

## OUR PHILANTHROPIC APPROACH

A number of people in the nonprofit world have come to the conclusion in recent years that most funders do not support real innovation but prefer more established and perhaps more predictable efforts. For that reason, many promising new prospects never get off the ground.

One who has understood this dynamic is Kenny Ausubel, co-founder and CEO of Bioneers and an early Blackstone partner and grantee. “As a long time entrepreneur who has worked in both the profit and social profit sectors,” he wrote to us in 2007, “I am perennially aghast at the missed opportunities in the social profit sector that result from the bureaucratic dysfunction of funding infrastructures and systems. Windows open and windows close. Opportunities may often be fleeting. Being able to take quick advantage of these kinds of moments is often the critical difference.”

The tendency in the funding world to avoid risk has developed at a time of great innovation in much of the nonprofit world, when more social sectors are applying new ways of doing things and are enabled by the transformational power of social media.

“Over the last decade, many funders have lost their appetite for experimentation and risk, even as they trumpet their desire to make big bets,” wrote Gabriel Kasper and Justin Marcoux of the Monitor Institute in an article in the *Stanford Social Innovation Review*, published in the spring of 2014. “The strategic philanthropy movement has swept across the field and helped funders align their programs and grant making with carefully designed theories of change to produce clear and quantifiable results. But the pendulum may now be swinging too far, to a place where foundations are willing to support only safe, established programs. Funders are often treating grantees as mere subcontractors, paid to execute predesignated plans and outcomes.

“Over the past few years,” they continue, “a small group of funders have begun to return to their roots by deliberately reintroducing innovation into their philanthropic processes and portfolios.

“Funding innovation,” they further note, “starts with a fundamental shift in mindset. Innovation funders intentionally trade off probability of success in return for greater potential impact. Instead of just supporting proven, incremental solutions, they focus on *transformation*—investing in approaches that may have a higher risk of failure, but the potential to be lasting and truly game changing if they succeed.”

## THE FUNDING CHALLENGE

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— Kenny Ausubel, Bioneers

**OUR RESPONSE  
TO THE FUNDING  
CHALLENGE**

The shift in mindset is one that we cherish and is at the core of our philanthropic identity. It also has provided a context within the philanthropic world for how we have developed our operational protocols and operating assumptions over the years. Those protocols have evolved organically from experience; they constitute our response to the challenge of being more flexible and more responsive to the opportunity of the moment. They can be summarized as follows:

- We are more entrepreneurial than prescriptive in our approach, and we tend to trust the unpredictable dynamics of creative change, particularly in the formative stages.
- Along with our interest in encouraging an entrepreneurial approach to social change, we support efforts that innovate by offering new approaches to established challenges.
- We have developed our universe of grantees one relationship at a time.
- We have remained small, with little bureaucracy to distract us from focusing on the relationships with our grantees. We work with them to tailor our moment of engagement to the unique dynamic of their emerging initiative.
- We have learned that it is particularly important at the birth of a new initiative to respond to the uniqueness of the moment and not to compromise early growth with too much standardizing process.
- We are not attached to any particular set of issues, and we do not attempt to prescribe outcomes. We can thus be comfortable with a variety of developments that might follow the award of an early grant, and we can do so without worrying about whether or not they conform to a preselected template of acceptable issues or themes.
- As new concerns supplant existing ones, we continue to stay current without having to change anything in our basic mission or operating style.
- By being willing to move quickly at the moment of inception — or at an early breakout moment or turning point in the life of a new initiative — we maximize the potential range of outcomes. Those that may be important but do not fulfill the expectations of funders who put emphasis on more specific results may still constitute significant progress and therefore be worthy of our support.

- Because early amounts of investments in the kinds of initiatives we support are generally modest, we often reach the point of an acceptable return on our investment early in the development of an initiative. Any future, larger advances thus represent huge gains relative to our initial investment.
- We understand that our role would mean little and might not even be possible if there were not larger, more institutionalized funders who provide sustained funding over a period of years to the new initiatives we have helped get started.

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Our criteria for funding grant proposals reflect our broader operational protocols and are designed to insure that the initiatives we fund realize both our philanthropic ambitions and those of the grantee. They are as follows:

## **OUR FUNDING CRITERIA**

1. We like to fund early in the life cycle of a new initiative, at a time when our support will play a catalytic role in bringing new ideas and aspirations to life.
2. We look for proposals that are oriented toward actions that come from cross-sector collaborations and make a significant contribution to environmental and social progress.
3. We sponsor efforts that already have future funding identified and that will have high impact and broad national or international scale.
4. We support local geographical initiatives that by virtue of design or the quality of participating individuals will have regional, national, or international impact.
5. We respond best to precise proposals of no more than five pages that outline a plan of action and offer an explanation of how it relates to our organizational mission. If the proposal is accepted, we will provide funding promptly.
6. We do not support proposals for gatherings that are simply devoted to an exchange of information or networking.
7. Since we fund leverage points rather than focus on issues or particular organizations, we do not respond favorably to those who want us to be an annual funder.
8. We do not accept unsolicited proposals; inquiries beforehand are required and welcome.

## FROM OUR PARTNERS

“The Blackstone Ranch Institute is forging a new path that blends the successful angel investment strategies employed by Silicon Valley venture capitalists with the best ideas from the environmental community. You have used modest amounts of money to seed great ideas at early stages of development, which you then leverage. The results are proving very successful indeed. Your flexibility and adroitness allow you to outmaneuver and eclipse more established market players.”

**Jared Blumenfeld, director, Department of the Environment,  
City and County of San Francisco, 2007**

“My view about Blackstone is that their flexibility and ability to remain as a small institution allows them to be a little ahead of the curve, so they need to continue to stay ahead of the curve.”

Jared was asked whether he thought it might be easier for us to select a few areas to focus on, with the goal of building a network to support those areas over time. “Yes,” he answered, “but the only trouble with that is you pigeonhole yourselves, and you take away some of your flexibility. ... It may be that you’ve said you’re just going to do stem-cell research and biological diversity, but what you really need to be doing is food policy, because that’s what’s coming down the pipe, and that’s what everyone says you should be doing. So then you say, ‘Well, my God, we can’t give up our core of biodiversity and stem cell, so let’s just wait this one out.’ I think the answer to your question is yes, it does make it easier. I’m not sure that that’s necessarily a good thing.”

**Jared Blumenfeld, administrator for EPA Pacific Southwest Region (Region 9),  
from an interview with BRI advisor Ron Hubert, 2009**

“When we first came to you, all we had was an idea. Blackstone’s early support for the climate/forests idea helped to precipitate a vast wave of organizational, scientific, and programmatic activity that has culminated in placing it at the top of the international agenda.

“As the earliest mover, Blackstone took the biggest chance but, at the same time, generated the most leverage. When the discussion began with Blackstone, the later chain of events was only imagined, and the large institutional players had not yet indicated any interest. While in retrospect the funds from Blackstone could be considered to be quite modest, the truth of the matter is that the Blackstone funds were vital, breathing life into an idea when they were most needed.

“The speed with which progress has been made is remarkable. If real estate is about location, location, location, then smart philanthropy is about leverage, leverage, leverage.”

**Jan Hartke, partnership director of the Clinton Foundation, 2011**

“We are deeply grateful to the Blackstone Ranch Institute for their timely support to GCC in April 2008. It was that support at *that* specific time that has allowed us to continue working together as a collective. Had that support not been forthcoming at that time, it is probable that GCC operations would have been suspended and perhaps terminated. As it is, we have been able to build on that support by developing the necessary infrastructure to attract other funders and thereby continue our collective efforts on behalf of accelerating the adoption of sustainability practices locally and statewide.”

**Carol Misseldine, director of Green Cities California, 2008**

## THE INITIATIVES

A decade after we started our philanthropic work, the range of participants and individual efforts in environmental change work has become very broad and includes almost every social and economic sector. The totality of initiatives that we have helped launch offers a meaningful snapshot of just how diverse environmental change work is and what contemporary environmentalism actually looks like.

“All these collaborative efforts are in their infancy. As more people realize that the core challenges of the Big Three global systems (energy and transportation, food and water, and material waste and toxicity) cannot be solved in isolation, these collaborations will spread and become more sophisticated as people and groups combine systems thinking and skills in collaborating across boundaries. We are just starting to appreciate the level of collaborative systems-thinking skills that will be needed, but there is no doubt this is where real leverage for the future lies.”

– Peter Senge, *The Necessary Revolution: How Individuals and Organizations are Working Together to Create a Sustainable World*

The constantly evolving mosaic of initiatives we have supported has touched on urban sustainability, the evolution of renewable energy, the rights of nature, the development of local and organic agriculture, the early development of environmental medicine, architectural and product design, ecosystem protection, land-use practices in the American West, the future of transportation, the creation of new networks, and the cultivation of new leaders.

“I think that the Blackstone Ranch Institute has done an outstanding job of recognizing the need for a coherent mix of new networks and projects to help society deal with a changing energy supply and a warmer climate with more weather extremes,” wrote James Baker, a former chief administrator of the National Oceanic and Atmospheric Administration (NOAA), in early 2012.

“No one of these issues can be dealt with by itself—the inevitable change to more green energy and active carbon markets, the need for sustainable resource management, living environments that reflect a lower carbon footprint, and city management to reflect these needs—all must interact,” Baker continued.

“Your mix of projects and networks reflects the multiple themes that must be dealt with simultaneously in this transition to a new and greener economy and societal infrastructure. With this mix and your work on the education of future leaders, you’re building the base that will protect society from the shocks of climate stress and will help society move through the transition.”

By the beginning of 2016, we had provided early-stage grants to more than 70 initiatives. A number were given to networking conferences early in our development as we explored the range of potential grantees, and we have given second-stage or bridge grants to a small number of those to which we gave an initial grant.