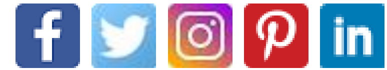

Please Stop Telling Funders: “Take Risks!”

By Joshua Avedon

My favorite part of last week’s Jewish Funders Network conference was Fuckup Night, a showcase of spectacular philanthropic blunders told by the blunderers themselves in TED talk meets stand-up comedy format. While it’s true I primarily signed up for the hosted dinner because the word fuck was on JFN’s website (that, and because of the storytellers), I was glad I did. Not only was it informative and hilarious, all the fuckups recounted paved the way for future successes, reinforcing the adage that failure can be a powerful learning tool.

This session and several other conversations at JFN made me reflect on how we talk about failure and success, and especially how the language we use to describe philanthropy sometimes constrains our ability to think clearly about it. Much of the current vocabulary we inherited from business argot – like market share, return on investment, and calculated risk. The problem is that those terms relate to the zero-sum game of capitalism, where increased money equals success, and decreased money means failure. But social change isn’t a zero-sum game, and philanthropy isn’t investing. The purpose of charitable spending is to make the world a better place, especially for those who struggle most – not to plant money trees and reap financial fruit.

Risk, in the context of business, is a measured by how much money one is willing to commit in order to achieve a certain result, and the likelihood the result will occur. Long odds equal high risk (and generally higher monetary rewards for the risk-taker). So when we use the word “risk” in philanthropy, we inherently reduce spending to a similar calculus about money wasted (and fear of potential loss). But if the ROI for philanthropy isn’t calculated in dollars but rather in benefit to society, why should we use capital-centric terms to describe where the money goes when it doesn’t accomplish what we had hoped?

Unlike speculative capital, foundation payouts are a renewable resource. Assuming a foundation invests wisely, the corpus will earn the 5% it must give away to make its minimum qualifying distribution, and (over time) still probably increase in value to keep pace with inflation. Hence a well-run foundation’s assets are a goose that potentially

lays golden charitable eggs forever. So even if a foundation has an off-year when its entire payout goes FUBAR, next year it gets to start all over again, with no diminishment of its power to effect change. Perhaps being creative and experimental isn't really that risky. But there are other reasons to reject the risk mindset as well.
While many times leaders of philanthropies and nonprofits alike call it a failure when a program doesn't achieve its intended outcomes, sometimes unintended outcomes are also worth achieving. Unfortunately, we frequently don't attempt to measure the unintended consequences of programs (both negative and positive) and then miss data that show us a "risk" taken actually generated an unexpected reward (or a deleterious effect we didn't anticipate). The best way to make sure we don't miss these kind of consequences is to be daring, but also prepare for failure ready to learn from outcomes, both predicted and not. That's an argument to collect baseline data before an intervention is launched, and to measure for variables that go beyond expected results. Observation and testing are key to seeing those knock-on consequences. So the next time we notice something unexpected, we tweak our approach, think differently about outcomes, and/or double down on what works.

What if, instead of "risky," we described philanthropic support for new ideas, longshots and out-of-the-box solutions as audacious giving? If we are supposed to embrace failure as an educational opportunity, doesn't that mean we win either way – if we accomplish a stated goal, or screw up spectacularly but learn from it in a way that leads to future success? The biggest "risk" foundations take is to nibble at the edges of a problem instead of taking a big bite and attempting transformative impact. Instead of using the language of risk, perhaps we should encourage courageous and intrepid grantmaking. When money is spent to support innovative programs – *even if outcomes fail to materialize as planned* – lessons are learned, capacity is built, resilience is reinforced, creative leaders persist, and occasionally, something unexpected and exceptional occurs. If fortune favors the bold, philanthropy benefits from bravery.

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Source: https://ejewishphilanthropy.com/please-stop-telling-funders-take-risks