



Etienne Eichenberger (Wise): "We personally help people to narrow down their philanthropic aspirations to a specific mission."

Photo: David Laurent

WEALTH MANAGEMENT

THE RISE OF DONATION CONSULTING

Already existing in Ancient Greece, redefined by Andrew Carnegie and John D. Rockefeller – and now under high media coverage with the Bill and Melinda Gates Foundation – the concept has always existed in some form or another. However, one doesn't have to be the inventor of Microsoft to get involved in today's philanthropy.

Scorpio Partnership, a consultancy firm in international wealth management based in London, interviewed 34 donor families (with more than 100 million US dollars in capital) in the UK, Germany, and Switzerland, and concludes that the philanthropy market still has potential to develop.

The persons interviewed claim to give (on average) 5% of their fortune to philanthropy a year. According to the survey, which was published on 20 September and sponsored by Wise (Geneva), the Bertelsmann Foundation (Gütersloh), and New Philanthropy Capital (London), 90% of the donors are looking for advice and expertise in philanthropy.

Indeed, when one doesn't have the resources of a Warren Buffet or a Tom Hunter (the Scottish entrepreneur who recently donated 1 billion UK pounds to charity), philanthropy consulting can come in handy. One person interviewed during the survey mentions the lack of such services: "Lawyers and private bankers are very good at providing technical advice, but they are not intended in the psychic income. They cannot tell you if a philanthropy project can provide you with value for money."

Another conclusion of the survey is that many donors don't know where to get started: "More people would get involved if they knew how to do it," says one participant. In fact, among the 34 family offices interviewed, only 10 to 20% claim to have the resources to carry out a philanthropy strategy.

Those participants who have some experience in philanthropy say that it is important that the project is well defined and consists of a long-term engagement of at least three to four years.

According to Scorpio Partnership, the survey shows that the philanthropy culture varies from country to country. In Germany, donors consider their philanthropy missions as something very personal and are reluctant to share their experiences with others. In the UK, on the other hand, donors are very open about their engagements, while donors in Switzerland can be placed somewhere in between.

Despite these differences, philanthropy consulting seems to be on the rise in the three countries because there is a need to measure the impact

of donations. According to participants of the survey, the impact needs to be tangible and quantifiable, which presupposes more communication with the organisations they support. 75% of the 34 families prefer a "face to face" feedback on their philanthropy missions, although they realise that this may involve some costs.

Donators need professional advice

This is where an advisory firm like Wise ("Wealthy Individuals – Social Entrepreneurs") comes in. The company, which is based in Geneva and specialises in social projects both on local and international giving, plays an advisory role between the donor and the partner organisation. Its two executive directors and founders, Etienne Eichenberger and Maurice Machenbaum, both have worked in the business and social fields and are well placed to lend their expertise and networks to donors.

The role of philanthropy advisors is to assist donors to make firstly the right choices and then to build a strategy that drives impact on the field: "We personally help people to narrow down their philanthropic aspirations to a specific mission and then build a portfolio of organisations to engage," says Mr Eichenberger.

According to the latter, the study shows that there is an increasing necessity to work with professionals in philanthropy. "The sector has expanded over the last couple of years. There are more and more NGOs and associations. Finding the right criteria to select one has become challenging for new donors," he says.

Philanthropy may be a couple of thousands of years old, but the survey by Scorpio Partnership shows that there is still a lot to gain from it. Intelligent social investment, or "achieving idealistic aims with a commercial logic," as advocated by Wise, can have winners on both sides: the receiving and the giving end. All it needs is proper advice. || David Goebbels