Perspectives
Edited by
Dedication

Spouses and families always forgo our time and attention when a book is going through its birthing throes. No less this volume. We thank especially our spouses:

Sandra (David Renz)
Barbara Phipps (Bob Strom)
Bob (Marilyn Taylor)

In the end, they are our personal entrepreneur philanthropists – putting up with us, supporting us, and cheering us on as we strive to make our contributions to our professional world.

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7. High-tech donors and their impact philanthropy: the conventional, novel and strategic traits of agent-animated wealth and philanthropy

Paul G. Schervish*

7.1 INTRODUCTION

This chapter contains an original section in addition to drawing on the Boston College Center on Wealth and Philanthropy 2001 report, 'Agent-animated wealth and philanthropy' by Paul G. Schervish, Mary A. O’Herrlihy and John J. Havens, conducted between January and March 2001 on behalf of the Association of Fundraising Professionals (Schervish et al., 2001), and hereafter also referred to as the High-Tech Donors Study. My goals are to depict the meaning and practice of high-tech donors as they approach the world of wealth and philanthropy; to provide nonprofit organizations, community foundations, fundraisers and today’s impact-oriented philanthropists with knowledge to improve their endeavors; and to offer the general public accurate information that will counter some misunderstandings and encourage fresh thinking about the attitudes and activities of high-tech donors. The leading questions of the research revolve around discerning: (1) the relationship between how high-tech wealth holders accumulate their money in business and how they allocate it to philanthropy; (2) the range of personal, business and philanthropic issues that surround high-tech wealth and philanthropy; (3) the implications of the findings for understanding and improving the trajectory of the philanthropy carried out by high-tech donors; and (4) the application of this new information to further our understanding of the emerging problems and prospects of philanthropy in general. The research was conducted on behalf of the Association of Fundraising Professionals (formerly the National Society of Fund Raising Executives) and was initiated and funded by Dr. Robert B. Pamplin, Jr., President and Chief Executive Officer (CEO) of the R.B. Pamplin Corporation in Portland, Oregon. Ultimately the research provides a case study on the meaning and dynamics of agency and hyperagency in the realm of philanthropy.

The findings of the study are based on confidential telephone interviews with 28 high-tech wealth holders involved in philanthropy, as well as two co-participating spouses, three well-informed individuals who work with and among high-tech philanthropists, and an additional interview with a high-tech executive subsequent to the report. I dedicate a section to this interview because it accurately exemplifies what I have heard over the years from many wealth holders when they recount their transition from focus on financial accumulation to philanthropic allocation. Respondents were promised complete confidentiality, and so all identifying information has been changed.

In the next section, I review the research landscape concerning the so-called venture or new philanthropy in which our study takes place, and describe the characteristics of the respondents in the sample. In the third section, I discuss what is not so new and several core aspects about what is new or has received a reinvigorated emphasis among ‘new’ or ‘impact’ philanthropists. In the fourth section I differentiate among three philanthropic strategies often lumped together under the rubric of impact or social venture philanthropy. In the fifth section, I describe, as a typical example, the process by which the additional respondent takes up his heightened nexus to philanthropy. In the sixth section, I draw out some of the ways in which high-tech donors manifest some of the basic dynamics of philanthropy of wealth holders in general. In the conclusion, I bring together my analysis by indicating a positive future for philanthropy by the respondents and other wealth holders. A more detailed review of the literature and analysis of the findings can be obtained in the complete report (Schervish et al., 2001).

7.2 THE RESEARCH LANDSCAPE

Several chapters in this book review the contemporary literature on the new philanthropic approaches variously called social venture, entrepreneurial and impact philanthropy. I call your attention to them. As the background for the historical context of our study, I mention just some of the sources we drew on as we conducted our high-tech donor study. At that time we discovered over half a dozen different formulations and descriptions of the so-called ‘new philanthropy': from media (Time Magazine, 2000); academe (Dees, 1998; Letts et al., 1997; Borden and Koudsi, 1999; Lee et al., 2000); the nonprofit world (Carlson, 2000; Sievers, 1997; Community Foundation Silicon Valley, 1998; Morino Institute, 2001, 2000); the financial services industry (Prince and Grove, 2001; HNW Digital, 2000, 2001; Schervish and Havens, 2000; US Trust, 2000); New Economy reports (Atkinson and Court, 1998; Atkinson et al., 1999; Edwards, 1999; Florida,
2000); and our own research on philanthropy by the wealthy (Schervish and Herman, 1988; Schervish et al., 1994; Schervish and Havens, 2000; Schervish, 2000, 1990).

It became clear, as one commentator put it, that high-tech wealth holders are ‘the new celebrities and rock stars’ (Prince and Grove, 2001: 4) and receive the same levels of adulation and attack. We found that the ‘new philanthropy’ and high-tech donors were popularly viewed as being new in history; as critical and suspicious of nonprofits’ effectiveness; as desiring hands-on involvement in philanthropy; as being ‘cyberstingy’; as wanting to apply the lessons of business to every nonprofit, namely, strategic thinking, measurable results, scalability, accountability and sustainability; and, for all their claims of radicalism, as being fundamentally conservative in their philanthropy, focusing primarily on education and on the environment, rather than embracing more unusual approaches or causes. We concluded from our review of the research landscape that there was much room to deepen the understanding of ‘venture philanthropy’ and high-tech wealth holders; and that it would be fruitful to look behind the stereotypes to learn the inner workings of philanthropy as practiced by members of the high-tech community.

7.3 CHARACTERISTICS OF RESPONDENTS

I define a high-tech business as one that produces hardware or software for computers and communications, or a company which although not involved in research and development, depends completely upon the application and leveraging of software for its entrepreneurial success. In turn, I define high-tech wealth holders as persons who have made or are making the majority of their wealth from direct participation as an owner or as a top executive with equity holdings in a high-tech business. Given our small sample, it did not seem to be necessary or useful to segment our definition of ‘high-tech’ further, and, indeed, none of the respondents whom we asked to describe the meaning of ‘high-tech’ defined the term in relation to a specific product. In addition to the production or principal use of computer hardware and software, they designated a set of elements which differentiate high-tech enterprises from older business models, including:

- rapidity of change and the speed of cycles of learning;
- need for constant innovation to stay ahead of the market;
- the youth of staff in positions of responsibility;
- reliance on ‘unseen [human capital] wealth’ (Blair and Wallman, 2001) rather than on physical capital assets for success;
- financial reward for collaboration, teamwork and mastering intellectual challenges;
- a drive to expand the scale of their enterprise; and
- relentless innovation and global horizons governing their business strategy.

The study sample, all from the US, consists of 20 males and 10 females in 28 families, both spouses having been interviewed in two families. Of those reporting racial or ethnic affiliation, one respondent was black, one reported no racial or ethnic affiliation, one reported Jewish, and the remaining 25 were white. The respondents ranged in age from 26 to 57, with an average of 42 years. Twenty-two of the participants were married or living with a partner; four were single; and four were separated or divorced. Eighteen of the 28 families had one or more children or stepchildren. The participants were well educated with two holding PhDs, eight holding master’s degrees and 11 holding bachelor’s degrees, out of the 23 participants reporting their educational attainment. Most of the 28 high-tech entrepreneurs, 15 persons, were still working full-time in a high-tech business; eight participants had retired from the high-tech industry; and one was on a year-long work break (of these aforementioned nine, all were working full-time or part-time in philanthropy); and the remaining four respondents were semi-retired, still employed part-time and were either also working in philanthropy or exploring opportunities in the nonprofit world.

Table 7.1 summarizes our findings on the respondents’ net worth, annual income, charitable giving and volunteering in 2000 (sampled in 2001). Family net worth of the participants at the time of the interview ranged from $1 million to $1.15 billion, with an average of $1.59 million and a median of $43 million for the 26 families reporting their net worth. Most of this wealth had been earned in the high-tech industry, although 19 percent, on average, was earned from subsequent investments, and approximately 2 percent, on average, was inherited or derived from other sources. The annual family income of the participants for the year 2000 ranged from a loss of $75 million to a positive income of $30.1 million, with an average of $4 million and a median of $750,000, for the 24 families reporting their family income. Since participation in philanthropy was a selection criterion for inclusion in the study, all the participants were involved in philanthropy. Their total family contributions (exclusive of political contributions) in the year 2000 amounted to $127 million in combined contributions for the 25 participants reporting contributions. These contributions ranged from $500 to $65 million per family with an average of $5.1 million and a median of $325,000. The number of gifts per family ranged from one to 200, with
most families giving ten or more gifts in the year 2000. The average number of gifts was 44 and the median was 18 for the 22 families reporting the number of gifts they made during the year. Nearly all the high-tech wealth holders (25 of the 26 reporting) also volunteered their time to charitable causes in the year 2000. One participant of the 26 reporting had done no volunteering. The combined total number of hours per month for the 26 who reported their specific hours was 1902 hours per month. The volunteer time ranged from 0 to 258 hours per month per person, with an average of 73 and a median of 42 hours per month.

Table 7.2 updates the 2001 sample characteristics to 2013 in order to portray the financial wherewithal and level of charitable giving in today’s dollars. Personal volunteer time, of course, remains the same in the two periods.

In order to obtain respondents, we used a branching technique whereby we asked various initial respondents to help us contact others in their circle for interviews. Thus the high-tech philanthropists that we interviewed are not representative of the entire population of high-tech donors. The respondents are likely to be more philanthropically active, and are not likely to be good informants about those who are not so highly involved. Still, the respondents were diverse enough and spoke consistently enough for us to identify an array of motifs which I believe are common to high-tech donors:

- As a group, high-tech donors are self-made, usually from modest means.
- They are well educated and have leveraged their education and intellect to achieve great success.
- Their wealth has come rapidly and has taken some getting used to.

### Table 7.1 (continued)

<table>
<thead>
<tr>
<th>Number of respondents</th>
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<tbody>
<tr>
<td>21 hours to 40 hours per month</td>
</tr>
<tr>
<td>41 hours to 100 hours per month</td>
</tr>
<tr>
<td>101 hours to 200 hours per month</td>
</tr>
<tr>
<td>More than 200 hours per month</td>
</tr>
<tr>
<td>No. of respondents not reporting</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Range 0–258 hours per month</td>
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<tr>
<td>Mean 73 hours per month</td>
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<tr>
<td>Median 42 hours per month</td>
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Table 7.2  Economic status and philanthropy, in 2013 dollars

<table>
<thead>
<tr>
<th>Family net worth</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $6.6 million</td>
<td>6</td>
</tr>
<tr>
<td>$6.6 million to under $132 million</td>
<td>9</td>
</tr>
<tr>
<td>$132 million to under $660 million</td>
<td>8</td>
</tr>
<tr>
<td>$660 million to under $1.32 billion</td>
<td>1</td>
</tr>
<tr>
<td>$1.32 billion or more</td>
<td>2</td>
</tr>
<tr>
<td>Not reporting</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
</tr>
<tr>
<td>Range $1.32 million – $2.0 billion</td>
<td></td>
</tr>
<tr>
<td>Mean $210 million</td>
<td></td>
</tr>
<tr>
<td>Median $55 million</td>
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</table>

<table>
<thead>
<tr>
<th>Family income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $135,656</td>
<td>4</td>
</tr>
<tr>
<td>$135,656 to under $678,281</td>
<td>7</td>
</tr>
<tr>
<td>$678,281 to under $1.36 million</td>
<td>3</td>
</tr>
<tr>
<td>$1.36 million to under $6.78 million</td>
<td>3</td>
</tr>
<tr>
<td>$6.78 million to under $27.13 million</td>
<td>3</td>
</tr>
<tr>
<td>$27.13 million or more</td>
<td>4</td>
</tr>
<tr>
<td>Not reporting</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
</tr>
<tr>
<td>Range $102 million – $40.8 million</td>
<td></td>
</tr>
<tr>
<td>Mean $5.4 million</td>
<td></td>
</tr>
<tr>
<td>Median $1017,422</td>
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</table>

<table>
<thead>
<tr>
<th>Family contributions</th>
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</thead>
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<tr>
<td>Under $678,288</td>
<td>10</td>
</tr>
<tr>
<td>$678,288 to under $135,654</td>
<td>1</td>
</tr>
<tr>
<td>$135,654 to under $678,281</td>
<td>2</td>
</tr>
<tr>
<td>$678,281 to under $1.36 million</td>
<td>1</td>
</tr>
<tr>
<td>$1.36 million to under $13.57 million</td>
<td>7</td>
</tr>
<tr>
<td>$13.57 million or more</td>
<td>4</td>
</tr>
<tr>
<td>Not reporting</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
</tr>
<tr>
<td>Range $678 – $88.2 million</td>
<td></td>
</tr>
<tr>
<td>Mean $6.9 million</td>
<td></td>
</tr>
<tr>
<td>Median $440,883</td>
<td></td>
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</table>

- They have an equal partnership with their spouse, working as a team in philanthropy and in rearing their children, with specific concerns about the special opportunities and pitfalls of wealth.
- Several were highly engaged with political parties and causes, but only half had donated to political causes. Most said they were generally non-political, did not believe that they could effect change through a political donation, and became involved in social and political issues only to the extent that such involvement was directly related to their specific interest in conservation, education or human rights.
- They are not much involved in religious congregations. Among the 26 high-tech respondents who completed the supplemental survey, only two reported being regular church-goers, 12 reported no religious affiliation, one was in search of a Church having been brought up with no religious affiliation, and the remainder stated they were spiritually inclined, but did not regularly go to church.
- The majority had young families—the average age of the oldest child was ten-and-a-half and the median was seven.
- For most, their frame of reference has been bounded by work, their relationship with their spouse, their education, and their upbringing; only a few have had a relatively long acquaintance with substantial philanthropic involvements.

7.4 PHILANTHROPIC STRATEGIES OF HIGH-TECH DONORS: AGENT-ANIMATED PHILANTHROPY

The focus of the research is how high-tech wealth holders carry out their philanthropy, especially how they participate in that highly engaged mode of philanthropy commonly referred to as 'new' or 'venture' philanthropy. Our findings and previous research indicate that neither term is strictly accurate. The philanthropy of high-tech wealth holders is not so much new as it is distinctive. Before turning to the new and distinctive aspects of high-tech philanthropy, I clarify what is not novel.

7.4.1 What Is Not New

There is a set of elements surrounding the philanthropy of high-tech donors that properly warrants the appellation 'distinctive'. However, these elements are not what commentators regularly mention. According to the popular view, new philanthropy entails an explicit effort by donors to apply the lessons learned in business – strategic thinking, focus
on measurement, accountability, scalability, investment and return on investment – to ensure that the charities they support are effective in producing outcomes and not just outputs, in documenting those outcomes, and in becoming creative risk-takers rather than quasi-bureaucratic protectors of their organizational survival. I agree that the intercessional or impact-oriented temperament that high-tech wealth holders bring to all their philanthropic approaches is integral to what high-tech donors look for in a nonprofit or try to advance when contributing to nonprofit organizations, introducing new directions in these organizations, or initiating their own philanthropic ventures. However, it is not historically novel for philanthropists to keep an eye on these objectives. In fact, throughout the twentieth century, virtually every significant philanthropist or foundation has implicitly or explicitly insisted on these characteristics, as our interviewees themselves were at pains to mention:

You're a baby boomer like me. We have always thought we were somehow different from any generation that ever lived and we probably aren't . . . I'm not an expert on these old guys like Carnegie and Rockefeller but I know when Carnegie put a big investment in the library system, he probably was thinking it was a good investment.

Second, our interviews with 140 wealth holders from 1985 to 1987 in the Study on Wealth and Philanthropy reported in 'Empowerment and beneficence: strategies of living and giving among the wealthy' (Schervish and Herman, 1988) enabled us many years ago to discern an already well-entrenched commitment by many philanthropists to the issues of effectiveness, innovation, venture investment, managerial assistance and entrepreneurship. Furthermore, venture, managerial and engaged philanthropy are not the only strategies through which high-tech donors carry out their philanthropy: we also found ample evidence of them practicing the entire gamut of strategies we found in our previous research, from the adoption philanthropy of a software entrepreneur who had 'adopted' his nieces and nephews, paying their college costs; to the consumption philanthropy of many high-tech donors to schools and environmental issues which have benefited, now benefit, or will benefit them and their family directly; to the brokering philanthropy of high-tech donors who solicit the help of members of their business network for their favorite charity (see Schervish, forthcoming).

Third, high-tech donors seldom limit their philanthropy to causes in which they are personally involved. In fact, impact-oriented donors are perfectly happy to offer financial support to established organizations, which they believe are effective and have missions with which they identify, often without any strings attached; for example, a donation to the capital campaign of an alma mater. Indeed, high-tech donors often make some of their earliest as well as repeated gifts to the universities they or their spouse attended. Without much to-do, they will even make incidental contributions to organizations that do not meet the criteria of effectiveness and engagement:

Now, I'm not against this organization, and I've wanted to support it anyway. Even though I see it sometimes does some bad things, at least, people got excited about doing it. And in fact, even though the model is not perfect, I think they kept doing a better and better job. I mean, they realized some of these mistakes and they kept doing a better job at it.

One participant described this mixing and matching of approaches. He combines time, money and skills to both the stage of his business and family life and to his philanthropic involvement, 'putting together the pieces perhaps in a different mix, like a recipe that is in keeping with today's values and today's individuals who are interested in doing the work'.

7.4.2 What Is Distinctive

All the respondents are involved in a variety of philanthropic approaches, many of which, as I said, are quite familiar and conventional. Their motivations vary as much as any set of donors; and they admit that their 'venture philanthropy' approach is not new in history. Still, there is something that is distinctive about high-tech philanthropy, perhaps even new, although I do not insist on the latter adjective. This distinctiveness does not reside merely in the fact that high-tech donors participate in venture philanthropy or in other forms of activist approaches, for example, managerial and entrepreneurial philanthropy. However, there is a combination of skills and approaches specific to the high-tech industry, which I see our high-tech donors bringing to philanthropy:

- An insistence on research and 'due diligence' for the start of any new venture.
- A strategic-thinking approach that combines both a global view and a broad-systems approach.
- A strong belief in the centrality to success of teamwork, partnering and collaboration rather than competition.
- An idealistic and optimistic belief in the capacity of the individual to make a difference, especially on an intellectual level, which comes from seeing the revolutionary effect that their problem-solving approach has had in business.
Entrepreneurs' engagement in philanthropy

- A fundamental belief in the development and application of human capital as the basis for solving society's problems.
- A conviction that innovation, constant change and a reassessment of circumstances are crucial to progress.

The foregoing descriptive characteristics manifest the underlying motifs of agent-animated philanthropy. In this practice donors transfer the dispositions and practices surrounding the accumulation of financial capital to their allocation of philanthropic capital. I will focus on three particular aspects which characterize both high-tech business and philanthropy, namely: a strong market consciousness; an unwavering belief in the transformative power of intellectual and human capital; and constant attention to innovation and expansion of business horizons. But the most fundamental aspect of agent-animated philanthropy is, as I will describe, the fact that the donor is engaged in philanthropy, as in commerce, in such a way as to directly affect the rate of return of the investment.

7.4.3 Market-Consciousness

The initial ingredient of a successful business is to identify some need for which the current or anticipated future demand outstrips the supply, and for which people are willing to pay. This, of course, is common knowledge in the business world. But our high-tech respondents emphasized how crucial it is for them to be especially precocious in discerning market demand. One software entrepreneur described the need he discerned in the high-tech arena, and which he expects his company to fill:

Everybody is familiar with walking into a retail establishment in any country of the world. There’s a well-understood ritual that takes place between you and the merchant that does not exist in the electronic world. Our goal is to put in place that standardized methodology for what I believe is going to be a revolution in how people consume information, and entertainment and education content electronically.

There are at least two reasons why this attention to market demand is crucial. First, high-tech producers are vigilant about discovering the need not so much for a discrete product as for a multiplex process. In other words, consumers are looking not for a furniture catalog, but for a way to browse catalogs. Internet retail companies are in need not of a cash register, but of an electronic system of processing orders and payments. High-tech creates reusable, multifunctional tools that are designed to meet a rationally logical or emotionally appealing chain of needs. For high-tech entrepreneurs to be effectively attentive to the market means being especially attentive to sequences or interconnected arrays of needs. The second reason why high-tech entrepreneurs turn out to be particularly sensitive to their market is that they pay heed not just to emerging needs. They also focus on how creative technology can meet a backlog of needs that were previously impossible to meet. By researching, inventing, developing and producing new technologies, the high-tech industry is able to create a stream of new products to meet qualitative, and not just quantitative, pent-up demands. Taken together these two market conditions teach high-tech donors the necessity and reward for honoring consumer sovereignty.

High-tech donors are as market-conscious in philanthropy as they are in business. They are alert to the needs of nonprofit organizations, but even more so to the needs of the ultimate beneficiaries being served by nonprofits. Because their development of high-tech products and services necessarily takes place within a broad-systems context, they tend to bring that comprehensive vision to their mission of philanthropy. They regard the role of philanthropy as to meet the needs of beneficiaries, but believe that it does not always do a good job of doing that. It is not poor intentions or a lack of dedication that evoke their concern. Rather, it is that current practices of philanthropy too often fail to perform well in discerning the needs of recipients, and allow modest successes to become an obstacle to greater accomplishments. High-tech donors, educated in the school of high-tech business, believe that existing charitable organizations must become more perceptive about the needs of the people they serve. Such needs are for a sequence of processional outcomes within the context of a complex social system rather than for any discrete product. Thus, inner-city school children are in need not just of a better education: they also need a series of socially interconnected intercessions that will produce a course of change in their lives. In order to succeed financially and meet the need for rural hospitals and clinics to quickly fix their sophisticated machinery and monitors, workers in Kenya need more than the requisite technical skills and certification. They need a new network of hospitals and clinics that trust their credentials and call upon them repeatedly for repairs.

Not only do high-tech donors have an eye for viewing beneficiaries' needs as causally linked; they also have a particular fix on the interconnected needs of existing charities. In the view of many high-tech donors, established charities and foundations have become stuck in old perceptions of the requirements of their clients or have subtly allowed pressing organizational demands to hamper their work on behalf of their target population. This critique, while never presented with severity, was universal among respondents. When high-tech donors believe there is potential to improve the market consciousness and the responsiveness of the charities they care about, they offer their time and money to actualize that
vision. When they believe there is a need to start afresh, given the resources of time and money, they will start new philanthropic ventures. In all cases, they are vigilant about the threat of goal displacement. They fear the substitution of both organizational survival for organizational growth and bureaucratic imperatives for market imperatives. For this reason high-tech donors, either alone or through the many venture partner associations which have sprung up across the US, work to provide the managerial expertise and multi-year financial support to unfetter nonprofit organizations from the constraints that threaten what would otherwise be market-conscious and market-responsive enterprises. Only when beneficiaries' needs for a series of outcomes rather than outputs are on the radar screen will charities garner their impact.

7.4.4 Intellectual and Human Capital

The second characteristic, which brings a distinctive edge to high-tech entrepreneurship in business and philanthropy, is the belief that knowledge is the primary force of production. The most consistent finding of the 2001 High-Tech Donors Study is the esteem in which high-tech donors hold the strength of ideas and the importance of gathering a team of workers with exceptional intellectual capacity. For one of our respondents, the high-tech world is simply this: '[t]he application of intellectual capital - which is just smart people and methodologies - to create efficiencies for businesses, for people'. In all eras, ideas are an important factor of production, but only in recent decades, and especially for the high-tech industry, have ideas been elevated to the primary factor of production, surpassing plunder, natural resources, physical labor and physical capital as the dominant source of added value. Knowledge is the wealth of nations and ideas are the coin of the realm.

High-tech donors believe that human capital is the key to human development. To the familiar question about whether money or ideas are more important for improving the human lot, high-tech donors answer that it is ideas. Money is important; but even without large sums of money, good ideas are the principal factor of production. Money spent without the intelligence to make it effective is not just squandered wealth; it is squandered efficacy. High-tech donors, rightly or wrongly, believe that philanthropy is in many ways as young as their industry. The best ideas are yet to come and any attention devoted to uncovering and applying new thinking is a worthy effort. Creativity and intellectual thirst are in shorter supply than money and, besides, the application of good ideas with a small amount of money will become a magnet for attracting added dollars.

For high-tech donors, it is not just that philanthropists need to become more endowed with insight, but that the very goal of human development is essentially an undertaking that fosters human capital. Not only is human capital seen as the principal tool of philanthropy, it is also its principal output. Thus, it is not startling that knowledge-industry philanthropists focus on education, research, the arts, early childhood development, teacher-training and for-profit ventures which foster new businesses. The debate over which should have the higher priority - the development of capacity or the advancement of economic distribution - is superseded by the focus on the distribution of human capital as the foundation for the distribution of wealth. What matters is neither the production of wealth nor its distribution, but the dispersion of the productive capacity of wealth. For high-tech donors this is not just supposition, it is their personal experience. One respondent describes how he had leveraged his connections in the venture capital world to convene a meeting between international entrepreneurs and US venture capitalists. He strives to build the confidence of young high-tech workers by giving them the opportunity to have their skills recognized and rewarded, he gives them not a handout, 'but a leg up, so that they are capable of doing all these things...and eventually they don't need you anymore'.

Despite this dedication to the power of ideas and human capital development, there remains a potential obstacle. As successful entrepreneurs, high-tech donors are children of the Enlightenment. They believe that people and organizations are corrigeable and that both can be directed to generate greater well-being. In the nonprofit world, where the object of production is often to bring about change in the way human beings think and act, knowledge is not the only determinant. Custom, habit, emotion, self-interest, lack of capacity and simple resistance come into play as well. The human beings whom nonprofits hope to benefit are themselves agents who will not be changed by ideas alone. The same is true for the human beings who work in nonprofits. Much of the misunderstanding between agent-attached donors who are trying to engender philanthropic outcomes, on the one hand, and nonprofit professionals, on the other, can be traced to an overappreciation of the compelling authority of knowledge by the former and an underappreciation by the latter.

7.4.5 Impact: Outcomes versus Outputs, Innovation and Growth

The third characteristic of high-tech engagement in business and philanthropy is its unabashed and sometimes unforgiving drive for impact. But before impact comes the need to read the innovative content and velocity of change in markets, to anticipate and create the near-term and long-term evolution of those markets, and to constantly innovate. All industries
face changing markets. However, high-tech entrepreneurs encounter and foster an increase in the velocity of change and a corresponding growth in efforts to monitor and respond to the dictates of that change. In this dynamic environment, locating what people need now and what they will need in the near future, rather than imposing what they do not need, is the surest path to success. It is the difference, said several respondents, between marketing and selling, or between good selling and bad selling, as another respondent insisted. Selling is getting people to buy what you need them to buy; marketing, as the respondent uses the term, is providing what people need. As such, high-tech business owners and equity investors need to anticipate and meet the needs of consumers for goods and services, rather than push consumers to meet the needs of a business for revenue. One respondent described how well he meets the needs of customers as 'disruptive' in the sense that he exceeds expectations in quality, quantity and price: 'We introduce the technology with almost all the functionality that people expect, and at ten or five percent of the price.' High-tech business owners not only introduce the world to change; they are introduced to change by the world. Their prosperity depends on how readily and astutely they recreate themselves and their enterprises.

As with their businesses, high-tech donors consider that growth in the scale of a philanthropic enterprise is a necessary indicator of success. Respondents repeatedly stated that most established charities are too often growth-oriented only in revenue and personnel, not in widening their impact. Too many nonprofit professionals believe they will never have large enough or consistent enough financial support and so too readily seek to maintain the scale they have already or, at best, to increase their scale only marginally. This dynamic of maintenance rather than 'scaling' jumps out at high-tech entrepreneurs as an oddity of time and place, rather as if they had been transported to a strange land with strange customs and unfamiliar norms. If what a nonprofit is doing is so important, why then, ask high-tech donors, should it not strive to expand its impact and become a model for others to emulate? Breaking the nonprofit's self-reinforcing cycle of scarcity thinking and subdued aspirations becomes the natural insertion point for high-tech donors into philanthropy. They are inclined to see their unique ability as philanthropists to be, first, their managerial expertise and creative intelligence; and second, their financial wherewithal. As to conventional charities, high-donors view them, sometimes wrongly of course, as too interested in financial wherewithal and not enough in reconstituting their purposes and organizational management for impact.

For high-tech donors a more successful production of philanthropic effect requires a measured attention to outcomes or impact, and not just of outputs. This will attract the convergence of two enhancements. It will spur more organizational flexibility, analytical suppleness and entrepreneurial instinct. It will also stimulate the infusion of enough financial capital to allow nonprofits to develop their organizational capacity and expand their accomplishments. High-tech donors view themselves as able to coach the former and tender the latter.

7.4.6 Agent-Animated Philanthropy

The way in which high-tech donors strive to be productive of outcomes in philanthropy is the same way they have been, or continue to be, formative of outcomes in their business ventures in the knowledge economy. I call this 'agent-animated philanthropy'. Just as a high-tech business must be both market-conscious and knowledge-based to succeed, so too must philanthropy. Agent-animated philanthropy is market-conscious, because as in business, high-tech wealth holders recognize the absolute necessity of accurately comprehending the needs presented to them. It is knowledge-based, because in both spheres they recognize the unqualified importance of applying their and others' intellectual capital to meet those needs.

As mentioned previously, not all high-tech philanthropy is agent-animated in the sense of bringing to bear new knowledge, new methods and new organizational operations. However our respondents tell us that the most consequential contributions they and their peers make or plan to make are agent-animated. They create new directions within existing organizations, inaugurate venues to tackle needs in a fresh way, and in general apply the principles they have adhered to in business. Utilizing their state-of-the-art commercial is the way they can effectively contribute to well-being.

Despite the criticisms I heard from nonprofits about the arrogance of high-tech donors in thinking they have the solution to every social problem, our respondents often told us that they believe in sticking to what they know. And yet they do recognize that they must get to know how the nonprofit world works. As one respondent put it, negotiating the landscape of philanthropy as a novice is both 'intimidating' and frustrating: 'I had given lots of dollars on an ad hoc basis to every fireman's spaghetti feed, or national lung campaign, you know, you name it. It didn't feel very structured; it didn't feel like I was maximizing leverage.'

To learn how to conduct philanthropy in a way congruent with his high-tech experience, he gravitated quickly to Social Venture Partners (SVP). In this forum he became educated by SVP members about how to employ 'capital and hands-on intelligent skills...to whatever the particular target opportunity was'.

While recognizing these distinctive characteristics, we must be careful
not to erect an insurmountable wall around high-tech philanthropy. Many donors who are not involved in the high-tech industry approach their businesses and philanthropy in relatively the same way as do high-tech donors. And, conversely, there are high-tech donors here and there who do not undertake an explicit or full-blown agent-animated philanthropy. Still, the dominant theme that surfaces from the accounts of every person with whom we spoke is the effort to shape philanthropy in the way they have learned to shape their high-tech businesses. They will mold the present and future of philanthropy because they embrace the insight that, in an ever-changing world, insight is the lever for extended significance, service and effectiveness.

Just as the exponential growth in technology and knowledge means that we are only at the beginning of new business horizons, high-tech philanthropy is still in its nascent phase. Just as we do not know all the future formations of business, we do not yet know the transfigurations in store for today’s agent-animated philanthropy. In both business and philanthropy, entrepreneurs harbor a strong sense of experimentation. As I write, new forms of commercial and philanthropic enterprises are daily in the news. What is happening now may well be supplanted by a sequence of innovations in business, philanthropy, and the combination of the two.

7.4.7 Varieties of Agent-Animated Philanthropic Strategies

Strictly speaking, ‘venture capital’, the term that spawned the analogous ‘venture philanthropy’, denotes the more or less active dedication of an investor’s money and expertise to propel an entrepreneurial activity initiated by someone else. It is marked by the following characteristics:

- Successful philanthropy requires the rational calculation of an expected rate of return in the form of specific outcomes.
- Investment philanthropy fosters a partnership relationship between donor and recipient. The donor underwrites the recipient to pursue a set of goals and the recipient recognizes the donor as an active stakeholder whose interests merit attention.
- Investment philanthropists tend to subordinate financial to intellectual capital. While appreciating the genuine instrumentality of money, they view the success of a nonprofit as primarily a function of the ideas behind the venture.

In recent times, we have come to use the term ‘venture philanthropy’ to encompass all versions of agent-animated philanthropy. In common parlance the term refers to a range of approaches that are in fact more widespread and multifaceted than the strict parallel to venture capital business investment. I find that much of what is regularly included within the category of venture philanthropy is more accurately called ‘managerial philanthropy’ or ‘entrepreneurial philanthropy’. Managerial philanthropy is the contribution of organizational expertise without the contribution of financial resources to elevate the effectiveness of a charitable organization. Its chief characteristics are:

- An attempt to recapitulate, in the realm of philanthropy, various business standards that are used in running an efficient commercial enterprise.
- An overriding concern with the production and measurement of philanthropic outcomes as the primary mechanism for achieving efficiency and cultivating business discipline.
- The contribution of time and effort mainly in the form of holding a formal or informal leadership position in the nonprofit organization.

Entrepreneurial philanthropy is the joint contribution of both human and financial capital of a wealth holder to inaugurate either a new charitable enterprise or a new component within an existing charity. The distinctive elements of entrepreneurial philanthropy, like those of venture philanthropy, parallel the elements that surround efforts in the for-profit sector:

- Direct engagement by the wealthy philanthropist in founding, rather than simply contributing to or advising, a philanthropic organization.
- Achieving social and moral change by the application of innovative ideas.
- The aspiration to generate a sizable impact by leveraging the influence of an embryonic initiative.

In my view, venture philanthropy is that ‘middle’ form that infuses managerial advice and financial resources into a philanthropic effort, but does not interject the hands-on daily direction that is the hallmark of an entrepreneur.

Our respondents provided numerous examples of the three intercessional forms of philanthropy. An example of each form should help to properly distinguish among managerial, venture and entrepreneurial philanthropy. One respondent, whose wealth is tied up in a Silicon Valley Internet start-up, contributes some money but much managerial expertise to her alma mater to help with fundraising and to develop better fundraising methods. A Boston software entrepreneur, who has started his own
family foundation, is nonetheless also contributing both venture capital and skills to help others get their charity off the ground, assisting them with goal definition, planning and advice about how to leverage funding. Finally, one Austin high-tech founder expends the majority of his philanthropic dollars and time overseeing his entrepreneurial start-up of a charity dedicated to overcoming the digital divide among urban youth.

The myriad engagements by our respondents in these three philanthropic strategies suggest that carrying out one or more of these intercessional philanthropic strategies is a leading characteristic of high-tech donors. In order to understand more accurately what high-tech donors are actually doing, and in order to better alert them to the variety of intercessional strategies they may wish to pursue, it is necessary to recognize the differences among managerial, venture and entrepreneurial philanthropy. Indeed, the future of so-called venture philanthropy or, better, of venture philanthropists engaged in various venture partner organizations, is more likely to revolve around entrepreneurial philanthropy to the extent that these high-tech donors solidify their wealth, garner more time to pursue their philanthropic purposes, and discover the causes and people on behalf of which they desire to exert their hyperagency. I propose that considerations about the connection between enterprise and philanthropy need to be expanded beyond the term ‘strategic philanthropy’ to the specific types of strategic philanthropy (see Schervish, forthcoming/2014 for a review of 13 strategies) pursued by donors. More directly relevant for our concerns in this book, we need to stop using the generic term ‘venture philanthropy’ when in fact the strategy may instead be managerial or entrepreneurial. The three approaches are similar in that each entails a practice of organizational leadership and a disposition focused on improving effectiveness; but they are radically different in the personal mode of engagement carried out by donors.

### 7.4.8 Dilemmas of Care and Control

In the three foregoing strategies, wealth holders in general, and high-tech donors in particular, are institutional architects. As such, they are endowed with the expectation, confidence and capacity to be world-builders. The caliber of the philanthropic worlds they beget depends upon the caliber of their intercessions. Without abundantly more information and wisdom it is at best presumptuous, and at worst ethically indefensible, for us to declare that any agent-animated donor is clearly more a servant of care or dominion in how they intercede with their time and money. And so I refrain from doing so.

Still it is necessary and possible to retain a critical eye because high-tech donors possess such overwhelming capacity to generate much care and much control. Being thoroughly aware of the Janus-faced prospects is crucial because the characteristic that makes high-tech donors constructive is simply the opposite of what makes them destructive: the resolute determination and financial wherewithal to carry out their will. We see high-tech donors benefiting a cause by spurring creative directions; helping an organization to distinguish between and measure outputs and outcomes; knowing when to step aside and turn a venture over to others; and developing relationships of mutual respect. On the other hand, there are temptations, such as for activist philanthropists to insist on implementing their views despite countervailing opinions by front-line professionals or community activists; to push a pet project that a community may neither need nor want; to sidetrack a worthwhile project; to insist on an accounting scheme too narrow for effectiveness; or, finally, to pressure a charity to shift from its existing undertakings in order to scale up, thereby disrupting how it currently serves its beneficiaries.

### 7.5 FROM HERE TO THERE: SHIFT IN EMPHASIS FROM BUSINESS TO PHILANTHROPY

#### 7.5.1 Turning to Philanthropy: The Transitional Secret of Focus from Accumulation to Allocation

More important here for our argument is how, in the light of meeting their goals for financial independence, high-tech entrepreneurs turn to philanthropy as the realm in which they will begin to focus their intellectual, emotional, and financial capital. I call this the ‘transitional secret of focus from accumulation to allocation’. It is transitional because it leads to a shift in orientation. It is a secret because it is rarely articulated by wealthy entrepreneurs or by researchers and yet in practice it can be discovered and implemented. To say there is a transition in focus from accumulation in business to allocation in philanthropy does not mean there was no previous, even substantial attention to philanthropy. Nor does it mean that intensifying philanthropic involvement ends all attention to business endeavors. It does mean that there is more intellectual, emotional and behavioral attentiveness to charitable giving either during business involvements, during a period when business activity has terminated, or before new business activities commence. There is no model that all donors follow. They each choose over time the sequencing or combination of business and philanthropy. But an increased focus of their capacities on philanthropy takes place in a constellation of considerations that we can
see in David Hendricks's (pseudonym) evolution. He is a typical example of how wealth holders reallocate their attention from financial accumulation to charitable allocation. He is emblematic in that he evinces the general pattern of the transition in focus from business to philanthropy. Considering him an ideal type means that everyone who makes this shift will follow his exact pattern, and not everyone will shift as fully or completely from business when philanthropy takes on a higher priority.

David Hendricks is a 45-year-old, now cashed-out equity partner of a high-tech venture capital firm, who graciously granted an interview over two sessions of more than four hours. His shift from finance to philanthropy finds him calculating his financial security, undergoing a positive reversal in his previously cynical view about the value of philanthropy, and narrating the familiar experiences that mobilize his giving to benefit the education of disadvantaged students. Among several such experiences, he identifies personally with the fate of students in need of education and responds to their gratitude for the gift of his own education.

7.5.2 Financial Security

Our findings from two surveys of wealth holders (Schervish and Havens, 2000, 2011) and Independent Sector studies (e.g., Hodgkinson and Weitzman, 1996) based on household income up to what would be today around $200,000 in annual income, point to the importance of trust in future financial well-being for higher levels of charitable giving. The higher-wealth individuals rate themselves on financial security and middle-income people rate themselves on confidence in their family's financial future, the more they give to philanthropy than their economic peers who rate themselves lower. Personal interviews (e.g. Schervish and Herman, 1988) also reveal that economic events such as cashing in stock options, sale of a company or engaging in a public offering often, but not invariably, lead wealth holders to turn to philanthropy as their primary vocation. Those who have solved the economic problem for themselves and their heirs indefinitely into the future face a new and fuller range of choices — one of which is continued business activity, and the second of which is to focus more on using their wealth, their time and their skills for philanthropy.

For David Hendricks his shift to a greater focus on philanthropy begins his emblematic path to philanthropy with his recognition of financial security, which he defines as:

- basically having a very, very low chance that you will go broke even if you don't have a job, given an acceptable lifestyle. I have a computer model that I built that reaches out to when we're [he and his wife] ninety years old that factors in inflation and that plays out all this growth stuff and what the random fluctuations of the stock market could possibly be. And it lays out a thousand versions of the way the world might play out and in only one time out of a thousand will we go broke given the lifestyle that we've chosen. And that's financial independence.

He goes on to explain that as a mathematician and computer programmer, and as one who is exceptionally risk-averse when it comes to long-term financial independence, he was able to construct a simulation model that:

randomly simulates the way the stock market will play out over the years, using history as a guide for what numbers you should put in there. And the question for me was, do you have enough squirreled away so that basically we can maintain the lifestyle that we've chosen through our old age and have a very low probability of having either inflation or a lack of appreciation in the stock market make us go broke?

For Hendricks, the amount designed for financial security is a present value resource stream in 2002 of $6 million in present value ($8 million in 2013 dollars), net of prospective taxes, net of inflation and net of potential negative shocks to the stock market.

What Hendricks explains next is crucial to the transition in focus to philanthropy for all who make this shift. What he enunciates is often obscured from perception — both for those who go through this transition, as well for us researchers who seek to excavate that distinctive inner dynamic that leads to a greater focus on philanthropy rather than continued business enterprise or extended leisure. Why, after all, turn to philanthropy, since doing so is not inevitable? What is it about philanthropy that inclines individuals to dedicate devotion to it? What is that usually un-annunciated and unstudied experience that leads to philanthropy instead of alternative directions?

Hendricks makes it clear that any serious pursuit of philanthropy would only be a ‘romantic’ rather than a ‘pragmatic’ pursuit had he not first achieved financial independence. But note: although Hendricks explains the role of financial capacity in making philanthropy possible, this still does not explain why he turns his attention to philanthropy:

You need wealth to actually act on that ideal because, I'm sorry, I enjoy so much the lifestyle you can achieve with wealth. The pragmatist in me, like the squirrel, says, 'save your chestnuts and the sooner you get that done, the sooner you can rise up a Maslovian level and do the other things'. And beware trying to rise up the Maslovian level before you are ready to do it. Be very, very sure that you are ready to do it because it is tough to turn back.

Prior to affirming his material and psychological financial security, Hendricks was already a small contributor to charities. But why does he
he and others would flourish more by caring for others directly. That is, just because they are in need, not because they can express their need through dollars as in a commercial relationship. Aristotle says the attractive potency of philia as friendship love arises from the joy and happiness of the parent–child relationship and then develops throughout life into the fulfillment of close personal acquaintances, workmates, and even those in fair contractual associations. Hendricks, we hear, begins to understand the mutuality of philanthropy and that something positive is in store for his own fulfillment as he cares for others.

7.5.3 Identification

Hendricks's sense of fulfillment comes from an array of ultimately inseparable experiences that lead him to the dispositions, decisions and deeds of the transitional secret of philanthropy. The first is identification. I have already discussed identification as well as other mobilizing experience at some length in other writings (Schervish, 1997, 2007). But its ability to animate the philanthropy of a wealth holder can be appraised by a brief look at how Hendricks connects what he considers to have been the comparative advantage of being well educated with the plight of those whose lack of quality education excludes them from the knowledge economy. Hendricks recounts that both he and his wife, Meagan, have gotten ahead in life due to the intellectual capital they garnered from their extensive top-tier university studies and, besides, ‘between Meagan and me we’ve got so many educators everywhere’ in the family, that a concern for education has been ‘imprinted in us’.

Hendricks considers the poor who are ‘education have-nots’ as like him, his wife, and his children – but in reverse. And he aspires to make a subvention for this group commensurate to the privileges he and his family enjoyed. ‘I’m very concerned about a bifurcation of the educated and the educated-nots in our society,’ explains Hendricks, ‘because I see increasingly that our economy is driven by knowledge-worker types, problem-solvers. So I have real concerns about how to democratize education.’ Especially for the poor, ‘education is very important ‘cause what we’re talking about is people who would otherwise be burger-flippers’. As was true for him, ‘the comparative advantage to them [poor children] is an affordable education, which in turn allows them to get jobs in the knowledge economy’.

7.5.4 Gratitude

The experience of identification is complemented by a particularly strong sense of gratitude for unmerited advantages or, as some say, 'blessings' in
reaching financial success. In our 2001 High-Tech Donors Study we found that most participants do not credit their wealth solely to their own efforts and skills. They understand that at various points in their careers there was always risk of failure. Thus, they credit their wealth at least in part to luck, breaks and good fortune, and for those who are religiously inclined, to God’s grace or blessing. Such experience of blessing and gratitude further animates them to seek ways to help individuals and causes with which they identify.

The dynamics of gift and gratitude leading to care for others is precisely what Hendricks describes as generating his concern for the vocation of education as a ‘noble thing’. ‘The other piece of it,’ he continues, moving from identification to gratitude:

is I personally got so much out of my education. It has enriched me beyond measure. Not only the practical aspects of it, for instance in my career, [but also] to have a sense of irony, and to build an intellectual richness in life that for me has just meant so much as a gift. . . . The gift of knowledge you might say – the gift of how to think, how to write, how to communicate, how to analyze as well as the gift of all the touchstones that an education gives you – the building of commonality in a community. You know, if everybody has read Shakespeare, there’s a commonality that comes out of that which makes for better life. I do believe in having touchstones – that communities have points of reference that are rich and deep which can be commonly held and therefore allow people to not feel alone and to have confidence in the like-mindedness of their fellows.

7.5.5 Hyperagency

In addition to identification and gratitude, another mobilizing experience derives from the particularly active way wealth holders have made their money. Like Hendricks, they desire to be as entrepreneurially productive in the realm of philanthropy as they are in the realm of commerce. An analysis of several years of the Federal Reserve Survey of Consumer Finances indicates that the majority (approximately 93 percent) of wealth holders acquired most of their wealth through their own skills and efforts (including investments) rather than through inheritance (7 percent). Their major road to wealth has been business in the sense that they have owned and operated their own enterprises, most often as entrepreneurs. And those who are not directly involved in running a business are active investors. Our research findings continually confirm that the fundamental common trait of wealth holders is what we call hyperagency (Sehervish and Herman, 1988). Hyperagency is the ability to be a producer and a creator of the organizational life of a society rather than simply a supporter and participant. As institution-builders in commerce, politics and philanthropy, hyperagents do not simply seek to find the best environment within which to work, live or give. Rather, in all three realms, hyperagents are able to do alone or with a few other individuals what would take a substantial social, political or ‘mass philanthropy’ (Zunz, 2012) movement to achieve. When they choose to do so, hyperagents on their own can start new ventures, apply new ideas and methods, and set new institutional directions for existing organizations. Also, as we have often seen in recent years, they create new products and methods to solve global problems, spur giving pledges among billionaires, and jump into electoral politics, leapfrogging established candidates. The wealthy thus bring to their philanthropy not just an overarching expectation and confidence about being effective, but also a wide range of skills revolving around ‘questions of how to manage change’, as Hendricks puts it. Such skills include an understanding of finance, management, investment leverage, personal connections, leadership talent, and a can-do attitude bred by success. In particular, wealth holders, the longer they are members of a community, often have assembled such an array of informal and formal associations within their communities and through board memberships and other leadership positions that they become, as a matter of daily schedule, intimately knowledgeable about, interested in and responsible for philanthropic initiatives and nonprofit management and innovation. When coupled to the fact of earlier financial security and longer life expectancy, many wealth holders have both the time and energy to devote deeper thinking and vigor to the people and causes about which they care.

In philanthropy, as in commerce, politics and civic life in general, the desire to be productive hyperagents is an active motivation that is part of the general inclination of wealth holders to be as publicly purposeful in allocating their wealth as they were privately purposeful in accumulating it. Hendricks demonstrates this third motivation in addition to those of identification and gratitude. His disposition to be involved in philanthropy requires working through a ‘high performance culture’:

I want strong intellectual problem-solvers who are also interested in really getting a lot done. It’s not just getting a lot done, but I am just a more cerebrally oriented person, I think, and will find it difficult being effective and happy in a more politically oriented culture or in a more ideologically oriented culture than maybe other people will be.

His objective to make a far-reaching impact leads Hendricks to look first at local education but, speaking as a hyperagent, he says, ‘at the end of the day I have an ambition to be able to look at the magnitude, how far reaching the things are that I do. I’d like to see if I could affect thousands of people positively and meaningfully.’ He seeks to apply the ‘Jesuit
7.6 HIGH-TECH DONORS AND ENDURING THEMES OF PHILANTHROPY

Hendricks is not alone in experiencing the mobilizing experiences that unveiled the transitional secret for him. His experiences generate charitable giving in virtually all those we have interviewed in our 30 years of research on wealth and philanthropy, including high-tech donors. Among other factors, such as the gratitude that Hendricks experiences, high-tech donors are similar to all the wealth holders we have interviewed who devote their wealth and abilities on behalf of the commonwealth. They take up their philanthropy as a result of their experience of identification with others in need; the networks of association which bring them into contact with others and expand their circle of care; the desire to make an uncommonly large difference in well-being; and learning the spiritual vocation of wealth.

7.6.1 Identification as the Foundation of Care

A principal finding about philanthropic engagement that we discovered in all our previous research and again in the 2001 High-Tech Donors Study premise of leveraging and measuring change so as to solve the 'bottleneck' in inner-city education due to 'the expense of real estate and the scarcity of good teachers, who can be effective'. In his view, the use of technology is one tool to 'change the student-to-teacher ratio' and to create better education 'which is one-hundredth as expensive on a per-student basis'. But his goal is not to simply affect this or that school, but to produce new and measurable advances for the educational enterprise in general. Hendricks does not insist that his approach will be the answer but he does look to produce a widespread approach to an old problem: 'Will you be able to attract leadership and build an institution that allows for the continuous improvement of education for the poor, he asks, so that once started the innovations in such education can keep up with the next waves of development in business and technology? Put simply, he says, 'there's an institutionalization aspect to this' and it is a clear example of 'an unambiguously positive type of thing that could have far-reaching impact'. This hyperagency, it should be added, infuses all the philanthropic endeavors of high-tech donors, but it shows up in particular in the agent-animated philanthropy that I highlight in this chapter. Whether through a charitable vehicle or personally, at a distance or close to home, it is the possibility and practice of 'making a difference' that undergirds the determination and dominion of high-tech philanthropists.

is that the school of care is identification, and the school of identification is association. The key determinant for improving the probability that high-tech wealth holders will answer in a positive way the call to care is the extent to which they experience the fate of others as linked to their own. It is for this reason that several high-tech donors are accordingly proud givers to their parents, kin, in-laws, and nieces and nephews, for they understand care as a single fabric that extends outwards from the self and immediate family.

Furthermore, throughout the interviews we found that the causes high-tech donors tend to support are those that recapture the concerns they, their families and those with whom they have been associated have experienced. A beneficial elementary school or college education breeds a concern in later life with early childhood education or research at a university. A life-long participation in hiking and mountain climbing generates a special care for preserving the environment. The death of a loved one from cancer leads to establishing an oncology center at a hospital. Being a musician leads to contributions to the arts. Explicitly, or just beneath the surface of their narratives, we hear accounts of how the most familiar—both in the sense of already in their purview and in the sense of being familial—experiences of empathetic connection to what high-tech donors most care about determine their philanthropy.

7.6.2 Association: The School of Identification

The disposition of identification does not grow in isolation. The school of identification is the constellation of communities, organizations and media reports from which donors learn about the needs of those people with whom they come to identify. Over the years, we have discovered that the propensity to give time and assets across the economic spectrum is due to more than differences in income, wealth, religion, gender and race. What matters most is not one's morals or finances, but one's abundance of 'associational capital' in the form of social networks of invitation and identification (Schervish and Havens, 1997).

High-tech donors by age, origins, religious disposition and business industry comprise a group with a comparatively low level of associational capital. They are relatively young and so have not accumulated the network of involvements that often come from living and conducting business affairs in a community. In addition, they are either unmarried, recently married, or have young children. As such, many are not yet incorporated into their community life in the manner that any parent comes to understand as children enter school and participate in music and sports programs. Also, high-tech donors more often than not end up conducting
their business operations in a locale in which they did not grow up. Another factor that we have found is that the respondents, with only a few exceptions, were neither religiously involved in a Church nor politically involved. They tend to be rather non-ideological, with neither the religious nor political passions that their parents felt. Finally, their businesses tend not to produce the kinds of retail goods and services that would enmesh them in their communities: given available talent, most could run their businesses anywhere. The major associations of high-tech entrepreneurs are with their own employees, other people and firms in the high-tech arena, and their own families and friends. These associations foster an appreciation of knowledge-based needs in education, research, the arts, early child development, teacher training and parent support. In order to expand their appreciation of the multiplicity of needs in their communities, given their rather ‘loose connections’ to these communities (Wuthnow, 1998), our high-tech entrepreneurs needed to be brought into contact with the needs of others locally and elsewhere in order to kindle their feelings of identification and provide an outlet for their feelings of gratitude. For this reason, many respondents emphasized the importance of their and others’ venture-partner activities, giving circles, and even socializing with other donors. A co-founder of one SVP summarized this advantage of the organization:

The strategy for Social Venture Partners is not as a generator of funds to distribute, although it does in fact do some of that. The main thing that it does is, because you get some of these people involved in even giving the amount of money that they do, it allows them to make a connection with organizations that need the money. And I don’t think that they would be able to cross that gap without it.

High-tech donors readily understand how their philanthropy is teaching them about the needs of others and about themselves. Philanthropy is, organically and welcomedly, pulling them out of themselves, their encompassing business obligations and their firms, and into care. The fruit of such associational capital is being harvested today as high-tech donors increasingly involve themselves in philanthropy not as a second stage of life but from the outset of their success. More and more are replicating Hendrick’s march to philanthropy, except they are learning the transitional secret to philanthropy earlier from their counterparts, making community involvement a regular matter of their financial attainment.

7.6.3 The Spiritual Vocation of Wealth

Like the wealth holders we have interviewed in all our previous studies, reaching a level of financial security that allows them to provide for self, spouse and family for the future leads high-tech donors to confront the spiritual vocation of wealth and to discover the empowerment of their hyperagency, as well as its attendant dilemmas of care and control.

The spiritual vocation of money is how I describe in more general terms the transition to philanthropy that Hendricks undergoes. The spiritual vocation of wealth is the experience by which wealth holders plumb the depths of the blessings that made them prosperous, the lack of blessing that makes others not prosperous, and the implications for the prosperous to provide the needed breaks, assistance and blessings others require to improve their well-being. The spiritual vocation of wealth is the softened heart that realizes that all people’s lives result from effort and blessing, and so those in need are just like us except for the blessings that we can offer. The experience of fortune as partially undeserved or as resulting in large measure from luck and breaks, as noted previously, creates for many wealth holders a sensitivity that others live equally under the influence of the hand of fate. It is the impetus of increased financial security that leads wealth holders, and financial confidence for those lower on the economic continuum, to shift their attention from the quantity of their interests, to the quality of their needs and happiness – and the needs and happiness of others. Here I paraphrase what John Maynard Keynes says (Keynes, 1963). When individuals cease to be economically purposive for themselves, they remain economically purposive for their neighbor. One respondent describes his experience of wealth through the analogy of being lost in the desert and discovering an inexhaustible cache of food and water: ‘you [have] achieved financial freedom [and] you can turn your attention to other things. It might be working on your golf game; it might be giving back to the community.’

A major component of this shift to a deeper horizon of care is the realization by wealth holders that their wealth is not completely due to their own actions. If advantage is not experienced simply as the result of merit, then disadvantage cannot by corollary simply derive from the lack of merit. Throughout the course of the study we repeatedly hear respondents testify that their vast amount of wealth, the speed with which it was amassed, their stumbling upon a successful product, and the assistance they received from others to succeed, represent the grace of fortune, not just their own merit. They are conscious that they have been dealt a valuable hand through parental upbringing, education, assistance from spouses, financial breaks and the availability of the expertise of others. At the same time, they have no false humility: it has been up to them to exert the proper strength of character and hard work to play that hand successfully. Opportunity is granted, but virtue takes advantage of opportunity. Hence, we find that all high-tech wealth holders are an enigmatic mixture
of both humility and gratitude on the one hand, and self-assurance and pride on the other. Some tend more toward the former, others toward the latter, but all harbor a mixture in their hearts. It is this experience of blessing or luck that first causes wealth holders to think about expressing their gratitude through allocating their wealth for the good of others.

7.7 CONCLUSION: THE EMERGING VOCATION OF PHILANTHROPY FOR HIGH-TECH DONORS

The snapshot of high-tech donors presented in the foregoing sections is not a static picture. There is evidence that much of what we found by way of dedication to philanthropy is in fact just an indication of an emerging fuller commitment with new modes and forms of social innovation (see Martin, 2013). Those who do so can be said to have or to be formulating a philanthropic identity, the development of a self-conception and a way of life that focuses on allocating wealth for the care of others instead of mainly on the accumulation of wealth. Still, some wealth holders who are young in chronological age or in business tend currently to be more infused with a business than a philanthropic world-view. But this, as I said, is changing. Today, however, it is becoming more the norm that both business and philanthropy develop together, even when the major focus remains on business evolution. Older high-tech donors who have been active in business and philanthropy for years are already substantially engaged in well-conceived and well-executed philanthropic projects to which they have contributed large sums of their wealth, and have brought their philanthropic activity to the forefront of their self-conception or have made it equal to their business role. For those not substantially yet involved in philanthropy, however, there is still an explicit anticipation of an even greater contribution of time and money in the future, when current limitations such as achieving more wealth, liquidity and business success have been accomplished. These respondents state that they are still learning about the world of philanthropy and about their place in it, seeking answers to questions about what their priorities might be, about what others are currently doing and how well, and how much money and time they will devote now and in the future. Philanthropy is a calling they already feel; it is a vocation they desire to follow now and more vibrantly as time goes by.

Whenever the freedom of choice and personal capacity that wealth holders currently enjoy is refined in the furnace of personal discernment and reflection, wealth holders are more likely to develop a caring philanthropic identity, to make wise decisions about allocating their wealth, and to experience the reinforcing satisfactions that accompany generous charitable giving and volunteering. With such forces in play, high-tech donors will become even more inclined, rather than simply pushed or coaxed toward increasing the quantity and quality of their philanthropy. We have written elsewhere that:

[a supply-side approach to charitable giving] drawing on the inclinations of donors to care about the issues and people with whom they identify and to desire to effect change in the world around them. ... [by approaching] donors as knowledgeable decision makers who are to be tutored through a process of personal discernment rather than instructed how much to give and to whom [is the most effective way to evoke charitable behavior]. (Schervish and Havens, 2002)

Our interviews with high-tech philanthropists and other recent research (Schervish and Havens, 2011) have reinforced our belief that donors are more inclined to donate their time and money when they reach that phase in their business life when the urgency of causes with which they identify joins, or even surpasses, their sense of urgency about accumulation. This differs from the scolding or cajoling model. This approach tries to elicit giving by 'twisting my arm', as one donor put it, tries to force expanded philanthropic involvement by invoking the overly prevalent rebate that 'you are not giving enough, to the right causes, at the right time, in the right ways!' The supply-side approach does not ignore the demand of needs or focus solely on the donor; rather, it tries to bring both together in a relationship that works inductively with the dynamics of liberty and inspiration, rather than deductively with the dynamics of compulsion and imposed duty. In contrast to the scolding model, the inclination model asks, 'What would you like to do with your wealth? That meets the needs of others? That you can do better than commerce or government? And that expresses your gratitude and identification with others in their need?' In fact, it asks the very same questions that our interviewees have told us they pose and grapple with on a daily basis.

High-tech philanthropy is a fast-moving, expanding and changing landscape. Many of our interviewees are at the very beginning of their family lives and their careers, and their philanthropic identity is new. The balance they are trying to achieve between family, business and philanthropy will certainly change over the next 40 to 50 years as circumstances change and their experience of philanthropy, both positive and negative, grows. For now, most of those with whom we spoke are not even certain how their fortunes will fare in the years to come. Later in their lives, they will think more about their wealth in the light of death and the desire to leave a legacy—topics about which at least half of the respondents have so far thought little.
Wealth and hyperagency are not new in history, nor is agent-animated philanthropy. But what is new is that from the beginning of accumulation, wealth holders are thinking about how to be wise and generous about the allocation of their wealth. It is not just so much a question of what is new about high-tech philanthropy, as it is a question about its future. High-tech philanthropists pick up themes from the past. The combine them with what is distinctively contemporary about their businesses and themselves. They seek opportunities to advance as students of care. They work to create new nonprofit organizations or monitor existing charities’ organizational workings and measurable impact. And they are poised to be among the next generation of teachers about how to advance the well-being of people across the globe.

NOTE

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