

Philanthropy

Reinventing Philanthropy: A Framework for More Effective Giving

The following is an excerpt from chapter one of the book, "A Tale of Two Children."

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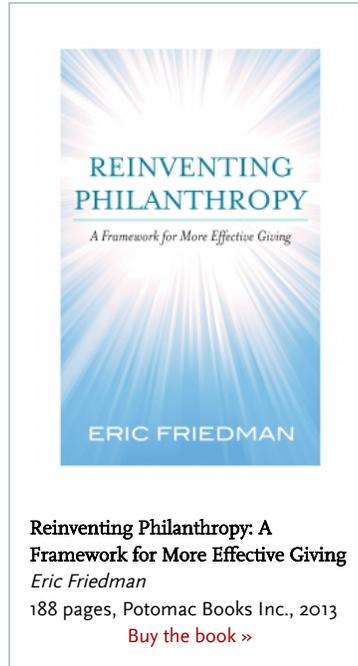
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By [Eric Friedman](#) | Oct. 28, 2013

Many of the most controversial questions in philanthropy are often ignored. What should be the role of a donor's interests and passions in the charitable giving process? Are some charitable causes and organizations more deserving than others? How can donors compare the options and select those most worthy? There aren't easy answers to these questions, but

Reinventing

Philanthropy sets out to provide thoughtful responses to help donors maximize the impact of their giving.



A few years ago, the following story was highlighted on St. Jude Children's Research Hospital's website as an inspiring testament to the hospital's work:

Sabrina developed bruises on her arms and legs that didn't go away, even after a few weeks. Then one night, during bath time, Sabrina's mom, Vicky, was startled to see a rash across her little girl's chest. When she noticed that her usually sunny daughter was becoming more and more lethargic, mother's intuition kicked in. This was something serious, Vicky felt. The next day, she took Sabrina to the pediatrician.

At the doctor's office, Sabrina underwent an ultrasound and blood work. When Sabrina's doctor referred the family to the local St. Jude Children's Research Hospital affiliate, Vicky felt her dread rising. At the affiliate, Sabrina underwent more tests. The results were devastating: Sabrina suffered from t-cell acute lymphoblastic leukemia.

receiving pain...

“Something like this puts life in perspective,” Vicky said. “We thank St. Jude every day for saving Sabrina.” Sabrina is able to do her weekly chemotherapy at the local St. Jude affiliate. She takes oral chemotherapy each day, and returns to Memphis once a month for intense chemotherapy. Happily, she is responding well to treatment.

Vicky and her husband are grateful for the donors who support St. Jude... . “Never receiving a bill from St. Jude ... that is a true blessing,” said Vicky.

Sabrina is lucky to be alive, thanks to St. Jude and the donors who help maintain its high standards of care. According to St. Jude’s National Director of Outreach, Marlo Thomas, “When a family comes through the door here ... the first thing we say is ‘We’re going to try everything to save your child.’ We’re the pioneers. We’re the cutting edge of science. We take sick children that have no place else to go.” And a look at St. Jude’s financials makes it very believable that the organization does everything possible for its patients. The daily operating cost for St. Jude is nearly \$1.8 million, which supports its research and treatment of about 260 patients each day. Most of St. Jude’s revenue comes from donations. Every patient St. Jude accepts is treated without regard to the family’s ability to pay. St. Jude pays for all the costs of treatment not covered by third-party insurers, even if a patient has no insurance.

There can be no doubt that St. Jude saves lives, and its donors play a critical role.

Halfway around the world, in Malanje, Angola, Domingos Antonic struggled with a different illness. He was sick with malaria for several days before being brought to the Malanje Provincial Hospital, already underweight for an eight-month-old. Domingos suffered from acute anemia and had difficulty breathing. He needed oxygen, but the hospital did not have an oxygen tank. His veins were so small that the staff was unsuccessful at giving him the transfusion he needed; a surgeon could have cut to find a vein, but there was no surgeon available. A \$10 mosquito net probably would have prevented his illness, but the hospital received only 300,000 of the 1.2 million needed to cover everyone in the area.

Domingos died.

Two innocent children got sick. One received the best treatment in the world. Another barely received any treatment. One lived;

In a perfect world, neither would have died. But that's not the world we live in. We live in a world with limited resources, and bad things happen that more resources could prevent. That fact drives many philanthropists to donate their wealth to make the world a better place, and for most of them, giving feels good.

But there's a dark side to giving that is rarely discussed in the world of philanthropy. For every person a donor helps, countless others are not helped. It isn't the donor's fault—it's impossible to help everyone—but it is reality. Donors who chose St. Jude over Malanje Provincial implicitly chose Sabrina over Domingos. Just as every donor to St. Jude deserves credit for saving Sabrina's life, they also made a decision that influenced the ultimate outcome for Domingos. They certainly didn't kill Domingos, but the choices that helped save Sabrina's life also influenced Domingos's death. Many find this way of thinking offensive—and it is—but it is reality. It makes giving seem less fun. Some donors might respond by splitting their gift among many different organizations to help both children, but spreading resources around doesn't effectively tackle the broader issue: scarce resources prevent them from helping everyone in need. Choices must be made.

Some might argue that giving to St. Jude doesn't necessarily change the amount a donor would give to Malanje Provincial; that may be true in practice today, but it is the result of the decisions donors make and can reconsider. Most donors ignore these issues and move on, helping a lucky few and not others, because they can't help everyone. They may rationalize this because by helping one, they are doing more than those who helped neither.

When the stakes are so high, doesn't Domingos deserve more consideration? Shouldn't donors think about their options more carefully? Maybe you believe that it is more important to save Sabrina's life than Domingos's because you're American and "charity begins at home." But the decision isn't as simple as Sabrina versus Domingos: one child here versus one there. Considering the \$1.8M daily operating costs of St. Jude, it is fair to ask: Would a donation to Malanje Provincial Hospital have saved more lives? If there ever has been a question whose answer affected life-and-death situations, this is it. Even without perfectly reliable "cost-per-life-saved" measures from each institution, we can still make comparisons. This is not about criticizing one institution and taking money away from it to promote another, but about trying to do the most good with limited resources to balance the needs of the world's Sabrinas and Domingoses.

If I had a child with cancer, I'd want her to get the best care in the world. I'd do my best to get her the best doctors, nurses, and hospital I could find. I'd spare no expense to do anything that

available to help my child.

If I lived in Malanje and had a child dying of malaria, I'd take my child to the only place I knew with skilled medical professionals: the Malanje Provincial Hospital. I'd ask for the best doctors and nurses they have and would empty my life savings—probably not much if I lived in Malanje—to do whatever I could to get care for my child. I'd be eternally thankful for any donors that supported the hospital.

I probably wouldn't know that a place like St. Jude existed halfway around the world for children with different illnesses. I wouldn't know that American hospitals cannot refuse patients in need of emergency care, regardless of their ability to pay. I wouldn't know that in America, all hospitals have oxygen and surgeons. I wouldn't know that in an American hospital, it would be routine to save my child. I would have never known the difference between hospitals in America and those in Malanje.

If I knew those things, I'd be confused and disillusioned that donors gave so much to help those children, but left mine with a shell of a facility that can hardly be called a "hospital." I'd probably also be very angry at the donors who are continuously funding St. Jude and leaving Malanje Provincial woefully under-resourced. Why are those children so much more worthy of life than mine?

We can sympathize with the perspectives of either of these parents. We know that we would probably feel the same as them if we were in their shoes. But as a donor, we are neither. While the desperation of these parents is real, it is not ours. We are not trying to save our own children. Our choice is about helping others. We are somewhat removed from the situation. This is the perspective we have when we make our giving decisions. Who will we help, how, and why?

Many donors "adopt" the perspective of one set of parents over the other. They can imagine themselves having a family member with cancer, but not malaria. They can see themselves going to a hospital like St. Jude, but not Malanje Provincial. They are geographically and culturally closer to families at St. Jude. So donating to St. Jude seems more like helping their own children. The children helped by Malanje Provincial are strangers.

The psychological aspects of this line of thinking are very real. They definitely affect how many donors decide where to give, but should they?

Domingos. Many of them will feel good simply because their donation helped some children. This is not unreasonable, but it also doesn't capture the depth of the situation.

Can the St. Jude Children's Research Hospital do more with the donation than the Malanje Provincial Hospital, or another organization? Most people would expect someone from Malanje to donate to their local hospital and someone who has had a child with cancer to donate to St. Jude, but a better approach to philanthropy would be to consider either hospital regardless of the donor's personal background.

This is a moral issue. What are our obligations to help others? How should we think about the ethical consequences of choosing between helping Sabrina, Domingos, and anyone else who is in need? What about a decision to spend money on ourselves instead of using it to help others? These are undoubtedly important issues. The people who have tried to build frameworks for thinking about them range from religious leaders, politicians, philosophers, and even ordinary individuals deciding how to live their own lives. This topic is very meaty and could easily fill up an entire book. Nevertheless, this book will not focus on the moral aspects of philanthropy. Instead, *Reinventing Philanthropy* is intended for those who have already decided to dedicate their charitable budgets to do the most good possible, regardless of whether this decision was made due to a moral obligation or a practical desire to get the most bang for each charitable buck. It addresses the following question: How can donors make the biggest impact with their donations?

This question is not easy and doesn't have an objective answer. I hope this book encourages you to think about philanthropy differently and gives you more knowledge on how to increase the impact of your gifts. If maximizing the impact of your gift is not your primary concern—maybe you seek public recognition, tax breaks, or emotional fulfillment—then this book may not be for you. But I believe that most donors are deeply concerned about helping others and I have written this book for them. Donors who are more confident in their decisions will ultimately give better and maybe even more, resulting in greater and greater positive impacts.

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Eric Friedman is an individual donor and the author of *Reinventing Philanthropy: A Framework for More Effective Giving*. He is an actuary and graduated from Stanford University with majors in mathematics and economics.

COMMENTS

BY Jindra Cekan

ON October 31, 2013 12:51 PM

Excellent to shine light on this hidden elephant in our living rooms... Many years in African watching nurses rewash gloves which nurses here throw out after just checking our temperature, children sloshing barefoot through excrement as they navigate Kibera-slum paths while we purchase our kids their 6th pair of \$60 shoes this year. Deeply grateful for the discussion...

BY Jennifer Astone

ON October 31, 2013 01:25 PM

St. Jude's has one of the most sophisticated fundraising departments with direct access to a wealthy U.S. audience. After several decades of making small grants to groups led by women, and activists around the globe struggling for basic human rights, I am reminded that philanthropy is only part of the solution. We need to think broadly about re-imagining not just philanthropy but government, education, investment, and international relations. Democracy, social justice and environmental sustainability will not come without accountability, education and a deeper appreciation of our intertwined future.

BY Paul Penley

ON November 1, 2013 03:18 PM

For a detailed review of Friedman's book Reinventing Philanthropy from an experienced philanthropic advisor to the wealthy, go to <http://www.intelligentphilanthropy.com/blog>

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