

CHARITIES WARNED: IT'S TOUGH OUT THERE

Not-for-profits need to recognise they work in a highly competitive arena. Story by **Helen Trinca**

Australia has too many charities with too many board directors unaware that they face tough competition in terms of their fundraising and their work, according to Lisa Kingman, head of Tanarra Philanthropic Advisors.

She says “it’s a tough world out there for charities, it’s competitive” yet a core weakness revealed in recent surveys of 100 small to medium charities was that they often don’t realise they have competitors.

“So if you’re an education charity, for example, working in secondary schools to help disadvantaged children, by goodness you’ve got competitors – there are hundreds of other charities,” she says. “And of course, if you’re relying on the same income streams, then you’ve got competitors.”

Kingman’s comments come as TPA releases research which lists the top 10 strengths and weaknesses of charity boards in Australia. It is based on the latest findings from its board health checks which launched this year.

TPA is a pro bono charitable enterprise of the Tanarra alternative asset investment group founded by investment banker John Wylie. The board checks reveal the top strengths of small to medium charity boards relate to compliance and administrative tasks such as having a succinct mission and vision, and managing budgets.

Positive behaviours between directors also rate highly. Fundraising and income generation, being aware of competitors and seeking feedback from supporters rated as the top three areas for improvement.

Kingman says two key weaknesses are a lack of understanding and engagement of board directors with fundraising; and directors not knowing when they are ineffective and need to step down. She says TPA, now in its fifth year of operation, is consistently asked by either board directors or senior leadership teams how to make their board more effective.

“They’re talking about being more strategic, more focused on the mission



of the organisation, to utilise them more to sort of roll up their sleeves and get things done, not just lending a name, or a skill set, but really contributing actively to the purpose of the organisation,” she says.

One factor in the sector is that directorships are voluntary – only 12 per cent of charities pay their board members and 65 per cent of the organisations turn over less than \$250,000 per year – and directors of start-up charities are often friends of the found-

er who are called on for support rather than for their skill base.

“There’s often a lot of excitement about a new organisation and people are really keen to put their hand up and get involved in a not-for-profit, but within three or four years, the reality sets in at how hard it really is to be a board member,” Kingman says.

“There’s a disconnect between (boards and management) about the role of the board in fundraising. It might be the word ‘fundraising’ has a sort of a tin-shaking connotation rather than actually expanding the revenue base. Traditionally, boards weren’t tasked with fundraising but in our opinion it should be a core part of a charity board. It may not be traditional fundraising; it might be government relations, it might be corporate networks, or securing pro bono support from colleagues; it might be raising awareness ...

“It doesn’t necessarily have to be cash in the door, but I think every board member really should play a role in helping secure the financial future of the organisation.

“It doesn’t necessarily have to be a person who has great connections or a long cheque book, it can be somebody who thinks innovatively, it could be

somebody who has access to new technology that will improve the effectiveness of the organisation, for example.”

Kingman says charities are often set up to honour someone but “setting up a whole charity isn’t necessarily the best way to go”.

“You might be better off to find another like-minded organisation and actually help build their strengths or work with them rather than going it alone,” she says.

“There’s something like 60,000 registered charities and another 200,000 not-for-profits, and then on top of that, I think there’s another 20,000 social enterprises.

“We know that the first few years, it’s all very exciting, and you get this great sort of fundraising interest, but after that, it’s very hard to keep the momentum going. So we would like to see greater collaboration.”

That collaboration is beginning: “We are seeing much greater collaboration where groups, for example, in the social justice space, or the education space are creating consortiums of charities working together, sharing services or project ideas. But they need to be underpinned by a resource that co-ordinates them.”