

Seeing the big picture

The Milken Institute champions a problem solving approach to giving

BY GENEVIEVE CUA

WRITING a cheque for a cause does a lot of good. But if you desire to make a long-term impact and are prepared to spend some time in the effort, consider strategic philanthropy.

The term itself suggests a more systematic approach towards giving. But far more than that, Melissa Stevens, Milken Institute's executive director for strategic philanthropy, says it involves a mindset change.

"There is a shift in the donor mindset from just being donors to being problem solvers. They look holistically at how they can use their philanthropy, resources, time and expertise to really solve problems... thinking about the root causes of the social challenge they want to address. How would your philanthropy fit into the big picture, the entire ecosystem? It takes an understanding of the context, the root problem and the unique role of philanthropy as an asset class to solve them."

The Milken Institute is a non-profit think tank based on the principle – as espoused by its billionaire founder Michael Milken – that prosperity results when financial technology is harnessed to increase the value of human capital, social capital and real assets.

The institute's Asia Centre, based in Singapore, aims to provide thought leadership to help governments, investors and industry. Its areas of focus include ageing, philanthropy, health and innovative finance.

The centre also consults with wealthy families, helping them to articulate their philanthropic goals and advising them on how to navigate the landscape that forms the backdrop of the causes they wish to support. Availability of research on the relevant landscape is often a major challenge. "You have to think of the problem or issue as a system and know that you're not acting in isolation. You need to understand what different stakeholders are doing. Philanthropy shouldn't be duplicative, but should be complementary to what the government, industry and other non-profits are doing."

Strategic philanthropy, says Ms Stevens, also seeks to inject business principles into one's giving. "We work with a lot of families. They're wealth creators and have tremendous business acumen and strategies. They measure and monitor their progress and use key performance indicators, really bringing a mindset of specific metrics and targets."

Donors also need to understand how philanthropic capital differs from other types of funding. "It's a different asset class. It really has the opportunity and obligation to take on more risk than other funders. Those who are most successful or have the greatest return on their philanthropy are those who aren't afraid to take risk... In addition to risk, it's also being patient with their investment, knowing that some of the problems you want to solve aren't going to happen overnight. Although you want metrics to understand if you're making progress, some problems will take decades to generate returns."

Some examples of near-term metrics in the area of medical research are the scientific papers published on novel findings; new research products developed; new talent such as young investigators trained; and collaboration between research institutions and across research.

As an example, the Milken Institute's Centre for Strategic Philanthropy incubated the non-profit Melanoma Research Alliance (MRA) that has become the largest private funder of melanoma research in the US. The alliance provided critical support, convening the first "state of research" meeting, designing MRA's organisational structure and cultivating best practices to help fast track research. Since its inception in 2007 MRA has contributed US\$88 million, funding nearly 80 young investigators,



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nearly 30 collaborative awards and 20 academic/industry partnerships and over 30 clinical trials.

Ms Stevens believes there are a number of areas in Asia where philanthropy can make a major impact.

- **Medical research.** There are some 9,500 diseases for which there is no viable treatment or cure. In Asia, there are many types of cancer that present and respond differently to existing treatments such as breast and liver cancers. Philanthropy can help accelerate the research and development of therapies for Asians.

- **Ageing populations.** Many Asian populations such as China and Singapore are ageing aggressively. There are opportunities to design, pilot and deliver products and services to support this demographic.

- **Education.** Over 260 million children worldwide do not attend school. In China, more than half of students leave the education system after only nine years. More than half of students in the fifth grade are at least three years behind in reading. Philanthropy can help to develop solutions to improve access to and quality of education.

- **Environment.** Some 25 per cent of Asia experience significant water shortage, and there is great decline in biodiversity. Philanthropy can help to enable conservation efforts. **W**

Mindset change

HERE are some mindset characteristics of strategic philanthropists, as highlighted by Melissa Stevens, Milken Institute's executive director for strategic philanthropy.

- Look at the big picture. Strategic philanthropists understand the dynamics of an entire ecosystem, says Ms Stevens. They pinpoint root causes and not just symptoms of social challenges.
- Use metrics to understand progress and impact. They define their desired impact upfront and draw up efficacy metrics to ascertain if progress is being made.
- Look for leverage. They co-invest with other funders and use their funding to reduce risk, thereby attracting other funders and partners.
- Embrace collaboration. They look for partners across sectors to implement broad based, scalable solutions.
- Look at the problem, not the tool. They first seek to understand the problem they are trying to solve, and then find the appropriate tools.
- Give more than money. They find that giving their time, talent and network yields a greater return and satisfaction than money alone.