

NZ PHILANTHROPY CONFERENCE: *PASSION, PRAGMATISM, POSSIBILITIES*

18-19 MARCH 2009

WELLINGTON NZ

TITLE: *The Unique Value of Philanthropy – What is the Value Proposition for Philanthropy?*

DATE: Wednesday 18 March 2009

TIME: 2.00-3.30pm

Colleagues and friends, ladies and gentlemen.

May I firstly thank Philanthropy New Zealand for the opportunity to participate in this exciting and timely Conference.

It is a great pleasure for me to visit this beautiful city and, as the Chair of the Council of Australia's National Gallery to also have the opportunity to spend some time at *Te Papa*, one of the world's great museums. How appropriate it is that we should have begun our day reflecting on the words, 'where there is art, there is human dignity.' We are in a significant place of cultural memory and we are all lucky to be here.

I fully realise that I am continuing something of a family tradition by speaking here, following my Aunt, Marigold Southey, who came to speak during her term as Chairman of Philanthropy Australia.

I say this Conference is timely because all of us involved in philanthropy, along with everyone else, are wondering right now just how long and deep the global

downturn will be. For all of us here, we are already consumed with how it will impact this sector, the organisations that we support, the public policy environment and the ways in which our sector is viewed by government and regulators. If ever there were a time when we should be confidently asserting the unique and highly relevant role of philanthropy, even at a time of diminished financial capacity, it is now.

Over these two days we will be talking about this issue of the global downturn in the conference sessions like those this morning, and in our informal conversations. For that reason I don't want to dwell on that issue but I will make reference to it where appropriate.

In a speech by Bruce Bonyhady, the Chair of Philanthropy Australia to the *Philanthropy Australia Conference* in 2008, Bruce identified the “opportunities and factors which are unique to our sector and which will influence philanthropy as it continues to move forward.” Included in those influencing factors are philanthropy's passion and purpose.¹

As we work through how philanthropy should respond to the economic downturn here at this Conference, and when we all get back home, I would argue that we will draw our greatest strength from remaining focussed on what practising the passion and art of philanthropy really means, and publicly restating and shining a light on its core values. This will be just as essential as any business strategy.

With reference to some of Bruce's wise observations and some propositions of my own, I would like to throw some further pebbles in the pond. So I am happy to suggest that those underlying values, in no particular order, include:

1. That philanthropy can inspire others to generosity.

Bruce suggested that in these difficult economic times philanthropists should redouble their efforts to inspire others to give. Both at home in Australia, and internationally we have seen action taken to ensure that philanthropy will not be intimidated by the times but instead remains a beacon of hope and an example of pragmatism.

A matter of close interest for me in this regard was that the Myer Foundation and the Sidney Myer Fund together announced the *2009 Commemorative Grants Program*, marking the 75th anniversary of the Sidney Myer Fund and 50th anniversary of The Myer Foundation.

Substantial grants outside our regular grants program complemented by grants from Myer family members, will be made to almost 50 organisations around Australia, across the areas of environment, the arts, community, and health and medical research.²

Among the 2009 Commemorative Grants Program is a program to give 37 Australian non-profit organisations up to \$100,000, unsolicited, and with few constraints on how the grant is to be used.

The idea arose from the fact that we are celebrating working alongside community organisations. A number of those organisations have served their communities extremely well, and this grant allows us to recognise and acknowledge that service in a tangible way.

The actual act of philanthropy to these organisations might well be invisible. This isn't names-on-the-wall philanthropy. This is heartland philanthropy – helping small community organisations with their core mission.

We also hope this will inspire others to maintain if not increase their commitment. This is a role that cannot be performed by any government funding agency. It represents the unique capacity of the philanthropic sector to steer its own course and honour the achievement and fine work of outstanding community organisations without the usual requirements for precision in matching exacting program funding arrangements. Here a chance to back good people, good programs, good organisations: here is funding for you to keep doing what you are already doing well.

To my second point

2. Philanthropy contributes wisdom as well as intellect, experience as well as a desire to change, and core values are a tolerance for ambiguity, and generosity of spirit

My strong belief is that generosity is the underlying core value, and that generosity expressed through giving drives successful philanthropic engagement with people and communities.

When the times get tough philanthropy can and will draw deeply on its reserves of generosity. And we must make sure the generosity is balanced. Just as our social welfare organisations are facing difficulties so are education and arts organisations with cut backs in government grants and corporate sponsorships.

The arts are clearly an area where philanthropy's 'tolerance for ambiguity' can be sorely tested! Nevertheless the arts are part of our social fabric and when they lose their vibrancy and their ability to maintain creative continuity, that fabric frays and becomes threadbare, no longer able to support full and meaningful lives.

In some quarters generosity, wisdom and tolerance are regarded as the 'old' values of philanthropy and perhaps less business like, less driven by the need for change and quick results, and less effective than the so called 'new' philanthropy and its various adjectival props.

Of course society rightly demands that we manage philanthropy diligently and with due attention to accountability and transparency. But it's my view that any philanthropy done well, with or without adjectives, is always engaged and strategic and new, and whatever else if it is taken to mean that it is generously responsive to community needs, well targeted, effective and focused.

This is core business for sharply directed and well managed trusts, foundations and personal philanthropic initiatives that constitute modern mainstream philanthropy.

The best of them undertake careful research and are also repositories of wisdom and experience, especially where successive generations have held true to the founder's vision and interpreted it intelligently in the light of current conditions. These are attributes that are different to the value propositions that reside in government and businesses.

By exercising corporate memory every day, valuing wisdom and experience, and having the freedom to exercise *'a tolerance for ambiguity and generosity of*

spirit’ that Public Accounts Committees and shareholders would never tolerate, philanthropy often helps where others cannot or would not try.

In this regard I have long enjoyed the quote attributed to Warren Buffett that

‘Philanthropy is tougher than business, as in business you try to find the easiest solution. In philanthropy the issue has often already defeated money and brains’.³

At a meeting co-hosted by Philanthropy Australia and the Foundation for Rural and Regional Renewal in Melbourne in February to discuss how the philanthropic community could best respond to the Victorian bushfires and support affected communities ‘the general consensus...was that the time when philanthropy is most needed is more likely to be in the medium to long term recovery period, when the immediacy of the crisis has left the public consciousness and the initial rush to donate subsides.’⁴

I think this demonstrates another of philanthropy’s great attributes: to be able to step in and keep helping when the media focus has moved on to the next crisis. Philanthropy is not attention seeking, it is ‘need’ seeking.

One aspect of philanthropy's unique value proposition is its ability to go really hard at an evaluation process: there is less political blood to be spilt, and there is a lesser requirement for commercial intellectual property to be preserved for the exclusive use of a single entity. In other words, the outcomes are far more likely to be freely shared across the whole sector.

By way of example, the Sidney Myer Fund has invited the Australian Centre for Philanthropy and Nonprofit Studies at Queensland University of Technology to conduct research over a period of two years, examining the impact of the

Celebrating our Partners: Philanthropic Investment for Strong Community Organisations project and the capacity building grants made within it.

The aims of the research are to:

Assess the impacts of the project against its stated objectives, with a focus on both hard and soft outcomes for participating organizations and the community sector more widely;

Identify the processes by which positive impacts occur;

Benchmark the impacts of the project against other capacity building projects and activities, locally and internationally;

Identify implications arising from the initiative for future philanthropic investment; and

Provide opportunities for dissemination of findings through multiple channels of communication.

The evaluation will be based on a project logic model, which assesses the inputs, processes, outputs and outcomes of the project in light of its principal objectives and the objectives determined by the participating organisations. It will consider both the impacts of the program and the processes by which they are achieved.

The approach will be:

Flexible – to respond to the needs and objectives identified by participating organizations and The Myer Foundation

Developmental – to support organizational and sectoral capacity building through sharing information and building participating organisations’ own skills in evaluation

Light-footed – on the time and resources of participating organisations

Action-oriented – to ensure that evaluation findings are fed into the project at formative stages so that they may be acted on to improve project outcomes

Longitudinal – to track the evolution and interim impacts of capacity building priorities over an initial two year period.

The key deliverables of the evaluation will be:

1. A formative report on capacity building priorities and processes, to be available at the end of the first year and reported on at one of the project workshops.
2. A final report on the capacity building project which is evidence-based, methodologically transparent, and meaningful to The Myer Foundation and participating organizations
3. At least four case studies of capacity building initiatives and their outcomes
4. A set of recommendations about tactical approaches to philanthropic support for non-profit capacity building.⁵

The value of these evaluations is to be able to present clear and unambiguous research outcomes to other sector participants and to Government as a way of spreading knowledge and sparking informed advocacy. The philanthropic sector’s unique role in this is its complete independence and ability to work comfortably alongside all participants. It is our sector’s responsibility to

squeeze as much value out of our grants, and the value in doing so is that many larger programs may be influenced by what has been learned.

My third point

3. *Philanthropy is more than money. Its expression through volunteering, and the sector's voice and influence can expand its reach. In my view you cannot overestimate the value of non- grant making activities*

We have all seen the benefits that accrue from bringing parties together to discuss an issue. Key stakeholders brought together can often spark ideas and creative solutions before any cheque is written.

The participants are often encouraged if not cajoled into action and create new partnerships and alliances committed to problem solving. Often it is the respect and good will associated with the philanthropic foundation sponsoring and facilitating such encounters that is the essential element in their success. This is another of philanthropy's values that is not well understood and one that often goes unnoticed.

During this address I have tended to portray philanthropy as a 'quiet achiever' and there is no doubt this has been the traditional approach. However it seems that not everyone is content to work quietly, doing good behind the scenes.

There is a trend towards more overt advocacy which reflects the view attributed to Frederick Schwarz, Chairman of Atlantic Philanthropies, that "You can't be an apostle for anything if nobody knows who you are and what you're doing,"

The Atlantic Philanthropies, which for years operated behind unmarked doors in a Manhattan office building and made its gifts anonymously, recently published a report urging greater foundation support for advocacy, the word many foundations use to describe their public policy efforts. This fall, it hired a director of advocacy.⁶

And my final point:

4. That philanthropy is not about giving back.

I have gone out on limb in the past and declared, somewhat unfashionably, that in my opinion the notion of ‘giving back’ is **not** a core value of philanthropy.

The phrase ‘giving back’ conveys a message to others that an act of benefaction is a considered act of obligation. This is not the language of generosity; it is the language of solemn duty. It reinforces a view held by some that, in order to ‘give back’; something must have ‘been taken’ in the first place.

At best, ‘giving back’ reflects careless use of language. At worst, it establishes or reinforces in the minds of many a dubious motivation. My advice is to drop the phrase. There are plenty of others around with a dim view of private wealth in the first place, who will enthusiastically assert that philanthropy is just giving back.

Having said that, obligation is not a bad motivator and it certainly should not be overlooked. Doubtless, we feel some sense of responsibility for the schools and universities that we have attended and also to the hospitals and other institutions that have served us in some way throughout our lives.

My point is that obligation can only take you so far along the philanthropic journey and there comes a point where you may feel that you have given back, and in that context, further requests might generate resentment. It is at that point that you need to move from giving back to giving.

Conclusion

There is tendency when we see the words ‘value proposition’ to immediately think only in business terms, of bottom lines and measurable outputs.

For example, Melbourne’s Monash University School of Business and Economics marketing dictionary defines ‘Value Proposition’ as ‘a clear statement of who the target market for a particular product is, of what key benefits the product will deliver, and of the price that will be charged.’⁷

I think I have demonstrated today that this not the language of philanthropy. But I hope I have also demonstrated that philanthropy has its own unique value proposition’ one that is fundamentally underpinned by generosity.

Thank you very much.

Rupert Myer

18 March 2009

1 Bruce Bonyhady *Opening Plenary* Philanthropy Australia Conference 2008

2 http://www.myerfoundation.org.au/news/_news_single.asp?ID=144

3 Source unknown

4 <http://www.philanthropy.org.au/issues/victorianbushfires.html>

5 Draft proposal Australian Centre for Philanthropy and Nonprofit Studies at Queensland University of Technology

6 Stephanie Strom (2009) *Some Philanthropists Are No Longer Content to Work Quietly* New York Times November 7, 2008

7 <http://www.buseco.monash.edu.au/mkt/dictionary/vvv.html>