

# Trust-Driven Philanthropy

July 2007

# Context For a New Philanthropy

The old paradigm was about few people controlling value generation and distribution; as a result, those few gate-keepers governed the dominant patterns that our culture experienced. In the early days of the Internet, though, we dis-intermediated the distribution and as we matured into “Web 2.0”, we also started to dis-intermediate the value generation. One-to-many lectures now became many-to-many conversations, scarce blockbuster hits turned into abundant long-tail niches, and producers became consumers as consumers became producers. We revolutionized the way we organize.

Conventional newspapers, music, books, video were all disrupted into a new paradigm. But unfortunately, philanthropy never had its turn.

Traditional philanthropy is rooted in mistrust. Its top-down, bureaucratic, and transactional processes means that Ford Foundation’s cost-per-transaction is \$50,000. When any grant, no matter how big, costs \$50K, it doesn’t make sense for them to make small grants. And this implies that innovation -- which often comes from small and unexpected places -- is completely stifled, and social change is reserved for the elite and powerful.

Is it possible to leverage the networked power of Internet to disrupt philanthropy into a new era of innovation? Just as we are blurring the lines between producers and consumers, can we smudge the gap between giver and receiver? And can we truly empower everyone as an agent of social-change?

We don’t know, but what follows is a story of one experiment that says “yes” to those questions.

## “Shaman, Sufi and a Trucker”

In March 2007, CharityFocus receives an unexpected, unsolicited, and anonymous check for \$7500 -- a group of people sat together in silence, each wrote a number on a piece of paper, and sent us a check for the averaged number. We are completely in awe! In fact, it feels profoundly sacred.

A month or so later, three Sufi women ask - “So if you had to design a new model of philanthropy, what would it look like?” A spontaneous response leads to an online document. An executive of a trucking company happens upon the document and sends in a big check. No questions, no strings attached, no explanations. “Do it with it, whatever you wish,” the accompanying note reads.

Soon enough, the gifts from the “Shaman, Sufi, and a Trucker” total \$52,500. CharityFocus has a deep non-accumulation ethic, so we decide to give it all away. A grassroots organization, whose 2006 operating expense was a mere \$6500, is now giving away money - it’s almost as radical as a homeless man doing philanthropy.

And so it is.

Instead of a ready-steady-go business plan, we do what rockets do: blast off first, then hope to steady, and arrive whenever the universe self-organizes the conditions. In May 2007, we launch a “radical experiment in generosity” in Upper Hudson Valley of New York.

## “Radical Experiment in Generosity”

A few friends gather for a circle of sharing. Five CharityFocus friends had each invited a “Generosity Entrepreneur” – a cultural creative who is deeply committed to a gift economy. From a professor to a doctor, a soccer player to a Hollywood actor, a magazine editor to business school graduate, it’s an unchoreographed, diverse group.



Dozen of us start with sharing moments in our lives when we deeply experienced generosity. A Jewish film industry veteran talks about a bus ride when a Holocaust survivor gave her a shoulder to sleep on; a local radio station deejay shares the moving experience of receiving a “chest of bones” from Native American tribal leaders; an entrepreneur talks about receiving a six-figure gift to start his business, a twenty-five year old talks about a street vendor lending him a chair to sit on. The deep-from-the-heart stories create a strong, almost palpable, “vibe” in the room.

Then, each of the five friends call up their invited Generosity Entrepreneur to surprise them with a \$500 gift -- to do something good for strangers. No strings attached. Full trust. One of them says, “I have less than \$200 to my name but I’m moved to give you this gift that anonymously came my way.”

By the end, our hearts are beaming with an unconditional reverence for all life. Wild ideas are brainstormed – like buying coffee for a person behind you, at the same place, same time, everyday for 500 days – but the power of the moment is the moment itself.

## Unexpected Outcomes

Two weeks later, the recent graduate of Columbia business school, writes: “So far, I’ve actually used \$4. Not much, but what’s most amazing to me is how I have changed already! My spirit has completely changed to abundance. Every place I go, everywhere I look, I am wondering how I can help some random person (who all of a sudden is not so random anymore).” He goes on to do a gift-economy lemonade stand in Central Park with few of his friends; the experience was so rewarding that they are continuing it every week.



The Hollywood actor decides to do a generosity-style “Punk’d”, en route to volunteer at one of the poorest districts in South Dakota. At a random gas station, for example, he asks the cashier to run up the tab up to \$100 for purchases of next customers, while covertly capturing the reactions on video. 😊 Since then, he has started a “Shakespearean Lab” where socially conscious actors read poetry in public.

The Native American DJ hosts a “Generosity Capitalism” radio contest where folks write two page essays to nominate someone they deem worthy of paying-forward. The three winners? Support for a local artist with metastatic cancer, gift to a “brave, valiant woman for whom the money would mean a lot”, and a transportation grant for a writer doing an internship at a local prison. Some community members even donated to increase the gift pool.

# Very Unexpected Outcomes

As the Zen Chaplain tries to give away her money, she realizes that giving freely is quite an undertaking in our dominant paradigm of mistrust.

While some of her experiments work, lot of them don't. Even when she is handing out a raw twenty dollar bill to someone at a thrift store, she faces rejection. In a random conversation, her friend notes, "Hmmm, I'll bet it would be easy-peasy here in San Francisco. Plus, everyone can be bought; if you offered the guy at Goodwill a hundred dollars, I bet he'd have taken it." So she sends her friend a \$20 bill. Two weeks later, her friend sends the 20 back.

While in the middle of her experiment, she writes a honest, reflective essay (that was requested for publication in an arts magazine). She ends with, "Two friends suggested I set up a table full of 5 dollar bills with a sign that says FREE! I tried to think of a place I could do that without getting arrested."

It says a lot about our culture.

And then, there is the fifth Generosity Entrepreneur - the magazine editor who was intending on using the money to do a health-and-wellness workshop with local, pregnant woman. Since there was no pressure of follow-up, the outcomes of her project are unknown to date. But surely, we trust. ☺

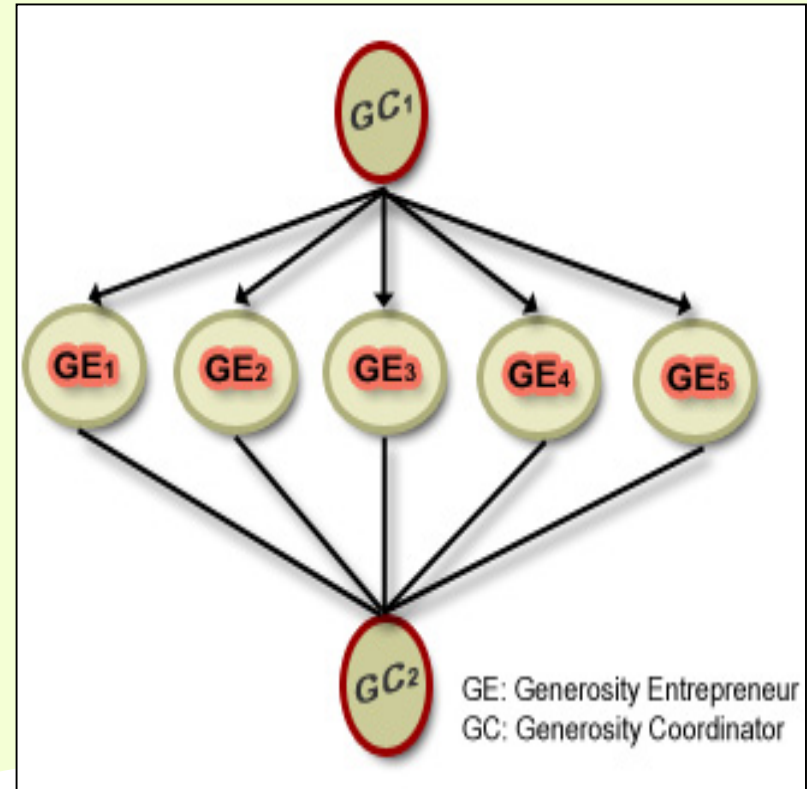
# Top-Five Lessons Learned

The experiment presented many lessons:

- 1) **Trust and transparency deliver:** if people are trusted to do the right thing in a transparent, peer network, the results are generative not transactional; ie. relationships and outcomes organically keep rippling outward.
- 2) **Process matters:** for micro-philanthropy to deliver tangible outcomes, the process is crucial. Deepening of peer relationships, sharing of personal stories, and reflecting on internal transformations provide the self-organizing “glue”.
- 3) **Local connection is necessary:** in-person meetings create relationships that can't be replicated by online communities. Local connection helps keeps everyone motivated, focused and accountable.
- 4) **\$500 can be intimidating:** for many people who haven't attempted small acts of generosity, giving away \$500 to strangers can be a bit overwhelming.
- 5) **Anonymity increases gratitude:** when the donors and the recipients don't know each other, that feeling of the unknown gives rise to a healthy, pay-it-forward kind of gratitude.

# A New Model!

- ❖ Create online and offline communities of micro-philanthropy.
- ❖ Catalyze person-to-person, infectious forms of giving where everyone can be a change agent.
- ❖ Promote a trust based gift-economy – giving without any strings attached.
- ❖ Build distributed and decentralized systems for loosely connecting all change agents.
- ❖ Search for patterns of positive deviance and amplify them with resources.





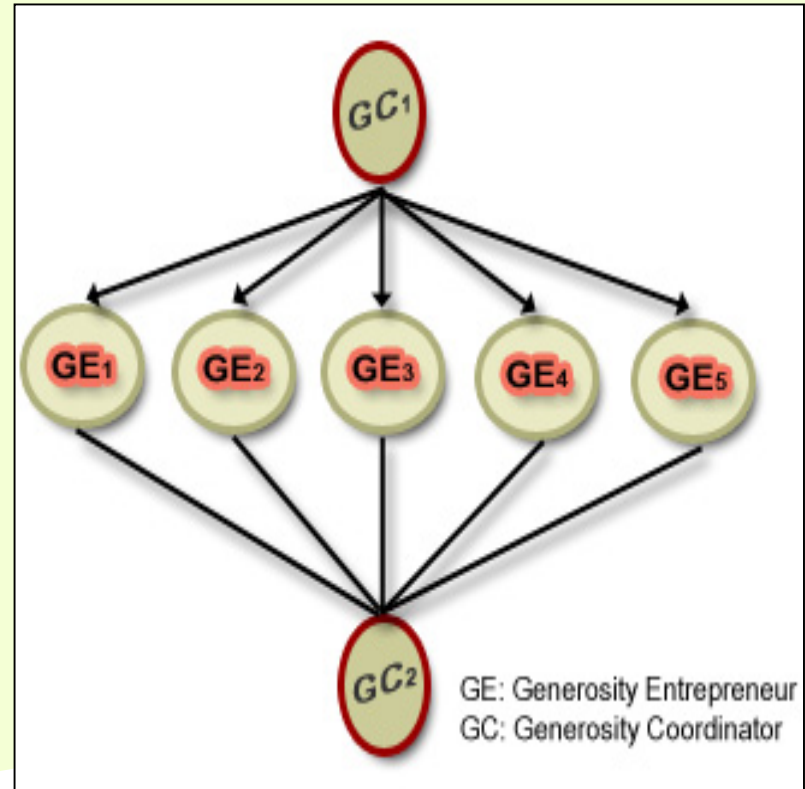
# An Early Example

- ❖ A friend's grandma passes away.
- ❖ Teen garage band makes a music video.
- ❖ One of them posts it on YouTube.
- ❖ Millions of viewers see the video in 2 days!
- ❖ Day 4, Good Morning America.
- ❖ Week 2, they have a Hollywood contract.
- ❖ Week 3, "Juan Mann" is on Oprah!
- ❖ People everywhere start giving 'Free Hugs'.



## Details of the New Model

- ❖ Generosity Coordinator (GC) selects five local GE's (Generosity Entrepreneurs) and emails them a \$100 pay-it-forward gift certificate.
- ❖ To accept the offering, GE's create online 'generosity profile' which asks deep, reflective questions about why giving matters to him/her.
- ❖ An anonymous fund will send a \$100 check to the GE, following the online profile creation.
- ❖ GE's blog the entire process, with stories, photos, video and anything else they wish to share.
- ❖ Post-\$100, GC convenes local meeting with all GE's to share stories and harness synergistic ripple effects.
- ❖ If all five GE's successfully complete their projects, they pick next GC amongst them, who then selects the next five GE's to keep the chain going.



# Potential Outcomes



- ❖ **Online community** of “generosity profiles” that can be leveraged by organizations, projects and philanthropists in a myriad of different ways.
- ❖ **A repository of “cool”, replicable ideas and stories!** Because of the low barrier-to-entry, onlookers can engage by spreading stories, volunteering time, or donating money.
- ❖ **Offline and online trust-networks.** Local friends will connect in the spirit of service, and online trust-network will facilitate people-to-people exchange of resources!
- ❖ **Everyone is a potential change agent!**

## The Next Steps

- ❖ Team of seven CharityFocus volunteers are designing and building the technical infrastructure.
- ❖ A social-finance organization has agreed to host our anonymous fund, on a gift-economy basis!
- ❖ Eight cities with ten Generosity Coordinators will pilot the project: Chicago, Houston, New York, Salt Lake City, Madison, Seattle, and two in San Francisco and Los Angeles.
- ❖ We will give away \$50K invisibly and allow the next steps to emerge after that. 😊

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