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BUILDING COMMUNITY FOUNDATIONS

Bulletin #37
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GRANTMAKING CONSULTING PROGRAM

Sponsored by:

PHILANTHROPIC VENTURES FOUNDATION-
BILL SOMERVILLE, PRESIDENT

Funded by:

DAVID AND LUCILE PACKARD FOUNDATION

The David & Lucile Packard Foundation has undertaken a new initiative to give support to "developing" community foundations in California. Initially, eight community foundations have been selected for grants up to \$300,000 for a two-year period to be used for operational expenses (new or expansion), convening, and regranting. In addition, these foundations can apply for operational effectiveness grants to hire consultants.

Issue #21 of Building Community Foundations, March, 1996 "Community Foundations Are A Good Investment" focused on support from large private foundations to help community foundations get established. The Packard Foundation initiative is a continuation of this work and represents a significant investment, with the potential of expansion, in helping community foundations.

The Packard Foundation convened the community foundations it is helping and the keynote speaker was Susan Packard Orr the Chair of the Foundation Board of Trustees. The Editor felt her remarks were thoughtful to the extent that they would be of interest to all personnel in the Community Foundation field.

Contact person at the Packard Foundation regarding community foundations: Hugh Burroughs (650) 948-7658.

Remarks of Susan Packard Orr to community foundations April 6, 1999.

First, a word about my own background:

1. Grant maker

I have been on the board of the Packard Foundation for over 30 years

The Packard Foundation has funded many programs with community foundations over the years so I have some perspective on working with community foundations.

2. Donor advisor

I personally have funds at four community foundations.

I work with each of the four in a slightly different way, for various reasons.

3. Technical support

I personally designed and implemented TRACSTAR.

I am going to combine my various experiences to share some of the things that I think make for a successful community foundation.

First, a word about how success is measured in the community foundation world:

Measured on asset size.

Consistent growth in grants made.

Wouldn't it be great if we could measure impact of those grants?

Unrestricted money.

This is where you can show real leadership and have impact on the community.

In any case, it comes down to fund raising.

What makes a successful fund raiser?

I have a few thoughts about the fundamentals that underlie the ability to raise funds

1. Build trust with donors

People are entrusting you with their money. They are investing with you. Take good care of it!

Have good investments.

Have good accounting.

TRACSTAR experience showed us that

Foundations didn't know the balances in the funds or could not reconcile them with their audited statements.

They were spending restricted money on operations, not because of fraud but because of lack of good internal controls and basic understanding of accounting principals.

Not just small foundations are doing this.

A small foundation executive in the Midwest stated: I finally feel confident about my numbers when I go to a board meeting

Large foundation: bank balances and fund balances off by many millions.

Timely, readable reports

Not only accurate, but timely. If I want to know my balance. You should be able to tell me.

My quarterly reports should arrive shortly after the end of the quarter.

Most important thing: good accounting staff

Accounting for community foundations is very complex.

Due to/Due from, interfund transfers, pooled assets, fees etc.

2. Understand who you are

Probably you all have a mission statement.

The Packard Foundation has had one for a long time

Values- what sets you apart from other foundations.

Integrity, respect for all people, belief in the individual, effectiveness, thinking big.

It was relatively easy for us at Packard, these came from our parents.

What they started continues to drive our grant making and our internal operations.

They also wrote some operating principles.

Much easier to explain who you are if you have gone through this process.

Values-based thinking resonates with many donors.

3. Presence in the community

Convene meetings, co-sponsor conferences, fund philanthropic studies.

Get into the press.

Talk about the community foundation at every opportunity.

Be a keynote speaker at business gatherings.

Silicon Valley Community Foundation example

It co-funded study of personal philanthropy in the Valley

It convened a follow up conference to announce the results

It organized a task force to work on how to increase giving

4. Good Grantmaking

My own experience

Four foundations, four different grantmaking styles.

One, total trust, just give it away and tell me later.

Two, meeting once a quarter over lunch or a beer, tell me about your ideas, get excited. We bring back the fun in funding.

Three, periodic written proposals, would like more ideas, use it for my other gifts.

Four, twice/year written proposal for half of the fund.

You have your own style, based on your experience and personality.
Also based on your values.
Pay attention to what style your donors prefer.

Grantmaking issues

Your grantmaking programs should have some structure

What do I mean by that?

Grants should be categorized into areas: arts, children, education, etc.
For each of these, you should have some goals that you want to accomplish
Even better, you should try for some measurable outcomes.

Why is that important?

If you fund everything in the community, it makes it harder to explain to donors.

Donors like me rely on you to tell me what needs doing in my community.

I need to see that you have put some serious thought into your grant-making program, not just that you respond to random proposals from the community.

What are the priorities? Where can we make the most difference?

Imagine the great story you can tell: we set out to make sure that 90% of all kids in our community could read at grade level by 2000. We reached 92%!

Measurable outcomes are the latest "hot topic" in the foundation world. If you want new, young money, you'd better be able to talk about this. This was the most important finding in the study of giving in Silicon Valley: donors want to see measurable results from effective, well-managed organizations.

Some things that we thought about at the Packard Foundation.

Do some serious planning, community needs assessments.

Publish the results (presence in the community!).

Consider working at many levels at once:

Tend to think about direct service grants: in our reading example and tutoring program-books to take home

Think also about using direct service as a demonstration grant and then disseminate the results to other schools in your community or even to other community foundations.

Fund some research about what works around the country and then apply that in your community.

Think about the influence that your school board has in directing resources.

Perhaps you can influence them by providing some neutral viewpoints on education issues.

Consider the management issues at the nonprofit organizations that provide the tutoring programs.

Pay attention to the larger context of your work. Are there new federal or state programs that impact your community? Can you influence how they are used in a positive way?

The point is that there are many many approaches to solving the same problem. We try to look at all of them as we decide where and how to have the biggest impact with our grant program.

I have spent most of my time talking about grantmaking. This may be because I have spent a lot of time in the last three years thinking about effective grantmaking. But I like to think it is because I really believe that successful grantmaking is the key to a successful community foundation in the long run.

I also think grantmaking is the most difficult element of the three parts of a community foundation: fund raising, convening, and grant making. Getting the fundamentals of a good solid accounting system, a good investment strategy, and good fund raising practices, are all, of course, basic to success. But then you must demonstrate that you can make a difference in the community. This is what will ultimately bring you the attention, the confidence and eventually the dollar investment from your community.

Past copies of *Building Community Foundations*, Bulletin 1 (August 1992) to Bulletin 36 are available as a unit for \$20 to cover the cost of copying and mailing. Send check to:

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The Grantmaking Consulting Program offers three services:

- ◆ Three day on-site visits with extensive review of foundation procedures, extended individual sessions with the foundation board, grants committee, and staff.
- ◆ Two day training session for program officers (5 or more persons).
- ◆ Facilitating board retreats.

The services are available to foundations in Canada and the U.S.

The only cost to foundations is the consultant's room and meals if the foundation is smaller than \$8 million in assets, and travel for foundations of \$8 million +. His time is sponsored by the Packard Foundation.

Comments on The Grantmaking Consulting Program:

"I thought the three days we spent with you was excellent. It served to stretch my thinking and helped confirm that all community foundations can be individuals." Deedee Daniel, Executive Director
White Lick Heritage Comm. Foundation
Danville Indiana

"Bill came in and opened every window imaginable in our community foundation – and some we couldn't imagine. We thought ourselves pretty effective, proactive, efficient, etc. He showed us the next stage of development and made it not only attainable, but exciting. It never felt like a critique. It felt like enlightenment." Clare Payne Symmons, Executive Director
The Comm. Foundation of Jackson Hole
Wyoming

"Excellent. Wonderful ideas and creativity. Made everyone think 'outside the box.' Candid. Bill seemed to pick upon what we needed. Revolutionary ideas. Board needed to be rejuvenated. Good timing in our organizational development."

Dianna Suttan, President & CEO
Yampa Valley Community Foundation, CO