



Social circles with a square deal for charity

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Published: September 30 2008 03:00 | Last updated: September 30 2008 03:00

Giving circles are a hot trend in philanthropy. Similar to the investment clubs of the 1990s that brought people together to talk about stock picking, giving circles are social groups where people pool resources and decide which non-profits to fund. If giving circles prove to be a hit, a few years from now cocktail party chatter might include: "I just got a hot tip on a non-profit you should consider!"

One of these giving circles is the NYC Venture Philanthropy Fund. With about 30 members, the circle consists of residents who work in both the non-profit and corporate worlds. Each year they vote on what areas to focus on, such as poverty or education, and then go through a process of identifying and selecting high-impact non-profits.

Drawing on a venture philanthropy model, the group provides cash grants, technical expertise and access to their members' networks for each of their grantees. Members in turn gain a model where their giving replicates the practices of many institutional foundations, yet they are required only to give \$365 a year.

Learning about philanthropy isn't the only reason people join giving circles. "Giving circles are like a book club meets an investment club," says Nicole Cozier, philanthropy education officer at the Washington Area Women's Foundation, a public foundation that sponsors a number of circles. "They allow people to come together with others who have similar interests."

The way that many giving circles mimic investment clubs suggests that philanthropy may be embarking on the same cultural leap that investing went through in the 1980s and 1990s. During those years, individual investors became a massive force as baby boomers saved for retirement.

Investment clubs were one popular way that investors learnt about the financial markets. These clubs consist of individuals who contribute to a common investment fund and meet regularly to decide how to invest the fund's assets. In addition to members doing research on stock picks, expert advisers often make presentations at club meetings. Clubs combine socialising with investment education and, hopefully, profitable investments.

This year, the first baby boomers retire and enter their "peak giving years" when people's charitable giving tends to increase. Retirees often look for social groups to join and many baby boomers are seeking groups that can help them "give back" in some way. Giving circles are a natural option and a familiar concept to anyone who has been part of an investment club.

But it is not only baby boomers who are becoming interested in philanthropy and giving circles; there is also increased interest from Generation Y. This generation of young people has spent its high school years volunteering and seems eager to engage with the social sector. While cell phone giving and online social networks might steal the headlines when it comes to next generation philanthropy, there is also a growing interest in giving circles.

The Young Philanthropist Committee of Birthright Israel NEXT NY is a group funded by Michael Steinhard, the hedge fund legend turned philanthropist. The programme has created a 20-person giving circle comprised of individuals in their 20s and 30s who have come together to support Jewish causes in the US. Rebecca Sugar, director of Birthright Israel NEXT NY, was inspired by Mr Steinhardt's son David, a childhood friend of hers who had started his own giving circle. Each cycle, the 20 participants put up \$500 each, which Birthright Israel NEXT NY matches. The young members of the group pitch each other on non-profits they think should receive the money. The finalist organisations present to the group and a winner is selected. After a strong showing by the 2007 group, the Young Philanthropist Committee has launched a second circle and assisted two of its members in starting their own separate circles.

By blending the best practices of institutional philanthropy with the social atmosphere of an informal club, giving circles have the potential to spread quickly. It is my hope that they will encourage more people to be actively engaged in giving and to do so more effectively.

If you are interested in learning how to start your own circle, visit the Giving Circles Knowledge Center hosted by the Forum of Regional Associations of Grantmakers at givingforum.org.

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