Engaging hearts, minds and hands

Venture philanthropy focuses on the need to equip and strengthen non-profit organisations’ capabilities.

By Teh Shi Ning

VENTURE philanthropy can be the growth catalyst for non-profit bodies the way venture capital is to many promising start-ups today.

And it could be a key piece of the jigsaw that is Singapore’s social sector, says Willie Cheng, the former managing director of Accenture Singapore and previous chairman of the National Volunteer and Philanthropy Centre.

“The shortfall in Singapore is on the ‘capacity builders’ side. If you want the social sector to be vibrant, it needs more grant makers, better run charities, innovative non-profits, and ‘watchers’ to independently rate these bodies,” says Mr Cheng, who has also written extensively about the non-profit sector here.

He thinks venture philanthropy could help with that. Applying analytical skills honed from his management consulting days to his experiences in the non-profit sector after retiring in 2003, Mr Cheng has compiled many of his thoughts on the sector into Doing Good Wolf, a book he wrote two years back.

To him, the most effective kind of giving “engages not just the heart, which is where it starts, but also the head because you need to be informed and strategic about giving, and the hands – actually being involved in the cause or project you’re giving to”. And venture philanthropy evolved precisely out of wanting to engage people’s hearts, minds and hands, Mr Cheng says.

It started with the tech entrepreneurs of Silicon Valley, many of whom got rich rapidly and were also quick to remember where they came from and give back.

“But because they’re entrepreneurs, business is in their blood. They didn’t like the traditional, over-the-wall approach to grant making,” he says. Instead, they made use of their experience of growing high-potential tech start-ups and started grooming charities.

Increasingly, even here in Singapore, both foundations and individuals’ philanthropy is less about the size of cheques written and more about actual impact, choosing sustainable giving to long-term projects over scattered piecemeal grants.

Venture philanthropy narrows that sort of strategic giving further, homing in on the need to equip and strengthen non-profit organisations’ capabilities.

“Many people want to give money to help the children, the poor or the disabled, but they are less likely to say, ‘I want to give money to pay your staff’s salaries, pay for computers and so on.’ Venture philanthropists aim to do that, and more,” Mr Cheng says.

They typically get into the game early, to help professionalise the fledgling charity’s management and leadership, put in place its IT infrastructure, sharpen its strategy and lay foundations for it to achieve its goals.

Also characteristic of some venture philanthropists is their ability to “empower new fangled instruments of finance” for good, Mr Cheng says.

Traditional charities derive financing from “free money” – donations or grants – but venture philanthropists dare to step in with instruments that “look more Wall Street than the social sector is used to”. Social bonds, patient capital and their like are thus catching on as ways to provide non-profit organisations with funding to grow, while introducing positive incentives.

Singapore has at least two venture philanthropy groups – Social Venture Partners and apVentures, which Mr Cheng played a part in bringing in as the current chairman of the Lien Centre for Social Innovation. He knows of several others working in a similar approach too, and is himself thinking to set up an “angel fund” with a small group of friends, who will together decide on the organisations they wish to help.

Charities are like companies

Beyond the application of business principles to philanthropy, Mr Cheng is quick to draw parallels between the non-profit ecosystem and that of the public listed market.

“Charities are like the public listed companies, people like you and I are like investors. I can buy shares in a listed company, but I’ve got intermediaries to help – a broker to buy through, an analyst to rate the companies, fund managers to help me invest my money, associations of investors to get training,” he says.

These intermediaries “oil the gears” of the marketplace and the same applies to the non-profit sector. “We need watchers, like analysts to rate the charities independently. We need service providers providing space, equipment, consultancy services to the non-profits. And we need foundations and avenues which can direct general giving to causes,” he explains.

ENGAGED GIVING

By bringing sound business fundamentals into the young charities he funds, a venture philanthropist can trigger positive ripple effects in the social sector, Mr Cheng says.

It is these “capacity builders” which Singapore needs to strengthen – there are no charity watchers here yet, for instance. Philanthropy directed that way could yield far greater multiplier effects, as well-run non-profits can best help their beneficiaries and raise standards for their peers too, he says.

Engaged giving leads naturally into a hands-on philanthropy that involves volunteering too.

“I like to tell people that it’s worth volunteering on two levels. One, where you can give of your talent and expertise, say in marketing, accounting, finance, management or governance. And the second would be to humbly get involved in what I call the bowels of charity,” Mr Cheng says.

For him, the latter ranges from overseas trips to build houses to running marriage preparation courses with his wife and simply serving as a traffic warden in church. He is now also interested in seeing what can be done for migrant workers here.

“Sometimes you can get too stuck in an ivory tower, just being on the board. Actually doing the stuff helps you avoid that,” he says.

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James Aitken, Managing Director, HSBC Trustees Singapore

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