8 LEVERAGE ALL ASSETS: INVESTMENTS, CONNECTIONS, INFLUENCE, AND EXPERTISE

For too long, philanthropic action has been seen as narrowly limited to grantmaking or social services delivery. However, these constitute just a small fraction of a philanthropic funder's assets. For example, the financial resources currently deployed in grantmaking are relatively small in comparison to the overall assets held by philanthropic organisations in the form of endowments. The 2018 Global Philanthropy Report from Harvard University estimates that total foundation assets worldwide amount to more than 150 trillion USD, whilst grantmaking is only around 150 billion USD per annum[23]. Given these estimates, we must imagine and strive for the extraordinary impact that a greater alignment of our assets would have on society.

When facing the global polycrisis (see more in Principle 10), the calculus of our long term impact cannot remain the same from the 20th century; there is an increasing urgency to leverage all our strengths, and all our assets, to rapidly transform the sector. Therefore, as an example, if we can ensure that foundations use a far greater range of their financial assets in line with their mission – either by choosing to 'spend down' some or all of their endowments or by adopting 'mission-related investment' approaches – the result would be a vast increase in the resources available to drive positive social change.

Unfortunately, many foundations may see part of their role as preserving their endowments to continue their operations and for their own sake, and do not imagine their investments as tools for achieving their mission. Because of this, their assets are often invested on a purely for-profit basis in ways that do not further their missions or benefit society (and may even cause harm). Given the many sizable and urgent challenges currently facing the world, we should strongly advocate for philanthropic funders to, at minimum, explore the possibility of deploying more of the financial assets at their disposal by spending down some (or all) of their endowments. Likewise, funders – particularly foundations – should adopt investing in line with their mission as the new norm within the philanthropy world, rather than a specialist activity that foundations must seek out only if they are interested.

Beyond endowments, we should also significantly expand our thinking to look beyond financial assets. Although money will always be centrally

23 Harvard Kennedy School (2018). Global Philanthropy Report.

important to the role of philanthropic funders, it is only part of a much wider range of assets they can draw on, including:

1. **Resources:** financial flows, investments, human resources, internal and external networks, reputation, and brand recognition.
2. **Influence:** connections to relevant stakeholders in government and private sector, convening and advocacy power, elevated platforms and wider audiences.
3. **Expertise:** programme stewardship, strategic communications, networking and relationship building, financial planning, investing and risk management, and fundraising.

As an example, one way philanthropic organisations might amplify their impact is by using their convening power to bring other stakeholders to the table and creating a prominent advocacy platform. A foundation might use its network of connections to secure in-kind or matched donations, engage its network of individuals to volunteer for a community-based organisation, or encourage its network to lend expertise or advocate for social causes. Foundations may also leverage the relationships they have with stakeholders such as local businesses and governments to understand their needs, exchange ideas and perhaps find ways to work together on various activities.

By drawing in additional resources from elsewhere, philanthropic organisations use their own non-financial resources in creative ways to generate greater impact. Board members and participant communities, for instance, can be mobilised as valuable resources beyond simply their fundraising potential. At The Tony Elumelu Foundation (TEF), the Board members and trustees play an active, hands-on role in supporting the Foundation's various initiatives[24]. Board members work closely with the organisation's operational teams to lend their knowledge, expertise and networks to train African entrepreneurs and ensure the success of the TEF Entrepreneurship Programme. The Foundation is also considering how to leverage its network of programme alumni, who are all entrepreneurs, to expand its mentorship offering for subsequent groups.

Leveraging all assets, including networks, families, businesses, and even a foundation's voice in the broader social sector, is a critical principle for effective philanthropy. We should encourage philanthropic funders to think much more expansively about the tools available to them and embrace the full scope of their financial and non-financial assets. When doing so, funders should be mindful of potential conflicts of interest and ensure that they have the necessary expertise and resources to leverage all of their assets effectively.

However, it is worth investing the time and effort, as the benefits of adopting a holistic approach to social impact can be enormous. Leveraging all assets greatly increases funders' capacity to have a transformative impact on some of society's most pressing problems; it further aligns them with a growing number of donors (particularly next generation and younger philanthropists) who increasingly reject traditional ideas of strictly dividing business models and investment strategies from philanthropic goals. Instead, they see all of their activities as part of a coherent whole that is driven by the same values and sense of purpose. They further acknowledge the warranted scrutiny on how wealth has been generated, and are willing to leverage their influence to advocate for more sustainable business models. Given the vast forthcoming intergenerational wealth transfer, in which a huge volume of assets will pass into the hands of this next generation of donors, aligning resources with the interests and approaches of these donors will become increasingly important for maintaining future sustainability.

24 Centre for Strategic Philanthropy (2023). Tony Elumelu Foundation: Philanthropy for Entrepreneurs - Democratising Luck Across the African Continent.

Recommended practices for implementation:

How to get started:

- Create a map of all of your organisation's financial and non-financial assets and skills, and develop a plan for mobilising them effectively.
  - Approach it as a journey, starting small and scaling up over time.
  - Consider your wider networks so that you include the strengths and resources of those you are connected to, and reflect on how these can be mobilised.
- Review your investment strategies at Board level and assess whether they currently contribute directly to your philanthropic mission.
  - Engage with your investment advisers and asset managers to explore the opportunities for aligning investments more closely with your philanthropic mission.
- Begin a conversation within your organisation about deploying more assets through increased grantmaking or through spending down some or all of your endowment.
- Set expectations up front with your stakeholders – including Board members – on how you wish them to contribute and the levels of involvement required.
- Seek out and establish partnerships with often-overlooked internal stakeholders who hold or can influence significant decision-making power.
  - Explore individuals beyond the top executive level, such as those in finance, risk management, and communications, as change often requires collaboration and buy-in at the organisational level.

To go beyond:

- Apply a mission-related investment approach to some or all of your endowed assets.
  - Explore opportunities for using these assets to make low-cost loans or purpose-driven equity investments that can deliver positive social returns in addition to financial returns.
- Deploy more of your assets — either through increasing your grantmaking payout rate or through spending down some or all of your endowment.
  - Develop a clear strategic plan for your chosen approach.
- Consider how to involve your grantees and the communities you support in the wider resource development process, as they have areas of knowledge and expertise beyond those within an organisation.

- Identify who can contribute their knowledge, experience and networks to support others.

Use the convening and advocacy power of your organisation (including founders) to explore multi-stakeholder partnerships (see Principle 4) to scale up the collective impact of your work.

- Examples include pooled funds, joint advocacy campaigns, or co-hosting events that broaden mutual goals.

Where relevant, use the most socially influential members of your direct and indirect networks to reach and promote partnerships, policy platforms and advocate for the causes you support.

Leverage technology to reach wider communities and stakeholder groups that can contribute resources towards your philanthropic goals.

- This may require bringing new skills into your organisation (e.g. in digital community management).

Potential obstacles
Suggested solutions

Trustees, investment committees, investment advisers and asset managers may believe that it is their fiduciary duty to ensure that endowments are invested with the sole aim of maximising financial return, and that taking into account social return is not within their remit. Even where they are open to mission-related investments (MRI) as an idea, they may still not know how to put it into practice.

Engage with all stakeholders involved in decision-making about how your endowment is invested to uncover potential barriers and explore how these might be overcome. Draw on existing resources which explain the benefits of adopting a MRI approach, which clarify the relevant laws and regulations relating to trustee fiduciary duties in your jurisdiction, and outline how MRI can be done in practice. Join networks focused on MRI and impact investing to share knowledge and learn from other funders that may be further along in their journey. If your existing investment advisers or asset managers do not have the skills or willingness to engage with MRI, explore whether there are others in the market that can provide the right support.

Trustees or living donors and their family members may be resistant to the idea of spending down, if they see it as part of their role to preserve the organisation's endowment for future use.

Debates over spending down versus existing in perpetuity are complex, and there are valid views on both sides. Most importantly, consider the issue and question whether perpetuity is merely an assumed norm, or if it fulfils a clear strategic purpose. These conversations may bring to light opportunities to consider increasing grantmaking payout rates or spending down a portion of your endowment in ways that will deliver greater impact in line with your mission.

Organisations and their governing bodies may undervalue non-financial assets (particularly unusual assets) and misunderstand how useful these resources can be for the long-term goals of an organisation.

Seek examples of organisations that have effectively leveraged their non-financial assets and used them to advance the mission of the organisation. Use such case studies (see Resources at the end of this section) when advocating for a more holistic approach to network-building.

Resources

Arabella Advisers (2022). Before Sunset: Recommendations for Spending Down a Foundation and Extending Impact.

AVPN (2018). Leveraging the Full Spectrum of Philanthropic Capital Towards Impact: Case studies from Asia Pacific and the US.

Bridgespan Group (2018). Beyond the Grant: Foundations as Impact Investors.

Builders Initiative and Social Finance (2023). Breaking Barriers: A Practical Guide to Unlocking Foundation Endowments for Mission and Returns.

Candid (2015). Foundation Life: Beyond Money and Grantmaking.

Center for Effective Philanthropy (2017). A Date Certain: Lessons From Limited Life Foundations.

Centre for Strategic Philanthropy (2022). When Two Rivers Cross: Impact Investing and Philanthropy in Nigeria.

Centre for Strategic Philanthropy (2023). Tony Elumelu Foundation: Philanthropy for Entrepreneurs: Democratising Luck Across the African Continent.

Confluence Philanthropy.

European Venture Philanthropy Association (2015). A Practical Guide to Adding Value Through Non-Financial Support.

Impact Investing Institute (2022). Investing with Impact in the Endowment.

MARS (2020). MARS, Incorporated to Launch Independent Platform Aimed at Transforming The Role and Impact of Business.

Mission Investors Exchange. Endowment Investing Resource Library.

National Center for Family Philanthropy. Ending Well: Exits and Spend Down.

National Center for Family Philanthropy (2023). Finding the Right Advisor to Help Align Your Investments with Your Values.

Philanthropy For Climate Case Studies (2023). Supporting climate-friendly market-led approaches in Canada: Trottier Family Foundation case.

Rockefeller Philanthropy Advisers (2008). Mission-Related Investing: A Policy and Implementation Guide for Foundation Trustees.

Stanford Social Innovation Review. Mission Possible: How Foundations Are Shaping the Future of Impact Investing.

The Smart Company (2007). Developing Understanding around Non-Financial Support.

The Stone Family Foundation (2021). Non-Financial Support and How We Make It Matter.