

BUILDING COMMUNITY FOUNDATIONS



Philanthropic
Ventures
Foundation

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President

Grantmaking Consulting Program

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Initiative Philanthropy Does this Cause a "Closed Door?"

More foundations seem to be moving toward taking the initiative with some of their grantmaking versus just receiving proposals. One of the criticisms of this stance by foundations is that they are not then open to requests from the public as much as they were before.

There is some truth to this reaction, but the benefits of initiative funding are real and should be understood and appreciated. For example, when a foundation staff notices that they have received no proposals dealing with young women and yet teen pregnancy is very prevalent, it would seem they have a responsibility to do something to take the initiative and invite proposals or offer grants to agencies that could respond to this issue.

One of the most important tasks of a foundation staff is to search for and find outstanding professionals, and when you find them, fund them. Outstanding people do outstanding work. This is the essence of initiative philanthropy – finding such people and offering funding.

The alternative is just responding to proposals, which often ends up in funding paper not people. The proposal sounds good but one can only hope the people behind it are capable. The processing that goes on after a proposal is received is an effort to assess the potential for success. With initiative philanthropy, that potential is more evident.

Nevertheless, it is important for foundations to be perceived as having an open door; for people to feel welcome to submit proposals.

The interesting thing about foundation work is how subjective it is. One tries to be objective in researching requests for funding, but in the final analysis it becomes a question of "do I like it or not."

(Initiative Philanthropy, continued on page 2)



ABOUT
THE
EDITOR

Bill Somerville has been in non-profit and philanthropic work for 44 years. He was the director of a community foundation for 17 years, and in 1991 founded Philanthropic Ventures Foundation serving as President and Executive Director. PVF is a demonstration foundation practicing unique forms of grantmaking and conducting initiative philanthropy. He has consulted at over 280 community foundations in the United States, Canada, and abroad, on creative grantmaking and foundation operations. In addition to Building Community Foundations, he publishes Dialogue, a newsletter for development officers that is distributed to 1,700 nonprofit organizations. His primary interest is in the creative and significant use of the philanthropic dollar.

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Executive Director

Program Officer

Chair Grants Committee

Thus, relationships are all important in foundation work and in searching for funds. Site visits, pictures, telephone calls, getting together are all vital to funder-grantee relationships. The trouble is, there is too little of it because office work is so time consuming.

An alternative available to foundations is to create an Initiative Fund wherein the money won't be used unless the relationship is the result of foundation staff taking the initiative. In a sense, this adds a new responsibility to foundation work.

With foundations taking the initiative, two new terms come to the fore - *initiative philanthropy* and *causative philanthropy*. When one takes the initiative, one causes things to happen.

Quite possibly one of the most exciting forms of philanthropy is initiative philanthropy, in that the foundation staff and Board are calling on their creative thinking. The result is something original and exciting. This process is a positive way of getting Board members and Grants Committee members more involved and enthusiastic about the foundation.

How Much Does It Cost?

How much does it cost for a foundation to send out a letter?

· postage	\$.37
· envelope (2 color letterhead printing)	\$.23
· paper, 2 pages (2 color letterhead printing on first page)	\$.20
· time for data processing (secretary @ \$14/hour salary and indirect costs)	\$3.50
(if you process your own, pro rate the cost accordingly)	
· composing the letter (10 minutes, or more @ \$30./hour)	\$5.00
· overhead costs (rent, utilities, equipment)	<u>\$.07</u>
	\$9.37

We don't very often take the time to actually figure out how much things cost in the running of a foundation. The listing above is an estimate of what it costs to send out a letter. The actual price at a given foundation will vary, but can be estimated using the figures above. For example, if one orders 500 envelopes vs. 1,000, the price goes up. Salaries vary; the above example assumes an administrative assistant at \$30,000/year total cost, i.e. salary and employee benefits at 19%; an executive or program person at \$60,000 total cost, full time, 8 hours per day.

The point to be made is that there is an enormous amount of paperwork in running a foundation, and possibly it could be done more efficiently. Email is making a dent in the amount of paper, but still requires time, the cost of overhead and internet access.

Comments on Grantmaking Consulting

PVF offers consulting services to community foundations (see program description on back page). PVF receives positive feedback on its consulting, with a particular appreciation for inspiring renewed creativity and enthusiasm in foundation staff and Board.

“A stimulating session with our Board of Directors. Several board members said they were excited by what they heard and the possibility of implementing new ideas.” -Community Foundation Executive Director

“Bill Somerville’s analysis was extremely timely given the challenges facing the foundation. I appreciated his objectivity as well as the specific examples given.” - *Community Foundation Executive Director*

“I believe that as a staff of one, the information received will be invaluable.” - *Community Foundation Executive Director*

“Very effective presentation to the Board of Directors. Presented some entirely new ideas for us to consider. Will probably influence the way we do business in the future.” - *Community Foundation Board Member*

“Refreshing, and a creative approach for grantmaking for an ‘infant’ community foundation.” - *Community Foundation Executive Director*

“Let me express our sincerest thanks for the wonderful Board retreat you facilitated. A board member told me that it was the best retreat he had ever participated in – and given his age, he’s been to a few!” - *Community Foundation Executive Director*

“Thank you very much for spending time with us. You have caused us to rethink some very fundamental issues. Your ideas on grants are excellent and I think will change the direction of the foundation. We have been missing the excitement that should be a fundamental part of giving.” - *Community Foundation Board Member*

Interesting Reading

Community Foundation Tip of the Week

This is an email newsletter by Helen Monroe who is CEO of Endowment Development Institute. Free periodic emails 760-631-7200 info@endowment.com

Attitudes and Practices Concerning Effective Philanthropy

The Urban Institute

The Executive Summary (14 pages) is available free online as a PDF at <http://www.urban.org>

Building Strong Foundations

How to protect the public’s investment when non-profits become for-profit companies.

Manual (48 pages) offers tools for ensuring that new conversion foundations respond to community needs.

Available free online as a PDF at <http://www.consumersunion.org/conv/>

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Grantmaking Consulting Services Offered by Philanthropic Ventures Foundation

PVF has provided on-site consulting to over 280 community foundations throughout North America and abroad, working with staff, board members and the community to improve grantmaking and operations.

The PVF consultant's fee is paid for by the The David & Lucile Packard Foundation.

Participating community foundations pay \$500 and for travel, meals, and lodging.

This program is described at length on PVF's website at <http://www.venturesfoundation.org/consulting/>

For more information on consulting services, contact PVF President, Bill Somerville at:

510-645-1890 (TEL) 510-645-1892 (FAX)

INFO@VENTURESFOUNDATION.ORG

The services offered include:

- **Performance Review** - Intensive 4-day on-site review of all foundation operations, focusing on grantmaking, Board concerns, administration, staffing, development and fiscal health. Visit is followed by an extensive, written report on findings and recommendations, analagous to university or hospital accreditation process. The days are full and intense with the result being new enthusiasm, new expectations and new ideas.
- **Grantmaking Consultation** - 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.
- **Program Officer Training** - 2-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 grantmaking decisions, and engage in role-playing.
- **Board Retreats** - Facilitator for Board Retreats(1/2 day to 2 days). Work through issues facing foundations, including growth, community outreach, and grantmaking. Results of retreats include critique of the foundation's work, new insights for change, and recommendations for the future.