

The business of giving

The charity sector is maturing, with the advent of philanthropy advisory services and consultancies for NPOs, reports CHEAH UI-HOON

GIVEN the bearish economy, one expects it to be all quiet on the charity front.



But it seems that the downturn has brought about new business opportunities for some: a philanthropy advisory which is providing end-to-end service for philanthropists, and a consultancy that wants to up the performance of non-profit organisations.

Former banker Vivian Claire Liu, who set up PhilanthropyWorks last year to provide end-to-end service to philanthropists, says that there are high net worth individuals and companies out there who still have the means of giving to charity - companies with corporate foundations, for instance, and monied families which continue to set up funds and entrust them to the younger generation to manage.

'The key thing is that there are still well-to-do people out there who have causes they're passionate about and who want to be involved in a hands-on manner, who do

care about making sure their money makes an impact,' says Ms Liu.

'The aim of the company is to actively facilitate high-impact philanthropy,' says the 32-year-old Singaporean. She has 10 years of experience spanning world-class organisations in the private, public and non-profit spheres with Goldman Sachs M&A, The World Bank, Medecins sans Frontieres (MSF) and UBS.

Tailored donor advisory services are new in Singapore and Asia, she says,

although they are an established concept in Europe and the United States. 'It's the missing link in the value chain.'

Her pipeline comprises personal contacts and referrals who see the need for this strategic bespoke service as it is challenging giving money away wisely. 'For example, foundations might have spent millions over the years, but they may not have had coherent strategies, or found ways to measure the results,' she says.

Ms Liu leverages on her experience as global board director of MSF, and her access to international best practices and thinking. She elaborates: 'If you make an investment and want to do it in a tax-efficient way, it'll have far higher risk-adjusted returns. So, similarly, if you work with the right partners in the right way, and focus on issues at the tipping point where your intervention can have optimal results, then it'll reap far higher social returns.'

Advisory services like hers look like they'll pick up in the future as donors are getting more savvy about their charity dollars these days.

Private banks, for example, have specialised teams that advise the wealthy on how to disburse their funds responsibly. The Singapore office of BNP Paribas Private Bank had noted last year that its Asian clients were gradually showing interest in 'responsible investments' - investments which integrate environmental, social and governance considerations into the investment decisions.

Long-term perspective

Like BNP Paribas, UBS Bank also has a department of Philanthropy Services in Singapore. The global bank has had this platform since 2004.

In light of the present economic crisis and how it's going to affect the banks' philanthropic services, however, Julie Teo, head of Wealth Planning Services, Asia of BNP Paribas Wealth Management, says it's just too early to tell. 'This is a very niche and specialised area, and for our clients who have earmarked their funds for philanthropy, they recognise that it's for the long term,' she explains.

So far, she hasn't seen an impact but she's of the view that it won't be a dramatic one in this part of the world, unlike in Europe and the US.

If there's a service for the givers, then there's also a new one set up for the beneficiaries. Usha Menon, who has over 20 years' leadership experience in the not-for-profit sector, has just launched a consultancy, Management Centre Asia, with the aim to help not-for-profit organisations (NPOs) perform better.

'When the going is tough, that's the time when NPOs need strategic thinking and comprehensive planning to negate the effects of the economic crisis as well as gear up for the opportunities that will arise when the situation changes for the better,' says Ms Menon, 44, whose outfit will specialise in strategy, fund-raising, management and leadership development for NPOs in the Asia-Pacific region.

Formerly with the National Council of Social Services in

Singapore/Community Chest before her last post with Habitat for Humanity International (HFHI) as the Asia-Pacific director of resource development and regional programmes, Ms Menon believes that NPOs spend a lot of effort and resources figuring out how to raise funds when, in fact, getting someone with strategic thinking to plan with them and guide them would be more effective.

'Then they can spend their effort in the implementation. If the organisation is a lot more strategic thinking, it saves money for them in the long run,' she adds.

She has seen young, energetic do-gooders without the necessary experience spending a whole year on something which could be sorted out in just a month or so.

While fund-raising isn't the biggest challenge per se, it is important because without the funds, the organisation can't meet the needs it has identified. 'If you're just thinking of how to make the payroll next month . . . you do injustice to the cause,' she notes.

But management and governance after that are also equally important, she adds.

Investment, not expense

Would NPOs see such expertise as necessary, however? Some NPOs have said it would be difficult to justify to donors (who are now sensitised to negative news regarding charities) that some funds they donate will have to go to such consultancy services instead of being channelled directly to charity services, for example.

'If the NPOs look at it as an expense, then it's difficult to justify. But if they look at it as an investment - to ensure that resources aren't wasted and they achieve their goal in a shorter time - then justification becomes unnecessary,' counters Ms Menon, adding that for some of her NPO clients, the directors' boards had in fact asked the NPO to engage her services.

The setting up of such services in the charity sector is a sign that it is maturing, industry observers note.

'We came across a lot of companies which wanted to enhance their corporate social responsibility (CSR) plans when we set up last year, but sometimes they don't know how to go about implementing them,' notes Andrew Hooper-Nguyen, 33, chairman of the Kind Exchange, set up last year as an online matchmaking platform for volunteers and charities.

One of the services that an advisory could provide is due diligence for the charities that corporates want to support, for instance. 'Because, for the companies, their reputation and branding is at stake,' he says. Now, only larger companies have staff dedicated to their CSR programmes, but not smaller businesses.

Tamara Backer Tepper, 32, an American who moved to Singapore last year, was previously working for a company in the US which advised not-for-profits to improve their social impact. She says she has also been

looking into providing similar services here.

'Precisely because charities need to build up their capacity and capability of raising funds,' she notes. NPOs need to act like a business, as she sees it, and to be run more professionally, in being more transparent, and in making their donations work for them. 'The trick is in maintaining the right balance.'

Another significant happening in the charity scene is that, in a couple of weeks' time, the National Volunteer and Philanthropic Centre (NVPC) will also officially launch its innovative Community Foundation, which has solicited \$15 million so far and plans to serve as an incubator for new foundations.

Veterans like Ms Menon note that this signals the next step up because it involves donor-advised or directed funds - which hasn't been done on such a scale before.

At a time when the financial world is breaking down, Singapore's charity scene seems to be rebuilding itself and stepping up to another level.