

JUMP ON BOARD

**HIGH-PERFORMING
NOT-FOR-PROFIT BOARDS
IN FUNDRAISING**

November 2019



NOBLE AMBITION

Perpetual 

PREPARED BY

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ABOUT THE AUTHOR

Melissa is former Global Fundraiser of the Year (IFC, 2011) and Australian Fundraiser of the Year (FIA, 2011). She has facilitated philanthropic giving across education, the arts and health, and worked with hundreds of donors in Australia, Asia and the United States.

Melissa has led four fundraising programs from start-up to established, from Powerhouse Museum and Sydney Opera House in the arts, to University of Technology, Sydney and RMIT University, in education.

Melissa has a BA Hons (First Class, USyd), Masters of Management (UTS); is a Churchill Fellow (2007) and a graduate of University of Melbourne's Asialink Leaders Program and Benevolent Society's Sydney Leadership Program. She has presented her research internationally in areas including the impact of culture on philanthropy, international best practice in arts philanthropy, and the role of leadership in philanthropy.

Melissa's lifelong interest and experience enables her to understand both philanthropy and fundraising. As a thought leader in the philanthropic and fundraising sector, she is in the privileged position of possessing the practical and strategic skills to support both pillars equally.



Philanthropic fundraising in Australia is in a state of rapid change. While mass giving is in decline, major gifts are on the rise, and in coming years we will see the largest intergenerational transfer of wealth in our nation's history. This undoubtedly presents an exciting opportunity for the non-for-profit (NFP) sector to attract significant support, but also raises questions about how prepared NFPs are to maximise this opportunity.

This paper examines the role of NFP Board Directors and Chairs in fundraising for organisations: how Australia compares with more mature fundraising cultures (primarily North America) and where the challenges and opportunities lie in terms of attracting greater philanthropic investment for all our communities moving forward. Drawing on original research and interviews with some of Australia's most experienced NFP Chairs and sector experts, the case is made for change in the approach of NFP Boards to their role in fundraising.



CONTENTS

The Australian charitable environment: A sector in transition	5
Literature review	8
An Australian approach to NFP Board involvement in fundraising	10
The Four Pillars of Board engagement in Australian NFP fundraising	13
Pillar #1: Give – The compelling case for Board Director contributions	14
Case study: Simon Mordant AM and the Museum of Contemporary Art, Sydney	16
Pillar #2: Get – Board Directors ask their peers to donate	17
Case study: Tom Snow, former Co-Chair, Marriage Equality Campaign	18
Pillar #3: Leverage – Leverage as a fundraising strategy	19
Pillar #4: Leadership – Fundraising Leadership inside the NFP	21
Case study: The National Library of Australia: Ryan Stokes (former Chair), Brett Mason (current Chair) and NLA Council (Board)	22
Pathways to success for Board engagement in fundraising	23
Recommendations for broader sector and systemic change	27
Where to from here? Tools to help NFP Boards meet the fundraising challenge	29
Discussion guide: Current state	30
Discussion guide: Future aspirations	31
Acknowledgments	32
Reference information and further reading	33
About Noble Ambition	34
About Perpetual	35

An aerial photograph of a person snorkeling in clear, turquoise water. The person is wearing a snorkel mask, dark shorts, and white fins. They are floating on their back, and their arms are slightly out to the sides. The water is very clear, showing some ripples and the person's shadow on the seabed below. The overall scene is peaceful and scenic.

THE AUSTRALIAN CHARITABLE ENVIRONMENT

A SECTOR IN TRANSITION

This paper demonstrates how an outstanding NFP Board operates when contributing to the fundraising revenue goals of its organisation. A selection of Australia's most experienced non-profit Chairs have generously shared their knowledge, learnings and practices in building Board capability and organisational success in fundraising.

The Australian not-for-profit (NFP) charitable sector is increasingly cluttered and competitive. The traditional fundraising model – that of low-level mass-fundraising – has largely stagnated.¹

While mass giving declines, the Australian fundraising sector is increasingly professionalised and ambitious: 11 of the top 20 charitable fundraising organisations are universities², and are undertaking high-profile fundraising campaigns. A recent example of this is The University of Sydney's successful completion of a \$1 billion fundraising campaign.

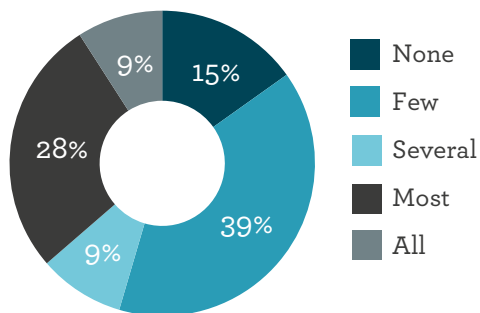
Those with the financial capacity are giving larger amounts in a more structured way.³ This is particularly evidenced in the mega-gift phenomenon. While there has been an increase in the profile and impact of transformational gifts,⁴ the potential for major gifts is yet to be fully realised.⁵ Major gifts fundraising is an area with great development potential, but broadly across the charitable sector, CEOs and Boards are not sufficiently engaged in developing strategies, nor fundraising staff equipped to deliver them, to attract such philanthropy.

Based on studies published by Queensland University of Technology (QUT) Australian Centre for Philanthropy and Non-profit Studies, we know:

- The greatest challenge for NFP fundraisers is a lack of Board engagement and a lack of investment in fundraising.
- CEOs play the critical role of chief fundraiser.⁶

In researching this Paper, Perpetual and Noble Ambition undertook a survey with 40 NFP CEOs and learned that while examples of significant Board participation in philanthropy do exist, in general they rate their Boards' participation in giving as low and fundraising knowledge, expertise and contribution as poor, weak or patchy.⁷

Board members donating to the organisation they govern



Source: Perpetual/Noble Ambition NFP CEO Survey, June 2019

¹ *Australian Charities Report 2017*, Australian Charities and Not-for-Profits Commission

² *Australian Charities Report 2017*, Australian Charities and Not-for-Profits Commission

³ Conor McCarthy, Fundraising Research Consultancy, July 2019 based on analysis of ATO data; www.fundraisingresearch.com.au

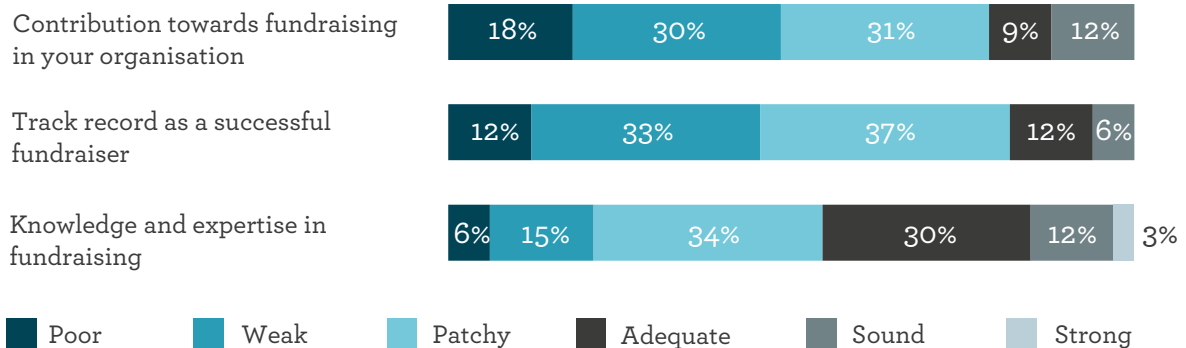
⁴ Fundraising Research and Consulting Top Donors List; www.fundraisingresearch.com.au

⁵ *Who's asking for what? Fundraising and leadership in Australian nonprofits*, Scaife, W; Williamson, A; McDonald, K. QUT Australian Centre for Philanthropy & Non Profit Studies, 2013

⁶ *Who's asking for what? Fundraising and leadership in Australian nonprofits*, Scaife, W; Williamson, A; McDonald, K. QUT Australian Centre for Philanthropy & Non Profit Studies, 2013

⁷ Perpetual/Noble Ambition NFP CEO Survey, June 2019

Board fundraising capability



Source: Perpetual/Noble Ambition NFP CEO Survey, June 2019

Reasons Board Directors cite for limited engagement in fundraising can be categorised into two areas: confidence and culture. Poor Board onboarding processes and expectation setting, coupled with limited experience in fundraising practices, play a role in limiting Board director participation in helping to raise funds for their non-profit.

When it comes to fundraising, three different stakeholders play unique and important roles: the CEO, the Board, and fundraisers. This White Paper acknowledges the role each of these stakeholders play in building successful fundraising organisations. For the purpose of this Paper we have focused solely on the role of the NFP Boards. We have collected insights through a series of original interviews. The Chairs and sector experts interviewed were selected because they exemplify outstanding Chair-led NFP fundraising and a significant level of experience and insight respectively. We have undertaken the Perpetual NFP CEO Survey and a literature review. With such great need in Australia – across health, education, social welfare, international development and Indigenous sectors – we believe that Boards, with the right support, can do more to grow the fundraising revenue

of the organisations they serve. Meaningful impact in fundraising can only be driven with support from the Board. Chairs play a pivotal role.

The sector is going through so much extraordinary transformation, yet when the role of Boards and the fundraising they're engaging in is raised, Chairs themselves and sector experts describe the change as "glacial."⁸

NFP Boards do not yet demonstrate sufficient fundraising leadership within the broader context of their governance responsibilities.⁹ Organisations that will thrive into the future will be those that invest in fundraising strategy and capacity building at a leadership level. Those that don't drive the cultural change required, and invest in capacity building, risk being left behind by an increasingly sophisticated fundraising environment.

⁸ Wendy Scaife, interview August 2019

⁹ Based on our original interviews with experienced Chairs and sector experts, the Perpetual NFP CEO Survey and academic papers.

The background of the page is a photograph of a sunset over the ocean. The sky is filled with warm, orange and yellow light from the setting sun, with some dark clouds. The water in the foreground is a deep, vibrant blue-green color, with gentle ripples and small whitecaps. A white rectangular box is positioned on the left side of the page, containing the title text.

LITERATURE REVIEW

To place this Paper within context, and to draw upon existing literature on this topic, a literature review on Board engagement in fundraising in Australia and North America has been undertaken.

When it comes to NFP Board engagement in fundraising in the United States, the cultural norm of “Give, Get, or Get Off” (Give generously of one’s own funds; Get – attract significant financial investment from others; or Get Off the Board and make space for someone who will devote their resources and energy to fundraising) prevails. This approach is reinforced by highly structured, professionalised approaches to Board fundraising, including:

- Duty statements
- A clear on-boarding process for Board Directors
- Minimum pledge level stipulation
- Clearly articulated annual giving expectations
- Individual fundraising targets, and
- Performance reviews of Board members related to fundraising¹⁰

The literature supports 100 per cent Board participation in giving, which builds the culture of leading by example, and positions Board Directors as active participants in the financial health of the organisation.¹¹

North American models are cited as a point of comparison for Australia’s relatively early stages of development of Australian Board giving.

A major Queensland University of Technology (QUT) report found that NFPs invest in fundraising plans and budgets, but this investment does not extend to Board level. The key findings from the report are:

- CEO buy-in is essential to drive Board engagement in fundraising.
- A leadership vacuum in this area means Board involvement in fundraising remains a major development opportunity.
- Fundraising expertise at CEO and Board level offers strategic direction and oversight.
- Fundraising is generally not mentioned during the Board recruitment processes.¹²

The Board can play such a critical role in the fundraising success of the organisations they serve, but this role is so far unrealised. And while the need exists for Board Directors to engage more in this area, the inherent power dynamic means that participation decisions rest with Board, and to a lesser extent, CEOs.¹³ This Paper seeks to facilitate this conversation and galvanise an appetite for change that will benefit the organisation and the community it serves.

¹⁰ The Nonprofit Research Collective Special Report: Engaging board members in fundraising, Nonprofit Research Collaboration USA, 2012; The Board Engagement Metric www.lasallenonprofitcenter.org/board-engagement-metric/ and other sources (See Further Reading)

¹¹ The Nonprofit Research Collective Special Report: Engaging board members in fundraising, Nonprofit Research Collaboration USA, 2012; The Board Engagement Metric www.lasallenonprofitcenter.org/board-engagement-metric/ and other sources (See Further Reading)

¹² Who’s asking for what? Fundraising and leadership in Australian nonprofits, Scaife, W; Williamson, A; McDonald, K. QUT Australian Centre for Philanthropy & Non Profit Studies, 2013

¹³ Who’s asking for what? Fundraising and leadership in Australian nonprofits, Scaife, W; Williamson, A; McDonald, K. QUT Australian Centre for Philanthropy & Non Profit Studies, 2013



AN AUSTRALIAN APPROACH TO
**NFP BOARD
INVOLVEMENT
IN FUNDRAISING**

NFP Boards are appointed for governance, strategy and advocacy. We argue fundraising runs across all three areas. As such, fundraising requires meaningful engagement from all Board Directors. Sam Meers AO, Chair of Belvoir St. Theatre, identifies a disconnect in the way that some Board members think about fundraising in relation to their Board role: “It’s always seemed odd to me that some Boards or Board members will say, ‘Oh we’re just there for governance.’ Well, even if you are just there for governance, fundraising is a critical part of ensuring that you actually have a robust organisation.”¹⁴

At its core, fundraising is a sustainability tool, with sustainability also a governance issue. Deanne Weir, Chair, Sydney Film Festival, says, “One of the key ways to drive sustainability is to look at what the income sources are and I think, as Australians, we’re becoming more and more aware of the need and the purpose and the benefit of thinking philanthropically.”¹⁵

However, the Board’s role is more significant than purely governance oversight: it’s also to advocate for the organisation that Board Directors serve. Sarah Davies, CEO, Philanthropy Australia, believes that Board support in a financial sense is crucial to the NFP’s public position. “The Board is the peak governance and strategy and heart of a non-profit,” she says. “If the Board doesn’t believe through its intellectual, experiential and emotional commitment to the organisation that the organisation is worth supporting for the work they’re doing, then how can they expect other people to believe in it and support it?”¹⁶

Furthermore, fundraising is a whole-of-organisation task, not only the responsibility of management. As such, it involves each member of the Board in his or her unique capacity and cannot be allocated to an individual Board

Director. Fundraising must evolve to a whole-of-Board capability, not least because the risk to the organisation is too great if fundraising is the charge of one person operating alone.

“Many Boards seem to think fundraising sits over there with somebody else,” says Caitriona Fay, General Manager, Community and Social Investment at Perpetual. “Too many see it purely as a management issue rather than a key governance issue that needs to be addressed both from a strategy and oversight perspective. It’s vital that Boards understand enough to ask questions about whether the fundraising approach is tracking in the right direction and whether the lead indicators for fundraising success are all there.”¹⁷

“Boards are still addressing the need to understand fundraising by bringing a fundraising person onto their board as opposed to building up the overarching governance capability to ask the right questions about fundraising.”

Caitriona Fay

General Manager – Community and Social Investment, Perpetual

To take the US model of “Give, Get, or Get Off” and directly apply it to an Australian context would fail to acknowledge our unique cultural and governance structures, namely the imperative for diversity on Boards, which reflect the voice of the community. “One of the serious conversations that we need to address is the composition of our Boards in terms of power,” says Sarah Davies, CEO, Philanthropy Australia. “Particularly in the non-profit space, sharing that power with the communities and people that we are wanting to support.”

¹⁴ Sam Meers, Interview, August 2019.

¹⁵ Deanne Weir, Interview, August 2019.

¹⁶ Sarah Davies, Interview, August 2019.

¹⁷ Caitriona Fay, Interview, August 2019.



If giving at equal dollar amounts is expected from all Board Directors in Australia, Board membership becomes the bastion of the rich. “There is a risk with this debate that we swing away from a broad-based Board, solely to financial,” cautions Simon Mordant AM, Chair, MCA.¹⁸

David Gonski AC, President, Art Gallery of New South Wales (AGNSW) and Chancellor, The University of New South Wales (UNSW), advocates a diverse Board that reflects the interests of an organisation and the community it serves. “There are people who say ‘Give, Get, or Get Off’. And there are people who say that’s outrageous,” he says. “And then there’s people like me in the middle. I certainly believe that people who are well-connected, and/or wealthy, who take on these not-for-profit Boards must be prepared to Give, Get, or Get Off. But I also believe that not-for-profits and their Boards should not only be the provenance of the rich. And therefore I can see that you could have two lots of people, both contributing in their own way.”¹⁹

Australia’s response to the US model of “Give, Get, or Get Off” has been that Board Directors give of their “Time, Talent or Treasure”. This is more nuanced and can be unclear in its expectations, “I think generally, as Australians, we’re not as sophisticated in our thinking in terms of what we expect from Board members, both on not-for-profits and for-profits, and we’re not as direct as we should be,” says Simon Mordant.

There’s an opportunity for non-profits to adopt the principles from the American model and interpret them through an Australian lens.

“As a principle, there’ll always be a role for Boards in fundraising, but the size of it, the extent of it, will depend largely on the specifics of the organisation itself.”²⁰

Sam Mostyn
Chair, GO Foundation

This Paper seeks to give voice to the uniquely Australian model of NFP Board engagement in fundraising, drawing on the principles of what works in other cultures, the research undertaken in Australia, and direct experience from some of Australia’s most experienced and successful Chairs in this space. The four pillars identified are a framework for Boards to seek to engage. Ultimately, each board should determine the appropriate fit for their organisation.

¹⁸ Simon Mordant, Interview, July 2019.

¹⁹ David Gonski, Interview, August 2019.

²⁰ Sam Mostyn, Interview, August 2019.

An aerial photograph of a stone path. The path is composed of irregularly shaped stones in various shades of brown, tan, and grey. The path is set against a background of lush green grass. A white rectangular box is overlaid on the right side of the image, containing the title text.

THE FOUR PILLARS OF BOARD ENGAGEMENT

IN AUSTRALIAN NFP FUNDRAISING

Board engagement in fundraising offers enormous and multi-faceted value to the organisation. We have identified four pillars to Australian Board engagement in NFP fundraising, that recognise our unique culture and enable directors to contribute in varied ways to the fundraising goals of their organisation: these are Give, Get, Leverage and Leadership.

PILLAR #1

GIVE

The compelling case for Board Director contributions

Board Directors, if they have the financial capacity, should Give generously to the organisations they serve. For those with considerable means, giving at a level considered compatible with a leadership position sets a compelling example for others. Accordingly, for Chairs to stipulate 100 per cent Board participation in giving, commensurate with the financial means of individuals, provides significant benefit. “I have a strong view that the level shouldn’t be mandated,” says Sam Meers, “And it is absolutely according to capacity. But I still think that there should be a financial contribution.”²¹ Renata Kaldor AO, Chair, City Recital Hall, Angel Place, and former Board Director, Sydney Children’s Hospitals Network, concurs.

“I think the whole board has to give... it doesn’t matter how much.”²²

Renata Kaldor AO
Chair, City Recital Hall

The benefits of Board giving include:

- Significant injections of philanthropic funds enable organisations to enjoy a stronger financial position.
- Demonstrated financial commitment by the Board encourages others to give.
“I think it’s a very important signal to a potential donor for them to know that every single Board member has put their hand in their pocket and donated to support whatever the cause or project is.”²³
Louise Walsh
CEO, Future Generation Investment Company
- 100 per cent giving at Board level drives a culture of philanthropy within the organisation from the top down.
“I don’t think there’s any expectation for anyone to give beyond their means... but I do think there is an expectation that... everyone needs to give. The reality is that everyone who’s part of something should be part of a culture of giving. And donors look for that. All sorts of stakeholders look for that.”²⁴
Tom Snow
Chair, Equality Australia

²¹ Sam Meers, Interview, August 2019.

²² Renata Kaldor, Interview, July 2019.

²³ Louise Walsh, Interview, August 2019.

²⁴ Tom Snow, Interview, August 2019.



- 100 per cent Board giving has a positive impact on staff morale.
 “As a Board, you are there as a resource and a support to your team. And if your team know that you’re putting in across every category, including being a regular donor and part of that community, it sends such a powerful message. And the returns that you get, in increasing motivation and initiative and staff retention and engagement and passion... far outweigh any cost.”²⁵

Sarah Davies
 CEO, Philanthropy Australia

- Board Directors share in the donor journey and experience donor stewardship and communications first-hand.
 “How do you know as a Board member what the experience is for a donor if you’re not a donor yourself? How can you commit to asking others in your network to give if you’re not willing to do the same?”²⁶

Caitriona Fay
 General Manager – Community and Social Investment, Perpetual

Achieving 100 per cent Board participation in giving requires active engagement from Chairs. While acknowledging that she is in the privileged position as Chair of the Board at Belvoir St. Theatre, where all Board members give, Sam Meers says, “I catch up with all of my Board members at the beginning of each year and we... do have a conversation.”²⁷

THE BENEFITS OF GIVE



Universal Board giving boosts the bottom line.



Board giving demonstrates commitment to the cause.



Universal Board giving is a powerful tool to leverage further investment.

²⁵ Sarah Davies, Interview, August 2019.
²⁶ Caitriona Fay, Interview, August 2019.
²⁷ Sam Meers, Interview, August 2019.



Source: Brett Boardman

GIVE CASE STUDY

Simon Mordant AM and the Museum of Contemporary Art, Sydney

In 2007, Simon Mordant was appointed Chair of the MCA Foundation, an entity that was re-established to raise funds for the \$53 million capital campaign for the Museum of Contemporary Art (MCA)'s redevelopment. The project was completed in 2012.

Mordant initially pledged \$5 million towards the campaign, a sum that was originally matched by former MCA Chair David Coe. When Coe was subsequently unable to meet his pledge, Mordant faced a choice in his position as Chair.

Mordant and his wife, Catriona Mordant AM, contributed a total of \$15 million towards the redevelopment target of \$53 million for the Circular Quay site. "When you take on a leadership role, my view is you have to lead by example," he says. "You can't expect others to follow if you haven't shown leadership."²⁸ The Mordants' gift was met by a \$26 million contribution from the New South Wales and Australian Federal governments, a \$1 million donation from the City of Sydney and a further \$7.45 million from other private donors.

The capital campaign undertaken by the MCA was the third attempt to complete the museum's expansion. Mordant's demonstration of philanthropic leadership ensured its success. However it was not the \$15 million figure alone that achieved this.

The Mordants' contribution inspired other private donors and was used as leverage to secure support from state and federal governments. Mordant also required that all Board members give to the campaign, which enabled him to claim the full Board's support of the initiative.

Not only was the impact of the Mordants' personal gift transformative to the MCA with its increased profile, larger exhibition spaces and higher visitation numbers, the impact was felt across the philanthropic sector.

"Many people have told me that the gift not only inspired their assessment of their level of giving but also their understanding of what was required."²⁹

Simon Mordant AM
Chair, Museum of Contemporary Art,
Sydney

²⁸ Simon Mordant, Interview, July 2019.

²⁹ Simon Mordant, Interview, July 2019.



PILLAR #2

GET

Board Directors ask their peers to donate

“People cannot confidently ask for money until they’ve resolved their own issues as to how much they’re going to give themselves.”³⁰

Charles Curran AC
Chair, St. Vincent’s Curran Foundation

Before you ask, you must first give. Boards and Chairs can use their position as Board Directors as well as donors, to attract significant philanthropic investment in the organisations they serve (Get). Asking for money requires sensitivity, but David Gonski positions the attainment of donations from a Chair’s peer group as a gift not to the NFP, but to the donor. “There are only two things you’ve got to do,” says Gonski. “First, you’ve got to believe that in asking for a donation, you are asking the potential donor to do something that will be of benefit to them. And the second thing is, if they say ‘no’, no problem. People say to me often, ‘How can you talk to him? He didn’t give a cent to the university.’ It comes up a lot. That’s his choice. Personally, I feel sorry for those who give nothing and have a lot... we’ve had enormous joy as a family in some of the projects we’ve done. And I think those who don’t give are missing out. But it’s not for me to judge them.”³¹

³⁰ Charles Curran, Interview, August 2019.

³¹ David Gonski, Interview, August 2019.


³² Tom Snow, Interview, August 2019.


³³ Charles Curran, Interview, August 2019.


An increased level of giving from the Board serves as both catalyst and confidence-builder, to seek out equal or larger gifts from peers. “The chair will need to open (the door), but also will need to show leadership once that door is opened, to show that they are committed to it themselves,” says Tom Snow. “That they’re fully behind the vision of the organisation and they fully back the management and the team and the organisation.”³²

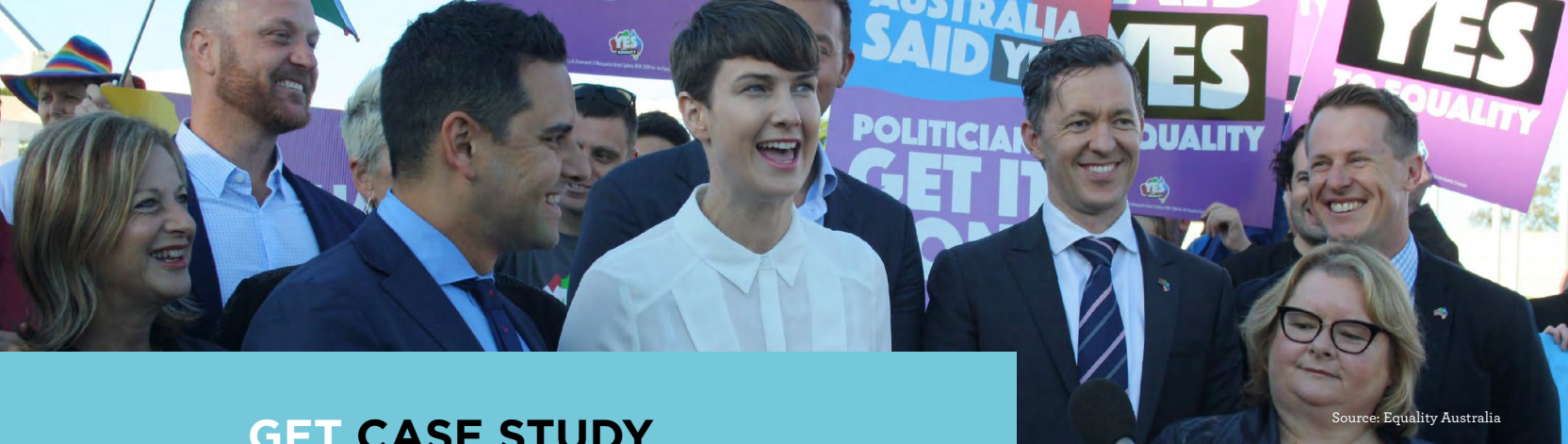
When speaking about his role in raising money for the St Vincents Curran Foundation and asking donors for gifts, Chair Charles Curran says, “You’re doing them a good turn. This is helping people lead a more fulfilled life.”³³ Curran’s approach is one that we would like to see increasingly mainstream in Australia.

THE BENEFITS OF GET

 Board Directors ‘giving’ and ‘getting’ tangibly demonstrates the commitment of NFP leadership to philanthropy and acknowledges the critical role donors can play in transforming an organisation through their gifts.

 Board members opening doors to their networks can be a powerful tool for fundraising engagement.

 To open doors effectively, Board members must believe in the work of their non-profit and the fundraising strategy.



Source: Equality Australia

GET CASE STUDY

Tom Snow, former Co-Chair, Marriage Equality Campaign

The case study of Tom Snow and his role in the Marriage Equality campaign demonstrates the success of both Give and Get to galvanise philanthropic support within a high-profile, high-stakes, time-critical period.

Snow says, “It was absolutely critical that I was giving to the campaign. And people ultimately did want to see me backing myself... Early in the campaign, Brooke (Horne, Snow’s husband) and I committed a million dollars. We knew that we would need to raise about \$10 million in cash. And we knew that if someone didn’t come to the party to put a seven-figure commitment on the table, then no one would back the campaign. And also, no one would understand that this was a campaign that needed serious scale.”³⁴

Here we see large-scale giving as strategy. Early in the fundraising process, Snow encountered the perception that the campaign didn’t need a lot of financial support behind it. “People go, ‘Oh well, you know, surely you just need a bit of staff and bits and pieces. You need a couple of hundred thousand dollars.’ Well actually, no. We needed a professional, well-run campaign, and to deal with what were incredibly well-funded investors on the other side... (An) incredibly well-funded ‘no’ campaign that out-funded us on advertising three-to-one. We needed to make sure that we had a big campaign... my involvement set the standard for a big donation, as a seven-figure sum.”

Snow and Horne went on to give an additional \$1 million as further investment to encourage others to give and to raise the total philanthropic investment to \$10 million. The largest donors to the campaign were Snow and his family, followed by million-dollar donations from the Snow Foundation, Alan Joyce (CEO, Qantas), and Paul O’Sullivan (Chair, Optus). Their contributions were further supplemented with philanthropic investment from some of Australia’s most prominent philanthropic families and foundations such as the Berg Family Foundation, Myer Foundation, Ian Darling and Reichstein Foundation.³⁵

In this example, Snow’s giving begat giving from others. “We thought the only way to do that [achieve scale and prominence] is to show some leadership and actually put money on the line. And it was the only way we were matched by others. And it’s an absolute credit to them that they came on board.”³⁶

“Investing in the Marriage Equality campaign was something that was really new,” Snow continues. “But [the donors] saw it as something critical to Australian values. And I think people have realised what amazing returns investing in advocacy can have. And how a one-off investment in this case, and a large investment, has caused permanent, long-term happiness for hundreds of thousands of Australians. It has improved the lives of just so many people, immeasurably and permanently.”³⁷

³⁴ Tom Snow, Interview, August 2019.

³⁵ Tom Snow, Interview, August 2019.

³⁶ Tom Snow, Interview, August 2019.

³⁷ Tom Snow, Interview, August 2019.



PILLAR #3

LEVERAGE

Leverage as a fundraising strategy

Boards can Leverage public and private funds to build transformational partnerships in philanthropic fundraising. This is when Give and Get are taken to a third tier and used as a strategy to secure even greater investment and influence government.

A recent example of successful leverage and Board engagement is the State Library of Victoria's Vision 2020. The \$88 million redevelopment project was made possible with close to \$30 million from major donors and partners helping to leverage more than \$60 million from the Victorian State Government.

The Art Gallery of NSW recently completed Australia's largest cultural fundraising campaign securing over \$100 million in philanthropy, with a further \$240 million committed by federal and state governments. AGNSW Board members contributed significantly, as did the Sydney arts/philanthropic community. David Gonski AC, President, AGNSW says "If we couldn't come up with the money, justifiably and correctly, I think the government wouldn't have matched us. So we did a deal involving matching. And they rightly looked at us, and as President at me, that we should raise a hundred million. There was nothing more focused for the Board than the fact we wouldn't get our new building unless we raised the money."³⁸

Gonski advocates the unique role of Board and Chair in achieving this fundraising goal. "You can say, 'Well, couldn't a Director, who runs the Gallery full-time, do that on his or her own?' And the answer is no. We have a very able Director in Michael Brand, but even he needs the backup. And he needs also the feeling that there's this front row, forward group, standing behind him that can actually pass the ball around, can fight some of his fights, which maybe is easier for them to do than him."³⁹

³⁸ David Gonski, Interview, August 2019.

³⁹ David Gonski, Interview, August 2019.



While the leveraged strategy can work to secure government matching, as with AGNSW’s historic fundraising campaign, crowdfunding and smaller-dollar initiatives can also achieve scale and influence using this approach. Increasingly, successful major gift fundraising campaigns leverage matching in some way – either with principle gifts from leading philanthropists; government or crowdsourcing. This can even include investment from an NFP towards a specific area, to be matched by donors. This can be compelling to donors as it demonstrates the commitment of the NFP to the project, however it requires the commitment by the Board both in terms of investment and implications for the organisation’s bottom line.

This highly sophisticated fundraising approach calls for strategic communication of the message, astute negotiation and skilled stakeholder management. Strategic leadership is required to pull this off, and time is usually an additional pressure. Because of the extraordinary leadership required to succeed with this approach, it is very difficult to pursue a successful leverage fundraiser before first building strong capability in both the “Give” and “Get” pillars.

This public/private partnership trend is one many Chairs interviewed predict will likely increase within the Australian fundraising environment going forward.

THE BENEFITS OF LEVERAGE



Leverage is a compelling offering to donors who can multiply the scale of their investment through public-private partnerships or matching.



Leverage, either government, philanthropy or organisation investment can be an effective strategy to galvanise significant levels of investment to achieve highly ambitious targets.



Board commitment, driven by the Chair, of strategy, budgeting, giving and getting in order to successfully leverage is critical.



PILLAR #4

LEADERSHIP

Fundraising Leadership inside the NFP

Effective Leadership at Board level can drive the cultural change required to transform organisations at Board, amongst staff and donors. The following section examines fundraising elevated to a strategic organisational priority; exploring the creation of a new revenue stream and how to build a sustainable income stream for the future. Leadership at this level exemplifies the critical role Boards can play in fundraising that can have lasting impact.

As Chair of Sydney Film Festival (SFF), Deanne Weir identified the need for a financial buffer to smooth the ups and downs of festival fortunes. Growing philanthropy and fundraising as a new income stream was not only a challenge in terms of engaging donors, building relationships and securing gifts, but also in ensuring the approach was consistent with the egalitarian values and history of the Festival. Weir and the former Chair engaged with staff and stakeholders at early stages to “...make sure that the staff understood why we were doing it, and that there wasn’t an inherent kind of opposition or concern about it.”⁴⁰

SFF grew philanthropy as an income stream from \$17,000 in 2013 to \$574,000 in 2019. Thanks to Weir’s dedication and the full support of the Board and the organisation, SFF is determined to grow this resource to support the longevity of the festival.

THE BENEFITS OF LEADERSHIP



Lasting cultural change must be led at a Board level.



Appropriate consultation with the organisation’s community can lead to widespread goodwill and stakeholder buy-in.



Through effective leadership, fundraising can be rapidly elevated to a Board-level priority. With strategic focus and investment at leadership level, significant fundraising ambitions can begin to be realised.

⁴⁰ Deanne Weir, Interview, August 2019.



LEADERSHIP CASE STUDY

The National Library of Australia: Ryan Stokes (former Chair), Brett Mason (current Chair) and NLA Council (Board)

Source: National Library of Australia

The National Library of Australia (NLA)'s transformation is a strong example of the role of the Chair(s) and Council (its name for the Board) in driving cultural change, leveraging public-private partnership, with personal giving and capacity building at Council level, whilst managing significant leadership transitions.

For more than a decade, the NLA used traditional, lower-level giving programs without significant strategic buy-in by Council or Executive. Former Chair, Ryan Stokes, saw an opportunity for fundraising to play a vital role in realising a strategic priority for the NLA: to digitise its collection and make it accessible to all Australians, no matter their location. Encouraged by Stokes, the CEO commissioned an external review of governance and fundraising programs, oversaw the commitment to its findings and a second-stage investment in external development of fundraising strategy and capacity building at the organisation.

Despite transitions at Chair and Deputy Chair levels and five new Council appointments, within 18 months the NLA achieved significant transformations, including:

- 100 per cent participation in giving at Council level.
- Approval of a new fundraising strategy and governance structure.

- Philanthropy and fundraising now seen as a priority for Council and a standing item at Council meetings.

This top-down drive for philanthropic investment has impacted organisational culture. "Now we're constantly looking at ways to seek philanthropy, raise money, and that's front and centre of what the Council does today. It was a minor part of what the Council looked at three years ago and now it's a major part. That's a big change," says current NLA Chair, Brett Mason.⁴¹

Secondly, the NLA Council is keen to extend this view of philanthropy to a longer-term approach.

"The Council wants to ensure that this new push for philanthropy is embedded in the culture and the psyche of the organisation... Everyone understands their role."⁴²

Brett Mason
Chair, National Library of Australia

NLA has already achieved success with significant gifts from former Chair and Deputy Chairs, and investment from the Federal Government towards its Treasured Voices philanthropic campaign. These successes fuel ongoing cultural change and the determination to see philanthropic ambitions realised.

⁴¹ Brett Mason, Interview, August 2019.

⁴² Brett Mason, Interview, August 2019.



PATHWAYS TO SUCCESS

**FOR BOARD ENGAGEMENT IN
FUNDRAISING**

The leadership demonstrated by the Chairs and sector experts we have interviewed, and what we have learned in researching this Paper, combined with our decades of experience in the NFP fundraising sector indicate a particular stage of culture shift in Australia. However there is more that Boards can do, and we encourage a conversation within the Board environment, to maximise impact by increasing overall Board involvement in fundraising.

There are inspiring examples of leadership in this area. We sought out some of these extraordinary case studies for inclusion in this White Paper. It must be acknowledged that alongside these spotlighted contributions, much quiet leadership happens every day within our NFP Boards. However, there is still such great need and more that Boards can do.

We have identified two significant barriers to greater participation in fundraising at Board level for Australian NFPs: confidence⁴³ and culture.

THE CONFIDENCE CHALLENGE

Our research identifies the absence on Australian NFP Boards of established processes to educate and build confidence in fundraising strategy and leadership. This is an opportunity and challenge that, once met, has the potential to transform the multi-dimensional role that Board Directors play in supporting the organisations they serve.

Chairs and Board Directors can improve engagement in fundraising in multiple ways, whether it be by learning from peers and professional consultants, by testing and learning through practical application or by sharing and collaborating.

Whilst the Australian Institute of Company Directors (AICD), Philanthropy Australia and Fundraising Institute Australia offer programs specifically for NFP Boards or in the area of philanthropy and fundraising, there is not adequate depth of expertise or offering in the area of Board engagement in fundraising. There are a limited number of specialist experts in NFP capacity building at Board level.

Structure and process can be supported in recruitment with a skills matrix analysis; clear position descriptions that include fundraising accountabilities; and annual reviews and reporting against general governance performance, including fundraising capability.

⁴³ Interview with Wendy Scaife, August 2019.

SHIFTING THE CULTURE

of Board engagement in philanthropic investment

The single most significant barrier to change when it comes to transforming the role of NFP Boards in fundraising is culture.

“Long gone are the days when people could chuck a couple of non-profit Boards onto their CV to help on the path to an AO, or pat on the shoulder because it looked good,” says Sarah Davies. “That is over and dead and gone. And if it isn’t, if there are still vestiges of that, then we really need to stamp that out.”⁴⁴

“You can sit on a Board and have the CV accolade that you were on it, but you have to live with what you did during that period. And if you just coast, I think probably, when you actually judge it, particularly when you get to post-60 and so on, you’ll realise it was a missed opportunity.”⁴⁵

David Gonski AC

President, Art Gallery of New South Wales (AGNSW) and Chancellor, The University of New South Wales (UNSW)

Sam Mostyn advocates calling out levels of giving, to drive participation. “Until we make the giving part of it as important... at the same level as actually creating wealth in the first place, then there are a lot of people who are hiding. And they do lots of sitting on the Boards, and lots of saying they’d love to be able to help, but not giving to the extent that they can,” she says.⁴⁶

When joining a Board, Directors should do all they can to contribute. We urge Chairs to lead the organisations they represent with clear and consistent messaging about Board engagement in fundraising, and to lead by example. And whenever Chairs see active Board fundraising engagement, either through giving, getting, leverage and/or leadership, to celebrate it.

The case for 100 per cent Board participation in giving is powerful: is there not room for both diverse Boards and 100 per cent Board giving? Can we not repurpose a phrase from one country (the USA) into our own unique culture and values? Can we not require that all Board Directors – the millionaires as well as the clinicians, the international development experts, and artists – give as appropriate to their own individual circumstance, knowing that the value in giving is far more than the total in dollars raised?

⁴⁴ Sarah Davies, Interview, August 2019.

⁴⁵ David Gonski, Interview, August 2019.

⁴⁶ Sam Mostyn, Interview, August 2019.

Let us boldly declare our aspiration for an Australian culture of 100 per cent Board giving, whilst acknowledging diversity and nuance. Let us drive this new cultural norm because giving is felt by staff, heard by donors, acknowledged by funding agencies, and experienced by all through a growing spirit of philanthropy – not only in individual organisations, but within the sector and for the benefit of our communities nationally.

Change never occurs in a vacuum, so it's essential that deliberate conversations about Board giving, at Board level, are regularly scheduled. This approach will remove discomfort around the discussion of money and elevate Board giving to the same status as other governance issues with which the Board engages. These conversations must be undertaken within the spirit of philanthropy and genuine buy-in from stakeholders, otherwise the cultural change we seek will not be authentic nor lasting.

Inspiring change within long-term Boards can be challenging. Through growing comfort with an Australian cultural norm of 100 per cent Board giving, the culture and composition of NFP Boards will inevitably alter with time. Succession planning will be a part of this. With the charitable sector in flux, it is imperative our Boards are responsive to the needs of their organisations, and the communities they serve.



RECOMMENDATIONS FOR
**BROADER
SECTOR AND
SYSTEMIC
CHANGE**

The challenge is exciting, and to implement the confidence and culture changes identified, we recommend these three approaches:

1 INCREASE GIVING AT LEADERSHIP LEVELS

on NFP Boards across Australia Those who can give, give generously to reflect your commitment to your organisation; your responsibility as a Board member with financial capacity; and to join a growing cohort of Australian NFP Board Directors driving social change through philanthropy. Serve, don't sit, as a Board Director: The opportunity is far greater than a CV boost.

2 DRIVE A CULTURE OF PHILANTHROPY

within your organisation through 100 per cent participation in Board giving. The dollar value is far less relevant than the principle of 100 per cent Board participation, which is critical to create cultural change and demonstrate personal commitment to philanthropy within the organisation.

3 BUILD THE FUNDRAISING AND PHILANTHROPY CAPACITY

of the non-profit sector with a top-down approach, starting with the Board in terms of education, engagement and leadership, and complement this with investment and capacity-building at CEO level. This will meet a commitment from the peak body, Fundraising Institute Australia, to advance the professionalism of the sector in parallel, from the bottom up.⁴⁷

We are excited by the opportunities yet to be realised in the Australian NFP sector and hope that this Paper is a catalyst for discussion at NFP Boards across Australia. Board Directors make an extraordinary contribution to the NFP sector, but it is in such a state of change. The need within our communities across health, education, social welfare and Indigenous areas is so great, and the wealth in Australia so significant. As Board Directors so much more can be done to effect lasting, meaningful change.

⁴⁷ Interview with Katherine Raskob, CEO, Fundraising Institute Australia

The background of the page is a close-up photograph of teal-colored water with gentle ripples. A white rectangular box is positioned on the right side of the page, containing the main title and sub-headline.

WHERE TO FROM HERE?

TOOLS TO HELP NFP BOARDS MEET THE FUNDRAISING CHALLENGE

We encourage you to share this Paper more broadly with your Board and use the discussion guides below to facilitate robust Board-level discussions to ultimately place fundraising firmly at the heart of the governance of your organisation.

DISCUSSION GUIDE: CURRENT STATE

- What percentage of your Board are active donors to your organisation?
- Does the level of Board giving reflect individual financial capacity?
- What is the expectation of the Board's role in fundraising? Is this consistent across the Board and reflected in duty statements?
- What is the Chair's role in leading your Board towards giving goals?
- Does the current Board possess the skills required to drive fundraising?
- Is there an on-boarding tool that includes fundraising and expectations?
- Does the Board performance lens used at your organisation include Board fundraising?

DISCUSSION GUIDE: FUTURE ASPIRATIONS

Once you have a clear idea of how your Board is currently positioned, you can begin to boost the efficacy of board engagement in fundraising. Start by working through the below with your Board.

- Determine what role philanthropy and fundraising plays at your organisation, now and into the future.
- Determine what the current role of the Board is in terms of fundraising: is this sufficient in leading the organisation into the future?
- Determine investment from the Board: is the level of Board giving sufficient and if not, how can this be improved upon as a whole, and as appropriate to personal circumstances of individual Board members?
- Invest in capacity building within your organisation or at Board level, to get it operating at the level it needs to achieve the next stage of fundraising success.
- Encourage Board members to improve their engagement in fundraising by:
 - Seeking out their peers, to learn from others' experience;
 - Seeking expert advice from philanthropy/fundraising consultants;
 - Learning through practical application – try different approaches to see what resonates;
 - Refining and developing skills over time, and
 - Sharing information and collaborating.

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ABOUT NOBLE AMBITION

Noble Ambition works directly with NFP Boards and senior executives to develop fundraising strategy and organisational capabilities. Noble Ambition offers strategic fundraising counsel based on international best practice, tailored to the unique requirements of its clients. Consultancy services include Board workshops, executive coaching, strategic reviews, preliminary assessments, fundraising campaign strategy and governance reviews.

Noble Ambition has a national client base, drawing across the non-profit sector – including health, education, indigenous, advocacy and arts/cultural areas. Since 2016, Noble Ambition has developed strategy and built capacity of its clients to drive transformational campaign ambitions.

MORE INFORMATION

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ABOUT PERPETUAL

Perpetual is one of Australia's largest managers of philanthropic funds, managing \$2.9 billion in charitable funds as trustee for over 1,000 charitable trusts and endowments (as at 30 June 2019). In the 2019 financial year we distributed more than \$100 million to not-for-profit organisations on behalf of our clients.

We provide individuals and families with advice on establishing charitable foundations and structured giving programs and also assist charities and not-for-profits with financial governance, investment advice and management.

As an experienced trustee and wealth manager of charitable funds we understand the ongoing needs and challenges facing both philanthropists and not-for-profit organisations. When it comes to advice, investment management and trust establishment, our team of specialists offers a partnership with tailored advice and strategies designed to meet the unique needs of not-for-profit organisations and donors alike.

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