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# From Crisis to Opportunity

*Maximising impact in challenging times:*

- *The issues*
- *The opportunities*
- *The strategies*

*Supported by:*

Department of Internal Affairs  
*Te Tari Taiwhenua*

Office for the Community &  
Voluntary Sector

*Tari mā te Rāngai ā-Hapori, ā-Tūao*

Philanthropy New Zealand  
*Tōpūtanga Tuku Aroha o Aotearoa*

***“A crisis is a terrible thing to waste”***

(Rockefeller Foundation)

***What can we do to provide the most effective support to the community and voluntary sector at this time?***

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## Today

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- ❖ Scanning the international horizon – including an update from GEO
- ❖ How might new opportunities in the pipeline inform our own response?

Notice themes, surprises, similarities and differences

## Responses from around the world

❖ *“Nobody foresaw the magnitude of the economic crisis or the rapidity with which it occurred.... When the economy is this weak, there is huge need for philanthropic resources. There also is enormous opportunity to make progress... This is an amazing opportunity for Americans. We can't afford to squander it, because it's a once-in-a-generation opportunity”.*

❖ *Judith Rodin Head of Rockefeller Foundation - pub. Stanford Innovation Review, Summer 2009*

# Australia

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## Recent forum

*“What Does the Global Financial Crisis Mean for Philanthropy?”*

## The recent past:

- ❖ Prosperous times saw a proliferation of charities – many will be in financial stress
- ❖ Became complacent – good times, big grants

# Australia (cont'd)

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## Approaches to be considered:

- ❖ Need to think long term
- ❖ Closer monitoring of projects, evaluation and due diligence is called for, before and during funding
- ❖ Make greater use of in-kind support
- ❖ Keep in touch with organisations – ask charities to let us know early if struggling – provide pro bono assistance
- ❖ Potential for like-minded organisations to co-invest, collaborate, etc

# Europe

## *King Baudouin Foundation – Brussels*

### **Situation**

- ❖ Some foundations have drastically cut down activities and slashed funding, others forced to close their doors
- ❖ Civil society partners being hard hit - plummeting private and corporate donations
- ❖ Governments - struggling to balance budgets as economies are swept up in recession

# Europe (contd)

## King Baudouin Foundation responses

- ❖ Take a countercyclical approach
- ❖ Be a 'force tranquille' in society – a ballast in the storm
- ❖ Maintain the same level of spending, until at least 2011
- ❖ Understand the work is not a luxury, only to be done when times are good
- ❖ Stay conscious of responsibilities to donors, beneficiaries and communities

# Canada

## Recent forums:

- ❖ *“Managing in Turbulent Times”*
- ❖ *“How to engage your board during an economic crisis”*

## Situation

- ❖ Most foundations suffered significant decreases in invested assets
- ❖ Capital preservation and asset allocation areas of focus
- ❖ Some foundations having frank discussions on ‘right size’ of their foundation
- ❖ Most maintaining granting levels for 2009  
- unsure yet about 2010

# Canada

## Approaches

- ❖ Be “**ruthlessly resourceful**”
  - use grantees as partners and colleague-problem solvers
- ❖ Look for ways **other than grants** to support communities
- ❖ Seek **collaborations** with other local funders
- ❖ Fund **administrative** costs
- ❖ Consult **with grantees** around forging collaborations and mergers

# USA

## *GEO Grantmakers for Effective Organisations*

### ❖ **Tagline:**

Smarter grantmaking. Stronger nonprofits. Better results.

### **2007/08 published research:**

“Which grantmaker practices make the biggest difference to nfp performance?”

Found grantmakers needed to do a better job supporting non-profit success

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# GEO

## Grantmakers for Effective Organisations

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### Recommended actions recapped

Listen to and learn from grantees

*“Don’t do anything about me, without me”*

- ❖ Build relationship independent of decisions around funding
  - get to know them and believe in their work
- ❖ Work in partnership with grantees and seek out their perspective
- ❖ Seek feedback about own performance

# GEO actions recapped (contd)

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- ❖ Provide grantees with the kind of support they need to be effective
  - General operating support
  - Multi-year funding
  - Leadership capacity
  - Networking – bringing nfps together
  - Organisational learning
  - Help grantees find other sources of revenue

# GEO (cont'd)

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2009 published:

*'Smarter Grantmaking in Challenging Times'*

Recession has not changed the answers to this question:

*“Which grantmaker practices make the biggest difference to nfp performance?”*

.....only heightened the urgency of the response.

# GEO (cont'd)

## Situation

- ❖ Grantmakers are discovering that NFPs are struggling with increasing demand and fewer resources and they are seeing NFPs react in different ways
  - ❖ head in the sand
  - ❖ basic retrenchment to survive
  - ❖ adaptive and creative – rethinking the way they go about their work
- ❖ Tension between addressing long term visions and meeting near term needs
- ❖ Having to revisit stop-gap decisions made last year to set strategies for next year and beyond

# GEO approaches

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**Hold steady** for the next two years or more

- ❖ Provide “steady as they go” leadership
- ❖ Maintain, even increase giving, particularly to those creative, adaptive organisations

*NFPs have no financial cushion*

# GEO approaches (cont'd)

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## Engage your stakeholders

- ❖ Talk to grantees
- ❖ Look for creative ways to collaborate with grantees, other grantmakers and government
- ❖ Convene and act as catalyst for collaborative breakthroughs
- ❖ Cultivate leaders and help them network to magnify individual impacts
- ❖ Recommit core support

# GEO approaches (cont'd)

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## Provide flexible funding

- ❖ Way granter deploys money can be make or break for grantee in such uncertain times
- ❖ Increase amount of general operating support
- ❖ Release restrictions on current grants
- ❖ Stop gap measures:
  - Cash flow loans
  - Access to credit

# GEO approaches (cont'd)

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## Find ways to **do more with less**

- ❖ Cut back on own administration expenses
- ❖ Low cost or not cost changes that will help grantees weather storm
- ❖ Streamline application and reporting requirements
- ❖ Consider “off cycle” recommendations

# GEO approaches (cont'd)

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## From crisis to opportunity

- ❖ Time to look beyond individual interests and resources of own organisations and ask....

*How can we solve problems in combination with others?*

# So thinking back to our question:

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*What can we do to provide the most effective support to the community and voluntary sector at this time?*

- ❖ What are we doing already?
- ❖ What might we be able to do?
- ❖ How might we go about it?

## Questions to help guide our own response

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### Balancing long term vision with near term need

- ❖ What is our philosophy about payout and perpetuity? Why?
- ❖ How might holding steady or increasing payout impact our mission?

## Engaging with grantees and other stakeholders

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- ❖ How are we engaging our grantees and other stakeholders and what are we hearing from them?
- ❖ What can we do to add value that goes beyond the value of the grants themselves?

## Providing flexible funding

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- ❖ What is our strategy for providing general operating support?
- ❖ What adjustments can we make to our grantmaking process that will provide grantees with the increased flexibility and timeliness they need?

## Collaborating

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- ❖ What opportunities exist for collaborating with other grantmakers, nonprofits or government agencies to gain greater traction on the issues we care about?
- ❖ What strategies can we develop to act on these opportunities?

## Understanding impact

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- ❖ What information do we need to know to strengthen our commitment to what's working best?
- ❖ What can be done to ensure the data we gather, and the way we gather it, is meaningful and doesn't add to the burden on grantees?

# Collaborating continuum



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