

futureperspectives

Summary proceedings of the first edition of Future Perspectives held on
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Presenters



Governance



Presented by
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Third Sector Insights



Fundraising



Presented by
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Relativ Group



Leadership



Presented by
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Corporate Dynamics Group

There is a need to challenge conventional ways of thinking, especially within this sector. Are we creating platforms for these types of conversations? Are we sharing knowledge and information to help shape the future? What actions can be taken? These are hard but necessary questions.

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Fundraising

There is a shift towards a new humanity of trans-racial, trans-national, trans-cultural ideas of what is happening in the world. What makes humanity special – who we are as biological beings? Fundamentally we are all just collections of coded chemicals and yet we have the power to transform the world around us. Research shows that humanity's affluence increases so does their empathy deficit. Organizations in the 'for-purpose' sector aim to care about what people and the planet. Leaders in the sector need to demonstrate how they and their organisations can take their supports beyond the threshold of the empathy deficit through delivering on the promises of what they do, and take their supporters into the journey of how they do it. The challenges are: How is this journey being facilitated with your donor? How do we engage people? Where is their empathy threshold? How good are we at storytelling? Do we think strategically about telling stories in an integrated way?

Humanity buys products to solve a particular need. But as an organization do we think about our organisations the way the world creates products? Can our organisations be seen as a product, something they can purchase with confidence? The art of fundraising is knowing your audience. Who is the audience of our organisation and what are the expectations of what we promise? What is the impact that our organisations are making? Do we take enough time and effort to find out how people think about us, and how they perceive how we deliver on the promises we and our organizations commit ourselves to?

Social media has the power to build or break community as it prompts people to really share their lives with world – fake or not. Social media platforms have provided the global connected community with a way to connect with others. It becomes a community of sharing. As a sector, what should we do to harness its potential and be aware of its pitfalls? If we care about people, then social media has the ability to create relationships – our greatest asset. It has also enhanced levels of transparency and accountability by having to building trust with people. In this way our relationship with donors becomes more important than the transaction of donation. Rather than focusing on the importance on the transaction, let showing people how they can trust us be the most important interaction.

Inequality is as much a first world problem as it has always been a problem in other countries, particularly South Africa. The vicious cycle of wealth creation through financial investment perpetuates the problem. Through the consumer driven global economy, the wealthy invest into companies developing products that are aimed at people to consume more creating spirals of debt for those can't afford to borrow. Fundamentally, commercial organisations are driven towards delivering a profit that in many cases is an extractive process of gain at the expense of people and the planet. However, these are the people and organisations we as a sector need go to when seeking funds. This creates significant ethical complexity within the sector – and the cycle continues.

There is however, conversation that is happening globally about a common lexicon, and people are positioning themselves around these topics. The United Nations Sustainable Development Goals (SDGs) and Global Compact provide a common language that could bridge conversations between people in different sectors both locally and internationally. There is a concurrent move towards 'integrated reporting' that holds promise for corporate and nonprofit collaboration as organisations are required to report on social and environmental impacts of their corporations. This creates a closer set of standards between the commercial sector and the nonprofit sector. We as a sector, need to understand these initiatives, promote them and leverage their influence.

However, one challenge the sector does currently face is that many corporates are setting up non-profits within their own businesses instead of teaming up with existing organisations. This is a response to the lack of trust in the non-profit sector based on the perception and the examples of organisations where money invested into them was misused and moved into administration. This is a challenge that the sector needs to overcome. Another challenge is one of relevance. Depending on what sector you as an organisation are from effects the way corporates get involved. It was felt by the attendees that the CSI is damaging the sector, as the idea of giving because it is good to give is lost. What does it mean to be philanthropic? People and corporations feel that they give so much already and define themselves as giving enough.

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Leadership

Leadership styles of the non-profit sector are very different to those within the corporate sector, which can be described as an 'achieve goals' perspective vs a personal perspective. There is said to be poor leadership skills within NGO'S, as they are often passion driven people who starting something that is close to them, but due to poor leadership skills, bad administration and poor data capturing they fail and then give the sector a bad name. This also leads to corporates not trusting the sector. Purpose driven leadership is not prevalent within the corporate sector ,the strong sense of purpose which leaders have in the NGO sector is an advantage which should be harnessed by leaders within the sector..

There is a strong social ethic in our youth, as this generation has a lot more social conscience and are ready make a contribution to the sector as they seek for meaning and purpose in their work. Yet, they still have to overcome the challenges associated to having very senior leaders above them and at the top of the sector, thus making it difficult to approach these senior leaders. Governing bodies should adopt new age thinking, such as the idea of Teaming. Teaming is the act of implementing a variety of perspectives and skill sets into their decision-making processes, including youth leaders. This approach could be coupled with advisory boards that offer the opportunity for rotation between leaders encouraging fresh thinking and strengthening board resilience. The core legal obligations are still performed by appointed directors and trustees, but there is a shift in the implementation of a dynamic team of employees, volunteers and/or consultants who perform the strategic and operational activities with the organization.

The development of non-profit leadership training is expensive with little funding available to help develop it. People from the sector need to contribute to what this needs to look like. Major think tanks need to be established to share their experience and knowledge. What are we doing to change these things? It is important not only to look at the organization as a whole, but to look at the leaders and how they are doing things.

There needs to be an overlap of expertise between the commercial and nonprofit sectors. It was stated that often leaders from the commercial sector at times can't and don't add value to the non-profit sector, as they often lead organisations in very skewed directions, and that non-profit sector leaders are the ones that need to be influencing the commercial sector. But, it was challenged by the idea of non-profit leaders also being able to lead businesses in wrong directions. An attendee stated that there is possibly a need for collaboration in working through leadership concepts across both sectors. However, a major challenge that was felt by a few attendees is that in the non-profit sector, leadership is completely different because organisations can't remunerate people in ways that display their worth. Non-profit leaders lead with passion rather than with a profit mind set. The need for collaboration between business and NGO sector leaders was, however, noted as an area to focus upon at future events. There was also a discussion around the need for formal, tertiary education within the sector. University courses for leadership in the non-profit sector are few and lack proper funding. Stellenbosch was mentioned as an institution who offered quality content in this regard, however, it was also said to be very limited. There needs to be more courses offered by tertiary education systems for leadership in the non-profit sector which then leads to career paths for individuals entering the sector.

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Governance

In looking at governance within non-profit organisations a certain predetermined standard of wisdom and knowledge is needed. In South Africa nonprofit professions and career paths are limited and not very well recognized. Yet, the members that form the governing body's of non-profits bear a huge sense of responsibility and are stewards within the organisation. Boards need to have responsible leadership, and are tasked with putting structures in place that empower management to do what they need to do. The question of who sits on these boards and what level of governance competency they have is critical. The expectations of governance were stated to be much harder to navigate in non-profit organisations. Non-profits are expected to steward finances well, whilst offering a service that corporates can't offer in addressing socio-economic issues. International research suggests that over 50% of funds received by nonprofit organisations are being wasted due to mismanagement and lack of proper governance standards. A global set of standards needs to be developed and implemented; however, it needs to be prepared with a global perspective and local application.

A trend that is being seen globally is that donors and funders who partner with non-profit organisations are becoming stricter in their due diligence and risk mitigation strategies, through focused questions they ask before they offer funds.

Following published reports, grass roots and media criticism regarding waste and mismanagement within the Donor sector, the urgent need for setting up a World Institute for Governance of Non-Profit Organisations ("World Institute" or WI) has become critical. More especially with a view to dramatically improving the governance, and effectiveness over the management of donations. Funds allocated to good causes have been growing substantially year on year. Some \$500+ billion is donated annually with some \$100+ billion per year allocated to the Least Developed Countries (LDCs), the majority of which are located in Africa and Asia. It is estimated that up to 50% of these monies allocated to those Regions are being wasted. Furthermore, much of these funds are locally managed and entrusted to organisations that lack proper Governance standards; and their Executives; Directors and Trustees lack basic knowledge and skills to fulfil their responsibilities and obligations of care. The potential for waste, corruption, and lack of oversight is of major international concern.

Take one example, of the £28 Billion invested in socio - economic development sector by the European Union (EU), it is estimated that £11,5 Billion was wasted due to mismanagement and poor governance and not reaching the intended beneficiaries.

The question of what more could be achieved by reducing this wastage was discussed.

Currently there is an initiative which is gaining global momentum for the urgent establishment of an Independent World Institute of Governance for Nonprofit Organisations (WIGNPO) The World Institute will be an independent body created to address the issues effectively, and will set globally acceptable standards of practice and Governance.

Sustained governance is the most effective method for transparency. What is needed is a global set of standards against which an NPO can be objectively, transparently and independently benchmarked on a regular basis, to provide trust and comfort to donors, philanthropists, management and society at large. This will have the important effect of increasing donations and funds to charities that meet these standards. It will also be a positive response to those critics who advocate "stop giving" as a solution.

It is envisaged that the Institute will directly and through core strategic alliances provide a practical, hands-on methodology to change the entire sector through best practices and increased philanthropy based on good governance. This will consist of the following key elements:

- a governance framework consisting of global standards and good practices which are applicable to the sector, covering domains such as: governance and oversight, financial management, program management and effectiveness, external communication, and regulatory compliance.
- a certification programme for independently evaluating and rating non-profit organisations against the standards and peers
- knowledge sharing, training and capacity-building

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Three additional core critical areas were briefly presented as supplementary areas for future discussion, which could add value to and form the basis of a global standard moving forward? These included the following?

Synergistic codes of good practice

There is excellent guidance on and requirements for good governance applicable to non-profit organisations globally. Are they synergistic?

Professionalism and career paths

Do we need an official tertiary education career path for NPO leaders and staff members? Is there a linear career path for students seeking careers in the third sector?

Scrutiny of governing body impact

Board performance is widely recognized as a critical ingredient in a nonprofit organization's ability to achieve impact. But what does effective board performance look like? And how can nonprofit boards become more effective?

Conclusion

In closing discussions, most attendees felt encouraged to keep going. On the whole attendees expressed how their work has in many ways become part of who they are.

There was a suggestion that the sector needs to improve their collaboration even so far as sharing services (such as payroll, procurement, office spaces and/or administration).

There was interest in measurements of impact and that leadership needs to focus on the positive rather than dwell on the negative outcomes and indicators.

In discussing the non-profit sector as people part of it, it was encouraged to also think about and have corporate business people talk and share.

With regard to governance, proper governing body member development, procedures and trans-sector consistency could augur dramatic change, improving funding opportunities for organisations within the sector, whilst improving the effective and efficient increase in impact



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1. WIGNPO prospectus November 2016.
 2. Working document on External Funds: Results for 2014 as reported by EU Heads of Union Delegations in the 136 External Assistance Management Reports EAMR 2014/2013 – Committee on Budgetary Control – Author: Ingeborg Gräßle – November 2015