



Introduction

Part I: Overview of the Challenges

Part II: The 7 hard questions we need to be asking

Part III: The Opportunities

Conclusion

Biographies



1683, Allain Manesson Mallet from 'Description de L'Univers', one of the first images printed of New Zealand

**Simply by  
sailing in a new  
direction,**

**you could  
enlarge the  
world**

Allen Curnow

# Introduction

Covid-19 is forcing us to ask some hard questions. Our focus in this paper is on charities, NGOs, NFPs and community sector organisations as it has accelerated conversations for them about sustainability. However, many of these concepts will apply to other organisations as well in this unique moment in time

Early explorers like those described in the quote who sailed to new places relied on charts, maps, stars. We also are headed towards new locations as a result of the crisis and we need to be asking the right questions to get there. In this paper we want to dive deep into some key issues that we see organisations are facing in order to provide a constructive framework for considering the future.

We don't have all the answers. But there are lots of fantastic minds, skills and experience within our sector. Hence, we hope that some of the questions and provocations that we pose within this paper will further assist firing up some lively neurons to help organisations change and thrive.

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From a world map by Bradford in 1835 showing New Zealand (or trying to...)

# Part I: Overview of the Challenges

**“There are three classes of people: those who see, those who see when they are shown, those who do not see.” Leonardo da Vinci**

The pandemic has forced us to look with new eyes on our reality. We have come to appreciate many things during the lock-down that have always been in plain sight, while missing other things we didn't know were so important. In order to clearly understand the direction we want to sail we need to get to grips with which way the prevailing winds are blowing. To aid with this we want to set out here some of the particular challenges today.

## **A global interconnected health and economic event**

Covid-19 presents a challenging global health event. Successfully addressing it to avoid a potentially horrendous body bag count has also sadly meant inflicting significant damage onto the traditional economy – both in Aotearoa and internationally. While impact predictions are hard to accurately make, there is no doubt that this twin health and economic challenge, combined with the fact it is truly global in effect, will have significant ongoing adverse economic consequences.

We also don't have a similar experience to reference to or learn from. Never before have the economies of the world been so interconnected and never before has the global economy been so effectively shut down.

For the NFP/Charitable and community sector, which sit within the New Zealand economy, this presents significant organisational and strategic challenges. While NFPs and charities don't exist to make money, their revenue is absolutely essential to them being able to carry out whatever work it is they exist for.

Again, while forecasts as to extent vary wildly, it appears clear that we will see adverse revenue impacts on the sector. Perhaps most worryingly, the forecast adverse pressures on revenues are likely to impact all major revenue sources for the sector. This includes:

- Philanthropic and corporate donors being less likely to have funds available for philanthropic purposes due to their investment or business returns being down
- Individual donors being impacted by unemployment or fear of unemployment reducing their ability to be generous
- The New Zealand Government being under significant pressure to provide funds to all sectors of the economy. This will result in a significant increase in Government debt and likely cuts to Government grant funding

- Gaming trust and other gambling related forms of revenue into the community sector being down due to a decline in gaming activity (but given the moral hazard argument of gambling harm then perhaps being forced off this form of funding may be overall healthy?)
- The ongoing rise of impact driven enterprises (also called social enterprise) and the likelihood of more competition between for-profit and for-purpose sectors putting pressure on charities with social enterprise operations
- Shifts in focus from some funders who may themselves be re-evaluating what to support
- More desperate fundraising competition from other NFPs and charities who do not have significant rainy-day reserves battling for their survival.

## How deep? How long? And how do we get out?

The other factors from an economic perspective that appear clear are that the impact is likely to be global, deep, and long.

We appreciate the criticism that most of us humans are programmed for a crisis bias. We also appreciate the many examples that show that this crisis is having a very unequal impact on different organisations even within the same sector. However, the quantum and scale of the adverse economic indicators are just too great to ignore the fact that we are looking at a very difficult time for the global economy ahead.

The world economy is also in uncharted territory as regards to the levers that are available to pull it out of a recession and back to thriving, or at least more sustainable, economies providing employment and incomes for households. Quantitative easing and printing money got the world economy out of the GFC (the Global Financial Crisis – the last major global economic shock largely caused by an unsustainable debt fuelled housing boom). But many economists are of the opinion that won't work this time.



Bringing our focus back to Aotearoa we can see the fundamental and rapid damage that can be done to a major sector such as our tourism industry. Almost overnight the jobs, business, and economic livelihoods for the families of somewhere between 250,000 and 300,000 kiwis were dramatically impacted. And with locked borders, differing Covid-19 infection rates in differing countries, a lack of air travel capacity, and outright fear of travel it is safe to say that the tourism sector in Aotearoa is going to be quite different for

Dutch version of Cook's map from 1797

quite some time to come. And possibly never as it was previously.

And that is just one very immediately obvious sector. Our economy is far more interrelated and nuanced than many people appreciate. Economic impact is also never as neat as straight lines on graphs. We expect to see many fluctuations and ups and downs. But over the next 1-2 years we will see the true impact of this combined health and economic issue as the economic shock takes time to fully play out.

This is likely to present more need for some areas of our NFP/Charitable and Community sector. Sadly, it is also likely to mean a more difficult environment for them to survive and operate within.

## **But no use crying over spilt milk**

Or as the Buddhists say: The cup is already broken.

What we need now is what our children have been taught the last few years: Growth Mindset. The opposite is a Fixed Mindset which says that the problems are too big and cannot be overcome. A Growth Mindset is presented with the same situation and looks for opportunity and where new ways of doing things can be learned.

This situation is what it is - and as such we are faced with 2 fundamental choices:

1. Complain about how unfair it is, and pine for how it was in better times (Fixed Mindset); or
2. Accept it and look for how we need to change to be more impactful and sustainable into the future (Growth Mindset).

Ask any psychologist about those two choices and even without them knowing any of the details they will quickly identify that option 1 is likely to result in some unhealthy mental impacts, whereas option 2 will create a more positive future and action focused outlook.

We fully appreciate that change is difficult. However, if there is a positive to this current situation it is that at least the external factors are significant enough to force some deep reflection and provide enough motivation to actually force some changes. And some of those changes will actually be for the better. Even if there is short term pain.

Our hope is that those reading this paper will refuse to view themselves as casualties or victims and instead have the right mindset to view themselves as potential catalysts to create productive change. As Paul Hanna says: *“Take accountability for any incident that is wearing you down, & you’ll see the solution. Put the blame on someone else and you become the victim.”*

## Part II: The 7 hard questions we need to be asking

The legacy of the past and our investment in the current can hold us back from achieving the future.

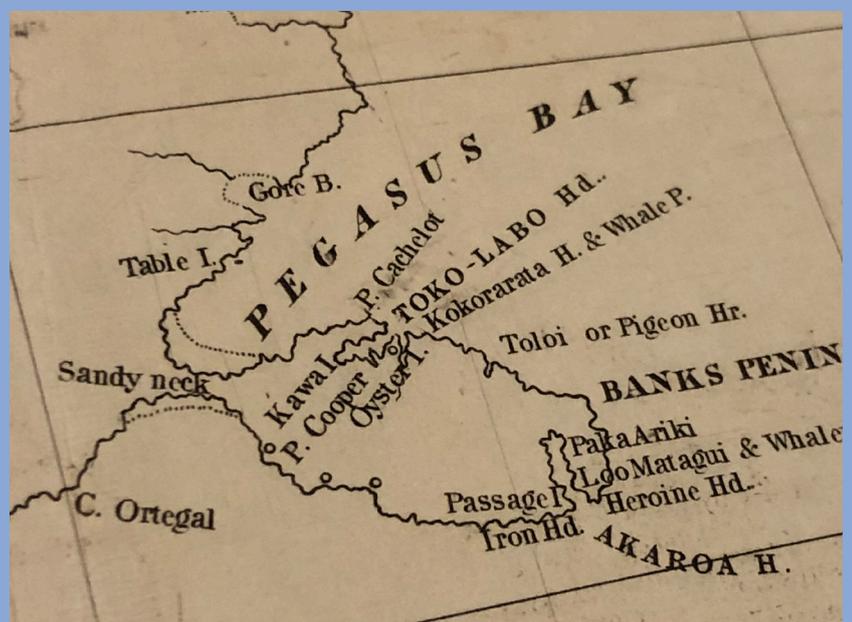
When one is in the trenches consumed by how much needs to be done and the busyness of today we don't always stop and reflect objectively on our organisation as we perhaps should.

When asked to look at any organisation from an independent consultant perspective we often use the phrase of "flying in from Mars". This helps to explain the approach that a good consulting professional will usually take and their absolute level of objectivity in looking at all aspects of an organisation. In other words, if I were flying in from Mars today and wanted to set up an organisation to address your particular cause with the most impact, would I set up your organisation? And would I set it up like you currently operate and are currently structured and organised?

Unsurprisingly the answer is usually no. And this is understandable and explainable as new innovations continue to occur. Sometimes this can be a result of sunk costs or legacy ways of operating or thinking that came from a different paradigm when the situation was different.

Take cloud computing versus an organisation set up in the past that had to buy expensive computer servers and software to run on these inhouse machines. Yet for the organisation that already has deeply invested in the legacy system it can then be harder to justify writing off that past investment to change to something new and possibly more efficient.

Likewise, the national federation of separate incorporated society branches of the same organisation. This structure probably made sense when transport and communications were not as easy as they are today, and more people had more time to take on board and committee roles in their spare time. However today that structure can curse a national organisation with duplicated costs,



1841, Arrowsmith map with detail of Banks Peninsula

organisational sustainability issues, and unnecessary petty politics – all things which detract from whatever the good cause the organisation exists to address. We know of other organisations which have structure charts that stretch like an octopus across the full range of legal forms: companies, charitable trusts, incorporated societies. There are often valid historical reasons for why they exist that way: But is it the best way? And if we were designing the most effective, efficient and impactful organisation today; would we design it like that?

So, here are some hard questions that we think all boards and senior management need to be asking. We appreciate that some of these questions may result in an instant reaction in many people in the sector that is likely to border on outrage.

## **1. What is our purpose?**

Some organisations have forgotten what the original purpose was that they were set up to try and solve. Not perpetuate the provision of ambulances at the bottom of the cliff, but actually solve the issues with fences at the top. We often see organisations who are surprised when reading the actual purpose to realise how far mission drift has led them. The current leaders need to be clear on what the purpose actually is before anything else.

Organisations with laser like clarity on their purpose are those that generally tend to achieve it.

## **2. Do we have a right to exist?**

Quite simply; does the positive impact of our organisation justify the cost and effort of all the things necessary to operate the organisation? i.e. are we delivering enough positive impact? Or are we just taking up sector oxygen?

While we have impressively low barriers to entry for NFPs and charities and community organisations in Aotearoa that doesn't mean that all have an automatic right to exist. The pass mark should not be simply an intention to do good – we need to ask these questions in order to work out if this organisation is actually being effective.

In our view, a sufficient level of positive impact must be the lens through which this hard question needs to be answered.

## **3. Do we still need to exist?**

Many organisations have morphed over time in terms of what they do. Often to follow the available funding. Sometimes this has led organisations away from what they were really unique at and expert at, and into other areas where they may be

competing with other better, more specialist organisations. And competing for the same limited funding and other resources pool.

Would the wider society be better served if resources were focused on those organisations that were really unique and expert in an area? Would a governing body and management be able to admit that? If it is a new organisation then is it trying to replicate what someone else already does – entrepreneurship is lifted up as a high value in our society, but even more admirable might be sacrificing your ego to get in behind and really support someone else's dream which happens to match yours. And in doing this eliminate unnecessary administration duplication and resources being diverted from creating more impact.

## 4. Should we have an end date?

While this may not work for all charities – if you consider it deeply it should for many - if they are being truly honest and committed to their cause.

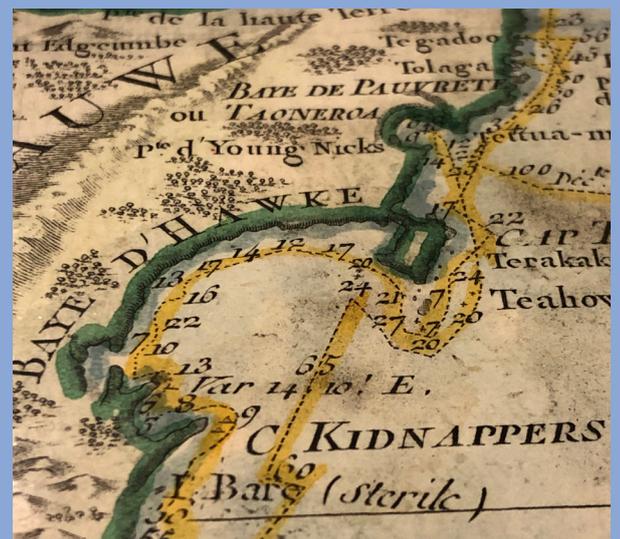
Arguably one of the most noble measures of success of any charity that exists to address a social or environmental need is that they should no longer be needed. Because the job is done. We have a feeling there will always be other issues that need addressing – hopefully they can be solved as well but not continued and perpetuated with an eye on continuing a legacy of having existed in the past.

For example, if your charity were set up to eliminate avoidable blindness, or to eliminate all pests in Aotearoa's forests, when could this be achieved by? Set that challenging and motivating date.

Having an end date target in your strategic plan can be a very powerful motivating force to focus attention on the most efficient means of achieving the aim. Interestingly, having such a target and a goal of society no longer needing your organisation can also make those involved much less precious about how they achieve the target.

The alternative is the building of a strong NFP/charity brand. Without clear focus on getting the job done, this can unfortunately (and often almost unconsciously) lead to more focus on the brand and protecting the ongoing nature of it - rather than why the brand actually exists in the first place. This is just human nature to protect what we have built. To be proud of our organisation doing good and our legacy.

But are we being truly objectively honest towards our cause?



## **5. Should we continue to try and go it alone?**

By any relative measure compared to many other countries we have a large number of charities and NFP's in Aotearoa. However, we are a small country with a small population and as a result by having a large number it means that the vast majority of these charities and NFP's are also very small.

We are not saying that big is beautiful. However, we cannot ignore the fact that the existence of many very small entities results in a lot of duplication and administration that detracts from the amount of impact that can be achieved. As one example, think about governance boards and how many volunteers are needed to help operate so many entities. In any organisation there are critical size points below which even basic administration can seriously detract from the positive impact that can be created.

Do a search of the Charities Register or have a look on the internet and you will also quickly find that there are many NFP's and charities existing to address the same or a similar issue and often even in a similar geographic area. As such they are usually competing for the limited resources available.

Again, if we are truly seeking to create the most positive impact for society at large, is this a sensible approach?

Merging like organisations is at the extreme end of the spectrum to addressing this issue. We are not advocating that it always represents an appropriate solution because it has its own complexities. That can also be a bridge too far for many to contemplate, unless they are forced to by funders or legislation.

However, we are starting to see, and expect to see more of, an increasing pressure from funders wanting groups to work better together and for there to be better collaboration to achieve greater positive impact with the limited available resources. Hence even if a merger may be just too hard, there is still significant positive potential to be gained by closer collaborations. One example of this could be creating hubs where many entities can access and share common resources rather than needing to duplicate all – that can be a very effective option.

## **6. Are we thinking broadly enough about who we can collaborate with?**

We believe we are headed into a much more global and interconnected future. It will be one where more and more businesses are waking up to for-purpose and social licence, and more enlightened Governments are waking up to holistically measuring wellbeing rather than just economic busy-ness. For your charity or NFP to remain

relevant and impactful in such an environment are you thinking widely enough about who you could partner and collaborate with to create more impact?

Sometimes 1+1 can equal 3 if you get the mix right.

But this takes inspired leadership skills to leave ego behind, to truly think openly and creatively, to expand your networks into perhaps surprising areas, to put yourselves in someone else's shoes to understand how it can help them as well as wider society, to explore the unusual and untested.

## 7. Can we reimagine the future?

In the midst of uncertainty, people are reevaluating what they support, so we suggest it may be time to look at our messaging and how we convey why our organisations exist. This is a time to have stronger communication to our stakeholders and the general public around what we do, and why.

Is this an opportunity to reimagine how we fulfil our purpose in order to be successful and as impactful as possible?

Those that can imagine the future can create it.

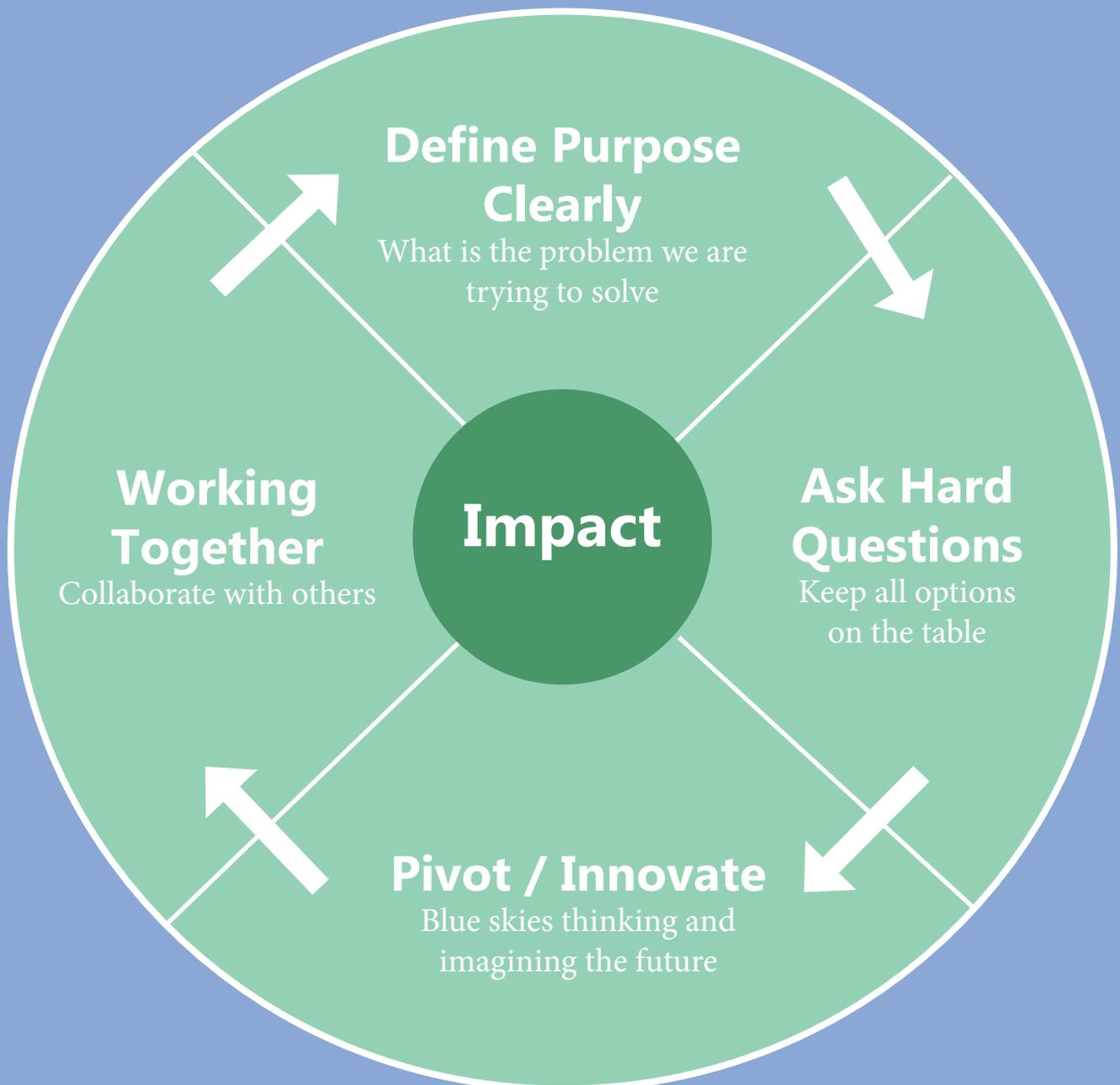


1785, Italian map tracing Cook's voyages and showing 'Banks Island'.

## Part III: The Opportunities

Why do children learn so fast?...because they're curious and they aren't afraid to try.

We are both glass half full people and we want to move on from the hard questions to focus on the opportunities. One constant in life is change and this crisis has accelerated conversations that maybe would have needed to happen within a few years anyway. When approaching these discussions and looking for opportunities we think a framework for the conversations is shown by this diagram:



## What should be considered?

### Impact

Those creating the most positive impact will win the future.

We remain firm believers in impact (clarity, measurement, reporting, communicating) being the key determinant of those entities who will succeed into the future...and in fact will have a future!

How clear are you on your impact?

### Information Technology

IT is not the answer. But it should be more of the answer than it currently is. And as Moore's Law continues to show us it keeps getting better, faster and cheaper. As a generalisation our NFP/Charity sector has not invested in or utilised IT to its advantage anywhere as much as it could.

### Investment in our People

We expect so much in the NFP/Charity sector. We want people to almost work miracles on a daily basis dealing with wicked challenges...yet we also expect them to want to do this for the good of the world and don't always value this in a similar way to what is expected of high flyers in the corporate world.

If we are genuine about dealing to wicked problems in our society and environment, then we must be more realistic about investing in our people so they have the skills to achieve more.

### Collaboration

Teamwork, associations, partnerships, alliances. Dare we say it, mergers! We need to get over our egos, our biases, our prejudices, our brands, our parochialism. We need to get over ourselves and openly explore how we can do more together.

**If you want to go fast; go alone. If you want to go far; go together.**

# Conclusion

There are risks & costs to a program of action, but there are far less risks than the long-range risks and costs of comfortable inaction.

John F Kennedy

Charting a new course is not easy. In an accelerated future with many uncertainties that is even more true. We hope that you disagree with at least one point we make here and have heated conversations as a result and do something about it. Great ideas are nothing without action. And action takes effort. Together, we can come up with new compass points – or rediscover old ones – in order to map out where our organisations are headed.



1840, detail from a map of the Pacific Ocean by J&C Walker

# Biographies



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