

Talent for Giving: 4 Common Pitfalls When Building Your Team & How to Avoid Them



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For high net worth donors, the potential to create positive social change is significant. The question is: Who can help you realize that potential? Too often, donors fail to tap the full range of available talent due to the following 4 pitfalls.

Excerpt from an upcoming guidebook: <https://www.impact.upenn.edu/talent-for-giving/>.

Pitfall The donor is always right

This is a perversion of the old saying “the customer is always right.” It stems from the fact that the beneficiaries of nonprofit services often can’t pay for those services. Instead, donors become the ‘customer’ that nonprofits must satisfy to obtain funding. Donors new to philanthropy and who generated wealth through an entrepreneurial venture might also assume that capabilities from business success can simply transfer to philanthropic success. While an outsider view can be valuable, effective donors incorporate the knowledge and insights of two critical perspectives: those working on the frontlines and the beneficiaries themselves. This is especially important since, by the time donors have amassed significant wealth, they likely have little shared experience with the individuals and communities they hope to help.

Pitfall I can rely on family and my personal network

Early on, many donors tap the networks they know best and who know them best: family, friends, and social and professional acquaintances. You trust them, and they get you. However, relying too long only on those already in your network can lead to critical gaps in knowledge. Unless your family and friends are an unusually diverse group, this approach requires significant investments of time and training to be effective. There is also the risk that if you decide to discontinue their involvement in your philanthropy, your personal relationships may suffer. A more open search for talent prevents you from operating in the echo-chamber of what you and those closest to you already know and see.

Pitfall A large staff is unnecessary, wasteful “overhead” (I want to work lean)

For decades, the received wisdom in the nonprofit world has been that ‘overhead’ — the ratio of administrative costs to program costs — is bad. In the for-profit world, particularly in new ventures, lean, small-staffed teams are valued because they allow start-ups to be nimble, are easier for a visionary leader and investor to manage, and keep expenses low. Especially earlier on, while you are still setting goals and exploring different strategies, it makes sense to keep your team small. But staying lean starves your efforts of the talent necessary to achieve your philanthropic goals. In the nonprofit world, there are growing calls to abandon the overhead myth,ⁱ because it leads to a “starvation cycle” that strips the resources, human and otherwise, that all organizations need to operate effectively.ⁱⁱ

Pitfall Philanthropy is a personal pursuit, not work

Philanthropy operates at the intersection of personal values, private funding, and public interest. While personal values often motivate a commitment to philanthropy, making real progress towards your social impact goals is hard. Ensuring a more equitable planet, dismantling structural inequality, improving early childhood outcomes, reducing homelessness — these are knotty issues that many donors will continue to work on. To succeed takes grit, which the psychologist Angela Duckworth defines as the combination of passion and perseverance.ⁱⁱⁱ

Avoiding Common Pitfalls

One way to avoid philanthropy's talent pitfalls — and make faster progress towards social impact — is to intentionally tap the broader talent for giving.

We refer to the people who can help you achieve greater social impact as the “**talent for giving.**” This term refers to the ecosystem of people that includes philanthropic advisors and consultants; professional staff hired to guide and implement your activities; institutional grantmakers; subject-matter experts; peer donors; and friends and family. Most importantly, this talent includes the leaders and staff of the nonprofits and social enterprises that implement the work you will fund and the stakeholders of that work, including the beneficiaries themselves.

Talent for Giving Ecosystem

Donors tend to over-rely on family, friends, and business associates when seeking help with their philanthropy. This is understandable given the personal interests and values that often inform charitable giving, a desire for privacy, and concerns with trust and control.

A broader talent ecosystem can help you do more and better. That ecosystem includes:

- **Professionals** such as philanthropic advisors, nonprofits leaders, professional grantmakers and subject matter experts. This is the largest and most diverse source of talent. Nonprofits leaders and subject matter experts can also be your bridge to a critical perspective that is too often overlooked: beneficiary perspective.
- **Peer donors and acquaintances** with relevant experience can be easier than professionals for you to engage with at the beginning of your journey. They can be a source of referrals and lessons learned. As you get going, they may also become co-funders and collaborators.
- **Friends, family and business associates** bring a shared history and trust that can help you clarify the values that motivate your philanthropy. While their proximity makes their involvement relatively easy, an over-reliance on them can lead to many of the common pitfalls.

Each source of talent brings strengths and limitations, and you will rely on some more than others at different stages of your philanthropic journey. By intentionally involving the full range of available talent, you steer clear of these pitfalls and build the capacity to create greater social impact.

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- i. BBB Wise Giving Alliance, Charity Navigator, GuideStar. (2013). [The overhead myth](#).
 - ii. Gregory, A. G., & Howard, D. (2009). [The nonprofit starvation cycle](#). *Stanford Social Innovation Review*, 7(4).
 - iii. Duckworth, A., & Duckworth, A. (2016). *Grit: The power of passion and perseverance*. New York, NY: Scribner.

To learn more about the specific roles that talent can fill and the capabilities to look for, visit www.impact.upenn.edu/talent-for-giving/.

About the Center for High Impact Philanthropy



The Center for High Impact Philanthropy is a trusted source of knowledge and education to help donors around the world do more good. Founded as a collaboration between the School of Social Policy & Practice and alumni of the Wharton School, it is the premier university-based center focused on philanthropy for social impact. www.impact.upenn.edu