It is a great honor to be standing here speaking to you this morning. We south of the border are watching with fascination as philanthropy grows and evolves in Canada, applauding you, and to be frank, watching to see if you come up with any better ideas in your approach to social finance that we might, well, not exactly steal, but, shall we say, show our admiration for you by our robust use of your better ideas!

Since his installation, His Excellency The Right Honorable David Johnston has emphasized the importance of philanthropy and civil society in achieving the hopes and dreams, the capacity and opportunity, of all of Canada. It is a perspective that I share, not just professionally but philosophically.

But, I am afraid, it is not a simple perspective. Important, yes. Fundamental to freedom, certainly. The foundation of community, naturally. All of these things. But not simple.

Oh dear, you say, yet another conference speaker who will try to make the simple complex if only in order to fill the allotted time. Indeed, I just saw four people check their watches.

So in order to liven this up a bit, let us begin where, in Canada, we arguably ought to begin. Let us begin with hockey.

When asked how he became such a superior hockey player, Canada’s most famous son, Wayne Gretzky, replied, “I always skate to where the puck is going to be.” A simple, logical statement. Self-evident in its wisdom. I always skate to where the puck will be. Indeed. But, for anyone who has ever tried to do that, it is not – certainly not – simple to do.

As with all complexity, speed is not the problem. Trajectory is the problem. Gretzky did not say he skated fast. He said he skated smart. He did not put his head down and skate with instinct. He kept his head up and skated with insight.

So, if we look forward and ask where, in the future, will this simple thing called philanthropy, this simple giving away of money, be in the future? How do we make sure that we are moving toward that future not merely with instinct, but with insight?
I would like to spend the next few minutes remarking briefly on five elements of that future that I believe are poorly discerned by philanthropy, and perhaps even more poorly discerned by commentators on philanthropy. I will pose these as questions which are both problems and opportunities. There are no answers

(Aha! you say. Don’t speakers always say that?? Six more people just looked at their watches!)

but I hope that, over the next two days, some of these elements may help you consider the future of philanthropy in Canada. Based on those five trends — those five places to which the puck is most assuredly going — I would like to conclude with two points about why, in fact, we should all skate harder, faster and smarter in the coming years.

Now to the five.

First, what do we mean by philanthropy?

I know the traditional answers, passionate giving of resources to those in need. But, here, now, and right under our feet, that definition is changing. At the end of the Cold War, Francis Fukiyama wrote an article that became a famous book, The End of History. Fukiyama did not mean the end of events. He meant the end of a simple, linear approach to history. The demise of the bi-polar geopolitical contest between communism on the one hand and democracy on the other, and the emergence of a common value for representative government implied, according to Fukiyama, that it would be very difficult to project future problems or behaviors on the basis of past or current behaviors. Learning from the past would be exceedingly difficult. It would be a matter of subtleties and complexities.

Similarly, I think we are now at what I call The End of Definitions in philanthropy. It is not that traditional, passion-induced charity has disappeared. It is that the allocation of resources to the societal commons now comes in many, many forms. There is an arc of innovation that is being constructed by philanthropists as they experiment. This arc embodies the new definition of what those who are engaged on the societal commons mean by philanthropy.

At the base of that arc, there are, indeed, still individual gifts. But a step up from that, there are coalitions of philanthropists who act as a unit, not as individuals, so that resources are at scale. The money is still given, but the pathway to the giving is collective not individual. One step up from that are philanthropists who see themselves as investors not as donors, and, although they still technically give money away, they clearly expect a quantitative return on investment back. One step up from that on the arc are philanthropists who use both capital and philanthropy in an entirely new way, lending or investing funds in nonprofits with a formal, legal agreement for repayment, in an effort to inject financial discipline into the nonprofit sector. Finally, at the upper end of the arc are individuals who do not see the societal commons as a matter of giving away anything at all. They see the problem as a matter of a lack of capital, and the solution as the presence of capital. Impact investing, social
enterprise creation, social bonding are all new forms of social finance that are “philanthropy” in the philosophical essence of the word because doing common good is the objective, but which are not “philanthropy” in the sense of passionate donations to charity.

So, the first element of change is in the definition itself. It is as though, in skating to where the puck is going to be, Wayne Gretzky is confronted with a levitating frozen pork chop. Still playable, but certainly complex and puzzling in how to shoot it and in how it will behave once it is in motion.

Second, who are philanthropists, and how does this change the future?

When Andrew Carnegie began to engage seriously in his philanthropy, he was 52 and the average life expectancy of a male in the United States was 54. In effect, he was in the final years of his life. When Bill Gates formed his foundation he was 38; Jeff Skoll was 34. The average life expectancy of a male in the United States is 78. This is obviously a very different scenario. The most important thing to understand about today’s new philanthropist is that he is not dead. Today’s philanthropist expects to be engaged in his or her work for a long time. Two things follow.

First, engaged is the operative word. Philanthropists expect to use what is between their ears not just what is between the covers of their wallets. This means that the sector has to be structured so that they can be engaged. Nonprofits need to understand and accept and indeed embrace that role. The days of “my agenda and your money” are ending, if indeed they are not over already. This is very, very hard for many organizations who provide services on the societal commons; indeed, it can be viewed as threatening. But, those who craft a successful engagement strategy are those who will both find support and who may find new ideas and new approaches that come with that support.

Second, because these new philanthropists will be involved over many years, their thinking is likely to evolve. We do not simply have a current period that is the End of Definitions, we may never have comfortable definitions again. New Philanthropists will not think about or approach problems ten years from now the way they do today. This will force upon the nonprofit sector a new expectation for constant flexibility and constant adaptation, akin to what a market demands of a commercial enterprise. Can nonprofits adapt to this reality? If they do not, then it is likely that we will see entirely new forms of organizations emerge to address social needs.

Who shall decide?

The third element of change is particularly thorny: who shall decide? There have always been people in need. There have always been social problems. Every culture has a tradition of giving. And, where there is giving, there is expectation of gratitude. There is an expectation that the giver provides resources at his or her discretion and the recipient is grateful for the largess.
But, we are a world of increasingly well-educated givers and recipients. People can communicate instantly. And they know, understand, and can articulate their preferences. Who shall decide what a community needs, the philanthropist or the community? What if the community is objectively wrong? What if the philanthropist is objectively wrong? What if the community does not actually feel so grateful because it did not want that solar panel in the middle of main street at all or those bean sprouts on the cafeteria plate? But since no one elected the philanthropist, must everyone forever drive around that solar panel? Must they forever eat their bean sprouts?

Philanthropy has not been particularly flexible nor particularly adaptive to changing social conditions. Let us take demography as a simple example. I will speak to the situation in the U.S. now, but I think the data are similar for Canada. We in the United States are an aging nation. In the year 2000, only two states had greater than 14% of their population over aged 55. By 2025, only five states will have less than 14% of their population over aged 55. When Social Security was instituted, benefits were to begin at age 65; life expectancy was 66. Every social security beneficiary was backed by 16 working aged adults. Today life expectancy tops 78, and every beneficiary is backed by three working aged adults. All of this has tremendous implications for the economy, health care, and poverty.

What of philanthropy? In the U.S. the term “elderly” is not even a subject matter that can be chosen in the Foundation Center database. If you choose the term “aging” you will find just over 1200 foundations with explicit interest in this topic. You will find 7300 interested in children and youth. You will find 32,000 grants for aging; you will find five times that for children and youth.

In a free and open society, there is absolutely nothing wrong with philanthropy (traditional or innovative) focusing on absolutely whatever it pleases. But, if philanthropy is expected to contribute to community advancement and help solve community problems, who has the standing to sit at the philanthropic decision making table? The community? If so, who in the community because communities are not of one mind? Government? Goodness me, where would that take us?

In some situations, these are not trivial problems. In Haiti, after the earthquake, there were 50,000 nonprofits operating to provide services. Each had philanthropic backing of some form or another. This is a good thing, lots of help. This is a not so good thing, whose help? For what? To address whose priorities? For what purpose? With what consequence?

Who should decide?

**What is philanthropy’s role in civil society?**

There is much ado about money. We throw around numbers with aplomb and gravitas. Three hundred billion dollars in U.S., up a billion here, down a few billion there. The country’s first billion dollar campaign. The first ten billion dollar gift. The first million dollar gift from a left-handed hockey player
standing over 6 feet tall wearing size 11 skates with a first name that starts with H who also scored six times in the 2009 season.

Is that the business we are in? Are those the most appropriate measures of philanthropy? What are we actually trying to do here?

In my view philanthropy is not about the money. Indeed, the use of dollars to measure philanthropy trivializes its importance. For the dollar value of the transfer of wealth is nothing compared to the opportunity it represents. Philanthropy is the voluntary commitment of personal resources to addressing problems that we share together. This is not a profession, this is not a conference, that is fundamentally about money. It is an endeavor whose very reason for existence is the commitment and engagement of individuals in their communities.

Therefore, if we truly want to measure something, if we are compelled by instinct or by public expectations or by professional DNA to measure what we have done, let us measure not how much money is spent, but how many new leaders we have caused to come forward, how many new voices are raised in our societies, how many individuals have stepped forward into commitment to community betterment because of our own effort. This is the truer measure of our value proposition. Let us measure our leadership by how well we have led not how much we have spent.

**Shall we be accountable for impact?**

Finally, what shall we do about impact? Increasingly society expects results. Impact, not intentions, is the coin of the realm.

Let us be clear. I am a firm and unwavering advocate of discipline, rigor, and impact. People increasingly demand such discipline from the nonprofit sector. Canada will find, as have we in the United States, that with growth comes public attention. At Changing Our World we have looked at media coverage of the nonprofit sector in five year increments from 1970 to 2005. If you look only at the New York Times, the Washington Post, and the Wall Street Journal, the period 1970-1975 saw just over 800 articles written on nonprofits and philanthropy. By 2001-2005, that had risen to 16,000. The people are watching, and trust can be the price. In 1970 you could make a mistake and no one would know. In 2011 you cannot.

With significance comes profile, and with profile comes public attention, and with public attention comes demand for accountability. It is only cold comfort that everyone is demanding about everything today. Just as it is cold comfort to be the second lemming off the cliff. The fact that we are among the many institutions under the public microscope should keep us awake, not lull us to sleep.

Of the long list of public expectations, however, it is the constant mantra of impact that troubles me deeply.
As we become more concerned with impact, as we become more consumed with structure, with measuring results, and with ensuring effectiveness of the money spent by philanthropy, we are in danger of making philanthropy risk averse.

The price of being risk averse will be huge. It will lead us away from the world of ideas, of pure inquiry. It will lead us away from the edges of knowledge. It will lead us away from thinking about problems and opportunities in hugely different ways. It will make us timid when what we so desperately need on the societal commons is boldness.

Philanthropy has the luxury of being what I call hunch money. It can work at the edges of understanding. It can and should invest where markets cannot or will not because of uncertainty of financial return. Even relative to government money, it can tolerate a degree of failure and intellectual risk that, for example, the tax payer will not (and, arguably, ought not) tolerate in the public budget.

Where we truly do not know the answers, where we truly do not know the implications of change, where we truly do not know the impact, it is THERE that the philanthropic dollar has its most unique, and therefore its highest, value. And it is, therefore, THERE that the nonprofit world must place its best ideas if it is to justify its pact with the people. That pact is not just about accountability; it is also about risk and the investment in a future whose dimensions we do not now see.

I would suggest a rule for this future road of philanthropy. In an effort to be more futures oriented, every philanthropy should adjust its giving portfolio to devote 10% of its resources to funding risk and the world of ideas. Look for the best, most interesting questions being asked about the future. Encourage and support those who are probing the edges of our knowledge and understanding. Allocate 10% of your portfolio to intellectual risk, to questions for which we can now only vaguely discern answers, to projecting implications of change before society is overwhelmed by it. Come back to the world of ideas, even though there will be no immediate proof of impact.

In the United States, if only half of all philanthropies took up this challenge, we would see well in excess of $1 billion per year flowing to understanding and anticipating the consequences of now poorly understood problems. This will not buy all the answers, but it will incentivize nonprofits to experiment, to challenge, and to seek new thinking and new solutions to complex and perhaps only vaguely seen problems.

So those are the five elements of change that will challenge you in the coming years:

- shape-shifting new definitions,
- new actors and new expectations,
- new needs and new capacities in communities
- new measures of value,
- and new opportunities for investing in the future
I hope these will prove provocative to you as you embark on this conference, and, indeed, as you pursue both your philanthropy and, Your Excellency, your consideration of how public policy can encourage philanthropy, both in its monetary terms and in its civil society leadership terms.

Of course, there is a sixth question. Why bother?

After all, it is far easier to skate fast than to skate smart, far easier to be instinctual than to be insightful. It is far easier to simply write yesterday’s check again tomorrow than to inform that giving with a deep analysis of the directions of future need, the ability to sustain progress, and the opportunity to lead others to leadership. Why bother?

The answer is because you must bother. You must bother to understand, accommodate, and take advantage of the change that is embedded in all of these five elements. As the leaders in civil society, it is your business to bother. It is our business to empower commitment to community and deepen the understanding of the implications of change in our lives. You must bother, because only bothering will keep philanthropy flexible, insightful, fresh, and impactful. Only bothering will get you to where Canada’s puck will most certainly be.

If we are not in that business, then we should get out of business. If you believe you are in the business of checkwriting and funds accountability, then you are in no business at all.

You are in the business of strengthening civil society, of creating leaders now and for the future. And so you are in a very important business, a very important business indeed. You – from the smallest to the largest, from the most local to the most national – YOU are in the business of preserving and protecting the civil society, preserving and protecting the richness, the diversity, the give-and-take of Canadian civil society.

Yes, you can turn away from the hard questions. You have the power and freedom to do so. But the result will only be the waste of precious time. The questions themselves will not disappear because we refuse to look at them.

I believe that you cannot look away. You must address these complex questions. You must bother. It is your business. And embedded within your business is the heart and soul of Canada.

Thank you.