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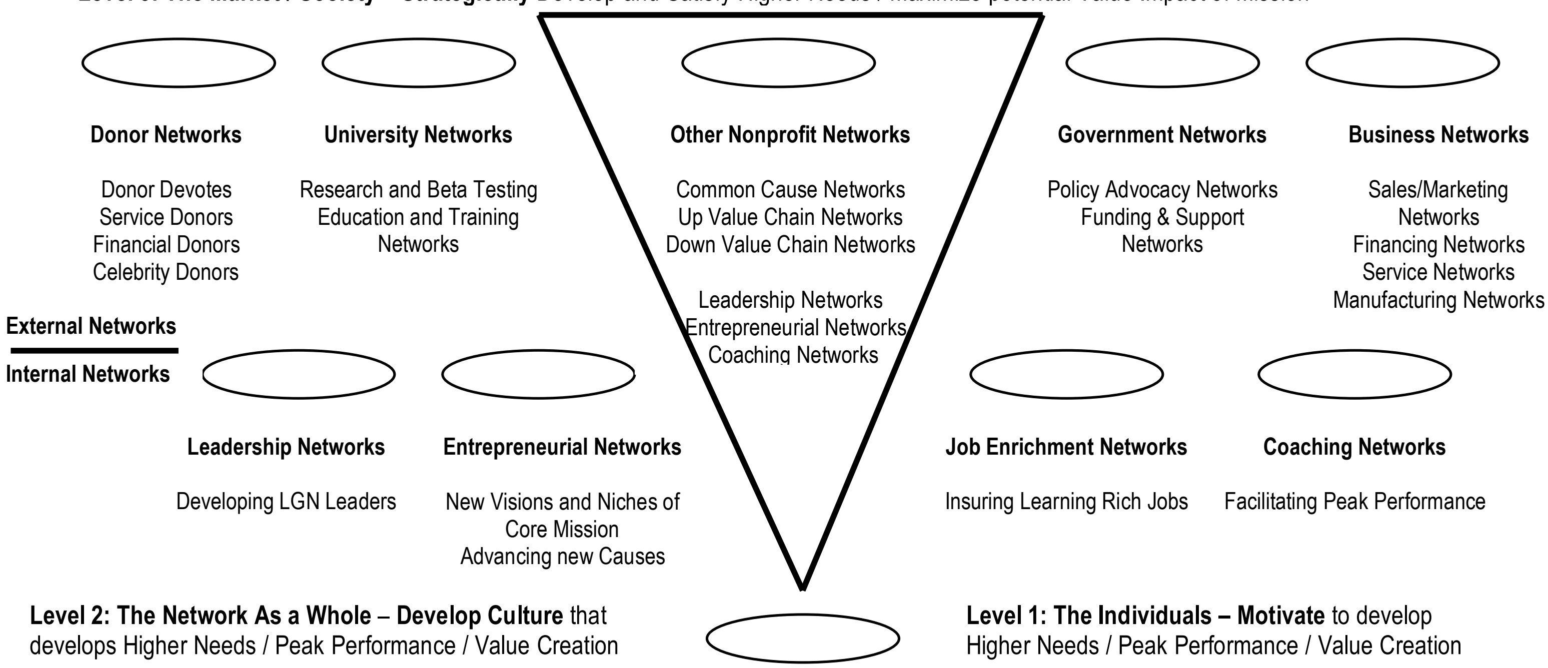
Level 3: The Market / Society – Strategically Develop and Satisfy Higher Needs / Maximize potential Value Impact of Mission



Individual Networks: Are you motivated to peak performance / fulfillment / value creation? What can you do to help motivate yourself to higher performance, fulfillment and value creation? Are there people that you can network with to help keep each other motivated?

Item 1: Living Giving Networks™ Model for working to Develop and Satisfy Higher Needs to help Maximize the Value Creation Impact of the Network Mission

Special Interest Articles:

Living Giving Networks™: Three Dimensions of Developing and Satisfying Progressively Higher Order Needs to Drive High Impact Value Creation

The following theory for developing high value nonprofit organizations or networks [Living Giving Networks, LGNs] is an evolution of many ideas from numerous great thinkers, combined into what is a humanistic theory of network and human development. The basis of this work was originally drafted when I was in graduate school in the early eighties, studying motivation under Dr. Fredrick Herzberg, father of Motivational Hygiene Theory, and latter as a strategy consultant and then a Partner with the author of the national best-seller *Creating Excellence,* Craig Hickman. I take freely from the many great thinkers ideas that I note.

The high value Living Giving Network develops a passion in people for advancing the progressively higher order needs and the high impact value creation potential of the individuals in the network, the network as a whole, and those in the society that it seeks to provide high value to. High positive impact Living Giving Networks may create high value for society at what currently may be a critical point in economic history.

This theory and application will be developed over time in these newsletters. Let's first outline the theory and look at few critical points in this article. Nurturing a *passion* for the network mission can go a long way to creating value.

We will also look at the concept of *three dimensions* of the network and how these are different than a typical organization, and the goal of *progressively developing and satisfying higher order needs* versus profit maximization of corporations. Companies following this objective, I argue, will lead a for-profit company to high value creation, maybe not the type of high profits that result in documentaries like "The High Cost of Low Prices," but high value creating for-profit companies!

As a student of financial economics, I studied a great deal of corporate strategy (Porter, Steiner, etc.), along with spending a great deal of time studying humanistic psychology (Maslow, Frankl [will to meaning], Vroom [expectancy theory], etc.). At one point I thought I had read all of the writings of Abraham Maslow, father of "the hierarchy of needs." I then took a graduate course in industrial psychology from Dr. Fredrick Herzberg, father of Motivational Hygiene Theory, and job enrichment.

Given the popularity of Japanese management techniques (culture), I started reading books by Ouchi, Pascale and others. Dr. Ouchi had just published Theory Z (1981) at the time.

The combination of these readings lead me to the basis of the theory that I am proposing here, that there are *three dimensions [item 1] of the network: the individual [motivation], the network as a whole [culture], and the society or market in which it operates [strategy]. The objective of creating a high value network is to understanding the dynamics of each dimension: motivation, culture and strategy, and how these dynamics interact to develop a passion in people for progressively developing and satisfying the higher order needs and value creation capabilities of the individuals, the network and those in society the network mission targets. By doing so, it is argued, the network will have the largest value impact on society, creating the most value, and most efficiently and effectively achieve their' mission.*

As the lead person for a program to expand and develop Utah's technology companies at the University of Utah Graduate School of Business SBDC from 1988-1992, I moved from a focus on venture capital, to a focus on developing strategic relationships, following the work that was new at the time *Partnerships for Profit* (Lewis, 1990). I developed an online research program using the precursor to the Internet, Dialog Information Systems, for strategic, competitor and market analysis, and to identify promising linkages for clients. I featured this online program for developing strategic relationships to expand technology-based companies at a symposium at University of Colorado at the time. Ann Caputo, then Head of Academic Programs for Dialog, stated in her opening comments that it was the first conference that she was aware of on how to do online research for strategic relationships, corporate financing and development.

Having decided to move back into strategy consulting due to what I believe are all of the problems with the financial markets and industry, I thought of where I could have the biggest positive impact on society. I had always dreamed of making a fortune and spending the rest of my life giving it away, as some of my personal business heroes' are doing, like Bill Gates, Warren Buffet, George Soros, Oprah, etc. Having not made the fortune, and looking for some way of expanding to an area where I may be able to have a positive impact on society, given the enormous risks that I believe are very real of a "Global Great Recession," due to The Greatest Transitions in Economic History (see the last article), I immediately looked to the non-profit and foundation area.

I had spoke with Dr. Ouchi about doing a doctorate on my three dimensional theory of the organization, and he was interested. When he asked which industry, I said that I had done a great deal of work in corporate finance and investments. He noted that he would not seat such a thesis on the investment industry, as it was his and others' view that the industry is solely focused on financial incentives to motivate people, which he and others feel is the great problem in the industry. I now know more than you can ever imagine how true this observation was. From my perspective, not only are the three primary products of the industry very over valued: stocks, real estate, and commodities, but financial incentives have, as Dr. Ouchi suggested, resulted in major problems in the industry.

Item 2: Defining the Network Mindset (source: *Forces for Good,* 2008, p. 109)

	Organization Orientation	Network Orientation
Mind-set	Competition	Collaboration
Strategy for For impact	Grow the organization	Grow the network or field
Typical Behaviors	Compete for scarce resources Protect knowledge Develop competitive advantage Hoard talented leadership Act alone Seize credit and power	Grow funding pie for all Share knowledge Develop skills of competitors Cultivate and disperse leadership Act collectively Share credit and power
Structure	Centralized	Decentralized

Given the primary revenue products such as hedge, commodity and stock mutual funds and managed accounts and annuities are all likely, if I am right, to provide very low to very negative returns for a very long time, as asset values trend back to what I view as "fair value," given slowing growth, this may pose a unique problem to financial incentives for the industry for decades (see the last article).

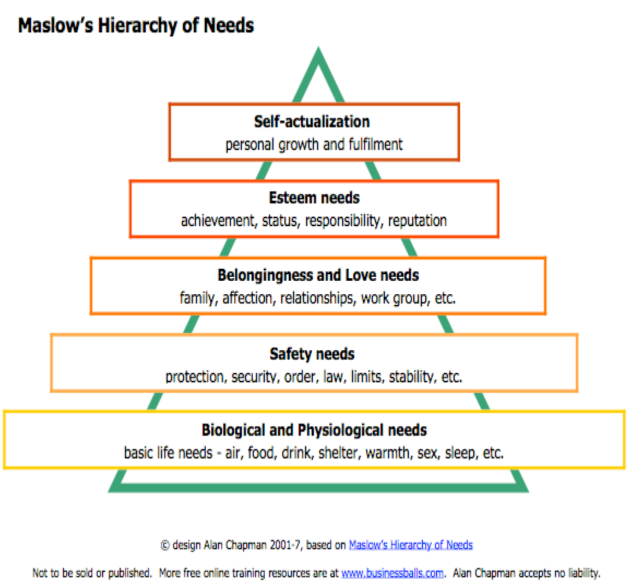
My research orientation immediately took me to scouring the latest and seminal works in the field. *Forces for Good*, (Crutchfield and Grant, 2008) is the book highlighting the great importance of *networks* or as they were called in the corporate sector, strategic alliances, to maximizing the very limited resources of nonprofits to have the greatest positive impact on society. Bryce's seminal work on *Financial and Strategic Management for Nonprofit Organizations* is revered like Porter's works in corporate strategy. Collin's monograph for nonprofits accompanies his popular works in corporate management. While Ahern's work is great in writing high results fundraising materials.

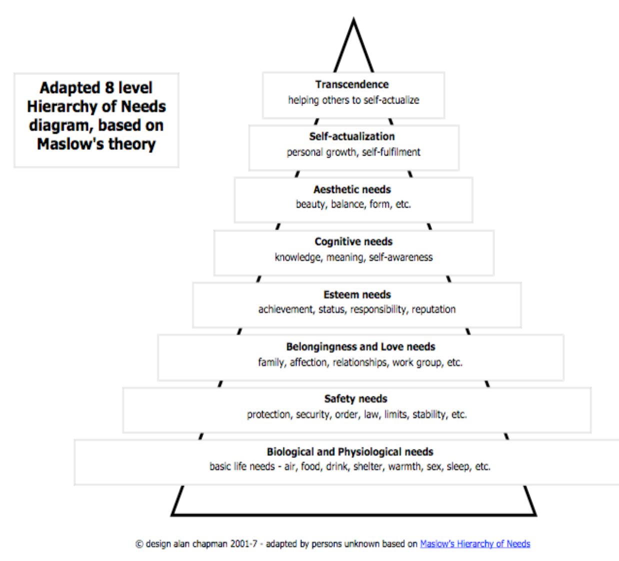
Networks, (item 2) as defined by Crutchfield and Grant (2008), collaborate, grow the network, grow funding for all, share knowledge, develop competitors skills, cultivate and disperse leadership, act collectively, share credit and power, and are decentralized. This concept of a network allows for the objective of a high value impact network to be *to instill a passion in people for progressively developing and satisfying the higher order needs and value creation capabilities of the individuals, the network and those in society the network mission targets.*

Having the primary focus the development and satisfaction of progressively higher order needs (item 3) places the emphasis on importance of individual motivation to higher order needs to create higher value for the network and the society. Many nonprofits are working with people that are basic need starved, and are trying to simply provide for those basic needs. Activities that "teach people how to fish, versus giving them the fish to eat today," seek to satisfy progressively higher needs. Many nonprofit people, in my view, are at the top of the hierarchy, trying to help others to move toward self-actualization. Some of us are hoping to be there, while at the same time changing career focus, to provide for basic needs, due to industry problems.

Culture, it has been said, is "how we do things around here." Exceptional cultures, so I have read, provide a climate that instills a commitment to the network mission, fosters discipline and exceptional performance, and rewards excellence. In a healthy family type atmosphere, individuals are motivated by the networks culture to peak performance, personal fulfillment and the high value creation. Sadly, many cultures are "dens of thieves," as I have experienced. Incorporating coaching, job enrichment, leadership and entrepreneurial networks into your culture and between network partners may help create this type of high impact value driven environment in your network.

In the future issues, I will discuss the process of evaluating your current networks, brainstorming network options, and identifying your optimal mix of networks. From there, you need to develop longer-term strategies to develop your optimal network mix, along with shorter-term tactics to implement those strategies. Living Giving Networks seeks to incorporate the most valuable and exceptional ideas into a framework that may help you manage your nonprofit to create enormous value.





Item 3: Maslow's Hierarchy of Needs, Original 5 Stage Model, and Expanded 8 Stage 1990's Model (businessballs.com, 2007)

Forces for Good: The Six Practices of High-Impact Nonprofits

Reading *Forces for Good*, hit me like reading Porter's work on strategy, Maslow's work on the hierarchy of needs, Herzberg's work on job enrichment, Peter's on management, and Lewis' work on strategic partnerships, it is a seminal work in the field, providing incredible value in an area that is very important to society. I will look forward to incorporating as much of their insights into nonprofit networks into my own work and give them credit in all cases that it is deserved.

Given the limitations of this current newsletter, might I just highlight what they identify as the new nonprofit paradigm, having already discussed above their defining characteristics of a network.

The new nonprofit works with all sectors of society to leverage the positive impact or change it seeks. It starts with advocating policy change at the same time as developing the network. Although it will not loose sight of its core values, it will go a long way to make a positive impact. The high impact nonprofit works with businesses and utilizes market forces to affect change.

Donor devotes are cultivated and nurtured from the start, not seen as simply free labor. They help build fellow nonprofits, rather than viewing them as competitors.

"The most powerful, influential, and strategic organizations transform others to become forces for good." Cruchfield and Grant, 2008

Item 4: The New Nonprofit Organization (source: *Forces for Good, 2008, p. 223)*

High Impact Nonprofits Do This	*. . . Not This*
Work externally with all sectors of society	Focus exclusively on their own organization
Use leverage to change entire systems	Use only organizational growth to scale impact
Do whatever it takes-short of compromising core values	Would rather "be right" than "win"
Advocate for policy change and run programs	Only provide direct services, avoid politics
Harness market forces and work with business	Avoid working with business or capitalism
Engage outsiders in meaningful experiences, build long-term relationships	Treat volunteers as free labor or donors as check writers; focus on transactions
Nurture networks of nonprofits, build the field	See fellow nonprofits as competitors
Constantly adapt and balance creativity with structure	Become mired in bureaucracy, or get too overwhelmed with too many ideas
Empower others to lead and take action .	Maintain command-and-control hierarchy and allow the CEO to be the hero
Invest in the basics: people, fundraising, and systems	Neglect building basic infrastructure through insufficient spending on overhead
Focus on impact and measure progress against results or larger system change	Focus on process; measure inputs, not outputs

High impact nonprofits adapt to change, while balancing creativity with the need to maintain some semblance of structure. They empower leaders in the organization and allow them to take action.

Although it is important to have cost controls, especially given limited funds, high impact nonprofits invest in top talent, fundraising and systems.

The bottom line is what counts to the high impact nonprofit, how much impact does your network have on achieving its core mission and making the larger changes in society that it has set out to achieve? Measuring this larger change in society is what is important. We could not agree more.

As I develop Living Giving Networks[tm].com, I intend to utilize and incorporate much of Crutchfield and Grants' enormously valuable insights as I can, as well as other leading writers and practitioners in the field. I will also seek to provide my unique insights and value added to help those of you seeking to create high value creation Living Giving Networks.

Disappearing Wonders™ – Of the Undersea World of Jacques Cousteau?

In my earlier years, my two favorite shows were the Undersea World of Jacques Cousteau and Flipper. As an adult, I have had amazing experiences swimming with super pods of dolphins, and incredible diving experiences. I have always shared the passion for the undersea world, in a smaller way no doubt, that Captain Cousteau had, and the concern that humans are destroying that world without even realizing the long-term impact that they are having on his amazing undersea world.

When I was looking at pursuing a doctorate, I applied to University of California, San Diego to see if I could pursue a doctorate in strategy with a focus on strategic relationships between oceanographic institutes to optimize value creation. Since that time, I developed an idea that I believe has potential to have the impact of Vice President Al Gore's "Inconvenient Truth" work on global warming.

In my articles on my "dream nonprofits" I hope to share my approach to brainstorming new nonprofit network ideas. Great ideas can have a revolutionary impact on society, like Vice President Gore's and many other visionaries' ideas have. Dare to dream and brainstorm new ideas. In the case of this idea, I see the largest possible social impact possible by convincing the Cousteau Society that they should take ownership of this idea and make it all it has the potential to be. I simply do not see myself as having the capabilities of launching the idea on my own and having nearly the social impact. Of course, I would love to help them make this idea into all it has the potential to be!

The idea is to develop a documentary series on the "Disappearing Wonders™ of the Undersea world of Jacques Cousteau." The basic concept is to create an educational documentary series on how much destruction has already been done to the amazing undersea Wonders of our World. As Susan Shiefelbein wrote "In the late sixties, Cousteau began to notice a marked diminution in the numbers of creatures he'd seen at the beginning of his career some twenty years beforehand. He decried not just the pollution but also what he called "saccage," destructive human practices, and he called for a "vitality index" – some kind of way of measuring what he felt certain was the disappearance of life forms." (*The Human, The Orchid and the Octopus*, p. 297). A quick read of the Epilogue of this incredible book, which provides an update since the book was written will provide you with sufficient detail on the "market need" for Disappearing Wonders. The money that could potentially be raised by a successful rebirth of Captain Cousteau's TV series and related art and memorabilia, along with the important activities that could be funded, and policy initiatives that could be supported, could be very important to preserving and restoring these Disappearing Wonders of the Undersea World of Jacques Cousteau.

"Disappearing Wonders™" could become an international brand that is associated with the Cousteau Foundation's ongoing work to preserve and restore these incredible gifts to humanity, in memory of Captain Cousteau!

This proposed 20 part series, like the original Cousteau series, would highlight the current Disappearing Wonders, and present reasonable estimates of what ongoing pollution and saccage may do to these Wonders of the World, should man kind's destructive impacts not be stopped and hopefully reversed.

The beauty of the undersea world lends itself to numerous network linkages. First, if the Cousteau Society did not want to do all of the filming for this series, relationships could be developed with underwater photographers. There are the relationships with PBS, or other TV station to air the series. A marketing partner would sell the DVDs during the airing of the series and afterward.

Numerous linkages/network partners could be developed with underwater photographers and artists to sell pictures, paintings and sculptures of "Disappearing Wonders." Marketing relationships with the best in the field could be developed, with a certain amount of the proceeds going to the Cousteau Foundation, and the rest to the photographers, painters, sculptures, blown glass, etc.. This symbiotic relationship could enhance the artist ability to make a living, while providing critical funding to preserve and protect the major

Captain Jacques Cousteau!

"Perhaps even more than pollution, mechanical destruction – I call saccage –is severely damaging the sea's environment.. They urge us to accept one supreme fallacy that fuels saccage – that we must permit the plunder of the environment "for progress."'
Jacques Cousteau

It appears to me that there has been a meaningful decline in the number of Deep Sea Turtles off Ka'anapali Beach, Maui, a nesting ground, and a decrease in coral life, over ten years. I shot this picture this spring, April 2007. Jim Moultrup

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"Everything we saw and herd led us to one unequivocal conclusion: Life in the Mediterranean was diminishing. I estimated that 30 to 40 percent of Mediterranean life had disappeared. Even pods of dolphin…had diminished." Jacques Cousteau

Disappearing Wonders of the Undersea World of Jacques Cousteau." Contests could be conducted with local underwater photographic societies, painting and sculpting groups, etc., with national and international awards granted at fund raising dinners where their contributions would be honored and auctioned off.

Celebrity networks could be developed with singers, songwriters, actors, etc., along with a major music festival to kick off this new global brand campaign for Disappearing Wonders. Francine Cousteau could host the TV series, or a major celebrity that may have a bigger impact, like Al Gore for global warming. Who knows maybe President Bill Clinton, or Richard Branson!

Diving services could be rated, both based on the care they give for these Disappearing Wonders and for their professionalism at leading dives to these Wonders and explaining their beauty and ongoing impacts of the *saccage* to divers. Relationships with the leading dive certification centers, PADI and NAUI, could be developed to do and publish these rankings.

To enhance awareness of the Disappearing Wonders, marketing relationships could be developed with very professional product companies (T-shirts, photographic books, glass windows, etc.). These very classy products could feature the pictures and art that merited this internationally recognized distinguished brand name that both portrayed these beautiful Disappearing Wonders, and to which a portion of the proceeds went to preserving and restoring these wonders.

Expanding on their children's education program, a series on "Disappearing Wonders," could be added to their existing materials. More advanced materials could be developed for higher educational level materials, and funding from this effort could go to funding pure science and exploration to the betterment of Disappearing Wonders.

Networks could be expanded by the Cousteau Society with technology companies helping to preserve the Disappearing Wonders. At the University of Utah, IBC Advance Technologies, developed a leading edge separations technology for taking toxic materials out of liquids and gasses. IBC's technologies are being used to purify radioactive waste water, but the funds potentially gained from a major marketing brand name success, could help to expand such relationships and further the mission of preserving and restoring Disappearing Wonders from further toxic waters.

Policy advocacy could be further enhanced by the international awareness of the current state of the Disappearing Wonders in our world and the Cousteau Societies' estimates of the future if sound public and business policies are not enacted. An international successful marketing campaign that reignites the incredible work of Jacques Cousteau in the minds of people everywhere could have its most massive impact in the area of new public and business policies to limit the negative human impacts by businesses, divers, governments, and others, that Captain Cousteau was so intimately aware of when he called for a "vitality index." This index could be utilized as both a marketing tool (T-shirts featuring Disappearing Wonders and the current vitality index versus past), to enhance awareness of the populace as to the current state of the degradation of Disappearing Wonders, and as a public policy tool to increase efforts to support public and business policies that reduce impacts and help restore the Disappearing Wonders.

Could Disappearing Wonders™ have the type of global impact that the original Undersea World of Jacques Cousteau had, combined with the impact of Vice President Al Gore's efforts on global warming? Who knows until you try! Brainstorming the right network linkage opportunities and getting the best people into the Disappearing Wonders network would be a critical success criteria. Convincing the Cousteau Society that this has enormous potential at a critical time, due to the risks of The Greatest Transitions in Economic History very possibly increasing the risks of more aggressive "saccage" at the same time as declining funding and public policy support, would be the first step. That's why I have written this article and am sending it to Francine Cousteau ASAP. Who knows if your dream for an incredibly valuable Living Giving Network will work until you try to make it a reality! Go for it!!

Disappearing Wonders of the Wilderness World of John Muir

John Muir, like Jacques Cousteau, stands as the legend of love for, and preservation of, the incredible wilderness world. His work to preserve and protect the environment, and the Wonders of the Wilderness World, is as equally legendary, as Cousteau's work to preserve the under sea world.

My wife and I live in one of these beautiful wilderness wonders, Lake Tahoe. Desolation Wilderness above Tahoe is one of the largest and Bridle Veil Falls entering it is one of the most spectacular climbs. It is our passion for these wilderness wonders that brought us here, and it is our desire to preserve and protect these incredible wonders, that drives me to try to have as meaningful of an impact as I can pursuing opportunities to add value to these two organizations missions.

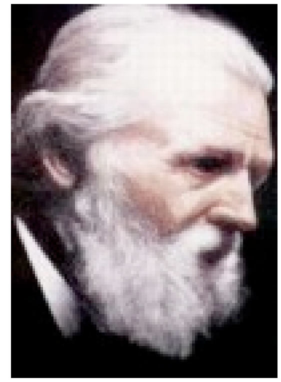
The strategic linkages/networks and the idea of Disappearing Wonders could easily be applied to the Wilderness World of John Muir. In fact, if you are starting to get the idea of brainstorming network opportunities, the Sierra Club and the Cousteau Society could collaborate (combine forces) to develop a combined marketing / fund raising / environmental advocacy effort titled something like **The Disappearing Wonders of The Wilderness World of John Muir and The Undersea World of Jacques Cousteau**! ***Disappearing Wonders™,*** *has a personal feel, I believe, that global warming, saccage and pollution don't appear to have. It is personal, the loss of incredible natural treasures globally. Why, global warming, saccage and pollution.* This could be marketed as a major PBS TV series, with greater longevity than if developed alone. The market niche is typically the same, those of us that love the outdoors are the ones that love the oceans and watch the TV series, buy the DVDs, support the organizations with donations, and participate as donor devotees.

The Sierra Club's primary missions of promoting smart energy solutions to combat global warming, protecting America's Wild Legacy and providing a safe and healthy community coincide with the Cousteau Society's mission of protection and improvement of the quality of life for present and future generations. Global warming affects America's Wilderness and the Undersea World. This strategic linkage / network partnership seems ideal.

From the perspective of a TV market opportunity, combining these ideas, allows for ongoing series of shows featuring both the Disappearing Wonders of the Natural World and Undersea World. This also allows for historical presentation of the simply incredible work of both John Muir and Jacques Cousteau, to be portrayed at the same time as the impact that global warming, saccage and pollution are having on the undersea and wilderness worlds.

You know the saying, "think big!" These two amazing organizations, The Sierra Club and the Cousteau Society stand as the two most cherished organizations/networks to those of us that are absolutely in love with nature. Combining their causes in an internationally syndicated TV series on how we are destroying the Wilderness and Undersea Wonders of the World, could have a much greater impact on raising awareness of the population; on raising funds for these organizations efforts to preserve, protect and restore the Disappearing Wonders; and on policy advocacy efforts to limit pollution, global warming, and saccage both in the wilderness and undersea worlds.

Plus, this type of major international combined effort is likely to be even more attractive to a celebrity host. **Richard Branson hosts the Disappearing Wonders of John Muir and Jacques Cousteau!** Not only might an incredible billionaire entrepreneur (Richard Branson), TV personality (Opra Winfrey), or politician (Vice Presient Al Gore or President Bill Clinton) be more likely to be attracted to this type linkage of the two super environmental organizations, it would likely attract the attention of musicians (Steve Wonder, etc.) to host music festivals on the kick off day of the series, **International Disappearing Wonders™ Day,** and other such major support efforts. A celebrity may not only provide their time for free, but also they may provide a major contribution, to kick off the campaign. Given Richard Branson's unprecedented $25 million challenge award to stop global warming, his love for nature and the outdoors, his fantastic entrepreneurial and personality/TV skills, his ability to support "Every little click counts" and attract other partners, he would seem to be a perfect fit. He may just say, "Screw it, Let's do it!" After seeing Al Gore talk at his acceptance of the Nobel Prize, it was obvious, he would be ideal!



In 1892, John Muir and other supporters formed the Sierra Club "to make the mountains glad."

My Wife, Sister, Brother and Me on the top of the world - Half Dome!

John Muir Quarter World

Every Click/Bit Helps the Planet!

Click 1 Click 2 Click 3 Click 4

Every Click (25 ¢) and Bit (compact fluorescent light bulbs) helps save the planet. [Learn More]
John Muir and Jacques Cousteau thank you for your contributions!

"People think, 'Oh, Teddy Roosevelt established Yosemite National Park, what a great president.' BS. It was John Muir who invited Roosevelt out and then convinced him to ditch his security and go camping. It was Muir, an activist, a single person." Patagonia founder Yvon Chouinard

☆☆☆☆☆
SC/CS Highly Recommended
for our planet's environmental health

Soliciting "challenge" contributions by a major contributors, who are willing to "match" the contributions may increase gifting. How about an **International Disappearing Wonders™ Day Telethon?** It is certainly worth considering - annually!

The brand impact internationally of **Disappearing Wonders™** for marketing relationships with photographers, artists (sculptures, glass, etc.), classy product manufacturers (T-shirts, memorabilia, glass windows, etc.) would be that much stronger of a global force if it represented the Disappearing Wonders of John Muir and Jacques Cousteau! This could be an international symbol of the importance of the need to eliminate global warming, for sound environmental policies, and the elimination of saccage that wrecks havoc on the Wonders of our Wilderness and Undersea Worlds.

Although there are the issues of how to split funds raised and responsibilities from such a combined effort, this obviously not simple issue, should pale in comparison to the possible good that may come from an internationally successful major brand campaign such as this. This issue would need to be addressed and agreed upon; say combined activities, responsibilities and funds would be split, solo offerings and sales (art, rankings, DVDs, etc.) would be kept.

Public policy advocacy efforts could be even more successful with the two super environmental organizations working together to advocate sound environmental, public and business policies to insure the future of the Wonders of the World! Combining the efforts of these organizations could have a much more powerful impact on public awareness, and hence, public policy.

Plus, from what I know about the science of both the above and below water environmental preservation and restoration efforts, it appears obvious to me that these two efforts are highly symbiotic. That is, both are highly dependent on each other. Global warming threatens the wilderness and oceans. The shore lines are not only important to the Sierra Club, but also, they are the primary source of food for the oceans. Nuclear waste contamination jeopardizes ecosystems around the planet above ground, and downstream in the oceans.

This potentially powerhouse of environmental organizations could put together a network of businesses, individuals, government agencies, academic researchers and educators, all devoted to the very real threat that global warming, pollution, and scagge represents to our planet.

Every Little Click/Bit Helps!

Small contributions, both financial and in kind, by millions and potentially billions of people around the world can make a massive difference to our planet's ecosystem. The "Every Little Click/Bit Helps," marketing campaign is targeted at facilitating those tiny contributions and the awareness of billions of people. Network linkages with Google/Paypal (a benefactor) and as many other internet vendors to have a simple "click to save the planet" option to contribute 25¢ to $1 could raise millions and raise the awareness of people globally. The click "Learn More" could give people 10 easy steps to help conserve energy and preserve the ecosystems. This idea is being done at grocery stores now, where people are asked if they would like to contribute a $1 to some cause. Small amounts 25¢ to $1 are easy for people to contribute. Just as small ideas are easy to implement. The key here is to be the first one to ask Google/Paypal, and others to have this option on their site (first mover advantages).

SC/CS Ratings for Products, Services and Companies

Enlightened capitalism is highly dependent on people having the knowledge of which companies, products and services are produced and provided in an environmentally safe manner, by companies that treat their employees and the society well. Plus, there is simply no better way to motivate businesses than by hitting them in their pocketbooks! Environmentally sound companies by rewarding them, unsound practice companies, by decreasing their profits. The idea here is to have a rating system that rates companies, products and services on a scale: superior [SC/CS highly recommended], above standard [SC/CS recommended], standard [neutral], below standard [not recommended], and poor [SC/CS black listed]. Both the Sierra Club (SC) and the Cousteau Society (CS) could have rankings on their web pages, by industry, service and product categories. People could make their voices heard by buying from only environmentally sound companies. Linkages with companies to provide the information to make these rankings, and to compile consumer ratings could be made. Awards could be given to exemplary companies.

The Gates Foundation: Amazing Giving, Genius & Focus

It just brings tears to my eyes when I read the amazing gifts that Bill and Melinda Gates and Warren Buffet have given to such incredible causes. It is like reading about John Muir and Jacques Cousteau's work, and other amazing people (Al Gore, et.) that have contributed so much to the world. This is what has driven me to change my career direction to strategic and financial planning for nonprofits. The work that these people are doing is nothing short of amazing giving. Plus, the two founders are in my view the two top corporate and investment strategists, respectively, alive today, what an amazing combination of genius and giving! I only pray that I can have a meaningful impact in my own small way, given my skills, knowledge and abilities.

If you haven't visited their web page, you should. What I will try to do here is highlight some of the most important strategic planning components related to networks that I could discern from their web page.

Whereas, The Sierra Club and The Cousteau Society are primarily membership funded organizations, with a focus of environmental preservation and restoration, The Gates Foundation (the Foundation) is funded by Bill and Melinda Gates and Warren Buffet, with a focus on the needs of disadvantaged people globally.

Their approach is to focus on problems that affect most people and are neglected. Their guiding principle is that "all lives have equal value," and that "all people deserve the chance to have healthy, productive lives." There are three focus areas: Global Health, Global Development, and creating opportunities for all in the United States. Their priorities are to reduce extreme poverty, improve health, and improve high school education in the U.S..

Their approach is to: 1) define the problem and opportunity; 2) develop the strategy and agree on the budget; 3) make grants consistent with the strategy; 4) measure results and learn; and 5) adjust strategy.

The contribution by Warren Buffett, a pledge of 10 million shares, valued at more than $31 billion at the time, results in a near doubling of their annual granting capabilities. The focus of the foundation's strategy as a result of Mr. Buffett's gift, is to significantly increase the depth of gifting with the objective of having a much bigger impact by focusing gifting of the contributions from Mr. Buffett over a limited period of time.

The Foundation is focused at grant making, and only

Bill and Melinda Gates and Warren Buffet

Source of information and picture, gatesfoundation.org

contributes to organizations, not individuals on most levels (except educational grants). They aggressively evaluate a problem, and their ability to have a significant impact on a targeted human problem (early learning problems) through funding many partners that are working on solutions to these problems. They consult with leading experts in the field working on the area (early learning) including academics, policy and financial analysts, early learning centers, nonprofits, parents and others. They review research findings and determine what has worked and failed. They then determine their strategy, including a budget, targeted results, and a way of measuring these results. Grants are made consistent with this strategy.

Their first question is – who are the right partners, advisors and organizations to work with? Program Presidents are allowed to make grants, although larger grants are taken to Patty Stonesifer, CEO, and the largest grant proposals are submitted to Bill and Melinda Gates. Large intermediary partners get most of the Foundation's grantmaking, they then provide it to those doing the work in the field. This network strategy leverages their funds to expand the capabilities of those doing the work in the field. In essence, they are targeting their funds to those that appear to be having the greatest impact on solving targeted problems.

Examples of partnerships include: New York City, where they work with the Department of Education, civic leaders and over 20 intermediary organizations and developers of schools to reform high schools in the city. With Merck & Co. and the Government of Botswana, they were able to slow the transmission of AIDS, and increase the number of people receiving treatment from around 3,000 at the end of 2002 to nearly 80,000 today.

They seek to measure their results and learn, adjusting their strategies accordingly. They share their evaluation forms online (a must read). A read of their web page will give you a good education on network strategies!

The Greatest Transitions in Economic History Create Enormous Need for Living Giving Networks™ and are the basis of My Suggestions for Investment Policy and Strategies

The Greatest Transitions (TGT) in Economic History, I have posited, are from:

1) rapid demographically driven growth (economic, earnings, dividend yield, housing and real estate demand growth) globally: to demographically destined slowing growth;

2) from historically low valuations not that many years ago, to historically high valuations today: now it is likely that these high valuations are likely to decline to valuations that can be supported, given slowing growth; and,

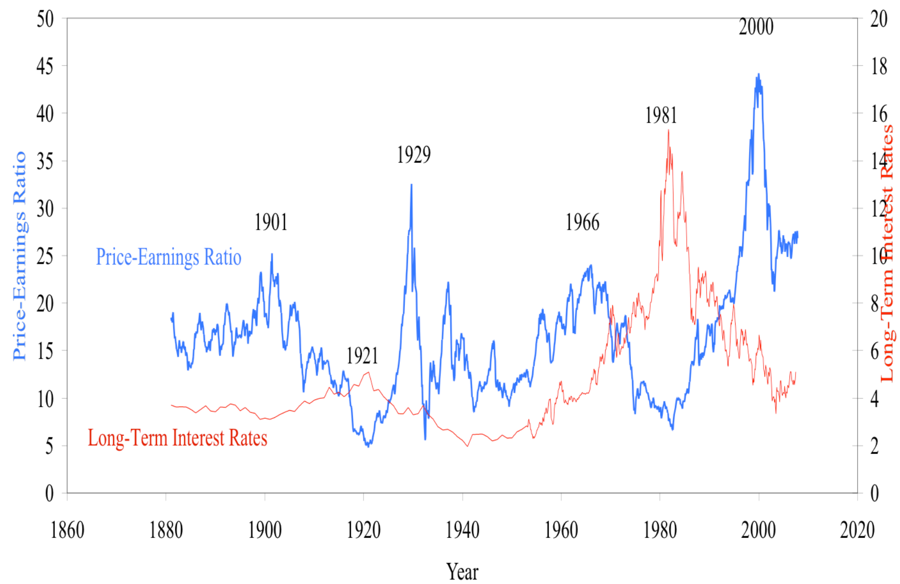
3) from rapidly rising investment demand over the last twenty years: to very likely decreasing investment demand, either now, due to very high valuations, or at least by the retirement of the baby boom generation in mass.[1]

The *global aging studies* document the anticipated massive increase in government deficits, due to the rapid rise in the number of retirees, as the baby boom generation retires in mass, and the declining numbers of workers to retirees.[2] The present value of the shortfall in funding for Social Security and Medicare is estimated to be $37 trillion over the next 75 years (Heritage Foundation, May 1, 2006).

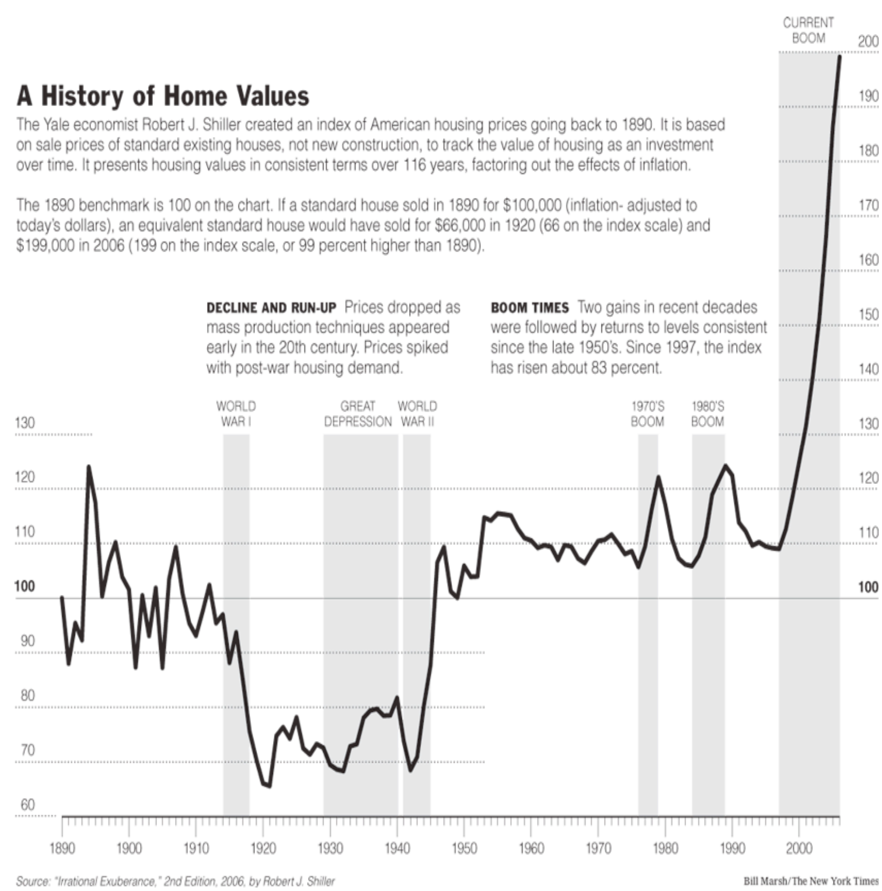
TGT are likely, I argue, to make the deficits and social program cutbacks much greater, increasing the need for Living Giving Networks (LGNs) that can provide high value to society, as many government programs that have traditionally provided these services and support are likely to be reduced, privatized or even eliminated. Regardless of your political views on the merits of these likely public policy changes, the need for high value Living Giving Networks is likely to become even more enormous than today.

1. See www.slowinggrowth.com for my newsletters on The Slowing Growth Future, which I now refer to as TGT.

2. *"Meeting the Challenge of Global Aging: A Report to World Leaders from the CSIS Commission on Global Aging,"* March 2002.



Item 5: Normalized Price Earnings Ratio and Long-term Interest Rates (Shiller, 11/2007)



Item 6: Real home prices 1890-2006 (Shiller, 2006)

"2030 – A Different Odyssey Let your mind wander to the future.. to the year 2030..open your eyes..what do you see? You see a country with twice as many retirees but only 18 percent more workers to support them. You see a country with large numbers of impoverished elderly citizens languishing in understaffed, overcrowded substandard nursing homes. You see a government in desperate trouble. It's raising taxes sky high, drastically cutting retirement and health benefits, slashing defense, education, and other critical spending, and borrowing far beyond its capacity to repay. It's also printing tons of money to "meet" its bills. You see major tax evasion, high and rising rates of inflation, a growing underground economy, a rapidly depreciating currency, and more people exiting than entering the country. They're leaving because they're sure things will get much worse… In short, you see America plunging headlong toward third world status.. You see political instability..record-high interest rates. You see financial markets in ruin." The Coming Generational Storm, 2004, p. xi, Laurence J. Kotlikoff and Scott Burns

To summarize the primary market risks I see, growth is forecasted (Harvard, 2007, OECD, 1998) to slow from 3.4% in the U.S. (The Economist, 2007) from 1994-2004, down to 1.6% soon, or by 53%. Historically, from 1926-2000, stocks have provided 9.11% average annual return from stocks providing a 4.28% dividend yield, and 4.83% return from stocks following total earnings growth (Ibbotson and Chen, 2003, AIMR), not including the growth in the price to earnings multiple (P/E). To do this, stocks typically ranged from a P/E of 7 on the low side, with a dividend yield near 6% (1980, item 5), to a P/E of around 16 and a dividend yield of around 3%, when the market was richly valued, as it was at the end of the sixties.

Currently, the trailing P/E is 17.3 (CBSMarketwatch.com 12/3/07) and the dividend yield is 1.82%. Shiller calculates that the *normalized* P/E, adjusted for inflation and interest rates, to be 26.8 (item 5, 11/5/07). Although the dividend payout ratio is currently historically low at 30.8% (6/2007, Shiller), this could change if earnings drop. After-tax profits as a share of GDP were at 8.7% first quarter 2007 (1Q07, item 7), due to high monopoly profits by oil, commodity and defense companies, and then high trailing profits by home builders, mortgage companies, and financial institutions. These profits have turned to losses for many of the building and mortgage related industries, and are likely to decline for oil, commodity and defense companies. Plus, the growth slow down, due to demographic trends, forecasted by Harvard and the OECD is likely to result in profits dropping to the historical trend of 5-6.5%, during the rapid growth past from 1970-2000, or lower. This does not factor in the possibility of a collapse in the stock market, housing, commercial real estate, and emerging market stock and debt bubbles.

If this is the case, and earnings drop from 8.7% of GDP (item 7), by 50% to 4.35%, then the dividend payout ratio, instead of being 30.8%, based on trailing earnings, would be 61.6%, the high end of the 40-60% normal payout ratio from 1935-1995 (Ibbotson and Chen, 2003).

If you only receive a 1.82% return from dividends, which may decline, and if earnings growth drops by 53%, like economic growth from 4.83% to 2.27%, then your expected return on stocks is only 4.09% (1.82% yield + 2.27% EPSG).

The international growth slowdown in the next three to ten years due to demographic trends projected by the OECD and Harvard studies are even more pronounced. Real growth is expected to drop to around .5% in the European Union and Japan by the OECD and by similar amounts in international markets by Harvard (see slide 9 of my power point presentation for a summary table of these forecasts). The current P/E on the MSCI EAFE (Europe, Australia and Far East) index (10/31/2007, Ishares.com) is 18.43, with a dividend yield of 3.23%, similar to the U.S. valuations.

So the math is clear, the likelihood of realizing a reasonable risk adjusted return, given very high valuations and assuming slowing economic, earnings, dividend yield growth, and currently low dividend yields, are very low. Given the growth slowdowns forecasted by the OECD and Harvard, valuations should be roughly 50% to 70% lower than they are today, and the dividend yields should be double (MSCI) to triple (US), for the markets to be at fair value. Valuations should be even lower, assuming a Japan type drop in growth, due to a collapse in the global asset bubbles. Based on efficient market theory, markets should be incorporating these unavoidable growth slowdowns into current valuations. In my view, people are speculating that the asset bubbles will continue, due to global liquidity (rising investment demand); the industry and political interests wanting the markets to rise higher; and, due to the naive view by the populous that markets rising are good and that valuations can continue to rise as they have in the past. People are not, in my view, investing in low to fairly valued assets that are likely to provide a reasonable return based on fundamentals.

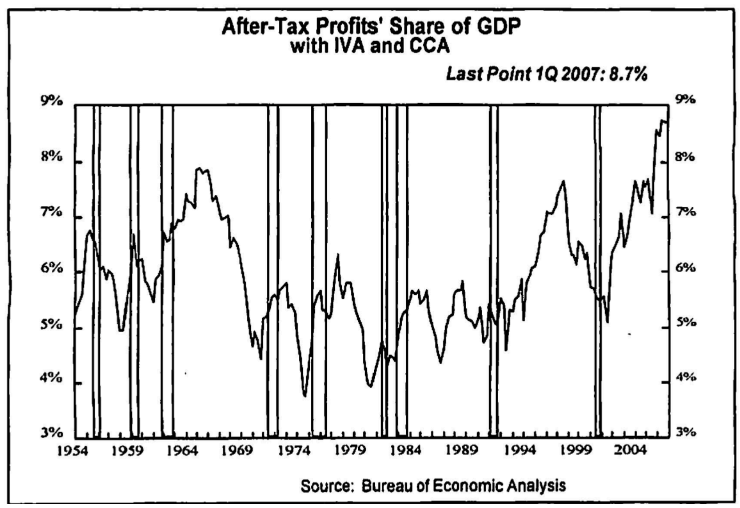
When my friend Greta Marshall, first woman money manager of CALPERS, and I were discussing the need for the market to drop too much lower valuations in 1994 when the Fed was increasing interest rates to slow the economy, I had just read the book *Active Asset Allocation* (Good, Hermansen, and Meyer [past manager of Harvard Management Company]). The book paradigm showed when to overweight and under weight stocks. Based on the P/E, stocks were not under valued until the P/E was 8, and were very expensive at 20, for the norm of 14. The logic of this paradigm is seen in the historical P/E up to this time (item 5). Greta noted that fair value should be lower than these historical norms, assuming slowing growth. She, in my view, was correct! The market is dangerously wrong!

What about real estate? The basic math for real estate is that you should be able to get 1% per month of the price of your rental real estate in rent, for 12% per year. Total cost of renting is assumed to average 5% per year for taxes, insurance, maintenance, management, and a vacancy assumption. This results in a net rental yield of 7%. Price growth has historically only kept pace with inflation (item 6), to provide around a 3% return, for a total expected return of 9-10%. The gross rental yield (not excluding expenses) is around 4-6% in most major markets (Leamer, 2005), and 1.5-3% in high priced resort markets, such as Lake Tahoe where I live. When you take out a 5% cost of renting, you net 0% to -3.5%. Price growth would have to be three to four times the historical inflation average of around 3% or 9-12% to provide the historical return of around 9-10% on most rental housing.

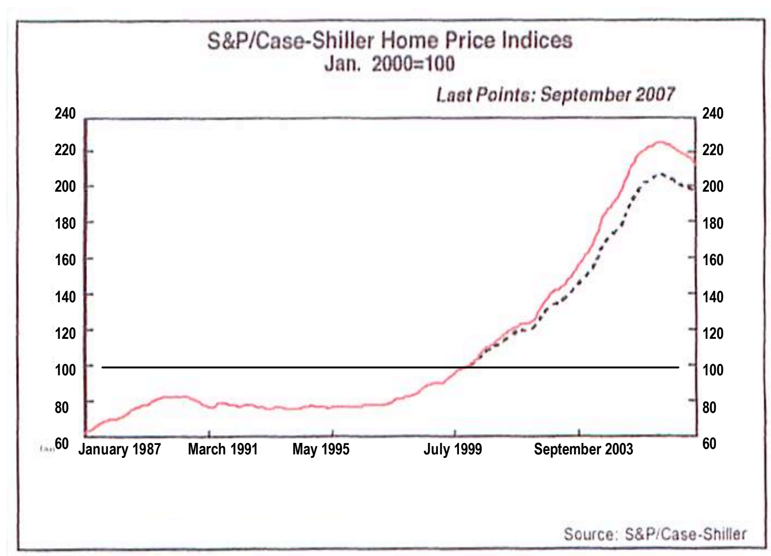
This is a similar story for commercial real estate prices as well. The largest Real Estate Investment Trust (REIT) sale in the summer of 2007, Equity Office Properties, by Sam Zeller was at a cap rate (expected return including income and capital appreciation) of less than 5%, according to CNBC. When asked by Maria from CNBC why he sold, Sam stated that they are always analyzing their properties, and when someone offers well in excess of what they value the property at they sell. She stated that someone then purchased it for even more. He noted that it did not make any difference. The MIT Commercial Real Estate Index is up over 100% since 2004 (http://web.mit.edu/cre/research/credl/rca.html).

What about emerging markets stocks and debt? The MSCI Brazil Index is up from $5.77 (9/23/02 Yahooo Finance.com) and closed at $79.88 on 12/4/07. That is a gain of 1,284%. Brazil's economic growth for 1994-2004 was 2.4% per year, 3.2%-2005, 3.7%-2006, and 5.7% Y/Y3Q07 (OECD). The rally in the stock market is almost solely, in my view, a result of the commodity bubble, not underlying economic growth. There is a saying, "commodities take the stairs up and the elevator down!" I would sadly suggest that these are the likely prospects for most emerging stock markets as well.

What about China, the primary beneficiary of the surge in offshoring and offshore outsourcing of manufacturing? According to A. Gary Shilling's "Insights" newsletter (11/07) titled "The Chinese Middle Class: 110 Million Is Not Enough," out of 1.3 billion, he argues quite convincingly that China's growth is very export dependent, mostly on the U.S. and other developed market economies. Fully 51.4% of China's GDP growth from 2000-2006 is due to exports and only 31.1% is due to private consumption (consumer spending). "Our estimates are, however, that well over half of Asian exports end up in U.S. hands" (p.4). The conclusion in my view, as the U.S. goes, so goes the global economy. The current P/E ratio on the SSE Composite Index for China is 59.8 (12/3/2007), even given the high growth of China (9.1%, 1994-2004), this is an expensive valuation. Factoring in the dependence of China's growth on U.S. and developed market exports,



Item 7: After-Tax Profits' Share of GDP with IVA and CCA (Source: Shilling, Insights, June 07)



Item 8: Case Shiller Home Price Index 10 City Composite (red line) is down 6.0% from June 06 Peak, the 20 City Composite Index (dotted line) is down 5.3% from the July 06 Peak as of September 2007 (Source: Shilling, Insights, 12/07)

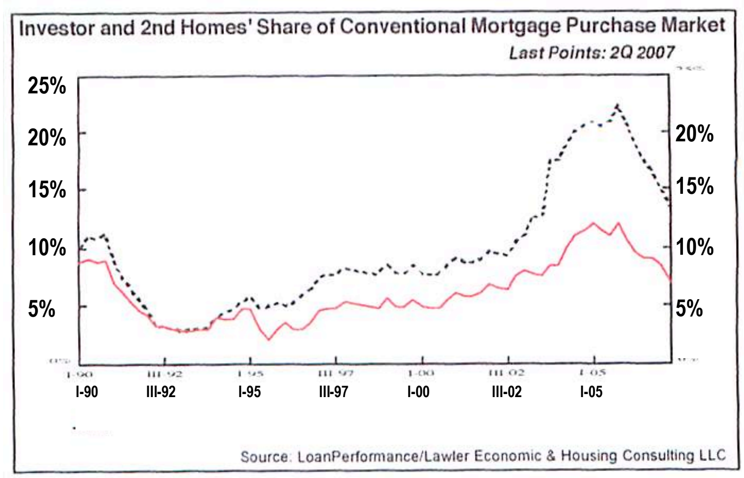
and the uncertainty of earnings numbers (remember the dot-com bubble) and that this is not a normalized P/E, it is based on high current trailing earnings, even this high growth emerging market may be very over valued.

What about bonds? For a quick lesson here, pick up Morningstar's top performing and their top pick international bond funds. You will notice that the trailing total returns have been around 15% over one and five years, seems enticing. Now, pick up the Morningstar reports (subscription required) and check the SEC Yield, the equivalent to the Yield to Maturity (YTM) for a bond. Two of the top rated funds SEC Yields are 3.24% and 2.82%. What that means is that these bonds' prices have been bid up to where there is a negative risk premium to the 30-year Treasury yield (4.35%, 12/4/07, yahoo.com) of -1.11% and -1.53%, and even to the 10-year Treasury at 3.89%, and a money market yield 4.72% (12/7/07, Fidelity Cash Reserves, Streetscape). A top rated emerging market bond fund's SEC Yield is 6.19%, and one of the top rated high yield U.S. bond funds SEC Yield is only 7.84%. Today I could buy a AAA insured taxable municipal bond with a YTM of 6%. The risk premiums for holding international bonds, emerging market bonds and high yield bonds are negative to very low.

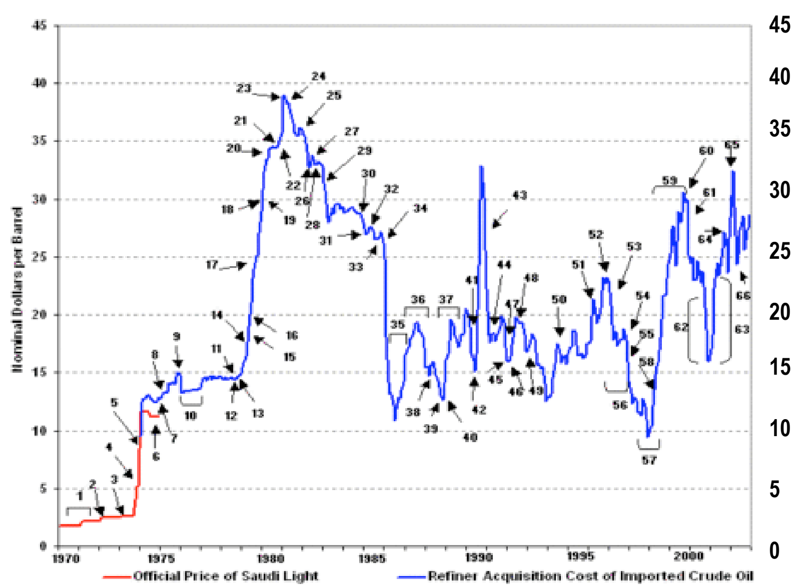
What about high quality bonds? Take a look at long-term interest rates (item 5). The average long-term Treasury yield from 1871.01 to 1966.01 was 3.57%, the current 10-year Treasury yield is 3.89%, which is down from 4.69% (10/12/07), and from 5.25% (6/12/07). It appears that the only assets that are priced anywhere close to historical norms or lower are high quality U.S. debt.

What about the sidebar piece by Kotlikoff and Burns above? I agree that the global markets are heading toward a major Global Great Recession. Three points I would differ on: first is that the collapse in the global asset bubbles, and in particular the global housing bubble (item 8) along with demographic trends are likely to make the situation that much worse than even they anticipate. Second, is that I believe, as do Shilling and others, that it will be a deflationary global recession, like Japan, versus inflationary, as they do. Third, I believe that the risks of a Global Great Recession are very high soon, due to the extreme over valuation of housing relative to incomes, which for the bottom 99% of income earners have not kept pace with inflation from 2000-2006 and are actually down from 1973 (Saze, 2006). Further, at the top of the housing bubble 2004-2006, 20%+ (item 8 & 9) of mortgages were taken by "investors and second home" buyers. Many of these mostly prime borrowers, I argue (The Bottom Line newsletter, TSGF), will have to sell over the next one to five years, facilitating the start of this global collapse.

Why deflation? During the seventies, the U.S. was a very closed economy, when oil prices rose from around $2 per barrel before the oil embargo in 1970, to nearly $40 at the high in 1980 (item 10), wages and prices of other goods and services could be raised. Now as oil prices increased from under $10 a barrel in 1998 to nearly $100 recently, incomes have declined for 99% of income earners from 2000-2005 (Saez, 2006), while core consumer and producer price inflation has remained low. The "cost-push" inflation of the seventies did not occur, in spite of the biggest global housing bubble ever that resulted in a major increase in spending by people borrowing against their homes and realizing gains in other asset bubbles, not income gains. This type of unprecedented "demand pull" that could have resulted in inflation, along with unprecedented "cost push" inflation pressures by skyrocketing oil and other commodity prices, still did not result in inflation. Why? There are not any pricing capabilities to raise product or service prices or wages. Pricing capabilities are likely to decline further with the aging of the baby boom, the



Item 9: Investor and 2nd Home Buyer Share of Mortgage Market [Dotted Line] Investor only [red line] (Source: Shilling, Insights, 12/07)



Item 10: Official Price of Saudi Light (red) and Refiner Cost of Imported Crude Oil (blue) 1970-2003 (source: Wikipedia)

collapse in the global asset bubbles, the ongoing offshoring of jobs, rapid technology obsolescence, etc.. Substantial excess global capacity and inventories (real estate, housing and product) in this collapsing demand future may emerge and may further decrease pricing capabilities.

Although other driving forces, notably rising debt and over expansion by businesses, homebuilders, China, India, etc. expecting historical growth, are important, in my view if stocks were cheap (1981), and so were housing and other assets, assuming slowing growth and ongoing declines in income, the amount of debt and over expansion would not be as big of issues and markets may not be facing the possibility of a major global recession now. Inflation may be a way to reduce the real prices of housing and real estate without a price collapse, if it were not for the amount of adjustable rate mortgages (ARMS). Rising interest rates may crush ARM borrowers, even more than they already have, magnifying the likely severity of the global recession and deflation. Further, rising interest rates would likely collapse the equity markets, as stocks would need to drop that much further for investors to expect reasonable risk adjusted returns, relative to rising interest rates on bonds, especially given slowing or collapsing growth. There are obviously significant political interests for a rally into the elections. Will this occur? I sadly expect an ongoing declines in home prices, spending and growth.

Bottom line, I would suggest considering conservative income assets as a major component of your network's investment portfolio (the high end of your acceptable weightings). Long-term non-callable Treasuries and AAA insured taxable municipal bonds (tax exempt accounts), if you believe that deflation is the risk. Zero coupon bonds for growth potential. When investing in callable bonds you may want to consider only maturities of 2020 or earlier, as this is when the bulk of the baby boom generation will be retiring and interest rates may rise. I believe interest rates will hit a low around 2017, like they were in Japan at the end of the nineties, and then may trend up to where Japan's interest rates are today from 2017-2030. Interest rates may stay lower, due to an anticipated flight of money out of most other assets that may still be over valued, relative to the very slow growth prospects in a possible Global Great Recession. Consider Treasury Inflation Protected Securities (TIPS) and/or laddered bonds if you believe inflation is the major market risk. One REIT I am aware of has a unique strategy of buying one-of-a-kind properties, where the gross rental yields are 11-14%, with 20% downside protection, based on these fundamentals, it is the only REIT that I currently suggest investors consider. You may want to consider hedging strategies (primarily market neutral) if you believe that stock prices will continue to rise, as they may provide some down side protection. I would consider keeping your equity weights at the low end of your acceptable weights and overweight value based international, non-Japan Asia, technology and medical technology, and other high growth emerging market economies stock allocations (China and India), for those who still see upside there, on a major drop in these stock prices. I would appreciate the opportunity to help you customize your investment policies, strategies and tactics to your foundation's / network's market views, objectives and risk tolerance.

Living Giving Networks™.com

JIM MOULTRUP, M.S., CFP
PRESIDENT
MOULTRUP STRATEGIC AND
FINANCIAL PLANNING
675 Sierra Rose Drive, #108
Reno, NV 89511

PHONE:
775.829.7777
800.348.1899 toll-free
530.314.1037 cell
775.829.0860 fax

E-MAIL:
jmoultrup@wsfg.com

Working to provide high value creation strategic and financial planning services to Living Giving Networks and individuals entering The Greatest Transitions in Economic History.

We're on the Web!
See us at:
LivingGivingNetworks.com

About Our Network........

My goal is to help Living Giving Networks to develop high value creating networks, strategies and tactics, along with assisting them with implementation. I also would like to assist these exceptional networks with investment management and financial planning during The Greatest Transitions in Economic History. I hope to do the same for individuals, providing sound investment strategies and financial planning advice.

Based on Maslow's Hierarchy, I seek to achieve the level of transcendence where I am helping others to self-actualize. This may be by helping others' to use clean energy and preserve the Disappearing Wonders of the World with the Sierra Club and Cousteau Society; assisting with global health, global development or education in the US with Gates Foundation, or the numerous other worthy efforts of Living Giving Networks. At the same time, I hope to provide for my basic needs. Within this basic framework, I am willing to do everything I can for LGNs that have limited resources, providing all of my services for a nominal fee. I would even enjoy staying at people's homes to reduce costs for those getting started on a shoestring.

Public Speaking and Board Services: I would appreciate presenting Living Giving Networks.com strategies to your network and board as a complimentary service.

Living Giving Network Workshops: I offer brainstorming workshops based on this work customized to your network's needs and time frame. These are high value creation workshops! I have refined the framework that I used as a Partner with Management Perspectives Group, where we used the founder, Craig Hickman's, national best-selling book, *Creating Excellence,* as the foundation for the workshops. The cost of a two-day workshop, with two days of follow up and preparation each, and an opening dinner speech, is only $6,000, plus expenses. **The High Value Impact Workshop** includes 15 days annually of pre and post workshop services, the brainstorming workshop, model preparation for the web page, milestone and stakeholder reviews, and plans refinement, cost is $15,000 plus expenses.

Consulting Services: I provide consulting on strategic and financial planning, with the goal of targeting your network's unique needs.

Investment Advisory Services for your network or foundation's assets. Trading costs plus .50% for $10M in assets, dropping .02% at each additional $5M in assets, to a minimum of .10% for $110M plus in assets. **The first five networks that transfer $10M in assets plus in 2008** will receive a lower fee schedule: trading costs plus .40% for $10M in assets, dropping .02% at each additional $5M in assets, to a minimum of .08% for $90M plus in assets. **With $10M plus in assets receive the High Value Impact Workshop at 1/3 off, $10,000 per year.**

Individual Financial Planning Services are available for you personally, so give me a call to discuss your own financial planning needs.