

BUILDING COMMUNITY FOUNDATIONS



Philanthropic
Ventures
Foundation

Bill Somerville
President

Grantmaking Consulting Program

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Reconstructing Grantmaking

We are pleased to share this report from the Philadelphia Foundation with our readers.

Dear Mr. Somerville,

I was heartily encouraged to read your list of insights for community foundations in your October 2006 Building Community Foundations. These are exactly the concerns that The Philadelphia Foundation addressed in reconstituting our grantmaking strategy to be more transformational and less transactional.

Like most community foundations, our discretionary grant dollars (about \$5 million per year) represents a relatively small percentage (25%) of our total grants distribution, and cannot, in all honesty, be said to have significantly improved the quality of life in such a large metropolitan market as greater Philadelphia. Meanwhile, surveys were demonstrating that our grantees were finding us to be aloof, unresponsive, and failing to meet their needs.

We will inaugurate a new discretionary grantmaking strategy on January 15, 2007, that will no longer fund programs and services, but rather will strengthen the nonprofit sector by focusing on capacity building. Our goal is to build the local nonprofit "farm team" by providing grants that support more effective business practices.

Our new strategy encompasses many of the insights you described:

-No grant deadlines: we are replacing our competitive cycles with a rolling process that encourages nonprofits to apply when they need funding, not when we deem it convenient.



**ABOUT
THE
EDITOR**

Bill Somerville has been in non-profit and philanthropic work for 45 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. Bill has consulted at over 315 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. His primary interest is in the creative and significant use of the philanthropic dollar.

Executive Director

Program Officer

Chair Grants Committee

-No grant application forms: we are replacing our forms with a simple two-page letter of intent that will be available online.

-More rapid response: these letters of intent will generate a response within two weeks, personalized support from a program officer, and checks mailed to approved organizations within three months.

-No competition: grant requests will be reviewed in relation to the organization's size, evolutionary stage, and proposed self-defined management need, rather than be compared against other grant requests.

-No strings attached: high performers will be rewarded with unrestricted grants that can be used for programs, staff, supplies, endowment or capital improvements. More grants will be unrestricted and supportive of leadership initiatives.

This new strategy follows several other organizational changes implemented in the past few years that also address your insights. We have given our Program & Distribution Committee, and Executive Committee, more autonomy in making decisions, and consequently have reduced the number of meetings of our full Board of Managers by half. Program staff will be meeting more frequently with grantees, conducting on-site visits, and participating in professional training and development opportunities.

By building effective organizations, we “raise the tide and lift every boat.” By advocating among our regional foundation colleagues for a change in the way nonprofits are capitalized, we have an opportunity to extend our reach. If we focus on the next generation of leadership and find incentives for young adults to make careers in the nonprofit sector, we invest in the future.

We anticipate that this new strategy will be more proactive, more collaborative, and have greater results-oriented impact on the thousands of nonprofits in our five-county service area than our grantmaking over the past 88 years.

R. Andrew Swinney, President
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Useful Publication

“Increasing the Value of Community Foundations to Society: Developing Measures of Performance Beyond Asset Size,” *Snapshots – Research Highlights from the Nonprofit Sector Research Fund*, No. 43, September 2006. The Aspen Institute, Washington, D.C. Available at www.nonprofitresearch.org.

Investment Policy

Does your foundation have a clear written investment policy? Such a policy provides guidance to the board, guidance to investment advisors, investment managers, custodians, and even to potential donors.

A written investment policy has a few critical elements:

- A statement of purpose for the organization that gives background about the funds being managed and the purpose for which those funds are to be used.
- A statement of responsibilities that identifies the relevant parties within the institution and their respective roles in the management of the funds.
- A statement of objectives and goals for dollars not put to immediate use including a stated expected return and a method to measure investment success or lack thereof.
- A statement of reporting requirements which defines the communication between parties.

The investment policy statement should be written by the organization's board or by the investment committee and not by 'employed' investment professionals. Too often the documents are poorly written, riddled with liability and not suitable for anything other than creating problems within the organization.

The Editor has negotiated with Sandra Champion, AISA, a seasoned advisor on nonprofit investment management of 20 years, to review investment policy statements for community foundations at no cost. Ms. Champion is President of Champion Partners in Savannah, Georgia. If you are interested in having your community foundation investment policy reviewed, contact Ms. Champion and let her know Bill Somerville referred you.

Sandra Champion
Champion Partners
5 Flinn Drive
Savannah GA 31406-7546
912-355-3258

Teaching Philanthropy

The Editor is teaching "Understanding Philanthropy: How to Give and Get Money" at a community college in the San Francisco Bay Area. This is an effort to teach philanthropy to a working class group of people, a new audience in the philanthropic arena.

The Editor has long encouraged community foundation executives to share their work by teaching at local colleges and has co-taught a course on philanthropy for the past 7 years at Stanford University. There are many benefits both for the executive and the students. The executive engages in the challenge of teaching, sharpens his/her skills, and gains a deeper understanding of his/her work. The students are exposed to the non-profit arena, get actual experience in the field and many are drawn to the field.

The Editor is willing to share his syllabus and course materials, and to answer any questions regarding teaching philanthropy. Feel free to call Bill Somerville at 510/645-1890.

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PVF's Grantmaking Consulting Program

PVF President and Director Bill Somerville has provided on-site consulting to over 315 community foundations throughout North America and abroad, working with staff, board members and the community to improve grantmaking and operations.

PVF's Grantmaking Consulting Program is funded by an ongoing grant from The David and Lucile Packard Foundation, in an effort to improve operational effectiveness and promote creative grantmaking.

Participating community foundations pay a nominal fee of \$500 plus expenses of travel, meals and lodging.

The Grantmaking Consulting Program is described in detail on PVF's website, www.venturesfoundation.org/consulting/

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

**510-645-1890 (Tel) 510-645-1892 (Fax)
bsomerville@venturesfoundation.org**

The consulting services offered include:

- **Board Retreats** - 1-2 day facilitation at Board Retreats. Work through issues facing foundations, including growth, community outreach, and grantmaking. Results of retreats include critique of foundation's work, new insights for change, and recommendations for the future.
- **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.
- **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. The days are full and intense with the result being new enthusiasm, new expectations and new ideas.