Redefining philanthropy

Philanthropic giving is an endeavour filled with best intentions. But it is also fraught with misconceptions around everything from mission to money, from timing to operational costs. Ascribing to the delusions of giving can short-circuit the full potential of your philanthropy and diminish the impact of your efforts to make change in the world.

There has never been a time when we need more clarity of purpose than now. But as a global philanthropy advisor, I often see the same critical mistakes made in terms of approach and impact. So here are five common myths about philanthropy that tend to take our giving efforts in the wrong direction—and five actions to overcome them and transform your giving.

MYTH 1: All philanthropists are billionaires
It is a common trap to imagine that only those with lots of resources can make change. The truth is: Anyone who donates time, money, experience, skills, or talent to promote human welfare participates in philanthropy. But it is human nature to jump to the tactical. We defeat ourselves before we even get started by focusing on how much we can or cannot give.

In reality, cash does not solve problems. People do. Given all the power dynamics that come with wealth, it is not even desirable to lead with money. So, I recommend a different mental framework that puts tactical thinking where it belongs by starting with the right questions.

Explore who you are and what kind of change-making you gravitate towards. Then ask ‘why?’ to understand your purpose. Ask ‘why?’ to question assumptions of why you want to support one thing versus another. Also ask ‘what?’: What do you value? What do you want to accomplish? Only with those answers in hand can you then move to ‘how’ or ‘how
Much’. It is an approach that positions people, companies, and organisations to be effective regardless of how much money they have to give.

**MYTH 2: Do not give away your wealth until you have created it all**

The old adage ‘Learn, earn, and return’ divides a person’s life into three stages. Early on, you are learning and growing. In the middle, you are making money. At the end, you are giving back. But what about thinking bigger earlier in life?

According to the report *Everyday Giving in India: Harnessing the potential of a billion givers for social impact*, India has more people volunteering and donating money than any country in the world. But it is worth noting that 90 per cent of this giving happens informally, versus 10 per cent that happens formally.

In the US, formal giving is around 60 per cent. Philanthropist Rohini Nilekani believes these formal channels can give people more opportunities to be “active participants of civic transformation.”

The average age in India is 29. Even when you are young, you can change the trajectory of one person’s life, and in turn, help exponentially more people throughout their lifetime. You can invest in companies that develop scalable, innovative, and disruptive solutions to the world’s most pressing needs, as the Sorenson Impact Foundation does. One of its early-stage investments went to Kinara Capital, an Indian lending company that provides loans to micro, small, and medium-sized businesses. These loans support and strengthen the small business sector that employs a large portion of the economy. The company has since created over 65,212 new jobs.

**MYTH 3: Overhead is bad**

If you research the best charities to support, you will find many different sites rating them based on how little money they spend on ‘overhead’—wrong. An organisation gets rated higher the less they spend on staffing and administration. It is good because then you know that more of your money is going directly to the cause, right?

Wrong. It is like putting all the money into the vehicle and nothing into maintaining the bridge. And it puts nonprofits in a constant state of struggle. I call this a scarcity mindset. It is a belief system that misguides your thinking and fools you into believing that you are saving money by being frugal. It gives you the ridiculous assurance that the less you invest in talent, infrastructure, and knowledge, the more you can help others.

Instead, we need to shift our mindset to abundance. We want NGOs to have well-oiled systems, useful technology, and agile leadership. We want expert guidance to navigate philanthropic decisions.
compensated, and energised staff members who can do their best work. To do that, we need to invest in continuous learning, people, and infrastructure.

**MYTH 4: Philanthropy is not worth it if you do not have a lot of money**

It is human nature to believe in overnight success. To look at the top of the mountain and think you will never get there. But every journey starts with a single step. And change is a process. When companies shy away from corporate giving because they do not think they have enough money to make a difference, they are being short-sighted.

When companies give thoughtfully, regardless of the amount, and align their philanthropy with their purpose, they leverage their impact. The promising launch of the India Climate Collaborative is a good example. It focuses on collective leadership among diverse partners in the public and private sector to ‘amplify and spread local solutions.’

It might not be the whole world. It might be your small corner: You raise your children to become loving and successful individuals. You volunteer at your kids’ school because you want all kids to succeed, not just your own. You donate food and money to your local food bank because you believe no human being should go hungry. You have identified problems in the world, and you want your donations to help solve them, whether you are giving $10, $100, $10,000, or $100,000,000. You hope your contribution, large or small, will help discover a cure for cancer, stop human trafficking, or end genocide.

**MYTH 5: Philanthropists should be discreet**

Many donors hide behind family offices, wealth advisors, and publicists. They give anonymously through their donor-advised fund. They stay inside their offices and houses. I once worked with a foundation executive who refused to visit nonprofits at their offices, insisting they come to him because it was more convenient (for him). Often this is fear-based. People fear getting too many requests or going outside their comfort zone, but this approach backfires. It exacerbates power dynamics and leaves philanthropists out of touch with the world.

Our voices play an enormous role in making change. Take Mackenzie Scott, who, while giving away half her wealth, announced, “I’m posting an update today because my own reflection after recent events revealed a dividend of privilege I’d been overlooking: the attention I can call to organisations and leaders driving change.” Her public shift and call to action, as much as her donations, are making a clearer path for others to follow.

And in India, where the formal philanthropy sector is very much in development, Rohini Nilekani has made a case for being open about philanthropy work to further the sector.

Successful philanthropy requires clarity of purpose and thoughtful strategies that are not only effective in the short term, but sustainable over time. It is also about making an impact, however small. It is about moving step by step, not just in one grand action, and adopting an abundance mindset that does not hamstring intentions. It is about standing by your decisions, allowing your voice to play a role.

So take a look at your own giving approach and identify what may be getting derailed by misconceptions. Detaching from these five common myths will set you on a clearer course, align more closely with real need, and go farther to making the change you wish to see in the world.

**References**

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