhelming.

2) When did you found The Smile Train? How did the charity originate? What is its mission, and has it changed over the years?

I founded the Smile Train 10 years ago, in 1999. The charity originated when I began volunteering with a mission-focused charity and I realized that there was a much more efficient way of approaching the problem of cleft lip and cleft palate. It was truly heartbreaking to watch as the doctors on the mission packed up their surgical equipment and left, and in turn were forced to leave children behind who had been waiting and ultimately didn’t get the surgery they so desperately needed. Our mission has stayed the same over the past ten years: to empower local doctors to help the more than 4.6 million children in developing countries who are suffering with unrepaired clefts. For as little as $250 and in as little as 45 minutes, we can provide cleft surgery that gives a child not just a new smile, but a new life.

3) How is Pinki emblematic of the children that The Smile Train touches every day?

When Pinki came for her surgery, she was so poor that she didn’t even own a pair of shoes. She was shunned and called “Torn Lip” and didn’t attend school. She represents what so many of the children who turn up at our partner hospitals experience in their lives. Now, she is a popular, beautiful little girl with hope for the future.

4) What are your organization’s primary programs and its immediate and long-range goals?

We focus solely on cleft lip and palate, and I always like to say that our long-range goal is to work ourselves out of a job. Our goal is to ensure that every child born with a cleft lip or cleft palate can get the corrective surgery they so desperately need.
5) How do you measure success? What is The Smile Train's greatest accomplishment?

We look closely at numbers at all times, and we measure success by our efficiency and the number of free surgeries that we are able to provide every year. Every number translates to a life changed, so we take this very seriously. Our greatest accomplishment is that we will reach our 500,000th surgery this calendar year, our tenth year. That is more than all other cleft organizations combined.

6) What is the most exciting thing that The Smile Train is doing now?

Right now, we are working on making sure that everyone around the world is able to watch Smile Pinki—even in a theater near their home, on television or on DVD. The fact that this Academy Award coincides with our ten-year anniversary is a fantastic way to get the word out and potentially raise more money for the millions of “Pinky’s” everywhere who desperately need the surgery that we provide and have nowhere else to turn.

7) In keeping with the theme of this quarter’s journal, how is The Smile Train coping with the current economy?

It hasn’t been easy; our donations are down 22%, and the number of children coming to us for help is up 50%. We are continuing to work smart—our philosophy has always been to run our organization like a business, not like a typical charity. In the current economic downturn, it is more important now than ever to continue to stay efficient and lean.

8) How can people interested in your mission get involved?

The best way that people can get involved is to donate to our organization by going to www.smiletrain.org, or to hold a special fundraiser in their workplace or community. Another good way is to spread the word about the work that we are doing.

Brian Mullaney is Founder of The Smile Train, an organization helping millions of very poor children in developing countries suffering from un repaired clefts and palate.

Microfinance in America: a Primer for Philanthropists

By Daniel Brodhead

Recently, a survey conducted by the Wharton School of Business at the University of Pennsylvania ranked the “top 30 innovations of the last 30 years.” This ranking was featured on the Emmy Award-winning PBS program Nightly Business Report. It may have surprised some viewers to learn that microfinance ranked at #17. To provide some perspective to this short list of world-changing concepts, the internet ranked #1, email placed #4 and the ATM came in at #27.

Though more distant from many Americans’ daily lives than these innovative technologies, microfinance has undeniably emerged as one of the transformative ideas of our time. While microfinance was once viewed only as a tool to battle endemic poverty in the developing world, it is now gaining traction in the United States as well.

For decades, government officials, nongovernmental organizations (NGOs) and philanthropists have searched for effective policy options to help poor people access basic financial resources and increase their incomes. More and more, so-called “social businesses”—organizations that have social objectives but harness the power of the free-market—are rising to meet this challenge.

In fact, amidst an economic crisis unparalleled in recent US history, microfinance has emerged as an innovative and promising approach to poverty alleviation right here in America. In a dark time, it is one of the few bright spots of hope. The successful first year of the New York-based Grameen America, an offshoot of Muhammad Yunus’s Grameen Bank of Bangladesh, is a case in point.

The simple insight behind microfinance has been around for some time. Put simply, microfinance provides low-cost loans and related financial services to low-income or impoverished people, particularly the self-employed. In recent years, it has gained serious momentum as a global phenomenon.

Perhaps the biggest milestone of recognition was the awarding of the 2006 Nobel Peace Prize to Muhammad Yunus and the Grameen Bank for their pioneering work in Bangladesh. But Grameen is not alone; there are thousands of successful microfinance organizations lending hundreds of millions of dollars each year worldwide. During confirmation hearings for her nomination as US Secretary of State, then-Senator Hillary Rodham Clinton highlighted the virtues of microfinance during her opening remarks. Clinton praised the work of Ann Dunham, Barack Obama’s late mother, as a pioneer of microfinance in Indonesia, saying: “In my own work on microfinance around the world, from Bangladesh to Chile to Vietnam to South Africa and...
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many other countries. I’ve seen first-hand how small loans given to poor women to start small businesses can raise standards of living and transform local economies.”

Though Grameen America’s first year coincided with the dramatic downturn in the US economy, it has encountered increased demand for microfinance services. “Grameen America’s success in 2008 comes as many people wonder what went wrong and how to improve financial performance,” said Professor Yunus in a recent interview. “Only 30 minutes from the headquarters of many of the world’s largest and most sophisticated financial institutions, this simple Grameen lending operation is thriving and growing small businesses through average loans of just $2,200.”

According to Yunus, this is just the beginning. “Grameen will continue to invest in real income-producing activities of our poor but trustworthy borrowers, while also building sustainable healthcare and education programs to support them.”

Grameen America CEO Stephen Vogel, who took the helm of the organization after a successful business and investing career, had this to say: “Grameen America borrowers in Queens have shown their willingness and ability to take control of their lives and futures. Together, they are creating a culture of trust, savings and hard work and building a better world for themselves and their children. The performance of these first loans reflects the fundamental, nonnegotiable Grameen belief that every person, without exception, has the skill, motivation and ability to care for herself and her family. We simply provide access to small, low-interest loans to start or expand small business activities. The borrowers do all the work.”

What does microfinance mean for philanthropists in the US? While many Americans may associate the success of microfinance with its international contributions, philanthropy is incredibly effective on a local scale. People’s ties to their own communities are strong, and there are plenty of opportunities to get involved here at home. So how can philanthropically minded Americans contribute to the microfinance cause? MFIs such as Grameen America give individual and foundation donors the ability to efficiently and directly put dollars to work in their own communities. Such involvement constitutes more than traditional charity; Grameen America’s “hand up” not “hand out” approach is directed at helping hard working small-scale entrepreneurs help themselves.

Borrowers use their Grameen loans to invest in their own businesses, and are required to make weekly repayments as well as savings account deposits. The structure creates a community that fosters individual responsibility and the results speak for themselves. In just over a year, approximately 530 Grameen America borrowers have saved more than $90,000, and the loan repayment rate is a remarkable 99%. But statistics and dollars do not tell the whole story. Borrowers have gained financial self-sufficiency and directly improved their families’ lives. Grameen America’s focus on continuous education and training means that borrowers learn the basics of financial literacy and money management, allowing them to take control of their financial situation.

Flexible options for donors and investors As an innovative financial hybrid that is part 501(c)(3) and part LLC, Grameen America can structure donor investments as long-term loans, tax-deductible charitable contributions, outright grants, project-related investments and other options. Grameen America gives donors an unprecedented array of options to invest locally in hard-working entrepreneurs who are living at or below the poverty line. These small loans directly improve lives. In addition, donor contributions or investments are high-powered dollars; as borrowers repay their loans, donor funds are distributed to more needy borrowers, thus multiplying the impact of the initial investment.

Grameen America supporter and noted producer Francine LeFrak, who recently hosted a breakfast to introduce Muhammad Yunus to interested New Yorkers, chose to adopt a borrower group (a group of five borrowers who function as each others’ support group). Her gift will directly fund loans to a group of five self-employed female

“In my own work on microfinance around the world, from Bangladesh to Chile to Vietnam to South Africa and many other countries, I’ve seen first-hand how small loans given to poor women to start small businesses can raise standards of living and transform local economies.”

- Hillary Rodham Clinton
US Secretary of State

Mariana used her Grameen America loan to invest in her food-cart business.

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entrepreneurs in Jackson Heights, Queens. As these women pay their loans back over time, LeFrak’s charitable contribution will be redeployed to other low-income entrepreneurs. Gifts of all sizes can make a difference to the borrowers, from online donations given by young supporters at Grameen America’s Facebook Cause, to the major gift level. A commitment of $2 million from a supporter or group of supporters enables Grameen America to launch a branch in a new community.

The ongoing economic crisis has shown the perils of doing “business as usual.” Grameen America’s timely entrance into the US market represents a new way of looking at economic solutions to human problems. It is simply a new way of doing business. As Muhammad Yunus said in his Nobel Peace Prize acceptance speech, “The challenge is to innovate business models and apply them to produce desired social results cost effectively and efficiently. Health care for the poor, financial services for the poor, information technology for the poor, renewable energy — these are all exciting areas for social business.” Microfinance as a social business is a new idea in the United States, but the early success of Grameen America and the growing demand for microfinance loans and services suggests that this new “social business” model will be here to stay.

Daniel Brodhead is the Director of Strategy and Development of Grameen America, a nonprofit microfinance organization with operations in Queens, New York, whose mission is to help entrepreneurs, especially women, build credit and defeat poverty.

Online Marketplaces: Remaking Philanthropy

By Joan Ochi

While it can always seem a little daunting to think about the problems we’re facing at home and around the world — whether it’s hunger and poverty or education and the environment — it’s important to keep in mind that there are things we can do to help. In fact, in this time of extraordinary economic uncertainty, it is even more important to ensure that those suffering from hardship do not fall through the cracks.

Evidence suggests that if donors know how their money is being used and are kept informed over time of its impact, they will be more willing to continue giving in spite of economic uncertainty.

In general, online giving marketplaces embrace a grassroots, bottom-up approach to philanthropy and development, remaking the philanthropic paradigm. This democratization of philanthropy, combined with a renewed emphasis on transparency and the ease of online giving, allows anyone to make a real difference in the world without breaking the bank. Not only can individuals,
foundations and corporations leverage online marketplaces to identify creative ideas for addressing social change, these marketplaces can also connect them to these causes and provide the transparency and openness that are absolutely necessary to support the relationships between causes and donors. They can put projects in Mali at the fingertips of a young mother at her desktop in Kansas and support institutional partners as well — helping businesses achieve their corporate social responsibility goals and, especially in times when staff and resources may be constrained, help foundations extend their reach in sourcing, vetting and identifying innovative, creative solutions to challenging social issues.

Finally, online giving marketplaces are providing many grassroots causes, social entrepreneurs and organizations with new sources of funding to which they would not otherwise have access. In doing so, locally run projects with creative ideas that would never be funded through traditional funding structures can have an opportunity to thrive. By bridging distance and making information easily accessible, the internet makes this grassroots strategy possible and sustainable over the long term.

In summary, accountability, openness and transparency are absolutely necessary to the relationship between donors and causes. People have a tremendous capacity to help if they feel connected to a cause, and online giving marketplaces are facilitating a way for the philanthropic process to “open up” on both ends, with the result being a more informed, democratic way of giving.

Joan Ochi is the Marketing Director for GlobalGiving.org, an online marketplace connecting causes and countries.

Spotlight: Making Philanthropy Real

“I’m the Luckiest Guy in the World”

By Jeffrey L. Wigbels

I, Jeffrey L. Wigbels, have Stage IV lung cancer. At 59, I’m Senior Vice President of wealth management at Morgan Stanley in Atlanta. And I’m the luckiest guy in the world.

I credit two things for keeping my cancer at bay. First, I commend my doctor, Roy S. Herbst, who is a professor in the Department of Thoracic/Head and Neck Medical Oncology at M.D. Anderson Cancer Center. Second, I extol an innovative set of clinical trials called BATTLE (Biomarker-based Approaches of Targeted Therapy for Lung Cancer Elimination).

In the summer of 2006, I was feeling far from lucky. On the day before the birth of my second child, I received the devastating diagnosis of adenocarcinoma non-small cell lung cancer, with metastasis to the abdomen and chest wall. Anticipation and joy turned into shock as I sensed my world suddenly falling apart.

“This can’t be happening to me,” I said, as a nonsmoker and long-distance endurance athlete who was otherwise in top condition and had no family history of cancer. A complete physical in 2002 had produced a “glowing” report.

As reality sank in, I broke the news to my wife, Tiffany, the next day. We and two-year-old daughter Ava had hours before welcomed newborn Jack into the world.

The following week was a whirlwind of medical appointments, including a biopsy and countless tests. I wrestled, mentally and physically, with all that it means to have cancer. When an oncologist suggested a regimen of “heavy” radiation immediately followed by chemotherapy, I dared to question the standard of care being offered. At a friend’s suggestion, I sought a second opinion — and a more individualized approach — at M.D. Anderson.

In Houston, I met with Herbst and James D. Cox, M.D., head of the Division of Radiation Oncology. I carried along a photograph of our two babies as if to justify my reason for seeking the best care available.

Both doctors spent hours with me, analyzing the details of my tumor’s molecular and genetic makeup and assessing my overall health. Their goal was to determine a treatment strategy that would elicit the best response for this particular cancer. Herbst, BATTLE coinvestigator, identified me as a candidate for the Tarceva arm of the clinical trials, which are trials designed to improve the choice of therapy — i.e., increase efficacy and lessen the side effects — for each patient by matching drugs to the molecular aspects of his or her tumor.

Part of the overall effort of M.D. Anderson investigators is to personalize lung cancer care by analyzing tumor biomarkers to determine what makes one person’s tumor different from another’s and, in turn, develop targeted therapies directed by an individual’s molecular and genetic makeup. Biomarkers are needed to predict which patients are likely to benefit from the drugs.

Although I was removed from the study after the appearance of two noncancerous lesions, I remained under Herbst’s care and I’m grateful that in two years there’s been “no uptick” in the cancer.
With the disease in check, I go about my life, from managing portfolios to running marathons to witnessing our daughter, now five, sing onstage at her school’s Valentine’s Day pageant. Of the latter, I joyfully say: I live for this. I’m alive because of this.

I have the chance to live many more years because of the knowledge and expertise of my doctor, and I recently established a fund to support Herbst’s research. This is a story for everyone with cancer, not just those with lung cancer such as mine.

I encourage others to join me in the battle against lung cancer. A cadre of “generals” — friends, family and colleagues — is spreading word of my personal campaign through events across the nation. I hope to create a program aimed at high school students, and in turn their teachers and families, to promote awareness of lung cancer and the need for research such as that going on through BATTLE.

To learn more, visit www.mdanderson.org

Jeffrey L. Wigbels, CIMA, is a Senior Vice President of Wealth Management for Morgan Stanley Wealth Management, Atlanta, Georgia.

A Miracle in the Making

By Tracy Seckler

Charley Seckler is a quirky eight-year-old kid with a shock of unbounded curls and a personality to match. With a penchant for adventure, Charley adores roller coasters and extreme sports. At two years old, he was outside in the yard so often — in any kind of weather — that we thought for sure he would be a snowboard instructor when he grew up.

Now we are parents who are simply focused on making sure he grows up. In July 2004, Charley was diagnosed with Duchenne muscular dystrophy, an aggressive muscle-wasting disease that destroys every muscle in the body. DMD is the most common fatal genetic disease to strike children around the world. It is 100% fatal and there is currently no treatment or cure.

Almost immediately, as parents with a mission, we revved into high gear on two fronts: getting Charley the best possible medical care and finding a cure in time to save his life. Charley’s father is a physician. He scoured the Internet for researchers working on a treatment. What he found was astonishing and hopeful: Scientists knew already exactly what causes the disease, and several cutting-edge treatments were being developed. It quickly became clear that focus and money were the missing ingredients. We started Charley’s Fund, a nonprofit foundation with the sole mission of developing a treatment or cure for DMD in time to save Charley’s life and an estimated 60,000 children like our son around the world.

The most promising therapy in development was called “exon skipping,” a new treatment that only became possible once the human genome project was complete. With money raised from family and friends, Charley’s Fund invested $650,000 in a Dutch biotechnology company that was developing an exon-skipping drug to treat children with DMD.

Now, four years later, that drug is in Phase II human trials. For the first time ever, boys with DMD are being injected with a promising treatment. Results are expected later this year.

Charley’s Fund maintains a portfolio of 18 investments in research projects around the globe. Unlike other muscular dystrophy foundations, the focus of Charley’s Fund is singular: The fund only invests in research that has a chance of becoming a treatment in time to help this generation of children who face DMD’s notorious death sentence.

A Director of Research and Strategic Planning helps to identify the most promising research and manage the investments, including making sure scientists stick to the agreed time line.

Charley’s Fund’s five-year plan includes initiating a clinical trials program for other promising therapies and developing a second-generation exon-skipping drug that is better than its predecessor in crucial ways. That project alone requires an additional $3 million in funding.
We know that we are racing the clock. At eight years old, Charley is beginning to slow down. Stairs are difficult for him, and he tires after walking several blocks. Nonetheless, he insists that he is fine and the doctors are “totally wrong.” For the first time in history, there is a real chance that the innocent optimism of a spunky little kid concerning a fatal disease could actually turn out to be right.

To learn more, visit www.CharleysFund.org

Tracy Seckler and her husband, Ben, are the parents of three beautiful children and the founders of Charley’s Fund, a nonprofit fighting Duchenne Muscular Dystrophy.

Power in Numbers—Donor Collaborations Clarified

By Joanne Duhl

As donors struggle to respond to ever-increasing societal needs and challenges at a time when, for many, resources for giving are significantly reduced, collaborations with fellow donors can offer enormous benefits. By joining with colleagues, donors can:

1. Leverage Philanthropic Resources. For smaller donors collaboration provides the opportunity to be part of a significant effort, with a level of credibility and scale that they are not likely to achieve through their individual grant making. For all donors, collaborative giving can leverage their diverse strengths into a whole that can be much greater than the sum of the individual parts.

2. Make More Efficient Use of Available Resources. Participation in a collaborative that includes aligned or pooled funding saves donors the administrative costs of soliciting individual grant applications and conducting due diligence on each potential grantee, a benefit that can be particularly significant for smaller donors. Also, by pooling administrative tasks, donors can free up resources to expand direct investments.

3. Achieve Greater Impact. By targeting the collective ideas, strategic thinking and financial resources of many players at a particular issue, a collaborative effort can achieve significant traction. This can result in local capacity building, greater public awareness of the targeted issues, new funding streams and changes in public policy, all critical elements in sustaining change.

Donors who seek to join a collaboration can choose from numerous existing issue-based or place-based efforts; and where none exist, a collaboration can be easily created.

Collaborations often have their roots in a particular crisis or a call to action around a critical problem.

It Is a Recession and It Could Be a Restructuring

By Lucy Bernholz

The current economic crisis presents us all with an opportunity to reframe, rethink, reset and rebuild some of the things we take most for granted. It is not (just) a recession, it (can be) a restructuring.

What could such a restructuring look like in terms of philanthropy, social investing and the social economy? We know that nonprofits are under extreme duress financially. Our
communities are filling with newly laid-off neighbors, houses that can’t be sold, fear that the government won’t be able to “get us out of this mess,” closed shops, underperforming schools, health care crises ... you know the list.

Our collective financial assets have dropped by some un-imaginable amount and estimates range from $10 trillion to even $30 trillion. These are numbers none of us can visualize, let alone really comprehend.

Most of us have also finally gotten the message that we live on “spaceship earth”—the resources of which are both finite and undergoing rapid changes. We can argue about the pace or cause of those changes, but it is much harder to comprehend or plan for the impact of higher coastlines, arctic water passage, post-petroleum economics and so on.

It doesn’t make sense to think of this as a dip in an otherwise upward trend. It is more like a turn onto a different path. Every generation looks at the world in new ways. People all over the globe who were born since 1990 are concerned about where information lives and who controls it; where and how work gets done; what the “proper” role of government might be; how much personal privacy they have, want or value; what resources will be needed to fuel their futures; what innovations might fuel the economies in which they will live; and what their individual relationships to others—nearby and far away—are or might become.

So, what might now seem to be on the edge of philanthropy—or any industry—may very well come to its center. And quickly. Here are some ways restructuring might happen:

- We become much more aware of and active about the spectrum of social finance—which runs from charitable giving to market-return social investing.
- Networks of individuals—deliberately or expectantly time-limited—get more done than organizations.
- Individuals’ daily contributions and activities are a deliberate and recognized mix of paid and unpaid—and successful enterprises build themselves to catalyze those inside/outside, professional/volunteer, expert/amateur, user/producer contributions.

- Philanthropic giving is asked (really, required by regulators or purchased in a marketplace) to prove its value in the funding food chain of producing social good. This is also true for social investing, social enterprise and socially responsible investing.
- Islamic finance and various Asian cultural practices regarding mutual aid, private capital for public good and giving become as influential in global practice as they are in theory for large numbers of people.
- Enterprises and activities that generate economic, social and environmental benefits move from marginal to the middle. This will, of course, mean we need to look to new margins for the next round of innovation.
- Schooling and educational systems evolve to prepare more youth for the skills, jobs and political markets they will actually face.
- Cooperation on a global scale prevents or limits a global pandemic, and we learn from that.
- We will no longer assume that nonprofit = social good, while commercial enterprise = profit. Rather, we will think about what we need as a society (investigative reporters, an independent media, universal literacy, human rights) and figure out new forms of delivering those things.
- Foundations will act like entities in the knowledge business, not as mere funders.
- We’ll be working with a profoundly different set of dynamics between the public sector, commerce and independent entities—and making the most of those changes.

Such a future is already here. The debates about the future of the newspaper, working models in which indigenous knowledge informs medicinal innovation, free and open educational resources and tools to access them, debates on social innovation and business models, and the growth of the science commons, creative commons and (maybe, even) a giving commons are early signs of movement in these directions.

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Book Review: 
Philanthrocapitalism: How the Rich Can Save the World
A review by Joel Fleishman

You might know Matthew Bishop, American Business Editor of The Economist, as the author of that magazine's dazzling 2006 cover story, “Billanthropy,” an account of Bill Gates and Warren Buffett's historic charitable initiatives.

Bishop now pairs with Michael Green, an expert on the relationship between government and the nongovernmental sector, to offer Philanthrocapitalism: How the Rich Can Save the World, an extraordinarily timely, comprehensive and reader-friendly collection of information and insights about the state of philanthropy today.

Bishop and Green's two years of intense research included interviews with today's star players in philanthropy — and they lace the book with quotes from Bill Gates, Ted Turner, Bill Clinton, George Soros, Pierre Omidyar, Michael Bloomberg, Sir Richard Branson, David Rockefeller and many others. One of my favorite quotes is by Soros: “I indulge in political philanthropy. I try to use my money to influence how governments spend money.” The authors also interviewed philanthropy practitioners distinguished not only by their wealth and position, but also by the roles they use to revolutionize the patterns in which philanthropic dollars are given, raised and deployed so as to have the greatest impact.

These practitioners include Christopher Cooper-Hohn, founder of the London-based Children's Investment Fund Management (TCI), who gives to his Children's Investment Fund Foundation one-third of TCI's annual management fee plus half of every percentage point of profit the fund earns each year (above a minimum return of 11 percent net of fees). The foundation focuses on African children in need. There is also the Rockefeller Foundation's Judith Rodin, who strives to bring her 20th-century foundation into the 21st century, and Eli Broad, whose Broad Foundation is among the largest foundations focusing on efforts to improve urban public education.

There are venture capitalists turned venture philanthropists, such as Mario Morino, who have not only poured their own wealth into solving social problems in new ways but also recruited others to join them in contributing millions to provide opportunities for young people in need. Then there are mainline investment bankers like Goldman Sachs' Chuck Harris, who creates pools of charitable dollars to provide growth capital for well-run nonprofits with potential to extend their reach. Finally, there are even celebrities like Diddy, Bono and Angelina Jolie, who not only offer their wealth and name to causes but also hit the trenches, working directly with the beneficiaries of their efforts.

Bishop and Green touch on practically everything of consequence happening today in the world of philanthropy. The only notable things they missed were the ever-growing role of community foundations everywhere, and how the suddenly increasing number of nonperpetual foundations has stimulated the growth of venture philanthropy and high-engagement giving. Happily, they always make this dense information digestible, using straightforward and humorous prose, fresh insights and balanced reporting. Examples of the latter: Although they clearly look favorably on “philanthrocapitalism” — which they define as applying the skills of moneymaking to the philanthropic enterprise — they note its cons, too. Also, they set the philanthropic record straight when it comes to Andrew Carnegie, who deserves credit for today's social entrepreneurship, venture philanthropy, high-engagement grant making and strategic philanthropy, all of which he practiced and preached 120 years ago.

The short of it is, I plan to make this book required reading for students in my 2009 spring term course on philanthropy, voluntarism and nonprofit law and management at Duke University. No other book on charitable giving and the world's rapidly evolving social sector comes close to its rich trove of insights and relevant data about the many new currents in the flow of donations from the wealthy to the world's needy. The book will fascinate and inspire anyone who reads it.

Joel Fleishman is a Professor of Law and Public Policy Sciences at Duke Law School and a frequent author on legal and not-for-profit regulation.