



INDEPENDENT SECTOR
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Out with the Old, In with the New?

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Emcee:

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Moderator:

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Panelists:

CHERYL DORSEY, president, Echoing Green

KATHERINE FULTON, president, Monitor Institute

BRIAN GALLAGHER, president and CEO, United Way of America

STEPHANIE STROM, national correspondent, *New York Times*

KELVIN TAKETA, president and CEO, Hawai'i Community Foundation

MR. CANALES:

The McCormick Tribune Foundation has been loyal supporters of the Independent Sector conference for the past number of years, and we look forward to their continuing support.

I now would like to introduce the moderator for today's panel, Lucy Bernholz. Lucy is the founder and president of Blueprint Research & Design, a consulting firm that specializes in program research and design for foundations. Lucy helps foundations to use applied research to navigate the shifting relationships between society's definitions of "public" and "private."

Having had the great privilege of working with Lucy for more than a decade now, I can think of nobody who is better situated to lead this discussion than my friend, Lucy Bernholz.

[Applause.]

MS. BERNHOLZ:

Thank you. Good afternoon. We have a few minutes left in the morning. It is my great privilege to have the opportunity to jump-start a conversation with what is truly a fabulous panel. It is a moderator's dream over here.

Let me introduce the panelists to you and then tell you a little bit about what we hope to discuss. Let me make it perfectly clear that you are expected to be part of this conversation. So we are going to call on you right away and hope that you will join in the discussion.

The title of the panel is “Out with the Old and In with the New.” The panelists who are here with me, starting at the far end of the chair, Cheryl Dorsey is the president of Echoing Green which is a global seed funder of social innovators, and Cheryl has the unique responsibility and opportunity to work with creative and entrepreneurial individuals all over the country.

Next to Cheryl is Katherine Fulton who is the president of the Monitor Institute and author of what I would argue are several of the most important thought pieces written on philanthropy so far this century.

Next to Katherine, Brian Gallagher is the president of the United Way of America where he works with the 1,400 local chapters. He has been with United Way and served in many capacities for more than 25 years.

To Brian's left is Stephanie Strom, a national correspondent for the New York Times whose beats have included retail and toy industries, and she now focuses on nonprofits or what I often refer to as the business of giving.

Kelvin Taketa is the only one of our panelists who flew east to get here. He is the president and CEO of the Hawaii Community Foundation, and as I find it so often true of people who come from island communities, he is a truly holistic and systemic thinker about problems, solutions, and the roles of different organizations.

The panel represents a really impressive mix of expertise. There are those who act directly as change agents within established large organizations in a sector. There are those who work with individual social entrepreneurs. There are those whose job it is to observe and comment on the sector as it is changing, and those whose work fits between those levels working directly with organizations, thinking about the future, looking cross sector, as Mayor Villaraigosa just encouraged us to do, paying attention to where the sector as a whole fits in relationship to both the public sector and the commercial sector.

The scope of our discussion is labeled to be about old and new, but when we were talking as a panel getting ready for this discussion, we found that that is a label that may, in fact, be a distraction or a proxy for some deeper, more important issues underneath it.

It is clearly my view that there are some things that are talked about in the sector that are nothing more than old wine in new bottles. I am an avid reader of *Wired* magazine. *Wired* would refer to this as "wired, tired, and expired."

[Laughter.]

But more importantly, it is not that the kinds of issues that we wanted the conversation to be about today, such as young innovators coming into the field, new kinds of organizational structures, the role of new media, the role of technology, and many other issues. It is not

necessarily that there is an “either/or” or a polarization of the old and the new, and in general, it is probably true that such a polarization would not be helpful in moving the conversation in such a way that we as leaders in the sector can actually try to bring the whole thing forward to meet the challenges that we face.

I am going to get us started by doing a little bit of rapid fire news headlining for you, and then I am going to ask the panel to chime in. I am going to ask you to please add to this list of newsworthy developments. If I had bothered to copy the headlines directly, these would be ripped from the headlines, statements about the independent sector in the year 2007. I didn't rip them from the headlines. I am paraphrasing.

The Mayor touched on this: “The rich are getting richer, and the poor aren't.”

Another one: “Facebook launches causes.” “YouTube launches nonprofit channels, and we have launched the Giving Channel.”

“The IRS revamps the 990.”

“Carlos Slim, the world's richest man, launches his philanthropic endeavors.”

“Kiva.org brings microfinance to everybody.”

“Nonprofits raise funds with mobile campaigns, text messaging, and charitable ATMs.”

There are important new leaders in the field, the Red Cross, the Ford Foundation, and elsewhere. We have got a new focus in this country on hybrid cars that also seems to parallel a focus on hybrid nonprofits.

There is a lot of talk about revenue generating nonprofits and mission related investing from the philanthropic side. Then finally, President Clinton publishes a book on giving, and he expands the Clinton Global Initiative to both college campuses and Asia.

In my quick read of a year's worth of newspaper headlines, that is what I found as new. Panelists, reflecting on that list, which of those are actually important, or what have I missed that you would look to as the important developments of 2007 for the sector?

Katherine.

MS. FULTON:

Just rapid fire, a couple of things that I wanted to stir in, because I think we respond a lot to what happens in the world. This is the year that more than half the people in the world live in a city. Los Angeles is the great archetypal city of this country of very large megalopolis where most people live.

This is also the year where half the people in the world have a cell phone: 3 billion people. It took 20 years to get the first billion, 40 months to get the second billion, 24 months to get the third billion; the first communications technology to grow more rapidly in the

developing world than the developed world. Those are two things outside that I submit will change many things that civil society undertakes.

In civil society, I think that the tipping point that we reached on climate change will, 50 years from now, be one of the most significant things that happened in the early 21st century. Inside the independent sector, I would nominate the diversification of entities operating between sectors, partnerships and collaboratives. We have heard a lot about operating across borders of all kinds, geography and others at this conference.

You have organizations like Teach for America growing very rapidly. You have old organizations taking on new strategies, and you have these hybrids, as Lucy said.

You have the rapid growth of a large number of living donors who are doing an end run around organizations like Independent Sector, all of which I think is a structural shift to which the sector and this organization probably has only just begun to respond.

MS. BERNHOLZ:

Others to add to the list?

MR. TAKETA:

Well, the only reason I agreed to be on this panel was I thought all of you would be gone by now, but I actually think that the interesting subtext of a lot of this has to do with the lack of equality in terms of the future for a lot of people in America, and I think the increasing pressure on the independent sector to address that issue.

What we heard from the congressman earlier this weekend, and I think what you are beginning to hear in the press, is some level of scrutiny as to whether or not we are actually capable of accomplishing that. If we can't address those kinds of inequities, people will turn back to government and suggest that raising taxes and redistributing wealth through the government as opposed to looking at philanthropy as a means to achieve some of those gains is going to be on the table.

MR. GALLAGHER:

Lucy, I would add that there has obviously been a lot written and said about the incoming asset gap in the country. I think for those of us that care about civil society, I think what we haven't focused a lot on is that it has gotten so big. If it sustains, it is going to threaten civil society, including civil unrest.

Government will step in when there is enough pressure—public pressure—on government to step in. Civil unrest is one thing that could happen that would drive it there. So we are thinking about it in terms of policy and asking the question: “What is the role of the independent sector?” I have a feeling if we don't respond more aggressively and more quickly to this question, communities are going to define it for us, and we will be forced to respond a lot more dramatically.

We talk a lot about globalization, but in our sector I still find—and I would add us in this — that it is really about doing more work internationally. As we go further out in the next decade, I think we are going to see true global organizations. Much work is being incubated

and created outside of the U.S. and being brought back in, because we have a developing world inside our developed world. Therefore, strategies that work in developing countries are going to have to be employed in the U.S. because we have an underdeveloped community.

MS. DORSEY:

I will be a bit of a contrarian. This is not from the headlines of this year, but only two years ago, August 29th, 2005, we saw the world change after Katrina and in the aftermath of Rita.

I was just in Louisiana a couple days ago, and there is extraordinary innovation and creativity happening on the ground among established nonprofit organizations, among new social entrepreneurs and others who are not only rebuilding that community, but essentially re-imagining it. I think it is a model of what civil society is capable of, oftentimes when government has failed.

MS. STROM:

I think if I were to add anything, it would fall somewhere in the Kelvin and Brian spectrum of things.

I would like to see greater discussion about where the money goes in your sector. There are tremendous pools of money. There is going to be more money available, but where does it go primarily? I would like to see greater discussion of that.

I also think I would like to see you all take up “regulatory reform” or “legislative reform” as a cause. Right now you all are governed by a hodgepodge of federal and state legislation that makes your jobs really cumbersome. We need to rethink all of those rules and regulations and ask what they are aiming to achieve, whether are they achieving those things, and if not, how we can come up with something that is more comprehensive that would work for you and work for society as a whole.

MS. BERNHOLZ:

There are a couple of additional items on the list of both new and important. I want to give the audience the opportunity to add to the discussion. If you would like to add to the list of the new and noteworthy or the important and lasting trends that are really at stake here, please do so.

AUDIENCE MEMBER:

Hi. This is Steve Culbertson, Youth Service America.

The number of teenagers volunteering in America has doubled over the last 20 years. Global climate change is the greatest opportunity that we have ever had in history to engage young people in service.

MS. BERNHOLZ:

Thank you. Anyone else?

AUDIENCE MEMBER:

Peter Disella. I have been an advocate of a national youth service program for about 30 years.

On September 10th this year, *Time* magazine featured this image of a beautiful Rosie the Riveter, but a 21st century version of her flexing her muscle with her iPod in her ear and a tattoo on her arm. They did a phenomenal nine page article called "The Case for National Service." I want to commend them for also challenging every one of the Presidential candidates to add their comments to the article.

It would be great if they could do a follow up where they challenge every member of Congress to respond to this, but I would like to hear the panel's comments on this article if they read it.

MS. BERNHOLZ:

Would anybody like to comment?

AUDIENCE MEMBER:

The *Time* magazine cover picks up on some of the themes that have already been raised, whether or not it should be a proactive call for regulation or new Federal programming, whether that is in fact a response to a sense of Independent Sector not doing what it might otherwise do, or whether it is simply taking advantage of the growing number of young people.

MS. DORSEY:

Echoing Green and a number of our social entrepreneurs were actually pleased to be featured in that article about national service. I think Steve referred to it as a sort of double-edged sword. Young people are engaged in volunteerism and civic engagement in the greatest numbers that we have seen since the 1970s. On the other hand, it is because they are disillusioned and disenchanted with governmental action as a mechanism for change. How do we deal with that tension and continue to engage young people while trying to figure out a way to re-engage them in government service as a legitimate pathway to change as well? That is an interesting tension.

I think that the Presidential campaign season, because it is so excruciatingly long this time around, is a real opportunity for us as a sector to engage these candidates about new ideas for change. A whole platform on national service is one of those ways.

There are a group of social entrepreneurial organizations that have come together to form a coalition to try to meet with candidates on both sides of the aisle to talk about social entrepreneurship as an impactful strategy for change, and it will be an interesting dialogue to see how they engage with us on that.

MS. BERNHOLZ:

Other thoughts or comments?

AUDIENCE MEMBER:

Let me first admit that I didn't read the article. I can't reference the article directly, but I will say that if the number of teenagers volunteering in America has doubled, why do we need a compulsory approach to it?

I think our bigger challenge, quite honestly, is that the infrastructure in the sector doesn't lend itself to the millions of young people in terms of how they want to volunteer and what they want their volunteer experience to be like. We need to rethink how we help young people—and all people—volunteer and engage in community, and how we can help connect with each other and directly connect in communities in a much more informal way than the way we have created the infrastructure. It is kind of a moot debate unless we figure out a different mechanism in infrastructure.

MS. BERNHOLZ:

Is that what is new? A motivated cadre of young and old people? Are these cadres out of sync with what we believe is doing social good? Is there something new here, or has that mismatch been around with us for a while? Are we just feeling it because of the size of the population groups that are now part of there?

MS. FULTON:

There is always new and old. The really interesting thing is to look at how the things come together.

If you just take the demographic shifts, technology, and climate change—a new issue— and put them together and you look at what is happening on campuses, what you see is a generation that is one whole step beyond service or volunteerism and reinventing activism and movements of the future using Facebook and new technologies to organize themselves much faster. Organizing isn't new, but how it is happening and the speed with which it happens is new.

There is quite astonishing work going on in campuses on two issues: Darfur and on climate. If you look at climate organizing, what is fascinating about it for a group like this is that I think they are re-imagining what the environment movement is by bringing together coalitions—liberal and conservative—and bringing in the environment justice piece.

It is about an issue, not about joining the “tree hugger” environmental movement. It is about galvanizing yourself to come together around making a difference on an issue, and I think you can see they're the leading edge of the challenge to any membership-based organization model in the years to come, just as the way some of these things actually start to come together.

MS. BERNHOLZ:

So what you are saying, Katherine, if I understand correctly, is that it is no longer going to be an association of organization, but a temporal association by issue?

MS. FULTON:

First of all, we will always need organizations. The key thing to understand is which of these things add to what was, which things substitute and get rid of the old thing, and which things transform what happened.

I think we will still have organizations that will exist and do many of the things that happen, but I think we are about to see a new breed of how work gets organized as opposed to thinking of it just as an organization.

There are a lot of people in the business community that have been looking at this for a long time, all the way back to the land mine campaign that won the Nobel Prize. It was kind of leading edge of this. If I were running a membership-based organization that had an aging membership, I would really be seriously looking at that particular piece of the model.

MR. TAKETA:

I think it is going to change giving at a fundamental level as well. Just as people are organizing around an issue, I think the ubiquitous nature now of technology gives people access to organizations in a way they have never experienced before.

I think organizations like Brian's, or community foundations, really have to rethink their value proposition because so many people don't need us anymore to find the organizations that fit their passions.

So it is not only going to affect volunteerism. I think it is really going to affect the way money flows.

MS. BERNHOLZ:

It already is.

MS. STROM:

In fact, last night I got a pitch from a person who was telling me about a credit card type of thing where you could give a gift to somebody on this card, and the company would only charge \$3.95 per donation. I scratched my head and said, "Well, why would I give that company \$3.95 when I can get on the Internet and donate directly to the organization?" And I am a fossil in comparison to the folks you are talking about. Okay?

MR. GALLAGHER:

It is clear from all of our experience and research that young people are issue-oriented. They are not institution oriented, and I think for us to understand what is going on, it is probably important to understand the context of why social change is beginning to become the imperative.

We were at the very beginning of the economic revolution that is similar to the industrial revolution. The issues that the Mayor is faced with, the issues that we are faced with, were built for an old economy. This new economy creates different jobs, distributes wealth differently, and requires major social change. You usually don't do that through institutions. You usually do it by connecting by affinity: "I care about the environment, and I care about housing." Geography isn't nearly as important because of technology. So I can connect lots of different ways.

To Kelvin's point, we can't be like United Way, for instance, which is a fundraising federation. It doesn't have the same utility. You have to develop a type of organized chaos.

If you can help galvanize and mobilize around issues that you can't control, there is value back into the proposition. It is not going to happen just coming through any one of us on our own.

MS. DORSEY:

I would disagree a little bit. I think in looking at social movements, they have been through collective action. The unit of analysis is how organizations come together in strategic alliances. It is how they build bridges. It is how they take advantage of windows of opportunities.

I just think the young people who are on the vanguard of this are not necessarily wedded to organizations. They will use whatever tool is necessary to get to that collective action. I still think an organizational alliance is one piece of it, but they will also use technology. That also busts boundaries in ways that we haven't seen. They will do it through the business sector and the for-profit sector. They will do it through the public sector if they need to. It is a new relationship for making an impact.

MR. GALLAGHER:

I wouldn't disagree that organizations aren't an important piece. For instance, Michael Bloomberg didn't ban smoking in all public places in New York City because an organization came and said, "Mr. Mayor, this is really outrageous." He finally had enough voters who were tired of sitting next to somebody who was smoking. It is that hybrid. You need to have the social movement that either goes through an organization, or the organization deals with it before you get real social change.

MS. BERNHOLZ:

I want to come back specifically to two of the issues that you have touched on, which are the kinds of organizational change that might be necessary to maintain individual engagement and create that collective action, as well as the question about money and how it moves. I would like to reiterate the invitation to please grab a microphone, raise your hand, and join in this conversation.

MS. BERNHOLZ:

Hi.

AUDIENCE MEMBER:

Hi. My name is Namu Chan with PACE based in Los Angeles here.

As an American, we have spent probably hundreds of billions of dollars during the last few years, but we didn't get the Nobel Peace Prize. Instead, Dr. Mohammad Yunus, who spent \$27 with his personal micro loan in Bangladesh last year, received it. I think this is the first time that fighting poverty is an avenue to keep peace.

When Brian Gallagher of United Way gives us a true warning that there might be another riot or there might be another war in Los Angeles, I think it is a real warning. Our industry is the peacekeeper that tries to uplift the peoples of the heap. I think it is a real warning when a teenager or a father, who no longer cares what is going to happen to him or his children because he has no job, doesn't feel like he belongs to a city or a community. This

causes him to direct his energy to destroying the community and the city in which he lives. Our work here goes beyond just empowering to the front lines of how we keep peace in our cities.

Thank you.

MS. BERNHOLZ:

Which raises another very important question that I don't want to assume might be worth having a very explicit discussion about, which is: are the roles that we turn to the independent sector to fill appropriate roles?

The story of American school reform is one of accretion. We will just keep getting the schools to do it until eventually schools have a very difficult time doing basic education.

The independent sector is responsible for peacekeeping, lifting people up, advocating for change, providing aid and support in the face of major disasters, running our major cultural institutions. Is it possible for a single thing to do all of those things?

MR. TAKETA:

No. It is very interesting to think about. First of all, if John Gardner were alive, would he invent the independent sector now, given the situation we have? In fact, could there be a John Gardner now? It is kind of an interesting thing to think about.

There are clearly independent sectors. I wonder if what we will see in the years to come is much more sophistication around particular domains, such as in the area of health care. It is perfectly clear that we are going to need all three sectors to drive whatever solution is truly there.

I think we are going to see a whole era in which the distinctive role of civil society is rethought sector by sector within the independent sector. The notion of an overarching umbrella to me is a complicated one, which is why I talked about the growing diversification of things.

MS. BERNHOLZ:

Any other thoughts? A question over here.

AUDIENCE MEMBER:

I think "out with the old" was kind of cryptic in a lot of ways because what it caused me to do was reflect on the leadership that we are losing in the sector: Martha Lamkin, Lumina, Bob Frehse, Anita Pampusch. John Kostishack is retiring soon, Susan Berresford, and the list goes on. That is kind of shocking because those are all individuals with whom I have developed relationships in the sector. We are going to miss them, and I think that is headlines.

The "new" —and it is probably not on the radar for most of the people on the room—is "Shakopee Indian Nation leads giving in Minnesota," with \$18 million in charitable gifts. That is new, and it is going to grow across the nation.

MR. GALLAGHER:

You know, Lucy, so much has been talked about the talent crisis and so forth. I just haven't bought it at this point.

We at United Way have tried to flush this thing down the toilet a few times, and it won't go for two reasons. It is a great idea, and new leaders come in.

The lesson I have learned just through experience is that we have a talent issue if we think we have to manage talent centrally, nationally, and so forth, versus allowing innovation to be decentralized; meaning, allow and support talent to emerge and do everything we can to try to create an environment that allows that. There are a lot of great young people working in all of our organizations. The question is: do we make it easier or more difficult for them to emerge as leaders?

[Applause.]

MS. STROM:

I also think that the sense that there is a crisis—that the nonprofit sector is losing all of its leaders—is a reflection of failure to develop leadership to come up underneath.

In the for-profit sector, that gets criticized very soundly and it sends people's stock prices down. Many, many of your organizations are led by strong charismatic leaders, often founders. When it is time for them to retire and enjoy themselves, there is nobody that has been prepared to take their place.

MS. FULTON:

I will make a completely shameless plug for a new book that is coming out on Friday called *Forces for Good: The Six Practices of High Impact Nonprofits*. The authors, Leslie Crutchfield and Heather McLeod Grant, I think have written a really important book for this sector. They asked a simple question: “What does it take to make a nonprofit great, and what do they need to enable large scale social change?” They looked at 12 nonprofit organizations working in this country, some of whom I am sure are here at this conference—National Council of La Raza, Teach for America, City Year, and a number of others.

One of the six practices is a notion that they share leadership. There is a leadership team in place that is deep and broad, which is one of the critical strategies to getting to large scale systemic change. I think it is really part and parcel of this larger town question. You have to invest in that leadership because it is an important part of organizational capacity as well as organizational impact.

MR. GALLAGHER:

Lucy, we should probably say there will be a labor shortage in the U.S. in the not too distant future. Finding talent and having good people to fill jobs in general is an issue, and we are going to have to compete for that.

MS. FULTON:

But it is not about getting rid of all the old leaders in the process and making room for the new.

The things that got us to where we are today are not the same things that will make ourselves or our organizations successful in the future. The greatest leaders I have seen in all sectors are the ones who are able to come to terms with what they didn't know, and open themselves up to new generations of leaders and new approaches.

I totally agree with this about the next generation and sharing power, but I also think we have a lot of great leaders who are going to be leading for a long time to come who are 35, 45, 50 years old. All of us are going to need to change as well.

MR. TAKETA:

I am glad you sort of mentioned us at the end there, Kathy.

I also think, out of the people that he mentioned, many are not actually leaving the sector. They will be involved. As we heard from Susan last night about her future plans, I think part of that is about reinvention and whether the sector is going to embrace the notion that these long time founders need to have resources to reinvent themselves.

There are another 20 to 30 years of run in front of most of us. I think we shouldn't only look to people who are 25 or 30 years old; we need to be looking at people who are 55 or 60, who have a lot of experience and a lot of networks that they have to offer the sector. We should find a way to keep them engaged.

MS. DORSEY:

I think it is an important discussion. How are we responsible employers in the sector? When you look at some of the data out there, the nature of the work is still the most important decision that drives a college senior to accept a job. It is not the money. It is the work and a values-based proposition.

When you look at our sector, what are we doing to attract that talent? When they have loads of different opportunities, I do think it is incumbent upon us to really work hard to bring in that pipeline of talent that will one day take over for the current leadership.

MS. BERNHOLZ:

Other questions?

AUDIENCE MEMBER:

Hi. My name is Allen Sector and I work for the United Jewish Communities. It has been a terrific conference.

I would like to hear a bit more about the structural changes that are going to happen in the independent sector as some of these forces of demography, culture, and technology take hold. How can national and international umbrella organizations help capacity building going forward.

MR. TAKETA:

I think that it is clear that the role of intermediaries is really kind of elevating in how they can help groups or, as you called it, subsectors of the field, do a better job in their capacity. But there is another interesting dimension.

When I was listening to Wade Henderson yesterday, I was struck by the fact that so many people at this conference have talked about creating coalitions to move or advance public policy. He described that process in very personal terms. It is about trust and respect that those coalitions have that can only be built over time.

As a funder, I really wonder whether the funders have the patience to support coalitions like that for the long haul given that they are not going to get results immediately. It is going to take five years or 10 years for those coalitions to coalesce and to actually be able to move an agenda forward. I do believe that is the only way that we can meet public policy.

I don't think it is just the intermediaries in the sense of technical assistance or capacity building, but I also think when we talk about advocacy or public policy, those organizations are going to become increasingly important.

MR. GALLAGHER:

I think what you are already beginning to see is a move from vertical architecture to horizontal architecture organizationally. Organizations and the sectors will have to become much more networked. In terms of building capacity, I think we are going to have to change the way we have dealt with the phrase: "I am going to go fund capacity." It may be a lot more about giving folks access to information and resource that they didn't have before because technology didn't allow it.

If we in our organization create proprietary knowledge and content around any given topic, do we just keep it for United Way or do we open it up to other individuals or organizations? My guess is that the demand is going to be to open it up and not to try to control everything that you know or everything that you have.

I'll share an example of when we learned a hard lesson. United Way does a lot of workplace fundraising, and when employers were centralizing and automating not just their campaigns, but everything they were doing, we resisted it, saying, "We have to keep the pledge cards because if we don't have pledge cards to pass out and get back in, we will lose the face to face contact with folks." That wasn't the best argument, but it was one we had at the time.

What happened is that we started losing donors for that and other reasons. But when we embraced technology and the automation of interaction with donors and volunteers, our reach expanded dramatically. As a result, the number of people being asked to volunteer and give went up. Employers aren't getting people in a room for anything anymore, including United Way. We had to open up in order to grow. We were trying to keep it too close.

MS. BERNHOLZ:

Another question here.

AUDIENCE MEMBER:

Hi. My name is Debbie Alvarez. I am from the Goodwill Industries in San Francisco. This has been a fabulous conversation today, and we are talking about advances and civic engagement, the leveraging of technology, a variety of things. But I think one of the things that we need to confront—whether it is from a leadership perspective or even how we think about organizing our collaboratives and coalitions—is that there are segments of this society that are completely disengaged and disconnected.

Seventy percent of young African American men in this country that do not have a high school diploma will be unemployed. The likelihood that close to 50 percent will end up being incarcerated is basically a fact that we have to deal with. That is not supposition. That is what is happening today. There is no pipeline for leadership right now in any kind of formalized structure or way.

So, while I agree with Brian that I don't think we have a leadership problem, I think we are looking for leaders and cultivating leaders in the wrong place. We need to be in a very different mindset about how we take all of these wonderful innovations in civic society, volunteerism, and technology, and address a growing sector of this country that is surviving in an underground economy in a faceless position.

I would love to hear how you are envisioning the role of the social sector, and this is not just alleviation of poverty. This is truly about how we change the dynamics of power and privilege.

[Applause.]

PARTICIPANT:

Lucy or Katherine, you might know more on this. What are the demographics of the kids that get on social networks and get involved in this kind of youth volunteering? Are we reaching all populations equally, or are they all people who look like our kids?

MS. BERNHOLZ:

No. We are not reaching populations equally. The schools are wired for the most part. If there is access to the Internet, it is at school, schools and libraries. However, the technology stuff that touches on engagement, activism, and organizing happens when people are not in school or in the library. The vast majority of poor kids, poor kids of color particularly, don't have that kind of access. It is also a broadband issue at this point.

PARTICIPANT:

I am fascinated by the issue of introducing technology in Africa where people don't have adequate water or food, roofs over their head. There are all sorts of other issues, and we are giving them a computer or a cell phone. What is the impact, right?

MS. BERNHOLZ:

Stepping out of the moderator role temporarily, being asked the multi-trillion dollar question and the “future of our country” question that Debbie just asked, this is where I worry about turning to the social sector as an answer to those kinds of questions. I do not think technology is a silver bullet.

Can nonprofit organizations and philanthropic foundations be a part of a solution? Yes. Should they? Yes. Were they part of creating the problem? Yes. But so were the markets and the public sector. If we are really going to make a fundamental shift in the lives of those 70 percent of African American males, we need to actually think about where the problems came from, the power issues, and the race issues. We need to start looking for solutions from all three sectors.

End of my rant. Now I am back to being your happy moderator.

[Applause.]

MS. DORSEY:

I choose to remain optimistic because I think from my perch, I actually do see some good solutions and programs on the ground.

I think one of the best indigenous leadership development programs for young people is Public Allies. They are working in communities of color and with low-income kids building next generation leadership and doing terrific work.

At Echoing Green, we fund emerging social entrepreneurs, but our applicant pool is phenomenally diverse. There are people of color who are getting up every day in their communities, seeing the problems firsthand, and deciding to act in concrete ways.

We just funded a gentleman, Mr. John Thompson, a New Orleans native who spent 18 years on death row for a crime he didn't commit, innocent and exonerated. All of the issues of race and class through the Innocence Project was released a number of years ago. He was starting a model reentry program in New Orleans. This is an example of an indigenous leader that is going to have a profound effect on his community. The problem is maybe we need to shift the lens. They are out there, but what are we doing to see them, support them, and to fund them?

I think there are other really good solutions that we are seeing in the social entrepreneurship landscape.

College Summit is an amazing college access program working with mid-tier students who are not in traditional programs where you cream the kids off the top. Instead, they have nearly an 80 percent matriculation rate and an 80 percent college graduation rate. The news is not all bad. There are some really good things going on.

We absolutely have to do more, and we have to reward programs that are looking at the structural and root causes on some of these problems and getting results. Again, it is about getting to impact.

PARTICIPANT:

I agree with this. As a catalyst, we need visionary political leadership that actually calls on the country's moral conscience.

MS. BERNHOLZ:

There has to be a change in the environment in which those leaders are leading those small pieces, so that they can break through, I believe.

MR. GALLAGHER:

We have a role to push leaders to be held accountable to head in that direction and support them when they do. We have to be honest when we start talking about what the issues are.

Very recently, I had a corporate foundation CEO in a Fortune 10 company say to me that there are two big lies in America. One is that America is the land of opportunity, and two, the graduation rate.

Listen to the Mayor today—50 percent—and that is optimistic even in the revised graduation rate. It's not that there aren't opportunities in this economy, but if you are African America or Latino, or if you are poor and you are born poor in America, you are more likely to stay poor than just about any developed country in the world. We have to start dealing with it and trying to address that.

Janet Murguía has taught me that as local jurisdictions start prohibiting public services for undocumented immigrants, the message is: "You can't access that." Some go as far as saying: "You can't access that park." That is not about undocumented immigrants. That is about us and what we are going to stand up for. When a visionary leader does stand forward, we have to support them in return; not hope that they survive the political firestorm that is coming there way.

MR. TAKETA:

Brian, don't you think that we also have a role to play? I think, Stephanie, you raised this issue about where the money goes.

As I look at it, we are about to face a large infusion of philanthropic capital in this country. I think the challenge is whether or not that money is directed at solving some of our most vexing problems.

Cheryl has a lot of people who can use their financial resources at the grassroots level to support that, but when many of the people that are making the decisions about their philanthropic investments don't have the perspective or the exposure to the things that we are talking about, they choose affiliations, such as the universities that they attended. I think it is a real challenge.

Put aside for a second whether philanthropy or government can solve the problems of the African American males in San Francisco. The question is, when there are wealthy people living in Silicon Valley that are privileged by tax treatment and able to direct their wealth in a way that is much less egalitarian than if it went to the government, I think it becomes a very vexing problem for the philanthropic sector to say whether or not all philanthropy is equal.

I think we have to have that debate in conversations. Community foundations are going to have to deal with the fact that are we going to say to our donors, "Anything you do is fine with us," and watch Rome burn. I think that is a real challenge for all of us.

[Applause.]

MR. GALLAGHER:

The answer to that question has to be, “no.”

MR. TAKETA:

I agree.

MR. GALLAGHER:

Part of the tension in terms of the “open source,” meaning that I can use the Internet to go wherever I want, is that some is really well informed and some of it is not.

MR. TAKETA:

Sure.

MR. GALLAGHER:

For organizations like ours, you can't continue to invest in the same things that you have been investing in for the last 10, 20, 30 years and expect that things are going to change. I sit with a lot of donors who want to do exactly what Kelvin is talking about. We have to bring product opportunity to them.

MR. TAKETA:

Right. We have to be better at that.

MR. GALLAGHER:

That is right.

MS. BERNHOLZ:

I am going to take one last question and then give the panelists time to wrap up.

AUDIENCE MEMBER:

Hi. My name is Tina Park. I am one of the 12 Coro Fellows here with the Coro Southern California Fellows and Public Affairs Program and one of the few people here who is under the age of 25.

[Laughter.]

MS. PARK:

So my question to the panel and for all the attendees here is, how are the resources gained and the networks built at conferences like these supposed to be taken back and utilized by young leaders when we are not present at these kind of conferences, and what are you going to be doing to make sure we get those resources and those networks so we can utilize them, too?

MR. GALLAGHER:

I don't know, but we will ask and answer that question before next year's conference.

MS. BERNHOLZ:

Thank you for the question.

Just in closing, we have just a few minutes left. I wanted to ask each of the panelists to share a sentence or two about the future, what matters, and where the independent sector fits in.

MS. DORSEY:

I am happy to start. It is interesting. I have been in this sector my entire career and really sort of cut my teeth doing social justice work on the issue of infant mortality among black infants in inner city Boston. I came to the field of social entrepreneurship sort of at its infancy about 15 to 20 years ago, and it has been a real change for me.

I was a typical social justice activist. I assumed a sort of adversarial stance and went after the powers that be for growth and justices that I saw in my community and the folks that I work with. I've really become a very strong proponent of the principles and practices of social entrepreneurship because it is at once entrepreneurial and optimistic, but also result-oriented. It is about finding what works and really pushing the limit to continue to get it done and to go after the root causes for some of our toughest problems.

I know the litany of statistics, you know, 47 million uninsured. Debbie was talking about 25 to 50 percent of African American young men had been or will be incarcerated. There are some tough statistics, but there are also programs on the ground and individuals who are thinking in innovative new ways to go after them.

I think we have the political will to get it done. I think we have the actors in the sector who have really committed to trying to break this. When I talk to social entrepreneurs, I just love their spirit.

One of our Fellows, Vikram Akula, started SKS Microfinance, which is now the fastest growing microcredit institution in the world. When I met Vikram 10 years ago, he said, "Hi, I am Vikram. My goal is to end poverty in India," and he said it with a straight face that I believed him. My goodness, what a stance to take into this work. We fight day in and day out for this new transition. We could actually be solving these problems. I think we have the resources. We have the will. We just need to collectively come together and make this happen.

So I am remarkably optimistic, and I look forward to continuing to do this work for another couple decades or so. I will stop there.

[Applause.]

MS. FULTON:

I thought Diana led us off at the conference with that basic spirit. We have the resources, we have the will, but we actually have to start thinking about and doing new things. She was quite subtle in her plea.

I spend a lot of time with the people who aren't here, and I am actually really struck by who is not in the room—not just young people—but a lot of the new donors and the new leaders in the field. What I say to them is always make new mistakes, by which I mean assume that

everything you are now thinking has already been done. Your first job is to learn and stand on the shoulders of all the people who have come before you, make new mistakes, and advance their work. I would say exactly the same thing to everybody in this room: make new mistakes. Don't be afraid. Don't be complacent. Be much bolder than we have ever dreamed of being.

My own personal mission statement is to bridge between this new and old because I think we do have more resources than ever in human history. There is absolutely no excuse if we don't solve some of the problems that this country faces.

[Applause.]

MR. GALLAGHER:

I think it is very doable for large, old organizations to innovate. I was struck by Diana's story of the oxpecker, but we need a few oxpeckers. For organizations like ours, that means local United Ways that are innovating. It means partners that we haven't worked with before. It means individuals that we don't talk to.

Knowing that I personally wasn't getting the input that I needed from all the professionals in our field, we held eight or nine day-and-a-half sessions last summer where we asked by segment—young people, women, Latinos, the GLBT community, whites—what do we need to do to be more effective and to attract and retain more folks? We brought real strategies out of those conversations.

For me, the overriding principle for inclusion is innovation.

MS. STROM:

I basically ditto what Brian, Katherine, and Cheryl have said. I think be bold. Let the world know that you are out there.

I always say to people, "Do you know that every time you enter Central Park, you are basically availing yourselves of the services of a nonprofit?" Most people are astounded by that. They never realized. Let people know who you are.

MR. TAKETA:

I live in the world of funders, and I think that for me, I see the world that way. The currency for the organizations that we support is time, and no one has enough time.

There is not enough time to get all the work done that you need to get done. There is not enough time to just support the people you are trying to support as your constituents or the people that need your help. Yet we are trying to build capacity and leadership potential. We are trying to create coalitions. All those things need time.

They are not going to happen as the tenth thing on your list. They have to be the first or second thing on your list. Part of the challenge is to educate funders that if we really want to accomplish the kind of social change we are talking about, the funders need to support organizations in a way that does the most important thing, which is to give them the most valuable resource they need, and that is time.

[Applause.]

MS. BERNHOLZ:

I want to thank you for your time. I told you it was a great panel. Please join me in thanking them.

[Applause.]

MR. CANALES:

Lucy, thank you very much for leading a very thoughtful panel with a wonderful set of calls to action as we conclude the conference.