

## **The Future of Philanthropy: On Magic Beans, Pixie Dust and Beanstalks**

**Eboo Patel, for the 60<sup>th</sup> Anniversary Dinner of the Council on Foundations**

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As I was doing preparatory research for this talk, I kept coming across material on the impact that the current wave of self-made billionaires would have on the future of philanthropy. I considered what special insight I might have into that dynamic. I checked my bank account – no special insight on billionaires to be found there. I figured I'm probably the wrong guy to illuminate that particular issue.

What I'd like to talk about is something I think we are both expert in, a dynamic that has been a big part of philanthropy's past and I think is going to be a big part of its future. Namely, how does the world of philanthropy partner with the world of social entrepreneurs to make important new ideas reality. We happen to be in a city where that history is rich and alive. When Jane Addams and her crew a mile West of where we sit figured out that the late 19<sup>th</sup> century wave of immigration was reshaping Chicago and America, and new institutions were needed to integrate these immigrants and revitalize American democracy, philanthropy played a central role in turning that wish into Hull House. When Saul Alinsky walked the Back of the Yards neighborhood in the 1930s, frustrated that his fellow citizens kept on getting railroaded by big business and government interests, and thought of applying the lessons of labor unions to local neighborhoods in a new model called community organizing, it was philanthropy that helped him build and then spread that model.

It's hard to imagine American democracy today without the settlement house and community organizing movements. But those movements started like everything else – a group of people with magic beans looking for the pixie dust to grow a beanstalk. Now I know that doesn't sound like a technical definition, but increasingly that is my understanding of what the partnership between philanthropy and social entrepreneurs. I think it is a defining part of philanthropy's past, and likely also its future.

I think this process happens in two broad stages. Let's call the first stage planting and pollinating, and the second stage growing and climbing. In more prosaic terms, stage one is going from big idea to strong institution, stage two is going from strong institution to new social norm. Whatever else the future may hold for philanthropy, I imagine that important dimensions of this process will remain the same.

Now I specialize in magic beans. And I've spent a good bit of time with pixies over the past eight years, seeking copious quantities of high quality dust. A beanstalk is beginning to emerge in the work I'm doing and a group is climbing, living into a new social norm. What I'd like to do, if you will, is use my experience with the Interfaith Youth Core to illustrate these two stages. I hope this illuminates a process that takes place with some regularity in the world of

social movements and philanthropy, a process that is at the heart of this work, but perhaps doesn't get the attention it deserves in the face of some of the other high-profile issues confronting the field.

So stage one – how do magic beans get planted and pollinated. First of all, there have to be beans, which is to say real substance to both the big idea and the concrete project being planted. In the case of the Interfaith Youth Core, here was the big idea: In the mid-1990s, when I was coming of age, the dominant theory in international relations was the clash of civilizations, and the evening news seemed like proof of its validity. The people committing murder to the soundtrack of prayer were young - in their teens and twenties – and there was increasing evidence that religious extremist movements intentionally recruited, trained and mobilized young people to be their foot soldiers. There were powerful and positive youth movements growing at the same time – the diversity movement, the service learning movement. But religion wasn't a big part of either. At the same time, Robert Putnam published Bowling Alone, which stated that religion was probably the largest source of social capital in America, the place where a significant number of the young people who volunteered regularly got their start. He also wrote that the way to multiply social capital was to bridge across communities rather than letting that social capital stay bonded, or silo-ed. Well, every religion has a theology of service, and my generation was diving into service and using it to bridge across different racial, ethnic and class divides.

Taken together, this evidence raised an obvious question: Why not a movement that brought young people from different religious backgrounds together to do service. The nice thing about this vision is that it could be easily chunked out in concrete projects – starting a campus-based interfaith youth council, or running a city-wide day of interfaith youth service.

As we all know, it is a long road from the luster of an abstract vision to the success of a concrete project, and a longer road still from running successful one-off projects to building a sustainable organization. For this, there needs to be more than substance in the bean, there has to be a bit of magic too. By magic I don't simply mean luck, and I'm not talking about the cult of the nonprofit hero. I'm talking about a sense that the people planting the bean have the passion and perseverance to see matters through, to learn from mistakes, to make this year better than last year and next year better than this one. Ideas don't build themselves. A different person could have dreamed an institution that would help integrate late 19<sup>th</sup> century immigrants into Chicago, but not had the magic to build Hull House. In other words, it's about that intangible thing called, "How much do I believe this person?" I don't know if there's a business plan that can fully answer that question or a scientific method which will produce consistent results. Frankly, I think discerning whether there's magic there has a lot to do with the people on your end being comfortable exercising their, let's call them, pixie powers. Now I know there's some concern that philanthropy is not rigorous enough, not data-driven from beginning to end. But the truth is, phase one is always a group of people with magic beans

looking for the pixie dust to grow a beanstalk. Jeff Bezos of Amazon was recently quoted in the New Yorker about his early investment in Google. He invested not on the strength of the business plan, but on the substance of the bean and the magic of Larry Page and Sergey Brin.

In the planting stage of the Interfaith Youth Core, the quality that I appreciated on the part of pixies the most was clarity. When I was at a foundation, I learned that the most important part of the conversation was: "This is how things work here. Here are the people you have to convince. Here is how you need to articulate the vision to make sense to this philanthropist or foundation." Interfaith youth cooperation did not exist as a philanthropic giving area – it was barely on any radar screens at all - so I knew I needed to make the case for the Interfaith Youth Core in the terms of a different sector: youth development, diversity promotion, civic engagement. We were always the exception in a program officer's grant portfolio, always the risk. There is always going to be some mystery to this process, but as long as I got the sense that the program officer I was talking with was going to be my partner in solving the mystery, instead of someone increasing the fog in an already hazy room, I felt treated fairly.

A specialist in magic beans never forgets the first pixies who risked some dust. This is a particularly special evening for me, because this room is full of such people. Phil Thomas, Terry Mazany, Deborah Harrington. Marge Benton, who took me to lunch, listened to the vision, was impressed by our local projects and suggested out loud that we do a national conference. I told her we didn't have the resources. She told me a check was in the mail. "Wow, thank you for believing in the conference." "I believe in the leader," she said.

Here's the secret I learned from you. Because of how you treated me – because you took the idea seriously enough to criticize and improve it, because you came to early IFYC events and planning meetings in addition to writing checks and making grants – whatever little magic I may have walked into the room with, was multiplied in my time with you. Let it be known that pixie dust is not synonymous with American dollars – it is a far more potent resource which includes advice, connections, credibility, trust, friendship. I learned early on that dollars alone don't turn magic beans into beanstalks.

One of my favorite parts of Jack and the Beanstalk – the magic beans taking root, sprouting into plants, the plants intertwining into the beanstalk that Jack climbs into a new world. There is an important, oft-overlooked detail here: there is more than one magic bean. You don't grow a beanstalk from a single plant – you grow it from dozens and dozens of magic beans, sprouting into a garden of plants, connecting into a beanstalk. I think about the sector of education innovation that Teach for America is partially credited for catalyzing – it's not just about TFA or Wendy Kopp, it's about KIPP and The New Teacher Project and Communities in Schools and Umoja Student Development Corporation. I think about the sector called social entrepreneurship. It's not just about Ashoka and Bill Drayton. It's about Echoing Green and Draper Richards and the Skoll Awards and the White House Social Innovation Office and

academic programs at Duke, Stanford, Harvard and elsewhere. There is a gestalt in these sectors – something more than a bunch of plants growing, there is a beanstalk that our world is climbing into a new social norm.

It seems to me that the second stage of this process – from strong institution to new social norm – is in some ways more challenging than the first. Guys like me, the people who began with a magic bean, need to be thinking about how to grow the garden and not just about tending their own plant. And it seems to me that the pixies need to make a paradigm shift too. Whereas previously the goal was to get a single ‘out of the box’ organization into an established portfolio it is now about creating a new box. Let’s be frank: this is much harder. This is about staking out and resourcing a whole new sector. That’s a whole lot more arguments to have with your senior leadership and your board, a whole lot more risk, and a whole lot more resources at stake.

But this is how everything starts. Everything we care about, anything that matters – women’s issues, environmentalism, human rights, community organizing, social services, educational innovation - we can’t imagine the world without those things. Philanthropy helped the initial ideas grow into institutions, then recognized that there were enough institutions to call a sector and made investments in the sector. So which sectors are we going to need in the future? Which beans do we have to grow into plants, what gardens do we have to nurture towards beanstalks?

A lot of people congratulate me on the success of the Interfaith Youth Core. We’ve gone from a \$100, 000 budget in 2003 to a \$4 million budget today; a local youth council to international recognition from the White House, the Clinton Global Initiative, the Tony Blair Faith Foundation, Her Majesty Queen Rania of Jordan. But it’s still a plant. We’ve gone from idea to institution.

What inspires me is the dramatic growth of campus-based interfaith programs from Berea College to Stanford University, of the kinds of work that former IFYC Fellows are doing, from launching the first cross-seminary academic journal on interfaith cooperation to doing interfaith organizing around food justice in the South. There is a garden here. Will we grow it into a beanstalk? Will we climb that beanstalk into a new future, a future first articulated in this city as part of the Columbian Exposition in 1893:

“From now on, the great religions of the world will make war no longer on each other, and instead on the giant ills that afflict humankind.”