

Philanthropie Aktuell

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EDITORIAL

Dear Readers,



«Good advice is expensive», is a common phrase, but especially nonprofit organizations and philanthropists often save the costs of external consulting. The consequences of consulting

resistance are behavior patterns such as «muddling through», the watering can principle for payouts and misinvestments in projects without notable impact. As a result, the inefficiency of their resource allocation is often more severe than the consulting fees actually saved.

Instead of seeing the costs as the main criteria, NPO and philanthropists should rather analyze where there is a lack of experience and know-how and how these deficits can be compensated for reasonably by consultants. Among the large variety of consultants, they are sure to find a matching partner!

In this edition of *Philanthropie Aktuell*, we will cast different spotlights on consulting in the charitable sector. Read more about the development of the philanthropy advisory sector, new consulting approaches for NPO and social entrepreneurs, and find out about the first result of a research project on consulting NPO by NPO.

We hope you enjoy reading!

Georg von Schnurbein

CONTENT

Philanthropy Advisory seif	01
Interview Cornelius Schaub	02
NPO consult NPO	03
Calender	04

Philanthropy Advisory

Due to the evolution of philanthropy as a global trend particularly amongst the superrich, supporting services have developed that optimize target achievement. Besides, philanthropy advisors also adopt other important functions as intermediates between the philanthropist and the beneficiary.

By Georg von Schnurbein.

Philanthropy has become a global trend in society. Especially when speaking of (ultra) high net worth individuals, «doing good» is a current trend. The analytical firm Wealth-X states that in 2012, wealthy Americans spent almost the same amounts of money on philanthropy (25 bn. USD) as they did on luxury goods (26 bn. USD). Even in China, more than 2 bn. USD were donated to charity. But the willingness to donate is only the first step towards effective societal commitment.

How can large amounts of money be spent reasonably?

As already stated by a Roman philosopher «One errs in believing that giving is easy. It is difficult to give with thorough consideration to avoid squandering money on the off-chance or at a whim.» Especially with large sums of money the danger of misuse and waste is greater. Simple and significant indicators of success are missing for philanthropic activities. In addition to that, bad philanthropic engagements don't have negative consequences, which make it hard to learn from past experiences. Yet, most professional philanthropists are capable of controlling and knowing the state of their investments.

A donation of a million Swiss Francs can bring about different effects, depending on its usage e.g. allocation to a museum, to a university or to development aid. Faced with a choice that is hard to

make, quite understandably philanthropists appreciate advice. Even John D. Rockefeller fully relied on Rev. Fredrick T. Gates to decide on which projects and organizations should receive support.

Besides lawyers, trustees and family offices, philanthropy advisors have emerged in the past years as an own profession, offering customized services for philanthropists. These firms offer the whole process for implementing philanthropic activities – from the strategic development to the choice of a suitable project to project evaluation. Their services and expertise particularly serve to find projects matching the philanthropist's interests.

Philanthropy advisors as intermediates

Furthermore, philanthropy advisors assume the important position of an intermediate. When dealing with family or intergenerational commitments, they help define common goals and balance out individual interests. On the recipients' side, they search for suitable projects worldwide and offer additional support to the beneficiaries. Advisors make sure that the project becomes a success, which also reflects on their own success. By publishing studies, reports, and guidelines, they contribute considerably to the documentation of the sector's development. Thus, it was consulting agencies that first captured and described new trends such as venture philanthropy or impact investing.

In many cases, philanthropy advisors act as generalist contractors, offering all activities and aspects in connection with the funding process. They team up with individual partner firms and organizations in order to be able to resolve any occurring issue of a project through one hand – from juridical questions to financial consulting or even content assessment and project evaluation.

As a result of lack of education and training possibilities, philanthropy advisors usually take up the profession coming from a different background. Their careers may have been in the finance sector, in nonprofit organizations or they were active members in foundations. The number of new philanthropic consulting firms is steadily growing, which is why some risks and challenges need to be addressed.

Challenges and risks

Basically, consultants are interested in long-term or at least regular cooperations with their clients. In the ideal case, one mandate will lead to the next. Accompanying services such as evaluations or documentations are not necessarily driven by the intent of a better goal achievement. Offering additional services also serves the self-interest of the consultant. Moreover, when a consultant takes on all the process steps, the philanthropist will barely take part in the learning process

himself and will become dependent on the consultant in a philanthropic activity, which should actually be aligned with the philanthropist's personal values. In light of this, the role of a consultant should be seen more critically.

FACTBOX

World Giving Index (WGI)

The WGI was developed by the Charities Aid Foundations and ranks 153 countries in the World according to how charitable their populations are. Australia ranks first, Switzerland 5th. The survey found that across the globe happiness was seen as a greater influence on giving money than wealth.

www.cafonline.org / www.wikipedia.org

Consulting services are always time-consuming and client dependent. Hence, consulting agencies try to develop standardizations and convergences aimed at creating processes that help streamline the work in respect to different mandates. The danger of making all process solutions uniform contradicts the plurality of philanthropic activities. The question of the costs also has to be raised. In the best case, philanthropic consulting improves the efficiency of donations through a tightened selection process and it leads to a better implementation by the beneficiary. In the worst case, a philanthro-

pist pays a consulting fee to support projects with little impact or projects which could have been financed in different way.

But the most fatal issue is the influence of philanthropic advisors on the relationship between donors and recipients. Susan Ostrander clearly shows that there is a tendency to donor-controlled philanthropy, leading to the interests and preferences of the donors being outweighed by the needs of the recipients. Philanthropy advisors contribute to this development if they perceive themselves more as services providers in favour of the donors, rather than as consultants working on behalf of philanthropists and their wishes and ideals.

The added value of philanthropy advisors

Philanthropy advisors face the challenge of employing their expertise and sectorial knowledge to bring the wishes of their clients in line with the needs of the recipients. In doing so, they should be able to create some added value for both sides. Not only consulting is needed to achieve this, but philanthropists also need to be trained to be fit for assessing the opportunities and risks of their commitments.

Ostrander, S. (2007), The Growth of Donor Control: Revisiting the Social Relations of Philanthropy, in: Nonprofit & Voluntary Sector Quarterly, Vol. 36(2), S. 356-372.

Success as Social Entrepreneur

The Social Entrepreneurship Initiative & Foundation (seif) promotes and supports startups from the establishment phase to the growth phase. Their goal is to professionalize companies which strive to create financial and societal value.



In its three years of practice, seif has supported more than 100 social entrepreneurs with different offers and services in their startup phase. By publishing newsletters, blogs, videos or brochures, startups are introduced to an interested public and are made widely known.

For social entrepreneurs in the establishment phase, seif offers a course called Business Creation for Social Entrepreneurship. In addition to a mentoring program, workshops for specific themes and a job exchange are offered. For the first time

later this year, the program Business Development for Social Entrepreneurship in the growth phase, 3 to 6 years after establishment, will be held. Themes like Social Franchising or Financing Growth are addressed referring to concrete best practice examples in cooperation with the experts of INSEAD. The call for proposals is open and applications can be submitted on the CTI Entrepreneurship platform www.cti-entrepreneurship.ch.

Startups engaging in societal challenges also have the opportunity to apply for the seif Awards for Social Entrepreneurship 2013. Each of the four most innovative Social Entrepreneurs

among all the applicants in the categories Integration, Green Innovation and Social Entrepreneurship, will be rewarded 10,000 Swiss Francs.

This year's award ceremony takes place on the 3 July in Zurich. Some of the guest speakers will be Bill Liao, Co-founder of Xing and WeForest, Klara Sekanina, Director of the Commission for Technology and Innovation (KTI), and the Zurich mayor Corine Mauch, who will receive the social entrepreneurs with a welcome speech.

Free admission at <http://seif.org/award/preisverleihung/>

New Philanthropy

The charitable stock cooperation PHINEO, domiciled in Berlin, is an analysis and consulting agency for effective societal commitment. PHINEO comes from the combination of the words philanthropy and neo. The name stands for the claim to support philanthropy, the commitment to common welfare, in a new and innovative way. The CEPS speaks to Cornelius Schaub, head of the consulting department of PHINEO.

CEPS: Providing societal impact is the goal of your consulting services, as formulated by PHINEO. How do you define this goal?

C.S.: Impact to us means activating positive societal changes. A project really is successful, when you can see in its results that something is different to how it was before and not just by looking at how many resources were used. When you support a project at a school for example, you can see the impact it unfolds by measuring whether the participants learned something and whether they have changed their behavior. It cannot be called impact yet, if they just attended one workshop. The results have to be measured and evaluated. Very often resources don't even have to be provided, but the already existing ones need to be applied in a more demand-oriented and strategic way. To raise the impact level, we begin on the donor side and support them in choosing good projects and approaching existing projects in a more effective manner. Where there's a good intention it doesn't necessarily mean that it's well done.

Cornelius Schaub



Cornelius Schaub is the head of the consulting department of PHINEO. He has supported organizations in the social, public and private sector for many years. His expertise includes among others strategy development, stakeholder engagement, impact development and evaluation.

CEPS: Which consulting services does PHINEO offer concretely?

C.S.: We advise all of the so-called social investors, who would like to invest money, time or expertise in charitable projects. The formats are very diverse and are oriented towards the demands of our customers. We hold «impact

workshops» for example, where we impart necessary knowledge and practical tips on how to define and measure impact for oneself. But we also take over inquiry services or look for suitable partners in our network. We often support customers when it comes to the strategic orientation of their commitment. Which societal challenges are especially pressing and in which field can we specifically contribute as a social investor? Which people should our commitment devote itself to? What change do we want to make in society and how do we see if we were successful?

CEPS: What kind of consulting services do companies contact you for?

C.S.: Companies have understood that sustainable business success depends on a strong society. They are challenged for example by the shortage of qualified personnel and demographic change. Corporate citizenship programs (CC) are a good investment. Projects only aiming for PR-impact we look through very quickly. Companies cooperate with us to be able to make a real difference with their CC-activities – for society and the long-term existence of their company.

CEPS: To what extent can classic management models be transferred to NPO?

C.S.: NPO are becoming increasingly professional and adapt management methods to their own context. They thereby raise their impact and create new playing fields, enabling themselves to focus on the more fundamental core issues. But there are also limits. At the end of the year, an NPO is successful when it has accomplished its mission not just by depending on the income side. NPO therefore must orientate their decisions by targeting different goals. Our current study on «impact orientated steering in NPO» shows that NPO see impact as an important factor, but also that many NPO have problems to arrange their processes

accordingly. This is where the challenges lie when one tries to transfer methods of classic management to NPO.

CEPS: Thank you very much

CEPS INSIGHT

CEPS becomes a university institute

The Centre for Philanthropy Studies will become a scientific institute in its own right and will be directly responsible to the rectorate. This step shows the appreciation and recognition for the work of the CEPS over the past years. The interdisciplinary research and doctrine in the areas Foundation Studies and Philanthropy at the University of Basel are thereby manifested and strengthened.

Current publications of the CEPS

Just in time for the Swiss Foundations Symposium in Basel, on June 6th, the Swiss Foundation Report, *Schweizer Stiftungsreport 2013* by Beate Eckhardt, Dominik Jakob and Georg von Schnurbein is published. Also Volume 10 of the series Foundation Governance with the Title *Innovation instead of Stagnation*, edited by Georg von Schnurbein and Philipp Egger.

NEWS

INDIANAPOLIS ARNOVA announces new Executive Director

The Association of Research on Non-profit Organizations and Voluntary Action has announced that Shariq Siddiqui will join the association as new executive director beginning June 10th. Prior Shariq served as Director of Development at the Indiana University School of Education. www.arnova.org

MUENSTER ISTR issues call for contributions

The International Society of Third Sector Research has issued the call for contributions for its 11th International Conference in Muenster, Germany, in July 2014. The conference title is «Civil Society and the Citizen». www.istr.org

NPO consult NPO

A new research project by CEPS examines the reasons and consequences of the phenomenon that charitable organizations increasingly specialize on consulting other NPO.

Consulting is first and foremost a service which is sold directly to a paying customer. Good consulting agencies earn a lot of money and their employees are often very well-paid. Why should a consulting agency choose the legal form of a charitable organization and take restrictions on profit into account? The CEPS examines the reasons and effects of this development in case studies.

Positive Side-Effects

First results show that the motives of the founders of a charitable supporting organization usually come from an ideological background. They aim to work against the marketization and system errors in the nonprofit sector. They gain personal benefit from experiencing diversity, group dynamics and by sharing their own experiences. This motivational background mobilizes resources from voluntary workers as well as additional services from paid employees.

Thanks to time donations (and to contributions from donors), NPO with little available financial resources can

be linked to expert knowledge and can thereby raise their capacity to act. Moreover, consulting services for NPO are also used to further develop the nonprofit sector and society. In this way, i.e. retired people with many years of experience can be integrated into the consulting processes and their active role in society is supported.

Sibylle Studer

DID YOU KNOW?

12,957

At the end of 2012, 12,957 foundations with charitable purposes were listed in the Commercial Registry. The number of newly established foundations (376) barely changed in comparison with the previous year (374). Basel is still the city with the highest foundation density at 46.8 foundations per 10,000 inhabitants.

Source: Stiftungsreport 2013

Talent support

Symposium about the role of the state, the private sector and civil organizations in talent support



The CEPS is co-organizer of the **Symposium zur Begabtenförderung in Switzerland**, which

takes place on 27 June 2013 at the University of Basel. This symposium on talent support is designed as an alteration between lectures and workshops. On the one hand, it addresses the potential and composition of the corresponding support organizations in Switzerland. On the other hand, new trends and tendencies are shown through examples from practice and their importance for talent support in Switzerland discussed.

The symposium provides information about who engages in the Swiss educational system in talent support, which current approaches to talent support exist, and how talent support can be further developed in the future. The symposium addresses everyone interested in the development and configuration of talent support.

The complete program can be seen under www.begabtenfoerderung2013.ch

CALENDER

ADVANCED STUDIES

[Enroll now!](#)

CAS Performance & Communication in NPO

Modul 1: Communication
2 - 5 September 2013, Ipsach

Modul 2: Monitoring
23 - 25 September WWZ, Uni Basel

Modul 3: Evaluation
21 - 24 October 2013, WWZ, Uni Basel

Philanthropy in the morning

Social Media for NPO
20 June, WWZ, Uni Basel

Cours Intensif en gestion des fondations donatrices

9 - 11 September, Graduate Institute, Geneva

FURTHER DATES

European Network on Philanthropy Challenges for Research on Philanthropy: New and Transnational Perspectives

11 - 12 July 2013, Riga, Latvia

Conference Partnering for Global Impact Technologies for Development

10 - 11 July, Convention Centre Lugano

EBS Business School 2nd EBS-Intel Summer School for Social Innovators

30 - 31 July 2013, Campus Rheingau

Annual Conference European Venture Philanthropy Association Responsible Leadership: Inspire and Act!

27 November 2013, Geneva

LEGAL NOTICE

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