

Charity vs New Philanthropy

*A recent report on philanthropy focuses the mind on current techniques for **giving and making a difference**. This article looks at some of the key findings and implications for funders as well as Charities and NFPs in New Zealand.*

When I was growing up and learnt the word “charity”, I understood it meant giving alms to the poor. Basically the gift of usually money, but sometimes time or other resources, to those less fortunate or to help fix a social or environmental problem. Essentially it was about giving.

My hard-working parents instilled in me a belief that hard work and persistence was the key to getting ahead and forging a life for yourself. (In hindsight I sometimes wish they had also focused on doing things smartly rather than just applying more effort, but hugely valuable life lessons all the same). Their view was that you had to get out and fish – you couldn’t expect to be given a fish. They also provided me with a very clear appreciation of how fortunate we were to live in a beautiful, open, free, safe country like New Zealand that afforded people the opportunity to make a positive life for themselves, their families, and to add to the wellbeing of society in general. Yet I also learnt from them that there will always be some less fortunate, and that is where charity comes in. Sometimes you just had to give. And when you gave you didn’t expect anything in return.

I didn’t know about the word philanthropy back then. When I did learn it, I understood it to essentially be a synonym for the word charity; giving for the welfare of others.

“ However, the concept of philanthropy has continued to evolve and has become quite a lot more sophisticated these days.

Philanthropy is changing

I recently read an interesting paper called [A Philanthropists Guide to the Future](#) from the Susan and Michael Dell Foundation in the United States. This paper is the result of a study of social impact professionals ranging from social entrepreneurs, experts and leaders from NGOs, government officials, and even people who have lived in poverty and found a way out.

The paper is not long and is well worth a read, but I attempt to summarise some of the key insights below. It also resonated with me as one of its observations was that people were very interested to learn about failures. (A topic I have written on in the past – see [here](#)). Interestingly their study found that more people (76%) were interested to learn about failures of others so they could understand and avoid them, than were keen to understand what makes others successful in achieving impact (71%).

5 key findings

The key findings from the paper were that philanthropy is changing in 5 distinct ways as noted below. While the paper was written through the lens of a philanthropic organisation I think that their observations are equally relevant and educational for charities, NFPs and other social impact organisations.

1. **The role of philanthropy is shifting from one that focuses on capital to one that focuses on competence.**

Philanthropy used to be about wealthy giving money. “Noblesse oblige” being the lovely French description of the concept.

However, very much in line with trends in modern business, wealth creation today is often much more about access to smart ideas and experience in capitalising on that, rather than just access to financial capital. Hence to achieve positive and step-change social impact; access to advice, skills, experience and motivated individuals is often as important, if not more important, than just donations of money.

This shift can be seen as a reflection of the business world where there is a growing trend of ideas, skills and competence being more powerful for success than just access to capital. For example, everyone looking to develop the next “killer app”. This concept becomes increasingly understandable as the world becomes smaller with technology, and the ability to leverage ideas to a far wider audience far easier than ever before is increasingly available.

2. **The motivation to work in philanthropy is shifting, from passion alone to a mixture of passion and pragmatism.**

The concept here is that modern philanthropists don't just look to support causes they are passionate about. Instead an equally important criterion is to support a cause that they also have expertise in. That sweet-spot of combining desire and expertise can be a major determinant in achieving step-change social impact results.

3. **The approach to problem-solving is shifting, from staging interventions to pursuing innovations.**

Excitingly there is a recognition that there is a growing risk appetite in the social impact sector to being brave. Hence there is a greater willingness for seeking and trying innovations.

Obviously with a braver risk appetite comes a greater potential for failure. But just as in business; if you fail fast, learn, and can pivot quickly enough, then the resulting success can sometimes be considerable.

This doesn't mean that support for traditional charities is not important. And certain funders will always be much more risk adverse, for example most government funding. But for philanthropists who have the discretion, and who in many cases have made personal fortunes by pursuing and leveraging innovation, it is heartening to see this crossing over into their support of social impact initiatives.

4. **The relationships between social impact leaders are shifting from coordination among peers to full-on collaboration.**

There are indications of an increasing desire for new ways to effectively collaborate with others to achieve results – across sectors, disciplines and geographic boundaries. This reflects a recognition that diversity is important for success. Especially diversity of skills, talent and perspectives.

However, to realise success through close collaboration often requires a reasonably significant change in mindset from all parties and an ability to focus on a bigger aim rather than just the perspective from within one organisation.;

5. **The scope of work within organisations is shifting, from quick fixes to long-term involvement.**

To make changes to deeply entrenched societal issues requires taking a long view. Very seldom will the miracle cure be delivered overnight. The paper used the term “a call for stubborn patience”.

Social impact principles for all

The paper summed up with The Dell Foundation's own Social Impact Principles. I found these so clear and powerful that I felt they deserve repeating verbatim here. While written in the context of a significant philanthropic Foundation thinking about their social impact, they read to me like very well-expressed life lessons we could all take heed of.

If it looks easy, look closer.

The only way to solve the surface-level challenge is to address what's happening underneath. Use your passion and skills to dig deep and find the roots of the problem.

Take the risks your challenge deserves.

Our greatest challenges require doing some things differently. Push the boundaries and be willing to take risk where others won't.

Stay the course.

Behaviours change slowly. Time is often; the most important investment you can make. It's going to take more than one try to make an impact and it's going to take more than one success to make a difference.

Money alone doesn't solve problems.

Money doesn't solve problems, people do. A combination of talent, ideas, resources and execution is the only way to create solutions that last.

Invest in people.

Collaboration among partners amplifies impact. Find people who challenge your thinking and invest in them.

Measure mindfully.

Evidence is the only way to know whether you're making a difference, but not all data is created equal. Always measure, but be smart about what you measure, and how.

If it doesn't work. Tell everyone.

Your outcomes, both good and bad, are opportunities for others to learn and do better. We all win when we learn together.

This is worth it.

No one ever said that creating lasting change was easy. The work ahead is incredibly challenging. When you see the real-world impact your work has made, you'll know the effort was worth it.