

PLEASE ROUTE:

EXECUTIVE DIRECTOR _____

PROGRAM OFFICER _____

CHAIR GRANTS COMMITTEE _____

BUILDING COMMUNITY FOUNDATIONS

GRANTMAKING CONSULTING PROGRAM

Sponsored by:

PHILANTHROPIC VENTURES FOUNDATION-
BILL SOMERVILLE, PRESIDENT

Funded by:

DAVID AND LUCILE PACKARD FOUNDATION

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TRENDS IN PHILANTHROPY

What is changing? What could change? What should change?

- **Organizational Effectiveness** ~ more foundations are supporting management assistance for non profits. Community Foundations are sponsoring management seminars. Non profits are being made aware of experts who can improve their work.

The day might come when non profit personnel are credentialed as a result of special training sponsored by foundations.

- **Computers** ~ we might be depending too much on them. Foundation staff are glued to their computers but they need to get out of the office more. Software could tend to homogenize foundation work i.e. the next generation could include "How to process paperwork - How to evaluate proposals." The time is coming when foundations will get Email proposals.
- **Evaluation Techniques** ~ some foundations are turning away from evaluating grants made while others are considering new approaches such as giving a \$10 disposable camera for grantees to use and having college students as interns to visit and evaluate grantees. There is more desire to see impact from grants made and possibly this impact will be measured by the collective of a foundation's grants versus each grant having impact.

Applicants don't tend to criticize foundations and thus foundations should be making more effort to evaluate their own work such as have a colleague visit and critique the operation.

- **Format of Proposals** ~ foundations could do away with proposals and replace them with negotiated letters of agreement stating how money would be used. Foundations seem to be moving away from format application forms to guidelines for application.

The proposal is a contract (fund me and I'll do so and so); foundation grantmaking will move away from "giving money away" to investing the philanthropic dollar.

- **Foundation Initiatives** ~ foundations are moving from merely waiting for the mail. Foundation staff should be out of the office more looking for funding opportunities. Foundations are starting to take the initiative in funding i.e. causing things to happen. In some cases, foundations will be bringing about new programs.

- **Significance of a Grant** ~ foundations are moving toward greater expectations of their grants. There is more dialogue on what is significant. As a result, there could be more willingness to innovate in grants e.g. invite a person to take a grant and give discretionary money to be justified after it is spent.
- **Share the wealth philanthropy** ~ normally, donors give funds from their discretionary balance; could the day come when they give from principle i.e. share their wealth. Claude Rosenberg advocates this in Wealthy & Wise. More people are giving while they are alive and younger.
- **Risk** ~ in the pursuit of grantmaking that brings greater results, there has to be more venturing by foundations, thus there will be more risk taking i.e. funding new ideas for which there is no assurance of success. Consequently, there will be more tolerance for failure by foundations. Another way to see failure is that it is a learning experience. It could be that risk would be a required part of a proposal before it will be considered by a foundation. There are examples where foundations have created "Venture Funds" for making high risk grants.
- **Format of Grants** ~ we can look forward to better timing in giving grants. This could include 'immediate grants' given by the staff; one tier grant approval where the grants committee acts on behalf of the Board and reports to the Board for confirmation. Foundations are beginning to consider multi year support to grantees on the basis if they are the seed funder giving birth to something it is only fair to stay with it past infancy.
- **Tenure Foundation Personnel** ~ there is talk that 10 years is enough for a foundation executive director. Some foundations replace program officers after 7 years. The law suggests limited terms for Board members. We might be seeing the end of an era where the senior person present at a foundation Board meeting is the executive director.
- **Scholarships** ~ a whole new way of conceptualizing scholarships is at hand with funders canceling student loans versus merely giving educational money without any oversight. Academic promise is replacing the GPA, i.e. the student is getting stronger as a student versus having an 'A' average.
- **Youth & Philanthropy** ~ foundations are beginning to see it as a responsibility to bring young people into philanthropy; interns, youth granting committees, teaching courses on philanthropy are here and will increase in scope.
- **No more "problems"** ~ foundations are moving from asking "what is the problem" to "what is the idea." There is more interest in creative thinking versus reacting to problems. No more waiting for the problem before getting active or getting proposals depicting a crisis in order to enhance chances of getting a grant.
- **Diaster response** ~ foundations are beginning to see a role for themselves in dealing with natural disasters. They can have prior agreements with agencies for special funding to meet disasters. They can fund cellular phones for agencies. There is a growing body of literature on this.
- **Shrinking corporate giving** ~ corporate giving was equal to foundation giving but has shrunk over the past several years and gives no indication of changing. Takeovers, younger executives, famous economists saying "stay out" are all given as reasons for the decrease.

Sharing the prerogative of giving ~ foundations will be more open to the possibility of sub groups giving grants. This is happening with youth committees. It could happen with all sorts of special population groups such as a Black Fund, Arts Fund, Young Adult Fund. This gets more people involved in philanthropy and reaches out to new segments of the community for grants.

Definition of a Good Board Meeting

A good Board of Directors meeting is where there is a celebration of the work of the staff which carried out the vision set by the Board. When the meeting is over, everyone feels good. The staff has accomplished its work and the Board has pride in this work which focused on issues the Board set.

DON'T LET THIS HAPPEN TO YOU

After working with over 140 community foundations, the Editor has been told of problem areas enough times to consider them significant and worthy of attention.

- ⇒ Absenteeism at Board and committee meetings.** It appears that the bigger the Board of Directors the greater the absenteeism - sometimes 1/3 of the members are absent.
- ⇒ Board individual members who want to direct where the foundation money goes.** This involves members with their own agenda which leads to all sorts of problems. The Board becomes political, antagonisms develop, and staff morale plummets.
- ⇒ The Board of Directors wants to go over and approve everything,** even after a committee has spent considerable time handling the issue. People start to feel their work doesn't count.
- ⇒ A clique of Board members tires to run everything.** This causes "back room" maneuvering which becomes a very inefficient way of running a foundation.
- ⇒ Foundation staff members feeling antagonistic toward the Board of Directors.** Some of this results from things listed above. It is a strong indication that the staff is not working at full bore.
- ⇒ Grantee agencies that come to expect an annual allotment from the community foundation.** This seems to happen from misunderstandings from past interactions.

All of the items above take prodigious time from foundation personnel, committee and Board members. Morale suffers and factions come about. The basic point is that none of the above adds to quality grantmaking.

COMMENTS ON GRANTMAKING CONSULTING

"The purpose of our consulting with Mr. Somerville was two fold 1) audit of our grant making and community building activities, 2) inform the various parties of the foundation of the benefits of working with a community foundation. Bill is excellent in both. His words, style, and technique were all educational and inspirational. He was very well received by every group."

**Sue Brown
President
Sioux Falls Area Foundation, SD**

"I sure enjoyed my time with you and the great things you had to share. It was a very valuable experience."

**John D. Swallow
Executive Director
Permian Basin Area Foundation, TX**

"Bill's visit caused us to begin thinking of the things that are possible in our area with the help of the Foundation rather than our limitations because of our size. He not only excited the imaginations of the Board and staff, but he was able to help us share that enthusiasm and vision in the community."

**Barbara B. Pingrey
Executive Director
Watertown Community Foundation, SD**

~ Community Foundations ~

Three day grantmaking visits are available to community foundations. If assets are \$8 million or less, the only cost to the foundation is living expenses of the consultant; above \$8 million include travel. The Packard Foundation covers his time.

For further information call (510) 645-1890

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