

Climate Change

A well-informed foundation will further a charity's cause, because foundations do want to give, but they also want to give well. The Tan Chin Chuan Foundation's CEO ERIC TENG examines how modern foundations are changing their perspective on giving, and what charities need to do.



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As I write this, the monsoon is here again and as heavy rain causes flooding in the region, my thoughts turn to the indigenous orang aslis living in Kampong Peta, deep in Malaysia's Endau Rompin Nature Reserve.

Following the disastrous flooding in the area a year ago, the Tan Chin Tuan Foundation ('the Foundation') partnered with the Malaysian Red Crescent Society to spearhead a rehabilitation and re-training programme, with an emphasis on preventive measures against future floods as well as to provide support for the livelihood of the orang aslis.

Our initiative attracted other Malaysian companies and individuals to support the cause, and I am assured by the Red Crescent that the orang aslis are better prepared this time round given our help.

The Foundation's proactive approach is not new. It is one example of family-based philanthropic foundations that are shedding their "traditional" role of donor to become driver and catalyst, where even

outside professionals are roped in to help manage and focus on specific causes.

The Tsao Foundation and Lien Foundation are other examples of such changes. The former has been advocating causes relating to eldercare and ageing. The latter, while focusing on water and sanitation, has been raising public awareness of hospice palliative care in Singapore. At the Foundation, whilst education and social services remain important areas, the focus today is to enable a better outcome for the deserving in our community, and help those who help them.

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Increasingly, this approach to giving is the trend among philanthropic foundations, especially family-based foundations, as we constantly review our method and

manner of giving. They should however not be confused with other "foundations" such as the Singapore Heart Foundation and the National Kidney Foundation.

The family-based philanthropic foundations have invariably taken upon an added role of "mentor" – where they not only encourage but engage VWOs or NPOs. Given the changing climate in the charity sector in the last two years, these foundations have a proactive and influential role in moulding the charity sector.

But are charities aware that the work of these foundations has changed? What makes foundations give, and what is expected of charities in today's climate of philanthropy?

Judging from the many appeals foundations like ours receive, most charities are still unfamiliar with how foundations work. The most common mistake is that they pitch their appeal on the back of a 'sob story'. Or, their appeal is too general through mass mailing, in the hope that they will strike the right chord with the foundation. Too few go the extra step, to take time to learn about the philosophy and principles of the foundation in question. Worse, many appeals lack a clearly-written proposal or plan. Other than the

annual reports, financial reports or newsletters submitted for evaluation, they lack a clear statement on how they intend to manage the donations or its outcome.

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Invariably, charities pitch the cost rather than the cause. The common weakness in such appeals is that it highlights their need to defray operating costs and losses. It would have more effective to address the more critical issue of convincing the donor on the strength and benefits of their causes.

But even with a good plausible cause, the foundations are still mindful to seek good answers to critical questions. Is the charity well-managed? Does the project have a multiplier effect? Is it duplicated by others? Did the charity attempt to work with other charities to maximise the benefits and minimise the duplication? Would the donation enable the charity to obtain a matching grant or other donations? The answers to these questions assure foundations that the charity has a well-thought plan, that it's dependable and the project will be sustainable.

Equally important is the question: what is expected of charities in today's climate of philanthropy?

Charities have to think seriously about being self-sufficient, though not all are capable or have the capacity to do so. In the case of smaller or weaker groups, the role of the council or board of directors must play a more active role. As voluntary leaders, they must not just lend their names but expertise too.

Increasingly, charities are appealing

to foundations to support their overseas causes or collaborate with other overseas charities. However the adage ‘Charity begins at home’ should be remembered. Overseas charities work must not be done at the expense or priorities of local charitable causes or projects. It is important to stay focused and disciplined once a charity is set up.

Social enterprises have been in the news of late and some charities have been dabbling with social enterprises. This may be with good intentions but may not necessarily end with good results. Judging from their plans and appeals, many non-profit groups that start up enterprises with the dual bottom line of fulfilling social good and making profits are unsure if their business model should be for the beneficiaries or professionals to run it so that the profit can then benefit the charities and enable

them to be self-reliant. But if they are unsure of something as fundamental as which “business model” to use, rather than jumping onto the bandwagon, there may be other more creative ways of securing long-term employment. Arguably, creating a business need not necessarily equate to creating jobs.

One of the best examples of a successful social enterprise is perhaps one of the oldest in the sector, the YMCA of Singapore. Having sustained itself long enough to celebrate its 105th anniversary in 2007, the YMCA has not only relied on the generosity of donors but developed various means to be self-reliant, for instance through its enterprises in education, child care and hostel. These are run by professional staff, and the surplus is used to fund operating costs. This ensures that the donations the YMCA receives can be channeled to its community services programmes and beneficiaries. And that is the aim: that, ultimately, whatever the business model, the charity becomes self-reliant.

At the same time, it augurs well for organisations that make significant efforts to nurture a solid relationship with foundations, or indeed, any donor. Charities should not just ‘show up’ when they need funding. This ensures not just one-

time funding but long-term support. For example, the National University of Singapore nurtured a relationship with the Foundation's late founder Tan Sri Tan Chin Tuan since the 1960s. And so, in 2005, when the university needed our support for its expansion plans, we gave \$29 million. One third of this helped set up four Centennial Professorships, which were awarded to top academics in their particular field of study. (Of course, there were other reasons backing our gift, such as the obvious multiplier effects – where the best brains can be drawn to Singapore to help nurture our students.)

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A well-informed foundation will therefore further a charity's cause, because foundations do want to give – but to give well. Foundations have the ability and influence to help match-make, refer or recommend a charity to other benefactors which may be better-matched to their needs. Should the foundation discontinue funding or re-direct their support to other causes, these recommendations could be extremely helpful.

There will always be challenges ahead for the charities to ride out the occasional heavy downpour, but so long as one is well prepared to weather the storm, there is always an all-weather friend in a benefactor to help your cause. ☆

The writer is the CEO of the Tan Chin Tuan Foundation, and president of YMCA of Singapore. He is also on the board of NVPC. This article is excerpted from a talk he gave at the National Council of Social Service Members' Conference.