INSIGHTS INTO THE FUTURE OF PHILANTHROPIC INNOVATION: PHILANTHROPIC LITERACY FOR FUTURE LEADERS

By Prof. Jen Shang & Prof. Adrian Sargeant

the resource alliance

SUSTAINABLE PHILANTHROPY WITH PLYMOUTH UNIVERSITY

Payal Randhawa, Executive Director of Resource Alliance India, leading a session at IFC 2016

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FORWARD

It is no surprise to anyone that we are living in a period of profound economic, political, and cultural change. Community is no longer about "place" but about shared values. Communications can be, at the same time, global and yet incredibly personal.

Nowhere is the consequence and opportunity of change more clear than in those organisations engaged in social impact.

The Resource Alliance has long been about change—both our collective power to create it, and the power of change to propel us into a more hopeful future. It was in that spirit that we commissioned this report on the future of philanthropic innovation, or "tomorrow's philanthropy."

"The Resource Alliance has long been about change ... both our collective power to create it, and the power of change to propel us into the future."

This extensive research was conducted by esteemed Profs. Jen Shang and Adrian Sargeant from Plymouth University. What they found happily and wonderfully validates what The Resource Alliance lays out in our Manifesto about how to best capitalise on the opportunities change represents. Not just how to adapt during these changing times, but how to become agents of change in this new world.

The results speak to a tectonic shift from the comparatively "easy," single-focused act of fundraising to a more complex and organic mix of relationships that focus on the shared value that can be derived when shared values are at work. More than just gathering donors, tomorrow's philanthropy will thrive on creating partners and empowering philanthropists who are vested in both the processes and outcomes of social change efforts. It will nurture true, deeply held and sustainable connections between "donors" and beneficiaries.

And it will be propelled by people who understand the importance of connection. Of not only building bridges, but of keeping traffic flowing over them, both ways, and charting a benefit that is real and lasting for everyone involved in the journey.

We hope you'll find this report to be not only educational and practical, but also strategic and, beyond that, provocative and delicious. The goal of the report was to identify the changing landscape of philanthropy, recognising the rich and diverse ecosystem that exists as we power towards a new kind of collaboration to solve our world's greatest challenges—together. The goal of our commissioning the report was to prepare you to be fully and functionally engaged in the work ahead. We hope we've hit the mark on both counts, and that you find the report an important resource as you move forward toward creating real, positive and sustainable change in a world that so desperately needs it – and you.

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INSIGHTS INTO THE FUTURE OF PHILANTHROPIC INNOVATION: PHILANTHROPIC LITERACY FOR FUTURE LEADERS

Prof. Jen Shang & Prof. Adrian Sargeant

June 2017

EXECUTIVE SUMMARY

The purpose of this study is to provide insight into the future of philanthropic innovation and how it might best be managed. We define philanthropic innovation very broadly as "newness in love for mankind." It encompasses, but is not limited to, new philanthropic ideas or projects (e.g. providing clean water, education, shelter or healthcare) philanthropic tools (e.g. social impact investment or crowdfunding) and organizational designs (e.g. social impact investment organizations, social cooperatives or Benefit-Corporations) that can be used to express and channel that love to mankind.

We used a mixed method approach to study this topic. We began with an extensive literature review of philanthropic innovation that has occurred in the last five to ten years. We then interviewed 25 sector leaders, recommended by an esteemed advisory panel of six people. We do not define leaders as those managing large organizations or giving larger sums. We define leaders as those who inspire others to generate newness in love for mankind and to take this newness to fruition (i.e. making a meaningful difference for those who need it). Our leaders achieve this by creating the most suitable environment for it. For example, they build start-up organizations to give voices to the previously voiceless, they transform traditional international NGOs into ones that can define and defend their relevance, they break down the way traditional eco-systems are structured and piece them back together with newly empowered people, and they achieve seemingly impossible outcomes by mobilising millions and equipping them with new mind-sets and new approaches for philanthropy.

We then conducted a second review of the literature, exploring issues highlighted by our interviewees. Finally, we surveyed 126 individuals drawn from the Resource Alliance's database. The results from the survey mirror the findings from our interviews. We will hence present their results together throughout the report.

Our literature review suggests that new projects, tools and definitions of organizations emerge every few years. The fast changing nature of the philanthropic space dictates that there will typically be a cycle of 5-10 years between when a new concept emerges (such as impact investing) until when a critical mass of activity is established, that permits quantitative analysis, critical evaluation and evidence based improvement. Until then, it is our ability to manage the ambiguity and uncertainty associated with our philanthropy that determines the pace, direction and magnitude of the value it might deliver.

In this report we have examined the future of such philanthropic innovation, painting two very distinct visions for how the future will unfold. The interviews conducted for this study have identified that (at least in part) it will be the quality of leadership that is developed in the philanthropic space that will ultimately determine which of our two scenarios will likely come to pass.

As we reflected on the skills that these future leaders will need, we distilled the collective thinking from our interviews down into a new theoretical construct that we term "philanthropic literacy." We argue that those with a high degree of philanthropic

literacy will be most well placed to thrive in the rapidly changing environment of the future and to sustain themselves through what will certainly be highly challenging and potentially very draining, journeys toward making a meaningful difference.

Philanthropic literacy refers to one's ability to experience, express, and grow love for mankind, sustainably based on knowledge and "good thinking." The knowledge should include domain specific knowledge, and knowledge in respect of risk management, but also knowledge of applied ethics, and the fundamental principles of philanthropic psychology. Good thinking includes, but is not limited to, a combination of different ways of thinking like systems thinking, design thinking and evidence-based problem solving. At the core of good thinking is its capacity to utilize the optimal combination of the most sophisticated ways of thinking in order to serve the purpose of generating newness in love for mankind. What marks the key difference between good thinking and other ways of thinking previously researched are 1) the singular focus on generating newness in love for mankind and 2) the persistence and resilience in iterating the thinking to make it better.

Philanthropic literacy requires "good thinking" be applied to four areas of knowledge, namely; philanthropic psychology, applied ethics, domain knowledge and risk management. By good thinking we refer to both what we think about (cognition) and how we think about what we think about (meta-cognition). The latter is frequently omitted and a high degree of philanthropic literacy requires an ability to think at both levels.

We also argued that to date most effort and attention in the domain of philanthropic innovation has been given to the needs of, and impact on, the beneficiaries of philanthropy. However worthy that focus might be, work emerging from the domain of psychology is telling us that this is a far from optimal approach. While some philanthropists will undoubtedly see their mission through to its selected conclusions, many will not and will give up or be diverted from desperately needed purposes quite unnecessarily.

To prevent this, the way that we think of philanthropy needs to change. There is no reason why the impact on 'self' cannot be thought of alongside that on beneficiaries. Future philanthropic innovations might be designed specifically to make them sustainable from the perspective of the philanthropist, making the practice of their philanthropy more rewarding and aiding them in developing their personal sense of self and well-being.

Drawing on knowledge from the domain of philanthropic psychology, we learn that all individuals have a core of six fundamental human needs that may potentially be met through the practice of philanthropy. Future philanthropic innovation might therefore address how good individuals feel about each of these dimensions and maximize the value that accrues as they engage in the practice of their personal philanthropy.

Need to make a difference: this is defined as the competence to choose or create environments best suited to an individual's needs/values and where they are capable of making a desirable difference.

Autonomy: a sense of self-determination and the ability to resist social pressures to think and act in certain ways. A belief that one is free to act in the manner one desires.

Positive relations with others: the need that people have for warm, satisfying and trusting relationships with others. These others might be beneficiaries, but they might also be others who join or partner with them in their work (or the giving of monetary donations).

Growth: the feeling of continued development, realizing one's own potential, seeing oneself as growing and expanding, seeing improvement in self and behaviour over time, being open to new experiences, and changing in ways that reflect more self-knowledge and effectiveness.

Purpose in life: having goals for the future of one's life and a strong sense of direction. Research has shown that the clearer one's life purpose is, the higher one experiences psychological well-being.

Self-Acceptance: is defined as the ability to experience positive feelings about our sense of self in the past. Looking back, can we accept who we have been? The more integrated our sense of self is of all our life experiences; the higher self-acceptance we will experience.

We go on to argue that in some circumstances the distinction between benefits accruing to the beneficiary and benefits accruing to the philanthropist may be unhelpful. Rather, greater thought might be given to the concept of identity and in particular to the notion of (and distinction between) self and other. Future philanthropic innovation might focus on facilitating individuals to develop and expand their sense of self, from a purely personal self to a self that is more embracing of humanity and certainly of others who are in some sense important to the focal individual. When that occurs any action that might take place in the philanthropic space will have positive impact not just for the beneficiary, but also for the philanthropist that initiated the action. The ensuing uplift in well-being makes it considerably more likely that the action will be repeated or extended, developing individual and collective philanthropy for the good of all.

"Thus, as we reflect on the future of philanthropy and the individuals who might lead it, innovation will be required too in respect of how we prepare the "right" individuals for the right roles."

In this way, the notion of "altruism" can finally be consigned to the conceptual waste bin of the 19th and 20th centuries. The self will take its rightful place at the heart of philanthropy, and old fashioned notions of the distinction between the self and others will be replaced by new thinking about how best to merge the two and enhance the psychological and practical benefits that accrue as a result.

Having demonstrated the benefits that a higher level of philanthropic literacy might convey (through a series of mini cases), the report closes by examining how this greater degree of literacy could be attained. None of our interviewees could cite an existing education system or structure that was capable of delivering the requisite quality of thinking and philanthropic knowledge that we articulate here.

Thus, as we reflect on the future of philanthropy and the individuals who might lead it, innovation will be required too in respect of how we prepare the "right" individuals for the right roles. Many of our interviewees saw the creation of a system that can foster the requisite leadership talent as potentially the single most important innovation that can occur in the next twenty years. This is because people are at the heart of the innovation that must occur, and we must give greater consideration to how we prepare them for, and sustain them on their journeys.

However, merely creating and equipping these leaders will not be enough. We also require a system to position them appropriately. Individuals drawn to the philanthropic space must be equipped to reflect not only on which of the world's great problems they feel drawn to, but also what involvement in that space might mean for them, and thus where the greatest degree of match can be achieved. For someone new to the field this is in no sense intuitive and philanthropic literacy must therefore be cultivated early on in their journey.

Philanthropic innovation, when driven by the right leaders in the right structures, employing the right level of philanthropic literacy, has the potential to make the future a much better place.

Special thanks and acknowledgements: We appreciate all those who have anonymously helped us in this report. It is your collective brain power that fuelled the creation of this report. We are immensely grateful for your time and enthusiasm. Thank you.
Any errors or omissions that remain in this report are entirely the responsibility of the authors.

Bezwada Wilson, co-founder and National Convenor, Safai Karamachari Andolan (SKA), honoured with the Ramon Magsaysay Award in 2016.

INTRODUCTION

The landscape of philanthropy now is very different to that at the end of the 20th century (The Economist, 2010). There are more institutions fundraising and many tools, instruments and sources of support (for a review, see Salamon, 2014). The practice of philanthropy has also morphed into more of a global community, with international agencies working collaboratively to address problems around the world (e.g. Goecks, Voida, Voida & Mynatt, 2008). Collaborations between institutions such as governments, private financial companies and other organizations excluded from the philanthropic field have also become more prominent, perhaps due to the increased entrepreneurial nature of those working in the sector.

Instead of defining philanthropy as the giving of money, time and talent, as was commonplace in the 1990s, philanthropy is now defined as the mobilization of private resources, such as cash or stocks, to assist in developing innovative new solutions to a wide range of social or environmental causes (Salamon, 2014). This movement away from reliance on grant making has allowed the sector to explore new models of funding such as loans, equity-type investments (investors who give money for a share in the organization) and social impact bonds (Buckland et al., 2013). We have also seen the emergence of the social stock exchange (where only businesses with a social purpose are listed) (Mendell & Barbosa, 2013), social-purpose investment funds (where philanthropists invest in a fund that then only invests in businesses with a positive social impact) and a range of new internet channels offering direct assistance to those who need it (e.g. crowdfunding, campaigning, peer-to-peer lending). Table 1 shows the difference between traditional philanthropy apparent at the end of the 20th century, compared to the new frontiers of philanthropy emerging today.

Table 1: A Comparison of Traditional and the New Frontiers of Philanthropy

Traditional Philanthropy	New Frontiers of Philanthropy
Relies on individual donations, foundations and corporate philanthropy	Also relies on a range of private financial institutions such as banks, and investment funds
Concentrates on operating income	Concentrates on investment capital (money invested to maximise objectives) to fund long-term development
Gives support to non-profit organizations	Also supports social enterprises and organizations working for social change that make a profit
Focuses on charity work and social return (non-monetary benefit of resources)	Social and financial returns are focused on, to create self-sustaining organizations

Instead of funding the delivery of services, some of these innovations such as venture philanthropy, explicitly work towards the goal of supporting the organization to become financially independent by the end of the funding period (Ryland, for the European Venture Philanthropy Association (EVPA), 2014). Others deliver impacts themselves. Social entrepreneurship, for example, is about providing value in the form of a large-scale, transformational benefit that accrues to populations that may not be in a position (financially or otherwise) to achieve the transformative benefit on their own (Martin & Osberg, 2007; Shaw & Carter, 2007) and is typically a venture that does not necessarily anticipate any financial gain for the founder(s) (Baron, 2007). There are also Social Purpose

Organizations (SPOs), a term which aims to capture a spectrum of organizations whose primary purpose is to create social value (rather than shareholder value) (see for example Hehenberger & Boiardi, 2014a; Hehenberger, Boiardi & Gianoncelli, 2014b), impact enterprises, generally thought of as an entity that expresses as one of its core objectives the generation of a positive social or environmental impact whilst seeking to grow its financial viability and sustainability (see Global Impact Investing Network (GIIN), 2015) and Public Benefit Corporations or B-Corps (Hone, 1988).

Philanthropists now include 'dot-com' philanthropists, individuals such as Mark Zuckerberg and Bill Gates, who have focussed their fortunes and attention on the practice of philanthropy. The term may also include 'philanthrocapitalists' (individuals who apply business strategies to philanthropic undertakings) (Bishop & Green, 2010), impact investors (individuals who invest in companies to generate a positive financial and a social return) (Hebb, 2013), social entrepreneurs (individuals who play the role of change agents in the social sector by "adopting a mission to create and sustain social value" (Dees, 1998, p.4), and 'philanthropreneurs' (active donors who also leverage their resources to achieve social change that is both scalable and sustainable) (Rath & Schuyt, 2015).

A new eco-system of philanthropy has also been implemented around the increasingly divergent funding channels employed by innovators (Salamon, 2014). Funds from new sources such as banks, investment funds and insurance companies who previously were not included in the philanthropic sector, are now given to social-impact investment funds which disperse them to a diverse range of non-profits, social enterprises and other related organizations. These organizations in turn work for the social good, trying to address poverty (e.g. Acumen, Root Capital, n.d.), health (e.g. Bamboo Capital Partners, n.d.), environmental (e.g. Adobe Investment Fund, n.d.) and societal issues (e.g. Media Development Investment Fund, n.d.).

A crux of the new paradigm of philanthropy is that along with investors or backers, suitable investees must also be found. These investees must not only yield revenue, but achieve outcomes that are environmentally or socially desirable (Salamon, 2014). Many small businesses like this are becoming apparent in poorer communities that are often the focus of non-profits. By investing in small agricultural (e.g. Root Capital, n.d.), or artisan (e.g. Grassroots Business Fund, n.d.) businesses, or by providing less polluting or harmful equipment, the community can be improved and begin to thrive (e.g. Zara Solar, Tanzania, n.d.).
The purpose of this study is to provide insight into the future of philanthropic innovation. Chiefly, we want to understand what we can do today to prepare our leaders for the future. For this purpose, we will rely on the broader definitions of philanthropy and innovation. This is because we have seen in recent history that new terms and concepts typically emerge every 5-10 years (e.g. impact investing, or social purpose organizations). For this report to have relevance in a longer time horizon, our definition of philanthropy must therefore be wide enough to embrace not only these recent additions to the field, but also those to come.

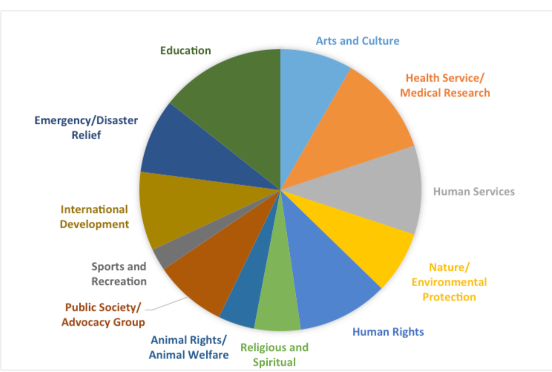
The Greek root of philanthropy is love of mankind. The Latin root of innovation is new. For us, philanthropic innovation is thus "newness in the love of mankind". It is interesting to note that while the "love of mankind" is the original meaning of the term philanthropy, this differs greatly in scope from its current dictionary definitions such as "giving money, time and talent" (Oxford English Dictionary, 1989) or even the "mobilization of human resources" adopted by contemporary scholars (and manifest in concepts such as social impact investing or B-Corps; Doherty, Haugh & Lyon, 2014; Salamon, 2014). To safely embrace future philanthropic innovation, we believe it is necessary to adopt a broader perspective on its definition.

In this research, at one level, we are interested in what new methods, ideas or products will appear in the next 20 years in the space of mobilizing philanthropy. At another though, we are interested in critically evaluating the experience and expression of this love for mankind. In short, we want to be able to reflect on how philanthropy is practiced and experienced in all its forms, to determine how best to direct it towards its designated purposes and how to do so in a scalable and sustainable way.

We used a mixed method approach to study this topic. We began with an extensive review of philanthropic innovations that have occurred in the past five to ten years. We then interviewed 25 sector leaders recommended by an advisory panel assembled specifically for this project. Our interviewees work for, serve on boards of, or own many different types of organizations. These included International NGOs, indigenous NGOs, foundations, social enterprises, B-corporations, and for-profit businesses who have corporate social responsibility programs. Our interviewees also carry out philanthropic activities in their individual capacity. They are social impact investors, philanthropists, and those who have occupied multiple roles in various forms of organizations throughout their careers.

In the final stage of our research, we surveyed 126 individuals using the Resource Alliance's database. 56% of our respondents identified themselves as fundraisers and 44% non-fundraisers. This latter category included CEOs of nonprofit organizations, board members, social investors, social entrepreneurs, donors, foundation executives or individuals who had set up their own foundations. As shown in Figure 1, they serve a variety of causes.

Figure 1: Categories of Cause Represented in Respondent Pool



We began the interview process by asking people to reflect on the three biggest philanthropic innovations that they could see in the next 20 years. Then we asked them about the difference these innovations will make in 50 years' time, the factors that will speed up and slow down that progress, and how they will ensure the sustainability of the various types of organizations they are involved with.

As they introduced philanthropic innovations to the conversation, our interviewees referred to new philanthropic projects (e.g. providing functional vision for a whole country or creating 100 resilient cities), philanthropic tools (e.g. social impact investment tools or crowdfunding), or organizational designs (e.g. social impact investment organizations, social cooperatives or Benefit-Corporations) that can be used to express and channel love to mankind.

As the conversations evolved, the majority of participants then stayed away from what they regarded as the "technical minutia" of tools, projects and designs (i.e. the examples above). Rather they began to describe what they characterized as the "big picture stuff", which they saw as the ideas that will dictate how these tools, projects and organizational forms can be used to change the world.

Almost none of our interviewees thought that philanthropy (as currently defined) or driving innovation for its own sake would be helpful in impacting the longer term needs of our global society. They all believed that the key to achieving the kind of successes we articulate below is the quality of reflection that will take place about whether, how, and why, the newness in particular tools, projects and forms, can genuinely shape (or be optimized to shape) our love for mankind. So they only refer to the minutia when it is illustrative of a way of thinking about the bigger picture.

We will begin our analysis by describing two alternative futures that our interviewees could foresee, and then explain how a new way of thinking might be what makes the greatest difference in our ability to achieve the more favourable of these perspectives. It is at this point that we will introduce the theoretical lenses that emerged through (or were suggested by) our conversations.

BROAD TRENDS

When asked to reflect on a likely positive future, our interviewees felt that; humanity could achieve a switch to entirely renewable sources of energy by 2030, the internet would be available on all mobile phones, and we will have high quality educational opportunities available for even the poorest elements of our global society. The poorest 10% will also enjoy greater upward mobility because of new, flexible employment opportunities that become ladders rather than glass ceilings. Poverty will cease to exist as we know it today. There will be narrower income gaps and less concentration of wealth.

People will also have much longer lives (into their 120-130s). Gene based treatments for essentially every disease will be invented. People will feel more empowered. There will be a lot more people looking for meaning and purpose in their life. "Those people, an entire generation, the millennial generation, are not people that will be motivated by a proficient career or prestige. They want to have a level of autonomy in their lives and an autonomy is seeing a problem they wish to solve and seeking to solve it." "More people will care and recognize global causes." People's generosity will increase as access to the experience of the poor increases.

"The reason we need to watch Silicon Valley is because of the combination of wealth, willingness to innovate and willingness to take risks that characterize many individuals in those communities. "

The future will also be characterized by governments being increasingly willing to work with other governments. For-profits will be increasingly socially conscious. We will have stronger and better non-profits. There will be a consolidation of brands, but these fewer yet bigger brands will break down into "smaller units that reflect different segments of the market. One can imagine for example an Oxfam investment fund, an Oxfam social bond, an Oxfam publishing house and Oxfam humanitarian appeals." All will co-exist in a new web of connectivity where new forms of partnership will be created to solve any remaining social problems. Society will also have a more empowered media (including both traditional media and new digital media). Instead of playing the role of a watchdog, they will contribute by giving voices to the poor, helping people find meaning and purpose in their lives and excite intellectual and open debates that spark constructive innovation.

We will have more resilient cities (i.e. cities that factor in future shocks, prepare adequately for climate change and build new capabilities around social resilience – particularly as cities become more ethnically diverse). We will have "a much larger percentage of the global population able to avoid the trap of having one shock hit them (e.g. a natural disaster or the spread of disease) and then they fall back into poverty. This means we will have a far more secure global future for people in the places in which they live."

Silicon Valley and Asia were named as the two locations where we need to watch for tomorrow's philanthropic innovation. The reason we need to watch Silicon Valley is because of the combination of wealth, willingness to innovate and willingness to take risks that characterize many individuals in those communities. These qualities together make them the perfect incubator for philanthropic innovations. "There is a critical mass. You go into your Starbucks or wherever it is. There are probably people that you're going to bump into there that are talking about the cool app they're building or something about software. You are just kind of immersed in that culture and that way of thinking." This kind of culture will attract even more really smart and innovative people and those people will then in turn fuel further innovation and change.

It is in this context that fundraisers must contemplate how to conduct their fundraising. Even if the world turns out to be as bright as we've alluded to above, to succeed in fundraising will not be about sharpening what we know or what we have done already, it will be about innovation. By innovation here, our interviewees did not necessarily mean that fundraisers have to invent something completely new themselves. Their organizations might not have the requisite funds to attract world-leading talent to drive innovation. Rather, they can follow whatever innovation that any other sector, organization or individual is leading and adapt their own approach as quickly as possible to capitalize on the right opportunities.

Fundraisers need to give greater priority to scanning for environmental change and riding innovation, rather than focusing on the day-to-day minutia of current operations. In our great fundraising report (Sargeant & Shang, 2013), we identified that exceptional fundraising leaders spent 50% or more of their time managing their organization to allow fundraising to be successful. Our current research suggests that those successful in the future will need to devote considerable attention outside their organization to scan for, detect and act on philanthropic innovation.

The world however, may not turn out to be as bright a place as we have just articulated above. None of our interviewees denied the likely pace of continued technological advancement (be it in renewable energy, medicine or the development of the internet), but all our interviewees were acutely aware of the possibility that any of these advancements could be used for good or ill.

The following quotes are illustrative:

"If the availability of education on the internet only trains our children to make a lot of profit without any moral considerations that could be a problem. Because people will want to survive and they won't care (about others)."

"In a socially networked way of being, "a sense of elite-ism" can still "fight against the spread" of the dynamic of cultural integration and openness. Universal access to information, technologically and intellectually, could promote the rapid growth of radicalism. The ability to distribute a negative identity and negative aesthetics, along with even instructions on how to attack other people is a very powerful counter effect to (the brighter future)."

"Even in developing countries, we're seeing major disruptions happening to work and what we mean by a job or a good job, and there are both opportunities for upward mobility and huge vulnerabilities for traditional forms of work. We have to prepare people for that disruption and develop their resilience whether they are … a taxi driver who's now suddenly being disrupted by Uber, a firefighter who suddenly finds that we have robotic fire fighters, or you are working in the informal economy in the slums of Nairobi and trying to figure out how to grow by integrating with a larger supply chain."

"At the moment, we don't have the right political and social consensus around inequality."

So many of the philanthropic purposes we discussed above simply are not "on the agenda of enough policy makers or enough governments or enough business people." Our interviewees worry that it may not be "enough to shift the stronger power or stronger forces, coming from neo liberal governments and big corporations." This is especially the case if inward looking elitists "occupy leadership positions."

In the most pessimistic view, our interviewees predicted that we could see forces unleashed that would ultimately lead to human extinction. At the very least we will see greater distinctions emerging between rich and poor.

"More and more social conflict and more and more external conflict much of it resulting in war."

"The fight in the next twenty years could be bloodier than the fight from the last twenty years."

PHILANTHROPIC LITERACY

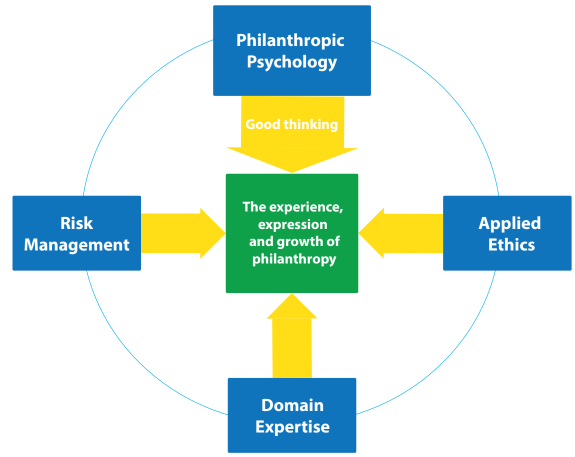
So how might we increase the likelihood of a favourable future and decrease the likelihood of an unfavourable one? What role can philanthropic innovation play in offering and implementing direction?

When asked about the forces that will drive the future one way or another, our interviewees always came to the same conclusion: people. We need people who are more "philanthropic", more "empathetic", more "optimistic", more "willing to take risks," more open, more inclusive, more outward looking, more knowledgeable, more "willing to admit I do not know." If we synthesize the description that our interviewees provided of the kind of people that we need for a good future, we come to those who have what we now term as a high degree of philanthropic literacy.

Philanthropic literacy refers to one's ability to experience, express, and grow love for mankind, sustainably, based on knowledge and good thinking. At the core, it allows people to define what the concept of love for mankind means in any given situation and break through any short-term and low-level barriers in order realize the long-term and higher level goals of philanthropy. It also equips the individual to resolve any conflicts imposed by the eco-system at any given point of time and manage the ambiguity and uncertainty associated with this process.

Love in any situation could be defined by psychologists as a feeling of compassion, warmth, closeness and connectedness to mankind (Fredrickson, 1998; 2001; Sternberg, 1986), as an intention to do good (Sabini & Silver, 2005), as a motivation to do good (Sternberg's 1986 Triangular love theory) or as an action of doing good to someone (Ariely, Bracha, & Meier, 2007). Psychologists have also defined what it means to be a loving person, e.g. the kind of person who uses every action of their life as an opportunity to feel compassion towards others (Aquino and Reed, 2002). Mankind in any given situation could include the actor as well as others.

Figure 2: Philanthropic Literacy



Our interviews suggested that a minimum of four areas of knowledge would be mastered by someone with high philanthropic literacy. These are applied ethics, philanthropic psychology, risk management and domain expertise. We represent this visually in Figure 2. High philanthropic literacy does not come from knowledge alone. This knowledge needs to be synthesized and iteratively applied to each innovative situation through good thinking. That process allows us to apply knowledge to each situation in such a way that every action we take can be transformed into an opportunity to better experience, express, and grow love for mankind.

Note we did not say an opportunity to experience, express, and grow love for mankind well.

We defined the quality of thinking in a comparative not an absolute way – a point that we will elaborate on later. Also note that we specified the primary purpose of good thinking as: to experience, express, and grow love for mankind. We do not conceptualise it as a route to maximizing profit or conducting effective advocacy.

GOOD THINKING

In psychology, what people think about, belongs to the level of thinking that is termed cognition (Breckler, 1984). How people think about what they think, belongs to a level of thinking known as metacognition (Flavell, 1979). Good thinking is characterized by purposefully thinking at both the cognitive and the metacognitive level.

In cognition, people think about what newness there is in philanthropy, whether this newness relieves human suffering or fulfils human potential better than the absence of it, and how and why. At the first level of this thinking (i.e. what), newness may occur as a particular form of innovation (e.g. the B-Corporation).

At the second level of this thinking, newness may also occur in how we think about each of these innovations. We might question how businesses impact on society and whether there is scope for change to deliver wider impacts. For example, the purpose of business transitioned from profit maximization (the norm in the early 20th century), to the generation of sustainable profit while fulfilling necessary social concerns (arguably the norm today), to allowing social concerns to drive sustainable business designs (e.g. the B-Corporation). Each transition signifies a new way of asking the "whether and how" questions. Each transition, for example, requires that a suite of new metrics be designed to answer the new "whether and how" questions.

This kind of newness however, is not necessarily associated with the creation of a new form of organization or new ways of mobilizing resources. What changed in our business example above is the degree to which we associate the abstract notion of a "business" with love for mankind. What changed is how we assess the degree to which businesses are associated with love for mankind (if we believe in that association). In the past, business was rarely assessed for its association with the experience, expression, and growth of love for mankind. This has changed gradually in recent years through the invention of other types of businesses such as social enterprises and B-Corporations, but also by the fact that what is traditionally termed business is becoming more socially conscious. Because of the newness in how we define the purpose for a business (whether it includes philanthropic purposes or not), what constitutes successful performance changes, and what measures are deemed appropriate to judge that performance change too. This newness constitutes the second level of philanthropic innovation.

In this sense, unless an innovation from the first level can pass the test of enhancing the experience, expression, and growth of love in mankind, it is not a philanthropic innovation. At the highest level, newness may occur to address why or why not any individual, organization or network can help to fulfil philanthropic goals. For example, why can social enterprises resolve problems that traditional business cannot? Why can traditional businesses sometimes be more financially sustainable than social enterprises? Insight in the answers to these questions allow us to then design the next generation of newness to progress philanthropy into the future. Successfully addressing this question requires a minimum of four areas of knowledge included in our definition of philanthropic literacy. Understanding these "whys" will allow people to make informed strategic decisions about whether they need to innovate, and if so, at which level.

In psychology, there is a higher level of thinking that is termed meta-cognition, i.e. thinking about thinking. When reflecting at the meta-cognitive level of thinking, our interviewees suggest that good thinking should be characterised by the following principles. People should:

1) Have clear definitions of the concepts that they think about;

2) Be open to the possibilities of changing the definitions of their concepts for the purpose of experiencing, expressing, and growing love for mankind;

3) Be capable of allowing the purpose of

experiencing, expressing, and growing love for mankind to take priority when conflicts exist in how to change these definitions;

4) Prioritize asking the why question before they answer the what, whether and how questions;

5) Critically evaluate their thinking, iteratively, over time, reflecting on whether, how and why any newness might allow people to experience, express, and grow love for mankind and;

6) Rely on a minimum of four areas of knowledge in their thinking.

High meta-cognitive ability allows people to monitor in any given situation, how well they do along the above dimensions. Given the speed in which our eco-system changes, our interviewees think that it is impossible to define what good thinking means in absolute terms. This is because what might be clear today may not be clear tomorrow. An example would be the blurring of the boundaries between the for-profit, non-profit and governmental sectors. What were once three clearly defined concepts now have considerable overlap in their meanings. High philanthropic literacy is therefore also defined in a comparative sense: How can I think in such a way that every action I take can be transformed into an opportunity to better experience, express, and grow love for mankind? This is the point we highlighted earlier and on which we shall elaborate now. High philanthropic literacy dictates that people monitor at a meta-cognitive level, how they can have clearer definitions, how they can become more open, how they can prioritize better, how they can iterate better, and how they improve in their areas of knowledge, as well as the application of that knowledge.

Meta-cognitive level thinking purposefully carried out for the experience, expression, and growth of love for mankind is a way of thinking that allows people to monitor the boundary of what they know and what they do not know, and to expand this when necessary in a proportional and paced manner.

It is thinking at this meta-cognitive level for this particular purpose of philanthropy that we term good thinking.

APPLIED ETHICS

Ethics refers to the "moral principles that govern a person's behaviour or the conducting of an activity" (Oxford English Dictionary, 1989). When they are applied to the domain of philanthropic innovation, the resolution of ethical dilemmas is usually (in the view of our interviewees) the reflection space with the highest innovation potential. This is because binding to traditional perspectives on ethics can be one of the biggest barriers for people to attempt innovation in their domain. For example, is it ethical for poor children to have to pay for education? If it is considered unethical, philanthropic innovation that could have taken place does not. Is it ethical to charge poor people for clean water instead of providing it for free? Again, if it is considered unethical to charge, philanthropic innovation can be limited. Having a good way of thinking in applied ethics means being able to overcome ethical barriers for the purpose of enhancing philanthropy. Here is how.

In any given situation, whether an action is ethical or not can be determined by multiple ethical principles (Pellegrino & Thomasma, 1988; MacQuillin 2016; Sabini & Silver, 1982). People with good thinking have clear definitions of what those ethical principles are. For example, they are able to say that whether a philanthropic innovation is ethical or not could depend on 1) the intention of the actor (e.g. an individual, organization or Board), 2) the nature of the process (e.g. whether it violates fundamental human rights, pollutes the environment, or crowds out local talent), and 3) the consequence of the action (e.g. whether people in the village have access to clean water sustainably).

In the most ideal scenario, each philanthropic innovation should be a situation where the right people intend to do the right thing where the right consequence is produced. Our interviewees reflected that such perfect situations very rarely occur naturally, so a combination of our ethical and good thinking principles can be applied to create them.

As an illustration, Kickstarter, an online crowdfunding platform was originally registered as a for-profit business. It then joined the .01% of American corporations that have re-incorporated to become a Public Benefit Corporation in 2015. They "wanted the company to operate as a Public Benefit Corporation for as long as it may exist because of their deep held values, mission and idealism." (Stickler, speaking to Lott-Lavigna for Wired, 2015).

Good thinking principle 2 here is reflected by the fact that they are open to the possibility to generate desirable consequences first by incorporating as a business. Incorporation as a business was how they chose originally to experience philanthropy. They abide to the first and third ethical principles through their intention to fulfil the mission to "help bring creative projects to life" (Kickstarter, n.d.) and their creation of a sustainable business.

Good thinking principle 3 here is reflected by their ability to allow their philanthropy to dominate the resolution of conflicting ethical constraints. That is they abide to the second ethical principle of doing things right by re-incorporating, rather than "making the sorts of compromises that companies are often forced to make." Their experience and expression of philanthropy grew in the sense that they can now codify their values in a way that allows them to conform to more ethical principles.

Good thinking here does not dictate the usage of any traditional or new forms of organizations. Equally, good thinking here does not dictate the simultaneous application of all ethical principles. Good thinking here is characterized by "thinking long term, about how to look after the things they care about." (Chen, cited in Isaac & Gelles, 2015).

When good thinking relies on knowledge in applied ethics, it allows people to reach clarity about why one way of experiencing and expressing philanthropy is superior to another. So "younger companies won't be so easily swept up by all the usual choices when they think about how they operate and how they want to be structured" (Chen cited in Isaac & Gelles, 2015). This focus on understanding the why is an illustration of the fourth principle of good thinking. That is Kickstarters co-founders understand why they built it in the way they did, and they understood why others joined them and backed their decisions along the way. As we can see, it is the fulfilment of the philanthropic purpose that dictates the choice of innovation, not the other way around.

A host of other ethical principles can be equally relevant here (e.g. the balance of beneficiary versus donor rights (MacQuillin, 2016)), the emphasis on virtue ethics which emphasizes the development of a moral person, versus the emphasis on deontological ethics which emphasizes doing the right thing (Aristotle, c. 350bc). With the example above, we hope to illustrate how good thinking dictates that people apply clear ethical principles to guide their definition of what philanthropy means in their context, and innovate in a way that allows them to grow the quality of their philanthropic experience.

PHILANTHROPIC PSYCHOLOGY

Philanthropic psychology is a social scientific discipline that explores the most conducive psychological conditions that allow an individual to experience, express, and grow love for mankind. It can also help people clarify what love for mankind means in each given situation. In our interviews, three pieces of psychological knowledge were highlighted to be of particular significance in the context of philanthropic innovation: psychological well-being, development of the self, and the sustainability of our philanthropic energy.

Psychological well-being captures the ultimate benefit that "experiencing, expressing, and growing love for mankind" can deliver for the doers: it makes them feel good about their sense of who they are; their sense of self. By doers we mean both the giver and the receiver. Development of the self describes the inner transformation that doers have to go through in order to reach a state of being that allows them to "experience, express, and grow love for mankind" and feel better in any given situation. The psychology of moral exemplars and theory of how we can sustain our philanthropic energy can be used to explain how doers can sustain their own energy along the way so they can sustain their involvement in philanthropy for as long as they personally deem desirable.

Similar to the applied ethics principles that we referenced, these are not the only relevant pieces of information from philanthropic psychology that can inform philanthropic innovation. We chose to explain these because they can best illustrate the kind of good thinking that our interviewees deem to be most needed by those working in philanthropic innovation.

MORAL EXEMPLARS

Moral exemplars are individuals who have been held up by others as those who have in some way dedicated their lives to the service of others. Previous psychological research on "moral exemplars" has studied the actions and thinking of these individuals. It suggests that for us to succeed in helping those in need for a duration that expands beyond a decade, our actions can be equally sustainably guided by two motivational structures. Either the betterment of self and others are both ends themselves (our hypothesis in row three in Figure 3 below), or the betterment of self is seen as the means to achieve the betterment of others (row one). The researchers found that nobody within the moral exemplars that they studied, mentioned the motivational structure depicted in row two: that is the betterment of self is the sole end in itself (Frimer, Walker, Dunlop, Lee & Riches, 2011).

Figure 3: Thesis Underlying the Dual-Focused Design

Betterment of Self	Betterment of Others
Means	End
End	Means
End	End

This finding is of particular significance because it highlights two, not one motivational structures that can sustain prolonged love for mankind. So long as the love of others is the end, whether we consider the betterment of self a means to the end or as an additional end does not change the outcome. In addition, the model highlights how necessary it is that we consider not only beneficiaries, but how we can sustain our "self" on the journey to the selected end.

Why is this not a simple restatement of all the self-help books that preach "love yourself first?" Because it is about the goal of how "you can love others" sustainably. Our research shows that in fundraising situations, fundraisers feel charged whenever they engage in activities that can enhance their psychological well-being (Shang & Sargeant, 2016), otherwise they feel drained. These activities could range from tactical decisions such as, "how much should I ask my donors to give in this campaign", to important strategic decisions such as, "how can I get the board to agree to my upcoming capital campaign goals?" Fundraisers, for example, can be drained by any routine tasks that are perceived to be irrelevant to the achievement of goals. They can also be drained by failure in influencing others to accept fundraising knowledge and best practice, or failure to achieve the full potential of philanthropy. The irony here however, is that the higher the expectations are that fundraisers and senior leaders have of themselves, the more draining these activities become.

We can therefore better facilitate the sustainable growth of philanthropy by first understanding what charges and what drains people when it comes to philanthropic innovation. They can then factor this knowledge into the design and implementation of their philanthropic journey. The resulting growth will place higher emphasis on promoting the psychological well-being of all involved, and any associated philanthropic innovation will become considerably more sustainable.

Gaining the highest level of philanthropic literacy involves understanding how to continue to charge ourselves and others around us (Shang & Sargeant, 2016). Those with the highest philanthropic literacy take concrete actions every day to sustain their own, and their teams' energy. Leveraging philanthropic psychology, they understand that they can plan their weekly and daily activities in a way that they do their least favourite things first, and most favourite things at the end. In doing so, they avoid the drainage they might otherwise experience from ruminating on or dreading what is to come (see Berns et al., 2006 for a neurobiological perspective on dread) and take advantage of the anticipation for how interesting their day and their week will eventually become. They can also leverage philanthropic psychology to understand what tasks are draining, and what tasks are charging. Draining tasks, for example, can then be shared with colleagues, because although the task is draining, they can experience pleasure in developing positive relationships with others as they complete it. We elaborate on the rationale for this below.

PSYCHOLOGICAL WELL-BEING

Psychological well-being describes how meaningful and happy one feels about one's life. So when we say philanthropy makes people feel better, we do not mean that philanthropy makes people feel better, in the same way that alcohol, drugs, a piece of jewellery or a relaxing cruise would. We mean that philanthropy makes people feel that they have a more meaningful and happier life. Below is one illustration of how a meaningful and happy life can be defined (n.b. there are other perspectives).

Psychologist Ryff (1989) specified six elements that are commonly used to measure psychological well-being.

1) Need to make a difference
2) Autonomy
3) Positive relations with others
4) Growth
5) Purpose in life
6) Self-Acceptance

We will explain the first three here, and the latter three after we explain the development of the self.

Need to make a difference: This is defined as the competence to choose or create environments best suited to an individual's needs/values and where they are capable of making a desirable difference. In the context of philanthropic innovation for example, if the founders of Crowdfunder believe they can make a difference in the lives of their clients, they will experience high psychological well-being along this dimension. Similarly, if a charity's donors feel they can make a tangible difference in another human being's life (not the intermediary organization), they will experience high psychological well-being.

Autonomy: is defined as a sense of self-determination and the ability to resist social pressures to think and act in certain ways. If the option of applying for grants from a foundation is viewed as outdated, and crowdfunding is viewed as new and exciting by one's peers, then one would experience low autonomy if one chooses to use crowdfunding and high autonomy if one chooses to apply for grants (all else being equal). This is because one would have resisted the popular view in order to go down the route of applying for grants. They would have felt that they themselves have made the judgment to go down that route instead of submitting to social pressures. The same is true for anybody who goes against popular trends or worldviews, or perhaps the initial opinions of the majority of a Board.

Positive relations with others: is defined as the need that people have for warm, satisfying and trusting relationships with others (Deci & Ryan, 2000). One might experience a close relationship by giving through a particular social network, sponsoring a particular child, or meeting face-to-face with an individual one has chosen to help (e.g. refugees). As they experience that sense of connection they also achieve higher psychological well-being along this dimension.

The above three components of psychological well-being are also what psychologists Deci and Ryan (2000) refer to as fundamental human needs. They are fundamental human needs because all human beings have them. No-one is exempt. So the question is how they manifest themselves in any given situation and how they shift over time.

We articulated earlier that love for mankind can include the fulfilment of human potential (Tempel, Seiler & Aldrich, 2010). When defined with the knowledge of psychological well-being, human potential can be further clarified to include six elements, the first three of which we explained above. This enhanced level of clarity in our thinking (good thinking principle 1) allows us to make better decisions in the space of philanthropic innovation.

For example, our survey indicated that people feel a higher sense of personal fulfilment if they can set up their own organization to make a difference, rather than giving through pre-existing structures. Our survey also showed that people feel a higher sense of personal fulfilment if they give (or secure) social impact investment than if they give (or secure) cash or grants. Similarly, our interviewees told us that donors get more enjoyment out of giving directly through crowdfunding than using intermediary charities. They also told us that donors can enjoy getting onto a plane and handing out aid, rather than using established channels of distribution. Indeed, one complained that naïve donors can insist on using their own outcome measures rather than trusting those employed by experts on the ground.

It is possible that the more personally satisfying ways of engaging in philanthropy can also make the biggest difference for those in need. It is equally possible that they do not.

So it is essential that as a society, we understand how individuals derive utility from their experience of philanthropy so that any tensions between donor and beneficiary needs can be resolved for the good of all.

The theory of psychological well-being tells us that more satisfying routes to experience philanthropy are satisfying because they deliver a higher sense of autonomy, or perhaps deliver a stronger sense of connection with either beneficiaries, or those involved in the delivery of the work. So philanthropic psychology can provide us with a set of analytical and conversational tools that can be used to bring what might often be conflicting needs to the surface.

In the future world of philanthropy, perhaps key players should be concerned not just with outcome measures for the beneficiary, but also the impact of the work on the psychological well-being of all involved. The latter should be considered both as an outcome, but also how it plays out in (or is developed by), different stages of the innovation process.

That discussion must be conducted in the context of all the elements of philanthropic literacy, not just one. Otherwise, we are in danger of being accused of advocating psychological therapy in the professional setting of philanthropy. It must not become an exclusive end in itself. Rather, the discussion of these concepts should be integrated into how we reflect on other elements. So we broaden how we think about impact measurement to include the psychological well-being of all key stakeholders, and we use our domain expertise to reflect on how the experience of these groups might be different. We also expand our definition of risk to consider the risks that accrue if the psychological well-being of our stakeholders is not properly sustained.

It should now become clear that the point we make here is not necessarily about whether people should or should not choose a particular form of philanthropic engagement. Rather, the point is that the critical analysis of these philanthropic options should be conducted through good thinking directed at the right areas of knowledge. The sense of fulfilment that people derive from "making a difference" and from "autonomy" should be recognized as two different sources of fulfilment. Good thinking highlights the possibility (good thinking principle 2) that the satisfaction of one should not be used to infer the satisfaction of the other. Good thinking also references the academic evidence that in the long run, the fulfilment of both needs will give people the highest degree of psychological well-being (e.g., Ryff, 1989; Ryan, Huta & Deci, 2008). This evidence then has the potential to help us re-prioritize for the purpose of enhancing our philanthropic journey and making it sustainable (good thinking principle 3).

Similarly, we are not making moral judgments about whether people should prioritize making a difference over autonomy, or autonomy over making a difference. Good thinking principle 2, when applied here, allows people to recognize the possibility that how love for mankind can be defined may change along one's philanthropic journey. One's need for making a difference, autonomy and relatedness does not fade as these needs are fulfilled. They simply evolve into further needs. What is important therefore is to allow the purpose of experiencing, expressing, and growing love for mankind to take priority during the transformation of needs (good thinking principle 3). We will elaborate on how this can be achieved in the next two sections.

DEVELOPMENT OF THE SELF

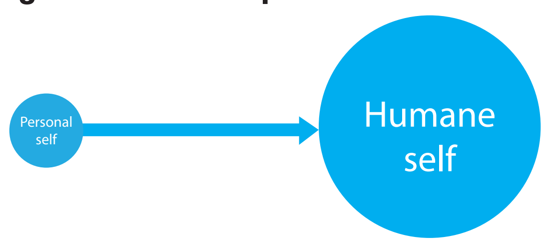
The transition of our three fundamental human needs are captured in the final three elements of psychological well-being: need for purpose in life, growth, and self-acceptance. We will explain the development of the self before we elaborate on the others further because much of our need for purpose in life, growth, and self-acceptance is fulfilled through the development of a mature sense of self.

Our sense of who we are (i.e. self) evolves throughout our lives. Erickson's (1959; see also Erikson & Erikson, 1998) life development theory tells us that this sense of self changes depending on our life stages. The self of an infant differs from the self of a child, a teenager, a young adult, a middle-aged adult and an older-aged adult.

There are two directions of change in this sense of self: better or worse. A better sense of self is signified by a proportional and paced expansion from a personal sense of self (which includes only one singular person) to a collective sense of self which includes others (Brewer & Chen, 2007; Brewer & Gardner, 1996; Oyserman, Coon, & Kemmelmeier, 2002).

Psychologists suggest that theoretically, it is possible that people adopt a "humane" sense of self (see Figure 4) (McFarland, Brown, & Webb, 2013; McFarland, Webb, & Brown, 2012). That is they can identify with humanity as a whole. Empirically however, it is extremely difficult to identify individuals who can fit into that description. Most people include some others (not the entirety of humanity) into their sense of who they are. Psychologists give each category of inclusion a label. These are noted in parentheses below. One's sense of self can include family and friends (their "relational self") (e.g. Andersen & Chen, 2002; Aron, Aron, Tudor, & Nelson, 1991; Sedikides & Brewer, 2015), beneficiaries they help (e.g. refugees, the homeless, disaster victims – again their "relational self"). It may also be organizations they support (e.g. Macmillan – an "organizational self") (e.g. Jarvenpaa & Majchrzak, 2016; Lord et al., 2010), the profession that they work in (a "professional self") (e.g. Gibson, 2003; Roccas & Brewer, 2002), their nationality ("national self") (e.g. Boski, 1991; Brewer & Pierce, 2005), or social categories that they belong to such as race or gender ("social self") (e.g. Swann et al, 2012; Brewer, 1991). There is also a category of our sense of self that is based on moral values ("moral self") (Aquino, McFerran & Laven, 2011; Reed & Aquinos, 2003). And of course, each person can have multiple senses of self at any given point of time (McConnel, 2010; see also multiple group identities Roccas & Brewer, 2002).

Figure 4: The Development of Self



Empirically, it is almost impossible to pick out individuals who can identify with the entirety of humanity. So in the context of philanthropy, it perhaps is more appropriate to define a philanthropic self: a self that embraces those who we can most meaningfully help while maintaining our psychological well-being. For some that sense of self will be broader than for others.

Erickson (1959) and Vaillant (1977) suggested that a mature sense of self is signified by the deepest integration of one's personal self with the largest proportion of humanity that we can make a meaningful difference for. This is because it offers us the most holistic sense of meaning and happiness (i.e. psychological well-being). They also suggest that this kind of mature self can only be developed if our definition of the self is reflective of the changing world that we live in. If we integrate only our personal sense of self only with what happened in the past, we will experience too much discrepancy between it, and the future that we will enter into.

When we rely on this knowledge on the development of the self to reflect on how "love for mankind" manifests itself in any given situation, the clarity of our thinking increases (good thinking principle 1). Good thinking principle 2 allows us to see the possibilities that our sense of who we are needs to integrate with our philanthropy, and good thinking principle 3, allows us to always stretch outward for the love of mankind in a way that is sustainable to us personally. They together, help us realize that properly defining love for mankind in each situation is about how we can understand all relevant people's sense of self first, and then identify how we can help them achieve the optimal level of "proportional and paced expansion" from the personal to the philanthropic self. It is about creating a sense of self that is outward looking, while at the same time being capable of experiencing deep personal satisfaction.

For example, we know that some people prefer to support causes that their family and friends support through online giving, campaigning, peer-to-peer lending or crowdfunding. They prefer this to doing the same through an intermediary organization. For these individuals, the expression of their love for mankind is experienced as giving with, and for, their family and friends. They may infer that the people or causes that their family and friends support are what they would choose if they were to make the decision on their own. They may not. Either way, if they continue to help in this way a few times, they may reinforce their "relational self" (e.g. I am a good because I support my friends) and begin to adopt a new sense of self as a "supporter." Some of them might even proudly refer to themselves as "regular donors". What is interesting about this way of defining one's self is that these individuals do not necessarily lose a sense of autonomy by not personally choosing whom they support.

This is because whatever their family and friends choose to express their love to, is perceived by the donor as an exercise of autonomy in their own relational self. Whether or not their personal self chooses the recipient of their support is of no significance to their psychological well-being.

What good thinking principle 1 (i.e. clarification of concepts) allows us to do here is to recognize that these individuals' sense of self is defined at the level of their "relational self", that only includes their closely related others. Under this self-definition, the most meaningful difference these donors can make is the difference they make to their family and friends, not necessarily to those whom they help. They therefore do not necessarily engage in any deep reflection about whether they are using their money in the best way possible for the most in need in the long run. The combination of philanthropic psychology and applied ethics allows people to recognize that how they define love for mankind (good thinking principle 2) may change along their philanthropic journey. The more they can be prompted to connect directly to those they help, to reflect with their family and friends about how best to practice their philanthropy, and to gradually change their relational self to also include those they help, the more meaning and happiness their philanthropy can give them. Throughout our interviews, we did not hear about any online platforms engaging in innovation in this area.

When we push this way of thinking to its limit, we reach a higher level of clarity in our thinking about love for mankind (good thinking principle 1). When someone's sense of self is defined by their singular personal self, their love of anybody else is love of others. When someone's sense of self is defined by the humane or the philanthropic self, love of others and love of the self is felt by the person as one and the same thing. In that sense, **selfishness as a concept ceases to have meaning.** Because the distinction between the benefit to the self and the benefit to the other ceases to exist in how people experience their love for others. It also does not make sense to ethically differentiate whether the consequence of one's action is on others or on self, because the consequence on others is the consequence for self. People will experience the betterment of others' lives as the betterment of their own lives. Clarity in thinking in this context allows those with high philanthropic literacy to stay away from such debates and get on with loving mankind because they know it will be for the betterment of all.

The concept of "altruism" ceases to have meaning.

Here is an example of how this knowledge can be used in practice. In the context of crowdfunding, if donors were to regularly offer their support to those whom their family and friends support, they have the potential to expand their relational self to eventually include those in need. We made that point above. However, it is also possible that this prolonged support, if done through the same online platform, has the potential to expand one's sense of self to eventually include the platform itself. Being a successful crowd-funder is part of who they are.

In psychological research, who is included in one's sense of self is most often measured as how often individuals use "we" to describe the self and others, versus "I" and "they" (Na & Choi, 2009). The more often donors uses "we", the more integrated their sense of self is with the others being included in this "we." One way in which organizations may track the extent to which this has happened to donors would be to conduct text analysis on the number of times people use "I", "we", and "they" in their messages, and detect who are included in those descriptions. Similarly, algorithms might be created to help design communications specifically tailored to increase the frequency and the degree of felt intimacy for people, and thereby facilitate them to expand their sense of self.

This is one example where technology (i.e. algorithms designed for the purpose of expanding love for mankind) can in and of itself fulfil philanthropic purposes – the kind of technological innovation our interviewees called for more of in the future. It does not matter whether the algorithms are developed by crowdfunding platforms, social enterprises or Google/Facebook.

This kind of transformation in one's sense of self (e.g. from a narrow relational self to a wider relational self) can take a long time (for a review of the literature surrounding the development and change of self throughout life, see Swann & Bosson, 2010). So facilitating the process could be extremely beneficial. That deep transformation is what our interviewees asked for from philanthropic innovation. They want the philanthropy of the future to meet donors' "deep needs," they want future philanthropy to "transform lives" not just to persuade individuals to give an unthinking £2 a week, and they want future philanthropy to help align human lives with the desired purposes of those lives, so that individuals can experience a sense of wholeness, completeness and joy as a result. The deepest needs as suggested by these two pieces of psychological research are the need to develop a humane or philanthropic sense of self, and the need for this humane or philanthropic self to make a difference and experience autonomy and positive relations. What the example above suggests, is that such grand goals in philanthropy, when based on philanthropic research evidence, can be partially accomplished through technological innovation.

PSYCHOLOGICAL WELL-BEING REVISITED

The sustainable transformation from one's personal self to one's humane or philanthropic self, and the sustainable fulfilment of one's needs for making a difference and experiencing autonomy and positive relations, allows people to also experience high psychological well-being in the remaining three dimensions.

Growth: which in this context is defined as a feeling of continued development, realizing one's own potential, seeing oneself as growing and expanding, seeing improvement in self and behaviour over time, being open to new experiences, and changing in ways that reflect more self-knowledge and effectiveness.

Growth is fundamentally different from the three components we articulated earlier. It functions almost in a dimension that is orthogonal to them. This is because for someone whose sense of self is personal and singular, they experience making a difference, autonomy and positive relations in only one way. When the same person's sense of self grows into other types of selves, they experience the satisfaction of exactly the same sets of needs very differently. We will see this from an example of a social investor whose investment created conflicts between what his personal sense of self dictated to be his life values versus what his investor sense of self dictated to be the right thing to do in an investment. It is through the resolution of this conflict that he has the potential to experience a more integrated level of growth.

The focal social investor was one of the early investors in a "low-cost" private school initiative that operated in several African countries. He described himself as *"a Malaysian who benefited from the 'free' government education system in the UK."* His first school was in rural Malaysia in classrooms paid for and run by the government and church. It was "free". Note here, his sense of self was shaped by his childhood and youth experience as being a Malaysian and a receiver of help from two governments and a church, much in the way that Erickson (1959) suggested it would.

The way he thinks about his investment is shaped by his sense of who his personal self is. He is an advocate of universal free education. When his definition of love for mankind is influenced by this sense of who he is, he would have wanted to make a difference for children who are as eager to learn as he was, but who do not have the same opportunity. All else being equal, he would prefer to offer such opportunities to children for free.

His social investment in the focal school system offered him a personal growth experience:

"I have had to set aside my prejudices as an advocate of universal free education in the light of the data and the reality on the ground in Africa."

In his original way of thinking, his sense of making a difference in the world would have been enhanced by his ability to offer free education. But now, once he allowed the data and the reality of his domain expertise to convince him of what is possible to meet children's needs, he grew out of the value that was important to the "old" him and adopted a new way of obtaining psychological well-being:

"I am proud to have been an early investor in the Bridge schools."

What is important here is not just the fact that his values changed, but that he allowed the benefits received by the children (i.e. paid education) to outweigh a seemingly "higher" and more personal value that he held (i.e. education should be free). This is an illustration of good thinking principle 3. People of high philanthropic literacy are capable of allowing the purpose of experiencing, expressing and growing love for mankind to take priority when conflicts exist in how to change these definitions. The expression of his love for mankind changed from offering "free education" to offering "low cost education". This expanded the potential horizon within which he could define his sense of self. This decision also gave him a higher sense of autonomy, because he had to endorse a way of helping that is currently against the popular view of what philanthropy should be about:

"Bridge applies a Silicon Valley startup mindset to the question of how to improve education for some of the poorest kids on the planet. Their business model takes the franchise model of McDonald's, merges it with a tablet computer's efficiency at delivering information, automates daily operations through a smartphone, and then plunks the final product down in a Third World slum for $5 a month." (Beaubien, 2013).

He arrived at his conclusion by focusing on asking the why questions (good thinking principle 4): why does free education work and why does paid education work? He relied on his domain expertise (including evidence on the quality of education received and how this difference is delivered) to make an informed decision and he relied on good thinking to override the values endorsed by his personal sense of self[1].

Many of those that we interviewed from this and other projects said that philanthropy (be it starting their own charity, serving on boards of charities or engaging in social investments or building social enterprises) gives them the opportunity to solve the most complex social problems that they could ever possibly attempt to solve. This complexity presents conflicts at the deepest level in their sense of who they are. In an effort to resolve it, they experience growth. As people experience personal growth and as their lives are changed by their philanthropy, their purpose in life is clarified and refined along the way.

Purpose in life: is defined as having goals for the future of one's life and a strong sense of direction. Research showed that the clearer one's life purpose is, the higher one experiences psychological well-being (e.g. Reker, Peacock & Wong, 1987; Ryff, 1989; Ryff & Keyes, 1995). Our research suggests that it is also possible that the more inclusive one's life purpose is of humanity (be it breadth, in the case of humane selves or depth, in the case of philanthropic selves), the higher one experiences psychological well-being (Greenfield & Marks, 2004; Ryff & Singer, 2008).

For our focal social investor, his purpose in life is the creation and distribution of wealth for good. He makes no apologies for creating wealth or distributing wealth when the purpose of both is to do more good for his selected beneficiaries. It is also consistent with his Christian faith which serves as a powerful inspiration for his work. The experience we describe above had the potential to be transformational for him because it required him to give up one of the values he cherished, in order to fulfil the overriding purpose in his own life.

[1]Many other examples are offered during our interviews to illustrate the exact same transformation process. This detailed level of illustration however risks revealing the identity of our interviewees. So our special thanks are due to Dr. Kim Tan who gave us permission to use his information in this identifiable way.

It is also transformational because as a consequence of making his decision, he experienced the competence of making a difference, exercising a high degree of autonomy and (ultimately) developing a higher level of positive relations. Note we are not saying that he took his decision "in order to" feel better. We are simply saying that by making tough decisions such as this one, he now has the potential to experience higher psychological well-being. Psychologists (e.g. Reker et al., 1987; Ryff, 1989; Ryff & Keyes, 1995) have found evidence that having a clear definition of one's purpose in life is an indication of high psychological well-being. And the clarity of life purpose in this case, can be measured as the degree to which it can sustain the essential conflicts pressed upon it.

Not all conflicts can be resolved with the result of an even clearer purpose in life. Sometimes surfacing conflicts generate a period of confusion in one's purpose in life (e.g. see George & Park, 2016, for a review of comprehension of life meaning and life purpose). The optimal level of the expansion of the self to maintain, is thus a level of "proportional and paced" modification through conflict resolution within one's sense of selves. In this way, it challenges our sense of who we are, but it does not stress our sense of acceptance of our past self to an unbearable level. That is the last element of psychological well-being:

Self-Acceptance: is defined as the ability to experience positive feelings about their sense of self in the past. Looking back, can we accept who we have been? The more integrated our sense of self is of all our life experiences; the higher self-acceptance we will experience (Ryff & Essex, 1992). The more reflective our sense of self is of the complexity of the world we live in, the higher the self-acceptance we will experience (for a review see Bodenhausen, 2010). Our research clarified the purpose of why people's sense of self needs to be reflective of the complexity of the world: it allows them to enhance the experience, expression, and growth of philanthropy.

Here is an example. Some individuals might change their core sense of self to include being a fundraiser after working in fundraising for a few years. But as the definition of what it means to be a 21st century fundraiser changes in their surrounding environment, their sense of self has to change if it is to reflect it. Fundraisers, living in the era of 21st century philanthropy, which is defined as a mobilization of private resources, cannot maintain a 20th century definition about what being a fundraiser means to them and experience high self-acceptance. This is because they will experience too many discrepancies between what their sense of who they are is (e.g. 20th century fundraiser) and what they think the world expects of them (i.e. 21st century resource mobilizers). Most often, this level of development in the self is not possible without the development of domain expertise.

DOMAIN EXPERTISE

Domain expertise for our interviewees refers to the depth of knowledge, that when applied to each situation, can allow genuine insights to emerge in how best to practice philanthropy.

For example, domain expertise in the situation of 'Vision For A Nation' is about, 1) understanding all the technical details of what it takes to provide functional vision for a focal nation, 2) being able to choose the right delivery mechanism employing the latest technology, 3) continuing to learn where the boundaries of willingness shift along the way (i.e. when and where government intervention becomes possible) and 4) being able to seize the next available opportunity. It is not about knowledge per se, it is about developing sufficient mastery of the knowledge, to use it to guide action.

In the case of using philanthropy to shift perceptions of palliative care or symptom management[2] across a country, domain expertise refers to, 1) an understanding of the health care ecosystems in the focal country and the latest models used in other relevant countries to achieve the same

[2]Symptom management refers to the same concept as palliative care, except that symptom management is the only culturally, politically and professional acceptable way to describe it in this Asian country.

purpose, 2) a critical evaluation of why and how models in others countries may or may not transfer into the cultural, political and professional environment in the focal country, 3) an understanding of which way of thinking and what kind of evidence are required, in order to initiate a shift in (not simply to describe or explain) the eco-system, and 4) how to sustain one's self and one's team through the process.

We will unpack both examples below to illustrate what our interviewees meant by domain expertise and why it is important to position it within the framework of philanthropic literacy. It is not only about having domain expertise, it is also about how to purposefully and iteratively reflect on it in order to better experience, express, and grow love for mankind (good thinking principle 5).

Vision For A Nation is a UK charity whose vision is to build "a world in which every nation provides all of its citizens with local access to affordable eye care, including medication, glasses and specialist care." Their mission is *"to support health ministries in select emerging countries to provide nationwide primary eye care services to all who need them in a sustainable manner."* Their *"first national programme is underway in Rwanda where (they) have trained over 2,500 nurses across 502 local health centres to provide life-changing eye care services for Rwanda's 10.5 million people." "Supporting Rwanda to establish nationwide primary eye care services that are financially self-sustaining and locally accessible to 100% of its population sets an example to the world that it can be done."* By 2017, Vision For A Nation's mission will be completed in Rwanda where *"primary eye care services (will be) fully integrated into the government's universal health care structure and portfolio of nationwide services."* (Vision for a Nation, n.d.).

One of the innovative concepts that Vision For A Nation came up with early on during its philanthropic journey was *"functional vision"*. That is the organization did not attempt to offer comprehensive eye care. This is because the cost of training the requisite number of opticians was beyond its means or any other financial backing that it could marshal together. The clarity of Vision For A Nation's vision and mission (good thinking principle 1) dictated that it should not shrink the pool of people it set out to help. But if it elected not to reduce the number of potential beneficiaries then it needed to narrow the nature of the care provided.

For a philanthropist growing up in a society in which comprehensive eye care is the norm, accepting the definition of *"functional vision"* is significant. It is another example of potentially expanding one's personal sense of who they are (i.e. a believer in comprehensive eye care based on his sense of personal self) for the purpose of making a meaningful difference to the people who need it (i.e. a philanthropist who promotes primary eye care based on his expanded sense of relational self that includes those in need).

Having the domain knowledge about what is possible does not in itself allow a philanthropist to choose what can be done, over what his personal self wants to do. **Domain expertise gives the philanthropist the confidence that this is the only thing possible within the constraints of the eco-system in this historical moment. It then takes good thinking for him to allow his concern for those in need to override his personal beliefs about what might be morally right.** That is when domain expertise can push forward philanthropic innovation. It sets boundaries. This is also an example of when purposeful thinking about growing philanthropy can push forward philanthropic innovation. It permits the philanthropist to allow others' needs to override his own personal values.

The transition from comprehensive eye care to primary eye care was only one of the many obstacles[3] that the philanthropist had to overcome during his philanthropic journey. Other obstacles included shrinking the scope of his operation from 12 countries to one, adjusting the mission from service delivery to example setting, substituting potentially large funding partners for less ambitious ones who are committed to their mission, and slowing down the progression of their mission until the right people were recruited.

[3]Only interviews with insider of the Vision for A Nation team could have revealed these details. So we offer our special thanks to Mr. James Chen for his generous sharing.

During each one of these transitions, bigger and seemingly grander dreams had to be narrowed and tailored for feasible ones. None of these transitions could have been informed by domain knowledge alone. He needed to reflect iteratively about why he wanted to engage in philanthropy and the difference he wanted to make.

He does not define the difference he makes by whether he can provide comprehensive eye care for 12 nations. Rather, he defines the difference he makes by how much he can learn from each experience of philanthropy in order to make it better. Domain expertise here is not simply about the techniques inherent in providing comprehensive eye care to 12 nations, but how purposeful thinking can allow the domain knowledge to help him shape his philanthropic journey to maximize the concrete progress his resources would allow. He uses the same approach to define his overall philanthropic experience. He accepts that they may never succeed in providing comprehensive eye care for 12 nations, but by learning the best lesson possible he can experience the satisfaction of knowing that he will accelerate the journey for others to come.

We have now offered two examples of how conflicts in moral values and conflicts in one's life expectations offer people opportunities for growth through their philanthropy with the support of domain knowledge. We offer here one last example of how philanthropy might transform people's psychological well-being by providing insights that only deep domain expertise may offer.

This is the experience of a philanthropist who worked in the field of hospice care for over 10 years. For the purpose of this research we quote a particular incident that she shared during our interview to illustrate the depth of domain expertise and the value it offers to sustain philanthropy. Here we asked her to reflect on the moment when she was closest to giving up her 10-year philanthropic journey and yet managed to pull herself back, she recalled this: a day that she spent at the children's hospice where a two-year old dying girl was crying in agonizing pain. There was nothing the nurse could do in order to comfort the girl enough to stop her from crying. It pained this philanthropist so much that she had to leave the premises of the hospice and turn away from the suffering.

When she returned the next morning, the girl had died and the nurse who cared for her worked as usual. She asked the nurse: how can you live your life like this and still come back the next day to face it all? The nurse said, without much reflection: *"I leave my work every day knowing that I have done my very best."* After some thought, the nurse added: *"You know, when I went back to my daughter yesterday evening and I held her in my arms, I just felt that much more love for her. I felt lucky that I could hold her."*

So what do we mean by domain expertise in this example. At base, it might refer to all the procedures that might be used to care for a dying child. That can be obtained from professional education from nursing schools. Domain expertise here could also refer to a deep understanding of how nurses sustain themselves day in and day out (i.e. knowing that they have done their very best). This can be learned by listening to mentors reflecting on their own experience, but it can only be mastered through one's own experience of living the pain and suffering in these circumstances (Hopkinson, Hallett, & Luker, 2005).

Finally, domain expertise here could also refer to knowing how people who experience love for mankind manage to not simply maintain, but uplift their psychological well-being in the most painful domain specific situation. This can occur at the level of how individuals think. If enough individuals within an eco-system adopt this way of thinking, the entire system has the potential to change.

That additional love experienced for her own daughter not only sustained the nurse, it allowed her to experience a deeper love for her daughter than she could otherwise experience. At an individual level, the philanthropist's close relationship with the nurse, her closeness and immediacy to the situation, and her genuinely curious way of questioning, provided the opportunity for the nurse to impart that last piece of reflection to her. Understanding precisely how "love for mankind" is enhanced through this process and applying meta-cognitively this knowledge into those moments when we need it most, is the highest level of domain expertise we identified through this research. That expertise sustained and grew the depth of this philanthropist's decade long journey in growing love for mankind through many difficult times.

RISK MANAGEMENT

Not all philanthropic journeys will be filled with moral conflicts, expectation conflicts or psychological trauma. But the nature of philanthropic innovations dictates that the journey will be full of challenges at all levels. Assessing and managing any associated risks are hence essential. When asked, some of our interviewees would go as far as saying that an "optimistic outlook on humanity AND the ability to effectively manage risk" are the only two characteristics that are unique to leaders in philanthropic innovation.

At the core of one's risk management skills is an ability to define what impact and operational risks are in any given situation. Impact risk refers to the ambiguity and uncertainty inherent in the achievement of our philanthropic ends. Operational risk refers to the ambiguity and uncertainty inherent in the process we use in order to achieve our philanthropic ends. In the two examples above, whether functional vision is delivered and whether symptoms are managed are the philanthropic ends. The ambiguity in defining what functional vision or symptom management means belongs to the domain of impact risk. The ambiguity and uncertainty in the mechanism involved in delivering those purposes, belongs to the domain of operational risk.

This is obviously not a report that will provide domain expertise for those who work in their respective fields, and we outlined the risk management skills required by philanthropic innovators in our previous report (The Resource Alliance & The Rockefeller Foundation, 2012, it is downloadable here: https://www.plymouth.ac.uk/schools/plymouth-business-school/centre-for-sustainable-philanthropy/reports). So what we will major on here is illustrating how people with high philanthropic literacy can marshal their four areas of knowledge to create sustainable philanthropic innovation.

ORGANIZATIONAL DECISIONS INFORMED BY HIGH PHILANTHROPIC LITERACY

High philanthropic literacy refers to our ability to use philanthropic psychology and applied ethics principles to guide the development and the application of our domain expertise and risk management skills through good thinking. Those with high philanthropic literacy can more easily identify a way to allow domain expertise to guide the achievement of philanthropic purposes. Some accomplish this by making clear the distinction between the possession of resources and the possession of domain expertise, others by clarifying the purpose for measurement before they measure. It generates not only distinctively philanthropic individual level decisions in the ways we described up to this point, it also generates distinctively philanthropic organizational level decisions.

Our interviewees described those with high philanthropic literacy as creating scenarios that allow their organizations to obtain an income portfolio capable of enabling them to lead and own the definition of their philanthropic purpose, instead of applying or using it. What does it mean to have a resilient city? What does it mean to deliver a quality education in Kenya? At a higher level, philanthropic literacy refers to our ability to embrace the whole range of possibilities and transform some seemingly self-sacrificing situations into mutually beneficial ones.

Taking a fictitious example, consider the case of organizations receiving UN funding for the achievement of Sustainable Development Goals. Leaders with low philanthropic literacy would apply effort to securing that UN funding and focus then on achieving the stated goals, allowing other forms of income generation to stagnate. They adopt a *"we have what we need"* mentality. Others with a high degree of philanthropic literacy might use the breathing space provided by that funding to broaden their supporter base and develop individual giving. Their rationale is that Sustainable Development Goals only change every 15 years or so, but the world changes much faster than that. Thus if they can have a strong individual giving program to complement their UN funded program, they will have a lot more flexibility to innovate and iteratively refine their relevance within the present 15-year period. In doing so, they will likely become a more trusted source for the UN and other funders as they seek to define their next set of development goals, making subsequent funding more likely.

At an organizational level we can specify the trajectory of our mission fulfilment or we can specify the trajectory of our organizational growth. In some circumstances these two may be in conflict, i.e. the fulfilment of our mission could mean the death of our organization. Without creativity supported by all four areas of knowledge of philanthropic literacy some may choose to accelerate the fulfilment of the mission regardless of its consequence on the organization. More often however, we experience charities struggling to justify their relevance in a fast changing world. Neither is optimal.

With high philanthropic literacy, leaders can create an organizational culture that thrives on a unifying clarity of vision, a uniting purpose (e.g. no unnecessary child's death under the age of two, beating cancer, no child will ever be neglected). This sharp sense of focus allows them to surround themselves with team members whose career ambition is built on the fulfilment of the mission, not necessarily the survival of a particular organization. This way of thinking encourages greater flexibility over how the mission is achieved, and what might be the "right" structures or organizational forms to support that flexibility and openness to change results. The expression and growth of philanthropy can be made resilient to the death of any given organization, any given organizational form or ways of doing philanthropy. The purpose will be fulfilled by individuals whose personal growth is fused with the development of the cause, and who are competent in developing new philanthropic systems to bring about change.

CONCLUSIONS

In this report we have examined the future of philanthropic innovation, painting two very distinct visions for how the future will unfold. The interviews conducted for this study have identified that (at least in part) it will be the quality of leadership that is developed in the philanthropic space that will ultimately determine which of our two scenarios will likely come to pass.

As we reflected on the skills that these future leaders will need, we distilled the collective thinking from our interviews down into a new theoretical construct that we term "philanthropic literacy." We argue that those with a high degree of philanthropic literacy will be most well placed to thrive in the rapidly changing environment of the future and to sustain themselves through what will certainly be highly challenging and potentially very draining journeys toward making a meaningful difference.

We argued that to date, most effort and attention in the domain of philanthropic innovation has been given to the needs of, and impact on, the beneficiaries of philanthropy. However worthy that focus might be, work emerging from the domain of psychology is telling us that this is a far from optimal approach. While some philanthropists will undoubtedly see their mission through to its selected conclusions, many will not and will give up or be diverted from desperately needed purposes quite unnecessarily.

To prevent this, the way that we think of philanthropy needs to change. There is no reason why the impact on 'self' cannot be thought of alongside that on beneficiaries. Future philanthropic innovations might be designed specifically to make them sustainable from the perspective of the philanthropist, making the practice of their philanthropy more rewarding and aiding them in developing their personal sense of self and well-being.

Indeed, greater thought might be given to the concept of identity and in particular to the notion of (and distinction between) self and other. Future philanthropic innovation might focus on facilitating individuals to develop and expand their sense of self, from a purely personal self, to a self that is more embracing of humanity and certainly of others who are in some sense important to the focal individual. When that occurs, any action that might take place in the philanthropic space will have positive impact not just for the beneficiary, but also for the philanthropist that initiated the action. The ensuing uplift in well-being makes it considerably more likely that the action will be repeated or extended, developing individual and collective philanthropy for the good of all.

In this way, the notion of "altruism" can finally be consigned to the conceptual waste bin of the 19th and 20th centuries. The self will take its rightful place at the heart of philanthropy and old fashioned notions of the distinction between the self and others will be replaced by new thinking about how best to merge the two and enhance the benefits that accrue as a consequence.

At the core of this new way of thinking is the notion of philanthropic literacy and the good thinking that can be associated with its various components. We have stressed the role of domain expertise and expertise in risk management, applied ethics and philanthropic psychology. It is important to note that in the context of a brief report such as this we are inevitably limited in the range of examples we can include. So rather than attempt to outline all the contributions that say, the field of philanthropic psychology might make, we have instead focused our attention on a handful of exemplars to highlight its relevance. Its real impact will inevitably be understated.

One of the biggest barriers stopping people from being able to innovate is that *"it is really, really hard"* to innovate. None of our interviewees could describe what an innovation system might look like that could create a large enough volume of individuals who are up to the task. None of our interviewees could cite an education system or existing structure to educate individuals to this level of knowledge and creativity, and no one had a good answer as to how we might approach the transfer of the requisite skills to the next generation of leaders. What they agreed on is the traditional educational model of completing a four-year degree or even taking a specialized Masters cannot presently prepare anyone to lead the future of philanthropic innovation.

Thus, as we reflect on the future of philanthropy and the individuals who might lead it, innovation will be required too in respect of how we prepare the "right" individuals for the right roles. Many of our interviewees saw the creation of a system that can foster the requisite leadership talent as potentially the single most important innovation that can occur in the next twenty years. This is because people are at the heart of the innovation that must occur, and we must give greater consideration to how we sustain them on their journeys.

But merely creating and equipping these leaders will not be enough. We also require a system to position them appropriately. Individuals drawn to the philanthropic space must be equipped to reflect not only on which of the world's great problems they feel drawn to, but also what involvement in that space might mean for them, and thus where the greatest degree of match can be achieved. For someone new to the field this is in no sense intuitive and philanthropic literacy must therefore be cultivated early on in their journey.

Philanthropic innovation, when driven by the right leaders in the right structures, employing the right level of philanthropic literacy, has the potential to make the future a much better place.

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