Building a Platform for Entrepreneurial Philanthropy around the U.S.

January 28, 2001

When Social Venture Partners (SVP) Seattle was formed in the fall of 1997, it was driven by a dual mission, incorporating the mutually reinforcing goals of a) practicing high-engagement venture philanthropy and b) providing philanthropic education and inspiration to the individual Partners.

What was not yet envisioned in late '97 were two additional, perhaps even bigger, ideas. That is, SVP's unplanned and invigorating growth in cities around the U.S. And the potential for SVP's "community" of engaged philanthropists to help serve as a catalyst for all kinds of entrepreneurial philanthropy, both within and outside the loose bounds of SVP. In Seattle, e.g., in equal collaboration with other community organizations, we have seen the emergence of an ongoing Social Investors Forum, partnerships on all kinds of philanthropic education, convergence of like-minded people with resources around women's' and girls' issues, the start of a youth grant committee, and much more.

Many of these new activities only took place because of the way multiple groups came together and contributed their unique talents and resources. In short, the whole is becoming so much greater than the sum of the parts, and SVP plays a key role.

The potential of the SVP model as a platform, incubator, and catalyst for philanthropy in many forms is the opportunity in front of us. Optimizing that opportunity depends on creating the right platform and infrastructure to empower individuals and SVP's across the U.S. In short, we hope to – 1) create a more effective set of tools and resources to enable cities to **get started and up to speed** more effectively; and 2) Create **a platform, an infrastructure** which better enables a stronger and more connected **learning community** amongst the SVP cities to capture knowledge and enable sharing of best practices, etc.

This purpose of this document is to outline the current situation, issues to be addressed, and a project that needs to be funded and initiated as soon as possible to support the building of a national **platform** for SVP-based organizations and for inspiring and empowering entrepreneurial philanthropy. *The intended audience for this document is SVP Seattle members and staff, the SVP Cities, and external audiences and potential supporters. (It should be noted that this document comes initially (January '00) from the "voice" and perspective of Seattle. It must come to quickly reflect the perspectives of all SVP Cities.)*

Background & History – '99 & '00

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In early 1999, SVP Seattle received inquiries from individuals in Phoenix, AZ and Austin, TX about starting SVP groups. We helped them get started by providing materials, information on what we had learned so far, and making visits to each city. Today, Phoenix has approximately 90 Partners and Austin about 75 Partners, with approximately 10 investees in each city.

Throughout 1999, additional cities made inquiries, at a fairly manageable pace. Not all inquiries resulted in new SVP's, but many did – Dallas (50 Partners), Calgary (30), San Francisco (50), Boulder (25), Kansas City (20), and Denver* (60). Leaders from each of those cities convened in Dallas in April 2000. For a day and a half, they got to know each other, shared best practices, and took a first stab at "what is an SVP?," by defining the core, mutually-shared principles across cities (provided in Appendix 1). The Core Principles were agreed to verbally as a "gentleman's agreement." As such, they are not binding in any formalized way for a new or existing SVP. (*note – Denver was "grand fathered" in at a $1,000 Partner contribution level instead of $5,000, core principle #5 in Appendix 1).

SVP Seattle continues to support these start-up efforts in many ways, including frequent electronic document sharing, responding to questions via email and by phone, and summarizing processes that SVP uses in its day-to-day work that are not yet articulated in written documents. Paul B, Paul S, & Erin collectively made a half dozen visits to cities. This effort started small, but requests for technical assistance and site visits have increased measurably of late.

To date, the relationships between SVP Seattle and the other SVP cities are loosely knit, energized, positive, mutually-reinforcing. For the most part, this informal approach is effective and served all of us fairly well to date.   We do NOT want to lose the informal, consensual, and trusting elements of how we have worked together, but we do need to be more strategic vs. the ad hoc, reactive approach to-date. Over the last 3-6 months, things have exploded -

Cities with established organizations --

Grants Cycles Completed (have investees)	Established, recruiting partners and/or in first grant cycle:
Phoenix (90 Partners, 10 investees) Austin (75 Partners, 10 investees) Seattle (285 Partners, 20 investees)	Denver (60 Partners), Dallas (50), Calgary (30), San Francisco (50), Boulder (25), Kansas City (20) New York (10)

New SVP Cities, recently incorporated	Probable New SVP's in the next 6-9 months
Pittsburgh (35) Portland (20)	St. Louis San Diego Cleveland Boston Houston Vancouver, CA

Other recent, new inquiries, some of which will materialize and others won't. The degree to which SVP's will continue to expand is very much a function of the leadership and initiative in communities that exhibit the desire to do so –

● Palm Springs
● Edmonton, CA
● Tacoma
● Minneapolis
● Indianapolis
● Chicago
● Philadelphia
● Sonoma County
● South Alabama
● Washington, D.C.

● London
● Mexico City
● Sydney
● Israel

While there are 10 core principles agreed upon by the initial cities (Appendix 1), and for the most part many are choosing to adopt many parts of the model, there are differences amongst cities. SVPs can and should differ to fit their local community. Some of those differences to-date include --

● Community Foundation relationship – several cities are hosted and fiscally sponsored by the community foundation, while others are not
● Initial fiscal underwriting – while a few cities have had individual benefactors who funded the start up, most are relying on the community foundation, grants, or contributions by a group of founding members
● Partner base (professional backgrounds) – some are technology-laden, others real estate, finance, etc

All of this happened organically – every city "found" SVP Seattle, or each other, and then approached us. Seattle's modus operandi is initially reactive, waiting to see if sufficient support emerges in a community and then supporting them in whatever way they need once a core nucleus and strong leadership solidifies. High-quality leaders have emerged and taken local ownership. It is important to ensure that all SVP's continue to be very locally owned and community-driven.

This fall, we continued to work informally with each city and created a new document to help facilitate our ability to explain SVP's infrastructure and model to other cities. "SVP in a Box" (the index is in Appendix 2) was spearheaded by a Partner who volunteered to create the layout of the document and work with staff on filling in the pieces. An intern from Harvard also worked throughout the summer of 2000 to document SVP's day-to-day practices, outline how SVP was set up initially and administration of SVP handled during the first three years.

SVP in a Box was envisioned as a document that would allow us to support new, emerging SVPs, but make information sharing more efficient and less duplicative. It is meant to be a *menu*, not a *prescription* for creating and operating an SVP. Although SVP in a Box is a very useful document, it gives an overview of our work and was not intended to "replace" the need for contact with SVP staff. In addition to SVP in a Box, individuals from other cities periodically come to Seattle to see how things work, talk to staff members, sit in on events such as grant committee or board meetings, etc. Updating and significantly enhancing this body of work will be a key piece of the short-term effort.

In the last 60 days, we have begun to feel the strain of the requests from new cities and recognize a timely need to move beyond the current ad hoc, bits-and-pieces approach to supporting and connecting these SVP efforts. More specifically –

● There is a small, but growing concern about whether we are adequately supporting these cities to ensure they are as successful as they can be. This was not based on any study, but rather the time pressures on Seattle staff vs. the growing requests for dialogue from other cities. If there is an inadequate infrastructure in place to support them, then surely at some point, we will be putting some of these emerging efforts at unnecessary risk.

● Staff in Seattle is chartered to focus on Seattle. SVP Seattle's Board of Directors fully supports the new SVP's, but also operates on the assumption that it would take less than 5% of the Executive Director's resources. It is beginning to edge above that level and is beginning to impact, in a similar though not as significant way, the rest of the staff. In a staff of 3.2 Full Time Employees (FTE), even small time demands have big ramifications. Over the last 3 months, we estimate that it has used approximately ¼ of an FTE, i.e. a little over 5% of total staff time.

In essence, SVP Seattle has been supporting the start-up of emerging SVPs by providing in-kind technical assistance and consulting services, thereby allowing new SVP's to save time and cost in "figuring out" how to get their own operations up and running. We should be clear that Seattle staff members strongly enjoy and are invigorated by work with other cities, but we need to determine how far SVP Seattle's mandate goes in support emerging SVP's. Our staff in Seattle is lean in supporting a Seattle focus, much less taking on a truly national role.

- There is a slowly increasing shared incentive to define what consistency there should be amongst cities and get more clarity about what "an SVP" is. We need to both avoid public confusion (press, other foundations, etc) about what SVP is and develop some common language among SVP organizations by more specifically defining and agreeing upon core values and principles of the SVP "Model." This is about the "SVP Brand." We want to grow and thrive while we collectively preserve what got us all to where we are.

- Most importantly, there is a wonderful and inspiring opportunity in front of us. There are now more Partners outside Seattle than in Seattle and that will only grow. Some of these cities are beginning to learn from and leverage each other. The "network" is starting to have initial impact from city to city (e.g. San Francisco benefited from some Seattle transplants, Pittsburgh connections to SF Partners, shared learning, etc), but this is only the tip of the iceberg. This is really the key and central issue for SVP Seattle or, as Frank Zappa would say, it is the "crux of the biscuit."

One more point of relevance. Over the next 6-12 months, an SVP Seattle working group is meeting and engaging other Partners to examine SVP Seattle's future direction. This has been a consistent modus operandi over the past 3 years, as Seattle evolved from v1.0 to v2.0 to v3.0 today! The exploratory thinking about SVP v4.0 is that there may be greater potential beyond the past three years of engaged grant making and philanthropic education. Perhaps there is a bigger vision around also enabling and incubating more self-organizing, entrepreneurial activities (in addition to grant making) in which teams of Partners create their own social-purpose ideas and find others to make it happen. i.e. fully enabling a "community" of Partners to "explode."

This would mean creating a "new part" of SVP Seattle, which serves as an incubator and catalyst for new philanthropic ideas as created by teams of Partners. As noted in the opening section, a little of this is already happening and the idea for v4.0 might be to much more consciously and strongly enable those kinds of "entrepreneurial philanthropy." Inevitably, v4.0 discussions may raise questions about mission, strategic direction, core values, (core principles?) etc. It is likely that SVP v4.0 and this SVP Cities discussion are very much two sides of the same coin and should be discussed concurrently, at least in Seattle.

Where Do We Go From Here?

We have reached an inflection point, a tipping point, where we must become more intentional and strategic about how we enable, support and work with burgeoning SVP efforts around the U.S. (and perhaps even the world). And how the cities learn to work together and support each other's efforts. One fundamental, grounding point must be made here – *being more "intentional and strategic" about building infrastructure to better support SVP Cities does NOT mean that SVP Seattle should becoming more controlling, prescriptive, or top-down in its approach with other cities.* Indeed, the ability to continue today's loose, entrepreneurial network likely depends on building a more facilitative, explicit infrastructure and set of principles by which we all operate.

To be even more explicit, we need to find the right balance between openness + creativity vs. too little structure that leads to confusion and chaos. This is very doable, but will take discipline and conscientiousness by all of us

The vital first step is to begin talking to other SVP cities in early '01 about their needs and vision for the larger SVP community. We must build a shared, collective point of view. There is an organizing role that SVP Seattle can play, but *this is a "federation" of equals and this effort will succeed only as much as it meets the needs and motivations of all cities*.

What is it that we need to "build?" In broad strokes, we need to --

1. Create a more effective set of tools and resources to enable cities to **get started and up to speed** more effectively;
2. Create **a platform, an infrastructure** which better enables a stronger and more connected **learning community** amongst the SVP cities to capture knowledge and enable sharing of best practices, etc.

This will likely involve the following general pieces of infrastructure –

- People - for project management, technology, and consulting
- Tools – SVP in a Box, a document repository, etc
- Technology – extranet, knowledge management tools, etc
- Communication and Interaction – in-person and on-line
- Funding – short- and long-term plan

Tentative Work plan & Budget

The following short-term and long-term priorities need to be addressed, funded and staffed:

Short-Term (next 6-12 months) –

- Needs Assessment with SVP Cities – thoroughly involve each city. What is needed? What will better enable startup? What will create a shared learning community?
- Re-examine the set of Core Principles that were jointly established in spring 2000. i.e. wrestle with and more clearly define "what is an SVP?" – incl. purpose, principles, "licensing," governance, documentation, org. structure and relationships, intellectual property, etc.
- Research – talking to community members, grantees, Partners. Research relevant organizational models like Great Harvest, NPower, and others noted in Appendix 3
- Explore copyright and intellectual property protection options for name, logo and key documents.
- Identify necessary human and financial resources. Seattle may be able to commit approximately 20 hours per week from its Gardner Fellow, Azania Andrews. More human resources will be needed – a consultant or two focused on design, requirements, and project management, particularly with experience in non-profit replication. It will be important for each SVP City to think about how and what it would want to contribute.
- Assess strategy for collaboration and alliances – SVP Seattle has worked intimately with numerous local community organizations to mutual, shared benefit, as briefly noted in the opening section. Who should we be working with in this new effort? E.g. how can we partner with SEA Change? How do we work with other regional RAG's, ala PNGF? Etc. This is a key area.
- Scope and define the specific platform components needed and begin initial infrastructure development and building – specifics TBD.
- Prepare and plan for an all-cities 2-day gathering in Seattle in June 2001
- Define a more consistent, efficient methodology for all of the cities to communicate and work together in the months ahead – e.g. periodic conference calls, "office hours," etc.
- Examine SVP in a Box and how it needs to be updated, enhanced.

Concurrent with all this, we must remember that, although we may initiate a more intentional "plan of attack" with SVP cities, many newly started SVP cities will continue to tap staff as they kick off and get their operations created over the next 6 months. They will need to be supported even before any platform gets "built."

Long-Term (2002 and forward) –
- Ongoing staffing / human resource needs for this national network – It seems very likely that we need a full-time "rover" to work amongst all of the cities to help with startup, collaboration, best practices sharing, joint educational opportunities, and recommendations for further development of this infrastructure. This person must be "owned" & shared by all cities.

- Explicit strategy for ongoing learning and publishing of lessons learned – to date, SVP has been very self-analytical and open about its learning's re: volunteer work, grant processes, Partner surveys, etc. We must continue that ethos and actively support such learning across cities.
- Evaluation - How will we evaluate "success" of this SVP network? How will we evaluate ourselves? We need a plan and resources
- What are the ongoing implications and role for SVP Seattle staff? How much should they play a role and travel? Staffing plans for 2001 did not account for the degree of SVP Cities growth and interest the past 4 months.
- Maintenance and upgrade of the tools and technology being developed in 2001. How do we update information, maintain and enhance web sites, constantly update documentation, etc? How do we not just start this effort, but also effectively sustain it?
- How do we make this financially self-sustaining? An initial strategy looks something like this – a) short-term funding in 2001 from national and local foundations, b) continuing support in 2002-03 from foundations but with initiation of a mutual fee structure per SVP city (e.g. $3-5,000 per year per SVP city to fund ongoing needs), and c) by 2004, self-funding from all SVP cities would be able to fully fund the shared platform

Estimated Costs / Budget	Short-Term Fixed Investment - 2001	Long-Term / Ongoing Annual – 2002 & Beyond
People (& Travel)	$125,000	$100,000
Tools	$50,000	$30,000
Technology	$50,000	$30,000
Communication	$25,000	$15,000
TOTAL	**$250,000**	**$175,000 per year**
Revenue Source	2001 - Foundation Grants	2002 – 2/3 Grants + 1/3 initial SVP city funding 2003 - 1/3 Grants + 2/3 SVP 2004 – Full SVP city funding

Immediate next steps –

- December – Staff first draft and accumulation of key issues
- January 1-10 – Initial research and refinement of work plan draft for Board consideration (not final)
- January 16 – SVP Seattle Board discussion
- January 17 – fully engage SVP Cities
- January 30 - SVP Cities Work Plan finalized, v1.0, including short-term monetary and human resources needed. Begin cataloguing the characteristics the various SVP efforts so we have a fuller picture
- January and February – continuing, specific discussions with national foundation funding sources and begin implementation of "Short-Term" plans, staffing, and resource needs

Appendix 1 –

Core Principles of a "Social Venture Partners" organization

For a group in a city to form an organization with the name "SVP," the SVP Cities commonly agree to these 10 characteristics and core elements –

1. SVP is a *Dual Mission* organization -
   - *Engaged grant making*; Engaged = contributing financial + human resources to non-profits
   - Stimulate, educate and catalyze *individual philanthropy* of Partners
2. An SVP is a *community of people* – a network that collaborates with and supports each other. It is *organic/bottom-up/grassroots*; grows from within the community
3. *Partner-Driven* - Partners do most of the work, not staff (staff's role is facilitative, supportive, as an archive) and drive its future course
4. Leadership comes from the *business and entrepreneurial sector* (not Board- or community foundation-driven)
5. Criteria for membership -
   - *Individuals*/not corporations are Partners (corporations may contribute, but must appoint an individual)
   - No political agenda or age limits
   - Minimum contribution is *$5,000 or more per year* for 2 (or more) years
   - Support spousal involvement; $5000 includes couple's membership; if both spouses engaged, each has one vote on a grant committee
6. *Long term approach* (3-7 years) to grant making – in financial and time commitments to non-profits (adapt many, not all, elements of the venture capital model to working with non-profits)
7. Focus of the volunteer work with investees is on *capacity building* and sustainability of the non-profit (not on shifting or impacting their mission). Grants are general operating support
8. Investment-as a relationship – i.e. form *close working relationships* with non-profits where we mutually vest in their success
9. *Measurable outcomes* are important
10. An *exit strategy* is defined w/ investees

These things are locally defined –

1. Issue areas for grant making
2. Target population of grants
3. Risk level/stage of development of target non-profits to make grants to
4. Formula for its Portfolio
5. Board governance
6. Time requirements of Partners to be determined locally
7. Education of partners – which areas of philanthropy, etc
8. Look and feel of communications and materials
9. Lots more - Basically everything else besides the 10 key points above

Appendix 2 –

Social Venture Partners: A model for giving back to your community
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SVP 101: The Basics
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                  Program Associate
                  Volunteer Lead Coordinator
                  Office Manager
            Board of Directors
            Partners
                  Who becomes a partner?
                  Partner Involvement
            Investees
      Project LOOK: A case study of SVP in action

SVP 201: Launching the Operation
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      Financial issues
            Using a parent organization and issues of liability, financial accountability
            and management, grant disbursement, 1% fee for administration, and
            other issues
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      Recruiting new partners
            Where to find them and how to recruit them
            Getting new partners plugged in (New Partner orientations: purpose and
            content)
      Keeping connected
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            Newsletter: frequency, content
            SVP update/listserve
            Partner mailings: frequency, content
      Internal Working Groups

SVP 301: Making an Investment
      Let the non-profit world know you are there
      Form the committee
      Educate committee members
            Research interviews
            Panel discussions with community experts

Develop grant guidelines and giving priorities
Evaluate the Letters of Inquiry (include conflict of interest stuff)
Evaluate your top candidates
        Request a full proposal
        Do a site visit
Evaluate your evaluations (internal summaries of proposals and visits)
Make the final grant decisions

SVP 302: Working with an Investee
SVP's V-team Approach (Paul's graphic)
Identify the team (investee liaisons and SVP leads)
Set the expectations and goals
Define the volunteer needs
Recruit volunteers
Kick-off the relationship and get to work

SVP 303: Managing your Portfolio
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SVP 401: Partner Education
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        303 - Advanced "topical" courses on specific strategies or tactics
    Family
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        202 - Family & Relationships - When and how to engage others in your philanthropy
        303 - Retreats, conversation workshops, & advance courses on philanthropic issues
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        202 - Detailed tactics on a specific topic dealing with broader community topics
        303 - Opportunities to hear from inspirational leaders in their field
Recruit speakers and set the calendar

Appendix 3 – Implications and Checklists

Other Issues List –

- How will we evaluate "success" of this SVP network? How will we evaluate ourselves?
- Governance and decision-making
- Formal documentation and "licensing"
- Is there a role for chaordic design?
- Is there a threshold level to start an SVP? And what apprentice / emerging delineation?
- Are there rules about being able to qualify as or remain an SVP or be "kicked out"?

Who should we talk to?

- Great Harvest
- Replication.org
- NPower
- Community VoiceMail
- United Way – local and national
- Fast Company Cells of Friends
- YEO
- Any Foundation funders for their relevant experience
- CARES
- Chaordic alliance
- SEA Change
- City Year
- Some local non-profit organizations

Agenda for the June get together –

- Get to know each other
- How to get started
- Tools we've used in Seattle – mdb, web site, key docs, etc
- What is an SVP? discussion
- Best practices -
    1. Breakout for those dealing with refunding while others are dealing with how to get started?
    2. Breakout on Managing relationships (investee orientation, lead role, idea of doing org assessments first thing, etc)
    3. Refunding and exit strategy -- very related and important early on
    4. Partner education –what is it
- Spring Partners meeting
- Paul B Q&A
- Working with SVP – investee + Lead P panel

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