“The power of a network is a thousand times more powerful than giving as an individual.”

Interview with Doug Miller, IVPC Chairman, co-founder of EVPA and AVPN

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1. What drove you to advocate for the venture Philanthropy approach?

There was a group of four friends of mine who were discussing our philanthropy and our frustration with the lack of transparency, the insufficiently rigor in the way of operating in the social sector and the lack of a support infrastructure for such sector, all of which was ultimately limiting the impact we were achieving.

We felt that every non-profit and social enterprise is first of all a business, even if most of them were not seeking a profit: Each had to have a legal structure, staff, a strategic plan, sources of funding, products and services to deliver to its customers which are generally referred to as beneficiaries.

The non-profits and social enterprises are very often launched by people who have a very strong emotional and belief from the heart, but in many cases don’t have the business skills that are necessary to translate that human passion to the outcomes that they want.

The venture philanthropy approach seeks to address precisely those shortcomings, deploying the approaches and methodologies of the Venture Capital industry to the social sector.

2. How did you discover the concept of Venture Philanthropy?

We discovered Venture Philanthropy in the U.S. This concept was first used by John D. Rockefeller in 1965-66, however, not much had happened until the mid-90s when the dotcom boom made a number of people rich, and they thought “we could use the business methodology to achieve better outcomes in the social sector”.

We did learn from the approaches of these pioneers but also from their mistakes: While we business people could provide valuable experience and tools, it was wrong to assume that we knew better than the foundations and social organizations: They have all of the experience in the social sector; social purpose organizations in fact are the people who deliver the results. Funders never deliver the results; funders fund the people who deliver the results. Hence the VP model emphasizes not only the use of some business tools and methodologies, but also the importance of working in close partnership with the social organizations.

In 2003 or 2004, I attended a conference led by the Stanford Social Innovation Review, called *International Venture Philanthropy*. Even though it was labeled as “international conference”, 80% of the people in room were from California and 95% of the people came from America, there was only 1 person from Australia, 1 person from Japan and us three from Europe. I realized there was a lack of opportunities for actors from other regions to get exposure to these concepts. Hence, a few colleagues and I set out to work to address this gap.

3. Why did you choose to take the venture philanthropy around the world? What was your strategy?

Having seen the infrastructure of venture capital and also having seen venture capital expand from the U.S. in the early 1970s to a global phenomenon, we decided to take the venture philanthropy model global. We approached it on a continent by continent basis, the rationale being that you had the decision-making and the teams closer to where the social issue where, and where the investments would be made. So, we started in Europe and then moved to Asia, and are now working in Africa and Latin America!

We always operate with a model where the **leadership and "ownership" of the network must rest with highly reputable leaders from each region**. We are not looking to create subsidiaries or a network franchise model but rather to **empower local leaders and to support them with advice on how to build their own regional networks** leveraging what has worked in other regions, facilitating relevant connections and some resources to start up the new organizations.

4. Why did you decide to create networks instead of deploying your funds on specific projects?

I have worked at both levels, as an investor in specific projects as well as an ecosystem builder. **Working by yourself you don't really have the access to the knowledge and money you need.** So, you need to work in collaboration. There's a huge "feelgood factor" associated to supporting specific projects but at the end of the day, with some exceptions, these are mostly small projects and that's nice but you're not going to change significant social outcomes unless you have access to knowledge and resources that will be necessary to really scale up the impact.

It has been my experience and that of my partners in **building these networks that acting as a catalyst of the ecosystem we enable more resources (financial, human and intellectual) to reach social and environmental needs. These networks are multipliers of social investment and ultimately of societal impact.** That is why I chose to devote my energy and resources to helping others create and harness these networks. Every dollar I personally invest in that generates many other dollars of investment by others -in a broad sense: It can be grants but also knowledge or human capital. The immediate gratification and feel good factor may be less than funding a specific project, but my **long-term impact is much bigger.**

5. How is the process of establishing these networks?

Our learning in building networks is that it is **very important to engage all key segments of providers of capital (financial, human and intellectual) involved in social investment**, i.e., family offices, private equity, and hedge-funds professionals, corporations, professional service firms, universities, and public sector organizations.

We started by engaging with foundations as they had the deepest knowledge about the social issues. But in order to really make a difference you needed to have access to other types of capital, including human capital and intellectual capital. So, we approached corporates, who typically have great human capital beyond their financial resources - we're looking for people who have skills in IT, marketing, strategy, operations etc. We also deliberately engaged other Private Equity folks – we who come from this sector understand how to invest in companies and a few of us have an interest in giving back - there are a lot of examples, including the five founders of EVPA.

In order to further build up the infrastructure to help support social purpose organizations we set out to engage professional service firms, lawyers, accountants, head hunters, strategy advisors and so on – not unlike the support industry that we witnessed developing around the VC industry in the commercial world. In this instance they all give their services in a pro-bono fashion to support non-profits and social enterprises.

We also engaged Universities as a way to: a) act as thought leaders in this space, help create, package and disseminate content for more effective social investment and in this way b) reach three hundred students from each university each year. Currently, we have over 35 associated universities as members, who contribute very actively on a number of fronts, including the networks' Training Academies.

Lastly, we engaged High Net Worth Individuals (HNWIs), working through the organizations that advise HNWIs, such as UBS, Credit Suisse, JP Morgan, Standard Charter. It of course takes years cementing these relationships because they are very protective of their clients, so you have to build the confidence that they'll let you in the room, but they ultimately find that engaging in these networks provide opportunities for their HNWI clients to find ways to engage in a more effective philanthropy and social investment.

As you can see, **we deliberately approach different sectors to engage the different types of capital providers needed to create impact**. Very often we found that most of them had not yet interacted with each other, but by doing so new partnerships were forged and new initiatives were launched. **By creating this platform for collaboration, the networks unlocked immense value.**

Indeed: **The power of a network is a thousand times more powerful than an individual.**

6. What do you mean with "a thousand times more powerful"?

Being part of a network, like the ones we promote across the world, you have so much more experience than you would have as an individual on how you attack the problems of income inequality, how do you attack environmental issues, etc. Also, in a network you have the resources you can bring in, the international experts, the people who really know more about it than the rest of the people in the room.

You get more money, you get more knowledge, and you get the ability to collaborate and put more money into specific opportunities.

7. How do you think these networks contribute to their members?

The EVPA and AVPN explicitly do not take any credit for the outcomes enabled and impact created: That is accomplished by the social investors and the social purpose organizations on the ground. That's why we do not attempt to make statements about numbers of beneficiaries and so on.

However, **these networks have been very instrumental in helping their members engage with new partners and deploy more capital and, most importantly, to deploy this capital in a more effective way by leveraging the VP/SI methodology and the learnings and best practices from close to 900 peers in these networks**.

EVPA and AVPN have effectively become catalysts of many new partnerships between unlikely partners, have inspired the establishment of dozens of new funds, have sparked many innovations in social investment and ultimately enabled the channeling of more capital of all sorts to social and environmental needs. E.g. consider the deals" (social investment opportunities) currently being publicized by AVPN's "Deal Share Platform". It will be up to social investors who are members of the network to decide whether to joining forces on any of them but AVPN is providing a truly catalytic platform for such deals to have a chance to happen.