

**Presentation to Maimonides Society**

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**“Philanthropy: Dwelling in Possibility”**

By

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Thank you to Helen Imber from Swinburne philanthropy alumni for this invitation to speak and to Stacey Thomas from the Myer Family Company Philanthropy Services for assistance and hosting of the event this evening. Thank you for this opportunity to share my experiences, and thank you for giving me your time tonight when you could be at home knitting, or watching Master Chef, or reading a story to your children. I hope I can make your commitment to coming here worthwhile.

On the eve of leaving my job with the Sidney Myer Fund and The Myer Foundation, I have been asked to talk about my reflections over the past 7 years. What a pleasurable thing to do.

Without reservation or qualification, this has been the most exciting, rewarding and challenging job in my career. It's been the best. It's inadequate language to describe it as a job: it has been as exciting as arriving in a new country for the first time, as scary as sky-diving and freefalling from a plane, as spine-tingling as seeing a new mother smiling at her first baby, as inspiring as the 20 most watched presentations on TED, and as rewarding as using your frequent flyer points to upgrade to business class. And always, it has been an experience of connectedness between people, and of people helping people.

So I will reflect on what I have seen and learned. As well as these reflections, I will talk about some issues, both here and on the horizon that I think we need to be careful about, and need to watch with an open and ever-inquiring mind.

I started in 2004 with a background in community and health services. My experiences were in the public sector and in this sector resources are tight and rarely adequate for the job. Coming to philanthropy where resources - from money to influence to time – are in abundance, I experienced a rushed invigorating warmth, something like you feel when you stand in front of a log fire, coming inside from a freezing cold day: you just want to stand there and slowly rotate, to warm all sides, and to stare contentedly into the fire as it jumps around with vigour, brightness and unknown possibility. That was my entry into philanthropy and I know that my leaving will be as hard as leaving the beauty, warmth, comfort and mystery of a log-fire.

There have been some major points in my time here that have shaped my thinking about this profoundly challenging business of philanthropy.

**Reflection 1: Philanthropy is about creating something together, through a relationship**

This reflection is about the importance of the philanthropic relationships into which we enter with people who are seeking a grant: integrity and respect must be at the core of these relationships.

Not long after I started, I sent the following email to a person who was seeking a grant. It will sound weird until I explain the circumstances. My email carried no salutation or introduction, nor did it have a sign-off or signature. It simply said:

“Fan Chi asked about humanity. The Master said: ‘Be courteous in private life; reverent in public life; loyal in personal relations. Even among barbarians do not depart from this attitude’”.

This comes from “The Analects”, the book of writings of the wisdom of Confucius.

I sent this message as a reply to a person who had inadvertently and mistakenly copied me into an email that he was sending to a colleague in his organisation. This colleague was preparing the grant application to The Myer Foundation. It all happened just after the Asian tsunami, and we had had several friendly and courteous meetings, exploring whether and how Myer philanthropy could support his organisation’s work following the tsunami. We had engaged, I thought, at a mutually respectful level, acknowledging the common ground and values between us.

In his email, into which I had been mistakenly copied, the author had suggested to his colleague that they should design a building for us to fund,

and sarcastically suggested that they should make it in the shape of a phallus, that this probably is what we would like to see, and that we would be happy if we saw our name attached to such building. The email continued in this vein.

This experience had a profound effect on me, arising both from the content of the message, and from what it said about how the other person approached our relationship.

Philanthropy is not about “getting” or “giving”. The focus is not about what can be “got” or “obtained”. It is not about “ownership” or “giving someone something”. What I believe is that philanthropy is about creating something with others, and that it is neither about the person who gives nor the person who receives. It is about the creation of a new entity. It is about two people coming together who want to build something, or change something, and both have resources to do that. It is about reciprocity, and a joint commitment to an event or a cause. While philanthropy has financial resources, people seeking our support have skills and knowledge. Together we create something new.

It is therefore the relationship between the two that is significant, for it has an enormous capacity to create a new entity. It is a relationship that combines resources in order to achieve something. No-one owns it. It produces. It says “we believe that we can work together, for a time, to get something done”. And no one partner is more special than another.

So philanthropy is an exchange, through which we each bring resources for a common goal. As philanthrocrats **we** do not produce something. We contribute. And we must enter the partnership with respect for the knowledge and expertise that come from practitioners in the field. We continue to practise respect through the ways that we engage, the language we use, and the determined avoidance of sarcasm.

This example lives on as a reminder to me to never take a relationship for granted, to act with reciprocity as a guiding principle, and to be courteous without compromise at all times.

### **Reflection 2: It's about Money and Influence**

The growth in PAFs over the last almost-decade has heralded a major shift in the philanthropic landscape, and I believe that the capacity for individuals to create a philanthropic trust, while they are alive, will be an important marker in the written history of how philanthropy has changed.

The growth has been remarkable. In 2001, 22 were approved, and donations of \$79m were made. By 2010, 863 have been approved and the aggregated corpus is in excess of \$2bn.

The numbers are only one part of the story: the implications for the philanthropic sector and the social sector are significant.

Giving has become more obvious in the general community and with that has come a better understanding of philanthropy and concepts such as charity, generosity, social investment, and social change. And the social sector has benefited from more people becoming aware of its work for the public good.

It has been widely discussed that these new private foundations, created by wealthy individuals and families, will bring a greater level of engagement and involvement from the founders. I think that inevitably, to some extent, this will be the case. It is early days yet in the development of private trusts: while the numbers are big, many private trusts are still looking for the ways that they will give. Over time though, there will be increased interest in becoming directly involved in giving, and in directing how the funds will be used. What will drive this direct engagement?

One is the genuine desire of people to help. People who have made money through their own efforts and investments can see opportunities to help others do this and to benefit accordingly. Not surprisingly, they will be keen to apply their skills to their giving, and to assist organisations in how they operate.

Another is the fact that large sums of money will be given reflecting a very sizeable commitment to a project, issue or organisation. There may be heightened interest in making sure that the investment is well placed and well used. Naturally, this will lead to more intensive engagement and direct involvement.

So what might this mean? Closer engagement from philanthropists will bring opportunities for learning and new ideas. And engagement will be accompanied by expectations and demands, stresses and rewards, conflicts and tension, and will be delivered with varying mixtures of warmth, generosity, egoism and self-satisfaction.

I suspect that higher engagement will bring mixed blessings, and perhaps this is good, because it will force us to reflect on the philanthropic relationship, on dynamics of power, and on ethical dilemmas that inevitably accompany the exchange of money.

But money is only one resource. At Myer philanthropy we refer to the Triple T of Philanthropy – Time, Talent and Treasure. **Time** is a precious commodity. Through giving time to convene, collaborate and contribute, philanthropists are giving something that can never be returned to them but which has very high value. In the same way, **talent** can be used as an effective strategy to influence, create partnerships, to open doors to opportunities, to build an organisation, or to build a movement.

My point is that philanthropists must use their power of influence. This takes more than money. Philanthropists can do this by acting as convenors, bringing people together who may not otherwise come together, by facilitating intra-philanthropic initiatives that stimulate thinking and debate, and by creating linkages amongst government, academia, the community and business. This role relies on intelligent analysis, on credibility that comes with experience and authenticity, and on skilled mediation, negotiation and collaboration. These are often skills that have brought wealthy people to the philanthropic table in the first place.

This should not be a massive hurdle. But there is not a lot of debate about this role. While there are many calls to action encouraging wealthy people to give money, my call to action is also to philanthropists to use their influence to create change. Giving money may be the easier part. Giving time and actions may be harder. Both are immensely valuable strategies in creating change.

### **Reflection 3: Philanthropy comes in many shapes and sizes**

I have watched the debates swing back and forth about what is better: small versus large; charity versus change; focussed versus wide; and have decided that these are the wrong questions. The right question is “what sort of change do we want to make, at what level, and with whom?”

This is the basic question and it has to be owned and answered by the Board of each foundation. If this orientation is not driven by the governing body, and after informed and thoughtful discussions, there will continue to be polarisation of debates about which way to go, and about which way is right. It is not a question of right. It is a question of what is appropriate given the particular interests and strengths of each foundation.

In 2005, we committed to a process that would change the focus of our giving so that more resources would be allocated to large grants over three to five years. Our discussions considered the different ways of giving: from grants that help individuals and organisations in direct ways; to grants that would help

change policy and services. We decided that we wanted to do both. And that was a very good decision, not the least reason being because it **was** a decision.

In making this decision we built on our strengths which were that:

- The family was well accustomed to making large grants and had done so in their philanthropy over 75 years
- The Directors and Trustees on the Board of The Myer Foundation and the Sidney Myer Fund were people who were prepared to take risks
- We had the financial resources to make large grants
- Tackling difficult issues was a practice well embedded in the Foundation and the Fund

The change in the relative balance of our funding between larger and smaller grants was so that we could try to do things that would change systems, influence policy, and make a difference to how things operated. We believed that change at that scale required good start-up funds, ongoing funding, and certainty of funding over at least three years.

Surprisingly it was harder to find good large projects than we had anticipated. We did a lot of research into focus areas but often could not come up with ideas for projects. We reached the conclusion, on many occasions, that what we needed to find were the good people, and the good organisations, that we could support.

It was not up to us to find projects because we didn't have that expertise. It was up to us to find the people, and in the end, that is who we invest in. We found people who were good at what they do, who had great ideas about how to change things, and who either had a good track record or who we thought had the potential to create that track record. And we put our resources behind them.

#### **Reflection 4: Government has been a great partner.**

There is a lot of rhetoric about whether philanthropy does things that government should do, and whether philanthropy is filling the gap left by government. I found these debates rather lifeless. Again, this is the wrong question. We need to ask more about where are the opportunities to complement and leverage each other, and less about the "should" of who fits where and should be doing what.

The reality for me is that the interplay between philanthropy and government is incredibly dynamic and fascinatingly mutually supportive. Certainly government needs to be measured, careful, calculating and cautious. This does

not preclude finding a space though where we can work together, one side doing one thing, the other side doing another thing.

I have participated in single meetings and group meetings with ministers and departmental representatives about how we could all work better together. I have attended launches and strategy meetings that included parliamentarians who loved being able to support a project, even if it was by being there with a promise to find funds later. I have sat with government staff to sort out how we could each fund a terrific program in regional Victoria, working out who had what strengths and what limitations. I have talked with government people about how we could make sure that an evaluation worked best to ensure that we could both extend our funding for a project. The possibilities to me are much bigger than the restrictive debates about who should do what would lead us to imagine.

### **Reflection 5: Committing funds over several years is hard.**

Unless your grantmaking budget is growing, it means that your ability to commit to new projects in successive years is more limited. This is hard when there is excitement to be gained from finding new projects and getting involved with new possibilities. Having a view to the longer term means that your sights are set on achieving something that takes time, in favour of finding new interesting ideas to support on a month by month basis.

Finding the balance between doing your grantmaking that is with a longer term view, and grantmaking that has a shorter-term horizon, is a juggling act that has to be practised regularly and with dexterity.

It is also hard because the elastic band that is called risk and uncertainty extends out into the unseeable distance, creating discomfort about what will happen over the course of time, and elevating concerns that should the band snap, there will be consequences about lost opportunity and wasted investment.

Another difficulty is around the question of “how do you leave a long-term relationship that’s not working?” This question reminds me of a book about relationships that I once read called “Too Good to Leave: Too Bad to Stay”. There are times when there is conflict and a growing apart, but the potential for mutual gains is still strong. You feel caught in the middle. Going back to first principles about what was attractive in the first place, and re-setting a mutually agreeable pathway is the only way that the relationship will survive. Finding this path requires great skill. But sometimes the pathway is lost, and you have to bail out.

All of these are real difficulties and make this model of funding challenging. Accepting that it will be this way, and knowing how you will deal with these issues, is important to do up front.

**Reflection 6: Collaborative funding rarely happens.**

One reason is to do with the way we find projects: one foundation comes across a great project or organisation and asks others to fund alongside them. This is something that does happen reasonably often, but when foundations fund like this, it is not collaborative funding. It is more like coincidental funding. It is much harder to do true collaborative funding when one trust or foundation has a sense of discovery or ownership of the project or idea, and invites the other foundation in to the funding relationship. The further down the track the project is, the harder it is to form a collaborative partnership.

It is also very hard to do this when foundations or philanthropists invest a lot of their identity in having their name attached to a project, idea or building. The balance between leaving an identifiable legacy, and doing something because it is a great initiative, will be found at different points, for complex reasons, at different times. But the question we should be asking ourselves is around “who is our philanthropy for?”

Collaborative funding is more likely to happen when two or more trusts develop an idea from its early days based on an approach and language of collaboration and shared investment.

It is also more likely to happen when Boards of foundations agree that collaboration is a smart way to do business because it means that more resources will be attracted to a common cause. And because they know that the common cause is the driver of the investment and is at the heart of the spirit of their giving.

**Reflection 7: Language is a mirror of our values.**

How we talk about something, the words and phrases we use, says a lot about the values framework that we have. Getting the language right so that at any one time we are agreeing on something will only come if we have firstly worked out whether we agree on the concept or issue being addressed. Let me give you two examples that relate to philanthropy.

If we want to make changes for the future, for the longer term, we use the word investment. It is like buying a house or putting money into superannuation. It generally means that we do without something now because we prefer to have the benefit later on. The difference between using

this word and the phrase “tying up our money” is the difference between being comfortable with the possibility of future rewards and feeling the frustration of a lack of immediate resources.

The difference in practice is the degree to which a foundation will be happy with making longer term commitments and not having funds to distribute to new projects. These responses are perfectly reasonable: you just have to be mindful that these are different perspectives on the same issue, and resolve them up front.

We use the words “Management expenses”, and there are many different views about what this means. For some foundations, for example, expenses will include the costs of investment management and accountancy fees, and for others it won’t include those but will include the costs of servicing committees and the Board. Two aspects of this phrase are of concern.

One is the arbitrary nature of the notion that management expenses should be around 10-15% of the amount of money distributed. This is nonsense. The determining factor that would be much more realistic is the model of philanthropy adopted by a foundation. There are vast differences resulting from whether most funding is done through large grants or not, whether the foundation has a national focus or not, and whether the model of philanthropy includes other-than-grantmaking activities such as convening, supporting the sector, and influencing.

The other aspect that is concerning is the notion that you can compare costs across foundations and thereby make some judgement about relative efficiency. Again this is nonsense and it is indeed very troubling to see it being used. Together with some of my colleagues, some years back we analysed our different methods of calculation of costs and how we express them as a proportion of something, and realised that they were as different as chalk and cheese: some foundations use the amount under management as their denominator; others use the amount given away. This is without considering what is actually included as a cost, as I’ve just mentioned, and of course the results were very different.

Each foundation must take the responsibility for determining the model that it will use, and then decide on the costs associated with that model, including all the activities that are agreed are necessary to implement the model.

“Management expenses” has become a pejorative term. It suggests wastage and thoughtless spending. I would like to suggest that we think in terms of

language that is about “the costs of our model”, for this is the true analysis of our philanthropic practice.

### **Reflection 8: Philanthropy is Practising the Art of Possibility**

The growing focus on achieving impact, measuring outcomes, and quantifying effectiveness causes me some concern. I believe that an adaptable, cautious and open-minded approach to evaluation and measurement is good practice. Those of you who know me and know how we operate at Myer Family Philanthropy will know that we place a strong emphasis on evaluation and fund evaluations in each of our large grants programs. Evaluation is imbedded in our practice and we use it extensively to help us gather information about what is working and what isn't. But it is a careful approach that uses evaluation as an enabler, not as a driver.

There is a difference between thinking about how something has been useful or not and for this to be set alongside our objectives for a project or program, and endeavouring to bed down and tie down anticipated outcomes at the start, all the time, for every project.

A focus on measurement as the driving orientation is not only **not** useful; I think it is harmful, for the following reasons:

Firstly, some things just can't be measured.

Secondly, for those things that can be measured, it is often difficult and sometimes impossible to attribute gains to a particular strategy or intervention.

Thirdly, results take time and this might mean that generations to come will experience the benefit.

Fourthly pursuing those projects that you feel have measurable outcomes will limit your options.

But finally and most importantly, the unique beauty of philanthropy is its capacity to do the things that cannot be measured. It provides the source of inspiration and fresh ideas. It looks to horizons where others cannot see. And it takes off down pathways that others could not possibly tread.

Philanthropy must remain the risk-welcoming energy that it has always been. It must be wary of the cloak of outcome measurement that seeks to wrap funding in a bound-up parcel of measured and measurable outcomes. Lucy

Bernholz on her blog page “2173” says that “change never moves clearly, unilaterally, or predictably across philanthropy...”.

Philanthropy must seek the uncertain idea and the vulnerable project. It must support the struggling organisation and the ridiculous hypothesis. It must take risks that others can't and won't take.

Philanthropy creates the space where risks can be taken and where, sometimes, the unimaginable is imagined. The space is filled with people who have ideas and visions, who are skilled in their areas of expertise, and who take great leaps of faith in imagining how they will change their world.

In the words of Rupert Myer, philanthropy must, at times, “fund the unfundable”.

In concluding, I would like to return to the writings of Confucius.

**Zigong asked: Is there any single word that could guide one's entire life?”**

**The Master said**

**“Should it not be reciprocity? What you do not wish for yourself, do not do to others”.**

(Chapter 15, 24)

Thank You