

# Venture Philanthropy and the Carnegie Corporation of New York: A Study of the Diffusion of an Innovative Management Style

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Question: How has the Carnegie Corporation influenced or been influenced by venture philanthropy?

Why this matters: This study sheds light on how innovative management styles develop and disseminate:

- As the seed of a venerated, established institution, adopted and expanded upon by new, nimble operators;
- Or, as the product of new thinkers, developed independently of established institutions, with the possibility of then seeping into the practices of these older institutions.

# What is Venture Philanthropy?

“The attempt to apply the techniques of venture capital to philanthropy.”

Emerged in mid 1990s, out of VC and tech boom fervor.

Ideals:

Large grant appropriations

Long grant durations

Clearly defined performance measures

Close management relationship

# Venture Philanthropy as Management Fashion

- Definition: "Transitory collective beliefs that certain management techniques are at the forefront of management progress."  
-Eric Abrahamson
- Progressive
- Rational

# Why the Carnegie Corporation?

- Founded in 1911 by Andrew Carnegie
- “Traditional” foundation
- Early promoter of strategic philanthropy
- Current President: Vartan Gregorian

# Research Methods

Four categories to evaluate:

1. Amount Appropriated
2. Grant Duration
3. Evaluation Measures
4. Involvement of Management

A modified representation of the original tenets set out by Letts, Ryan and Grossman in "Virtuous Capital: What Foundations Can Learn from Venture Capitalists."

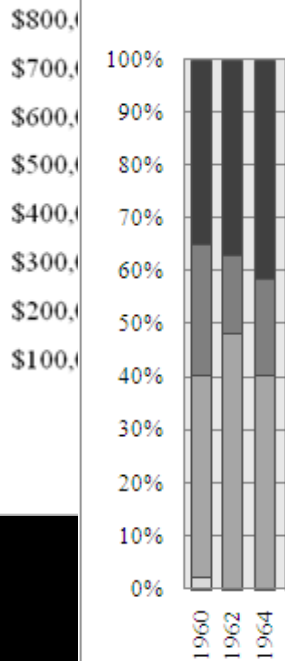
# Data Collection

- Quantitative – Annual Reports
  - Amount Appropriated: 4,556 appropriation figures from 1960 to 2006
  - Duration Length: 2,104 duration figures from 1992 to 2006
- Qualitative – Archival Research
  - Annual Report essays directed research at the CCNY Archives at Columbia University. Reviewed records of telephone calls, interviews, appropriation announcements.

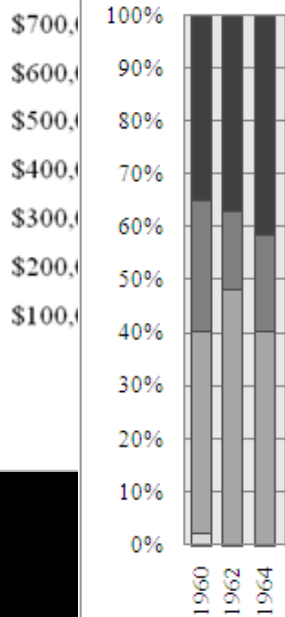
# Data Analysis

Average Appropriation by Year

\$900,000.00



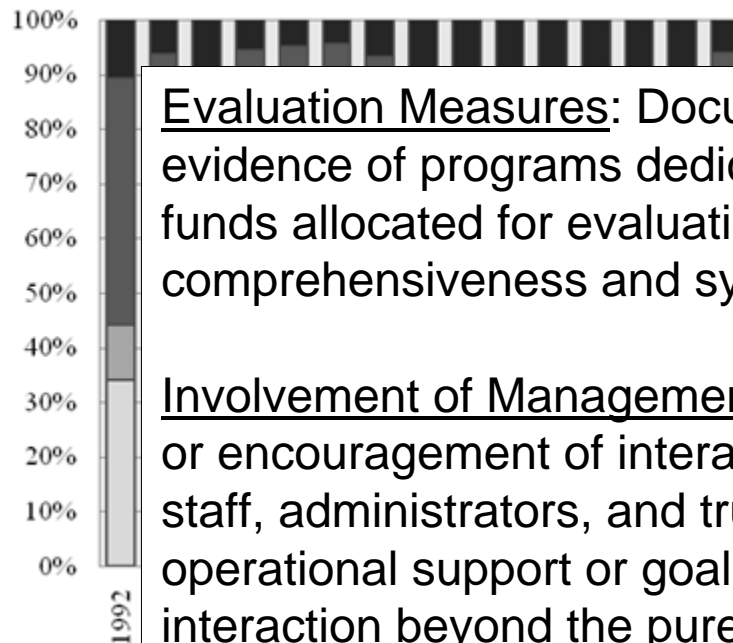
Appropriations by Year, by Category



Average Duration of Grants from 1992 to 2006



Grant Duration, by Year, by Category



Evaluation Measures: Documents analyzed for evidence of programs dedicated to evaluation and funds allocated for evaluation. Degree of comprehensiveness and systematization assessed.

Involvement of Management: Evidence of interaction or encouragement of interaction between Corporation staff, administrators, and trustees, in the form of operational support or goal-setting, in short, interaction beyond the pure allocation of funds.

# Findings

The picture that emerged:

## Appropriation Amount

Decreased, by average amount ad category.

Does not resemble venture philanthropy practices.

## Grant Duration

Stayed relatively constant.

Did not move toward VP ideal of long grants.

## Evaluation Measures

Emphasis on evaluation, but program focused. Not systematic or comprehensive.

Did not move toward VP ideal of evaluation.

## Involvement of Management

Involved in field, not emphasizing close relationships with individual grantees.

Did not move toward VP ideal of close management involvement.

# Conclusions

- VP and traditional techniques appear vastly different but their overall goal of strategy is the same. Techniques are more subject to deviation from established norms than goals.
- Management fashion setters create a balanced image of rationality and progressiveness through differentiation of techniques from goals.

Thank You