

## GIVING

# Businessmen Match Donors With Fast-Growth Charities



Arnold Adler, for The Chronicle

Alex Rossides' Growth Philanthropy Network – shown here at a YouthBuild site – is building a growth-capital marketplace that matches top-performing nonprofits with donors interested in bringing them to scale.

### By Ben Gose

The concept is nothing new: Take top-performing charities with demonstrated results and give them the money they need to spread their successful programs throughout the country.

That idea was first championed by the many venture-philanthropy funds that sprang up during the Internet bubble, and the torch is carried today by a handful of grant makers like the Edna McConnell Clark Foundation.

But the concept has not yet fulfilled its promise because it has historically been difficult to persuade donors and grant makers to provide operating or expansion funds to charities that are already thriving. Instead, many donors want to support new projects or charities.

### New 'Marketplace'

Now, two former businessmen are planning a "marketplace" that will play matchmaker between successful, expanding charities and a network of donors who are interested in providing the money they need to grow. The founders of this marketplace hope it will eventually attract hundreds or even thousands of wealthy individuals and foundations that will provide billions of dollars to help charities with strong results spread around the country—or "go to scale."

The marketplace is being organized by a charity called the Growth Philanthropy Network (GPN), which is already raising money for four organizations—Calvert Foundation, Ways to Work, Year Up, and YouthBuild USA—that have passed GPN's tests for growth potential and effectiveness.

For now, the Growth Philanthropy Network is releasing few details about exactly what the marketplace will look like, but it is planning an announcement in January about a "central focal point" where grant makers, charities, and researchers will be able to come together to learn and take action.

"If you know a vaccine saves lives, there's a moral imperative to disseminate it to people," says Alexander Rossides, president of GPN and a former venture capitalist. "Social innovations that are clearly successful also need to be disseminated, but that's something we have not done as well in the social sector."

Mr. Rossides says the new marketplace will provide the "connecting infrastructure" to bring together fast-growing charities and donors.

Mr. Rossides and S. Robert Levine, MD, co-founders of the Growth Philanthropy Network, in New York, have been working on these ideas since 2003. GPN has received a total of nearly \$2-million in sup-

port from the Annenberg Foundation, the Bill & Melinda Gates Foundation, and the Robert Wood Johnson Foundation, among others. The charity currently has just four employees, but it expects to expand to about 14 within two years.

#### 'Due Diligence'

Even as GPN helps other charities raise money, it is seeking \$5-million to cover its own growth plan for the next five years. Mr. Rossides believes that amount will allow it to get the marketplace started and expand its operations with fast-growing charities like Ways to Work.

GPN has written a "due diligence" report on Ways to Work, which provides modest loans to help low-income parents whose credit rating prevents them from qualifying for traditional loans to purchase a used car. GPN also covered much of the cost of hiring consultants to devise a growth plan for the charity and is now circulating those reports to donors to help Ways to Work raise as much as \$36-million in grants and loans.

The Growth Philanthropy Network hopes to become largely self-sustaining after five years by charging fees to charities that use its services to raise money. (The organization declined to provide the specifics of its fee arrangement with Ways to Work, but it says the vast majority of its compensation is tied to the success of the charity's fund-raising efforts.)

The marketplace being developed will feature high-performing charities in four areas: youth development; elementary and secondary education; poverty alleviation as well as other economic empowerment programs for families; and health services and products for families.

Charities will be allowed to raise money through GPN only if they have third-party assessments of their work that document measurable results, and if they have already shown that they can work in multiple locations.

Mr. Rossides believes the marketplace will eventually be used by other intermediaries that arrange grants and financing for fast-growing charities, like NFF Capital Partners and SeaChange Capital Partners. GPN also plans for the marketplace to feature reports from scholars and research organizations like Public/Private Ventures.

Perhaps the biggest question is whether the marketplace can attract enough donors to make it viable. Mr. Rossides says he has spent years talking with individuals and organizations that advise the wealthy on their philanthropy—including Rockefeller Philan-

thropy Advisors, several wealth-management firms, and the philanthropy practice at Bank of America—and he believes those organizations will use the marketplace to help donors become more effective philanthropists.

Lowell Weiss, a former Gates foundation official who helped negotiate the \$900,000 grant the foundation made to the Growth Philanthropy Network in 2006, now runs a philanthropic advisory firm in Seattle. He says his wealthy clients would love to have a service that helps them identify charities that are achieving measurable results. "Donors are craving information that will tell them how their gift is going to have an impact," Mr. Weiss says.

The Growth Philanthropy Network recently added Simon Jawitz, a former Goldman Sachs investment banker, to its board. Mr. Jawitz also serves as an unpaid strategic adviser to GPN and will be involved in structuring deals to help charities raise money, much as he did with for-profit corporations while working on Wall Street.

"GPN has the potential to really be a game changer," Mr. Jawitz says.

Peter B. Goldberg, chief executive of Ways to Work, says the marketplace envisioned by the Growth Philanthropy Network should make it easier for grant makers to do one-stop shopping for the best charities working on specific causes. Then, he notes, the pressure will be on donors to provide money that allows those charities to expand.

"Philanthropists have been pounding the drums for years about the need for metrics and outcomes," he says. "If they don't follow through by rewarding the organizations that achieve outcomes, what in the hell were they pounding the drums for?"

The Growth Philanthropy Network has helped Ways to Work, based in Milwaukee, develop a business plan to expand from 40 sites to 110. The charity has already raised \$15-million in grants and loans to support its expansion, and it hopes to reach its goal of \$36-million in the next 12 to 18 months.

Mr. Goldberg says it is hard to say how much the network of donors has helped the charity raise, but he notes that officials at the Growth Philanthropy Network have put the charity in touch with donors it would not otherwise have met.

"It would be a stretch to say they're a Good Housekeeping seal of approval," Mr. Goldberg says. "They're not well-enough known yet. But they are increasingly respected for their due diligence by a cohort of funders."

"If a vaccine saves lives, there's a moral imperative to disseminate it. The same is true for successful social programs."



Growth Philanthropy Network is a nonprofit whose mission is to exponentially increase the impact of top-performing organizations by helping them scale their proven solutions to improve the lives of children and families nationwide.

Growth Philanthropy Network's long-term goal is to build a growth capital marketplace that will provide consistent and reliable funding for the national expansion of best-in-class nonprofit organizations.

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