



Partnership, Trust, Risk: Daniel Bader on the Practice of Philanthropy

Daniel J. Bader is recognized as an influential leader in philanthropy. He is president and CEO of [Bader Philanthropies](#), a family foundation based in Milwaukee, Wisconsin that has, since its founding in 1991, disbursed over \$250 million in grants to Milwaukee-area nonprofit organizations, local community groups, and global NGOs. Under his leadership, the foundation merged two family trusts, giving Bader Philanthropies an annual grant-making capacity of \$16 million. In this interview, Mr. Bader expands on his high-level influences and concerns, as well as the nitty-gritty of ensuring equity among grant applicants, encouraging risk-taking among foundation staff, and forming genuine partnerships with nonprofits.

Why do you do philanthropy?

That's a big question! It's a "we" thing, it's not just about me, so I'm going to answer in the context of the family. Giving and volunteerism have been values that have been instilled in our family from when I was a little kid. When we grew up in our family home, we were always talking about who we would give money to and also how we would help other people. It was more than making that check to a nonprofit organization. It was volunteering at a local agency, or even more so, just helping people individually. We grew up in the context that helping people is just part of life.



The challenges Bader Philanthropies is trying to address—Youth, Aging, Workforce Development, to name a few—are so large that even the foundation’s considerable resources are actually quite small in relation. How is the foundation leveraging your limited funds to maximize impact?

It's all about partnership at different levels. We take our concept of partnerships very seriously. We're not just merely an organization that gives money to nonprofit organizations. We work in partnership with nonprofit organizations—and it starts from the very beginning, from the very first conversation. We're fortunate to have the resources, but, we don't have the abilities of taking action, so we rely on the nonprofits to do the manpower. We do that as a partnership: we bring the resources and they bring the professionals and volunteers to the task.

The other of course is looking at resources as a whole that an organization has. Whether it's philanthropy from foundations, government resources, private or individual giving, we help organizations look at that and figure out how we can be helpful to them. We work with a lot of nonprofits to try to get additional government resources; otherwise, we'll try to work with them to get other foundation and private resources. The concept really is about creating a partnership with the nonprofits and global NGOs whom we work with.

How does your foundation choose what to fund, what issues to address, and what organizations to give funding to?

The issues to address come from our family history. My parents founded a company in the fifties, and the company ended up employing a lot of people. We feel strongly as a family that [Employment](#) is important. In the same vein, education has always been important to the family. My father escaped Nazi Germany, ended up in a prisoner of war camp, and ultimately, ended up in college. Had it not been for equal educational opportunities, the family wouldn't have the wealth that we have today. So, we feel [Education](#) is important, that comes from family value. I mentioned the elderly—my mother always had a passion for working with the elderly, either just as a volunteer or later in life professionally. That's how we get to [Aging](#), through her personal volunteer and professional work.

We start there, we start with family values and family history, and from each one of those areas we develop a strategy. We do an assessment, and then, we develop and deploy strategies that make sense for our community. We believe very much that the community is part of the process. In the case of Employment, we have a dedicated staff person who works with the community, who makes sure that whatever we're funding is a good fit for the community, and helps to fill the gaps in the community. That's true for education, our work with the elderly, and in our work in other parts of the world, as well.

What's an example of how you include the community's voice in your grantmaking decisions?

It's what we do! In Milwaukee, in the last couple years, there's been a lot of gun violence, and a lot of deaths related to that gun violence. We've helped convene many discussions around gun violence and what the appropriate strategies would be. We bring together people from the nonprofit sector, the government sector, the city of Milwaukee, the corporate sector, philanthropy—all come together to discuss the various strategies and come up with a plan. It's



more than just discussing, it's coming up with a plan. And then we, Bader Philanthropies, fund the plan. We also work with other funders to make sure that whatever plan the community comes up with has adequate resources to be successful.



Participant and facilitator in a Community Conversation event, funded by Bader Philanthropies.

How do you know if your philanthropy is succeeding in addressing the target issue; in other words, how does the foundation measure its impact?

In our foundation we don't spend a lot of resources around evaluation. It's not a core competency of our foundation, and it's not something that we devote resources to. We do a lot of work based on relationship and trust. What we've learned from business is that metrics are important, but the most important thing is the relationship that we have with our nonprofit organizations, their leaders, and the trust that we put in them. That's how we evaluate our work, based on the relationship that we have with the organizations that we work with.

Philanthropy is a very large field, and there are different movements within philanthropy. There certainly is a movement around data, analysis, and evaluation. We don't belong to that movement. We belong to the movement where you form partnerships with nonprofit organizations, and you develop the trust that they're going to use our resources wisely. That said, our grantees do submit reports on a regular basis. They're not onerous, they're relatively modest reports. A lot of that has to do with our fiscal responsibility as an organization, to make sure that we are using our resources wisely.



In the sector, there is increasing awareness of the “nonprofit starvation cycle” along with calls for funders to cover “full costs,” including overhead, and to make grant application processes less onerous on organizations. How has Bader Philanthropies reacted to these calls?

We've been familiar with those calls from the very beginning. When we first started the foundation, we did a lot of focus groups with nonprofit organizations to get a sense of it. Every staff member here at the foundation who works at the front-line with nonprofit organizations has to go through a training program, and part of that training program is learning the perspective of nonprofit organizations. There's a bit of a reality in the industry that we couldn't, as a foundation, just give everybody long-term operating grants. If we did that, we'd be in business for 3 years and then lay everybody off! ... We view the role of our foundation as being more in the private equity or venture capital side of philanthropy. We fund ideas and we fund them for an average of 2-3 years at a time, so they have a little bit of a runway. They have a grant from us for an idea of theirs, and they have 2-3 years to implement that idea before they have to come back to us.

We also do take the comment about applications very seriously. We try to keep our applications relatively simple. We have word limits, so people can't get too wordy. Part of that is for the benefit of our staff, and part of that is really a disparity in the field. We work with everything from small nonprofits to large universities. Large universities usually have a large development staff that can put the time in to develop long proposals. Small nonprofits don't have those resources available or the staff that can write a long grant request. So, we actually have limits on the number of words people can use to apply—and we do that to address the disparity between development offices.

We allow grantees to have adequate overhead. We also understand the nature of the industry in the sense that we are more there for venture capital than operating resources. The nonprofit really needs to develop a wide range of funding and developing funding from individual donors, donors that will write their checks, it's really important because that money goes right to the bottom line, to keeping the doors open. Our funds are project funds—that's what they are—and the response to those nonprofits is that we will help you develop that mix of funding. We will help you put together a plan that fits individual funders that will give you money that's total discretionary funding. We also will fund things other people won't fund. If you need a database, we'll help you get that database.

Over the past 25 years, you, your family, and your colleagues have made over 6,000 grants totaling over \$250 million. What's the toughest lesson that you've had to learn over your years of grantmaking?

The toughest lesson we've had to learn is that it's important to take risk, that risk is necessary in the nonprofit world. Not everything that we're going to fund is going to be successful, and we have to get comfortable with that idea. Frankly, it's been harder for the Board than the staff to get comfortable with the idea that failure is okay.



To help encourage risk-taking, one of the things we insist on is if a nonprofit applies for a grant, it generally fits within our areas, and we're interested in it, our staff has to go see it. It's easy to look at things on paper and make decisions on paper, but, you're not getting that gut-level instinct. When you go out into the community and you go to the sites and you talk with the staff, volunteers, and participants in the program on-site, you get a different sense. And that tends to increase the likelihood that someone's going to take a risk on a project.



Participant in Next Door – Milwaukee, an early childhood education program funded by Bader Philanthropies.

What keeps you up at night? In other words, what concerns you most about the world today?

I think the thing that concerns me the most is education. In our country, we've really failed to come up with delivery systems around education that meet all needs and I would argue that they're really not successful regardless of where you are. We have a lot of people in all kinds of communities—suburban communities, urban communities, communities of color—where we're not meeting educational needs, and they're really failing most kids.

Bader Philanthropies has worked for many years with public schools, charter schools, and a bunch of other schools. We've funded all those channels and continue to fund them. There's so much debate about the delivery vehicles, and the politics around it and the resources around it,



but, we forget about the classroom. We all fight about whether the resources should be going to a system that has a public board, or a system that has unionized or non-unionized teachers, publicly elected superintendent, whatever—we fight about all that stuff, which really doesn't mean squat when it comes to what happens in the classroom. Our delivery systems don't provide individualized learning, or customization. It's something we really as a country and as a community, we need to figure out.

Banner photo: Mr. Bader introducing an issue-based convening on Milwaukee education. To learn more about Bader Philanthropies, visit their [website](#), [Facebook](#), [Twitter](#), and [Vimeo](#) pages.