

Social Venture Partners

By Carilu Pozorski

For much of the 1990s, high-tech millionaires were tagged as a self-centered lot—aloof from the real needs of their communities and unwilling to share their staggeringly immense wealth with those less fortunate. Social Venture Partners (SVP), a Seattle group comprised mostly of affluent young techies and entrepreneurs, has been in the vanguard of organizations bent on changing that perception.

Started by Paul Brainerd, whose Aldus software firm revolutionized desktop publishing in the 1980s, SVP works to develop philanthropy and volunteerism in the greater Seattle area. What makes SVP distinctive, the group claims, is that it uses a “venture capital approach as a model” to build “partnerships” with local schools and nonprofits—contributing not just financial support, but volunteer hours and hands-on expertise.

After selling Aldus to Adobe in 1994, Brainerd created his own environmental foundation. Among Seattle’s techie elite, he became known as something of a philanthropy guru, and friends and acquaintances sought his advice about which nonprofits to support.

As Brainerd saw it, New Economy millionaires weren’t reluctant to work for charitable causes; they were simply confused about how to go about doing it in a strategic, purposeful way—a way that was consistent with their own results-oriented values and their own patterns of behavior. They wanted “a more engaged way of giving,” he said, “something that asked for their brains as well as their pocketbooks.”

Brainerd believed that applying a venture capital model to grantmaking made sense, in his words, “not only for practical reasons but also because it’s a good metaphor for the technology community. It is a working style; it is a way of making decisions that we understand.”

Brainerd and several friends culled through their Rolodexes, sent out letters of invitation, and staged the first SVP event in June 1997, bringing together some 160 people. The organization that emerged now operates like a charitable investment circle, with the members (“partners”) pooling their money to make grants (“investments”) directed by the whole. It also

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resembles a venture capital firm, in that it creates close relationships with its nonprofit “investees,” sets clear performance standards for them, provides them with ongoing strategic expertise, and works with them to develop plans for future funding.

SVP looks for recipients that propose innovative solutions, can produce measurable results, and appear to be focused on long-term growth. In other words, it wants grantees to take an “entrepreneurial” approach to addressing problems. The organization brings a similarly entrepreneurial approach to its own operations—demanding lean and efficient administration, continually measuring its own successes and failures, and leveraging the work it does to achieve maximum impact.

Like a high-tech startup where flexible, ad hoc problem-solving teams work to address specific needs, SVP is structured around small working groups—grant committees and teams of volunteers. This allows SVP to maintain what it calls a “virtual organization structure,” one that is low on overhead and paid staff (an executive director, a program manager, an office manager, and a part-time facilitator for committee discussions). Each member commits \$5,400 annually for 2 years. Of that amount, \$5,000 goes to the charitable “investments,” and \$400 goes to cover administrative costs.

While this reliance on minimal staff support does keep the organization lean, the founders worried that it could also carry risks. Would the partners sustain their initial level of commitment and enthusiasm over time? Would they remain connected to the group? To deal with these concerns, more working groups have been set up to address the needs of the organization itself. These include groups devoted to partner recruitment and retention, communications, volunteer support, as well as Web site and database design. Even though a substantial majority of partners still work full-time, more than 70% contribute time to SVP.

The fact that most of the group’s members are tech savvy also helps. Most of them use e-mail to communicate at their own convenience, and the SVP organization uses a sophisticated database to track the interests and activities of partners and match them with local nonprofits.

As part of its ongoing internal evaluation efforts, SVP produced its first comprehensive survey in February 1999 to assess partner participation and satisfaction. The intent was to “create an annual benchmark for self-analysis of the organization’s progress and to serve as a tool for identifying corrections and improvements in SVP’s execution.”

First, a series of open-ended questions was sent via e-mail to all partners. Then an outside research firm compiled and analyzed the results, which were discussed at length during SVP's bi-annual meeting.

The survey report included detailed demographic profiles of the partners (their total donations in money and volunteer time; their age, gender, marital status, number of children, employment status, etc.) The survey also probed their motivations for joining SVP; their preferred means of communications (calendar vs. weekly updates, etc.); their satisfaction with SVP's volunteer training and skill-matching mechanisms; the relative importance of partner benefit programs (seminars, presentations by experts, social interaction opportunities, financial management seminars); and the relative importance of SVP's goals for the future. According to the report, more than 40% of partners indicated that their experience with the organization had exceeded their expectations. Many expressed particular satisfaction with the opportunity to link up with other, like-minded people, and for the opportunity to leverage their strength through numbers.

“One thing about SVP that really turns me on is the emphasis on engaging other people,” said one member. “It doesn't matter how big your personal foundation may be (unless maybe you're Gates), you can eventually bring a lot more dollars to the table by engaging lots of other people to get involved, start their own foundations, etc. The multiplier effect is huge and it strikes me that it'd be cool to be working to increase it.”

This “multiplier effect” is not limited the work that the group performs locally. SVP actively cultivates partnerships with other organizations around the world that are pursuing similar goals. Those organizations are tracked and described on the SVP Web site (www.svpseattle.org). Using the SVP Seattle model, Social Venture Partners groups have already formed in Phoenix, Austin, Silicon Valley, San Francisco, Boulder, Denver, Dallas, Calgary—and more are being developed in other high-tech corridors.

SVP's Operations

SVP Seattle has three grant committees, two for its funding priority areas (children and education) and one for “portfolio management,” or re-funding. These committees, each of which consists of 12 to 15 partners, investigate applicants and make grant decisions. According to SVP's grant guidelines, they favor applicants that:

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- Focus on prevention rather than intervention
- Will benefit from SVP's volunteer and professional services as well as its financial support
- Are willing to evaluate programs and measure results
- Have a long-term perspective
- Are collaborative, expanding the number of individuals and organizations involved in solutions.
- Want to replicate and grow their organizations

The guidelines further state that "SVP makes initial single-year investments with the intent of establishing longer-term partnerships with its investees." And they go on to indicate that SVP's long-term goal is to "develop the organizational capacity and sustainability" of the entities that are funded.

SVP members bear many of the same responsibilities that conventional foundations assign to experienced program officers. To bring them up to speed on pivotal issues, SVP staff convenes panels of experts. The grant committees then split into small groups that research specific applicants' needs, review recipients' case histories, make site visits, look into volunteer opportunities available at each site, and present possible recipients for a vote at the bi-annual partner meeting.

During the first grantmaking cycle, the children's committee heard from representatives of the region's YMCAs, an expert from the University of Washington's Public Policy Institute and the director of a local child care center. The education committee met with the state superintendent of public education and the director of the Gates Library Foundation to familiarize themselves with current projects and needs. In addition, workshops on how to conduct a good site visit and how to be a good volunteer were held to help the partners develop those particular skill sets.

Volunteer teams, made up of ten to twelve partners, work with grantees to develop action plans. The personal involvement of individual partners include such as activities as mentoring a child, setting up a Web site, coordinating a special event, writing and designing material, and providing management support in finance, promotions, and real estate.

Each funded program has an SVP "site leader" who coordinates the activities of volunteers and keeps them informed via the Web. For example, Keith Rowe leads the Talbot Hill elementary school's "Ventures" program, which helps kids in a Seattle public school. The Web page that Rowe maintains lists

volunteer positions, time commitments, skills needed, and duration of commitment. Of the seven volunteers for the Talbot Hill program, two work several hours per week on marketing and promotion, public relations, video production, graphics and design. Another volunteer helps create video production and assists with the school's closed circuit TV system. Other volunteers help with development of the school's Intranet, creation of Web pages for student-run businesses, online posting of the student newspaper and maintenance of the internal student e-mail system.

The Service Club Redivivus

In 1835, Alexis de Tocqueville observed that one of the hallmarks of American democracy was the way that "Americans of all ages, all conditions and all dispositions constantly form associations ... If it is proposed to inculcate some truth or to foster some feeling by the encouragement of a great example, they form a society. Wherever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association."

In many respects, Social Venture Partners is a modern manifestation of what Tocqueville first identified as this persistent—and quintessentially American—impulse to coalesce for a common good. SVP is the kind of organization that occupies what Brian O'Connell has defined as "civil space"—an environment "where citizens with similar interests and concerns can find one another and are free to pursue what they believe is in their and the public's interest...an environment in which people are able to learn a new self-respect, a deeper and more assertive group identity, public skills and values of cooperation and civic virtue."

SVP's emphasis on "social entrepreneurship," its avowed reliance on the "venture capital model," and the high-tech background of its founders have perhaps conspired to make it appear more revolutionary than it truly is. In fact, SVP's purpose and structure are quite similar to those of a more familiar embodiment of American civil society, the service club. For almost a century, groups like Kiwanis, the Rotary, and the Lions have been collecting membership dues to support charitable projects, donating time and professional skills to local nonprofits, building a spirit of good fellowship around the performance of good works, providing forums for discussion and action, and imparting other benefits to both their members and their communities. In many ways, SVP has as much in common with these venerable models as it does with any newfangled "venture capital" model.

In its own surveys, SVP has identified the opportunity for social interaction as the second most important factor in partnership renewal rates for members over the age of 35. And in its January 29, 1999 business plan, SVP indicated that a key objective of the group would be “continually building and reinforcing the sense of community within SVP through committees, partner events, email, speakers, social events, etc.” While the flavor of such social interactions may be decidedly more techie than country club, they still afford the same feelings of camaraderie, the same sense of shared purpose, and the same opportunities for networking.

In the 1999 SVP survey, partners indicated that becoming part of a community of like-minded individuals was one of their major reasons for joining. As one couple wrote, “[We wanted to] meet other people who, like us, are capable of doing significant giving but who are not just the traditional philanthropists (like my parents!).” Another partner urged SVP to extend the opportunities for social interaction by having “some ‘family’ social events for SVP people with kids. I’d like my child to get to know the people I’m spending so much time with, and maybe get the kids involved in a volunteer project once in a while [and] pass the ‘charity bug’ on to the next generation.”

Just as many traditional service clubs were donating time, money, and expertise to nonprofit causes well before the Social Venture Partners movement made it palatable to a new generation, many traditional nonprofits were taking innovative, results-driven approaches to solving social problems long before the rhetoric of venture capitalists came into vogue. As J. Gregory Dees has pointed out in “The Meaning of Social Entrepreneurship”, “The language of social entrepreneurship may be new, but the phenomenon is not.”

Carilu Pozorski began her research into venture philanthropy while serving as an editorial intern at The Grantsmanship Center. This article is adapted from her senior honors thesis at the University of Notre Dame. Copyright © 2000, The Grantsmanship Center.