

The Leadership Model of Philanthropy

Jamie Merisotis



Lumina
FOUNDATION

The Leadership Model of Philanthropy

Jamie Merisotis

As our global society grows more complex and the need for greater economic and social opportunity more pronounced, the role of philanthropy becomes ever more important — and more nuanced. The days are long past when the field of philanthropy could pin its hopes solely on grant making and other means of providing direct service or support to those in need.

Don't misunderstand; it's not that charity doesn't matter. Quite the contrary: The charitable impulse — that mysterious, marvelous urge to give, to help, to meet the needs of others — that feeling is foundational to our humanity. Without it, true opportunity is unattainable. Charity has always mattered, and it still matters a great deal.

But it's not enough — and it's not philanthropy.

At its core, charity is about help, about meeting urgent needs. Philanthropy, though, is about *change*. Philanthropy is focused, not on symptoms, but on root causes. It is systemic, not episodic; proactive rather than reactive. In short, the goal of philanthropy is not so much to provide assistance or service; rather, it seeks to permanently alter the conditions that make assistance necessary.

What this means is that, in order to effect significant and lasting change, a philanthropic organization must be a *leadership* organization. It must set an agenda for change, and then work purposefully and consistently to produce results.

This is a lesson we have learned first-hand at Lumina Foundation. Admittedly, Lumina is still a young organization. The Foundation was established in 2000, and my own tenure as president and CEO began even more recently, in 2008. Still, despite Lumina's relatively brief history — in part *because* of that history, which affords us advantages as a well-funded startup — we have a responsibility to take on a leadership role.

Fourteen years on, we feel our experience can be instructive to others in philanthropy. No doubt our experience would need to be adapted and molded to fit the circumstances and perspectives of others, but as we've advanced in our work over the years, I've come to recognize that our brand of philanthropy has some features worth sharing. It's not really venture philanthropy, or even advocacy philanthropy — labels that others have applied and used — but rather what I've tried to characterize as **the leadership model of philanthropy**. For us, the leadership model is characterized by three main attributes — three commitments that are critical for organizational effectiveness: focus, flexibility and fortitude. We believe that, by consciously exemplifying each of these attributes, any philanthropic organization can assume a leadership role in addressing its area of public concern.

At Lumina Foundation, our area of concern is higher education. We seek to maximize our impact as a national leadership organization dedicated to dramatically increasing high-quality postsecondary educational attainment. Specifically, we work to attain one clearly defined goal, what we call Goal 2025: By the year 2025, we want 60 percent of Americans to hold high-quality degrees, certificates or other postsecondary credentials.

That commitment to Goal 2025 — a single, ambitious goal that drives all of our work — is perhaps the most obvious example of the first attribute of leadership: focus. And yet it is just one of many such examples woven into the fabric of Lumina's history and approach.

In a way, we have always been focused. In fact, the founding members of our board made a conscious and courageous decision to keep Lumina's mission tightly focused on one issue: increasing college access and success, especially for low-income, first-generation and other underserved populations. For an organization as large as Lumina — a private foundation that has an endowment

well in excess of a billion dollars — that decision was almost unprecedented. Blessed with significant resources, very few large foundations tend to apply those resources in just one area, and many choose to address several areas simultaneously. Our board’s initial decision to devote Lumina’s mission entirely to increasing postsecondary attainment — that early example of focus — has imprinted all we do. It set the stage for similar, subsequent examples, including the 2008 decision to formally adopt Goal 2025.

Clearly, our embrace of Goal 2025 created an even tighter focus for our work, and it also ratcheted up the sense of urgency *driving* that work. The decision to commit ourselves to a time-limited, quantitative goal set Lumina apart from many of its peers in philanthropy. More important, it represented the first step in our transition from a good grant-making organization to a true leadership organization — one that uses, not just grant dollars, but all of the tools at its disposal to effect social change.

By focusing our efforts, Lumina’s commitment to Goal 2025 has shaped the Foundation’s work and underscored its leadership in countless ways. Let’s consider four of the most important ones:

- **It compels transparency.** In adopting Goal 2025 and asking others to join us in that commitment, Lumina did so publicly and conspicuously. We went “all in,” clearly stating our commitment to reach the goal and publicly sharing our strategic plan — the roadmap we’d use to get there.
- **It emphasizes scale.** Because the goal is so ambitious — an overall, nationwide increase in postsecondary attainment of nearly 20 percentage points in a little over a decade — it was clear from the outset that incremental change would not be sufficient. That meant we focused quickly on supporting large-scale, system-level change — and consciously sidestepped boutique programs and self-perpetuating “initiatives” with good intentions but limited results.
- **It mandates measurement.** Clearly, in committing to a quantifiable goal, we must hold ourselves accountable — to ourselves, to our board and to the public — for progress toward that goal. And being accountable, quite literally, means *counting*. It’s an exercise we take very seriously. Lumina has devised a series of metrics — quantifiable points of progress, each tied to the strategies we have chosen to pursue and each contributing to some aspect of Goal 2025. At Lumina, we measure and track progress on three levels. The first-level metrics are most direct, tracking the percentage of Americans with a high-quality credential (broken down geographically and demographically). The second level tracks

outcomes in the field — in the external environment — that need to change in order for Goal 2025 to be realized. Finally, our third-level metrics track outcomes that are directly attributable to Lumina’s efforts; we use these level-three metrics to guide and manage our own work.

- **It encourages refinement.** Because we are intently focused on one goal, and because we consistently measure progress toward that goal, we often reassess our strategies and tactics. This means we regularly, and hopefully *intelligently*, work with our outcomes-focused board to refine our approach and redirect our work based on the evidence. In fact, our current strategic plan — adopted in 2013 and meant to guide our work through 2016 — represents a significant change from the original plan we devised for reaching Goal 2025. The destination hasn’t changed, but the lessons we learned in our early years have led us to change our route.

This willingness to change, to course-correct without abandoning the ultimate aim, points us toward the second important attribute of a leadership organization: flexibility.

In any philanthropic endeavor — that is, any effort to create social change — the field of engagement will always be dynamic, particularly in this highly technological age. Attitudes and assumptions can change rapidly. Modes of interaction, of content or service delivery, of assessment, of validation — all can wither or blossom, seemingly in an instant. A leadership organization is one that stays abreast of these rapid changes and responds to them in timely, thoughtful ways — in ways that serve and advance the organization’s mission.

Focused, but flexible; committed, yet nimble — that’s the winning combination. At Lumina, flexibility takes many forms, as it must in any leadership organization.

One such example has already been mentioned: the conscious decision to employ all of the tools in our organizational toolbox. Yes, we use grants to support programs and projects that can move us closer to the goal. But our grants budget is just one of many levers we use to create change. Another is our ability and our commitment to act as a convener — to encourage and facilitate dialogue among all of the stakeholders who must be moved to embrace Goal 2025. Lumina has made significant strides in this area in recent years, hiring staff with significant higher education and policy expertise and reshaping our physical facilities to enhance our convening role.

We've also made a conscious choice to foster out-of-the-box thinking, to actively embrace and support the process of innovation — whether it occurs within our familiar field (traditional higher education) or outside it (in the business, technology or policy arenas, for example). Again, we have made staffing decisions to support this choice, purposefully orienting our human capital to advance the innovation agenda.

Another lever we strive to use wisely: our growing status as a thought leader in our field. Though we are a comparatively young organization, our staff embodies many decades of combined experience in the higher-ed and policy arenas. And our work as a foundation has made us, in some key ways, expert in at least some of the subject matter. That expertise has tremendous value — in identifying promising new ideas, in bringing effective practices to scale, in advocating for policies and procedures that can lead to significant improvements in college attainment. We are committed to using that important tool.

And there's one more tool in the Lumina toolbox, one more lever that we try to use effectively: my own role as the Foundation's leader. As president and CEO, I work to share Lumina's message publicly — through speeches and other events, through op-ed columns and articles, by providing Congressional testimony and making myself available to the news media. I also take an active role in the financial and investment elements of the foundation — something that, I fear, some of my peers may tend to avoid. I've pressed in particular for a more mission-related orientation to the management of our investment portfolio, and for a broader approach that incorporates new social financing mechanisms that tap the enormous potential of private capital markets.

Again, all of these tools reflect Lumina's penchant for flexibility. But there's one final type of flexibility that is **vital** to every leadership organization. Call it a healthy self-awareness: the ability to recognize situations where *others* should lead. Given the scope and complexity of the college-attainment challenge — and, no doubt, any social-change effort worthy of a foundation's full commitment — no one organization can always take the lead. The smart organization, the true leadership organization, is the one that can clearly recognize where it adds value.

In short, know when you can lead, when you should follow and when to get out of the way. This clear-eyed ability to discern one's strengths isn't only evidence of organizational flexibility; it also demonstrates the final attribute that is crucial to the leadership model of philanthropy — perhaps the most important attribute: fortitude.

Without question, courage is a non-negotiable item for any foundation that seeks to be a leadership organization. That's because any effort to make meaningful social change is notoriously difficult and inherently risky — too risky for anyone *but* foundations.

After all, philanthropic organizations — particularly well-endowed, private foundations such as Lumina — exist for one reason: to use the assets we hold in trust to act as society's risk-takers. Established to serve the public good, to use their resources in ways that improve the human condition, foundations operate in a privileged space, free from the restrictions that hamper other sectors of society. Unlike government officials, they don't face re-election. Unlike business entities, they're not beholden to stockholders or driven by the bottom line. Their only bottom line is to ensure social progress — a daunting charge, perhaps, but one that should inspire fortitude and foster real leadership.

At Lumina, we have certainly been inspired to act boldly, to embrace the challenging issues inherent in the effort to increase college attainment. We're committed to fostering equity in educational outcomes, to closing the attainment gaps linked to factors such as race and ethnicity, low income, and first-generation status. We're actively working to better define what degrees and credentials really mean, and to ensure that those credentials reflect rigorous and relevant learning. We're actively supporting efforts to make colleges and universities more productive, that is, to graduate many more well-educated students without increasing costs. We're supporting efforts to rethink the way states, students and the nation finance the higher education enterprise. In short, we're working hard, in many different ways, to foster a fundamental redesign of American higher education, one where students and the outcomes they achieve are at the center. It's clear that Goal 2025 cannot be reached without such an overhaul.

At the same time we pursue this fundamental redesign of higher education, we've also embraced a corresponding mobilization effort, a bid to change hearts and minds while we work to change the system. We're working to build a social movement that can generate ground-up support for the changes we feel are needed. We're engaging employers in the college-attainment effort and working to create centers for coordinated action, regional and city-based hubs where increased college attainment is a shared and central goal.

We're also actively engaged in policy discussions at the state and federal levels, a step that we feel demonstrates a level of fortitude necessary for any leadership organization. We're proud to step into the public square and advocate strongly for public policies that we feel will benefit students and society. We won't lobby; that narrow course is legally closed to us as a private foundation (we are subject to a different, and higher, standard than other 501(c)(3) organizations). But we *will* have the courage to come to the edge of what is permissible — not because we're unruly or argumentative, but because advocacy is our obligation as an agent of the public trust.

We take that obligation seriously, and we embrace the opportunity to serve the public trust. In fact, we at Lumina Foundation know well that it's more than a mere opportunity — it is an immense responsibility. We're convinced that the leadership model of philanthropy is helping us make the most of that responsibility, and hope that it might inspire others to consider this less-taken path.

Jamie Merisotis is president and CEO of Lumina Foundation. Lumina, an Indianapolis-based private foundation, is committed to enrolling and graduating more students from college — especially low-income students, students of color, first-generation students and adult learners. Lumina wants to increase the percentage of Americans who hold high-quality degrees, certificates and other credentials to 60 percent by 2025.