

Principal Gifts: Why Malcolm Gladwell is Only Half Right

By Josh Birkholz

Over the past few years, the rising influence of high-net-worth philanthropy has led to considerable debate. In the decade since the 2009 recession, giving has grown at unprecedented levels (Giving USA). During this time period, charities with business models aligned with high-net-worth donors have seen the greatest period of growth. Nowhere is this trend more pronounced than within the higher education sector. The May 5, 2019, *Chronicle of Philanthropy's* List of Major Gifts to Higher Education will wear out the scroll wheel on your mouse.

Malcolm Gladwell, in his *Revisionist History* podcast and subsequent writings, has been critical of the designation of gifts to the very elite institutions. His argument stems from an economic theory of strongest link and weakest link constructs. The comparison he uses is in the realm of sports. Basketball, for example, is a strongest link sport. Investing in the top player for the team is a sound decision because of the correlation between her/his abilities and the team's success. In soccer, by contrast, the weakest player on the team is more predictive of this success. The risk of giving up a goal in a low scoring game is greater than the reward of increased goal production.

Education, he would argue correctly, is a weakest link area. How well the least of a community is educated is the most correlated with the economic vitality of the community. With this context, giving large sums of money to the top schools would be less productive to sector success than bottom-up giving.

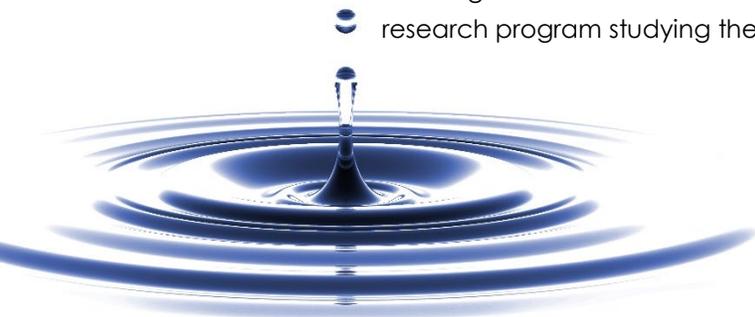
Where the argument fails to hold is in the classification of higher education. Elite universities have multi-faceted missions. Among these aims are educating students, developing pedagogy, conducting research, providing health services, and creating new technologies. Not all of these pursuits would fall into the camp of “weakest link.”

In research, for example, many universities may be pursuing the cure for a disease. If higher education was purely “weakest link,” donors would be wise to spread their resources around these many universities or give to the least mature program. However, research is not a weakest link field; it is a strongest link field. Pooling resources at the program leading the way increases the odds of solving the issue. The benefit is broad; but the philanthropy should be targeted.

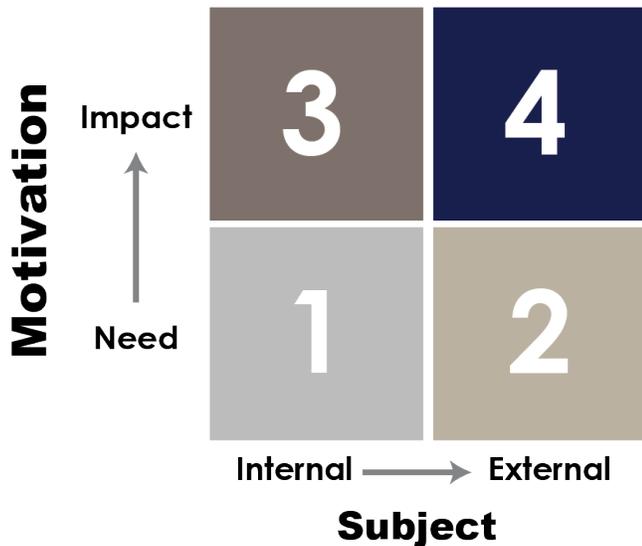
Pedagogy, or instructional methods, also has far-reaching benefits. However, it does not make economic sense to fund this work in a weakest link way. In this case, it makes economics sense to fund the programs leading the respective disciplines for the benefit of all.

From a charity's perspective, it does not make sense to be hung up on economic theory. Rather, it is best to understand the various priorities of the program and align the opportunities to donor interests. Donors motivated by broad-reaching benefits could, with good conscience, give to solve a problem that benefits everyone. This is not less altruistic than direct contributions to the bottom.

Through Robert Lupton's book, *Charity Detox*, the charitable sector saw a compelling case for solving root problems. Giving money directly to disadvantaged communities, Lupton would argue, can have deleterious effects. In some cases, researching the problems to find systemic solutions had more lasting benefits. Certainly, giving to the less fortunate is a laudable activity we should all encourage. Relieving pain and suffering in the moment is a very human virtue. However, choosing to invest in a top research program studying the root causes of this suffering is not uncharitable.



Donors, indeed, have many motivations for their charitable giving. These motivations vary as much as the personalities of the donors themselves. Each case, as most fundraisers will tell you, is an *n* of one. Industrious entrepreneurs often give in ways similar to how they work. Wealthy individuals who received gifts when they were less fortunate often want to give back. Later in life, as Buford might suggest in *Halftime*, many individuals shift from pursuits of success to those of significance. Rather than debate how high-net-worth individuals choose to be philanthropic, a better study would be why they are philanthropic.



In one of my previous papers, [Wait! Whose Impact? Introducing the Impact Maturity Model for Fundraising](#), I introduced a communication rubric for developing relationships with high-net-worth donors. The two axes include a continuum of need-based to impact-based messages and a continuum of internal-based to external-based subjects of the motivations. For example, a Level 1 charity might focus on their needs as the reason a donor should give. They might move up to externalizing their needs. As the charity matures, it will begin to leverage impact messaging. But, for most institutions, this is the impact of the institution. We've seen much success in externalizing impact with high-net-

worth donors. In other words, *this donor has solved this problem with their philanthropy*. As long as the charity is the one stating the message, the audience realizes who did the work. However, the donors motivated by strongest link giving and leaving marks of significance will recognize this language as describing a sound philanthropic investment.

As a student of "actually," I am a big fan of Malcolm Gladwell. Challenging status quo with analysis and discourse will make our profession better. He has done this through his position. I hope he continues to challenge our field and make us think about what we do. Too quickly, "best practice" can become a code word for conformity. It is better to find what is *actually* happening and what *actually* works for our programs. These amazing donors are changing our world. What an honor it is to guide their journeys through the philanthropic landscape.

Josh Birkholz
 Author of *Fundraising Analytics*
 CEO of the global fundraising consultancy, BWF