

## **VCOSS Presentation by Susan Heron. Tuesday Feb 3 2009**

- AIM's relationship with VCOSS is one of which I am very proud of, and AIM is looking to build on that relationship which has already seen us provide more than \$120,000 in management development and training services to VCOSS member organisations.

- I am particularly pleased that the Australian Institute of Management has been able to host today's event. Although AIM – strictly speaking - is a non profit organisation, we are a business and consequently we depend on making profits to ensure our survival. We don't get any financial handouts from government or business. All our profits are put back into our business of providing for the development and training needs of managers across industry and government. Consequently, AIM has an intimate understanding of what the issues and pressures facing business and government are. Our customers include some of Australia's largest and smallest organisations.

-I have been asked today to speak on the Corporate Challenge for NFPs.

-It is a very timely topic given the realities of today's difficult economic environment and the cost pressures the downturn is placing on the business sector. THE Global Finance Crisis (THE GFC).

-I would like to be provocative and trust that the Forum will accept it as a positive challenge.

-First, let's give some dimension to the challenge. Contained in the CSR report (developed with the backing of VCOSS) is a number, a very big number of how many NFPs there are in Australia. The number is 700,000.

-The report does not state how many of those 700,000 organisations are dependant on the generosity of funding from government and corporates. **But even if it is only half that number, the simple truth is that from the corporate sector's perspective, there are way too many NFPs.**

-Inevitably, with that number of NFPs, it makes it difficult for corporates to determine which organisations they should be dealing with. Also the ability of a NFP to establish a point of difference for itself in the race to secure funding from corporates is extremely difficult.

-The CSR report said that NFPs need to better market themselves to corporates, need to better communicate with the business sector so that they stand out and attract interest. **Well, it is hard to stand out when hundreds of thousands of NFPs are competing for funding.**

- In “**Corporate Speak**” there is a need to consolidate – reduce the number of NFPs. If corporates were in a similar situation, why would they consolidate? Well, they would realise that is simply in their best long term interest because too many competitors drive down the price, provide the consumer with too much choice (that means power), confuses brand value

and loyalty, dilutes returns, and discourages investment and innovation. Why should NFPs consolidate? Well, it would provide the NFPs “customers”, i.e. corporates with clarity on product offering, brand differentiation, value alignment and value creation, engagement and make it easier for corporates to support its “product” choice. It would enable the corporates to more easily determine their Return on Investment (ROI). **This will increase the resources available to NFPs and help ensure corporates are better connected to provide long term support to such organisations. I accept that this is probably not what you want to hear but let me ask you a question: Does it make good sense to have more than two or three (or more) NFPs in Australia dedicated to raising resources to fight for a particular cause? Unless there is a compelling reason that the “customer” understands, accepts and supports then the answer is, “NO”.** As someone who has worked in a variety of corporate roles, it is difficult and time-consuming to try and fulfil community obligations, e.g. what is the corporate policy, how much should the corporate give, how does the corporate evaluate the support, etc., etc. It takes time, considerable time and therefore is a real cost to the corporate.

-The downturn represents a good time for this consolidation to occur. **FACT:** The corporate sector will have much less money to spend on CSR because many of them will be focussing their energy on surviving the downturn and being ready to take advantage of the economic good times that will follow.

-Australia needs a strong corporate sector that is attuned to the importance of providing funding to NFPs. As a society, we can't expect governments today, whether they be Federal, State or local government, to meet the resource needs of NFPs – the corporate sector has a legitimate role to play.

- To more effectively tap into that role, more NFPs need to be more business like themselves. They need to recruit people with corporate experience to complement their community sector specialists and ensure they have sufficient internal resources to create a bridge of understanding with the corporate sector. **Let me stress that the ability to speak the “same language” is critical, and can make enormous difference to the conversation.**

-What corporates want by way of a return from NFPs

- return on investment
  - measureable outcomes
  - employee support
  - corporate alignment with objectives of an NFP
  - smooth administrative relationship
  - commercial awareness from NFP
  - stakeholder engagement
  - value for money
  - cost transparency
- NFP loyalty  
-NFP advocacy

-Next Step

-Forums such as this one are about helping NFPs become more attuned to the needs of the marketplace – that's a very real (and pressing) objective and one that will help your sector grow and meet its goals.

-Best wishes for a successful forum and enjoy meeting the challenges ahead.