



Philanthropy: Passion & Purpose
Philanthropy Australia Conference 2008
Sydney 16-17 October, 2008

Determining causes: to go broad or go deep. *How do we determine the cause and the best way to fund it – long term vs short term, large grant vs small grant? How do foundations' operating styles affect their spending - both distribution and operational costs? And what of risk management in creative grant making?*

Introduction

Causes are purposes or outcomes for which we advocate and support to make a difference in civil society.

Broad or deep? Does this mean working towards one or more general outcomes or towards one or more very specific outcomes?

How do we translate our wish to make a difference into action? Or how do we translate someone else's vision, and what if it is a vision stated many years ago in terminology not relevant to present values?

Do we want our outcomes to be contributions in public policy, changes in attitudes, developments in knowledge or changes in peoples' lives? (Just a few)

Do we act locally, nationally or internationally?

I believe that 'determining the cause' is a process of decision making about a series of options

This is an exciting process at the start of our experience in philanthropy but is also a task which established philanthropic organisations undertake regularly in strategic review. This task is driven by the need to refresh our vision or to refine and redirect our efforts in response to changing community need and specific issues and is almost routine if we are to continue to be effective and relevant.

I think the critical decisions are to be made about

- focus
- target
- rationale or strategy
- expected outcome and then
- implementation.

As these decisions are made, grant making method evolves.

Innovation and creativity are expressed in the implementation of the grant making process as much as in the target and strategy. The risk we face is in missing our target or in facing unexpected consequences from our activity.

I am able to talk about making changes in peoples' lives.

The Wyatt Benevolent Institution Incorporated

I draw from my experience to give examples. The Wyatt Benevolent Institution was set up in a Will in 1881 by an Adelaide resident who had come from Plymouth, UK 44 years before to refresh his career as a medical practitioner and start a new life. By the time he was 77 he had participated in the foundation of several South Australian significant institutions and had lost all of his children. He set up a trust to provide for people who were 'in poor or reduced circumstances'. His personal reasons are uncertain – we have speculated that he had a great concern for retired unmarried female school teachers who faced poverty once they could no longer work. His Will named his beneficiaries as individuals 'above the labouring class'. For 100 years the Institution paid regular income supplements to people recommended to it. In 1985 the Institution reviewed its giving and commenced paying small grants for a range of purposes to people of all 'classes' who met its eligibility criteria and applied through a specified process using community health and welfare service providers as referrers.

Being limited to paying grants to natural persons, not organizations, is unusual and challenging. We form alliances with other service or philanthropic organizations but in our arrangements with them we require a specific agreement about paying our funds to named persons, not for administration or program costs.

In 2008 Wyatt describes its cause as alleviating poverty – offering opportunities.

It has given more than \$50 million in total as small grants to 27,000 people in the 122 years of grant making.

We take responsibility for researching, developing and implementing our grant programs using our specialist staff.

Using our understanding of the impact of low income and the inter relationships between health, housing, education and employment, we choose to focus on the issues of housing, education and the management of household financial crisis.

- Affordable housing is fundamental for every aspect of daily life
- Education can offer a pathway out of poverty leading to enhanced employment opportunity and increased participation in the community and quality of life.
- Management of a household with a very low fixed income is challenging and requires periodic assistance through support or financial grants

Cause ---- Grant making

For illustration of my view that determining the cause is a series of choices and decisions I will talk about education, and a more specific recent focus for Wyatt of

- school retention – keeping young people involved in formal education and
- re engagement – returning to formal education after discontinued education.

The cause is poverty, the focus is education narrowed down to school retention and the target is

- young people identified as financially disadvantaged still at school who may be encouraged by recognition of their potential and given status by receiving a scholarship which will help with the costs of involvement in education.
- Others who have dropped out of school and who are returning to formal education, whose resolve may be enhanced by a scholarship which will contribute to such things as child care and household expenses.

Strategy

In addition to the known benefits of education stated before, in working on the target of young people staying at school Wyatt will

- provide its grants in identified lower socio-economic areas, (but not limited to these)
- add value to the efforts of other organizations providing services by providing grants to their students
- work with competent partners - join with schools who have special interest and skill in managing these students
- narrow focus to a manageable area - a particular level of education – secondary level, first re entry students and give priority to indigenous students
- work over a long term – until the program of grants are no longer needed or until there is an alternative provider or system of grants
- provide small grants through grants/scholarships, not bigger grants for program and administration costs of others

For Wyatt having a rationale clearly formulated has the added benefit of setting limits to our grant giving and helps staff to fairly decline unsolicited applications in a range of areas.

Expected outcome

School retention policy in South Australia refers to young people between the ages of 15 and 19 and the target is the completion of year 12 education. Retention rate to year 12 in SA is 75%. National rates are higher. Rates for Indigenous students are lower – approximately 40%.

Wyatt's outcome expected for its support is that some South Australian students will stay at school longer and achieve a better education.

How do we measure this?

Programs for the most disadvantaged students may provide flexible learning activities with outcomes less consistent and more difficult to measure. Attendance at school may not be continuous - with drop out and return, or partial attendance.

Do we measure outcomes in the number of students receiving scholarships – the volume of activity in which we are engaged? Or do we measure the outcomes for each student and match that to what we hope for?

Wyatt's expected outcomes for the present are advice from the school partner of the number of students receiving a scholarship that are still attending and making progress. We can support small steps towards bigger outcomes.

Implementation

In general, to find the recipients of our grants is a challenge especially when the most disadvantaged are the target. Wyatt links with the organizations who are providing the education and asks them to select the recipients and pay the grants. A purpose for the grants must be agreed – to give the student or their family a payment which is to be used for extra curricular excursions, clothing, stationery, personal needs, and for the student who is re engaging in education, child care transport, household expenses.

Because of our Trust Deed, the basis of selection of the student must be financial need, but the granting of the scholarship is to be promoted as a recognition of merit and potential to achieve.

These are small grants of \$300 per semester.

These students can 'graduate to' other Wyatt scholarships for tertiary level study which are up to \$3,000 per year.

Evaluation methods should be built into grant design and implementation. Wyatt takes advantage of the evaluation plans of partner service providers. Regular reports giving details of recipients and academic progress are always required.

This is a new program for Wyatt which will be reviewed and redeveloped as we progress.

Broader issues of grant making.

Innovation

True innovation is difficult, often requiring a reframing of an issue and application of extensive resources – human and financial. We are restricted by our Trust Deed but are continually working on this.

A true innovator is the man who received a Wyatt grant to purchase a washing machine and wrote to thank us and to tell us that it not only worked to clean his clothing, but also worked well to peel his potatoes.

Risk

The major risk is that money granted may not achieve its purpose.

When small grants are given, there is a risk that the individual recipient may not use the grant for the purpose for which it was given. Checking adds cost and reduces trust, so Wyatt has the rule that, apart from Scholarships, it will pay its grants only to service providers such as energy suppliers, and other creditors on behalf of the individual grant recipient.

With partners there are other risks.

When dependent upon other organisations to apply Wyatt grant funds to their clients, agreed goals may not be met for a variety of reasons including the intervention of unplanned events for the partner such as loss/change of staff or loss of government funding. Being very risk averse in partnerships with other service providers, Wyatt makes tentative first steps, describing the first stage of a partnership as a pilot.

We have been creative in complying with our Trust Deed by accounting for such items as contribution to a partner's salary budget or housing development construction costs as a \$ amount per specified service recipient or \$ amount rental subsidy for the first occupant's initial years of residency.

These arrangements may add to our risk. The partner organisation's liability for work place accidents or incidents of behaviour/malpractice may be shared with the funder.

On legal advice, the partner, in these creative arrangements, is engaged as a contractor for the segment of their work funded by Wyatt in order to reduce Wyatt's exposure to unforeseen problems. With all partnership arrangements, Terms of Reference documents are negotiated between the partner and Wyatt.

Operating style and its impact

Procedures

Wyatt processes more than a thousand written applications per year. This has required application forms and guidelines, and assessment procedures and standards so that the process is fast and not too intrusive for grant recipients and manageable for staff. We have ability and responsibility to exercise discretion, unlike other welfare services who are more constrained giving financial support, but we have to balance this with the need to be fair and the need to keep control of our giving.

Costs and Distributions

The payment of many small grants means significant costs because each application takes time for assessment and processing. Removal of personal contact with each

applicant by requiring a supported written application reduces time, but the costs of making the application is transferred to the referring organization. With the decision made in 1985 by Wyatt to only work through referrers for the majority of grants, Wyatt has avoided significant cost and has been able to maintain and increase its level of granting. We seem to have maintained good relationships with our referrers despite the fact that they bear some of the cost of our application processes.

Working with partners has a mutual benefit - Wyatt gets help to find our applicants and reduce our costs. For the partner, we add value to their service efforts with their client group.

Wyatt has an annual distribution target of \$2M in grants which represents at least 50% of accumulated funds each year. 30% of the grants budget is paid as grants to individuals facing domestic financial crisis. Being dependent upon service delivery partners, we may at times fail to meet this \$2M target. In addition, following past good years, Wyatt has put aside an additional \$10M for special projects over the next 5 years. We may need to review this in the light of present market conditions.

Administration cost for all parts of the organizational operation, including investment, accounting etc is approximately \$700,000. This is reviewed and closely scrutinised in our budget process each year and control is exercised through KPIs devised from a calculation using assets and grants budget amounts.

Equity

A belief about equity requires additional promotion costs.

Wyatt believes that every eligible South Australian should have access to our Grants and Scholarships. With this belief, we provide a continual information service for the referring organizations and their staff about our eligibility criteria and payment guidelines. While we have resources we are able to provide a small grant for prescribed purposes once, and not repeated within 3 years. Scholarships are offered for the full course of study, with some limits.

The Stigma of Charity

We and others in our position may be condemned as 'band aiding' - taking the short term view or dealing with symptoms only of larger issues. We aim to be strategic in our grant making by choice of focus and partners, but we value our unique ability to be responsive and compassionate.

Giving grants to people experiencing episodes of acute financial crisis requires special attention to issues of privacy and respect.

Opportunity to influence

There is opportunity to identify issues through the process of making small grants to individuals and to advocate for change. Our grant data and the networking and research which our staff undertake gives us some indication of community need to use when talking with policy makers.

Wyatt has attempted to add support to the community by asking our partners who work with people at risk of homelessness in programs we support to attend a meeting to facilitate their interrelationship and connection. We hoped that they may connect with each other and share resources, but found them very resistant to attending yet another meeting. Our partners have less time than we do. We have been more successful loaning our Board room and secretarial support to other organizations joining together as a committee to plan submissions to government for issues we also support e.g. No Interest Loan Schemes.

Collaboration

Philanthropic organizations providing small grants can especially benefit from association with other philanthropic or not for profit service organizations – according to their targets and rationale for grant giving. Teaming together to best utilise expertise and knowledge helps planning and implementation. Our association with partner welfare and health service organizations is critical for us to achieve our vision while we add value to their efforts.

In a culture of cooperation we can improve our performance to meet the ‘cause’ we want to support. In partnering with another philanthropic organization with different operating style or function, together we may cover the need and add volume to the scale of grantmaking with our joint resources

Self promotion

Providing small grants to individuals in financial hardship is a private operation – many South Australians have never heard of Wyatt. To our grants recipients we are often very forgettable – they do not have any interaction with us.

We need to have a public face to promote our scholarships and find our partners. But we do avoid any publicity which only says to the general public ‘we give away money, come and apply’.

It is interesting that Wyatt, because of its staff having backgrounds in service delivery and a practical understanding of need, has at times developed programs of grants with managers and service delivery staff, not organization executives. Such programs are sustained by good relationships with the referrers of our applicants, such as local school principals, welfare staff and counsellors, and survive change and challenge exceptionally well. But we have the additional task of promoting our success to the executive level who may know nothing about us.

When finding partners we ask whether we should always approach first the highest levels of organizations with formal proposals?

In translating to action the intention to support a cause or make a change there are many options. Some of these

Broad approach – general outcomes		Deep – specified outcomes
Big distributions		Small, multiple distributions
Long term commitment to projects/programs		Short term commitment with changing projects/programs
DIY		Donate to major organization which supports the cause
Initiate programs		Respond to proposals from others
Public profile		Private profile

Elisabeth Gazard
Chief Executive
The Wyatt Benevolent Institution Incorporated
100 Pirie Street, Adelaide SA 5000 www.wyatt.org.au