

# Maximising Our Potential as Grantmakers

## Some observations on emerging trends for grantmakers

- Recognising the historic moment for grantmakers
- Balancing three elements of our work : technical, creative, philosophical
- Learning and claiming our achievements through evaluation
- Lift as we climb : involving young people
- Managing our granting relationships with grantseekers and communities
- Collaboration and alignment with peers, partners and beyond New Zealand

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Thanks for the opportunity to be with you all today in this beautiful part of the world, Bay of Plenty, and thanks for the warm welcome that so many of you have extended to me, even if I am an Aussie. Congratulations to Ray, Bruce, Sandra, Hilary and Peter, and everyone who has been part of pulling this stimulating conference program together.

The first Kiwi in philanthropy I can recall meeting was Jenny Gill, currently president of Philanthropy New Zealand, who was visiting in Australia over ten years ago. There has continued to be profitable exchange across the ditch between our two sectors which have so many similar issues and important differences to explore. My first time in New Zealand was 2000, to attend the community trusts conference in Christchurch. Since then I have become a number one fan for the work you do over here, and have been fortunate to return on a number of occasions, working with various grantmakers, Philanthropy New Zealand, and also on the Scott report. I've even been told I might eventually earn the title of honorary Kiwi, but last time I was here, I wondered about that. I was walking down Lambton Quay in Wellington, looking for Willeston Street, and asked a young fellow who was walking past if he could tell me where Willeston Street was. He looked at me for a minute, then said “Well I don't know whether I should, after last night!” I got the impression that Australia has just won some sporting event against your fine players, and discovered later it was the semi final of the rugby World Cup. So there are some gaps between us that may never be bridged.

The topic to address in this brief time is “Maximising Our Potential as Grantmakers : A few observations on emerging trends for grantmakers.” My qualification for being here is 15 years working with grantmakers, and before that, having spent 10 years chasing funding for community projects in the third sector. My comments today come from having been fortunate enough to travel and learn about some of the trends and directions in the third sector on a global level, particularly the work of philanthropic trusts and foundations.

The question of how we accelerate our progress and maximise our potential is one that could easily occupy the entire conference program. I have no doubt that as grantmakers, we are part of one of the most interesting and dynamic areas of society, as unique social investment entities working alongside of communities, government and business. As well as the uniqueness of our role, we are also at a critical time in history, in shaping what philanthropic grantmaking is, and contributing to the professional development of standards and practice for grantmakers across the world.

So in the time we have, I want to offer you just a few observations on what we can be doing right now as grantmakers, to maximise our potential and accelerate our progress. I hope these observations are of value to you, and look forward to hearing how they gel with your own sense of your work with your community trust.

#### RECOGNISING THE HISTORIC MOMENT FOR GRANTMAKERS

The first observation is where we are as unique entities at a critical time in history, shaping the practice and policies of philanthropic grantmaking in a rapidly changing socio-economic environment. Due to a number of factors driving change, we are now in the midst of creating and promoting a professional practice which is increasingly recognised as accountable and responsible stewardship for public funds.

To find our place in history I find it useful to look at the definition of charity, which is still current in numerous western democracies built on the British statutes and common law. The quaint wording in this original definition is in some ways a far cry from what it is we fund today as grantmakers, and illustrates how much room exists for interpretation on who is to benefit from philanthropic funds given in the 21<sup>st</sup> century.

Money and stocks of money ...given by the Queen's most excellent majesty, and her most noble progenitors, and by sundry other well disposed Persons .... **(I think these terms refer to us, the grantmakers!)**..... for the relief of aged, impotent and poor people, ....sick, maimed soldiers and mariners, ....preferment of orphans, ....some for marriages of Poor maids, ....handicraftsmen and persons decayed.....

EXTRACT FROM THE PREAMBLE TO THE STATUTE OF CHARITABLE USES 1601 ENGLAND

Now giving for charitable purposes is not a new phenomenon, it's been going on since the beginning of civilisation, but what is different is that what was once grace and favour, patronage and gratitude, is now increasingly a public affair. In the last twenty years we have seen grantmaking move dramatically from largely random acts of generosity, with often mysterious, eccentric and erratic processes at work, to something quite different. In recent decades the philanthropic sector has definitely started to come of age, and become recognised as an increasingly professional practice, both in Australia and across many other countries. The exciting thing for trustees and staff is that we are participating in this rapid change, we are part of the design and implementation of procedures, codes of practice, professional standards, processes of

governance and the general identity of the trusts with which we work. We are creating much of the legacy and operational style of our sectors as we go, which is not only exciting but a significant responsibility.

One valuable indication of this coming of age is evidenced by the growth of infrastructure and membership organisations for grantmakers across the world : from the 1950's to the late 1980's, there were four membership organisations for grantmakers in the world, including the Council of Foundations in the USA and the Australian Association of Philanthropy. During the 1990's this grew to 110 organisations, including what is now known as Philanthropy New Zealand, and in this century there are literally thousands of membership bodies for grantmakers, offering information, networks, support, fostering exchange and enriching professional practice to create a global profile of the work of trusts and foundations in the 21<sup>st</sup> century. Some fields and disciplines have put their codes and guiding principles into place centuries ago, for example, the medical practice has long been identified by the Hippocratic Oath, dating back to the time of the ancient Greeks.

A second simple illustration of the progress we have made is in harnessing technology to create common language through establishment of databases in the last 10 years, which has enabled grantmakers to track individual granting over time, and to compare giving patterns across grantmakers according to how much is given, to whom, and for what. This database information may seem obvious and essential now, but has only recently become a standard part of many grantmaker operations, enabling greater accountability, tracking of giving patterns, and it's now possible to anticipate development of common language to understand how trusts and foundations are making a collective contribution to society as social investors.

So my first observation on how we maximise our potential is essentially the importance of viewing our work as developmental at this time in history, and understanding that sometimes we will be in uncharted territory, making the path as we go, unlike some other professions. And apart from the benefits of the grants we distribute, our efforts as a sector to create a strong and worthy legacy for future philanthropic grantmakers is a challenge that falls to us right now.

**BALANCING THREE ELEMENTS OF OUR WORK : TECHNICAL, CREATIVE, PHILOSOPHICAL**  
As well as recognising where we are in history, a second observation is the importance of recognising the balancing act required to fulfil our role as grantmakers effectively. I have identified three different elements that apply to our work - the technical, the creative and the philosophical or political. If we can understand and make explicit our role in grantmaking in terms of these three elements, and find ways of balancing them in our operations, this will enable us to progress with efficiency, relevance and impact.

The technical elements are the nuts and bolts of our work, the trust deeds, timelines, budgets and information management, the databases, the office and governance procedures, the systems and tools that serve us in maintaining efficiency.

They are important, and they have to be right to make claim to a job well done. But it's not enough on its own to get the technical side of the work right.

The second element to get right is the creativity of the grantmaker operations, the unique profile, the distinctions of communities supported, the human face and the passions associated with grants given, and the quality of communications which present achievements for recognition. After compliance with the trust deed, the scope for creativity available to grantmakers is what makes the work so unique, and the diversity we see across the collection of community trusts is testimony to the creativity that is alive and well in your work here in New Zealand. Creativity comes across in a trust's publicity and profile, in annual reports, websites, newsletters and in its accessibility to the individuals and communities it serves. Creativity can be recognised in patterns of granting, in the types of enterprise or public events that trusts might engage in, in the partners chosen for activities – these things are all part of how a distinct style and the identity is created among grantmakers.

The third element, the one that is arguably the most critical in grantmaking, is the philosophical or the political one. This is where we define and work towards the longer term impact intended to result from our work in society, our vision, the sort of world we want to see as a result of the grants we give. Grantmaking is an expression of the philosophy and politics of those involved, whether explicit or not, because it requires choice between social needs, decisions about which contributions of particular groups and communities will be supported and which ones will be left for others to invest in. Grantmakers, through the choice of granting, decide which community benefits and opportunities to put ahead of others, which dreams will be brought to reality and which ones will remain on the wishlist.

Often this element is not only defined in the vision, mission and goals of a trust, but goes beyond that to the values brought to the work. It's the explicit choice of the trust to create changes in society or to maintain the status quo through their granting, perhaps to introduce more opportunities for certain communities because they have been missing out. It's where terms such as strategic philanthropy and funding for social change can be used by grantmakers to badge their work. This is the essence of informed grantmaking, to make choices and to understand the implications for those who receive the funds and for society at large.

This observation is the increasing challenge to grantmakers to first recognise explicitly how these three elements come into play, and second to juggle and balance them effectively, ensuring that there is consistent effort to get all three elements right.

In ten years time, we are unlikely to be remembered for having the latest and most impressive database and technical office management systems. We might be remembered as grantmakers for producing a creative annual report with a memorable human face on the funding distributed, but we are most likely to be remembered for the enrichment and strengthening of communities, and the difference made in the longer term to the quality of people's lives and opportunities.

## LEARNING AND CLAIMING OUR ACHIEVEMENTS THROUGH EVALUATION

The third observation on maximising the potential of grantmaking relates to the rapidly increasing popularity and relevance of evaluation for grantmakers, which I enthusiastically applaud. Early on in my time with grantmakers, I recall the resistance I had to the notion of evaluation - it was difficult to understand as a science, not clear why one should bother with it. After all, evaluation could become a stick to beat ourselves with, people might say we failed, point out mistakes and big areas we had missed or needed to fix up..... things were already challenging enough without adding a demand for evaluation. Also, everyone seemed happy with our grants program, no-one was complaining, business was brisk, the compliments and gratitude were always flowing, so there didn't seem to be much that needed to be thought about. As Iain Hines from the JR McKenzie Trust says, “I started to wonder why people laughed at **all** my jokes....” This power factor is a substantial buffer for grantmakers, who rarely hear the negative feedback on funding work, because people don't want to jeopardise their chances of attracting funds in the future. But the question remains, how do we know we are doing the best we can with our work? How do we know we are maximising our potential? Another reason for my resistance was that evaluation seemed to be a fairly technical, sometimes expensive and often confusing task that took me away from the work I had to do. But since those early days of resistance, I've unbundled and learned more about the task of evaluation, seen it applied with positive results, and now believe that we can't manage without evaluation if we want to maximise our potential.

In the first instance, good evaluation provides us with important information about what we are achieving, where we have been, and where we could be heading. We can get away from guesswork and opinion, open up our radar and get some new and fresh perspectives on how we are travelling. We can find out what we know, what we don't know, and even some of the things we don't know we don't know!

In the shifting and challenging landscape of philanthropy, the ability to monitor and identify the truth of what we are contributing as grantmakers is essential. Undertaking evaluation requires a degree of maturity and confidence that a trust or foundation can participate in and come up with a constructive assessment, plus lessons to be learned for future application. And there is no prospect of failure, right or wrong, just an expectation that the goal is improvement rather than proof. As discussed in the workshop yesterday, the challenges to bringing effective evaluation processes into play as grantmakers lie in good planning and processes to take the organisation through a myriad of questions such as :

*Do we want to evaluate the grants we give, either individually or as a collection?*

*Or do we want to find out more about the people we give the grants to?*

*Or the processes we use to choose the best recipients for the grants?*

*Do we want to evaluate our staff or our trustees? Our governance procedures? Our cost efficiency? Our publicity and processes for attracting grant applications?....*

*Why do we want to evaluate? For whom? What purpose will it serve? What will we do with the information when we get it?*

*How should we go about the task? How much of the work can we do ourselves?*

*Where do we need to bring in external people..?*

The Myer Foundation has recently commissioned research on good practice in evaluation by grantmakers, identifying some of the most useful resources currently available, and gathering examples of the ways grantmakers are undertaking evaluation in philanthropy across the globe. I am involved with that research, and please let me know if you have experience to add to that study. The information that is gathered will be shared with you all through Philanthropy New Zealand when it is completed in the next few months.

For a final word on evaluation, I follow the lead of Mr Donald Trone in his presentation yesterday where he spoke about cow manure. Jed Emerson, formerly the Executive Director of the Roberts Enterprise Development Fund and now at Stanford Graduate School of Business, made the link between grantmaking to horse manure :

*“Fresh horse manure is rich and sweet smelling stuff! It is important as fertiliser for growing a healthy crop. Knowing how to use manure appropriately is one of the keys to agricultural success – too much burns the roots and too little doesn’t get the job done.*

*And the same holds true for good grantmaking. Our philanthropic horse manure is critical to growing a global garden of civil society flowers able to beautify and enrich our world. And it is only right that we spend adequate time discussing how to best engage in sound philanthropic practice.*

*However, while perpetuity, payout policies, investments and related questions of strategy area important ones deserving our attention, if all we do is focus on what comes out of foundations – if all we do is focus on the manure – I suggest we are working with the wrong end of the horse.”*

*“most of us focus all our efforts on manure production and mucking activities, rather than whether or not our horses are headed in the right direction!”*

Quoted in presentation by David Carrington, 2003 Eloise Waislitz Fellow, Asia Pacific Centre for Philanthropy & Social Investment “How Trusts & Foundations Can Be More Than Grantmakers” October 2003

#### INVOLVING YOUNG PEOPLE : LIFT AS WE CLIMB

Another important area of challenge and recent growth has been in bringing young people to the table as grantmakers. In addition to providing grants for their education, health and well-being, I think we can offer young people a great legacy by including them in our work wherever we can, sharing experience, helping build their leadership and fostering their talents in this area which is such a rich and fulfilling one.

We all know the social costs when young people lack purpose, have limited choices or feel isolated in their communities, and we also know of talented and energetic young people who have made outstanding contributions to their communities. I am sure many of you have similar stories to me - I grew up in a family of five kids in a small country town in Australia, we didn't have much money, but there were adults who said to me at critical times in my life "Here you go, there's a spot for you to be part of this". It was these critical opportunities that shaped the course of my life, and I'll never forget them. Trusts and foundations are ideally placed to open doors for young people in a variety of ways, to gain their contribution and give them experience as trainee board members, interns in the office, members of advisory boards, or volunteers in funded projects – many options exist if you start to explore them. And if you can't find the young people when you decide to recruit, it doesn't necessarily mean they are not there.

The Foundation for Young Australians decided two years ago they should have strong representation by young people in their various areas of operation, and appointed a majority of young people on their regional grantmaking boards. I was involved with reviewing the experiences of over 50 young people (16 – 24 years old) from when they were appointed to the grantmaking boards, and the opportunity to hear from them about their experiences was most broadening.

They talked about the MMMs, the more mature members on their boards, or the Grant Gurus, and the highlight for many of them was the relationships that older people offered to help them learn and take a meaningful part in the grantmaking of the Foundation. Many young people said they didn't think that there was a style or opinion that was typical of young people, or that age necessarily had anything to do with the differences between board members. The important thing was that people were not locked out of a chance to participate because of their age.

Trusts and foundations are ideally positioned to create new openings for involvement of young people, as interns on staff, as Trainee Board members, as advisory and volunteer people behind the scenes in the grantmaking process, and I am keen to hear about initiatives here in New Zealand that are promoting youth participation in the work of trusts and foundations.

There are a couple of initiatives coming up in Australia that New Zealand grantmakers are warmly invited to be part of, especially if you are looking to expand youth involvement :

1 *Youth on Board* is the title of a handbook produced by the Foundation for Young Australians, and will be available in the next few weeks. It is a guide for involving young people in organisations as decision makers, and provides an encouragement and support for organisations, particularly grantmakers, to recruit and involve young people. Rebecca Gardener at the Foundation for Young Australians has developed this publication, and will liaise with Robyn Scott at Philanthropy New

Zealand to distribute when they are available. There is a charge for the handbook, but mates rates will apply for copies requested across the Tasman.

2 *SNAP (Sensitive New Age Philanthropy) Forum* is coming up in March in Melbourne, run by the Foundation for Young Australians, for young people involved with philanthropy. Rebecca will be delighted to hear about any young Kiwis who are able to attend, and is guaranteeing several places for anyone who can make it over there. Contact Rebecca Gardener : [www.youngaustralians.org](http://www.youngaustralians.org), [rebeccag@youngaustralians.org](mailto:rebeccag@youngaustralians.org) 61 3 9670 5436

#### MANAGING OUR GRANTING RELATIONSHIPS WITH GRANTSEEKERS AND COMMUNITIES

Another area which is increasingly significant for grantmakers is the nature of relationships formed and managed between grantmakers and grantseekers, and the dynamics at work in funding partnerships. This topic could readily be the subject of a full conference of its own, and was the subject of earlier research I completed at the Johns Hopkins International Fellows in Philanthropy Program. As part of the research, I identified a set of archetypes or profiles of grantmaking partnerships, to illustrate the styles and different approaches which can be taken by grantmakers and grantseekers. The detail of this research is beyond our time and scope today, but I offer some food for thought in asking you to consider how the following archetypes might relate to your own funding relationships as a Community Trust. Are there styles or profiles that resonate with your reputation?

Poacher and gamekeeper  
Patron and supplicant  
Hand in hand  
Hand in glove  
Noses in, fingers out  
Social venture capitalists and social entrepreneurs  
Autoteller

Each archetype is worthy of detailed exploration and discussion, and the some of the differences relate to the degree of engagement of the grantmaker in the funding relationship, as well as the amount of influence and control which is brought to bear on the relationship before, during and after the funding transaction. None are necessarily right or wrong, but are worthy of consideration when trusts set out to create access and connection with their granting constituency.

#### COLLABORATION AND ALIGNMENT WITH PEERS & PARTNERS, IN NEW ZEALAND & BEYOND

My final observation is the importance of working in collaboration and alignment with other peer grantmakers, both here in New Zealand and across the

world. Peter McIlraith lead us into the conference yesterday morning with his comment that networking and comparisons, and understanding our links to civil society are so important to how we go about our work, and the ability to handle pressures and challenges as they emerge. I couldn't agree more. There are numerous ways in which alignment and collaboration can be built - conferences like this one are invaluable for enriching our day-to-day operations and effectiveness.

Seeing ourselves as part of a collection of trusts, as part of the New Zealand sector, and as world citizens is a strong encouragement I want to leave with you. Cyberspace and technology tools are an increasingly vital new source of exchange and links to peers. Membership organisations like Philanthropy New Zealand are critical to supporting and galvanising our collective progress, as they operate for the sole purpose of building capacity and helping grantmakers to remain aware of their best potential. There is a growing body of research and data on the work of civil society and the third sector, which provides ample context to understand and move forward in these complex times. While I enthusiastically endorse alignment and collaboration between grantmakers and strengthening philanthropic sectors, it is also important to promote and celebrate the diversity that exists among grantmakers. This diversity is a great asset and rather than seeking to become one big pie, it is better to remain a whole lot of tarts!

Ultimately, collaboration and alignment will help grantmakers build a strong sense of common purpose and visibility as a sector, with something unique to contribute to civil society. This contribution will inevitably be significant regardless of the size of grants or individual funding pools, and philanthropic grantmakers can be a force to be reckoned with.

In conclusion, I hope these observations offer some value for you in your thinking and future work. I look forward to hearing more of your progress, and thank you again for the stimulating conference program and trust we will continue to enjoy exchange across the ditch. And although it sounds like there have been some stormy times for you all recently, not only with the weather but also the financial front, I am sure you will enjoy strong and positive futures as individual trusts and also as a significant and unique collegiate group. Thanks for your time and attention this morning.