WINGS

WORLDWIDE INITIATIVES FOR GRANTMAKER SUPPORT

Peer learning event on sustainability of grantmaker associations and support organisations

Meeting held 29 June-1 July 2006 in Istanbul, Turkey
Hosted by the Third Sector Foundation of Turkey (TUSEV)

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WINGS seeks to strengthen the institutional infrastructure of philanthropy worldwide by building a strong, interconnected and collaborative global network of grantmaker associations and support organisations, which, in turn, help grantmaking institutions that support civil society to build a more equitable and just global community.

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Introduction to the peer learning event

WINGS aims twice a year to offer a topic high on the network's agenda for detailed exploration and discussion by a group of about 15 people over two to three days. The group is selected through an application process: for most topics, each selected applicant will usually combine some specific knowledge of the topics with an interest in exploring it further. So far, this structure seems to provide a good learning environment, especially for topics concerned with the nature and structure of grantmaker associations. Most participants are senior staff members of their organisations; occasionally, as this time in Istanbul, they are joined by some board members. WINGS also aims for (and normally achieves) good geographic diversity at its peer learning events: this event provided a very good global mix.

Sustainability is a key issue for most grantmaker associations and the group that met for the peer learning event (PLE) on this topic from 29 June to 1 July 2006 was a good cross-section of the field. Some of the participants were from organisations two years old or less, while two others were among the tiny handful created in the 1940s. Size and range of members varied widely as did levels of experience of the participants themselves. Some have had concentrated periods to assess and stabilise their organisations while others are developing sustainability strategies. Two organisations present, while sharing the role of promoting and supporting philanthropy, are not based on a membership structure and thus brought yet another perspective. The countries involved were Brazil, Canada, Ireland, Kenya, Malaysia, the Philippines, Portugal, Romania, South Africa, Turkey and the USA (one organisation US-wide, others covering Northern California, South Florida, and south western states):

thus the cultural, economic, legal and historical contexts were extraordinarily different too. The differences did not dominate discussion but in some ways enhanced it with multiple perspectives and varied approaches, and occasionally requiring some careful teasing out of the meaning of terms or tactics in different contexts – always an enlightening process.

TUSEV (Third Sector Foundation of Turkey) hosted the event in Istanbul during 29 June - 1 July 2006, providing meeting space, organising delicious meals and helping with many practical issues.

Sustainability: definitions and getting to grips with the subject

We approached the subject through a series of topics, starting with some teasing out of what sustainability means to a membership association, then moving on to planning processes, capacity building, financial sustainability (many aspects of this core area), and some of the issues specific to being a membership-based organisation. Everyone took a leading role at some stage, moderating and presenting topics. The detailed agenda can be found at the end of this report.

Inevitably in looking at sustainability it is financial security and predictability that are uppermost as concerns for staff and boards. Financial sustainability, however, is not attained by a focus only on money; and sustainability is a much bigger and subtler issue than one of financial security alone.

For a membership association, sustainability is also very bound up with the level of development and viability of member organisations. If the NGO sector is under pressure because of an offloading of government responsibilities, or if a society is going through fundamental transition and the foundation sector is new and fragile, then the support organisation will be focusing heavily on the sustainability of the sector as well as on its own needs and issues.

As moderator of the first session, Monica Patten offered a definition of sustainability which was a good reference point for everyone:

> "Meeting the needs of the present without compromising the ability of future generations to meet their own needs"

Elmer Lighid went to the dictionary to add some ideas to this: to sustain an organisation is to maintain, prolong, continue and keep going. He offered the term "learning organisation" and found some biological and political "laws" which were good guides, from Charles Darwin:

> "It is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change"

to Machiavelli:

> "Why are some princes successful and others are not? … Is it a matter of luck? .... It is those princes who match their actions to circumstances that survive and others do not."

His own organisation, ICOMP, has a deliberate approach to sustainability, for itself and in the work it does in fostering new organisations in its region. For ICOMP, sustainability is a means to an end – to fulfil mission and vision. It is expressed in the balance of longevity and relevance, and is measured in

- organisational viability
    - relentless adherence to vision, mission and values
    - effective governance and management
    - sound processes and systems

- programme effectiveness
    - alignment of programmes to mission and vision
    - achievement of objectives
    - programme management competency
    - extent of innovation
- financial security
    - appropriate revenue model, especially a diversity of sources and ideally no more than 25% from a single source
    - core fund building – with the aim of a target of nine months operating costs in hand and good investment policies
    - a standard financial management system
- enduring impact
    - institutionalisation of interventions
    - knowing the organisation's constituency really well

ICOMP has developed a tool on sustainability which can be tailored to suit other organisations and which is used to develop a sustainability profile – reviewed every six months. It involves establishing targets and indicators to improve performance, monitoring progress and revising, dropping or developing new strategies as appropriate. Their experience is that concerns about sustainability are usually expressed as a financial issue but in many cases, their main causes stem from non-financial factors. His advice is to be aware that there are different mechanisms to aid sustainability: an organisation needs to choose the one which suits it best; and to remember that it can be a long road to sustainability, requiring trial and error, persistence and effective strategies.

Bob Wiggans' work with the Council on Foundations is about sustaining and developing membership so his comments went to the heart of the matter for this peer learning group. The Council has been going through a process of reviewing membership strategies to analyse which strategy would ensure simple survival or maintain the status quo, and which would trigger growth without compromising the quality of relationships with members. The current plan calls for growth in membership: given the Council's already strong membership of family, community, independent and corporate foundations, growth is requiring significant new positioning. Decisions such as whether to admit to membership commercial gift funds have needed an assessment of risk (in that instance the risk being the loss of community foundation membership as a result).

Steps to increase membership are, first, to provide for new categories so that in addition to voting members – a core group of legally organised, non-profit, "foundation-like" organisations – there will be a category for membership of organisations, groups, and programmes that are field-related and would benefit from association with the Council. There may also soon be a new category of membership for membership organisations. Bob's work therefore requires thorough knowledge and analysis of total membership, broken down by member constituency, and of the potential membership market and existing penetration of that market. He brings into the assessment his analysis of member retention, history and trends, review of dues/subscriptions, and the way organisations join and renew their membership.

Bob delved into the top-level headings that Elmer had outlined and shared in some detail the pragmatic issues the Council is analysing in its membership review, including its position within the sector; its relations with government; the scope for new forms of philanthropic leadership; the host of issues around finance - dues revenue and structure, non-dues revenue, grants, and reserves; and matters relating to capacity – member benefits and services, staff structure, and the possibilities of outsourcing. In other words, the task was an environmental scan as well as an organisational review. In particular, the work is being approached with some urgency, given a recent change of leadership, to capitalise on the current prominence of the new CEO.

This gave rise to a lot of discussion. It was agreed that the opportunity should normally be taken for reviewing and refreshing organisational strategy when there is a significant change like a new CEO. Lucile, however, argued for some fundamental thinking by the board every year so that policies and strategies do not stagnate or continue by default. Situations were discussed in which senior staff or boards had been conservative in their approach or limited in their ambitions for their association; in these cases it could be a challenge to trigger review and discussion. Elmer introduced the important topic of succession planning and the preparation of the next generation of leaders.

Like ICOMP, the Council believes that a prudent reserves policy covers at least nine months of operations, and aims to maintain that level itself. A small and poorly resourced association can, however, find it difficult to get started in building up a reserve (the group returned to this topic later). One of the recurring discussions was the context of a small or poorly resourced association in a field of rich foundations and how to win the confidence of the field.

Planning as a prerequisite for sustainability

After this scene-setting the group settled into some in-depth work on specific topics and first tackled planning processes. Monica Mutuku explored strategic planning as essential for institutional strengthening and development. She tried out two quotations on the group to explain this:

“to plan is to choose and failing to plan is choosing to fail”
“to plan is to choose and failing to choose is planning to fail.”

Monica explained the fundamental issue for her, based in Kenya, which is to “build institutions” – in other words to establish organisations as viable, independent and with relevant capacities. For her this phrase expresses the meaning of sustainability in a poor country that lacks its own institutions to meet local needs. Planning processes are fundamental to good building of institutions.

For Monica, planning can facilitate a participatory approach to a consultative process for setting priorities and problem solving which leads to

- increased visibility, outreach and mobilisation for increasing demand
- a more effective approach to resource mobilisation
- meeting needs and creating stability

Long range forecasting may require a mix of approaches that can help identify underlying contradictions and concerns:

- a critical approach that can help focus on an identifiable problem
- a scenario approach that can involve the creation of new possibilities
- a goals approach whereby the association sets clear goals and deals with challenges appropriately
- an alignment approach that involves establishing whether different components of the association are in harmony (ie its technical assistance work with members, its training activity, advocacy for the field, stance on ethics in grantmaking, etc)

Above all, the use of planning systems should ensure a holistic approach so that programme activities are not overtaken by lack of capacity in the association.

Mario Deriquito spoke from the board perspective and from an association (in the Philippines) that has been established for many years. His three considerations for long-term forecasting and programming are

- striving for continuing relevance
- developing a stable resource base
- institution-building

AF works on a three-year review cycle that includes a members’ satisfaction survey, environmental scanning and board member input.

In striving for continuing relevance, the board and staff review the clarity of their vision, mission and goals; check the effectiveness of their regular strategic review and planning; use consultation and the satisfaction survey to get members' feedback; keep under continuing review the philanthropic environment and the roles civil society should play; and review their services and programmes for members on governance, programme planning and management, and resource mobilisation.

To help the association work towards a stable resource base, the review process examines membership fees, cost recovery on projects, progress in building an endowment fund, other revenue-generating activities and grants. They strive for diversity of sources, a mix of long and short-term approaches, and sources other than only members. Full cost recovery is not yet an option but a goal. The mix of funding is not yet sufficiently balanced but has been developing in the right direction – currently standing at: membership fees, 10%; endowment fund producing 14% from investment; other revenue-generating activities, 8%; and grants, 68%.

Picking up Monica's institution-building theme, Mario talked about a strong system of quality control in membership (A, B, C, D – are members active, bona fide, compliant or delinquent). In AF's own structure and operations, they know that they have been strengthened by continuity in leadership, a strong secretariat and robust systems and procedures including multi-year forecasting of revenue, grants and other income, regular SWOT analysis, clear strategies on how to stay relevant, stable, and healthy as an organisation, and contingency plans (fallback positions in case of crisis or the unexpected). This latter point resonated with people from the less stable countries, where political change, or drastic legislative overhaul, for example, can destabilise the sector and individual organisations in it.

Monica reinforced Mario's emphasis on board involvement and showed the group how fundamental a good, active board is to creating a healthy and sustainable organisation. Liam also picked up some themes about the involvement of members – they can demand and expect services from their association but there is mutual benefit when they also share a sense of responsibility for the association. The rating system used in AF clearly holds members to account and helps them see how their performance is important to the whole sector and to the membership association.

No-one quarrelled, of course, about the value of planning processes, but there was varied experience of the effectiveness of plans. The processes used, as both Mario and Monica demonstrated, were important, but some ideas about implementation were also shared. For example, Colin aims to give each committee and working group a share of responsibility for ensuring that a piece of the plan is implemented. This sort of stake increases their interest in seeing that other committees are also moving the organisation towards its goals. The planning process itself needs to be evaluated and a sense of improvement, or maturing, of the processes also developed.

Capacity building: the key to long-term stability

Scot Marken drew very directly on recent experience in his own organisation to develop this topic. He also noted that his association has an affinity group of members specifically on capacity building.

The Donors Forum of South Florida lost its staff group of three in 2004, for a variety of reasons. These included the departure of a long-established CEO and also resulted in the resignation of a number of members, including some which had given grants to the Forum. Further, there was a loss of institutional memory since there were limited records for new staff to draw on, and there had been no opportunity for direct knowledge transfer. Since then, Scot's strategy has resulted in a bigger staff group, some new projects and a second office so that their large geographic area has better coverage. As change began, some funders with past relationships increased their support.

The experience of working with the board to rebuild the institution confirmed some vital factors for Scot. Employee sustainability is one of these. Losing employees costs time and money. Funder relationships change when staff changes. Staff retention helps demonstrate that the organisation is stable and reliable.

He also reminded the group how important it is to build on an organisation's history and past success. An organisation's culture can, and must, evolve, but there were special risks in the disjunction in the Forum's recent experience. Scot was careful to get and give feedback on the history and to balance respect for past work with acknowledgement of past mistakes, so appropriate change could be understood and embraced.

This period of change therefore provided some lessons which are relevant to all organisation-building. One of the most fundamental aspects of creating sustainability is to have a competent staff group which stays with the organisation for a good length of time. To attract and retain staff the organisational culture needs to be clear. Scot also suggests the manager must let people express opinions and have ownership of their work. He recognises effort, offers small tokens of appreciation, provides opportunities for constant learning and, of course, critiques as necessary.

Staff competencies and approaches, to build and maintain a grantmaker association, include an entrepreneurial and flexible spirit, the ability to envision/dream, high standards and strong business skills, and a commitment to philanthropy and community improvement.

He analysed further the skills a grantmaker association needs

Membership	**Programme**	**Fund development**
Strong customer service	Attention to detail	Strong interpersonal skills
Psychologist	Strong writing skills	Strong communication/writing skills
Ability to work with different types of people	Meeting facilitation	Look for and seek out opportunities
"Can do" attitude	Knowledge of philanthropy	Demonstrate value – don't assume support
Ability to prioritise	Where to find knowledge	
Ability to say "no" tactfully		
Value diversity		

Of course the challenge is how far these competencies can be met in a small organisation. It may be necessary to acknowledge areas of weakness and to fill gaps through consultancy or in-kind support. When, inevitably, there is staff turnover, the balance and mix of competencies is likely to change and the manager should be very aware of the changes. Some tough decisions may be needed about whether to grow "good skills" or improve "weak ones" – in this, as in other aspects of staff recruitment and development, a limited budget is one of the determinants.

Staff development is substantially about providing opportunities to enhance skills, and the manager needs to explain why he or she is doing something, and the reasons for specific decisions. Cheapest options for training may need to be sought out, including asking other groups for places on their training events, asking more skilled employees in the organisation to train others, giving staff members experience by asking them to fill in for senior staff at meetings, and empowering the staff group to determine necessary training.

The group agreed with Scot that among the most important factors is the staff's willingness to be responsive to members. As Scot summarised: "we are in the relationship business, not the knowledge business". To build and maintain those relationships with members, the staff need to demonstrate the value of the association – and not make any assumptions about the level of member commitment or loyalty without providing regular reminders and evidence of the value of the organisation. Filiz also reminded the group that the CEO should not be the only champion of sustainability; the staff group all need to share awareness.

Liam O'Dwyer broadened the focus in his remarks. He defined sustainability as nourishing and supporting ideas, people and resources. He also talked about a process of change in his organisation, triggered by the WINGS*Forum* gathering in Sydney in 2002. He led the organisation into taking on its first paid staff, and changing the name from the Irish Funders Forum to Philanthropy Ireland, to help reposition the group and raise its profile. But since then it has taken time to get the staff balance right – the first Director brought considerable reputational assets and a new vision for development but was unprepared to do the necessary fundraising. A second Director improved the reputation even further but was not able to remain with the organisation. At present that post is vacant but a Director of Membership Services is working on many aspects of organisational development and service provision. Liam agreed with Scot about the central importance of a competent and stable staff group but preferred to shift the emphasis, from his own experience, so that those competencies are not just about doing the current tasks well but are also directed to taking the organisation to a next stage of development.

Various issues about staffing emerged in discussion. Márcia said IDIS has the experience that as companies develop their own new philanthropy services, they tend to attract away IDIS's staff. There is a concern in North America that changing demographics are creating a shortage of emerging leaders. In developing countries (and perhaps this is true of early stages of organisation development anywhere) much funding is project-specific and therefore time-limited. This makes it very difficult indeed to build a competent and stable staff group, to undertake consistent staff development or to offer competitive salaries and good benefits such as pensions. Even in better funded environments, project funding can set challenges. The organisation really needs good generalists but funding pressures, based on easier availability of project monies, mean a tendency to take on more specialised staff.

Financial sustainability: a shared responsibility

For many the term sustainability is about financial issues – this group's discussions made it clear that participants shared an understanding that the challenges are wider and deeper. Nonetheless financial planning and management, and fund development, are a crucial element and several sessions focused on these, starting with some exploration of where responsibilities lie, especially between the board and staff, how to balance fundraising work with other activities, and how to get out of the trap of just surviving.

Monica Patten and Lucille DiDomenico discussed these issues. Lucille believes that the board should take responsibility for the viability of the organisation; Monica's board says it is responsible but has left the task of fundraising to the staff and indeed has recently hired a fundraiser. Where the board has been crucial is in developing a five-year plan, and individual board members have acted as effective champions for CFC to back up its approaches to funders. She also noted that every board member has made some sort of financial contribution to CFC – this is explained as part of the role, in the induction process. Her board members are a mix of staff and trustees of community foundations, whereas 80% of Lucille's board are trustees of foundations, and they have a high sense of ownership of the Conference of Southwest Foundations. This extends to encouraging member foundations to pay relatively high membership fees (up to $4,000 per year) and to raise significant money for special projects (perhaps once every nine years).

Both boards help the staff define and guard standards in relation to member organisations. Lucille's board, for example, sets standards in responsiveness to members and is very conscious of all aspects of the organisation's accountability. Similarly, Monica's board members take corporate and individual responsibility for relationship building and see themselves working as a team with the CEO in identifying and tackling problems. This maturing style has developed solidly over many years. CFC was established 13 years ago and it is now, but only now, that all of the team – staff and board – have a real belief that the organisation is sustainable. There was some discussion about the role of bigger foundation members in funding an association. Both Lucille and Monica have the experience of considerable support from member organisations, beyond the annual membership fee – principally for project development.

Several members of the group believed that family foundations and corporate givers are the least likely to be aware of, or sympathetic to, the need for capacity building. In the US there is also some concern about the number of associations and affinity groups there are, and about the increasing challenges involved in funding them. This calls for careful thought and negotiation around competition and collaboration so as to offer clarity to potential donors.

Budgets and costs

Colin Lacon's session was of great practical value as he shared the detail of the budgeting process his association uses. As a mid-sized regional association, in US terms, it is comparable with many national grantmaker associations in other countries. Since the bulk of any association expenditure will be on staffing, his budget layout focuses on the work staff do. Both in setting the budget and in working out how best to present it to funders, and to members, he suggests the following key considerations:

- ask yourself questions about all the work you do to ensure it is mission-related
- frame objectives and needs of members
- understand that our work is people based and relationship driven
- outline activities that lead to set goals
- set expectations that are reasonable and achievable

Northern California Grantmakers analyse their work under the headings of membership recruitment, education and professional development, member and community services, collaboration, networking and social engagement. They also recognise that the essential organisational costs are operations, infrastructure, programmes and people.

In the budget these are presented as clusters of work, with the costs associated with that work analysed for each in a column of detail. The clusters are:

- member services
- effective philanthropy and public policy
- collaborative enterprises (including a loan fund for crisis management, summer youth projects and a preventative AIDS partnership)

By this means, the nature and value of the work are reinforced in the layout of the budget.

As the budget is being set, ways of making savings are reviewed though increasingly these are seen as part of a leverage strategy. Since costs have been pared to a minimum already, new savings need to be found in order to achieve objectives, through partnering with affinity groups, specific foundations or government; in developing reciprocal relationships with other intermediary organisations, affinity groups or research bodies; and in consortium planning around project work, systems development or areas where shared back office services can create savings. A prime example of the latter is the development with the Forum of Regional Associations of Grantmakers and several of the regional associations of a shared knowledge management system.

The association has grappled with all the usual issues around membership and dues. There is a diverse range of foundations in its area, and there are challenges about equity in use of services since these foundations are geographically dispersed, many without easy access to the association's office. Members tend to value project and programme activity more highly than core operations and this can be reflected in their willingness to support the association. One response has been to widen eligibility beyond traditional foundations to include other kinds of funds (which are interested in similar support and information services). The association is considering tiered dues based on ease of access to core services, an associate member category, services to individuals, and perhaps attracting community foundation affiliates at a reduced or group rate.

The approach to budgeting and related financial decisions shows how closely interconnected the budget process can and should be to strategising about accomplishing the organisation's mission. As in all the organisation's work, flexibility and creativity are appropriate responses to the budget cycle, reflecting the changing environment around forecasting and financial management activities.

Filiz Bikmen also took a close look at budgets and costs. Her approach is to start with essential costs ("what do you need?") and review cost-saving and cost-sharing possibilities. A phrase she took from Lucille's comments earlier was the association as "responsible steward" and Filiz saw the importance of conveying this to members and funders. She also picked up earlier discussion on the value of reserves: is this in some way a measure of the board's and funders' commitment to sustainability? A sum equivalent to six to nine months operating costs was the ideal – the group agreed – or an amount equivalent to running costs for the length of time it would take to raise the money to cover a problem. While for some organisations it might seem hard to accumulate this amount, those from more established organisations strongly recommended any small steps to start such a fund. For example, if any investment income is earned on a grant received, it could be earmarked for a reserve fund. Once this reserve is started, some plans should be made to add to it annually.

For TUSEV, over and above costing and budgeting for regular member services is the need to have resources to respond quickly to crisis in the sector, or the need for urgent advocacy in response to proposed legislative change – a feature of Turkey's current stage of development. Scot's organisation has created a pool of special project money for advocacy work. In normal circumstances, only the income is used: in emergencies, the capital can be drawn down.

Filiz is also exploring sources of funds to establish activities that would themselves become income-generating and thus strengthen TUSEV longer term.

As in so many membership associations, there is a constant pull between the provision of services for members and the needs of the wider sector. At present both members and foreign donors are contributors to the wider work, recognising that this is what will strengthen civil society and the foundation sector. But Filiz also shares one dilemma with other associations: how to get all members to pay their dues?

There was some sharing of experience in setting levels of annual fee, including: the benefits of having different levels, usually for different sizes of foundation member, but sometimes in exchange for different levels of service; the practice of charging for training or specific services in addition to the annual subscription; the setting of very high fees for very large members – both Turkey and Northern California go up to $15,000 (US) and the Council on Foundations to $55,000 while CFC's highest rate is $150,000 (CAD): the small number paying at this level are positioned as leaders in the field, beyond simply being members and participants in the association.

Most annual fees are based on asset size of members, some using a combination of the level of endowment and the size of grantmaking, and further, some taking a rolling average of three years.

Bob said that corporate members of the Council on Foundations receive an annual analysis of the costs of the service they have used. This of course requires careful systems for all staff involved to record their activities. Northern California Grantmakers have tried to set this up but it is a labour intensive process and they use, in practice, a combination of their own records and evaluation and feedback processes. The Council on Foundations uses its records to chase non-payers, showing them how much they have used Council services.

What are usually called subscriptions or dues might be better termed "annual support", said Colin, which communicates their purpose.

There is varied practice in decision-making about increasing the level of dues, ranging from a decision by a finance and administration committee, to a process whereby a board recommendation is discussed by the general assembly of members.

Creative approaches to fundraising

Three people got the conversation started on this topic, all offering very different experience. Every organisation needs to do some fundraising in addition to raising support from members: some depend heavily on external funding, while for others it provides opportunities for new development, expansion or special projects.

Cristina Baptista explained that while her association includes some of the wealthiest foundations in Portugal, it is not a large or well-funded organisation itself but has developed a model of bringing together members in co-funding arrangements to achieve joint projects. Such projects require cooperation between the Foundation Centre, individual foundations and other institutions (usually public bodies). If the project is a good one, it can draw on the strengths of all the partners – resources, creativity, skills and knowledge – and minimise any weaknesses. Special skills are needed to manage such partnerships and Cristina suggested that while funding and management support are obviously required, emotional support could be called on also. She described the process of developing a project on foundation ethics and citizenship, funded by the European Commission and seven foundation members, as well as the Centre. For the Centre, this is achieving a worthwhile project, enabling them to work with partners deeply interested in the issue and to extend the outcomes of the project to a far wider group of foundation members. The initiation process is much more about looking for partners than it is about finding grant support for a project.

Scot talked about the role of earned income ventures among the battery of revenue sources for an association. These can be related to the organisation's mission, or not. Where they are mission-related, step one is to review the association's potential audiences which could include members, funders, professional advisers, vendors such as software companies, nonprofits, the wider public, other infrastructure groups, and other constituents interested in charitable giving (such as government). A realistic assessment is clearly needed of the organisation's capacity to reach these audiences.

The next essential step is a careful review of what the organisation already does for which it could find new, paying customers amongst these groups – programmes, conferences, directories of grantmakers (print, CD and online), mailing lists, newsletter, reports, publications or research. Is there spare office space that could be rented out or bookkeeping time that could be sold? Are there sponsorship or consulting opportunities? Are there for-profit spin-offs from the skills and knowledge of the organisation?

Printed directories have always been a good source of income but on-line directories have doubled the money raised. $2,500 was raised from mailing all foundation contacts with information about another organisation's conference. Special areas of expertise have been sold to other regional associations of grantmakers.

It is vital to analyse regularly the effectiveness of services run to bring in revenue. Currently Scot is finding that traditional services such as conferences and directories are raising less income while there is new scope for consulting and sponsorship and opportunities for trading that may be less mission-related.

Márcia Woods works for the Institute for the Development of Social Investment in Brazil, which began with a generous grant from the Kellogg Foundation, starting at 100% support and reducing to 25% after four years. A sustainability strategy set out to earn 50% of the budget from consulting services by the third year, and IDIS exceeded this. Now 70% is earned from consulting and the rest from grants and sponsorship. They position themselves as a "boutique" consulting firm with a few clients to which they offer innovation and good quality of service at a premium price (for the sector). They create models of success, use corporate sponsorships for events and publications to promote their cause, and use grant support for new and unfamiliar development.

An area of special experience is in cause related marketing, but they have improved on the traditional model where donors focus on consequences as opposed to the root causes of a problem and have found ways of helping businesses promote social change. "Cause related marketing is a commercial partnership that is established between companies and civil society organizations that uses the power of their brands for mutual benefit". On the company side, they draw on the marketing budget, typically much larger than the community affairs budget. They offer something that is new and innovative in Brazil and they like the model because it requires partnerships between corporations and civil society organisations.

IDIS's role has been in practical application, refinement of the model and its dissemination. They have used publications and seminars to increase interest in CRM on the part of businesses and they have worked to encourage interest in civil society organisations and strengthen their ability to benefit from a partnership. They help with negotiations too. They have used a market research company, training space, communications expertise and IT support, all pro bono. They received a grant from Charities Aid Foundation of $30,000 for three years so that they could try out methodology and then share it with CAF's worldwide offices. Business in the Community provided valuable experience. Early take-up has been modest – with 52 companies approached, 12 interested and three sponsorships developed. But those three have been highly successful and are proving influential. For example, Avon has raised 3.5 million Brazilian reais (over $1.6 million US) for breast cancer.

These examples were all reviewed in detail and seen as excellent models. There remained, however, the question of how to obtain direct support for core costs, rather than for project work. On the one hand, any project development should include a contribution to core needs. On the other, the association may need to work harder to position itself to attract external funding from the small group of external funders interested in the structure and development of philanthropy. One element of the association role that can be exploited is the ability to present the sector's views – government and others seek out a single voice for the sector, and the association should be in the best position to interpret the sector to such bodies.

Competition and collaboration

Liam had suggested the group look at threats and opportunities in the external environment. Challenges to sustainability can often be from other networks or associations: are these real, and if so, can they be neutralised? Or could they represent possibilities for a creative association?

Filiz explored whether there is a theory to be developed that would help. She looked at the operating environment first – talking about Turkey but getting nods of familiarity for most of her description from the rest of the group. The context is of development needs and government cutbacks, of limited resources and a plethora of actors in the social development field – government, bilateral agencies, development NGOs, foundations, etc. In the NGO sector there are also burgeoning partnerships with trades unions and businesses. New ways of working and creating resources are emerging as result, for example the use of capital market tools and products in civil society contexts. However, for all that, the real driver of change may be individuals, as Susan Berresford of the Ford Foundation said in an interview for the inaugural issue of the Stanford Social Innovation Review:

> "I believe that most societal change begins when someone wakes up in the morning and is inspired or angry or otherwise determined to alter something in their world."

If we are driven by a passion to achieve good change and strengthen the civil society sector to improve conditions for people in our area, this should affect our thinking about competition. One of the challenges, however, for us and others in the field, is "scope creep" in the chasing of grants and other resources. It is in this area that competition can be most threatening. One answer lies in a willingness to collaborate.

There are short-term and long-term incentives for collaboration: the building of relationships and trust, the power of numbers in tackling issues or challenging government, the means to tackle urgent needs more quickly. European Union funding requires a mix of partners in any project. Working with a range of carefully chosen agencies can bring together diverse skills and experience, adding considerably to the competencies in your own association. It can also provide a safer environment for innovative action than when one agency goes it alone.

As discussion progressed, the group explored how an organisation's mindset can change from awareness of, even fear of, competition, to the benefits of sharing costs, extending skills, building trust and mutual respect, and leveraging opportunities. If collaboration and cooperation are seen as a hallmark of an association, this can mean it earns sufficient respect in the sector to tackle those organisations whose approach is aggressively competitive and wasteful of others' resources and skills. The implications for sustainability are clear: in the short-term, as Cristina has found in project development, and Scot in identifying services others will purchase, there are positive effects on your own resources. In the longer term, enhanced respect for the leadership role of your organisation in encouraging collaboration should improve fund development possibilities; the experience of collaboration could also lead to mergers or longer-term contractual means of sharing resources.

Filiz suggests that organisations new to collaborative efforts should start cautiously and learn some of the techniques. Perhaps try out a relatively small project; certainly draw up a careful contract in case the development does not turn out as expected.

Mario used the case of the Philippines where there is a highly evolved infrastructure sector for NGOs – many networks of different types, sizes and locations, some with specific programme-related purposes (Phildhrra – NGOs in agrarian reform and rural development; Philssa – NGOs servicing the urban poor in slums; NCSD – servicing street children and their families). Others relate to types of organisation (NATCCO – network of cooperatives; PBSP – network of companies; LCF – League of Corporate Foundations). Mario's Association of Foundations is the most diverse, and has wide geographical spread, reaching into the whole country. There is in addition CODE-NGO, the network of networks. While in principle the networks have different constituencies, their interlocking membership can result in competition for members and the additional problem of competing for active participants. The same people act as leaders in several of the networks – simultaneously or shifting affiliation over time. They can serve as a bridge but this risks, as Mario said, "a drift to comfortable homogeneity". There is also, of course, competition for grants as most of the networks are essentially grant-dependent. Government support for them is declining.

So the risks of competition are considerable but effort is put into collaboration in several areas of activity:

- information-sharing: eg database, documents on best practice
- advocacy for a better policy environment for civil society: eg a lobby against the removal of tax incentives on donations; influencing government practice in making small grants to NGOs
- joint effort to upgrade the quality of civil society organisations: eg development of a code of ethics for Philippine NGOs; setting up and running their own regulatory body for NGO certification (PCNC); training on good governance
- political advocacy: political mobilisation against dictatorship and corruption; mobilisation on agrarian reform and other local and national issues
- joint projects: the annual Social Development Week; the World Bank's Development Innovation Marketplace
- partnerships in provinces or regions

The group felt that Mario's example strongly reinforced the way scarce resources can drive collaboration as against competitiveness.

Monica Patten also provided the example of the Canadian Voluntary Sector Forum, where the leadership of associations and networks such as her own had encouraged a climate of information sharing, joint policy development and advocacy, upgrading of standards in the sector and some political advocacy.

Monica Mutuku reminded colleagues of some of the difficulties of getting started in collaboration – especially if there is no level playing field. In a developing country, for example, foreign NGOs, assumed to bring resources into the country, can claim a closer relationship with government than domestic agencies. The association can aim to set standards in how organisations collaborate but there will always be ruthless or less ethical organisations around and the challenge is to build, gradually, an environment in which these can be challenged to use better practice. Can the WINGS network, with increasing examples of international collaboration and exposure to different practice in other parts of the world, influence better approaches? A further question is whether the WINGS network can be used to hold funders accountable – especially in advising on how to support infrastructure bodies and not to encourage (deliberately or inadvertently) a crowded or competitive sector.

Our members and their sustainability

The last topic tackled was the work that associations undertake to help their members with sustainability. This is especially an issue for associations in developing and transitioning countries where the foundation sector itself is emerging; and in organisations with a strong focus on community foundations or other approaches to philanthropy development which are new in the local environment.

Magda Ciobanu is CEO of the Romanian Donors Forum, which has emerged over the last six or seven years and has a membership of domestic foundations (based in many parts of the country) and of foreign foundations based in the country or, more often, based outside but funding or working in Romania.

Much of RDF's work is designed to strengthen individual members. They help with image and publicity, organising events to link them with government, businesses and other stakeholders. They also facilitate partnerships, especially between foundations and corporates (and this is a strongly developing field of work). Magda showed examples of work which demonstrated how well positioned RDF is, for example in relation to government. RDF is, however, relatively new and small and very fragile itself, so it can sometimes not avoid competing with its own members for financial resources. Some of the members are well endowed, and have more visibility and the capacity to implement projects. Magda has been seeking to build partnerships with them that will lever resources for RDF but at the same time create projects which offer assistance directly to other members. She has also capitalised on her own special strengths, which are in accessing EU projects and in partnership development.

Chris Mkhize runs a community foundation in South Africa, but was at this event in his voluntary capacity as one of the developers of an association for all community foundations in the country. He described the start-up period where the community foundations have worked together to explore the challenges they face and to develop plans for the way the association can offer support and services more efficiently than individual activities. Sustainability is a major goal for the current handful of community foundations, along with promoting the model to encourage further community foundations to emerge. The association's work is therefore focusing on developing and implementing standards for members, and a code of ethics, on resource mobilisation, joint publications, marketing and communications.

His presentation encouraged an interesting discussion about elements of competition in the provision of services to the sector. Much of the previous discussion had focused on collaboration/competition in the areas of finance and funding but several associations were facing competition from other organisations in, for example, the provision of technical assistance. The emergence of community foundations could also create tensions with other philanthropic models if community foundations position themselves too strongly as the builders of philanthropy in a given environment. Associations can respond with innovative approaches that lever their strengths – a nice example is the Council on Foundations' peer-to-peer consultation programme, a systematic way of sharing good, on the ground experience across the network.

Reviewing the peer learning event

The group had a final session, facilitated by Filiz, in which they mused on the usefulness of the event, and shared some key areas of learning which they felt offered new ideas or insights for their own work.

One of the reflections shared by most participants was that the challenges in running support organisations in this field seem to be universal, wherever they are based, and whatever their stage of development. People from newer associations were also very interested to hear, for example, about the radical review going on in the Council on Foundations (one of the oldest in the world) since that was a reminder that the need for reflection and renewal is continuous if associations are to remain relevant and maintain their worth. Monica Mutuku went back to her point about institution-building: this phrase as a focus widens thinking from sustainability as a financial issue, to a perspective of investment in every aspect of the organisation, and a recognition that its all-round strength is a direct aid to community capacity building. Another comment, from Monica Patten, was that these few days of discussion had encouraged her to think afresh about how to define the added value for her members in belonging to CFC. Another participant commented on the ideas he now had about new people and interests to bring to his association's table.

The use of entrepreneurial skills and the need to offer leadership to the sector had been reinforced by discussion, and some helpful skills and ideas exchanged. Several areas of practical advice were quoted as useful, eg the discussions on the development of a reserve or of building some accumulated income to have a contribution to business development for further income generation.

There was agreement, in terms of programmes and services, about re-examining the relevance of mission to programmes to ensure that the organisation is responsive to changes affecting grantmakers and the wider sector. Related to this discussion was the need to obtain and share more information about members and make plenty of time for building relationships with them and maximising the potential for membership. Effort, and sometimes brave decisions, were needed around structures and amounts for membership types and fees, and types and levels of services.

The importance of human resources was also reinforced and these tackled staff development and board issues, but also caused participants to think specifically about their own roles and the need for succession planning.

Financial issues were not neglected, though they were put in their place as part, and not the whole, of sustainability. Long range planning, new approaches to budgeting, cost savings and new ways of leveraging value from assets and knowledge, and the reserves issue, all featured in discussion.

Overall, the event helped to reveal some common challenges about sustainability and provided a good, lively exchange that encompassed broad strategies and practical ideas. Participants, whether they had attended from a sense of some concern or even desperation about their organisation, or were seeking refreshed and renewed ideas to get to a stronger level, were all pleased to have had the time to think and to add the multiplicity of ideas and perspectives to their own thinking.

Useful resources mentioned by the group

Participants shared publications they found useful on these topics, now listed as *Additional online resources* on this PLE's webpage: http://www.wingsweb.org/programmes/peer_TR2006.cfm#Add

Acknowledgements

TUSEV (Third Sector Foundation of Turkey) hosted the event in Istanbul, providing a good meeting space, finding an affordable hotel in one of the lively areas of the city, and organising delicious meals, including one on a boat trip on the Bosphorus. Filiz Bikmen and Zeynep Meydanoglu provided an excellent service in helping with many practical arrangements and putting together meeting material. They also gave each participant a welcome pack, including a gift of very nice piece of Turkish ceramic ware, and at the end of the event, a book on the lives of contemporary Turkish girls and young women, for each participant to take back to his/her own organisation. WINGS is very grateful to TUSEV for its generosity.

Behind the scenes, the WINGS' Peer Learning Events Working Group, serviced by the WINGS Secretariat, did a great deal of work including initial planning, review of applications and selection of participants, structuring of the agenda based on participants' needs and interests, and inviting participants to serve as resource people and moderators on specific topics. The working group consisted of David Winder (Synergos Institute), the group's Chair; Pavlína Kalousová (Czech Donors Forum); Natalya Kaminarskaya (Russia Donors' Forum); and Filiz Bikmen from the host organisation. The peer learning participants expressed gratitude to WINGS, especially to Gina Estipona for good management and communications, and Gaynor Humphreys who wrote this report.

PLE Agenda

Thursday, 29 June

18:00 Meet at the lobby of the Richmond Hotel located at 445 Istiklal Caddesi, Tunel, 80670 Beyoglu, Istanbul

19:00 Dinner and introductions

Friday, 30 June

9:00 Welcome remarks
Ustun Erguder, Chairman, Third Sector Foundation of Turkey
Filiz Bikmen, Executive Director, Third Sector Foundation of Turkey

9:15 Introduction to the peer learning event and participants
An overview of WINGS peer learning events
This PLE's agenda
Getting to know the participating organisations
Gaynor Humphreys, WINGS

10:15 Coffee, tea

10:30 **Topic 1**: What do we mean by "sustainability"?
How do we define and measure sustainability in the context of grantmaker associations and philanthropy support organisations?
Are we talking merely about survival? If not, what is the difference?
Financial sustainability, positioning, membership, staffing, etc: what are the different aspects or dimensions of sustainability specific to membership associations and to other support organisations?

Resource people: Robert Wiggans, Council on Foundations
Elmer Lighid, International Council on Management of Population Programmes
Moderator: Monica Patten, Community Foundations of Canada

12:00 Lunch

13:00 **Topic 2**: Planning as a prerequisite for sustainability
What long-range forecasting and programming are needed to develop a sustainable organisation?
How does the association develop and structure a fundraising strategy? What knowledge and information are necessary for a viable strategy?
What are the elements of a good business plan?
A first analysis of major sources of income – their pros and cons.
Are there common life cycle issues faced by associations and support organisations, from which others can learn?
How can the organisation develop its flexibility to respond to internal or external changes? How can it ensure continuity (in knowledge, information and operations) when there is change in leadership or management?
Resource people: Mario A. Deriquito, Association of Foundations
Monica Mutuku, East Africa Association of Grantmakers
Moderator: Lucille DiDomenico, Conference of Southwest Foundations, Inc.

15:00 Coffee, tea

15:15 **Topic 3**: Capacity building: key to long-term stability
What types of competencies contribute to sustainability?
How can we enhance the knowledge and skills of the core staff?
Resource people: *Scot Marken, Donors Forum of South Florida*
Liam O'Dwyer, Philanthropy Ireland
Moderator: Elmer Lighid, International Council on Management of Population Programmes

16:30 **Topic 4**: Financial sustainability: a shared responsibility
What is the role of the board, the CEO and staff in fundraising and resource mobilisation?
How can we engage the board and the members (in the case of associations)?
What have been the challenges in defining the responsibilities and engaging the board and members? How were these addressed?
How do we balance fundraising activities with all the other day-to-day work of the association or support organisation?
How do we cope with issues of sheer survival?
Resource people: Monica Patten, Community Foundations of Canada
Lucille DiDomenico, Conference of Southwest Foundations, Inc.
Moderator: Scot Marken, Donors Forum of South Florida

18:00 Break

18:30 Meet at the lobby of the Richmond Hotel

19:00 Dinner

Saturday, 1 July

9:00 Summary of sessions so far and introduction to the second working day
Gaynor Humphreys, WINGS

9:15 **Topic 5**: A closer look at budgets and costs
Examples of typical budgets of associations and support organisations: what are the essential costs?
What cost-saving measures have been taken by associations and support organisations?
What are the issues involved in setting membership dues and achieving member buy-in to sustainability?
Resource people: Colin Lacon, Northern California Grantmakers
Filiz Bikmen, Third Sector Foundation of Turkey
Moderator: Márcia Kalvon Woods, Institute for the Development of Social Investment

10:45 Coffee, tea

11:00 **Topic 6**: Creative approaches to fundraising
What *have been* the main sources of funding for associations and support organisations?
What *should be* the right mix, if any?
Specific examples of income-generating services: conferences, publications, consultancy. What factors contributed to (or in some cases, hindered) their success?
Resource people: Cristina Paula Baptista, Centro Português de Fundações
Scot Marken, Donors Forum of South Florida
Márcia Kalvon Woods, Institute for the Development of Social Investment
Moderator: Robert Wiggans, Council on Foundations

12:45 Lunch

14:00 **Topic 7**: Competition and collaboration
How can we address competition with other associations in our operating environments?
What are the areas for potential collaboration?
Resource people: Mario A. Deriquito, Association of Foundations
Filiz Bikmen, Third Sector Foundation of Turkey
Moderator: Liam O'Dwyer, Philanthropy Ireland

15:00 **Topic 8**: Our members and their sustainability
How can we help members with their own sustainability?
How can we address competition with members for financial resources?
Resource people: Magdalena Ciobanu, Romanian Donors Forum
Chris Mkhize, Southern Africa Community Foundation Association
Moderator: Colin Lacon, Northern California Grantmakers

16:00 Coffee, tea

16:15 **Topic 9**: Participants' top learning points and ways to share learning with the broader network
Moderator: Filiz Bikmen, Third Sector Foundation of Turkey

16:45 Summary of the meeting
Gaynor Humphreys, WINGS

17:00 End of meeting