

# BUILDING COMMUNITY FOUNDATIONS



Philanthropic  
Ventures  
Foundation

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## Grantmaking Consulting Program

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### EXECUTIVE DIRECTOR DISCRETION IN GRANT MAKING

The most important task of a Board of Directors is to hire and fire the executive director. Subsequently, having hired the best person to be found for the job, the Board should give support and trust to that person to do the job.

Corporate Boards do not run the corporation. They set the vision and hold the executive accountable to fulfill that vision.

In fact, the definition of a good Board meeting is a celebration of the work by the staff that fulfills the vision set by the Board.

Community foundations seem to have evolved as a hybrid in that Boards of Directors want to have a role in running the foundation such as approving all grants. Indeed, the law states that the Board is responsible for the grants made by the foundation but it does not prohibit the Board from designating grantmaking powers with later confirmation by the Board.

This is to say that most community foundation Boards tend to approve what is put before them either by a Grants Committee or by the staff. The bigger the foundation, the more the Board relies on staff recommendations.

Given that Boards of Directors become Boards of Approval regarding grants made by the foundation, why can't we look

### BOARD OF DIRECTORS RESPONSIBILITIES

Select the manager  
Oversight  
Set policy  
Vision  
Fiduciary  
Leadership

Historically, foundations came from a corporate model in which bankers selected groups of citizens and gave them the responsibility to give out money from the banks' charitable trusts.

It is interesting to note that often, the larger the foundation, the smaller the Board of Directors.

PLEASE ROUTE TO:

Executive Director

Program Officer

Chair Grants Committee

at this as an intervention point for innovation in grantmaking.

Why not consider letting the executive director of community foundations approve grants. In part, this is already the case in the discretionary grantmaking most foundations allow for their executives.

What are the advantages of such an arrangement? First and foremost, grants can be given when the money is needed versus waiting months for the next meeting. Good philanthropy is good timing and money given when it is needed allows grants to have greater impact. Second, paperwork is substantially reduced. Third, foundations are positioned to be able to give 'immediate response grants' when needed. Fourth, Board members who want more involvement can play a major role in evaluating grantees, doing site-visits, reviewing grantee reports, and analyzing foundation grantmaking by categories. Fifth, the system allows for initiative grantmaking i.e. not waiting for the mail but actually proposing or negotiating an idea to be funded. And sixth, the system allows more time for the staff to be out of the office finding outstanding people and new ideas.

What examples are there of speeding up the grantmaking process? A four billion dollar private foundation on the West Coast has implemented a process where the Executive Director can give grants up to \$50,000 and a subcommittee of the Board can give \$250,000 grants in two weeks.

So what is the Board here for? All grant-

making is reported to the Board for its confirmation. If some Board members are vexed by some grants that are made, the Board can set policy that prohibits or limits certain kinds of grants.

The Board can look at the grantmaking from an analytical point of view and determine whether foundation grants are having impact. Better yet, the Board can apply itself to defining what is significance in grantmaking because this is an ongoing inquiry.

The Board can observe grantmaking by category and see if there are voids and set policy to focus more attention in these areas.

In summary, allowing the executive director of a community foundation to approve grants is entirely within the realm of how corporations operate. There are checks and balances. Most important, the community foundation field must apply itself to considering innovations in order to avoid paperwork paralysis. There needs to be more trust between the Board and the executive and the executive and the staff.

There should be higher expectations of the staff in being able to get out of the office and into the community, in finding outstanding people and programs rather than waiting for the mail, in reinvigorating nonprofits and the work they do, and in negotiating grant requests with applicants.

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In response to inquiries from Bulletin #57, an eight-page work plan has been developed for conducting an Evaluation of Operations for community foundations.

Categories for the Work Plan are:

Grantmaking:

Administration:

Board Committees  
Fiscal  
Office  
Staffing  
Correspondence  
Telephone  
Filing  
Computers & Website  
Time Management  
Policies  
Publications  
Other Services

General Procedures  
Application Process  
Timing of Grants  
Donor Advise Grants  
Different Grant Formats  
Special Funds for Grantmaking  
Evaluation of Grantmaking  
Venturing  
Trust

Evaluation of Operations is a four day, on-site undertaking; in a sense, similar to an accreditation visit for colleges and hospitals. The only difference being that the evaluation report is confidential and only shared with the subject foundation's executive director. Foundations interested in further information should call 510-645-1890.

### USEFUL READING

"Self Renewal" by John Gardner, the most requested reprint article in ten years\*

Council on Foundations' one-page "Community Foundations" fact sheet\*

Community Foundation versus Private Foundation, one-page fact sheet\*

*The Funder's Checklist - "An Inside Look at How Funders Evaluate Proposals & Nonprofit Organizations"* [www.funderschecklist.com](http://www.funderschecklist.com)

"Corporate Philanthropy as a Competitive Advantage," Corporate Update, Council of Foundations, Spring/Summer 2003

\* Fax your request for copies of these materials to 510-645-1892

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## Philanthropic Ventures Foundation's Grantmaking Consulting Program

PVF has provided on-site consulting to over 265 community foundations throughout North America and the U.K., working with staff, board members and the community to improve grantmaking and operations. The Consulting Program is in its 9<sup>th</sup> year of operation and has been funded by The David and Lucile Packard Foundation since its inception. The PVF consulting fee is paid for by The Packard Foundation. Participating community foundations pay for travel, meals, lodging. If you are interested in receiving consulting services, contact PVF president, Bill Somerville at 510-645-1890.

### The services offered include:

- **Program Audit and Evaluation** - Intensive 3-day on-site sessions focusing on analysis of foundation operations, grant making programs, public relations and internal procedures. Includes meetings with foundation board, grants committee, board chair, foundation staff, and executive director. Optional inclusions are meetings with funders, interviews with local media, and meetings with nonprofit organization personnel. The days are full and intense with the result being new enthusiasm, new expectations and new ideas.
- **Program Officer Training** - 2 full days of training for foundation personnel, involving problem solving, interaction of participants and exchange of ideas, accompanied by 500-page reference manual. Participants analyze actual grant requests, evaluate and make grant making decisions and engage in role-playing.
- **Board Retreats** - Facilitator for Board Retreats (1/2 to 2 days). Work through issues facing foundations including growth, planning community outreach, & grantmaking. Results of retreats include critique of the Foundation's work, new insights for change, & recommendations for the future.

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