

Concerning Trends in Philanthropy for Education Reform

Michael and Diane welcome Stacey Childress, Senior Education Advisor at McKinsey & Co., back to the show to discuss the world of education philanthropy. Stacey draws from her previous experience at New Schools Venture Fund and the Gates Foundation to analyze troubling trends in the sector. The three discuss what funders and operators can do to grow philanthropic investment in education and better deploy those funds.

Time	Topic
2:47	Changes in Education Philanthropy
8:50	Overview of Education Philanthropy
23:27	The Impact of the Pandemic
39:54	Shifting Strategies
49:44	How Operators Can Help
55:39	Changes Funders Can Make
1:13:27	Media Recommendations

Diane Tavenner:

Hey, Michael.

Michael Horn:

Hey, Diane. It's good to see you.

Diane Tavenner:

It's good to see you as well. I think the unofficial start of summer has happened. I know that because I had a big graduation last week. My son graduated from college, which is quite surreal. It's also the last episode of the season, which I can hardly believe.

Michael Horn:

First, congrats to you and to Rhett on the graduation. It's very exciting news. I can't believe it's the end of the season. We've had the chance to interview many interesting people, and we've particularly enjoyed having one guest back on the show.

Diane Tavenner:

That's true. I'm excited to reintroduce Stacey Childress. Regular listeners will be familiar with her. We originally teamed up for a two-part series on higher education and had so much fun that we decided to do it again for K-12 education.

Hopefully, folks are enjoying those episodes. During those conversations, we had some off-the-record dialogue about a big topic in education right now, and we decided it was an important conversation to have. So, welcome back, Stacey. We're thrilled to have you here. We've covered your credentials before, but today you're really in the expert seat, having been involved in multiple aspects of philanthropy, which is the direction we're going.

Michael Horn:

Hi, Stacey. Thank you for joining us again.

Stacey Childress:

I am happy to be here. There are two things I'm reflecting on now that this is my fifth episode in a row.

Diane Tavenner:

Yes.

Stacey Childress: (2:19)

One, never say anything to you guys in an offhand way because it might become a podcast episode. Oh, we ought to do philanthropy, and now here we are. I've learned my lesson.

The second thing is, I feel like I've moved from guest to long-term guest, almost like we're in roommate mode.

Changes in Education Philanthropy

Michael Horn:

We'll see. Diane and I are persuasive. Either way, thank you for joining us. We're excited to dive into this topic of education philanthropy. As you both alluded to, it feels like the water around philanthropy and education is really churning right now. It feels different from how it has in the past. Maybe it's my imagination, maybe it's not. There was recently an article in Inside Philanthropy talking about the changing nature of education philanthropy, which struck a chord with us. Many of our listeners are running school networks, starting education nonprofits, or interfacing with donors. We wanted to dive into this important sector of the education reform movement to discuss how it is or isn't changing and its implications for our sector. Diane, what did I miss before we dive in?

Diane Tavenner:

I think you captured it well, Michael. Just a minute more on the philanthropy aspect. The article did a good job of capturing the feeling. The conversations I regularly have with folks in education, whether in nonprofits or school organizations, or anyone in the ecosystem who relies on philanthropy for their initiatives or operations, there's a real sense of worry, stress, and fear. There's a belief that there is less philanthropy available, and it's confusing what is being funded, if it's going to be there, and if long-term philanthropists will stay in the sector. This is a big

conversation happening all around. Stacey, you're in this a lot. Many people look to you as a whisperer in this space. Is that capturing what you're experiencing?

Stacey Childress:

Yes, it is. There's a lot of uncertainty. Michael, you asked if these foundations routinely change their strategies every five years or so. Is that what's going on here? We can talk more about that trend, but this feels different. What I'm hearing from people raising money is not just the uncertainty of where we'll head next and what priorities givers will coalesce around, but whether they will stay in this field at all or continue funding at the same level. If you were giving \$300 million a year, are you going to pause and then go to \$100 million instead of \$300 million? That shift pulls a significant amount out of the philanthropy market. If you were giving \$100 million a year, are you going to reduce that, and what are the new priorities? The feeling is different. I had a concentrated period of fundraising from 2014 to about a year ago, and it didn't feel like this. We always shaped the priorities of the big givers, knowing they would do a strategy refresh, but we never worried about the money going away. In fact, we were confident we could bring more dollars in. It does feel different now, and I'm glad I'm not a fundraiser at this moment.

Michael Horn:

Well, with that context, but also a bit of sobering context, let's dive into the first question. Diane and I have a bunch of things we want to ask. Can you give an overview of philanthropy in education? What are we talking about in terms of dollars? To the extent you see it shrinking, can you quantify that a little bit so we have a sense of what and who we are talking about?

Overview of Education Philanthropy

Stacey Childress:

I feel a little exposed. You called me an expert, and I have to say two things about that. One, I have an arrangement with McKinsey & Company as a senior advisor. This is not informed by my work with them, nor does it reflect their views. This is Stacey Childress: speaking personally.

Michael Horn:

But let's put it in context. New Schools Venture Fund, obviously raising dollars and giving, Gates Foundation, you were Next-Gen Stacey, right?

Stacey Childress:

Yes, I was Next-Gen Stacey.

Michael Horn:

Even with the book that Rick and I did, you wrote that incredible piece around the role of philanthropy in markets. So, you've thought a lot about this.

Stacey Childress:

Yeah, I have. I just wanted to make sure that I know a lot. So I'm not trying to be falsely modest and say I'm not an expert.

I have expertise in this area, particularly in a very concentrated part of the space. But nothing I say today has anything to do with what McKinsey would say about this stuff. It's not related.

It's been a while since I looked rigorously at the shape and size of this part of the philanthropic capital market for education. I can tell you what I know firsthand and how that may or may not have changed over time. When I joined New Schools in 2014, it was the first time I had to raise money after giving it away. I wanted to understand with a lot of specificity what that philanthropic capital market looked like because I wanted to get more of it for New Schools. I wanted to increase our share of that wallet if it wasn't going to grow.

At the time, education innovation and reform philanthropists were giving a little over a billion dollars a year. So it was about 1.25 billion dollars of philanthropy to things like charter schools, charter school networks, some ed tech stuff, human capital initiatives like Teach for America, new leaders for new schools, and similar projects. There was about a billion plus dollars in philanthropy.

My sense is that it stayed pretty stable the whole time I was at New Schools. Over about an eight or nine-year period, we stayed at about a billion and a quarter as a sector.

I'm talking only K-12 and only the innovation reform wing of funders. Think of Gates, Walton, CZI, Schusterman, Dell, and similar players. There's a kind of an East Coast, West Coast, and some middle of the country folks. That group stayed at a little over a billion, with some comings and goings within, but overall about the same.

My sense is that that's still true. It might have ticked down just a little bit, but I could be wrong about that since it's been three or four years since I've taken a firm look. Even with the pandemic shifts, that's still what we're talking about here.

Now, it sounds like a lot of money, and I don't want to diminish it. It is a lot of money, especially once you're in the billions. The thing is, I learned this the hard way, but it's something you learn as you go.

A big question for philanthropists, whether you're in this sector or any individual philanthropist, is that Gates was and I think still is the biggest K-12 funder of this type. They've stayed in the 300-350 million dollars a year range. So about a billion plus every three years, just Gates, about 1.2 or so billion, 1.5 billion every three years. But the public funding for K-12 education has grown from about 600 to 800 billion a year over the last few years. That's 1.8, almost 2 trillion dollars every three years.

So you match up Gates' billion plus dollars every three years against government funding for schools at over a trillion and a half. It's vanishingly small.

It's a lot of money, but in the grand scheme of things, not so much. The goal is to create the most impact possible in a sector that has enormous funding and is in vast need of improvement. How do you put those dollars to work in a way that, even though they're small, they have an outsized effect on improving student outcomes, access to opportunity, and those kinds of things?

So it's a lot of money, but in the grand scheme of things, not so much. How do you get that wedge of innovation capital in? Diane, it looks like you've got...

Diane Tavenner:

Well, Stacey, I think this is such an important point for this conversation because I want to make sure people know what specifically we're talking about. I think you're really zeroing in on that. This conversation is about philanthropy that isn't generally funding operational funds. That isn't to say that philanthropy isn't out there.

There are a lot of individual donors and people in communities who give money to their favorite nonprofit, schools, charity events, and galas. We're not talking about any of that money here. We're talking about a relatively small set of substantial foundations giving specific types of money for specific purposes, not for ongoing operations.

So let's spend a minute on what those grants look like when that money comes in. What do they not look like, perhaps?

So people can be really clear.

Stacey Childress:

Yeah, that's great. So, yes, that segment of donors we're talking about funds innovation. Whether it's startups or existing organizations in this ecosystem, they fund innovation—starting something new, creating something new within an existing structure, or radically changing the way something is done.

Innovation capital and growth capital help when you're on to something, have good results, and want to serve more kids, train more teachers, or expand your core business. This kind of capital can help you grow and do more in more places or with more people. The hope is always that this will lead to sustainability without ongoing funding beyond what you receive per pupil if you're a school or a program that gets money through taxes for serving students, or through earned revenue.

If you're more of a service-based nonprofit, you need to figure out who and what you're going to charge to continue operating without a constant philanthropic subsidy.

Diane Tavenner:

Yeah, we always call it growth capital. We would call them bridges versus piers. You're not just putting someone in the ocean; you're building a bridge to something sustainable, hopefully new, better, and scalable.

Stacey Childress:

Yeah, exactly. The size and time frame of these grants vary.

Diane Tavenner:

Yeah, obviously, it depends on what you're doing, but it's rare for one donor to fund your whole need. If you're an operator, you have to think hard about that because you probably don't want that. It sounds easier to get one big check, but it's actually good to have a mix of revenue or investment capital with multiple investors. This dilutes the power and governance of any one investor.

Stacey, you've raised a lot of money too. I like having several investors because it allows us to do what we committed to our donors without answering to one set of priorities or perspectives.

In this space, you're usually looking at multiple donors to fund what you and your team want to do, whether it's innovation or growth. These grants are usually three years.

Diane Tavenner:

Sometimes.

Stacey Childress:

Yeah, sometimes they stretch to five, but often it's a year at a time. You do a little bit, get a little more, do a little bit, get a little more, which can be quite dynamic. There are expenses associated with this that aren't necessarily yearly. You're usually investing in people.

Diane Tavenner:

Yeah.

Stacey Childress:

To get good work done, so payroll is always a consideration. It's a good discipline. Three-year grants were common. I had a very small number of five-year grants, which were amazing but hard to get. Very rare. A lot of one and two-year grants.

Diane Tavenner:

A lot of ones and twos. If it's okay, I can put a little shape to this in terms of dollar numbers from my time at New Schools. We launched another fund while I was there. Between 2015 and 2022, I raised 550 million dollars, about half a billion, in seven or eight calendar years. Two hundred million of it was on five-year grants. For New Schools, the other 350 million had nothing longer than three years.

Stacey Childress:

But we only raised that from about 15 donors. I had multiple donors, but still very concentrated.

Diane Tavenner:

Yeah.

Stacey Childress:

Any one of them stepping off would have been a risk, but we kept renewing them for almost nine years. The risk was always there that one of our multi-million, multi-year donors would decide we weren't for them anymore, they were reducing their education spend, or they could do it themselves without needing us. It was a constant process of selling what we were up to and our ideas during the three-year terms because we always wanted to renew.

Diane Tavenner:

I think it's useful to reiterate that you raised all that money to give it away thoughtfully to operators. There are two groups: one raising money to deploy it to operators and another group, like me, raising money from both you and directly from big donors. It's a lot in the weeds, but hopefully, it's helpful to understand what we're talking about. Michael, maybe we should return to you because you're wondering if this is different from the past.

Michael Horn:

I think that's the question. When I was running the Christensen Institute and raising dollars, the Gates Foundation would change strategies every five years. Is the current moment different from other times in the field when we've seen similar shifts, or why are people asking these questions right now?

The Impact of the Pandemic

Stacey Childress:

Yeah, I alluded to this earlier. Let me get more specific about this current moment and the difference as I see it.

Michael Horn:

As you perceive it, yeah.

Stacey Childress:

Yeah, as I perceive it. Somebody ought to do a really good analysis of this, an actual bottom-up analytic project to sort this out.

But here's where I think we are. The pandemic was an exogenous shock that threw us all for a loop and put us back on our heels. None of us knew what to do during those early months of the pandemic in 2020, trying to figure out how things would sort out.

You know me. I'm generally an optimist, a sarcastic optimist if that's a thing, but I really am an optimist. I always think we're going to figure this out and things will work out.

During that time, I thought, this will be a wake-up call for all of us in philanthropy in two ways.

One, if we reflect back, are you kidding me that this is really where we are in March, April, May of 2020? We couldn't even get kids learning at home effectively with decent digital content. I was devastated. I was next-gen Stacey at Gates Foundation, and we envisioned kids learning anytime, anywhere, in deep, rigorous, and engaging ways, and that learning should count even if it's not in the classroom.

I still believe all that, but here we were, unable to do that on any kind of scale. There are lots of reasons for it, but I thought this would be a wake-up call because maybe we'll have another pandemic, or at least the mindset shift to anytime, anywhere learning is valuable.

The other thing was, as a philanthropic sector, I hoped it would shake us out of some bad habits, or at least some standard operating procedures that don't serve children or grantees well.

Michael Horn:

Can you give a couple of examples?

Stacey Childress:

I was part of two different coalitions of philanthropists that met often on Zoom during 2020, trying to sort out what we should be doing. A lot of energy and good intentions, but no principles, just staff people. Many were heartbroken, stymied, and frozen because their ways of doing business were no match for what was needed. They couldn't provide the size of grants or the flexibility that operators needed to respond quickly.

Operators needed resources immediately, especially those with a vision for how to respond. Their current budgets didn't allow for it, or they were doing something new and needed the money right away because kids were stuck at home, not learning.

I had off-the-record conversations where people said they couldn't move fast enough or weren't set up to respond quickly. I told them they could, but they had to lead and make the case to their principals or decision-makers. We had to throw standard procedures out the window, at least temporarily, to respond to the crisis.

Some institutions equate time with rigor, thinking a long process means rigor. But often, it means 15 people have to look at something, and it takes months when three people knew everything needed in the first month. Grants could have been made in a month instead of six or eight months.

I've seen this as both a fundraiser and inside the world's largest education funder. Things just take too long, and I don't see that changing. Some figured it out on an emergency basis but have reverted to standard procedures, possibly with new organizational charts and consultants. It still takes a long time.

With these shifts, Michael, people are getting stuck mid-process and can't get good information about what happens next. The staff inside these institutions are unsure of what will happen next, trying to respond to their decision hierarchies, leading to stalled processes.

Stacey Childress:

I know someone working on a multi-million dollar, multi-year grant that should be a renewal. There's no unknown about the grantee or the work, but it's stalled due to internal churn. They need the money last month and thought the first payment would be made then, but now it's stalled for another six or eight months with no visibility into what's happening.

I feel like I'm rambling, but there was a moment where we could have shaken off standard operating procedures. It was clear that even with good ideas, we haven't funded them at sufficient levels, smartly, durably, or for long enough to get where we need to go. Part of that is about how we do business. Could we take this moment to throw out old processes and reinvent them to be more responsive? We're funding innovation and growth, but this isn't how innovation and growth investing happens in other sectors of the economy. It's just not.

Sorry, I have one more thing to say about the pandemic lessons.

Diane Tavenner:

It's interesting to have this conversation, and it's surprising to me we haven't had it before. I'd love to share what I was experiencing at that time. Michael and I started the podcast because, like you, we were optimistic that the pandemic would create an opportunity. We hoped people would see what was wrong not only in philanthropy but in how schools were being operated, offering a moment for change. And here we are, season five.

Reflecting on it as an operator, everything you're saying is right. People don't understand how expensive it was to survive during the pandemic as a school system. The amount of money we had to spend on tests, masks, computers, hotspots—everything was immense.

I would argue that Summit was one of the best in the country at getting things up and running effectively, just as you described, Stacey. I had to make some tough decisions, extending ourselves and thinking the money would come in. Interestingly, the money did not come in from philanthropy, as it couldn't cover the entire system. It came from the government, which moved pretty quickly, I would say.

One of the challenges is, and I'm a pretty savvy fundraiser, I didn't know what to ask philanthropy for at that moment. We couldn't innovate; we were just trying to survive. We had a lot of money flowing in from the government.

We did have one amazing funder, Arthur Rock, who came in within weeks, giving generously without a team or staff. His money allowed us to set up a mini-fund to help families in crisis, preventing them from being thrown out on the street, and ensuring they had necessities like a working refrigerator or internet access. It was immediate emergency cash for survival.

Stacey Childress:

Yes.

Diane Tavenner:

Thank goodness for Arthur enabling everyone who didn't have internet to have a hotspot within days. But that was it. That was all that came through. Arthur has an interesting way of thinking where he doesn't believe time will give him more information.

Stacey Childress:

And he also trusted you to know the best way to deploy those resources. Arthur trusted me and my team, and that's another challenge. As foundation staffs get bigger, they hire smart people who become experts lauded for their knowledge. They're less inclined to just give the money to someone like you and let you do what you need to do.

Diane Tavenner:

Yeah.

Stacey Childress:

Instead, they take nine or twelve months to put you through a process that yields no more information than they had at the beginning. I'm not insulting the people who work in these places. I have many friends and people I respect greatly. But the institutions and the culture create processes that are inefficient.

Diane Tavenner:

Same with schools, right?

Stacey Childress:

Right. Same with schools.

Michael Horn:

I remember this from over ten years ago. Giselle Huff was frustrated that they would hire people like you and not give you the autonomy to move quickly. It's an organizational issue, not the individuals per se.

The bigger issue I'm hearing is that the pandemic didn't break these tendencies; it exposed them. It created an existential crisis internally where people questioned their identity and purpose, leading to more pause and churn. This indecision has created a lingering hangover.

Stacey Childress:

The hangover is still here. Gates might be an interesting exception, which I'll come back to. Many institutions faced a crisis in the first months of the pandemic, realizing that what they'd spent years and billions of dollars on hadn't made the progress needed.

For institutional funders, there was a sense of, "What did we get for it?" The principals, whether trustees or living donors, were asking good questions but not getting great answers from teams trying to figure it out and not wanting to be wrong. There was a fear of going back to donors like Bill Gates, Mark and Priscilla, or the Walton family with another failed initiative.

Giselle went to the president of the Gates Foundation a year after I was there and asked why they hired me but didn't let me spend my budget freely. I wished she hadn't done that, but it highlighted the issue. What are we waiting for? Who do we think will come up with a better answer? Where's the boldness that created the wealth in the first place?

Shifting Strategies

Michael Horn:

Yeah, that's a really interesting point. Let me ask the question this way: I'm hearing from a lot of nonprofits, and I sit on boards of nonprofits, that it's as bad as it's ever been. We've seen a bunch go out of business or be acquired for virtually nothing.

Maybe that's what should have happened, I don't know. But it seems different in many ways.

Another question I have is about the shifting strategies every five years and the churn you're describing. Education is a space where change isn't going to happen across the country in five years. This is a big, complicated 50-state country with lots of challenges that interfere with the operations. It's messy. There's a huge installed base.

Are we guilty of impatience, not just sticking with a good theory of action? Or is something else going on?

Stacey Childress:

Yeah, yes.

Michael Horn:

I didn't mean to ask a one-word question.

Stacey Childress:

No, I know. I was recently talking with someone from one of the large institutional donors. This person joined relatively recently, post-pandemic, and had been an outside observer and fundraiser from this institution. They had an insight that rang true for me: we've got a theory of change for what should happen in the sector over many years, but it's not very rigorous or periodically examined with any rigor.

It's shaped around the personality of the donor and some senior staff preferences. It sounds fine, but then we're applying a lot of rigor at the individual grant level, creating 47-row outcome trackers for 18-month grants. We spend months creating these, and every quarterly call with the grantee digs into line items.

But there's no intermediate view of how the ecosystem around these grants is doing because we're not clear about what those are. We've got four or five areas we're willing to fund, but even then, we're not looking at the portfolio. We're not seeing how individual grants add up to those areas.

So, big idea, not a lot of rigor around developing it, and then intense rigor at the grant level. My time at Gates wasn't quite that loose, but there were features of it, especially the one-at-a-time approach, which isn't true rigor. It often meant lots of people, lots of rows on a spreadsheet, and many conversations, but that's not true rigor.

You spend five years and have three model grantees to show the principal, but you've spent \$800 million or more. The pandemic opened up good questions for which there aren't good answers yet.

Gates narrowed its focus to math, committing \$1.2 billion over three years. This isn't an additional billion; it's their regular funding but focused mostly on math. This narrowing means if you were funded by Gates before but aren't focused on math now, you're out. This has led to many organizations no longer fitting into Gates' funding categories.

Diane Tavenner:

Yeah.

Stacey Childress:

The downside is if, after three or five years, they can't achieve what they want in math, then what? We've been through system-wide transformation, charter schools, standards, teacher systems, next-gen schools, and now math. If they keep switching every three to five years, what's next?

Michael Horn:

Right.

Stacey Childress:

If the next cycle doesn't work, they might consider an exit.

Diane Tavenner:

Yeah.

Stacey Childress:

I know what I would do, but in that institution, now 25 years in, by the time the math cycle ends, they'll be 26 or 27 years in. Now what?

Michael Horn:

That makes sense.

Stacey Childress:

People worry the "now what" will be an exit.

Diane Tavenner:

Yeah, that's what people are worried about, for sure.

Stacey Childress:

And Gates isn't the only one. I use them as an example because it illustrates the issue cleanly.

How Operators Can Help

Diane Tavenner:

Everything Stacey is saying resonates with me. Michael, what I'm thinking about a lot is our conversations about innovation. If we go back to the top of this conversation, this is philanthropy for innovation.

I won't go into the long history we've had of trying to innovate within a giant, decentralized system because that is a massive challenge. What you're talking about, Stacey, is how does anyone tackle that? Clearly, no one can tackle that entirely, so we start to narrow our focus and aim to be successful at something specific.

I'm not going to quibble with focusing on math because, in the work I'm doing now, I see how critically important it is for the future of the workforce and the country. However, that's probably not going to transform schools in the way the three of us want them to be transformed.

This creates a sense of angst for me because most schools in America are just doing the same old thing. They're taking federal, state, and local money and running the same schools, with no real prospect of change.

For those of us who believe change should happen, what are the levers? How does this relatively small amount of money create the change we want?

Stacey, as we were talking through this, you mentioned a list of things you want funders to do. I thought of a list of things I want operators to do—those who want to innovate and raise philanthropy to do it. It's worth spending a moment on that because I think there are two sides to this.

There are things that operators, like myself and my peers, need to do to be compelling and retain capital in our space. If you're not doing compelling, interesting things, your projects aren't going to get funded.

First, I'll call it "getting your conditions in order." This refers to work done by several people, including folks at the Gates Foundation years ago, and more recently, Transcend has partnered with others to define the conditions of an organization ready to innovate. Michael, you and I talk about this all the time. You need structures and mindsets to be able to innovate. Use the available tools to ensure you have the right conditions. If you're trying to get innovation money without knowing if your conditions are in order, you're not primed to raise money.

Second, do you actually have innovations that others aren't working on that could potentially move the needle? You need to understand the field and what others are doing to ensure your innovation is truly unique and impactful. This requires discipline and hard work.

When you do this, you earn trust and face less scrutiny because it becomes apparent that you've done the groundwork. Lastly, I have always tried to see this as a collaborative venture rather than a competitive one. My experience is that many operators fall into a competitive mindset, seeing funding as a zero-sum game. This competitiveness is counterproductive because no one can do this alone. Acting more collaboratively could attract and keep more money in the innovation space and sector.

That would be my wish list for operators.

Changes Funders Can Make

Stacey Childress:

That's very good and definitely rings true. As an operator running a fund and having to raise money, I share your perspective. You mentioned visionary leadership, and both words are important in fundraising—a vision you can articulate clearly and compellingly about what the world should look like if it worked better for young people. Lead on it. Don't wait for a funder to have a strategy you can fit into. Lead.

Spend time socializing that vision with other operators and donors. Donors will follow a compelling vision and leadership. You and I have both seen it happen and have caused it to happen as leaders.

For the donor side, the first thing I wish they would do is just give away the money.

Diane Tavenner:

Yeah.

Stacey Childress:

Remember the fundamental purpose of what you're organized to do and what you're given significant tax breaks for: to give away the money. You're not organized to have internal meetings, PowerPoints, memos, politics, reorgs, and conferences. Those things can help your aims but can also distract from them. Give the money away. That's your whole job, not the coalitions and communities of practice. Those should support moving the money.

It sounds silly, but it's frustrating. Your whole job is to give the money away. Increase, not decrease, your giving now. What are you waiting for? If not now, when? There's not one answer; there are many. Fund them, learn from them. Stop with the 47-row spreadsheet metrics.

Fund the people doing the work, listen to them, believe them, recognize patterns, and fund lots of things. More gifts, bigger gifts, right now. Go. What are you waiting for? Go. Make decisions faster.

You're not going to fund everything. Say yes fast and no faster. As soon as you know it's a no, tell the operator. You can't imagine how much time and energy is spent waiting for a yes.

Diane Tavenner:

And say no fast.

Stacey Childress:

Say no faster. It's not the last day of the process that you decide no. As soon as you know it's no, tell the operator. They spend so much time waiting for your decision, having conversations with their board and other donors, making plans. Time is huge. Tell them no fast. Yes fast, no even faster. If your processes get in the way of that, rip them down.

Diane Tavenner:

Yep.

Stacey Childress:

Do something different and do it now. One of the reasons this animates me so much, beyond the obvious good of getting the money into the field and letting smart, intelligent, visionary leaders and their people do what they can with it and learn from it, is that for donors who have, say, over a billion dollars in net worth, their fortunes are growing faster than their lifetime philanthropic commitments suggest they will get the money out the door.

A few years ago, when I was in a fundraising cycle and was counting on a donor to come in at a certain level on a renewal, I got the sad news. I was trying to get tens of millions and got multiple tens of millions, but not as much as I had hoped. It was an enormous grant, something to celebrate, but I was disappointed because I had planned for more. Silicon Valley is like a neighborhood, and the donors all talk to each other. Many of them talk to me, and I knew that this person was at cocktail parties and other gatherings saying they had a billion dollars in their donor-advised fund at a community foundation because they couldn't find enough good things to fund, including education. And they had just given me multiple tens of millions.

What are you waiting for? When I first joined New Schools and was figuring out the investment footprint before we did a specific strategy, I realized that what we had wasn't working. It was a quiet secret in the field. The theory had run its course, and New Schools had been struggling to raise money for a couple of years. It was time to rethink it.

Someone who was a contemporary of Vinod Khosla, a Silicon Valley venture capitalist, told me that when he first became a VC, he realized something new was coming from closed network systems. It had to do with packet switching and the internet. He convinced his partners at Kleiner Perkins that they needed to fund everything in these nascent categories because they didn't know who would win. They backed great teams and more than one in each category. This humble approach, funding lots of things with a vision for how the industry would change, led to massive financial success.

From where I sat at New Schools in 2014, I felt like we were in a similar moment. We had glimpses of what the future could look like for kids, and our strategy was to push everything onto the table for this vision. Rather than trying to find the answer, we should take a broad view of the space and fund every good team and idea.

Stop thinking that you have all the answers inside your foundation. Most of the smartest people don't work for you. Fund, learn, and fund again. Give the money away.

I wish people would do more with intermediaries. If I were the leader of a foundation with \$350 million a year to give away, I would convince my principal to give \$300 million to four or five grantees in large chunks, and those would be intermediaries. I would have a staff of no more than 10 people, each managing relationships and helping us learn and adapt. Intermediaries offer leverage, expertise, and nimbleness.

Follow MacKenzie Scott's example: big gifts, unrestricted, lightweight process, fast decisions, little to no reporting requirements. It's not perfect, but it gets the money out the door.

Diane Tavenner: (1:12:43)

It is.

Stacey Childress:

Yes, it can be tough to figure out how to get in the pipeline and some transparency issues, but those challenges are far outweighed by getting the money out the door. Let's do it. Get that money out the door. If not now, when? Be honest with yourself. What are you afraid of from going big and visionary and moving lots of resources quickly to people doing important work?

Michael Horn:

Well, Diane, as we wrap up five seasons here with our final episode, I think we finally had our Jerry Maguire moment. It's no longer "show me the money," it's "give away the money."

Stacey Childress:

Give away the money.

Media Recommendations

Michael Horn:

And Stacey, you have nailed it. So with that as a segue, as we wrap up an episode, I've learned a lot from both of you. Thank you both. Let's finish up with some things we are reading, watching, or whatever. Stacey, we'll call on you first. Hopefully, it's not Jerry Maguire, but if it is, we understand.

Stacey Childress:

It's not Jerry Maguire. Sadly, I'm still watching and listening to heartbreaking, disappointing Astros baseball, but hope springs eternal.

A new thing: there's a relatively old, about 10 years old, documentary on Prime Video called *The Wrecking Crew*. It's a deep dive into a loose group of studio musicians in LA in the '60s and '70s who backed 60-70% of the big radio hits of that era. They backed artists like the Righteous Brothers, the Mamas and the Papas, Sonny and Cher, and the Beach Boys. The Beach Boys performed live, but *The Wrecking Crew* played on their studio albums. They were behind so many iconic songs. It's fascinating.

Diane Tavenner:

Well, this is what happens when you have an episode with two of Stacey's passions: philanthropy and music. It's so exciting. I agree with everything you're saying. I hope it happens because I feel like we're at an early 2010-2011 moment again. I hope people jump on and in. No one else in the world is ahead of us yet in redesigning their education systems. We have an opportunity in America right now, and I'm deeply optimistic.

I'm reading an early advanced copy of *10 to 25*, Dr. David Yeager's new book. I love him. He had such an impact on our work at Summit. He's an amazing researcher who connects research with actual work in schools. The book talks about a mentoring mindset, a continuation of the growth mindset. It's incredibly powerful and will be out in August.

Michael Horn:

You're going to have to dig in then. That sounds exciting, Diane. I'm glad you're reading it. I'll just wrap up mine. My kids went away for their outdoor nature's classroom for a few days, so my wife and I went to New York City and saw a couple of shows. We saw *Merrily We Roll Along*, which I highly recommend, and *Enemy of the People*. Both were terrific.

Like you, Stacey, I've been watching a lot of sports, but the Celtics are having more success than your Astros. I recently finished *Outlive* by Peter Attia. It was great, with a few new tips, some things I already knew, and a lot of common sense.

Stacey, thank you for joining us and enlivening the last five episodes. We'll see where that goes. Diane, as always, thank you for the partnership. For all of you listening, thanks for joining us for five full seasons of Class Disrupted.