

*William Blair*

Philanthropy Strategy

**Venture Philanthropy:**  
A New Era of Innovative Giving



Today's world is defined by extraordinary complexity. Challenges such as education access gaps, climate change, global health inequities, and the unmet needs of those living with rare and complex diseases can be hard to solve with traditional philanthropy alone. While charitable giving remains a vital source of support for communities and nonprofits, donors are increasingly asking, "Is there a way for my capital to do more?"

That urgency and optimism have propelled venture philanthropy into mainstream conversation among individuals, families, and foundations seeking not only to give, but to drive meaningful, measurable change. As the broader impact investing market surpasses \$1 trillion globally, more investors are treating philanthropy with the same level of strategic focus and performance expectations that guide their financial portfolios.<sup>1</sup> Venture philanthropy has emerged as a natural evolution of that mindset: an approach where purpose meets performance.

At William Blair, we believe that impactful giving is most effective when it's intentional, outcomes-driven, and aligned with your long-term values. Venture philanthropy can help bring that philosophy to life.

<sup>1</sup> Global Impact Investing Network, Inc. (GIIN). "Sizing the Impact Investing Market 2024." [the.giin.org/publication/research/sizing-the-impact-investing-market-2024](https://www.giin.org/publication/research/sizing-the-impact-investing-market-2024)

# What Is Venture Philanthropy?

Venture philanthropy refers to the discipline of investing in a philanthropic mission. Like traditional giving, it aims to create positive societal outcomes that benefit and empower specific communities, as well as charities at the forefront of change. Like venture capital, it provides resources with a focus on accountability, innovation, scale, and positive returns. Often, venture philanthropy presents a vital middle ground between the two worlds:

## VENTURE PHILANTHROPY

	Traditional Philanthropy	Venture Philanthropy	Impact Investing
<b>Primary Intent</b>	Advance a social mission	Advance a social mission; may generate a return for the charity	May generate financial returns and impact for the donor
<b>Capital Approach</b>	Grants	Grants, recoverable grants, equity investments, and blended-finance structures	Recoverable grants, program-related investments, and market-based investments (debt, equity, funds)
<b>Measurement Focus</b>	Activities and outputs	Partnership-oriented; outcomes and progress toward both the charity's mission and its investments	Social impact metrics and financial performance

Venture philanthropy bridges traditional giving and impact investing by combining mission-first intent with greater potential, accountability, engagement, and measurement.

Venture philanthropists provide flexible funding and hands-on support to help organizations build capacity, test new approaches, and ultimately bring scalable solutions to reach more people more quickly.

The key components of this model include:

- **Financial capital:** grants, recoverable grants (which provide funding for a nonprofit's revenue-generating project), low-interest loans, equity investments, and blended-finance structures
- **Human capital:** strategic support, operational guidance, leadership development
- **Intellectual capital:** data, networks, industry expertise, and access to partners

Where traditional philanthropy often funds programs, venture philanthropy funds growth—investing early and investing in outcomes. Today's philanthropists want to see their capital make a tangible impact, not just maintain the status quo; they seek results, accountability, and visible progress. They are also willing to take risks and use their philanthropic capital to fuel innovation, empowering nonprofits to invest in and scale solutions.

# How Does Venture Philanthropy Work?



Like any high-potential growth strategy, venture philanthropy emphasizes rigor, transparency, and continuous improvement.

## Financial Instruments

A flexible toolkit allows the donor to match capital strategy with mission goals:

- Unrestricted or milestone-based grants
- Equity positions in mission-driven companies
- Concessionary loans (loans that are extended on terms more favorable than market loans) and credit facilities
- Royalty or revenue-sharing mechanisms

If the investment yields financial gains, those proceeds are typically reinvested back into the charity to launch and support new initiatives, extending the life and reach of the philanthropic capital.

## Active Engagement

Venture philanthropy is not a “donate and disengage” model. Funders often participate directly in:

- Talent and capacity-building support
- Community and stakeholder engagement
- Impact communications and market access
- Board and governance roles

Shared accountability and partnership typically lead to stronger execution and more precise alignment of mission outcomes.

## Performance Measurement

Success is not measured by the dollars distributed, but by the changes that result. Venture philanthropy organizations typically employ and derive:

- Key performance indicators (KPIs) tied to community outcomes
- Evidence-based evaluation methods
- Iterative learning frameworks and feedback loops
- Knowledge and industry leadership
- Access to capital

The goal is to maximize social return on investment (SROI) to ensure that the greatest possible impact is achieved for every dollar deployed.

Importantly, risk is not passed on to the ultimate beneficiaries or the client. The capital instead absorbs risk, as funders intentionally take on exposure that traditional investors avoid, so innovation can occur without jeopardizing the organizations they support.

This is where venture philanthropy most clearly differentiates itself. It supports nonprofit leaders and social entrepreneurs in failing fast, learning quickly, and scaling wisely.

# Why Does Venture Philanthropy Matter Now?

There is a growing recognition that many of society's most urgent problems suffer from significant, persistent capital gaps. These issues include:

- Social equity initiatives
- Rare disease treatment developments
- Early childhood education models
- Climate resiliency in underserved communities
- Workforce development

These goals are essential, but they may not offer the predictable revenue or scalable business models needed to attract traditional investment. Venture philanthropy helps fill that gap by providing mission-first capital, designed for impact rather than immediate returns.

Nonprofits and mission-driven enterprises are at the forefront of innovation in these fields. They understand the communities, service delivery models, and barriers firsthand. Venture philanthropy empowers them with the resources and runway to execute their initiatives effectively.

From the donor perspective, the model offers clear advantages:

- **Greater leverage:** Can attract additional venture-philanthropy-oriented funders
- **Higher accountability:** Regular reporting strengthens trust and transparency
- **Mission-aligned strategy:** Philanthropy becomes a deliberate extension of personal values and wealth planning goals

For many donors, this approach represents a shift from funding outputs, such as the “number of meals served,” to investing in outcomes, including long-term food security and economic mobility.

## A Natural Extension of William Blair's Advisory Model

William Blair's Philanthropy and Sustainability team has long helped clients align their capital with their values, whether that's through direct philanthropy, donor-advised funds, impact-aligned portfolios, or family governance strategies. Venture philanthropy only enhances these holistic approaches.

Our wealth advisors and philanthropy experts partner together to:

- Clarify each client's purpose and vision for impact
- Evaluate readiness, governance, and strategic alignment
- Identify mission-aligned organizations that welcome partnership and engagement
- Design capital structures that support ambition with accountability
- Build innovative and flexible philanthropy models
- Create opportunities and measurement frameworks to assess progress over time

This multidisciplinary advisory model ensures clients receive guidance that reflects both financial stewardship and philanthropic intention. While there is no one-size-fits-all approach, venture philanthropy can start small, evolve, and be integrated into:

- Next-generation engagement strategies
- Family foundation structures
- Multi-asset charitable giving plans
- Long-term estate planning

# Case Study: Catalyzing Innovation in Rare Disease Research

A William Blair client was inspired to support EB Research Partnership (EBRP) after attending a concert where he saw a child living with epidermolysis bullosa (EB). The encounter motivated him to learn more about the disease and get involved in funding research to help find a cure.

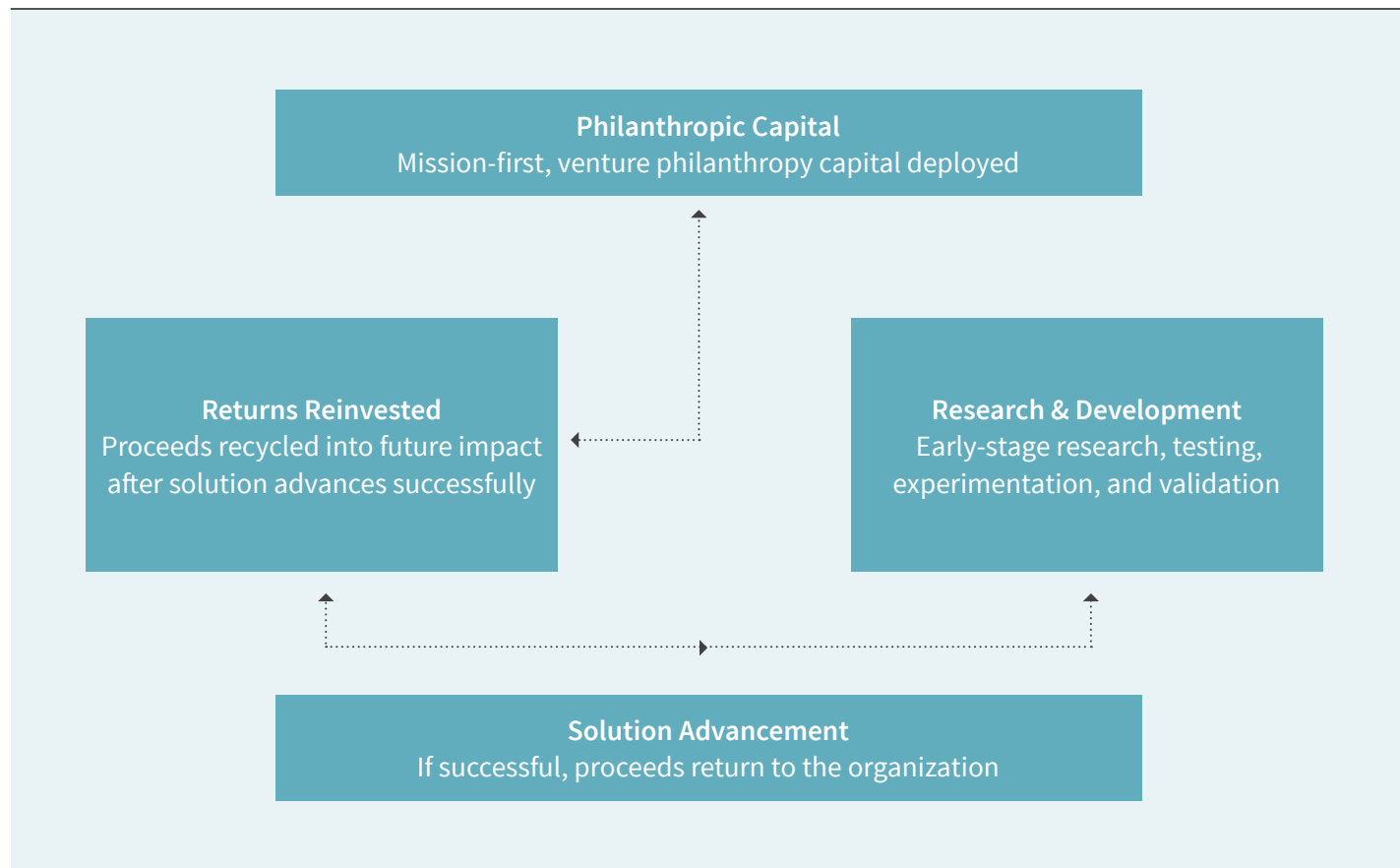
Working in collaboration with William Blair's Philanthropy and Sustainability team, he directed his giving toward EBRP's Venture Philanthropy Model, an approach that structures funding like early-stage investment. If a therapy becomes commercially successful, returns flow back into the charity to fund additional research, allowing philanthropic capital to multiply over time and continue supporting innovation.

This model has helped EBRP raise over \$80 million, fund 189 of the most innovative EB projects, and establish

the world's largest genomic data project for EB. Harvard Business School has recognized the model as a leading example, citing a case where a \$500,000 venture philanthropy investment grew sixfold, with the proceeds fully reinvested into new research.

Promising progress is already underway. Clinical trials have grown from two to over 50, with EBRP directly funding over half of the trials. Additionally, EBRP has seen zero approved treatments scale to three FDA-approved life-changing therapies in the last two years, including the first ever FDA-approved topical gene therapy. The client's support—blending passion, strategic capital, and active partnership—demonstrates how venture philanthropy can accelerate the development of urgently needed therapies for rare diseases and drive impact that endures.

## VENTURE PHILANTHROPY CAPITAL RECYCLING MODEL



Through a venture philanthropy approach, capital supports early-stage innovation, with proceeds, when realized, reinvested to further the mission.



Venture philanthropy represents more than a new funding mechanism; it reflects a broader cultural shift toward purpose-driven capital. Donors increasingly want to be partners in progress rather than passive benefactors. They want to participate in the outcomes their giving supports. They are confident in the charities they are supporting and want to fuel their growth, potential, and innovation.

This approach encourages bold thinking, rewards experimentation, and supports organizations that are closest to solutions. Venture philanthropy enables philanthropists to not only respond to today's needs, but also build systems and nonprofits transforming tomorrow.

Philanthropy has always been about unlocking the potential for good. Venture philanthropy preserves that spirit while enhancing it with strategy, engagement, and performance discipline.

By applying an investment mindset to philanthropic endeavors, individuals and families can:

- Move from short-term relief to long-term impact
- Support breakthrough ideas that traditional capital overlooks
- Become true collaborators in driving social change
- Leave a legacy defined not only by generosity, but by innovation and outcomes

Whether you are newly exploring venture philanthropy or ready to formalize a strategic initiative, William Blair is here to guide you. Our wealth advisors and philanthropy team are committed to helping you shape a giving approach that reflects your values, advances your mission, and creates measurable positive change.

**For more information, please contact your William Blair wealth advisor or:**



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