

A Generous Difference

— *some thoughts on philanthropy and social innovation*

by vivian Hutchinson

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1.

I am working with philanthropy because I want New Zealand to become a much more generous nation. This may not seem like a very pragmatic thing in these days when we are confronting an economic recession and perhaps the greatest global financial collapse since the Great Depression of the 1930s.

The media is surrounding us with messages of foreboding and warning. We are told that this is a time to look at cut-backs, to “stick to our knitting”, to go back to basics and learn how to make do with less. Our Minister of Finance is advising public services to plan for a time of “permanent restraint”, which he defines as “...providing more services with the same or fewer people, and the same or less funding”.

To say that this is a time when we should be *more* generous might seem counter-intuitive ... especially when a lot of the discussion at this conference is about how philanthropic income is significantly down, and trusts and foundations are concerned about how to operate their programmes in this new economic landscape.

But I am pleased to be able to join many of the speakers at this conference who are affirming that one of the main pathways out of this recession ... will be through our *generosity*.

The generosity I am talking about here certainly includes money, and we are all going to be faced with making some courageous decisions around our trust board tables in the coming months.

But it is also much more than this.

Generosity is not just about the *amount* ... it is also about the *attitude*.

This recession is not just giving us a changed financial reality. Recession is also an attitude. In a climate of fear and foreboding, our collective minds can go into survival mode. The world closes in. Our sense of the possibilities becomes dimmer. We can completely miss the opportunities that may be seen out of the corner of our eyes.

A generous attitude opens these senses. A generous attitude is *s p a c e* - making.

A generous attitude is *generative* ... because it creates the space for new possibilities to be explored, and gives us the elbow-room for new opportunities to be seized.

Those of us here who work in the community sector certainly need that elbow-room today. Even before this recession came along we knew that we had a whole range

of social, economic and environmental problems that have continued to be complex, stuck and resistant to change.

We could all make a list: We've got a widening gap between rich and poor in New Zealand, and if we take a look at the latest Salvation Army State-of-the-Nation report, we can see that many of our most important indicators of well-being are deteriorating.

Employees are working long hours at the expense of their families, and our young people are continuing to find it difficult to make the transition to adult life; We have a shameful record on family violence (particularly towards children); We're still struggling to fully include in our communities those people with impairments and disabilities and mental health challenges.

We can't build enough homes that are affordable to live in; Our prisons and justice system need a thorough re-think; We've got increasing problems with drugs and substance abuse, and problem gambling.

We have an appalling level of citizen participation in our democratic processes; And we have yet to take our fullest responsibilities as a country for our own polluting behaviour and a way of life that contributes to climate change.

... these are all problems that have been with us in our communities for some time, and they certainly need our action. But before that ... they need our generosity. These complex problems need the attention of generous minds.

This is one of the great promises and contributions of philanthropy.

Rupert Myer spoke here this morning about an approach to family philanthropy that was embodied in the work of the Myer Foundation in Australia. He cautioned us against talking about philanthropy as a way of "giving back"... because he believes that this is a limiting and paternalistic concept that underpins much of our society's view of charitable activities.

Yet it is important to remember that a less-well-recognised face of philanthropy is that it is also about *giving forward*. Philanthropy can open the spaces in which we can invite and invoke a different future for ourselves and our communities.

Philanthropy can serve innovations and help shape the seeds of actions that will lead to fundamental change. And it can foster and support that special type of leadership that knows how to take these seeds and bring them to life in our communities.

A guiding proverb for my own work in philanthropy comes from the great New Zealand song-writer Neil Finn, where he has written

*and praise will come to those whose kindness
leaves you without debt
and bends the shape of things
that haven't happened yet.*

The *kindness* that Finn speaks of here is the generous difference.

And I wouldn't under-estimate this difference.

It is usually one of the first links in the chain of events that leads to the practical solutions and the fundamental social changes that we are looking for.

2.

I'm here to introduce you to two groups that are operating in this philanthropic space, and trying to make a generous difference.

We have been describing these groups as *learning communities* ... which is not to say that they aren't *doing* anything. It is more of a recognition that we are not always pretending to know what we are doing.

Calling ourselves *learning communities* changes how we engage with our common goals. It constantly reminds us to look at our work through the lens of what we are discovering and learning.

These two groups are organised around questions: *How do you better support social innovation in New Zealand? How do you best support those leaders who make it happen?*

In the first learning community, I am part of a group of fifteen social entrepreneurs from around New Zealand who meet every six months to talk with one another about how to solve tough problems, and to critique and support one another's work.

These social entrepreneurs are working in a huge diversity of areas — addressing homelessness, prison reform, disability issues, creating mentoring programmes for young people, and establishing recycling schemes and eco-friendly neighbourhoods.

The New Zealand Social Entrepreneur Fellowship was brought together by the leading New Zealand business entrepreneur, Stephen Tindall, and has been funded primarily by the Tindall Foundation. The concept of the Fellowship has drawn heavily on similar projects being undertaken internationally by other philanthropic foundations. This initiative was also an outgrowth of a much earlier, informal, scheme where the Tindall Foundation supported the living expenses of variety of New Zealand's social entrepreneurs, enabling them to focus on creating their innovations for change.

The New Zealand Social Entrepreneur Fellowship is a peer learning community, and that's an important point for people who often find themselves as solitary leaders in their own fields. The members have committed to using their time in the Fellowship as an opportunity to develop their own skills of social enterprise, and to give each other support and feedback on the particular challenges they face as social innovators.

The Fellowship is a very diverse group ... and this diversity is one of the real assets of this project. One of the intentions here is to create a meeting place that would force everyone to think outside of "the silos" that most of our social services operate within.

The members of this Fellowship are not just good social service providers. They have been chosen because they are trying to create *fundamental change*. In whatever field they are working in, these social entrepreneurs want to permanently alter the perceptions, behaviours and structures that are creating the tough problems that they are trying to solve.

They are called social *entrepreneurs* because they are not just people with good ideas, or especially creative imaginations. They also have a track-record of making things happen. They can deliver on the details, create fresh processes, and forge new relationships that can turn a social innovation into reality.

Several of the members of the Social Entrepreneur Fellowship are at this conference, so they'll get the chance to speak for themselves ... and there will also be opportunities in the workshops for you to meet and talk with one another.

3.

The concept of the New Zealand Social Entrepreneur Fellowship was strongly influenced by the visit to New Zealand in 2005 by Pamela Hartigan, the Director of the Geneva-based Schwab Foundation for Social Entrepreneurship, which also runs an international Fellowship of social entrepreneurs.

Klaus Schwab is the founder of the annual World Economic Forum which has been held in Davos, Switzerland, for the past thirty years.

In 2001, he asked Pamela Hartigan to set up the Schwab Foundation in an effort to shine attention on the work and promise of social entrepreneurship — a concept that was fairly new to the government and business leaders that were gathering at his prestigious annual Forum.

The Schwab Foundation does not directly fund the social entrepreneurs in its Fellowship. But by bringing these practical social change agents to the Davos Forum every year, the Foundation helps add legitimacy to their activities, and gives them access to key business and government networks, and the important resources that come with these connections.

Hartigan and Schwab point out that while the role of the entrepreneur is well-understood in the business world, the same recognition of the catalytic role of the social entrepreneur seems to be lacking in the public and social services sector. In an article in the MIT journal *Innovations*, they wrote:

“ Most organisational structures and their corresponding managers and civil servants deal with what is. Innovators do exactly the opposite. They focus on creating things the world has never seen. They systematically disregard boundaries — whether of nation, academic discipline, or social status — to the predictable annoyance of those who consider it their responsibility to keep boundaries in place.

An irony results: While the world clamors for innovation, it tends to deprive innovators of the resources and recognition that would maximise their potential to transform societies for the better. The challenge of innovation in the 21st century is therefore about reshaping societies to be not only tolerant, but actually welcoming, of innovators ...” —Pamela Hartigan and Klaus Schwab (2006)

The strategy behind establishing Social Entrepreneur Fellowships is to give these innovators the important recognition and resources that they need. The Fellowships also create a “community of practice” in which the social entrepreneurs challenge and support one another as they test out innovations, perfect them, and then put them on a path towards dissemination.

4.

The second learning community I want to introduce you to is called the Social Innovation Investment Group. This includes a mixture of grant-makers and community leaders, several of whom are also with us here today.

This group is supporting and learning from the Social Entrepreneur Fellowship. And again, it is a group that is led by its questions: *How can we look anew at our grant-making processes? How can we be wiser and more effective in sustaining social innovation?*

The members of this group are motivated by the same creative switch that is driving the work of the social entrepreneurs: they want to see fundamental change.

They understand the difference between *organising* a problem and *healing* a problem ... a distinction that is going to become much more important as we make some of the harder choices during this economic recession.

It was interesting to hear this morning about how the Bill and Melinda Gates Foundation — the world's largest philanthropic institution — has stepped up to its own harder choices.

The *New Zealand Herald* reported in January that the Gates Foundation had lost 20 percent of the value of its assets in 2008 as a consequence of the financial crisis. Despite this, the Foundation has said that it will increase its giving from 5 percent to 7 percent of its assets. Gates was reported as saying that

“The wealthy have a responsibility to help those who aren't ... and this is especially true when constraints on others are so great. Otherwise, we will come out of the economic downturn in a world that is even more unequal, with greater inequities in health and education, and few opportunities for people to improve their lives.” — Bill Gates (2009)

This is great leadership, and hopefully will embolden many other trustees on philanthropic boards to re-evaluate just how much they are able to give at this time.

And the challenge here is to re-evaluate not just how much we are funding ... but also ask if the grant-making is helping to create fundamental systemic change.

A few years ago I read a story that Bill Gates told about his four-year old son Rory.

The Gates family were visiting a homeless shelter and were helping out at a work bench that was putting together small kits that were given out to homeless people. These kits had personal hygiene items in them — toothbrushes and toothpaste, and soap and stuff that was often not easy to get when you are living rough.

After a while of putting together these kits, Rory turned to his father and remarked: “This is really nice, Dad, but if these people are homeless, why don't we give them homes?”

Sometimes it takes a four-year old child to ask the obvious.

Bill Gates responded: “That's a good question. A home costs a little more, but basically you're right!”

I'm not suggesting that we should stop running shelters or handing out the hygiene kits. Of course we've got to keep doing these things.

But Bill Gates son is reminding us that solving the deeper problem of homelessness is our primary task here. This story is reminding us that we don't solve anything until we understand the important difference between *organising* a problem, and fundamentally *healing* it.

This understanding is at the heart of the work of social entrepreneurs, and of those philanthropic organisations that seek to support them.

5.

A simple definition of "innovation" is: *new ideas that work*.

Actually, the innovations may not actually be new — they may involve combinations of existing ideas that haven't been put together before.

Much of what we take for granted in everyday social services was once itself a social innovation.

It may be hard to imagine ... but just over a hundred years ago, the idea of a national health service was treated as absurd (... it still hasn't been achieved in the United States, and in many parts of Asia and Africa). Over a hundred years ago, disabled people were often kept hidden in households and institutions; New Zealand was the only country giving women the vote; and public libraries were thought to be simply the generous ideas of rich philanthropists like Andrew Carnegie.

The 20th century was full of social innovations which have included state and community housing programmes; free education and healthcare; superannuation for our elders; social security for single parents; and compensation for victims of accidents.

Today, in a time of economic crisis and collapse, it is worth remembering that recessions have often served as an important catalyst to social innovation. The Great Depression of the 1930s was one of the most fertile periods for social innovation — giving us much of the social welfare system we have today.

And New Zealand was always considered a leader in the can-do creativity that led to these innovations. We were once very proud to be known as "the social laboratory" of the world.

Our history tells us of the work of many local social entrepreneurs who created, implemented and spread the innovations which have become part of our everyday reality: We remember Sir Truby King, who set up the Plunket Society which has contributed so much to children's health in this country; Dr Edward Hume from Otago led many public health innovations; George Hogben and Clarence Beeby were instrumental in opening up educational opportunities for more New Zealanders; Bill Sutch took leadership on welfare and cultural initiatives; and Sir Apirana Ngata and Princess Te Puea led public health and economic development initiatives throughout Maoridom.

We live in a time of just as much social innovation today, and it is far easier for us to connect with and copy innovations that are happening around the world.

More recently, we have seen social innovations being established in the hospice movement, Playcentres, fair trade businesses, farmers markets, permaculture, eco-neighbourhoods, microcredit schemes, restorative justice, and civil unions.

Many of today's social innovations are being spurred on by new technologies, especially with the internet: the Wikipedia, the Open Source software movement and social networking sites like Facebook are key examples of this.

The internet is also fundamentally changing the way that social innovations are created and delivered. New web organising tools are spectacularly dropping the costs of community organising. And we are seeing a greater linking up and sharing of information between community and citizen groups around the world ... which, in turn, is leading to the rapid speed-testing and dissemination of *new ideas that work*.

6.

Despite this explosion of social innovation around the globe, it is perhaps surprising to realise how little is really known about the process of social innovation — compared to the vast amount of knowledge and research that is known about how innovation happens in business and in science.

Despite being a social entrepreneur, this had never really occurred to me ... until I went to Oxford University a few years ago and listened to a lecture by Geoff Mulgan from the Young Foundation.

Mulgan started the Demos Think Tank which has been a major intellectual influence on the Labour government in Britain. He was the head of Strategy and Policy in Prime Minister Tony Blair's office. And several years ago, Mulgan left government to head up and revitalize the Young Foundation, which he quickly made into the leading centre for social innovation in Europe.

(Geoff Mulgan will be visiting Wellington and Auckland in three week's time, in a short speaking tour being organised by the newly-established New Zealand Centre for Social Innovation).

After an extensive survey undertaken by the Young Foundation, Mulgan found that there were very few institutional structures devoted to understanding social innovation and fostering it. The survey found there were no systemic overviews of the field, no major datasets or long-term analyses, and few signs of interest from the big foundations or academic research funding bodies.

And alongside this, there were clearly some very strong *dis*-incentives in the public and community sectors for people getting on with social innovation.

Mulgan believes that social innovation is at about the same stage of development that innovation in science and technology was more than a century ago.

“ Although social innovation happens all around us, many promising ideas are stillborn, blocked by vested interests or otherwise marginalised. The competitive pressures that drive innovation in commercial markets are blunted or absent in the social field and the absence of institutions and funds devoted to social innovation means that too often it is a matter of luck what comes to fruition or

displace less effective alternatives. As a result, many social problems remain more acute than they need to be.” – Geoff Mulgan (2006)

Economists estimate that 50-80% of economic growth actually comes from innovation and new knowledge. When it came to be understood just how important this was to the economy, invention and innovation was taken out of obscure laboratories and garden sheds and was backed with large scale public funding, and the establishment of research and development departments in big companies and university departments.

Mulgan believes that the same will soon become true for social innovation. And there are already signs that social innovation is going to become a more important aspect of economic growth in the 21st Century ... with the key growth sectors being seen in health, education and the caring fields.

In these early days of development, the stories of social innovation are still pretty focused on the “hero tales” of energetic and creative individuals who have made fundamental social change happen. Mulgan believes this window of story-telling will start to get much wider.

While the leadership stories of individual social entrepreneurs are indeed important, the wider *context* of social innovation — and the stories that tell us of the importance of teams, networks and movements for change — will become much better recognised and understood.

Geoff Mulgan has called for a revolution in how social innovation is supported. And we can already start to see an emerging movement of groups and individuals who are working to create the spaces where new ideas can grow, where we can foster the practical skills of social enterprise, and where we can fund and link a whole mosaic of inspiring initiatives.

The Social Innovation Investment Group and the New Zealand Social Entrepreneur Fellowship are a part of this movement. And this is a movement that is not only taking shape in philanthropy ... you can see the same signs of emergence in academia, in government, in business and the union movement, and in the wider community sector.

7.

This year, Jenny Gill is stepping down as Chair of the Philanthropy New Zealand Board ... a role in which she has served for the last five years. Jenny has also been a key contributor to the establishment of the Social Innovation Investment Group, and was a significant influence on our early development.

Jenny is well known for her advocacy of philanthropy as the “venture capital for social change” ... and she’s had a long track-record of supporting a more venturesome approach to grant-making.

Her philanthropic mentor, the late Sir Roy McKenzie, was inspirational in his own approach to supporting social innovation. Sir Roy gave some of the first grants ever received by such groups as the womens refuge, the hospice movement, Kohanga Reo, social workers in schools, disabled sports and Outward Bound.

Jenny Gill has always reminded us that philanthropy needs to focus on the root causes of social issues rather than attempting to meet immediate needs as they arise:

“ The role of philanthropy, in my view, is not to fund social services but to provide the venture capital of social change in democratic societies ... thus building social capital in our communities. Trusts and Foundations can focus on and address the issues that the government and the private sector are either unwilling or unable to address. We can be leaders in our communities precisely because we are not elected officers or public servants. We can provide a place where members of the community can bring their dreams, without having to measure their outputs. We can help the community to find new solutions to social problems while taking care that we are not swept up in emotion and rhetoric.” – Jenny Gill (2006)

For me, it has been interesting to compare the flavour of this Philanthropy Conference with one I attended here in Wellington seven years ago (... at the time I was working with the Mayors Taskforce for Jobs and helping to establish the Employment Catalyst Fund).

It is obvious that Philanthropy New Zealand is an organisation that has grown and matured. Jenny’s advocacy for the venturesome role that philanthropy can make in social change is no longer a voice from the margins.

And it is especially heartening to hear the call for social innovation and social entrepreneurship being evident in so many of the presentations and workshops at this conference.

8.

One such call comes from Mark Cabaj ... one of our Canadian cousins who was a keynote speaker here this morning.

Mark is a Director of the Tamarack Institute, which is based near Toronto. Tamarack describes itself as a “Centre for Community Engagement”, and it runs courses on poverty reduction, community building, how to inspire collaboration, and how to generate and capture knowledge that is based on what works best in practice.

Currently, there are fifteen cities throughout Canada active in Tamarack's “Vibrant Communities” initiative, in which they are learning how to implement collaboration techniques and strategies to reduce poverty.

The Tamarack Institute was established with the support of the leading Canadian philanthropist Alan Broadbent (... who has also been one of the founders of the Social Innovation Investment Group here in New Zealand).

The Institute has also become the destination of pilgrimage for many New Zealand social entrepreneurs and community development workers over the last few years. Actually, Mark’s visit to this conference reminds us that this has been a two-way pilgrimage – an exchange that has been facilitated by the Tindall Foundation, Philanthropy New Zealand, and our local “Inspiring Communities” network.

Tamarack has given us many new ideas to think about, and it represents a significant re-visioning of community development principles for our time.

For many of us, the Canadians have helped us start to understand the difference between “simple”, “complicated” and “complex” problems. We’ve come to understand that if you are in the business of *fundamental systemic change*, then you are also in the business of learning how to deal with *complexity*.

And solving *complex* problems is not an easy thing to manage.

Complex problems involve building relationships, trust, vision and the engagement of communities ... all things that are messy and organic and usually out of your own direct control.

Tamarack’s courses have been a useful bridge in bringing the once-esoteric “complexity theories” that are found in the academic world of science and biology into the way we approach development work in our communities.

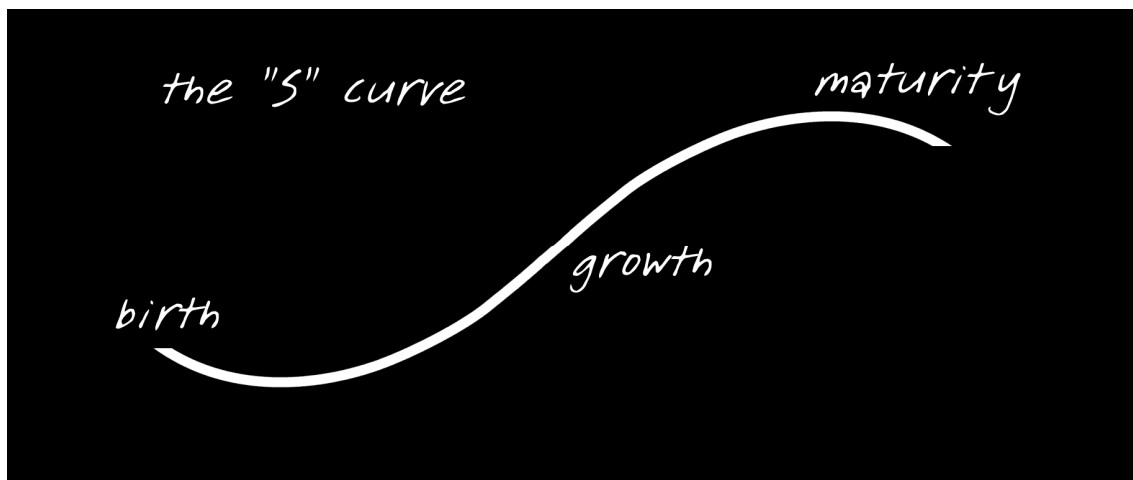
Complexity theories are providing us with a whole new set of metaphors with which to view our work. The old “machine” metaphors that came from physics are being replaced by “living systems” metaphors that come from biology. And they are proving to be a more useful way to look at our world because “living systems” are much more like the reality we see in our families and neighbourhoods.

Yes, they are complex and messy. But “living systems” are also hopeful ... because they are adaptive and self-organising and self-healing.

9.

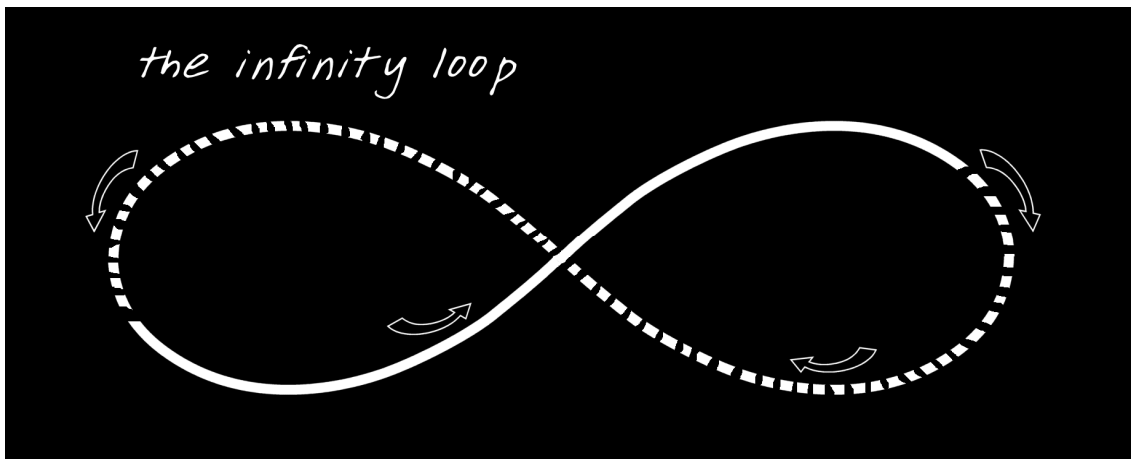
One teaching tool that the Canadians are very fond of, is the concept of the eco-cycle. This is a model of the natural life-cycle of ecosystems, which has also become a useful metaphor for looking at how systemic change happens on major social issues. It is perhaps also a useful way of looking at the dynamics of the current economic recession ... and the role that social innovators and entrepreneurs may play in forging a path towards recovery.

We are all used to seeing the model of the classic “S” growth curve taught in business schools. It describes the birth, growth and maturity of a business or enterprise:

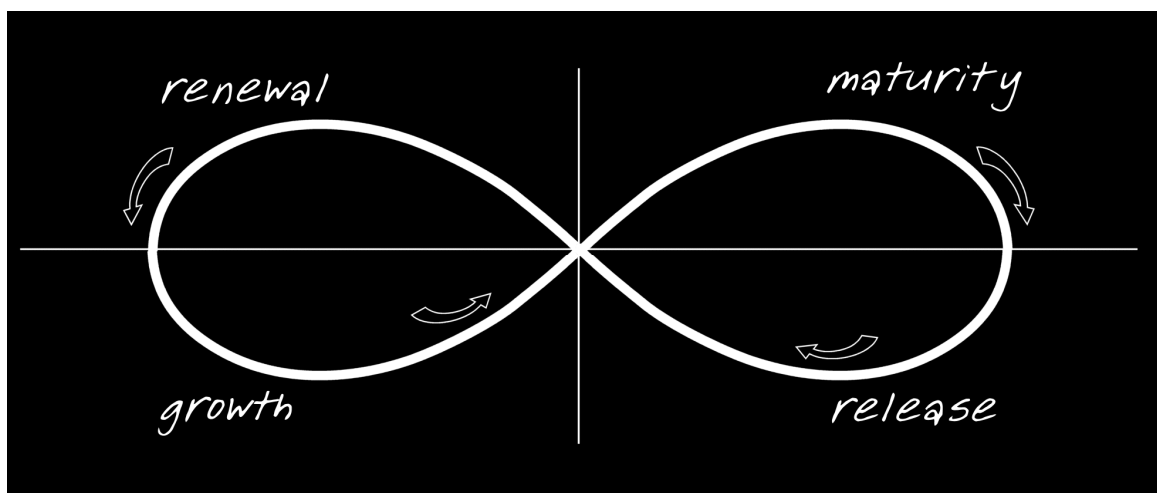


This standard “S” growth curve misses out important parts of the true life-cycle of living systems. It misses out the stages of both death and conception ... and in doing so, it avoids talking about the very natural stages of release and renewal.

Let's describe this "S" curve as the "forward loop" ... because there is also a "backward loop" – the one that we don't as usually talk about.



The eco-cycle is depicted as an infinity loop ... a figure "8" on its side. In the infinity loop there is no real beginning or end. The developmental stages are all connected to one another. The growth and maturity of the forward loop are balanced by the release and renewal of the backward loop that are important stages in living systems.



A simple example for this life-cycle can be found in a forest ecosystem:

Small seedlings start to grow in an open patch in a forest clearing. Over time, this open space becomes crowded as more and more mature trees reach for the sky. It might stay this way for a very long time. Until something comes along like a forest fire. It all looks pretty destructive ... but the system is still alive. The burning of trees releases important nutrients into the soil. The fire creates an open space which is rich with potential. Seeds awaken (some of which may have even needed a fire to spark themselves into life) ... and the whole cycle continues again.

When we look at the eco-cycle metaphor ... we can see that there is a similar life-cycle going on as we create human organisations and the institutions that seek to solve problems.

But while we talk a lot in our mainstream culture about the forward loop of the birth, development and maturity of our organisations ... we don't talk so easily about the backward loop of the destruction and release of organisational and cultural resources, and the renewal and conception of new possibilities.

When a significant social problem is stuck and resistant to change, then it is usually also on the brink of tipping into the backward loop of destruction. But this can be a “creative destruction”... *creative* because it is at this part of the cycle that the resources are unlocked for the next stage of creativity. These resources represent an as-yet untapped fertility. It is here that the seeds of “what’s next” start to unfold.

It is also in this backward loop of “creative destruction” that the social innovator and entrepreneur comes into their own. They are really good at spotting untapped resources ... and are often the first to notice and understand the opportunities that are being unleashed.

And they are just *driven* to get on with it — a drive that also leads them to finding 101 ways of making something happen on next-to-nothing.

The backward loop may be the scary part of the journey: it is about destructiveness and letting-go. But it is also the generative place ... it is the place where opportunities first start to poke through.

And it is in this part of the eco-cycle that generosity and philanthropy can have its longest-term effect. This is the best time to support those innovators and entrepreneurs who are working at their own brand of magic.

10.

This conference brings together a great variety of community trusts and foundations. According to the 2007 BERL report, total philanthropic giving was estimated at about \$1.27 billion, which might sound a lot ... yet is only about 0.8% percent of New Zealand’s GDP.

Amidst this, about 48% of the philanthropic resources of this country are channeled through our statutory trusts.

As our economic downturn deepens, with the New Zealand economy contracting and unemployment rising ... we are going to see much more pressure on these trusts to re-evaluate how they are helping those New Zealanders who are struggling on lower incomes.

We already know that a major area of concern during this downturn will be in housing. Every major survey done on poverty in the last thirty years has told us that the costs of housing make up the biggest component of pressure on vulnerable families.

I think there is a challenge here to all statutory trusts and foundations to look anew at what can be done to help families gain a level of stability in their homes.

This issue may be particularly relevant for those community trusts who were originally endowed from the sale of New Zealand banks. The genealogy of much of their trust funds can be traced back to the mortgages of a previous generation of New Zealanders ... a generation which understood that a pathway towards owning your home was also a pathway towards the health and stability of family and community life.

Perhaps this recession will be a time when every one of the statutory trusts in this country puts in place a strategy to help with *affordable housing*.

Brian Donnelly of the Housing Foundation (and a member of the Social Entrepreneur Fellowship), has been developing several important innovations which help address this issue of affordability.

One of these is the concept of “shared equity” in the ownership of houses. This involves a community trust taking a longer-term stake in the ownership of homes for low-income New Zealanders. This might be as much as a 20 percent stake which enables these families to finally step onto the ladder of home ownership, and to community stability.

These shared-ownership housing arrangements are being pioneered in the Housing Foundation’s developments in West Auckland. Here, the Foundation is filling a gap in the market for those people who are considered too well-off to qualify for state housing, but still can’t afford to raise either the deposit or the income required to buy a first home on the open market.

The Housing Foundation has also secured an agreement with the Auckland City Council to build 30 shared-ownership houses over the next three years. These will be for first home buyers who also work in Auckland City. And the Housing Foundation is keen to develop similar schemes throughout the country in co-operation with local trusts and foundations.

There is a challenge here for philanthropic institutions to look at putting some of their base capital into local social investments, such as these affordable housing schemes. As the investment banker Glen Saunders points out in another workshop being held at this conference, many foundations and trusts internationally have been using similar social loans and investments to extend their reach beyond grants and donations alone.

The ASB Community Trust and the Tindall Foundation have recently commissioned a report looking at how this may be taken up in New Zealand. This report, and the practical examples being explored by the Housing Foundation, may well spur trusts and foundations into thinking about investing their base capital in local social investments at a time when they are all experiencing falling returns from a speculative international marketplace.

11.

Innovation is not just something that is going to make a direct impact on our major social issues.

Innovation is coming to philanthropy itself ... and in the next few years we will start to see changes in the way generosity is organised in this country. And, like other areas of social innovation, many of these changes are being driven by new technologies.

I have recently joined the board of *Givealittle*, an online resource (at www.givealittle.co.nz) which has been established by the young social entrepreneur Nathalie Hofsteede. It is part of an international explosion of similar websites which are rushing to exploit the potential of the internet and social networking for fundraising.

Givealittle is backed by the same venture capital partners who funded the development of *Trade Me* ... the highly successful online auction website. The founders are hoping that this new service will have a similar impact on giving and generosity — as profound as the impact that *Trade Me* has had on classified advertising and auction sales.

Time will tell. *Trade Me* was based upon a trading culture that was already deeply woven into the New Zealand psyche ... and its online services were simply a much better way of facilitating that. *Givealittle* hopes to catalyse, as well as facilitate, a growing culture of generosity amongst New Zealanders.

The website seeks to motivate and inspire, as well as tap into, the thousands of New Zealanders who are able give a little more than they are doing right now. *Givealittle* hopes to prove that it will be a much better way of bringing these people together with the fascinating array of projects and activities that are looking for support.

In doing so, it will be by-passing much of the institutional trust and foundation superstructure that makes up a big part of the philanthropic world. And it will be able to make the connection between donor and project at a fraction of the cost of other fundraising services.

It was great to hear Prime Minister John Key mention *Givealittle* in his own comments to this conference this morning. He already sees it as a leading example of connecting people to causes, using the power of web technology. And he understands that it could represent a fundamental paradigm shift.

John Key talked about how the power of on-line giving is completely transforming the game of politics. Everyone is now looking at how Barack Obama successfully used internet fundraising to get the immense resources he needed to undertake his bid for the US Presidency.

The difference with Obama's fundraising is that he didn't just go for the big institutional donors who had traditionally supported the Democratic Party. The internet gave him easier access to the millions of contributors who, even at a time of economic recession, were able to give \$10-20 each to something that they were inspired about. And these small amounts added up to a major reservoir of campaign contributions ... a financial clout that made a key difference in the Obama campaign.

A website like *Givealittle* has the potential to practically tap into the "generosity of crowds". In doing so, it might be a way in which micro-philanthropy becomes much more deeply woven into the psyche of New Zealanders.

12.

The internet is also going to bring innovations to the application processes that are being used by the trusts and foundations.

One interesting example of this is the "collaborative competitions" being undertaken by Changemakers, which is a part of the Ashoka global network of social entrepreneurs and investors.

Essentially, Changemakers has created an online marketplace of ideas, (at changemakers.net) where people's applications for funding are completely "open sourced" for anyone else to view, and comment upon.

Changemakers runs a series of online competitions in which contestants offer their solutions to specific social problems. Recent topics have included how to reduce domestic violence, how to prepare for and respond to disasters, and how to use interactive computer and video games to improve health care.

Each contest lasts three and a half months from the time that Changemakers posts a problem statement on its website. The entries automatically show up online, triggering an ongoing conversation among fellow competitors and onlookers. Sometimes the contestants join together by combining their proposals. They are also allowed to revise their plans.

After three months, a group of judges — made up of corporate sponsors and Ashoka's pool of social entrepreneurs — whittle down the entries to twelve finalists, based on the innovation, social impact, and sustainability of the proposals.

And finally, the online audience votes for the top three.

This is a wholly different way of fostering social innovations, and connecting them with philanthropic support. That's because it is much more than this.

Yes, the corporate and philanthropic sponsors get access to new ideas, groups and projects. But the innovation here is that applicants also get access to each other.

Ashoka reports that one of the most important outcomes of its Changemakers project is the creation of an international community of social innovators all focusing on the same issues.

This is why these contests have come to be known as "collaborative competitions".

12.

Earlier this week we had a visit to Wellington of Martin Fisher, one of the world's most successful social entrepreneurs. He has also been a member of the Schwab Social Entrepreneur Fellowship that was set up by Pamela Hartigan.

Martin Fisher is the co-founder and CEO of KickStart International which develops and markets inexpensive tools which enable poor entrepreneurs to create a profitable business.

The African farmers who use KickStart's manual irrigation pumps, for example, can see an average ten-fold increase in their farm income. This propels these families out of poverty and into the African middle class.

It also breeds all sorts of social outcomes ... as these families go on to invest in better housing and in education for their children.

Martin Fisher was in New Zealand because of the support he has been receiving for his work from the Jasmine Trust, the charitable trust set up by Trade Me founder Sam Morgan. (Morgan likes to invest in practical initiatives overseas which contribute to the United Nations Millennium Development Goals.)

At his Wellington lecture, Martin Fisher spoke about the increasing hype that is surrounding concepts like “social entrepreneurship”.

He has been watching the growing interest in this field over the last ten years ... and he’s concerned.

He’s warning that social entrepreneurs — and philanthropy — need to raise their game on how they assess the impact of their work for social change.

Fisher argues that it is all too easy to support projects that sound the best, use the coolest new technologies, have the best Public Relations ... and leave everyone involved with a warm and fuzzy feeling. But real social change is not an easy thing ... and social entrepreneurs and philanthropists need to become much more rigorous about how they are achieving it.

Martin Fisher has just released a paper, “*Real Good, Not Feel Good*”, which he describes as his own brief guide to “high-impact” philanthropy. In the paper (and accompanying website), he lists four critical questions which a not-for-profit or social enterprise needs to answer if it has the potential to create real, large-scale and lasting change:

Does the project have measurable and proven impacts?

Are the impacts cost-effective?

Will the impacts be sustained?

Can the model be scaled and replicated?

These questions point to the golden goals of social entrepreneurship: *Impact*, *Cost-effectiveness*, *Sustainability* and *Replication*. And Fisher argues that these are the very same goals that should be pursued by philanthropists who are supporting social innovators.

13.

A theme of this conference is “pragmatism”. And one of the things we need to recognise here is that pragmatism is not something you can just dial up.

A social innovation *ripens* into its pragmatism.

It *ripens* over time, over relationships and conversations, over challenges, over trial and error ... and over patience and persistence.

One of the main challenges of philanthropy is whether it has the patience to hang in there long enough for an innovation to find its pragmatism and its sustainability.

We are all ripening here ...whether we are the innovators or entrepreneurs, or the philanthropists or funders or members of the communities we are trying to serve.

We are all growing into a shared literacy. It’s a literacy that more clearly names the goals that we are going for ... and robustly judges and evaluates the social innovations that we feel compelled to pursue.

It’s a literacy about how pragmatic social change really happens.

14.

So, this has been a short overview of the work of the Social Innovation Investment Group, the New Zealand Social Entrepreneur Fellowship ... and the movement that we are a part of, and seek to be of service to.

In summary, I've been talking here about some key strategies for philanthropy:

1. Firstly, let's *meet this recession with our generosity* ... which means being generous in our thought as well as our resources.

2. Let's contribute to the recovery by being *much more intentional about how we foster social innovation*.

3. Let's foster and support and connect that special variety of *leadership that makes innovations happen* — the social entrepreneurs who exist in every community.

4. Let's do whatever we can to give these people and their organisations enough time and space to *ripen into the pragmatism* that will make their social innovations a pathway to fundamental social change.

... if we get this right, then we just might contribute to that face of philanthropy that is summed up in the notion of *giving forward*.

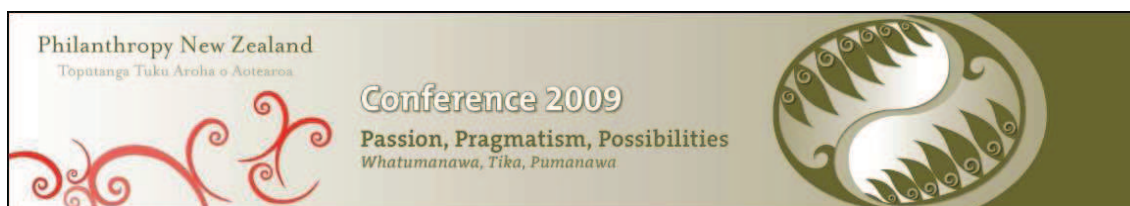
And we might also experience the privilege of bending “... *the shape of things that haven't happened yet*.”

A black rectangular box containing the name "Vivian Hutchinson" written in white, cursive handwriting.

vivian Hutchinson
March 2009

Notes and Links

- This paper is based on a workshop and other contributions given by vivian Hutchinson to the Philanthropy New Zealand Conference 2009, held at Te Papa, Wellington, New Zealand, on 18-19 March 2009. See <http://giving.org.nz/conference>



- This paper can be also downloaded in PDF format from www.scribd.com/people/view/102096-agathis
- vivian Hutchinson QSM is the Executive Officer of the Social Innovation Investment Group and the New Zealand Social Entrepreneur Fellowship. He hosts learning communities and retreats on the subject of social innovation and entrepreneurship, and he supports projects and activities that have the potential to make a fundamental difference to New Zealand's social challenges.

vivian has been one of the pioneers in community-based action for jobs in New Zealand, especially in establishing programmes for the support and education of unemployed people. He was a founder of the Taranaki Work Trust, the Skills of Enterprise Business Courses, the Jobs Research Trust, *The Jobs Letter*, and the New Zealand Mayors Taskforce for Jobs. As an adviser, vivian has helped with the establishment of enterprise and economic development units at a local authority level, and the creation of government employment agencies and programmes. vivian is also a co-founder of the Heart Politics Gatherings, the Stewardship Learning Community, and of ChangeMakers 5-10-5-10. He is a Board member of *Givealittle*. For more information see www.vivianhutchinson.org.nz.

- The New Zealand Social Entrepreneur Fellowship is a three year learning community. For more information see www.nzsef.org.nz. The first NZSEF Fellowship (2007-2009) has included:
 - *Brian Donnelly* from the NZ Housing Foundation is directly creating affordable housing developments for low-income families, and exploring new financial models for home ownership.
 - *Emeline Afeaki-Mafile'o* has created a Pacific style of mentoring programmes which are being run in many schools in South Auckland.
 - *Gael Surgenor* has led some major social marketing campaigns from within the Ministry of Social Development ... campaigns which are fostering better parenting skills (*SKIP*) and addressing family violence (*Are You OK?*)
 - *John Stansfield* recently headed up the Problem Gambling Foundation, where he led efforts to reframe problem gambling from an addictions issue to a social justice issue. He now leads the Waste Resources Trust on Waiheke Island.
 - *Kim Workman* used to lead the Prison Fellowship, and more recently has set up a national campaign to re-think our attitudes towards crime and punishment.
 - *Major Campbell Roberts* directs \$100 million worth of social service programmes which the Salvation Army runs in New Zealand, Fiji and Tonga. He is also a highly-respected international advocate on social justice issues.
 - *Malcolm Cameron* has created many innovative youth development and training programmes in Dunedin. He started 4Trades, which is a smarter way to run an apprenticeship system.
 - *Ngahau* and *Debbie Davis* have established a whole range of youth training and economic development initiatives in the Northland town of Moerewa.
 - *Nuku Rapana* runs community and economic development initiatives that serve the Pukapuka community in New Zealand. These people are descendants of families who once lived on a small Pacific atoll which is part of the northern Cook Islands.

— *Philip Patston* is a thought leader in the human rights of people who live with disability. He is also a comedian and provocateur who has a unique way of getting people to re-examine their responses to diversity.

— *Robin Allison* led the creation of the Earthsong Eco-Neighbourhood in West Auckland, where the houses have been designed for energy efficiency, and the community has been organised to practice ecological and social sustainability.

— *Stephanie McIntyre* runs the Downtown Community Mission in central Wellington where she has been trying to establish “wet house” accommodation for the city’s chronic relapsing alcoholics.

— *Viv Maidaborn*, from CCS Disability Action, has recently established Lifetime Design and the Lifemark, which is an initiative to improve the design of New Zealand homes so that they can work well for people of every age, stage and ability.

- thanks to the members of the *Social Innovation Investment Group* — Sukhi Turner, Rodger Smith, Simon Mortlock, George Salmond, Stephen Tindall, Alan Broadbent, Trevor Gray, Iain Hines, and Kate Frykberg. For more information see www.nzsef.org.nz/SIIG
- *Special thanks* to Robyn Scott, Executive Director of Philanthropy New Zealand
- *Finance Minister says restraint is permanent ...* see “*Tight times are here to stay, says English*” by Aubrey Young *New Zealand Herald* 23 February 2009
- *Salvation Army report ... “Into Troubled Waters — a State of the Nation report from the Salvation Army”* (February 2009) available from www.scribd.com/doc/13740801
- *Neil Finn quote ...* is from his song “*Faster Than Light*” from his solo debut album “*Try Whistling This*” (1998 EMI Records Ltd). It can be viewed at www.youtube.com/watch?v=j6pW4FXljHM.
- *Rupert Myer ...* speaking at a Plenary Session at the 2009 Philanthropy Conference, Te Papa, Wellington, on “*The Unique Value of Philanthropy — What is the Value Proposition for Philanthropy?*”
- *outgrowth of an earlier social entrepreneur scheme ...* see “*Hand in Hand with Inspirational New Zealanders*” — The Tindall Foundation Annual Report (Nov 2001) at www.scribd.com/doc/13590811
- *similar work of other international foundations* see The Schwab Foundation www.schwabfound.org, Ashoka www.ashoka.org, The Skoll Foundation www.skollfoundation.org, the Skoll World Forum www.skollworldforum.com, and Echoing Green www.echoinggreen.org
- *Pamela Hartigan ...* see “*Social Innovators with a Business Case: Facing 21st Century Challenges one Market at a Time*” by Pamela Hartigan and Klaus Schwab, *Innovations Journal*. MIT Press, Fall 2007
- “*The Power of Unreasonable People: How Entrepreneurs Create Markets that Change to World*” by Pamela Hartigan and John Elkington (pub 2008 Harvard Business Press) is available at the NZSEF bookstore on Amazon at <http://astore.amazon.com/nzsef-20/detail/1422104060>
- *Gates Foundation lost 20% of value of its assets ...* from “*Gates Plans to Give More*” (AP) in the *New Zealand Herald* 28 January 2009
- *Bill Gates story ...* comes from profile of Bill and Melinda Gates Foundation “*Reversal of Fortune.*” by Raekha Prasad in *The Guardian Weekly* 12 February 2004.
- *New Zealand social entrepreneurs ...* see “*New Zealand Social Entrepreneur Historical Checklist*” by Tony Simpson (2005) which can be downloaded from the New Zealand Social Entrepreneur Fellowship website at www.nzsef.org.nz/nothing-new
- *Oxford University ...* the Skoll World Forum on Social Entrepreneurship is held each year at the Said Business School at Oxford University, UK. vivian Hutchinson attended this Forum in March 2007. See his blog at <http://vivianoxford07.blogspot.com>
- *Jenny Gill ...* quote is from her speech to the Philanthropy New Zealand Funders Forum (May 2006)

- *The Young Foundation* website is at www.youngfoundation.org
- “*Social Innovation: What It Is, Why It Matters and How It can be Accelerated*” by Geoff Mulgan with Simon Tucker, Rushanara Ali and Ben Sanders (Skoll Centre Oxford Said Business School 2007) can be downloaded from www.youngfoundation.org.uk/publications/reports/all-reports
- *Geoff Mulgan “Innovating Through Recession” speaking tour of New Zealand in April 2009 ...* for more information contact Justine Munro at the New Zealand Centre for Social Innovation www.nzcsi.org
- *Inspiring Communities ...* this New Zealand network of community development initiatives has been established by Mary-Jane Rivers, and supported by the Tindall Foundation. For more information see www.inspiringcommunities.org.nz
- *Mark Cabaj and the Tamarack Institute for Community Engagement ...* for more information see <http://tamarackcommunity.ca>
- “*Tackling Complex Community Issues Tour — notes from New Zealand Trip 2007*” by Mark Cabaj contains many links of his source material on community-led development. Download from http://tamarackcommunity.ca/downloads/index/MC_New_Zealand.pdf
- *Complexity Theories ...* see interview with Brenda Zimmerman at the Tamarack Institute for Community Engagement <http://tamarackcommunity.ca/ssi8.html>.
- *The eco-cycle diagram ...* is derived from comparative studies into the dynamics of ecosystems. For more information see www.plexusinstitute.org/edgeware/archive/think/main_aides9.html
- “*Getting To Maybe*” by Frances Westley, Brenda Zimmerman and Michael Quinn Patton (pub 2006 Random House Canada) is available at the NZSEF bookstore on Amazon at <http://astore.amazon.com/nzsef-20/detail/067931444X>
- *BERL figures ...* for overall giving in New Zealand in 2006: personal giving 34.8%; business and corporate giving 7%; voluntary trusts and foundations 9.8%; Statutory trusts and foundations 48.5%. taken from “*Giving New Zealand — Philanthropic Funding 2006*” prepared by BERL: Business and Economic Research Limited (pub March 2007 Philanthropy New Zealand)
- *Housing Foundation projects in West Auckland ...* see “*Trust’s helping hand makes families at home*” by Simon Collins *New Zealand Herald* 19 February 2009
- *Givealittle ...* see website at www.givealittle.co.nz. See also “*Internet Charity: Profits go begging*” and “*Young, gifted and giving it her all*” by Tim Hunter in the *Sunday Star-Times* 26 October 2008
- *John Key comments at Philanthropy Conference ...* see “*Speech to Philanthropy New Zealand Conference*” by John Key 18 March 2009 available on YouTube at www.youtube.com/watch?v=tbDM3RrZJ-M
- *Ashoka Changemakers ...* see website at <http://changemakers.net>
- *collaborative competitions ...* see “*Competing for Change — How Changemakers collaborative competitions harness the wisdom of crowds*” by Leslie Berger, in the *Stanford Social Innovation Review* Winter 2008
- “*Real Good Not Feel Good — A Brief Guide to High Impact Philanthropy*” (March 2009) by Martin Fisher & Kevin Starr, can be viewed and downloaded from www.realgoodnotfeelgood.org
- “*Measuring the Maybe — some thoughts on evaluation and social innovation*” (November 2008) by Vivian Hutchinson, can be viewed and downloaded at www.scribd.com/doc/8511057
- *other speeches and papers by Vivian Hutchinson* relating to his work with philanthropy and social innovation, are available on the internet at www.scribd.com/people/view/102096-agathis