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Strategic Collaboration Between Nonprofits and Business

- The Case of St. James' Settlement and Octopus Cards Limited

Introduction

It was in early December of 2007, that Cheng Miu Wing, the project manager of St. James' Settlement (SJS), had just had a day-long meeting with business representatives from two different corporates. When she walked out of the office building, the street was lit up with decorative lights and shiny ornaments - as if overnight, Christmas season was in full swing.

Wing was not in a holiday mood though as she was in the homestretch to finalize several corporate collaboration proposals. Usually at this time of the year, Wing would be busy preparing for holiday celebrations with kids from low-income families. She still remembered during a party last year, a girl named Cynthia¹ shyly asked to take a photo with her: "Would you come to celebrate with us next year? I will sing a song for you!" Wing smiled and assured Cynthia that she would. She brought this photo with her when she left her previous job, and now it was on her new desk at SJS like a gentle reminder. As keen as she was to live up to her promise, Wing had no idea how much time she could spend with those kids this holiday season, looking at her packed schedule full of meetings and proposal deadlines.

As an experienced and committed social worker, Wing was quite enthralled by the prospect of applying her skills to the Grant-in-Aid (GIA) project when she first joined SJS in early 2007. "GIA aims to help disadvantaged children who are deprived of equal educational opportunities, exactly the target population I have been working with for years, so I just assumed it would be more or less the same thing." But the more she learned about the dynamics of her new job, the more she found herself in virgin territory. Despite the same mission, the nature and focus of the work had shifted

¹ Pseudonym is used for privacy protection.



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enormously. Like many other social workers in the fast-evolving nonprofit sector, Wing felt an imperative to expand her repertoire and reposition herself for the renewed challenge.

The Collaboration Challenge

There has been a growing trend of cross-sector collaboration between nonprofits and business in the past decade. Such a trend stems from a mutual need: on the one hand, nonprofit organizations strive to engage partners in business to become more resourceful and less reliant on donation dollars; meanwhile, many corporates are eager to bring their Corporate Social Responsibility (CSR) to the next level – to get the staff involved in the community beyond check-writing.

Nevertheless, in collaborating with corporates, NGO practitioners like Wing found three central dilemmas of the nonprofit-business partnership. The first conundrum was the short attention span of business partners, who were keen to see programme results in a short timeframe. Most of the social issues the nonprofits aimed to tackle, such as educational inequality, required long-term effort, and the impact was hard to measure and not immediately apparent. What's more, business partners expected a high level of visibility for the projects they sponsored, and preferred them to be tailor-made to reflect their own unique characteristics. To develop a portfolio of corporate partners would be quite resource-intensive for a nonprofit, as the collaboration plan was never one-size-fits-all. Last but not least, since a CSR initiative is not yet commonly institutionalized within most corporates, the high turn-over rate of the people managing the partnership on the corporate side was also a major frustration for the nonprofits, which hindered the continuity and sustainability of the collaboration.

Wing was just one of the typical nonprofit professionals who obtained her training in social work, and who went through a steep learning curve as she navigated the challenges that accompanied collaborative opportunities. Not only did they have to



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equip themselves with essential business skills, they also had to master the language and culture of business to understand their partner's expectations from a corporate perspective. Wing's experience of fostering a strategic partnership between St. James' Settlement and Octopus Cards Limited (OCL) yielded important lessons about the initiation, implementation and dynamics of cross-sector collaboration.

St. James' Settlement

St. James' Settlement (SJS) is a multi social service agency founded in 1949. SJS provides high quality comprehensive service including children and youth services, elderly services as well as rehabilitation services. The mission of SJS is to meet the diverse needs of society, to enable individuals to help themselves and to help others, and to build an integrated and harmonious community. Originating in Wanchai District, SJS strives to serve local disadvantaged groups, and its services have been expanded to cover the whole territory, with 57 service centers in Hong Kong Island, West Kowloon and the Northern New Territories.

In response to the lack of resources to meet evolving societal needs, SJS formed a new entity, Corporate Venture, in June 2003 to develop self-financing services and to motivate different industries to participate in social services. Corporate Venture has two branches – a service team, and a partnership and alliances team. The latter has been carrying out 16 charity projects as of December 2013, and one of them is “Grant-in-aid” Brightens Children's Lives Charity Project (GIA). GIA aims to create a brighter future for the community by tackling inter-generational poverty from its roots. The Project was created around the observation that children from low-income families who are deprived of learning opportunities might be less competitive than their peers, and thus have a lower chance of receiving higher education. To improve the learning conditions of underprivileged children aged 3-15, the programme started from the very basics by distributing stationery, school bags, and arts and crafts tools to needy children. SJS has been very open-minded to embrace programme innovation, from the board level to senior executives. They constantly seek to inspire staff to experiment



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with new service modes, explore partnerships with various corporations, and expand the service area.

The GIA programme of SJS has successfully leveraged resources from three sectors via its Partner Scheme, which matches the donations dollar for dollar with the Partnership Fund for the Disadvantaged (PFD). The Hong Kong government set up this HK\$200 million Fund in 2005 to provide matching grants for donations made by business organizations to support NGOs that ran social welfare projects. From 2005 to 2013, GIA has received over HK\$10 million from PFD in grants to double the donations from their corporate partners.

Octopus Cards Limited

Launched in 1997, Hong Kong's Octopus is one of the world's leading and extensively applied contactless smartcard payment systems, with over 5,800 service providers across different businesses including public transport, parking, retail, vending and kiosks, schools and leisure facilities, and access control for residential and commercial buildings. Over 66,000 Octopus readers are deployed in the market. Merchants and Octopus holders embrace Octopus for both its simplicity and its convenience. As of end of 2013 more than 24 million Octopus cards and products were in circulation, and the system handles over 13 million transactions a day, with a transaction value exceeding HK\$140 million. In recent years, Octopus has started exporting its unique experience and technology overseas, offering consultancy services for parties from different parts of the world.

Octopus Cards Limited (OCL) not only strives for continuous innovation of its technology but also exports the convenience to the world. The mission of OCL is “Making everyday life easier” by applying innovative ideas through secure and robust technology.

As a successful homegrown business in Hong Kong, OCL enjoys a strong bond with



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the local community and is committed to corporate social responsibility projects that range from kids' programmes to charity fundraisers. Two of their major CSR projects are in collaboration with SJS – Octopus Kids' Nurturing Programme since September 2007 and Octopus Ethnic Minority Children's Nurturing and Inclusion Programme kicked off in November 2012. Octopus also launched a two-year pilot Electronic Flag-selling Programme with the Hong Kong Council of Social Service, by using the portable Octopus readers specially designed for flag-selling purposes. This allows citizens to donate through a quicker and more convenient channel, and helps streamline the workflow and enhance the effectiveness of charity flag-selling. OCL has also supported a variety of charitable events in town including the Oxfam Trailwalker, the Green Power Hike as well as other fundraising events organized by Worldwide Fund for Nature, Hong Kong Red Cross, Skyhigh Creative Partners, Community Chest and the Ronald McDonald House, just to name a few. In 2007 Octopus established a team of volunteers formed by its staff members, that now numbers more than 80 volunteers out of a total workforce of some 350. During the past five years these volunteers have contributed around 7,500 service hours in support of various community services.

The SJS-Octopus Collaboration

Since it was launched in October 2005, the GIA project had built a great social asset, developing services in more than 130 schools Hong Kong wide. That was already a jumpstart for Wing when she took over the GIA project, but she wanted to raise the bar and aim for greater impact. During the needs assessment stage of the GIA programme, Wing did comprehensive surveys and interviewed many low-income parents to learn more about their major concerns for their children's education. Wing was aware that in Hong Kong the current education system gives increasing weight to extra-curricular activities to evaluate students' whole-person development, in addition to their academic performance. Schools tend to factor in a candidate's personality, skills and experiences when considering his or her application.



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Wing realized that extra-curricular activities are critical to broadening the horizons of children from low-income families, but these activities are often an unaffordable luxury to cash-strapped parents who can merely cover tuition and living expenses from Comprehensive Social Security Assistance (CSSA) or other subsidies. “Distributing stationery is not enough. We must do more to really enhance their learning opportunities.” said Wing, “Nowadays even secondary schools require applicants to prepare portfolios of their experiences in extra-curricular activities and study tours, while such requirements seem impossible for those students from poor families.”

However, up till then Wing’s experience with previous non-commercial partners was confined at an early stage of collaboration such as sponsoring learning materials and one-off events. Wing needed to look for a new pool of business partners who would be willing to go the extra mile by, for example, developing after-school programmes for those students in need. Such a sophisticated and long-term collaboration would require much more expertise and investment in screening, planning and coordination. Not knowing where to begin, Wing turned to her supervisor Josephine Lee, then Head of the Corporate Venture unit, for advice on identifying trusted partners. Josephine was very supportive of Wing’s initiative and communicated with the then CEO Michael Lai and consequently the Board to solicit more resources and build a network. Through the connection, support and vetting of the leadership, SJS soon met a like-minded counterpart in the corporate sector.

OCL as a company caring about the quality of people’s lives is sensitive to the changing social structure in Hong Kong and related issues, especially the challenges faced by the marginalized population. They believe improving the well-rounded development of disadvantaged children could help achieve social inclusion in the long run. Not satisfied with just donating money, OCL aimed to run a new kind of youth project but soon hit a wall. To reach their targeted beneficiaries, OCL needed to partner with schools who turned out to be resistant to collaborate with corporates. For one thing schools were skeptical of the possibility of commercial schemes behind corporate initiated projects. Teachers and school administrators were also reluctant to divide their attention from teaching to coordinate and plan with corporates, who had



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little expertise in developing youth projects. OCL realized they needed a NGO partner with grassroots penetration as well as the know-how to overcome such barriers. When SJS appeared on the radar, OCL felt it was the right fit, considering SJS' reputation in social service as a well-established charity and their shared motivation and commitment to making a difference for children. Octopus' team expressed their interest in co-organizing youth programmes under the umbrella of GIA. "It was the first company we worked with that asked to do more than just donating." According to Wing, "They have rolled up their sleeves for something more meaningful such as designing programmes for children, which is exactly what we have been looking for!"

The two organizations clicked with each other right away and the Octopus Kids' Nurturing Programme (the OKN Programme) was soon launched in September 2007. The goal was to provide underprivileged primary school students with whole-person development opportunities through enrichment of their learning environment by participating in extra-curricular activities. Through SJS' network of schools, Octopus was able to identify and reach out to those students with real needs and to support them to attend a variety of interest classes covering dance, music, drama, opera, arts and sports. As the OKN Programme's driver at Octopus, the Corporate Communications Department worked closely with the SJS team to develop more innovative activities for the Programme to enhance students' participation and performance. One example is Wise Spending Happy Tour, which integrated the company's product – the Octopus -- in the design of money management games. Among the 200 kids participating in the OKN Programme in 2008, 50 of those showing the most enthusiasm and making the most progress were invited to take part in a special event in June. The children were each given an Octopus card with a stored value of HK\$100 to cover expenses of a fun-filled day. Under the guidance of the Octopus volunteers, the participants planned spending for entertainment, food and transportation as well as gifts for their families. Through a series of activities, the kids gained exposure of real life decision-making and put financial management concepts into practice. More importantly, they learned how to distinguish between wants and needs and make the best use of the available resources. "The programme was successful," Wing said. "They utilized the staff's expertise and the content of the



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programme was beneficial for the children.” Due to the popularity of the tour, it has turned into an annual event and was further developed with more challenges and fun. It has been held at theme parks and historic sites, and combined educational elements such as teamwork, inter-personal skills, local history and the importance of conservation to help students establish inter-personal relationships and boost their self-confidence.

Setting out for a common goal, SJS and OCL respected each other’s role in developing the projects, continuously discussed and adapted to reach consensus, and complemented each other by utilizing their own expertise in a mutually beneficial way. OCL has since become a long-term partner of SJS and has extended the OKN Programme from originally one year to nine years, from 2007 to 2016. The number of young participants from September 2007 to 2013 was around 1,200, covering 10 primary schools each year in 9 districts including Tin Shui Wai, Shatin, Sheung Shui, Tuen Mun, Kowloon City, Tsing Yi, Kwun Tong, Jordan and Hong Kong East.

Over the years, OCL has enhanced its good corporate citizenship as well as elevated the morale of its staff. According to Vivienne, General Manager of the Corporate Communications Department at Octopus, their staff are very motivated to volunteer in the OKN Programme at different levels: some are happy to have their personal talent come into play by performing live music and singing with the kids; and those who seek engagement in the design of the programme are rewarded with even higher satisfaction from their responsibilities.

The vitality of the joint programme has also been nurtured through active support from the leaders of OCL, who also witnessed the change the programme has brought to children’s lives. In one of the graduation ceremonies of the OKN Programme, a parent insisted to hand a letter to Sunny Cheung, CEO of OCL, to express her heartfelt gratitude for the Company’s unwavering support for this meaningful cause. This mother was full of tears as she told Sunny how her daughter used to have an attention problem, but now became a focused learner and responsible leader by participating in OKN’s African drumming class. All her daughter’s classmates and teachers noticed



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her significant improvement in concentration and confidence. It was all made possible by OCL's sponsorship, otherwise this long worried mother would never think that playing drums could be helpful nor could she afford to send her daughter to private classes. She pled in her letter for OCL to continue its sponsorship of the OKN programme for the benefit of many more children and their families. All the senior executives and staff members were deeply moved by this scene and affirmed their support for the programme to go forward. "It has been indeed a mutual learning process for senior management as well as all of us who participated in the Programme., said Vivienne. "Their understanding of CSR has gradually deepened through their own observation and interaction. The encouragement and support of our senior executives greatly motivated our colleagues to become more committed to volunteering. In turn greater impact has been demonstrated and the senior management has decided to continue its efforts and commitment to running the Programme." From bottom up to top down, corporate values and culture have been strengthened by such joint charitable efforts and corporate volunteerism. This successful project further enhanced the company's commitment in continuously serve the Hong Kong community.

On the other side, the joint programme also significantly added value to SJS. "Some people ask me, why many corporates prefer to work with us," said Wing. "I will give the credit to the collaboration with OCL. There has been so much learning from the corporate partner, of course along with some inescapable pain in the beginning." Very different from other one-off volunteering or purely fund-raising CSR events, through the constant interactions with OCL, Wing and her team had to learn a corporate partner's expectation, from proposal writing, budgeting, staff involvement, programme evaluation, to media coverage. "Even to design the logo of the OKN programme in the first place was as tedious as it could be," joked Wing. "They had very specific requirements such as where to put their logo and how big it should be. We had numerous meetings with the OCL team and the professional designer to go over every single detail in order to articulate our shared vision."

The long adapting and learning process paid off and has now become the competitive advantage of SJS, as succinctly summarized by Wing. "First, we are responsive and



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nimble; secondly, our proposal is of good quality and we are familiar with their (corporate partners') language; thirdly, we are very open-minded with the collaboration and accommodate to our partners. And many partners like it that we have a media team in house. Corporate partners have various ideas about their charity projects and tend to shop around. They are attracted by our innovative programme to begin with, and then it is good communication that really matters so that both sides can continue to fine-tune the plan and make things happen.”

The collaboration has also promoted SJS to reflect on its own activities and improve its service model. “I feel that they (OCL team) have been leading us in terms of project development,” Josephine said. “Our collaboration has even helped us develop a model to enable a more effective promotion of our programme ideas to other corporations, and we are able to replicate the model to other partnerships while providing customized packages.” Throughout the years, SJS has initiated collaboration with an increasing number of corporate partners from diversified industries, including banks, consulting firms, merchandisers, real estate companies and so forth, who all instilled fresh ideas and unique expertise into the joint programmes.

Nowadays, Wing's photo with Cynthia could be found in the center of a colorful photo wall in her office, amid a sea of smiling faces of children and corporate volunteers. Beginning with helping one child at a time, Wing had never imagined they could generate impact on such a scale, with a great number of people joining her to empower the lives of deprived children. Looking back, Wing was glad that she took the collaboration challenge and it turned out not only to be a viable alternative, but also a possibly systematic solution for educational inequality and many other deep-rooted social problems. Wing now firmly believes in shared values and joint efforts, and the potential to be unleashed through nonprofit and business collaboration remains tremendous. At the same time, after years of experience working with Octopus and other corporate partners, Wing is also becoming more cautious about forming new partnerships, seeing the need to balance the benefits against high cost and the risk of tailor-made programmes. How to renew and expand collaborations with sustained innovation and learning, is yet another challenge awaiting her to tackle.



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Additional Information:

“Grant-in-Aid” Brightens Children’s Lives Charity Project: www.sjsgia.org.hk

Octopus Cards Limited Website: www.octopus.com.hk/en

Octopus Kids' Nurturing Programme: www.octopus.com.hk/caring-for-the-community/octopus-kids-nurturing-programme/en/index.html

Partnership Fund for the Disadvantaged: www.swd.gov.hk/en/index/site_pubsvc/page_supportser/sub_partnership/

St. James' Settlement Website: www.sjs.org.hk/en/index/main.php