

MANAGING WITH HEART

When three former corporate high-flyers turned their backs on their careers, they took their skills to a new venture: charity work.

Report: Leo D'Angelo Fisher



Steve Hawkins had been an investment banker for 14 years and was at the top of his game when the relentless grind of the job, coupled with a reappraisal of his priorities, brought him to the realisation that changed his life. "I couldn't see myself being an investment banker forever," he recalls. Hawkins left his post as Australian head of equity capital markets at UBS bank and took a year off before joining the Benevolent Society in 2010, where he is now general manager of business development.

The move to a charity was not completely out of the blue for Hawkins. He was already running a small family foundation which donated funds to a range of charities; during his year off he also worked with homeless people through UBS's philanthropic foundation.

The Sydney-based Benevolent Society, Australia's oldest charity, was founded in 1813, but is decidedly contemporary in its management outlook. In his business development role, Hawkins, who has an MBA from Stanford University's Graduate School of Business, seeks financial support from philanthropists and the corporate sector to carry out the society's work improving the well-being of children, the elderly and families from disadvantaged communities.

Investment banker turned charity executive Steve Hawkins in Sydney.

Some aspects of his management style have proved easily translatable - but managing people in the non-profit sector can be quite challenging, he says.

"I have found that you have to be much more patient [with staff and volunteers], you need to understand that in the social services sector you have to build consensus around decisions," he says.

"When you're in a bank, what you do is quite specific. The market economy makes it easier to deal in absolutes. When you ask, 'Where can we make the most money?', the question defines the criteria by which the decision is made. But when the question is 'How do we create a better world?', that's going to require consensus."

Hawkins says people who work for a charity share "a passion for doing the right thing", which makes it important that nobody is left out of decision-making. But being passionate about a cause does not necessarily mean being outspoken, and this can require sensitive but firm persistence on the part of managers.

"Just because somebody doesn't say no doesn't mean they agree. The person with the most important point of view may be the person who is not

saying anything. You have to go searching a little bit more with people who silently disagree," he explains.

"I've had a whole lot of discussions that I never would have been involved in before."

A different approach

Hawkins believes he would be a different kind of manager were he to return to the private sector - not that he has any plans to return to his banking roots. "I would describe myself as being committed to the [non-profit] sector."

The founder and chief executive of the Sydney-based Australian Indigenous Education Foundation (AIEF), Andrew Penfold, feels the same way.

Penfold was a finance lawyer and investment banker for 20 years in Sydney, London and Hong Kong - including eight years as director of corporate finance with Asian investment bank Nomura - before deciding to apply his skills to fundraising.

"As a lawyer and banker I was working my guts out to make more money than I knew what to do with," he recalls. "It really enriches the soul to do something more meaningful and purposeful than just making money. I'd never go back to being an employee of a law firm or a bank."

The catalyst for Penfold's start in fundraising was triggered by tragedy. While living in Hong Kong, 12 friends from his rugby club were killed in the 2002 Bali bombings. Penfold became trustee and secretary of a fund to raise money for the families left behind.

"It was a moment in my life when a tragic event led me to think about things differently. After Bali, I suddenly realised, through the necessity of setting up the fund, that I could use my skills for a different purpose," he recalls. "That was a bit of a revelation."

It was at this time that Penfold learned about a scholarship program at his old school, St Joseph's College, aimed at educating disadvantaged indigenous children. Penfold quit his job in Hong Kong and returned to
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Sydney with his wife Michelle. The couple worked pro bono between 2005 and 2007, raising \$7 million from corporate donors to enable 40 Aboriginal boys to board at the college for the duration of their secondary education.

Spurred by the success of that project, the Penfolds started the AIEF, which seeks to provide indigenous children with scholarships to complete their secondary school education.

In its first three years the foundation has raised \$20 million from corporate and philanthropic investors and another \$20 million from the federal government. It has embarked on a campaign to raise another \$100 million to provide secondary school and university scholarships for 7000 indigenous students – one of whom, Penfold hopes, will emerge as Australia's first indigenous prime minister.

The foundation employs 20 people and Penfold says that as chief executive he has made a point of injecting business practices into his bold plan to create a better life for thousands of indigenous children.

"The not-for-profit world is a very different world, but what has been successful for us is bringing a disciplined, hard-headed approach to everything we do," he says.

"We're focused on our goals and we have an absolute obsession with results and outcomes.

"We've made sure that we have the business processes, disciplines and strategies to ensure that we are creating an organisation that is long term, sustainable and viable."

NFPs seek better skills

A much stronger focus on financial sustainability and accountability for social service providers is changing the management culture of non-profit organisations to more closely resemble their private-sector counterparts.

Charities that provide community services once provided by governments now bid for outsourced government service contracts and in many cases do so in competition with other non-profit organisations.

Governments, philanthropists and corporate donors are insisting on quantifiable outcomes and organisational structures that can deliver promised services.

The result is greater demand for private sector expertise – including on boards – which emphasises the importance of adopting strict corporate governance protocols as part of the higher standards demanded by donors, business partners and regulators.

The principal of Melbourne-based Kronborg Leadership Advisors, Peter Kronborg, advises non-profit organisations on developing leadership teams and governance structures.

He is also deputy chairman of community choir charity Creativity Australia and is a former Victorian

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Andrew Penfold, AIEF

chairman of the Royal Flying Doctor Service.

He cautions that although the management and leadership skills of experienced corporate sector executives are more in demand, they may not be enough on their own.

"When [non-profit] boards appoint leaders they look for leadership attributes, but they also look for alignment with the organisation's mission and values that will enable the CEO to perform successfully and to articulate those values and goals to stakeholders and potential donors."

He describes it as understanding the "heart" of the organisation and the passions that motivate staff and volunteers - something that is an incredibly important factor for leaders who are new to the sector.

Kronborg urges executives making the transition to the non-profit sector to spend time in the field with staff.



Head of disability services charity the Endeavour Foundation, David Barbagallo.

Different business

Chief executive of Brisbane-based disability services charity the Endeavour Foundation, David Barbagallo, understands the importance of balancing the showing heart while being hard-headed.

Barbagallo, the former vice-president of software company Mincom and chief executive of the Distributed Systems Technology Centre – a government-industry consortium – joined the foundation in 2009.

What attracted him to Endeavour, he says, was a long-standing commitment to social justice, in part reflecting his Labor Party roots (Barbagallo served as chief of staff to former Queensland Premier Wayne Goss in the 1990s).

He has brought business disciplines to the foundation, including the introduction of training and development for staff and volunteers. Since becoming chief executive, the

proportion of staff with qualifications has grown from 26 per cent to 92 per cent, and staff turnover has reduced from 26 per cent to 18 per cent.

The Endeavour Foundation has annual revenue of \$170 million – made up of government funding, fundraising and businesses run by the foundation that employ people with a disability. But Barbagallo says being more business-like does not mean “turning into a BHP”. That would be “the biggest mistake”, but so is believing that a charity today “can run with less rigour and less accountability” than a business. “It’s my job to best apply [the foundation’s] resources to get the outcomes that have a lasting positive impact on people’s lives.”

And the best part of running the Endeavour Foundation? “Everyone’s here for the right reasons; it’s the best ingredient to have as a base for any organisation.” **BRW**