

'What community foundations should be thinking about in the current environment'

An article I read recently told a story about a small, local hospice that had gone out fundraising on a cold December morning, on the brink of the recession. The tin rattlers were expecting slim pickings. Instead they had their most successful collection ever.

Now I do not think that by any means this story shows the recession is easy for foundations or not for profit groups, but I do think it carries an important message, beyond creating a mere feel good factor among readers. It shows that, when it comes to local giving, and supporting local communities who need help, people care.

It is not news that recessions can drive and build community spirit - just look at the self help groups and soup kitchens set up to support miners during the strike in the 1980s. But when surrounded by damning tales of woe about the effect the recession is having on the charity sector, it can be hard to see the opportunities.

But they are there. Yes, the organisations you fund are going to have a tough time and have the prospect of public spending cuts while trying to meet rising demands for services. But on the positive side community philanthropy is more attractive than its ever been before.

People's perception of need has changed, as they become more aware and more sympathetic to what is happening on their doorstep. Of course this deprivation has always been there, but when it's a case of 'There but for the grace of God go I', the poor can suddenly seem a lot more deserving.

A report by the think tank Policy Exchange, from the end of last year predicted that many City donors will likely be favouring local and community organisations in their philanthropy during the current period of economic hardship. That is a promising sign.

You should not let yourself get dispirited over levels of giving. John Mohan from the University of Southampton and Karl Wilding from NCVO pointed out in a paper in April that there is much speculation about the effects of an economic downturn on charitable giving and the voluntary sector, but that the evidence cited is often thin and not backed up by actual analysis.

Evidence of wealthy giving is certainly mixed. On one hand the fundraising total of the Ark dinner, where hedge fund managers and celebrities come together to donate vast sums of cash, was 40% lower than last year, and just over half the amount raised in 2006. Furthermore I think charities would be unwise to ignore the recent survey by ACF, in which over half of foundations said they would have to consider cutting grants in the coming year. And while current givers may continue to donate there might not be a lot of 'new givers' coming onto the scene.

On the other hand the Ark dinner still raised £15.6 million, £5m above its £10 million target, despite more people wishing to distance themselves from the glitzy side of giving. A survey by the private bank Coutts & Co. showed that 90% of its clients plan to continue or increase their giving in 2009. And the Sunday Times Giving List, showed that the UK's top 100 philanthropists increased their collective giving by 8 percent from 2007 to 2008. Alastair McCall, the editor of the List, said that the rich were giving more despite falling wealth.



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Whether you are an optimist or a pessimist about the impact of the recession I think it is important that you don't see this new environment as necessarily bad. Instead, you should just see it as different. Yes, corporate giving will have dropped off a cliff at the moment but it will come back. Some may be tightening their belts and cutting back on giving but others may be feeling more inspired than ever to donate.

It is vital you do not talk yourself into a recession, but instead continue to highlight need in your local community and make the case for giving. Don't stop talking to people on the assumption that they've stopped giving. Many are still donating and those not doing so now will do so in the future. Remember that building your profile and relationships are as important now as before.

Now that I've set the landscape for my talk, let me introduce myself.

My name is Martin Brookes and I'm chief executive of New Philanthropy Capital, a charity that works with donors and funders to help them become more effective. I'm pleased to be here today to talk to you about the opportunities I think there are for community foundations, and to share some of what NPC has learnt advising funders of all shapes and sizes, as well as analysing charities, over the past seven years.

Compared with the US, the UK community foundation movement is quite young. Community foundations were only set up in the UK in the late 70s/early 80s and have been growing slowly since then. Today over 95% of the UK's population has access to a community foundation.

However the number of people who are aware of the work of community foundations lags this figure. Unlike in the US where awareness of community foundations is high, community foundations in the UK are still building their profile. They have to work hard to define and explain their role to donors.

Like many community foundations you might choose to do this by telling funders that you act like an intermediary, helping donors interested in tackling local needs to find excellent charities by drawing on your knowledge of a local community.

You probably also try to explain the broader scope of your work— to strengthen and build communities by giving grants and supporting grassroots organisations which might fall below the radar of other funders.

This work defining and explaining what you do, although important, is however, the relatively simple bit. Like all intermediaries you face a much bigger challenge.

And that is proving your worth.

Proving to donors that they can achieve more impact for a local community by giving through your organisation, than by simply finding and funding a charity on their own.

Demonstrating, clearly and compellingly, that you can add value to a donor's giving.

Showing people that projects they fund through you do not stand in isolation but instead are part of a bigger vision and plan to transform a community. That by funding through a foundation like you they can be part of a larger bid to achieve social change.

Making donors aware that by giving through a community foundation they are part of a bigger family, a community of donors made up of businesses, government, and other individuals who can achieve more together than they ever could on their own.



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Helping donors to feel confident and assured that their giving is tackling the real needs facing communities, by showing that you have in-depth understanding of local people, problems and solutions.

At NPC we face the same challenge. We work with funders of all levels of experience and, as an intermediary, we need to prove that we add value to their giving, whatever their size.

Despite Andrew Carnegie, the businessman and philanthropist once saying it was more difficult to give away money intelligently than to make it, we face the challenge everyday of trying to interest funders who are unsure as to why they should pay for advice on philanthropy and how it could help them.

We find a large number are unaware they can even get advice on their giving, beyond help with tax issues. Many haven't even thought about the fact that they could achieve more with their giving, let alone how they would go about doing this. A large number still hold the common belief 'all charities are equally good aren't they?'

We have to put a lot of effort into persuading people that by working with us, we can help them to achieve more with their giving than they could on their own.

One couple we worked with only approached NPC when their giving became overwhelming and stressful after setting up their own charitable trust.

Without a strategy for how they wanted to give or who they wanted to support, they found themselves flooded with charity applications, brochures and requests for funding and became concerned that they might soon start choosing charities out of exasperation.

We worked with them to develop a strategy and to define a focus area for their funding, so their giving was more manageable and more likely to create an impact. We offered them advice on how to involve their trustees in a meaningful way, how to select charities and how to measure and evaluate their giving, by drawing on our expertise in these areas.

The couple found the whole experience helped to make their giving much more enjoyable, more meaningful and helped them to create more of a bang with their buck. When interviewed recently about what lessons they would share with other philanthropists the couple recommended other donors to 'Get some advice,' saying, 'When you're already giving money to charity, some people might be reluctant to give extra for advice, but it's definitely worth it.'

This couple were clearly a success story. But at NPC we want to get better at demonstrating the value we can add so funders don't end up in the situation this couple found themselves in before they came to us, feeling disillusioned and stressed by their giving.

We want people to understand the benefits of getting advice on philanthropy so they have a positive experience, from start to finish.

To help us achieve this we're working now on finding better ways to measure the impact we create and the value we add as an organisation.

It can be difficult to convince funders and donors that we can help and add in any way to their knowledge.



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It can be tough to persuade a funder who has been giving for years that they might be able to create more impact by adapting their focus areas or changing the way they give.

But, we believe that if we are build a more effective charity sector then we need to keep working at it.

One way we attempt to prove that our advice is good is by publishing the research on which it is based. Our research is not perfect – it is difficult to draw conclusions when there is a lack of information about what works. Making our work public has led to people highlighting the limitations and weaknesses in our approaches and conclusions. But ultimately learning and hearing all this helps us to improve the way we work with donors and charities.

An important thing to remember when thinking about how to demonstrate the value you add is that it cannot be seen as just an empty communications exercise. To do it successfully you need to gather evidence that you add value. And I don't just mean on a individual project level, although it is obviously important to understand what individual organisations achieve.

I mean thinking about ways to measure how well you achieve your overall vision.

As a community foundation this means thinking about what evidence there is that you are more successful at creating real, lasting change in your local communities because of who you are.

Can you show you are worth more than the sum of your parts?

Are you successful at helping donors achieve more by coming together to give through you?

Answering these questions is certainly not straightforward but they are ones you will have to answer, both to attract new donors and to retain existing ones who might be feeling the pinch in the current climate.

In many ways my charity New Philanthropy Capital and the community foundations you work for are pretty similar. We both work with donors and help them direct their giving towards areas where there is real need, although NPC has a national and increasingly international perspective while you have a local one.

At their best I think that community foundations can be a place where donors come together to learn how to become better donors. A place which offers advice on how to create more impact by building donors' knowledge of local needs, and sharing lessons on the most effective ways to support local organisations.

The importance of taking on a role as an advisor for donors is a lesson we at NPC have learnt regarding what donors want.

When it comes to their giving, we found that most donors wanted help and advice so they could do it better themselves. They want to learn in-depth about issues, and to discover how best to find and fund charities of their choice.

Despite this interest we also learnt another important lesson—namely that donors are all at very different points in their development. Although they often have the best interests of charity beneficiaries at heart, at the beginning many donors don't even know where to start with giving, and most certainly don't think about the fact that their donations could have more impact if they are guided to good projects or are given strategically.



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As an organisation advising donors, rather than just finding projects you need to be proactive, rather than reactive. You have to make the case for giving that creates real impact, as very few people will understand what good giving is all about or be interested in finding ways to make their giving more effective without you convincing them.

Perhaps the most important lesson we have learnt for anyone working with donors is that respecting your client's wishes while encouraging them to become better donors are not necessarily in conflict.

It is possible to listen to what a donor is telling you they want and help them to fund things which combine their interests with areas of need, while also teaching and guiding them to engage with charities and give in an effective way. You don't have to tell them what to do, you can just encourage them to become better givers. This is an important step in seeing yourselves as donor educators and advisors, rather than just service providers.

In our experience, the donors we have had the longest and most rewarding relationships with aren't the ones for whom we sourced a couple of charities. They are the ones who we have worked alongside, guiding them on how to become more effective donors.

One married couple we worked with had no history of philanthropy when they were introduced to NPC. On our first meeting with them they announced that their aim was to eliminate poverty in the developing world, which we fortunately managed to convince them was a rather tall order. We've now been advising them for three years.

By working with us the couple have learnt that they can create much more impact by focusing their giving, narrowing down to fund causes they are passionate about: microfinance, education, and sanitation charities internationally and mental health charities in the UK.

They have found it exciting and fun to visit charities around the globe and chat to experts in issues they are interested in, rather than simply picking a charity presented to them and writing a cheque.

And we've learnt a lot too by working with them. We've learnt that you can successfully combine the head with the heart, the emotional pull with a rational approach.

The husband and wife are passionate people, and look for strong emotional connections to the charities they fund. We've found that as well as engaging with their passions and interests we have been able to channel this into excitement about becoming better, more engaged and more informed donors. At times they still make rather off-the-wall suggestions about issues they want to fund or goals they want to achieve. But this is all part of the challenge of supporting them and a reflection of the continuing journey that donors find themselves on.

This feeling of being on a journey is probably the best thing about the relationship you have with a donor. If you simply find a couple of charities for a donor then usually that's it, you deliver a service and it's done. When you advise donors and work with them to become better givers, the relationship continues and grows as their interest and commitment grows.

I hope that sharing some of our lessons might convince community foundations here today that there is a prime opportunity for them to create more impact by acting as advisors to donors, rather than by simply recommending projects.



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But it is important to remember that as part of this work advising donors you must ensure that your advice is based on evidence.

Evidence of what works on the ground and what charities are achieving great results.

Evidence that you are targeting the most pressing needs in a way that creates long-term change within a community.

Evidence that you are giving the local community things it wants and actually needs.

At NPC we say 'no stories without numbers, and no numbers without stories.' For every tale you tell of a young person helped into work by a community project or an older person feeling less lonely as a result of a befriending scheme you should be looking to back this up with hard data.

To finish up let me return to a fact I highlighted earlier in my speech. Community foundations like yours are fairly new beasts, part of a movement that has been growing slowly only really for the last 20 years or so. I bet if in 50 years time someone were to write a book charting the history of the movement the recession would be a footnote, a mere blip in the growth. My hope is that, if you take one thing away from today, it is that you see there are opportunities for you to create impact, in spite of the recession.

Please don't see the recession as a seismic shift, throwing you off path and off mission. Keep on doing what you do: building a case for community philanthropy and encouraging donors to become better, more engaged givers with the ultimate aim of creating real change in the lives of people who need it most.

***Martin Brookes was speaking at the Community Foundation Network conference, Grassroots Philanthropy—Changing our world together
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