



**Philanthropie &
Investissement social**
Chaire Baillet Latour • HEC - ULg



AIMS
Association Internationale
de Management Stratégique

Strategy for financing foundations: how do they create value?

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Outline

- Why this research question?
- What is a financing foundation?
- State of theory: philanthropy & strategy
- Assumptions
- Strategic framework
- Research avenues

Why this research question?

- **Revival** observed in Europe (more than 129.000 foundations- total expenditures 53 billion euros)
- Evolution of the **legal framework** (increasing interest)

Legitimacy issue

Efficiency issue

Breakthrough:
Private money to reach **general interest**

Non-democratic control

- **Welfare state** (complementary role recognized)
- **New forms** of philanthropy (inspired from business methods)



Why this research question?

Strategy matters

Development of a clear vision of value to create and how to achieve it in uncertainty environment

Financing foundations:

Non-profit
Not operating
Specific governance

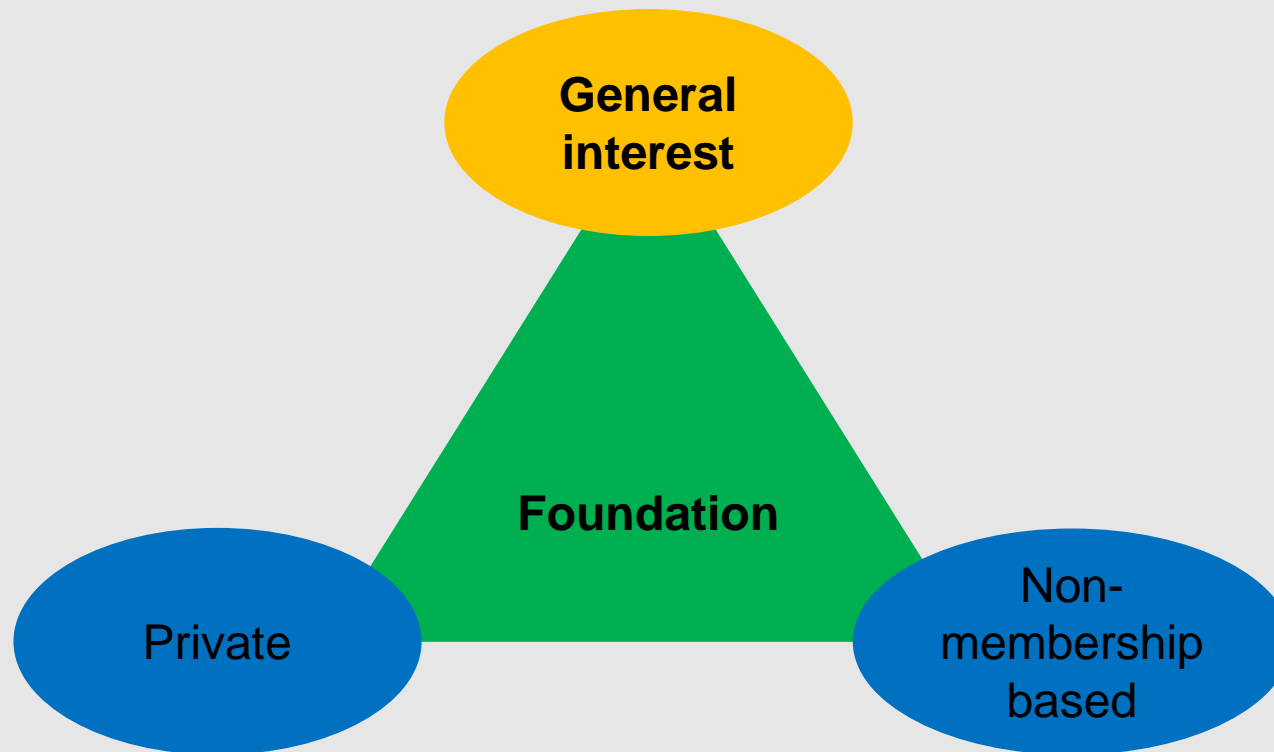
All organizations benefit from developing a strategic approach (Moore, 2000)

Focus on **profit-seeking** organizations: generate wealth for shareholders (through price mechanism, value capture)

Interest on **non-profit** organizations:

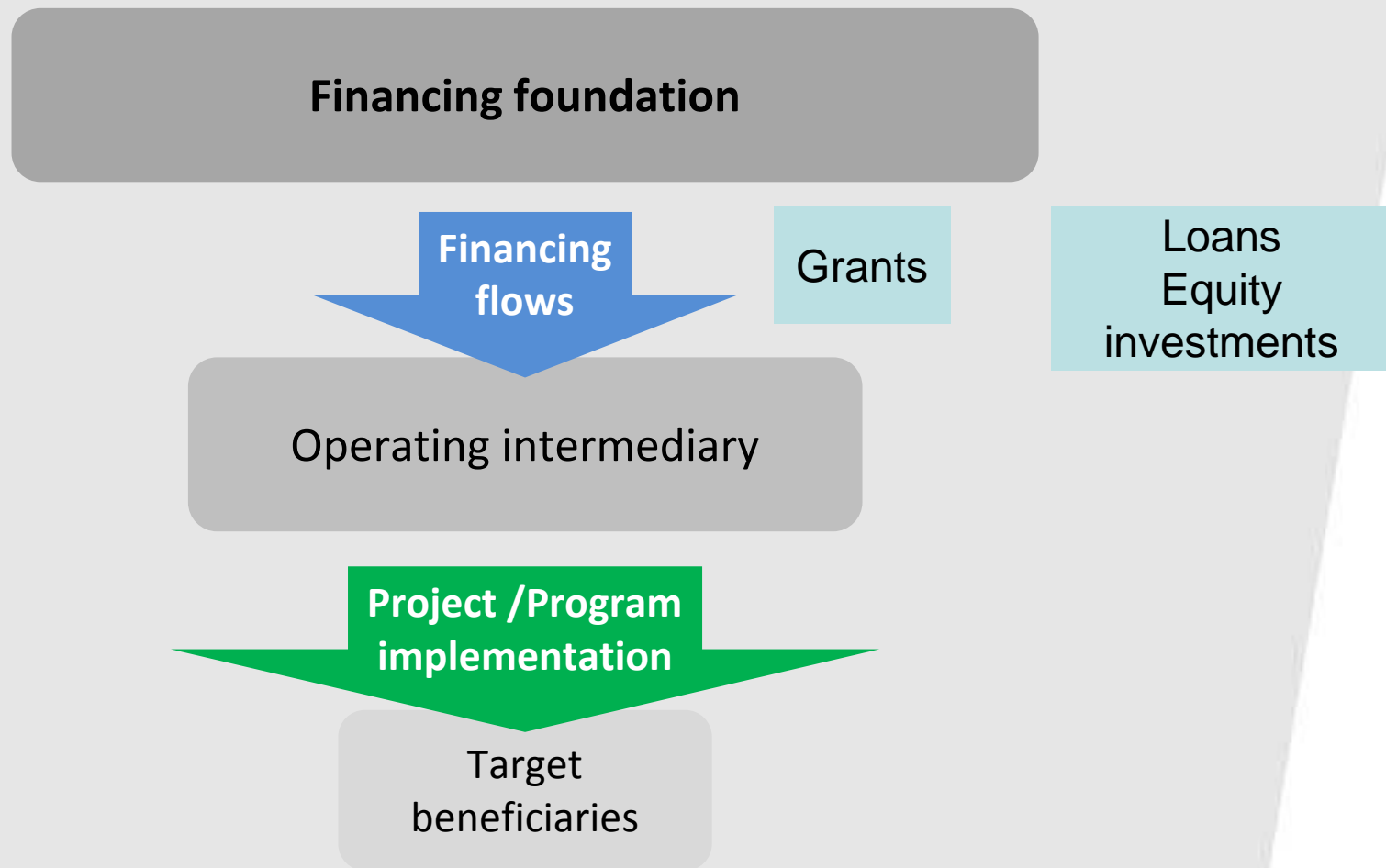
- rather on governance
- operating organizations

What is a foundation?



(Anheier, 2001)

What is a **financing** foundation?



State of theory: philanthropy

- Literature rather scarce (consultancy reports, best practices)
- Late 1980s: strategic philanthropy
- Focus on mission statement and the influence of environment
- Lack of strategic approach deplored (Porter and Kramer, 1999; Frumkin, 2006)

Gap: Identification of the strategic choices faced by financing foundations and typology of strategies

Strategic conceptual framework

- Based on
 - existing for-profit, non-profit (incl. Philanthropy) literature
 - field investigation in France and Belgium

20 semi-structured interviews with Belgian foundations- sample representative of sector's heterogeneity

Strategic conceptual framework

- Identify the main dimensions of the strategy for a financing foundation

Mission statement:
expression of the
financing foundation's
vision

Long-term goal

Strategic choices: controllable variables on which the financing foundations make decision to implement and fulfill its mission

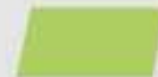
Scope

Means

Control

Course of actions & resources allocation

Assumptions



Strategic conceptual framework

- Bounder the action of the foundation
- Motivate staff and donors
- Support the evaluation
(Oster, 1995)

Selection of the cause(s) supported

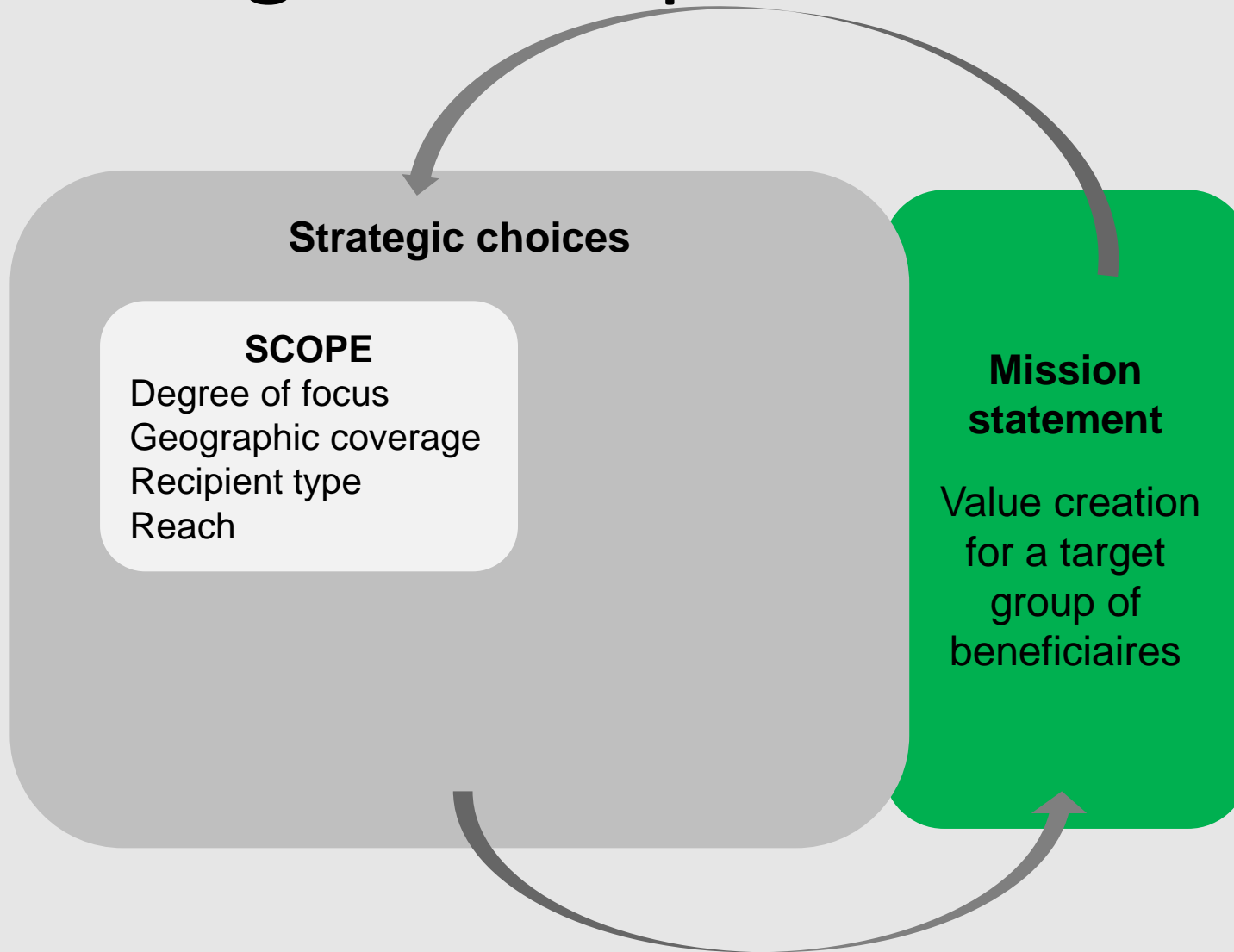
Direct value created
(beneficiaries)

Indirect value created
(founders and donors)

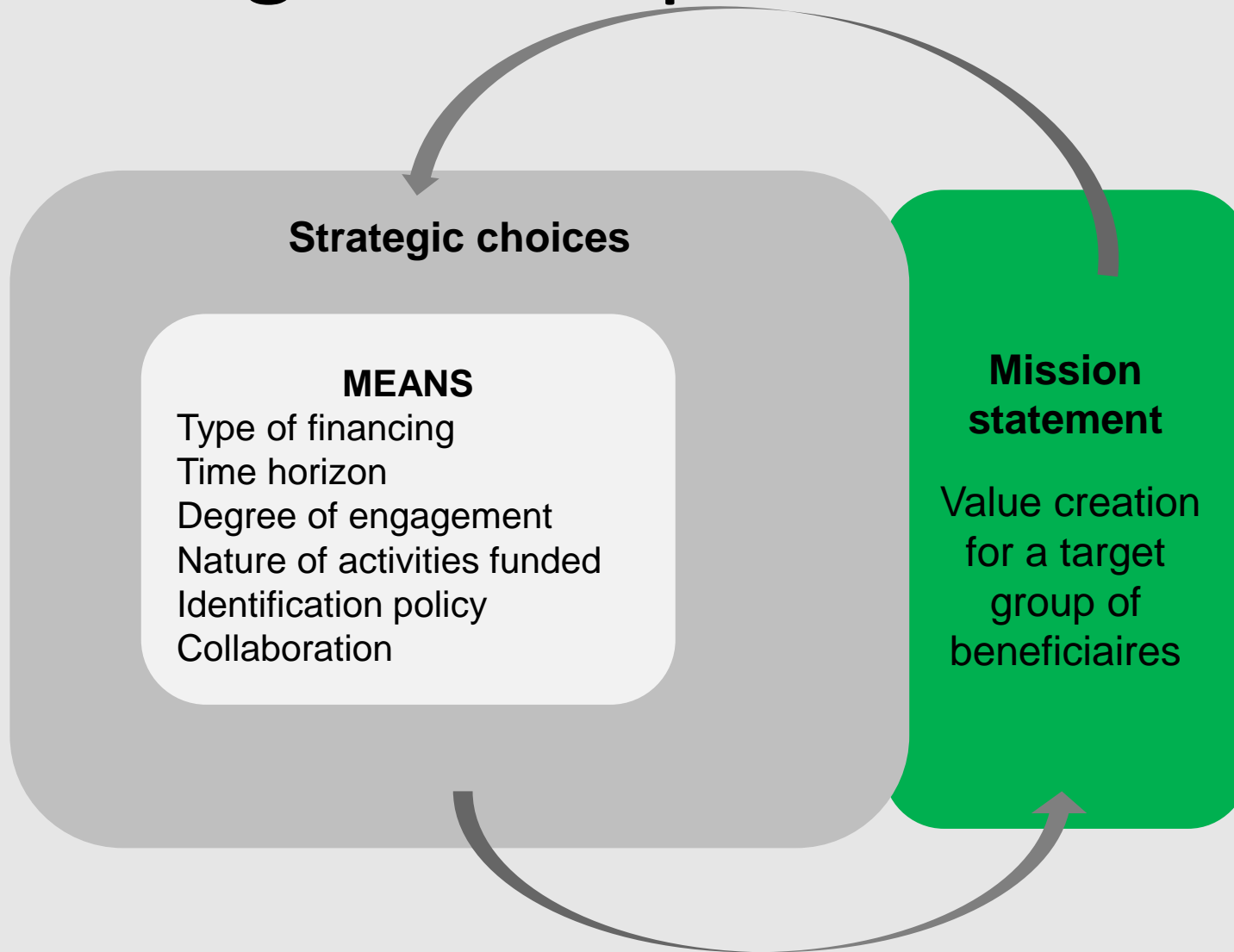
Mission statement

Value
creation for a
target group
of
beneficiaires

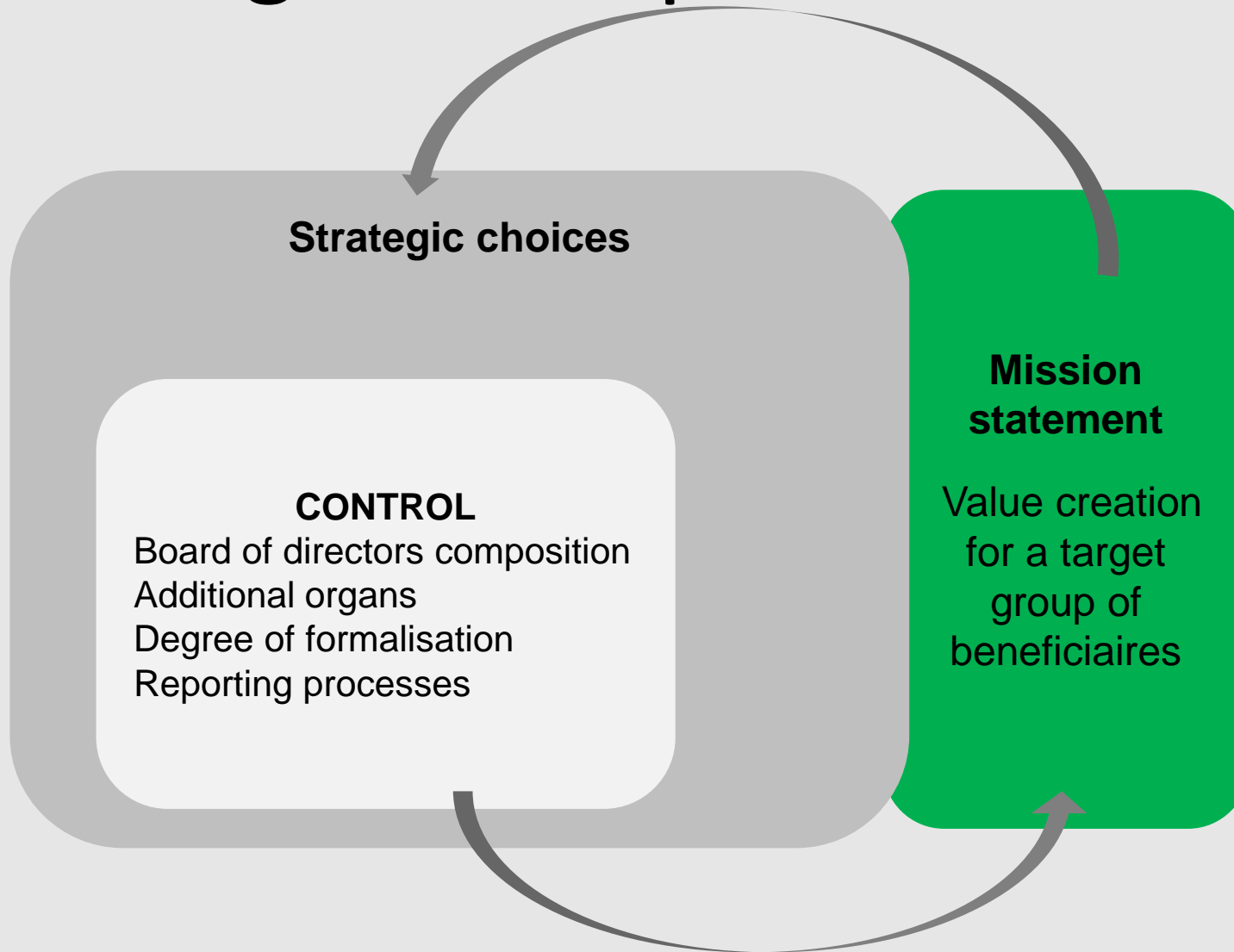
Strategic conceptual framework



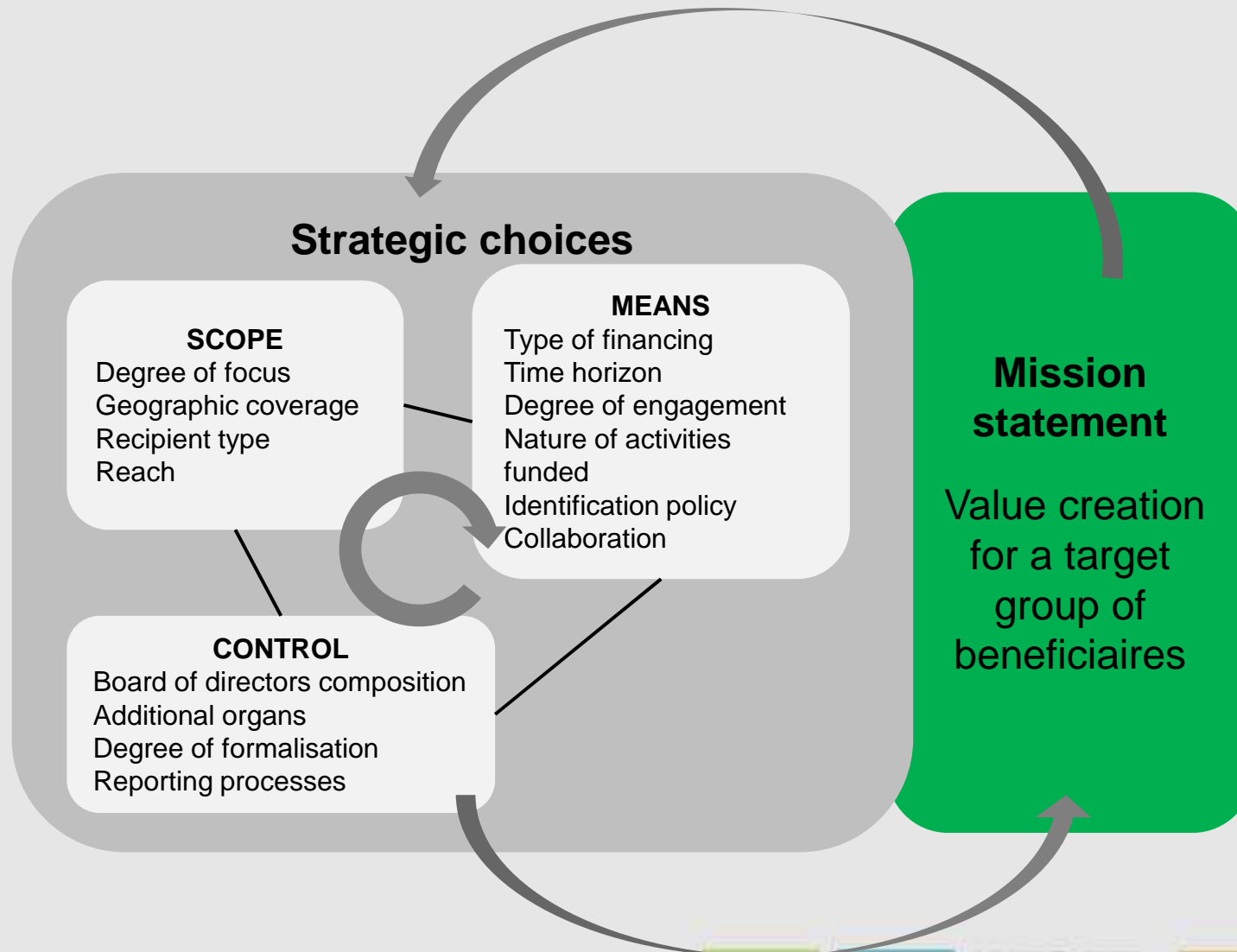
Strategic conceptual framework



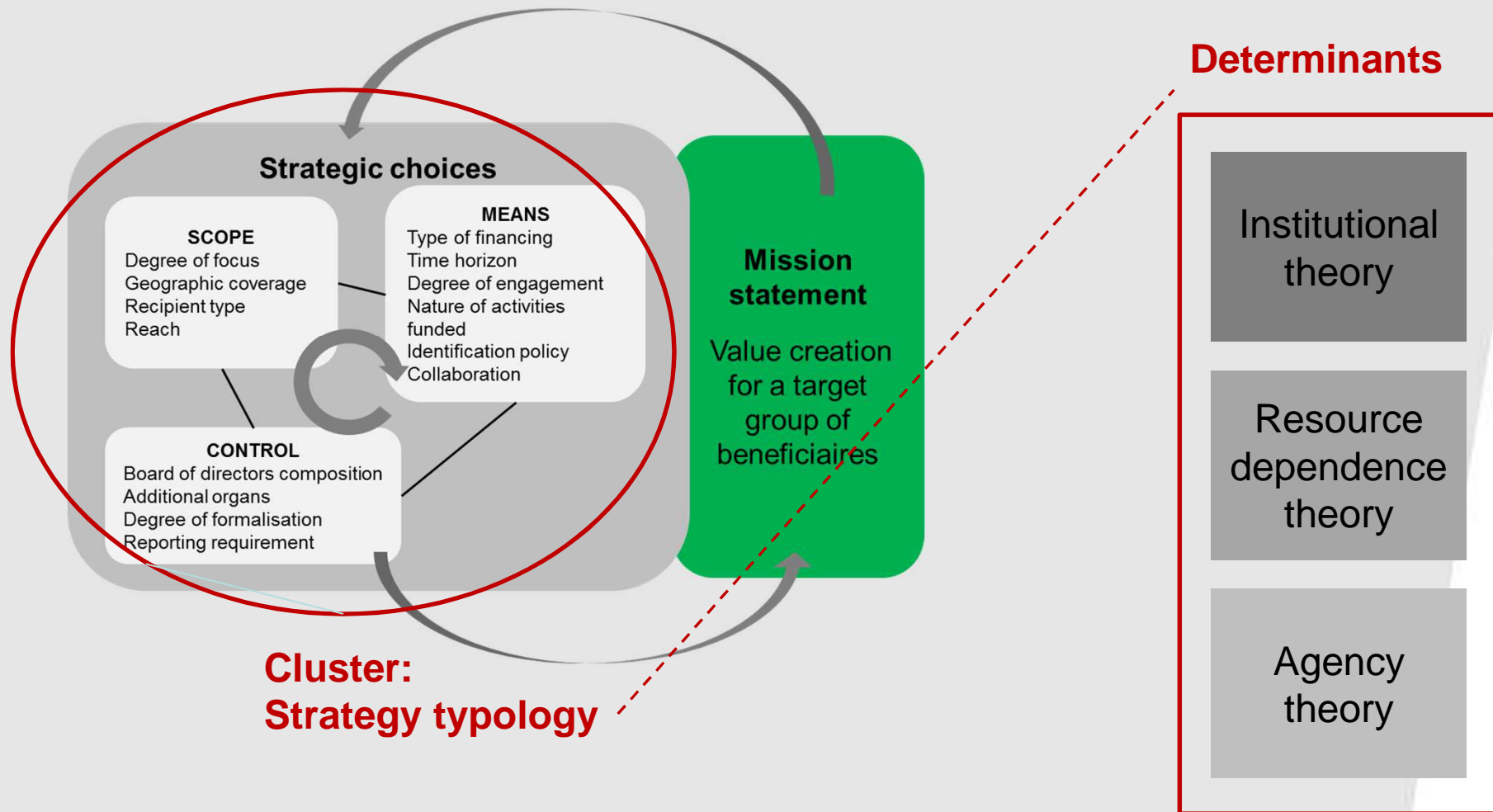
Strategic conceptual framework



Strategic conceptual framework



Next steps



Merci pour votre attention.

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Discussion

- Direct and indirect value created?
- Existing typologies in strategy field?
- « No strategy » = strategy?
- ...