

## **Introduction**

Earlier this year I was honoured to receive a Stanford University Campaign for Social Innovation Fellowship, which assisted with the costs of attending the live in Stanford University Graduate School of Business, Executive Programme for Non-Profit Leaders.

The Programme ran for two weeks and was based at the Schwab Residential Centre and the Graduate School of Business at Stanford University. Stanford University is located in Palo Alto, about 50kms south of San Francisco.

There were 55 participants in the programme, with 20 of these participants being based outside of the United States. The non-US participants came from places as far flung as New Zealand, Australia, South Africa, Tanzania, Ethiopia, Pakistan, Singapore, the Vatican, Wales, England and Iceland.

Without exception I can advise that this is the best Programme of its sort that I have ever attended. The purpose of this report is to attempt to tease out some of the learning, and other thinking that the Programme generated. Some of the information presented here is a reflection of the programme's content, some are my own reflections on life, the Universe and everything. These views of course do not necessarily represent the views of Trust Waikato.

## **Being a Funder**

I believe that when you are a funder, or when you work for a funding organisation (particularly if it is a large funding organisation) you live in a very rarefied atmosphere. I know that we are all aware of the fact that we, as funders, are in a hugely advantaged position. I think that we all try to find ways to stay grounded. However, I would respectfully suggest that over time we can become distant from the groups that we have been set up to serve. This is not a problem that is particular to funding organisations. I have worked in local government and have been astounded by the rapidity in which people can distance themselves from the community and ratepayers. I have worked in a Polytechnic where for many staff it would have been better if the students just went away, so that they could get on with the important business of running the institution. There was a hilarious episode of Yes Minister, where a hospital received all sorts of awards for efficiency etc, the only problem was that it had no patients, they had found that patients tended to get in the way of excellent service delivery.

One of the differences between a funding organisation and the other examples given is that even when we do a really bad job, people are disinclined to tell us that this is the case. At the Hamilton City Council (HCC) if a team of six guys went out to fill a pot hole and they mucked around all day and somehow failed to fill the hole, then we would know about it. Ratepayers and other concerned citizens felt that they owned our work (and in some ways they did) and therefore felt that they could complain. Often the complaint went straight to the front page of the Waikato Times. The reality of this meant that in a local authority you were never allowed to allow your ego to grow too big. Someone, somewhere, would always be lurking to take you down a few pegs. This situation of course created other problems (there is a reason why local authorities tend to be such boring places) however we always knew where we stood.

I contend that it is very rare for a funder to receive accurate, critical, objective and informed feedback on its operations. It is rare because when we give people money they tend to like us. In

NZ we are trained into that dynamic from early childhood. Be nice to Grandma at Christmas and you might get a nice present. It is rare because, even when we don't give people money (i.e. we decline an application) the group involved is aware that they, and we, are in the game for the long term, and as such they don't want to burn their bridges. It is rare because most groups do not have the skills to genuinely assess whether we are making good decisions or not. For most groups the worth of a decision is correlated to the size of a donation. They do not have the ability to assess the opportunity costs and value trade offs that we have to make every day. To be absolutely honest I think that we ourselves are only just getting to the place where we can start to make such assessments.

Another difference between the HCC and a funder is that when the HCC does a job that is OK, or even good, people do not jump up and sing the organisation's praises. However, that happens to us all the time. In fact we expect it. We expect the sincere thank you letter. We expect the tear in an eye, and the waver in the voice as we are thanked. We expect the honourable mention in media releases, annual reports, public occasions etc. In fact if we do not receive our honourable mentions then sometimes we frown on the groups involved.

I think that this huge amount of positive feedback leads to a number of bad outcomes for us as funders and also for us as people. One of the first things that happens to us is that we become overconfident both about what we know and about our ability to support positive outcomes. There is unfortunately a very fine line between confidence and arrogance. We lose the ability to be self critical. If everyone is telling us that we are doing a good job, then we must be. If someone does brave our wrath with some critique we can become very defensive. We forget about the reality of the lives of the people that we fund. We can be off-hand and sometimes even cavalier about donations we make and the applications that we decline. We lose sight of the fact that the bottom line for most applications is some person's life. We make people jump through hoop after hoop after hoop.

The process of gaining confidence in this business is gradual, as to is the process of becoming overconfident. The insidiousness of such movements can be scary. Some of the things that I now absolutely take for granted in my role at Trust Waikato, such as the use of business class travel for international flights, would have and did cause me significant pause when I first started with the Trust just under ten years ago. I also think that in NZ it is very difficult to get into a situation which is outside of the dynamic of being a funder. We live in this world and because we live in it, it is sometimes hard to see it. I think it is analogous to a fish in the sea. The fish may not be aware of the water, because it is always there. As experienced funders we may not be aware of just how unusual, special, and fortunate our worlds are – because that is all we see.

This then was my first learning from Stanford. The first question everyone asked me was "what do you do", so I told them. The second question was "do you fund xyz" to which my response was, "No I am sorry, we do not fund outside NZ". I then stopped being treated like a funder and instead was treated like a normal person. I have to say I found this to be quite refreshing. However, the other funders present at the programme who did fund "xyz" were still kept up on their pedestals. This was genuinely a big "uh huh" moment for me. It made me realise just how insular my perspective on the world had become. I was so used to being treated like a funder that I had stopped recognising that I was.

The next learning was also related. Because I was no longer seen as a funder I was allowed to join discussions that groups of very intelligent people were having about their funders. When these other non-profit leaders talked amongst themselves and about their funders, it was clear to me, that they really, really, didn't like them. They saw their funders as being:

- Bureaucratic
- Precious
- Self serving
- Egotistical
- Fickle
- Lacking clarity/thought
- Divorced from the realities of their day to day lives
- Hypocritical
- Hypercritical
- Aloof, and the list could go on.

There were seven other funding organisations present at the Programme, and the opportunity was taken to have a panel discussion between the funders and the rest of the class. Now, I sat off a bit to the side of the funders' group, partly because I expected the rest of the classmates to rip into the funders. But they didn't, they were as nice as pie. The funders were only asked very nice simple questions. My view is that this softly softly approach was taken by the group because it is part of the culture to not criticise funders. It is part of the culture to not embarrass us, or to show up our inconsistencies and lack of clarity. Some of my US colleagues believe that this is somewhat unfair. They have noted that by this stage of the programme the funders had become friends with most of the group. They have also noted that they were looking for insights in terms of how funders thought about the world, not for an opportunity to vent their own spleens. Both of these factors may well be true, however I also believe that neither of them detract from my argument that funders are not given the opportunity to really hear what their applicants think of them.

One of the other things that struck me about this meeting was that the funders really struggled with quite simple questions (like, for example, what do you fund?), and even when they could answer the question they sometimes didn't know the reasons for the answer. One of the reasons that they struggled with the questions was because 6.5 of the seven funders were entirely donor advised. The fund administrators who were sitting in the room did not make donation decisions/recommendations. The donors who provided the money which they looked after seemed to have near complete control on where and when it was used.

I found this to be fascinating, and it is a useful insight to think about in the NZ context as many of us, and especially community foundations, have been advocating donor advised funds. We have just accepted that donor advised funds are good, because they increase the size of the total funding cake. More money means more community good. However, in the US this is not necessarily the case. Donor advised funds are starting to have a major impact. If a fund is totally controlled by the Donor then the opportunity for the fund administrator to add value is nil. One of the funders at Stanford limited their staff to checking the tax filings of a group prior to paying over funds at the Donor's behest. This is such a radical move away from any notion of strategic philanthropy that I am surprised it hasn't been addressed. That of course is only the first potential problem with donor advised funds. In my experience most of the funders in this room have some form of notion of social justice. We may have different ways of articulating the concept, however we are all committed to making our communities stronger/better places. Individual donors, may not have such a commitment (especially if they have felt compelled to give, which appears to be the situation in the United States, more so than here). We are all inclined to want to fund pet projects. Often our pet projects reflect things which have had some major impact in our own lives. I have a passion for reading projects, because for such a long time I was a poor reader, and then one day something clicked. However my passion for reading is balanced by my Trustees who work hard to keep my feet on the ground. Individual donors may not have such moderating influences. They

also may not have the skills, resources or inclination to undertake thorough research and analysis. This means that a substantial pool of resources can be directed into bad donation decision making.

The US experience is that such donors can also be incredibly ego driven, and that they donate with an eye to media coverage, rather than community benefit. A linked issue though is that when the media coverage dries up individual donors also tend to move on to fund the next opportunity. Similar trends have been experienced with corporate donors, who in effect wish to use the donation as part of their marketing programmes to give an appearance of social responsibility.

This in turn means that groups are perennially in a boom bust cycle. Boom when the funding comes in and the programmes are gearing up; bust when the programme loses media traction.

Often times the corporate donor would also end up contributing their product to the group (e.g. a software package) however they might well do this on the condition that the community group doesn't use competing packages. So in effect the donation can be a double edged sword.

There also appeared to be an antipathy from both donor advised and main stream funders to funding operating costs. A number of funders talked about accessing the Internal Revenue Service returns that non-profits are required to file in the States each year. These returns break out management, programme, and fundraising costs. If a groups proportion of management and fundraising costs were too high, then there applications would be declined. There seemed to be little consideration of the fact that if groups didn't have some operating money then their programmes would fall over. Such problems were exacerbated by large funders withdrawing programme funding which then just required administration and funding costs to be spread across a smaller base. The non-profit groups at Stanford were genuinely pleased to here that many NZ funders seemed to be happy to fund some level of overhead cost.

Some of the non-profit groups at Stanford also raised a concern about one particular funder that relies on payroll giving for the amounts it distributes. This particular funder in the last year has:

- a. made it a condition of their ongoing support that no group undertakes their own fundraising during the month each year when it publicly seeks funds.
- b. also made it a condition that the groups adopt the their branding strategy style book. Which in turn has forced many groups to have to spend funds on new printed stationery etc.

Now of course I can completely understand why the funder has adopted these two policies. If it has a clear run at raising funds in a particular area then its message will not be so prone to being lost in the clutter. If all of its beneficiaries adopt its style guides then this becomes an extension of the funders own marketing. The two strategies together should increase people's awareness of the funder, and hopefully also increase the funds that it has available for distribution. However, I am also pretty sure that the funder has not factored in the impact of these policies on the groups which it supports. Losing a month out of a groups funding calendar and forcing a stationery reprint both impose high costs on groups. Now, it may not be so bad if just one funder imposes these conditions, however imagine what would happen if a second or even a third funder went down the same line. This is not an unrealistic scenario, especially given the rise of non-endowed community foundations. Such polices can and will significantly hamper the very groups which the funders have been set up to support.

The important point that I want to make here, is not that these are bad decisions by the funder. They might be entirely appropriate decisions. However, the decisions have been made without significant regard to how they might impact on beneficiary groups. Now we have all been in the

situation where we have made decisions about our own policies and then have told groups about the changes. From my experience groups forebear such changes. They don't criticise them, as there is very little point in doing so. Even if we consult with them prior to the changes being made we need to be very aware that the feedback that we get may be less than entirely honest. We are often told what we want to hear, not what we need to hear.

Another issue in the States, although this could be an issue that is somewhat more limited to Palo Alto/Silicon Valley/Seattle area, is that a number of these new donors are the new tech boom billionaires. These folk (and I apologise for the stereotypes) tend to be quite young, tend to have been heavily involved in a very techno-centric world, have often not previously been involved in these different worlds and now feel a pressure to give something back. Because they have made a lot of money, and because often they are incredibly intelligent, they also assume that they know a lot about the community and voluntary sector. I have worked in this sector now all of my life, and I feel that I am only just starting to scratch the surface. However, when one of these baby billionaires arrives and decides that they are going to (for example) sort out poverty, they attract a huge amount of interest. Yet the bottom line of what they are doing may not be that effective, and it can also come at the cost of long standing, low profile very effective grass roots initiatives. I think this kind of situation places a burden on us as members of the established philanthropic community to get alongside our newer members and to see what we can learn from each other.

The issues of leadership, control and power were discussed at length during the two week Programme. The longitudinal studies undertaken by researchers like Dr. Jerry Porras (one of the lecturers on the programme) showed that the most effective and enduring organisations had leaders over time who were quiet, attentive, sensitive, caring, good listeners, humble, modest, shy and serious. These traits were quite different to the traits that people expected from great leaders (such as being bold, decisive, visionary, charismatic etc). I believe that this research has direct relevance to the philanthropic community. I think that this research has implications for:

- a. how we run our own organisations.
- b. the applications that we pay attention to.
- c. the leadership legacy that we communicate to the community.

In NZ, and maybe even more so in the States, there is a culture that rewards the big, bold, brash form of leadership. In the last US presidential election one of the criticisms of Kerry was that he couldn't give simple answers to questions. In comparison Bush was excellent at the 30 second sound bite. I think the challenge for us as funders is therefore the extent to which we can move to styles of leadership which both enhance the chances of our own organisations enduring, and more importantly enhance the sectors that we serve so that they can in turn have improved chances of long term success.

I know that some funders don't aspire to be leaders, or to take up a leadership mantle in their community. But even if you don't have that aspiration, the things that you do and don't fund send signals about what you do and don't think is important. That is leadership. The way in which you make your donation decisions, the way in which you communicate those decisions, the perceived fairness of your processes all send signals that tell the community something about your leadership style. If a high profile project gets treated differently and better than a low key project then that tells the community that the high profile project is favoured. The community then knows what it needs to do to attract a funders attention is to have more profile. However, what Porras's research shows is that to build a strong community we should be doing the exact opposite. Putting our emphasis on the low profile, grass roots, embedded, serious, careful and responsive programmes.

I am not talking here about groups which need to raise profile because this is part of their objects. A group working on diabetes awareness has to have a profile to get their message across. It is an important part of what they do. What I am talking about is the glitz and glamour end of the spectrum. Profile that is not about the cause, but which is instead about making the funder feel good about their support.

I know that I have been guilty of falling into this trap of being over enamoured with the “big bang” type of proposal. It is hard not to be. Often the people who are behind such projects are masters at making us feel good about ourselves. Masters at feeding our egos. Sometimes we are also guilty of wanting to be associated with the big, bold and brash, because being associated with such projects does give an appearance that we are doing something. However, I contend that we need to think such things through a lot more. Such involvements tell the community that we favour that big, bold and brash over the quiet, serious and humble. That is, we favour short term hoopla over long term effective survival.

It is clear from the evidence that if we want to create communities that are effective and endure, then we need to seriously reflect on the style of leadership that we reflect to those communities. So I ask the open ended question “what kind of leadership legacy are your current operations contributing to in your own communities?”

A related issue that was discussed at Stanford, was the use, misuse and abuse of power. Power is one of those words which is loaded with differing meanings. However, individually and when we meet to make donations we all have an immense amount of power. We have the power to say yes or no. We have the power to be off hand, officious and dictatorial. One of the things that I have done since I have been back from Stanford is to review the way that we process donations at Trust Waikato. Now we have a really good donation processing system that has worked very well for us over the years. However, for some groups the process may be needlessly long and we are now looking at ways to change that. At a staff level we think that we can improve our processing time for smaller applicants by some four to eight weeks, I have started talking to my Trustees about this idea, and the matter will be further considered by the Trust for potential implementation in 2006.

However power is also about how we are with groups. Do we give groups the opportunity to openly engage with us, where we can talk about their plans and aspirations and then maybe find a way to support the same. When we decide to support a group, do we give partial support, or do we fund the entire project. For my sins I have recently become the Treasurer of a small community organisation, and in that role (i.e. when I am on the other side of the funding table) I have made applications to a number of gaming trusts. There is one thing that I really like about the gaming trusts, that is, if you can persuade them as to the merits of your cause then they often fund the whole project. Now at Trust Waikato we hardly ever fund a whole project, and this had really made me think that maybe one of the things that we need to do is to get clearer about what we want to achieve and fund more whole projects. In some regards we have adopted a cost accountant mentality, divvying up the funds between the eligible groups. Whilst this process may be seen to be fair, this leaves groups continuously short funded and having to keep going cap in hand to alternative funders to fill in the gaps. There is of course a trade off here. If we fund more whole projects then there are less funds available for more general distribution. With limited funding if there is to be a winner, then there also has to be a loser. Such issues need to be addressed at a policy level by the Trust.

On the other hand there is one thing about the gaming trusts that I really dislike. And I need to be really, really clear here that I don't think this is the fault of the gaming trusts. The thing I dislike is that in effect you can now only apply to most gaming trusts for itemised, things which you can

receive quotes for, and for which you can guarantee that expenditure will occur within a few months. I have twisted myself in knots trying to fit our needs, at this small community organisation, into the rules that the gaming trusts are required to follow. So, as I do, I ask myself why these rules? The rules have been developed/imposed because of a concern from the regulators that some gaming trusts were being less than fair in their distributions. I have no doubt that in the past there may have been examples of questionable distributions. I also have no doubt that all of the larger gaming trusts are being run in a manner that is at least equal to the standards set in Philanthropy NZ's Code of Conduct. I believe the heavy handed regulation were a response to an issue that existed at a certain time, in a limited number of places, however the consequences of this are now placing an impossible administrative burden on the gaming trusts, and more importantly on the communities that they are supposed to serve. This is an example of an extremely negative use of power. In effect communities are being punished because of the past perceived indiscretions of a few funders. I think it is important for all of us to sit down from time to time and really think about why we do things the way we do. Are all the hoops that we make an applicant jump through really necessary, or are they there because we can impose them. I believe that there are different ways for us to be with applicants which can change the relationship from one what which is implicitly based on power to one where the funder and the applicant collaborate to achieve desired outcomes.

A substantial part of the programme at Stanford was related to the development of Mission, Vision, Values and Goals for organisations. We were taught how to assess an organisations competitive advantages through the use of a variety of tools (such as Porter's five forces model). We were also asked to apply these tools to our own organisations. I have to say that I was initially bemused that a competitive forces model was being applied to a sector which I believe is distinguished by the co-operative nature of its existence. However, putting this one caveat aside, the models did help to articulate the psychological, emotional and economic logic that drives success for an organisation. The articulation of these factors helped to identify:

- a. those things that we do which are mission critical, and as such have to be absolutely focused on.
- b. those things that we might have previously thought were important, but which in fact are not strategic, and
- c. those strategic factors that have changed over time that impact on the direction of the organisation.

The research evidence presented showed that the most successful and enduring organisations had Missions and Values that had remained remarkably constant over time. Some of the organisations that had been researched had been around for 140 years, so it was clear that the products and services had changed significantly over that time. Yet their Missions and Values had remained remarkably and essentially unchanged.

I found that Porter's model was very difficult to adapt to a philanthropic trust situation. This is because the model implies competition, however for most funders we are not in competition with each other. The only exceptions would be where two (or more) funders seek to publicly raise more funds and they compete with each other for access to donors/buyers etc.

However, the model reinforced for me that we as funders need to be really clear about our programme logic. Programme logic is the set of logical steps that link the day to day activities of a funder with its Mission and Values. Programme logic also shows the resources that are applied by the funder to ensure that it can obtain its Mission. For example, if our major aim is to make the community a better place, then you would expect to see a cascading series of subsidiary aims which set out how this will be achieved. Such an aim should drive, how the funder runs their own

operation, how they engage with applicants, the types of groups funded and the level of funding being provided.

I believe that many of us here today would have Mission statements and goals etc. However, the things that I have taken away from the work that I undertook at Stanford are that:

- a. Trust Waikato's current mission statement, whilst sound, is not inspiring. When I talked to people about what we do, they were amazed, but somehow this flair, innovation and responsiveness had been lost in the corporate/proper mission statement.
- b. Our goals were too internally focussed, and were largely process orientated. This has come about because we can measure our processes. It is a lot more difficult to measure the impact on the community.
- c. There has to be a link between the Mission and the Trust's donation policies. There is no point us saying, for example, that we want to give more resources to Maori, if our donation policies are written in such a manner so as to make that virtually impossible.

Stanford also strongly suggested that all organisations should have a BHAG (pronounced "bee hagg"). BHAG stands for Big Hairy Audacious Goal. A BHAG sets out what you would like to achieve in say a ten to fifteen year time frame. A BHAG by its very nature has to stretch an organisation, may not be currently obtainable, but within the timeframe can be envisioned. The directive to NASA to put a man on the moon was an example of a BHAG. A BHAG in many ways serves as a focal point for organisational initiatives. I shared an early draft of this paper with a person from the Stanford programme who works in the area of homelessness. She advised me to look up the Butler Family Fund in the United States which is by no means large, however has used its comparatively small size to leverage some significant changes. I think there statement of values convey both a sense of Mission and a BHAG, and I have set it out below as one example of how a funder can articulate how they plan to make the world a better place:

We do not accept that the wealthiest country in the world must continue to have a homeless population, let alone one that is seemingly intractable as ours. And we do not accept prison as a substitute for treating mental illness and drug addiction, nor should it be an alternative to housing.

The United States should not be a country where juveniles and innocent people are executed. Nor should this be a place where our criminal justice system is severely skewed against people of color. We believe in a government that supports the production of housing for all, that offers disadvantaged young people hope and possibility rather than a life-long relationship with the criminal justice system. Our vision is for a world where being poor does not mean having to choose between housing and food, and where everyone can have faith in our system of justice.

I have discussed a number of the ideas raised in this paper with government officials. One of the things that has been drawn to my attention to is the funding of innovation. My working definition of innovation has two main components: firstly, an innovative project should be something that is genuinely new (not just a re-branded version of an existing programme); secondly innovation projects should be seeking some form of societal change. A new youth group operating in a community may well be innovative. A proposal for sporting clubs to combine their operation may be innovative. Projects that Trust Waikato has helped to get up and running, like SportsForce, Arts Waikato and Social Services Waikato, were all initially innovative (although of course they are now all same old same old).

Innovation is supposed to be one of those areas that philanthropy does best. Because we don't often have the same degree of public accountability we can afford to invest in projects that may well fail, have unpopular results, be unpopular or require a long sustained investment to prove their worth. However, in reality most of us don't do that. In the case of Trust Waikato, I would guess that less than 5 percent of our total donation budget is spent on innovation, per se. In some regards this hasn't been a major problem in NZ as Her Majesty has stepped into the breach, and Governments over the years have tried out all manner of innovative activities. However, this situation is changing. Increasing sensitivities over high profile community organisations that have gone off the rails has meant that it has become increasingly hard for the Government to fund genuine innovation.

A related issue is that any Governmental funding now comes with a huge administrative burden. The contract reporting conditions for even quite small contracts are becoming onerous. In some ways we have a situation not dissimilar to that which I talked about earlier with gaming trusts. A problem with a small number of groups has led to a systemic response which in effect is throttling the lives out of both innovation and the groups that are attempting to be innovative.

As organisations involved in funding in NZ, one of the challenges for us therefore is how we respond to this situation. Can we increase the amount of funding that we spend on innovation? I think the simple answer is of course yes. However to do it properly we need to also spend more money on ourselves. We need to get better at clearly articulating what we are trying to achieve in the world, and we also need to invest a lot more time and money into our Trustees and staff to ensure that they have the skills to implement these changes. The various funding bodies, the Trustees and staff involved at those organisations have a moral imperative to be up to speed with the latest thinking and practices in funding. We can not properly respond to innovation, respond to change, listen, respond to and support emerging needs and hope to remain effective if we do not invest, significantly, in ourselves.

I think we also have to recognise that one of the key things in any philanthropic relationship is the issue of implicit trust between the donor and the donee. We donate this money to you on the basis that you will use it in a trust worthy way to the benefit of the community. If we truly believe in the notion of trust then we do not need heavy handed accountability procedures. Accountability procedures which are designed to deal with the lowest common denominator, signal to groups that they are neither trusted nor trust worthy. They tar and penalise the entire community sector because of the antics of a few.

In my time with Trust Waikato I know of eight situations where a person in a group has stolen money that we have donated to that group. We could adjust our procedures to maybe avoid these situations, however to do so we would be penalising the other 10,000 donations made over that same time. Any such new procedures would also be an intolerable burden on Trust Waikato and the groups involved. To be frank, these eight situations also do not matter to us. It is such a small percentage of the total amount gifted. It is a gift, so we had already given the money away. It wasn't us that had money stolen, it was the group. Finally, in every case we have found the most effective response is to help the group over the trauma, and to educate them about systems to mitigate such risks. However, such risks can't be totally removed. Even very large, very well run government departments experience such situations from time to time.

If we believe that we are collaborators in an effort to build a stronger community then the dynamics of the relationship change significantly. We as funders are as dependent on community organisations for high quality programmes, as they are dependent on us for money. If we do

become involved in genuinely innovative projects then we should see that as a collaboration. If we are working alongside the community to carry out those projects, then the need for onerous accountability reports fall away. As we will already know how the project is going. Spending time with groups is by far the best accountability measure that I have come across. If we want to sell the project to other parties, then we will commence an evaluation of the same, which will run from the time that project starts. As problems arise we can sit down with the group to work through them, as they are as much our problem as theirs. If people run out of steam we can jolly them along. If it is proven that the project is not as effective as we hoped, then we can also work with the group to change it. When really big problems arise we work together to solve them in a collaborative manner.

Such a collaborative approach would deal with many of the issues and concerns that have been raised in this paper. But we also need to be aware that to achieve such an approach will require more resources.

I am aware that any person reading this paper could well see it as being too critical of the philanthropic/funding sector in NZ. This paper is designed to be critical, because frankly if we can not criticise ourselves then no one else will. If we don't criticise ourselves then we minimise our opportunities for growth.

However, I also need to say that the final learning that I want to talk to you about from my experience at Stanford is that for our size, we are leading the world. We already have a culture in NZ where we encourage innovation and innovative solutions to problems. We do not have any of the huge foundations with multi-billion dollar asset bases. However, we also don't have a population of nearly 300 million people to worry about. Because of the creation of the Community Trusts, the Energy Trusts and the Gaming Trusts we have a significant amount of funds to supplement those funds from traditional philanthropic sources. We also now have a large number of people who are working in this growing funding field, who are each in their own way striving to improve their practice and the state of play.

We are immensely lucky to have Philanthropy NZ, and it is difficult to underestimate the role that PNZ plays in terms of developing our thinking and practice. When I cast my mind back ten years to my very first PNZ function, it was a very very different organisation and had a different culture to what it has today. This is highlighted to me by the numbers of us who are regularly turning to these educational sessions. There is still much more work to be done in this area, and that is of course one of the reasons that Trust Waikato continues to be such a major supporter of PNZ. If nothing else we need a safe forum where we can speak out honestly and openly about our practices, philosophies and how we can work to make a stronger community.

Our world is not perfect. However, the vast majority of us represent perpetual funds, which because of their very nature can take long term planning horizons. We may not be able to change the world today, but if you look far enough into the future we can. Similarly, change in our own organisations can sometimes seem to happen with glacial slowness. However, I can report that I came back from Stanford absolutely buzzing, about both the state of philanthropy in NZ today, and the potential for its future. I hope in my rather clumsy way to have also inspired you about at least a few of the issues that I have canvassed here.

Regards  
Ken Gordon  
Chief Executive

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