Entrepreneurs can be some of the most engaged and interesting clients for financial advisors, but they also can be among the most difficult with whom to form a strong relationship. It helps if the financial advisor can navigate the intersection of entrepreneurial thinking and philanthropy. By honing in on the entrepreneurial client’s sense of purpose and key areas of concern, a financial advisor can become the person who helps this client achieve more than just making money. This article starts with an introduction to the topic of entrepreneurial philanthropy. It then moves on to a roadmap for advisors to use to help entrepreneurial clients leverage their disruptive vision and talents and take full ownership of their philanthropy.

**Entrepreneurial Philanthropy: An Introduction**

The most exciting, profitable businesses come from revolution, not evolution. Mark Zuckerberg, Bill Gates, and Steve Jobs are hailed as geniuses not because they came up through the corporate ranks tweaking popular products, but because they came out of nowhere with ideas and products unlike any the world had seen before. When they started out, they might not have had the size and track records of giants like IBM, but these entrepreneurs had a key differential that fueled their success: vision.

Philanthropy, like the tech industry circa 1980, is ripe for innovative disruption. Given the immense problems challenging the world—environmental degradation, ethnic and religious conflict, hunger, disease, and poverty—there is an urgent need for vision. We need new philanthropic approaches adapted to today’s realities—the kinds of powerful, revolutionary ideas that would never come out of the IBMs of philanthropy.

Entrepreneurs nonetheless often leave their business hats at the door when engaging in charitable giving. They don’t apply the same principles to their philanthropy that made them successful in business. Instead, many opt for the conventional way of doing philanthropy: They solicit applications from as many nonprofits as they can afford to fund and give grants to whichever ones write the best proposals. If a funded nonprofit happens to run a successful project, then the entrepreneur is successful as a funder. If not, cross your fingers and try again.

Entrepreneurial philanthropy takes this conventional way of doing philanthropy and stands it on its head. It’s not about funding nonprofits; it’s about solving social problems. Moreover, entrepreneurial philanthropy puts entrepreneurs decisively in the driver’s seat. They pick problems they think are worth fixing. Then, they figure out the best ways to attack those problems, and, instead of putting out “help wanted” signs and inviting all comers to apply, they go out and find the best organization or person to carry out their agendas.

This “funder knows best” mode of philanthropy has as many detractors as it does proponents. Critics contend that this approach gives too much power to funders and disenfranchises nonprofits, treating them like mere contractors hired to carry out the funder’s ideas. Of course, the road less traveled is rarely the smoothest.

**Entrepreneurial Philanthropy—Checklist for the Client**

As a financial advisor who is looking to deepen a relationship with an entrepreneurial client by cultivating that client’s philanthropic vision, it might make sense for you to familiarize yourself with the concepts presented here. The following is something of a “travel guide” for you to adapt for your entrepreneurial client who is inspired to try a revolutionary approach to charitable giving. This guide is written for the entrepreneurial client, and you as the advisor may want to share it with your client as an introduction to the topic.

**Check Your Oil and Tires**

Before you begin your journey into entrepreneurial philanthropy, you need to conduct a thorough self-assessment to inventory the advantages that could make you a successful social innovator. Are there certain areas where you are uniquely qualified...
to make a difference? What attributes and skills do you bring to the table? After all, when it comes to achieving social impact, dollars aren't necessarily the only—or even the most important—as set. We've seen countless examples where smaller funders, by virtue of their business know-how and professional connections, were able to accomplish goals that would elude even professional staff at billion-dollar foundations.

Take stock of the resources that you, your family, and your network of contacts might have:

- What unique expertise and special talents do we have?
- What issues do we completely understand?
- What important contacts and connections do we have that can help us?
- What's our name recognition/credibility/reputation?
- How much time and energy do we have to devote to our cause?
- What level of assets can we afford to commit?

Find Your Ignition Switch
The next step is to choose a focus for your philanthropy on an issue that builds upon your strengths. How you spend your money is ultimately more important than how much you spend. Although your initial instinct might be to think of big, intractable problems such as poverty, hunger, and disease, you'll be more effective if you pick an issue that has personal resonance, such as fast-tracking research for a rare disease that ravaged a beloved family member, saving a school district's music education program threatened by budget cuts, or cleaning up a polluted lake in your hometown.

By championing an issue emanating from your own life experience, you not only expand the menu of pressing social issues that receive attention, but you may possibly address orphaned issues that have been overlooked by other funders or are too controversial for government or business to tackle. In thinking through where you can make a decisive difference, ask yourself:

- What makes me mad? “Every child in this country should be able to go to school without fear of being shot.”
- What gets me fired up? “When I see a veteran reduced to homelessness, it just drives me crazy!”
- What do I think is really insane? “Why do we keep buying bottled water?”

Update Your GPS Software
Now that you have your issue in mind, you’re ready to take the next step. For the same reasons you wouldn’t embark on a long road trip with outdated GPS data base, don’t start your philanthropic journey without getting up-to-date on your chosen issue.

To get your handling on the contours of your chosen issue, go on a listening tour to interview a handful of individuals who are the most knowledgeable of your topic. Undertake a literature review. Make effective use of consultants. Talk to other funders. You’ll want to know who else has been working on the problem, what’s already been done, and what impact that work has had. Not only will you avoid wasting money on ineffective approaches or duplication of other efforts, but you might find some likely partners and allies.

Caution: Don’t delegate the lion’s share of your due diligence to potential grantees. Although it’s a great idea to solicit input from those on the front lines, remember that it’s hard to get a candid assessment from people who may want your money. To get a more accurate picture, you’ll need to get input on the issue or problem from a broader spectrum of perspectives, particularly those directly impacted by your issue or problem.

Check Road Conditions
Just like success in business, success in philanthropy is dependent on situational factors such as timing and market conditions. To what degree is the environment receptive to and ready for change? Some issues are ripe for action because people are aware of the problem and they’re concerned about it. Other issues aren’t even on the radar. If you choose to work on the latter type, you may have a long and bumpy road ahead. You’ll have to put effort and money into educating relevant audiences about the problem before you can put effort and money into solving it. To determine if an issue is ripe for action, you’ll want to assess:

Social urgency: Is this problem compelling enough to mobilize others around your cause? Is this problem a high priority for influential players?

Feasibility: Can this problem be solved by philanthropic dollars? (After all, not all problems can be solved with money.) Does the problem need significant groundwork or research before moving ahead can even be contemplated?

Stage: How ripe is the problem for a solution? Are people aware of this issue, or do we have to work to put it on the public agenda? Is the issue at a “tipping point” where just a few dollars will result in dramatic change? How long would it take for the problem to be resolved?

Set Your Destination and Mileposts
Because vague goals often lead to uncertain results, it’s critically important to define your desired outcome, your programmatic endpoint, and all of the intermediate goals along the way. There’s nothing wrong with taking on a problem with a 20-year solution horizon—or even one that might not be solved in your lifetime. However, if your ultimate goal is off in the distant future, it’s difficult to tell if you’re making significant strides in the here and now. Therefore, before you begin your work and before you commit a single dollar, define your ultimate goal in very specific detail and set specific milestones that will help you mark your progress. Setting a three–five-year goal will focus your attention and efforts on what you can reasonably accomplish in the near future. Because entrepreneurs often are energized by working toward attainable, near-term goals, some pick only problems where they can make a significant, tangible difference in five years.
Ask yourself the following:

- What change do we ultimately want to bring about? What is our desired outcome?
- What sort of situation do we want to see in three–five years? What is our five-year goal?
- When will we declare success? (short-term and long-term)
- What will success look like? What are the leading indicators?
- When should we see measurable progress? How much progress is enough?
- When are we willing to abandon efforts that are not producing results?

Find Your On-Ramp

Now that you have set goals, it’s time to figure out how you’ll accomplish them. Most problems have multiple facets that present different potential avenues of attack. For example, if you’re planning to eradicate a disease, you could concentrate your efforts on prevention (e.g., a vaccine), treatments, or the discovery of a cure. Similarly, if your goal is to eradicate road rage, you could decide to work on preventing the problem by educating new drivers, work to treat it with better police enforcement, or “cure” it by researching the triggers of vehicular violence. So, how do you choose the right approach?

First, you’ll want to review everything you’ve learned about your issue and examine the impact and cost of the various interventions that have already been tried. Next, you need to make hard decisions about which approach you want to pursue, comparing the relative merits of various options. Develop an argument about why you chose one course of action over another. For example, if your research reveals that most road-rage incidents involve young, newly licensed drivers, you might decide that incorporating a reckless-driving module into existing driver-education classes might be the best way to intervene. However, if you discover that the same drivers who commit incidents of road rage also are more likely to have racked up two or more traffic violations on their records, perhaps you’d get better results by focusing on enforcement.

### Using All Your Gears

Now that you’ve determined what you want to do, it’s time to focus on how you’re going to do it. Fortunately, with a private foundation, myriad tactics are at your disposal. To reach your goals, there’s no need to confine yourself to plain-vanilla grants. Instead, consider a whole range of options: advocacy, media campaigns, awards and scholarships, program-related investments, research or polling, litigation, demonstration projects, coalition building, documentary film, and much more.

However, just because you can do all these creative things with a private foundation, it doesn’t necessarily mean you should. Some funders fall into the trap of chasing innovation, whatever is currently touted as the grant-making fad du jour (e.g., microfinance, prize philanthropy), instead of pursuing efficacy. Remember that your goal isn’t to find the trendiest philanthropic approach as much as the right philanthropic approach. You want to choose the tactics that best match your problem, its stage, and the conditions on the ground.

### Passenger Van or Motorcycle?

Depending on the scope of the issue and the number of viable strategies required to resolve it, you might find it advantageous to collaborate with other funders, allowing each partner to work on a different part of the problem, thereby reinforcing each other’s efforts. For example, while you focus on raising public awareness by waging a dynamic media campaign, a different funder might work on legislative changes.

Ask yourself: “What parts of the solution can we implement alone? What parts will require the efforts of others?” And remember that for all its potential advantages, successful collaboration requires exquisite (and exquisitely difficult) coordination. All funders will need to work in concert to develop a coherent strategy that fills gaps, overcomes barriers, and exploits opportunities. Getting everyone to agree on that overall strategy and then execute it isn’t always simple—especially if you’re trying to bring consensus to a group of other visionary, strong-willed entrepreneurial philanthropists.

### Finalize Your Trip Plan

Now that you have developed the general outline of your strategy and decided on the specific tactics to make traction on your issue, it’s time to commit your plan to writing.

Think of this as a business plan that describes the current situation and your proposed outcome. What are the main causes of the problem? What obstacles will need to be overcome? What is your theory of how the issue can be fixed through your chosen intervention? What time and resources will be needed? What foreseeable events (positive or negative) could affect your ability to make a difference on the issue? What different circumstances might unfold?

Once you’ve formulated your action plan, hand it over for objective feedback from those with different perspectives, especially potential naysayers and skeptics. Being told that your plan has shortcomings, has gaps in logic, or relies on leaps of faith is discouraging, but if you can revise your plan to address these criticisms and resolve any inconsistencies, you’ll be better-poised for success.

### Invite the Perfect Traveling Companions

Now it’s time to find organizations and people to carry out your strategy. It’s likely that you will be working with nonprofit partners, but don’t limit yourself. We’ve noticed that entrepreneurial philanthropists don’t necessarily make a distinction between the nonprofit and for-profit sectors in effecting change. If they think they can do the most good by supporting a for-profit company rather than a public charity, they do it. The key is to pick the best partners to get the job done.

Whether you’re recruiting an independent consultant, hiring a public relations firm, giving a grant to a for-profit business, or funding a nonprofit partner, it pays to remember that who works on the project is every bit as important as how the project gets done. The best organizations have the best leaders, so you’ll want to really investigate your potential partners to make sure
you are entrusting your vision and funds to someone you know can deliver.

Was It Worth the Gas?
You can’t determine whether an intervention was successful unless you evaluate your efforts. But don’t wait until you’re wrapping up your efforts to begin your assessment because that’s effectively nothing more than a post-mortem. You don’t want to ask, “How did we do?” Rather, you want to continually inquire: “How are we doing? Is it working? What changes do we need to make?” To help you steer your work, establish mechanisms for real-time monitoring that commence at the inception of your effort and are sustained throughout.

Although monitoring your impact is of critical importance, beware of “metric madness”—the tendency to collect reams of data in the mistaken belief that “more is more.” In actuality, collecting data on too many variables can obscure the important ones that you identified when you set your mileposts and siphon energy and time.

Instead of chasing yet more data points, aim to collect “good enough” information that enables you to gauge your progress.

Finally, it’s imperative that you react to results, not just collect them. Remind yourself that when you’re not getting the results you anticipated, or if you uncover emerging and unanticipated opportunities, having the flexibility to change course is a strength, not a weakness.

Conclusion
To effect real and significant change, it takes more than just good intentions—it takes vision and talent. If entrepreneurs let the same qualities that led to their successful professional lives inform their philanthropy, they can accelerate progress where it’s been stalled for decades.

Whether your entrepreneurial client wants to prevent drug addiction in the local community or find a cure for a rare disease that’s affected a family member, taking an entrepreneurial approach can really move the needle. And your client doesn’t have to have Bill Gates’ resources to do it.

By taking the above guide to heart, your clients will have a clear idea of the scope of their chosen problems. They will know what’s been tried, what’s known, and what’s unknown. They’ll have taken inventory of their resources and considered the pros and cons of all the conceivable approaches. They’ll have invited critics to punch holes in their strategies and found the best people to carry out their agendas. In sum, they will be ready to act like an entrepreneur and leverage their strengths to drive change.

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