

The Balancing Act



III. The Role of a Community Foundation as a Community Leader



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MOTT FOUNDATION

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Close to home ... close to the heart

Over the years, we have come to embrace a simple, but inherently human, concept of the charitable impulse: Philanthropy begins on Main Street. In other words, we believe that people support causes close to home and often close to the heart.

Through our grantmaking in our hometown, our state, our nation and in selected parts of the world, we've come to view community foundations as powerful — and empowering — vehicles to nurture individual giving and to foster community.

We have witnessed repeatedly the flexibility and creativity of community foundations and community-based philanthropy not only to channel financial resources to local charities, but also to establish partnerships, foster collaborations, nurture vitality and build endowment — all to benefit communities for the long-term.

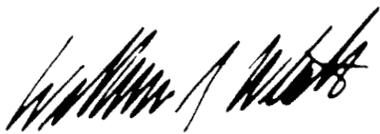
During the past 30 years, we have provided more than \$122 million in grant support to the community foundation movement around the globe. But our support has gone beyond grants. We also have underwritten the cost of technical assistance given by recognized experts to individual community foundations, as well as their networks and infrastructure organizations.

Our most recent technical assistance efforts have been largely undertaken by Dorothy “Dottie” Reynolds, whom we came to know and admire when she served as the CEO of the Community Foundation of Greater Flint (CFGF) from 1990 through 1997. Her energy, enthusiasm and knowledge were constantly on display in our hometown and played a big part in the growth of CFGF.

Since leaving that post, she has served as a consultant to our community foundation grantees. In this role, Dottie, who also worked for many years for the Columbus (Ohio) Foundation, has provided advice and assistance to community foundations and support organizations in a number of countries throughout Africa, Asia, Europe and North America.

Her expertise is in such demand that we decided we wanted to share her insights more broadly through a series of three monographs that explore the various roles a community foundation can play, including as a grantmaker, a vehicle for local philanthropy and a community leader.

We hope you find this series helpful and we welcome your comments.



William S. White
President

Preface



Simply put, a community foundation has three functions. It is a grantmaker. It is a vehicle for the philanthropy of individuals, corporations and organizations that have concern for a specific geographic area. It provides leadership in the community it serves as an effective, independent arena for addressing difficult issues and/or advocating for needed programs, services or policies.

Throughout most of the nearly 100-year history of the movement, community foundations have built endowments and used income from these funds to make grants to address changing community needs and opportunities. Building endowments is a slow process, and, although it still remains central to the development of most community foundations, more attention has been paid in recent years to raising funds for immediate use.

But, that gets us ahead of our story ... so let's begin with a short and simple summary of what is a long and fairly complicated narrative.

In the U.S., the history of the community foundation movement can be divided into three periods: 1) the era of the "dead donor," in which program officers recommended grants from unrestricted funds left to the foundations through estate plans (1914 until the late 1980s); 2) the era of the "living donor," in which donor-advised funds (funds that allow donors to recommend grants) dominated the field (late 1980s until the mid-2000s); and 3) the current era of "community foundation leadership," in which program officers, donors, foundation executives and their boards are forging solutions to community problems and developing strategies to take advantage of community opportunities.

The evolution of the movement outside the U.S. dates to the late 1980s, and has followed a zigzag path. Many of these foundations started by playing a leadership role. Most have relied on re-granting funds secured from organized philanthropies external to their home locales. Endowment building has been spotty. Creating local donor bases has depended far more on combining the gifts of many individuals/families/groups, rather than relying on major gifts from the relatively affluent.

Nevertheless, this balancing act of being a grantmaker, a vehicle for local philanthropy and a leadership force within the community is widespread, no matter where the community foundation is located.

Over the past decade, I have had the rare privilege of working with community foundations in a number of settings, both in the U.S. and internationally. In the course of this work, I have found far more similarities than differences in the ways they operate, and I welcome this opportunity to tell the story of this balancing act through personal observations and case illustrations.

I should add that the opinions and observations presented in this monograph are mine alone, and may not reflect the views of the monograph publisher, the C.S. Mott Foundation.

Dorothy Reynolds



The role of a community leader



Because of their experience working with a variety of donors, nonprofit organizations, grantees and units of government, community foundations' board and staff often have special insights into community issues. This gives them a broader perspective than those of most other organizations.

In addition, because these foundations do not depend on annual fundraising campaigns, they take a long view of community well-being, and they are well-positioned to address thorny issues and to take risks.

For years, tackling difficult issues was described by many foundations as one of being a facilitator or neutral party. But, recently, this role is more correctly described as “community leader.” This more assertive position reflects what is going on throughout the field.

A community leader can be defined as an individual or organization that identifies an issue, has a general sense of a desired outcome, and conducts a process that includes a broad range of community interests. Ultimately, this results in consensus about a method to achieve a specific outcome. Sometimes this leadership takes the form of acting as a convener and bringing together differing elements of the community. In other instances, the community foundation initiates the process to effect the desired outcome.

Community foundations have frequently described themselves as “neutral parties.” Of course, one can argue that this is not a particularly accurate description of, or a desirable posture for, most community foundations. They can, and should, be non-self-serving. And they most certainly are, and should be, independent. But for the most part, they can, and should, be advocates for the best possible outcomes for the communities they serve.

It is obvious that community foundations must exercise care to avoid offending the entire community, or even significant parts of it. Thus, consensus building and compromise often are required.

There are a number of themes to consider in this leadership role.

The appropriateness of leadership

Leadership implies the foundation's board and staff have a vision for the community and have some sense of the preferred outcome of a given situation.

When considering engagement on an issue, board and staff should examine the degree to which that subject is one in which the foundation has an interest and/or a level of experience that would make it appropriate to assume a leadership role.

Clearly, this role can be taken up only when there is clear agreement that such action is appropriate. Conflict or duality of interest, potential for partisan political ensnarement and compatibility with the foundation's grantmaking or other programmatic interests are other concerns.

A community foundation and its representatives must be capable of leading

with grace. This means being willing to step into the shadows if achieving the desired outcome requires others to bask in whatever glory may be forthcoming.

The individual leading the effort must be skilled and well-regarded. This person must be a leader without needing to be a star and must have standing in the community. If personal glory is important, the individual, and by extension the foundation, can be seen as self-serving.

The capacity for leadership

Being thrust into a leadership role, either through initiating the effort or receiving a request to do so, may divert time, financial resources and energy from a community foundation's day-to-day operations. However, a foundation with adequate staff and resources can offset the loss of the full attention of the staff or board member acting as leader.

Aside from human resources, the community foundation must consider whether it is appropriate to divert some of its funding or other program resources to the effort. A foundation may make proactive grants in support of a communitywide effort to address a problem, and/or it might leverage outside financial resources. Financial capacity makes the community foundation an attractive leader. But accepting the leadership role and providing funding may result in more invitations to lead than the foundation can handle.

The community foundation must seek a fine balance when acting as a leader, lest it fall into the trap of becoming a program operator. Although operating programs is becoming more common in philanthropy, too much of this activity can seriously jeopardize a community foundation's flexibility and time-honored ability to respond to changing community circumstances and/or needs.

Because it is not dependent on any one segment of the private sector, or on government funding, the community foundation can be a good facilitator in instances where independence is valuable. Its leadership can be particularly important in situations that require a bridge between communities of affluence and communities of need. There are also situations where bridges between private and public interests must be built.

There are some notable examples of leadership throughout the U.S.:

- ▶ In the spring of 2001, civil unrest gripped Cincinnati following the fatal shooting of a young African-American male by police. Initially, the mayor created Cincinnati Community Action Now (CAN) to improve police/community relations and create more opportunities for minorities. After a year of mixed success, CAN recruited the Greater Cincinnati Foundation to assemble a coalition of 15 local foundations and funders to raise \$7 million and form Better Together Cincinnati. The first grants were awarded in 2003. One of the most significant results has been funding of the Community/Police Partnering Center, which has fundamentally changed law enforcement attitudes in the community. The community foundation also provided seed money for a minority business accelerator program, now operated through the local chamber of commerce.



- ▶ New Mexico ranks highest in the U.S. in rate of child hunger. The Albuquerque Community Foundation, together with the McCune Charitable Foundation and the PNM Foundation, are leading a campaign to reduce child hunger in the state. Using a variety of media, the campaign seeks to increase awareness of the issue, and raise funds for the Road Runner Food Pantry from individuals, corporations and other foundations. In addition, the New Mexico Community Foundation and the New Mexico Coalition of Community Foundations are playing significant roles in this effort. Thus, leadership by the community foundation has leveraged additional resources as well as alerted the general public to a pervasive, statewide problem.
- ▶ The Community Foundation of Greater South Woods County in mid-Wisconsin is located in a rural area that lost a major employer and experienced a decline in the demand for cranberries, its chief agricultural product. This newer foundation, founded in 1994 and with assets of less than \$20 million, teamed with the Heart of Wisconsin Business and Economic Alliance to mount a three-year community economic development program, the Community Progress Initiative. This grassroots effort engaged citizens in discussions about local control and community development. It also resulted in a decision by Ocean Spray Cranberries, Inc. to expand its local operations, creating 100 new jobs in the region. Ocean Spray has also cited the Community Progress Initiative as a major factor in this decision.

Dealing with the consequences

There are times when the consequences, intended or unintended, of leadership can put a community foundation in an awkward position. A major donor, a potential donor or a board member may not agree with – or even oppose – the outcome the community foundation has facilitated.

For example, a U.S. community foundation in the Midwest belonged to a coalition of organizations concerned about children. This alliance opposed a ballot issue that would have allowed carrying concealed weapons. Several organizations dropped out of the coalition because their board members feared repercussions from major donors.

However, the community foundation remained steadfast despite similar concerns expressed by several of its board members, and the ballot issue failed. Despite its potentially controversial stand on this issue, the community foundation has continued to grow at a rapid pace.

There are times when efforts to build consensus or resolve vexing problems are dismal failures. However, the community foundation must take a long view and not judge success or failure in the short term.

Leadership activities should not be undertaken without considerable planning and discussion, and there should be a high level of comfort among board members about the foundation taking a convener or leadership role. For the most part, a community foundation will find it is better to act and fail than to avoid risk entirely.

The relevance of leadership

Leadership long has been a hallmark of community foundations. In fact, the Cleveland Foundation, which was founded by prominent civic leaders a century ago, employed a community leadership strategy during its first five years, because it did not have enough assets to make grants. During this period, its leaders devoted energy to improving the nonprofit infrastructure in Cleveland and developing a communitywide fundraising mechanism to support the sector.

They also organized a network of settlement houses, which were social service organizations set up in the early part of the 20th century to integrate new immigrants into life in the U.S. These houses existed throughout big cities in the East and Midwest. Today, those that remain mostly have become comprehensive social service agencies serving low-income, minority neighborhoods.

Early in this century, the focus on leadership was revived, due – in no small part – to criticism (as documented in two reports) that the leadership role of community foundations had been severely compromised in the 1990s by their efforts to increase assets and serve the needs of living donors.

A 2004 study by the Chapin Hall Center for Children at the University of Chicago, “Community Change Makers: The Leadership Role of Community Foundations,” received some attention.

But the field really sat up and took notice with the 2005 release by Blueprint Research & Design and Monitor Company Group of “On the Brink of New Promise: The Future of U.S. Community Foundations.” This report recommended – in fairly blunt language – that community foundations needed to modify their focus on donor needs and pay more attention to the potentially larger role of community leadership.

Citing increasing competition from the commercial sector and technology that permits donors direct and immediate access to make gifts to charitable organizations, authors Lucy Bernholz, Katherine Fulton and Gabriel Kasper wrote:

“Individual community foundations and the field as a whole will need creative and courageous leadership to thrive in the era ahead. Much of the mindset that has guided the field to this point needs to be replaced with a new set of assumptions about priorities, operations and the definitions of success.”

Both reports cite the access, agility, credibility and local knowledge of community foundations as valuable leadership attributes. They note that community foundations have diverse financial, intellectual and institutional resources. In addition, the foundations are independent and should be responsive to, if not responsible for, the communities they serve.

Since these reports were published, the Community Foundations Leadership Team of the Council on Foundations Inc. awarded a grant to CFLeads to implement a leadership development program. Working with the Aspen Institute’s Community Strategies Group, CFLeads has initiated two leadership networks involving 16 community foundations.

In addition, the National Task Force on Community Leadership, a group of 30 philanthropic leaders, has been created as a one-time, high-profile effort to



create frameworks for community leadership at both individual community foundation and field levels. (See www.cof.org.)

Developments outside the U.S.

The community foundation movement is still so new in many regions outside of the U.S. that most of these foundations have focused their attention on raising money and/or making grants. But some notable leadership has been exercised in community and economic development, which in turn has enabled the foundations to build identity and trust in their communities.

It can be argued, however, that their primary – and most important – leadership role is developing local philanthropy based on gifts from ordinary citizens and organizations. Particularly in Central/Eastern Europe, the former Yugoslavia and the former Soviet Union, the role of the community foundations as vehicles for local philanthropy is an important form of leadership.

A few outstanding examples of leadership by community foundations outside the U.S. can be cited:

- ▶ The grantmaker association, Community Foundations of Canada (CFC) now publishes a report card, *Vital Signs*, which was started by the Toronto Community Foundation in 2001 and which provides a picture of the overall social health of Canada. This annual check-up, conducted by 11 community foundations across Canada, measures community vitality, identifies significant trends and assigns grades to at least 10 areas critical to quality of life. Community foundations and others have used these reports to enhance their support for local activities. For example, the Kitchener and Waterloo Community Foundation realized, through the 2007 *Vital Signs* report, that literacy levels in its communities were below average. The foundation subsequently made a multiyear grant to a literacy program. In Ottawa, the 2006 *Vital Signs* report revealed lower levels of support for the arts than in other regions. The result has been increased arts funding from the local community.
- ▶ In Ukraine, the Donetsk City Charity Foundation “Dobrota” (Kindness) is a one-stop philanthropy. Dobrota collects information and updates its database of 7,000 donors and partners; communicates with potential donors on a regular basis, and negotiates with respondents, appealing for their participation in charitable programs. Dobrota makes grants to health-care institutions, educational and social protection (human services) institutions, and societies for the disabled. In addition, it provides direct financial support to indigents. Through these actions, Dobrota sets an example for the entire community to develop a culture of civic participation. It lives its slogan, “Doing Good Is Everyone’s Business.”
- ▶ The Tuzla Community Foundation (CFT) is the first community foundation in Bosnia and Herzegovina, established in 2003. It coordinates the activities of the Youth Empowerment Partnership Program (YEPP), a transnational

program that involves young people in identifying local, national and regional issues of concern through conferences, workshops and training; and a Youth Bank. A major activity of the YEPP has been establishing and maintaining a community center, which has become a popular meeting place for those concerned with civil society development and for many nonprofit organizations. The Youth Bank, in which young people recommend grants to meet community needs, was developed with assistance from the Community Foundation for Northern Ireland.

The community foundation field is well-developed in the United Kingdom, and leadership activities abound. Some examples:

- ▶ As a response to increased youth gang activity, the Community Foundation for Merseyside (CFM) approached the Merseyside Police about creating a Merseyside Youth Transformers Program. This pilot effort provided diversionary activities, involving both education and recreation, for more than 10,000 young people and resulted in an 11 percent reduction in anti-social behavior. Based on CFM's evaluation of the initial programs, plans are in the works to roll out a national model for community foundations in communities that are experiencing similar problems with gangs and street violence.
- ▶ Concerned about the health of middle-aged men, the Community Foundation Serving Tyne & Wear and Northumberland launched a multiyear lifestyle improvement campaign in 2001. A major public relations campaign, featuring a mascot, "Idle Eric," encouraged small lifestyle changes. In 2004-2005, the campaign promoted walking as a form of exercise. In 2006-2007, the focus was on nutrition, sexual health, physical activity, smoking, drugs, alcohol, self-examination and mental health. In 2006, a local general practitioner's clinic targeted men living in rural areas. In 2007, the campaign highlighted the benefits of drinking water and 15,000 water bottles were distributed to local football teams. The foundation also has made a number of small grants totaling more than £18,000 to local community groups to support healthy-living activities.
- ▶ The Community Foundation for Northern Ireland (CFNI) is in a class by itself, having been a leader in the development of the Youth Bank movement. Through its extensive and inclusive grantmaking, CFNI has helped bring together opposing sides in the years of the sectarian "troubles." The Secretariat of Foundations for Peace, an international membership organization dedicated to promoting peace in regions of conflict, currently resides with CFNI.



Summing it up

Community foundations are natural leaders, sometimes as conveners and often as initiators of processes to resolve community issues or address community opportunities. The field has embraced the challenges posed by “On the Brink of New Promise’ with great enthusiasm, so it appears fairly certain that this role will continue to expand in the U.S. Outside the U.S., many community foundations are assuming leadership roles in their communities, and others will follow as their presences in their communities become more visible and they become more experienced.

Assuming the leadership role may raise the operating budget of a foundation, because additional staffing may be required. However, I believe the added visibility the foundation gains likely will result in bringing more donors to the organization.

Becoming more than a donor-services organization and “feel-good” grantmaker has its risks, for sure. But those risks pale in the light of what can be achieved. The examples cited here are but a sampling of the enormous potential for leadership in the growing community foundation movement. I find it difficult to identify the downside for community foundations as they work in leadership roles to make both their communities and their world more just and sustainable.

Limited copies of this monograph (and the others in the series) are available through the Charles Stewart Mott Foundation's Web site (Mott.org). Each monograph also can be downloaded from the Web site.



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