

# Strategies to Develop Sustainable Community Foundations: Lessons Learned

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## Introduction to Lessons Learned Series

*Michigan has been intentional about growing community foundations since the late 1980's. Local efforts have been supported by the Council of Michigan Foundations with funding from the W.K. Kellogg Foundation. FERA (Formative Evaluation Research Associates), an independent evaluation group, has documented growth, identified supports and obstacles, and developed lessons learned across multiple statewide initiatives designed to support community foundations. This document is part of a larger set of lessons learned about community foundation growth. To learn more about a conceptual framework and methods for developing lessons learned go to the Evaluation Overview found in "Introduction" on [www.GrowingCF.org](http://www.GrowingCF.org).*

## Background

In 1988, Michigan community foundations, in partnership with the Council of Michigan Foundations (CMF) and the W.K. Kellogg Foundation, created a vision of sustainable community foundations throughout the state thus providing a philanthropic vehicle to every Michigan citizen. By 1997, every citizen had access to one of Michigan's 55 community foundations. The state was quilted with community foundations; some were large, most were small, each was unique, and many had not yet reached the point of being sustainable. Most of these community foundations had less than \$20 million in assets (n=47). Fully 33 had less than \$5 million in assets. Five million is known within the community foundation field to be the point when community foundation growth "takes off" and when a foundation can support and sustain its operational expenses. Small community foundations needed support to become sustainable community foundations.

This section describes strategies to support small community foundation growth including: providing enhanced technical assistance, supporting community foundation affiliates, and encouraging regional collaboration.

## Enhanced Technical Assistance

CMF's first strategy to ensure the state would be covered by strong sustainable community foundations was to provide "Enhanced Technical Assistance" to community foundation staff and boards to help them meet operational standards for community foundations and continue their growth and sustainability beyond the challenge program. For an overview of types of technical assistance, outcomes and additional lessons learned, see *Providing Technical Assistance to Community Foundations: Lessons Learned* found in "Assisting Community Foundations" on [www.GrowingCF.org](http://www.GrowingCF.org).

Seven types of enhanced technical assistance have supported community foundations with less than \$20 million in assets since 1997 (types of technical assistance preceded by an asterisk\* were offered to the entire field):

1. **On-site** technical assistance provided by consultants to support effective fund development strategies, strategic planning efforts, and effective operational practices to help foundations meet operating standards for community foundations.
2. **Financial services** provided by a nationally known investment advisory services group. This included on-site or telephone assistance to provide information about the importance of spending policies, investment policies and target asset mixes.
3. **Assistance with reviewing spending policies** in the context of a depressed market. For more information about financial services and spending policies, see *Assisting Community Foundations with Financial Stewardship: Lessons Learned* found in "Assisting Community Foundations" on [www.GrowingCF.org](http://www.GrowingCF.org).
4. **Asset development.** Three seminars focused on major gifts and planned giving presented by a national expert on planned giving. The aim of these educational sessions was to help foundations learn about planned giving. The sessions were conducted in lay language with enough technical explanations to help participants to be comfortable talking to potential donors and professional advisors (e.g., attorneys, accountants, trust officers, planners) about planned giving. For more information about asset development strategies, see *Community Foundation Fund Development: Lessons Learned* found in "Strengthening Community Foundations" on [www.GrowingCF.org](http://www.GrowingCF.org).
5. **Computer-related grants**, and technical assistance provided by a consultant. For more information about the computer project, see *Community Foundation Administration and Finance: Lessons Learned about Technology* found in "Strengthening Existing Community Foundations" on [www.GrowingCF.org](http://www.GrowingCF.org).

6. **Computer hubs.** Establishing central hubs with satellites for using FIMS (an integrated software package designed for community foundations). For more information, see *Assisting Community Foundations with Technology: Lessons Learned* found in “Assisting Community Foundations” on [www.GrowingCF.org](http://www.GrowingCF.org)
7. **Building community foundations training series,** focused on communication and marketing and designed in response to identified training needs. For more information, see *Assisting Community Foundations with Branding, Standards and Marketing: Lessons Learned* found in “Assisting Community Foundations” on [www.GrowingCF.org](http://www.GrowingCF.org).

The next set of strategies to support developing strong, sustainable community foundations was to: 1) support affiliate relationships as they emerged but not actively encourage them; 2) offer Project Team Up grants to encourage regional collaboration and create other efficiencies of scale. For example, CMF supported the development of common, but customizable marketing tools, financial accounting hubs, operational standards and effective practices.

## Supporting Community Foundation Affiliates

CMF has supported the development of affiliates in many ways. They have:

- ◆ Supported community groups in deciding whether to affiliate or not by providing information about available options and networking them with other affiliates or lead community foundations.
- ◆ Facilitated relationships by inviting leaders from different communities and/or community foundations to meet together.
- ◆ Allowed affiliates the same opportunity as independent community foundations to apply for Kellogg challenge grants.
- ◆ Provided mini-grants, supported by a grant from the W.K. Kellogg Foundation, to assist lead community foundations with administrative costs related to supporting an affiliate
- ◆ Developed incentives for struggling community foundations to affiliate, merge or form alliances.
- ◆ Provided sample affiliation memos of understanding and bylaws.
- ◆ Provided technical assistance and professional development opportunities for affiliates.
- ◆ Created safety nets for community foundations that cannot sustain themselves and wish to affiliate (e.g., the Upper Peninsula (region-wide) Community Foundation).

## Encouraging Regional Collaboration

Project Team Up grants provided community foundations an incentive to work together by offering matching grants of up to \$50,000. They support arrangements by community foundations to share staff, consultants or other resources for purposes of leveraging their collective strength to benefit all community foundations. Priorities were given to partnerships promoting regionalization and supporting:

- economies of scale: taking on more; getting activities done faster and easier
- growth in assets
- collaboration: doing things better together
- networking: connecting to others with the same goals
- personal growth: learning from others' knowledge and experience
- effectiveness: serving local communities better

For benefits, challenges and lessons learned related to regional collaboration, see *Community Foundations Marketing and Communications: Lessons Learned* found in “Strengthening Existing Community Foundations” on [www.GrowingCF.org](http://www.GrowingCF.org).

## Lessons Learned

These lessons are based on evaluation research over twelve years. Interviews with community leaders, lead and community foundation affiliates and CMF staff and consultants were conducted multiple times over this time frame. CMF staff and consultants were involved in data interpretation and the joint development of lessons learned with FERA, the evaluator. A key purpose of learning about the effectiveness of the strategies being used was to strengthen and improve and in some cases change strategies. For information and lessons learned about organizing community foundations especially in rural areas, see *Community Foundations Serving Rural Areas in “Starting A Community Foundation”* on [www.GrowingCF.org](http://www.GrowingCF.org). For additional information about CMF’s efforts to provide technical assistance to community foundations, see *Providing Technical Assistance to Community Foundations: Lessons Learned* found in “Assisting Community Foundations” on [www.GrowingCF.org](http://www.GrowingCF.org).

## Enhanced Technical Assistance

- ◆ **Small community foundations usually need technical assistance on fund development strategies to facilitate steady growth.** Planned gifts may take years or even decades to be realized. Small community foundations need to be strategic, intentional and visionary about planting philanthropic seeds to bloom in the future.
- ◆ **Small community foundations value and benefit from technical assistance designed to support and strengthen their operations.** Small community foundations generally have few staff to tend to the fund development, grantmaking and operational aspects of the work. With technical assistance from on-site consultants most small community foundations were able to implement operational standards.
- ◆ **Staff from small community foundations do not burn out as quickly when technical assistance and opportunities to share information, problem solve and collaborate with colleagues are available.** Small community foundation were experiencing very high turnover rates for their executive directors. The amount of information they had to learn and the work they had to do to successfully operate a minimally staffed community foundation was overwhelming. On-site consultants and regional collaborative meetings provided quickly accessible information and support when they needed it. Now, executive directors usually retire, or retire again, rather than leaving because they are burned out.
- ◆ **On-site technical assistance can facilitate addressing specific growth issues in a way that general training sessions may not.** Unlike general training or information sessions, work with on-site technical assistance is targeted directly to meet the specific needs of the community foundation.
- ◆ **On-site technical assistance fosters collaboration between the board and staff, helping move foundations forward more quickly.** When board and staff members participate in the same training or strategic planning sessions there is an opportunity for all to hear the same message and interact. In contrast, if one staff member or board representative attends a workshop it takes longer to share that knowledge with the other members.

- ◆ **Conducting an assessment of community foundation needs and issues prior to a site visit can increase the effectiveness of the technical assistance.** Community foundations were often not clear about the issues with which they wanted assistance. Initial visits were used to assess the needs and subsequent visits used to work on the issues. FERA developed self assessment/application forms to help community foundations think through what their technical assistance needs were. Having this information prior to a visit helped the consultant plan for the site visit.
- ◆ **Providing a planning tool for next steps after an on-site visit can increase the effectiveness of the technical assistance and can facilitate action.** Initially, visits were made and next steps were discussed. When the consultant returned for the next visit often no progress had been made and the same discussion re-occurred. A simple planning form detailing next steps—what, who and when—was developed. This form could be reviewed and used as a planning tool before a second site visit was scheduled.
- ◆ **On-site technical assistance provides opportunities for staff and board members to discuss and plan for implementing operational standards.** Standards provide the accepted framework for doing business, and community foundation staff and board members need opportunities to understand the issues behind each standard—why each is important. On-site consultants facilitated discussions in many community foundations—especially those with boards that did not understand the value of meeting standards. These discussions sometimes were the key leverage point to move a community foundation ahead to meet and implement standards.
- ◆ **Providing educational opportunities to learn about planned giving for community foundation staff and board members can lead to increased fund development activities and plants the seeds for long term sustainability.** After the W.K. Kellogg Foundation challenge ended small and new community foundations needed assistance to refocus fund development activities on planned giving. Staff and board members had been focused on raising dollars to meet the challenge and were not comfortable talking about planned gifts with potential donors. Staff and board members in larger foundations also needed opportunities to become better versed in planned giving options. For more information, see *Community Foundation Fund Development: Lessons Learned* found in “Strengthening Existing Community Foundations” on [www.GrowingCF.org](http://www.GrowingCF.org).

## Affiliation

Here is what we learned about strengthening small community foundations:

- ◆ **If your strategy doesn’t work, try something else.** CMF struggled to develop an appropriate program to assist community foundations that were struggling with growth and capacity issues after the Kellogg challenge grant

program ended. After a few false starts, CMF created an incentive program that encouraged collaborative efforts and sharing of backroom operations, that created economies of scale and new regional marketing opportunities, and built trust between boards and staff of neighboring community foundations.

- ◆ **Create a feedback loop linked to initiative planning and implementation.** Obtaining feedback and listening carefully to the field early on is critical. In Michigan this was done through formative evaluation as well as informal conversations with community foundations by CMF staff. Information from the field was intentionally integrated into the on-going initiative planning process. For example, once a year just before the initiative director developed the plan of work for the next year a meeting was held with the evaluator to review what had been learned over the past year. Implications and recommendations for the future were developed. Sometimes this process occurred through a structured data interpretation workshop with key stakeholders.
- ◆ **Develop good working relationships with funders.** CMF developed a level of trust with their program officer at the W.K. Kellogg Foundation. When their strategy to encourage affiliation and mergers did not work as planned they were able to discuss this openly and figure out how to adjust the funding to support another strategy.
- ◆ **Efficiencies of scale can be created for other administrative functions that are not core to their local identity.** In Michigan, communities value their local identities. Service area, community foundation name, location and having a local CEO are core to maintaining that identity. Other functions, such as those provided by support staff and marketing activities are not.
- ◆ **Supporting communities' options to start independent community foundations or affiliate relationships is an effective strategy in an area where communities are highly independent.** Many smaller communities realized after a few years that sustaining an independent community foundation was impossible. They appreciated the opportunity to try to develop an independent community foundation and then to have the fall-back option of affiliation (some were viable and are growing).
- ◆ **Developing affiliate relationships is encouraged by providing mini-grants to defray the lead foundation's administrative costs.** Mini-grants to lead foundations helped to defray, but did not cover, administrative costs of maintaining an affiliate relationship.
- ◆ **Develop safety-net options for small community foundations that are not sustainable.** In Michigan the safety net was the Upper Peninsula Community Foundation Alliance and support for developing affiliate relationships in the Lower Peninsula. Supports included mini start-up grants, information, legal advice, sample documents, conducting and sharing research, and on-site mentoring.

## Regional Collaboration

- ◆ **Provide opportunities and allow time for collaborative relationships to develop.** Initially, the only community foundations that applied for the Project Team Up grants already had established relationships. CMF facilitated regional meetings to give community foundation staff an opportunity to get to know one another and to discuss issues and needs they might hold in common. This strategy was successful and new collaborative relationships began to develop. Time is needed for community foundations from different communities to build the level of trust they need in order to decide to work together. They need to get to know one another professionally and personally.
- ◆ **Community foundation boards need to be encouraged to develop relationships with each other.** Community foundation boards did not participate in the first rounds of the Project Team Up grants. It wasn't until their participation was required by the grant that community foundations developed opportunities for boards to get to know each other and develop joint activities.
- ◆ **Relationships develop when people enjoy each others' company.** Individuals who share professional goals and enjoy each others company are more likely to team up. Personality conflicts have prevented some community foundations from teaming up with others even when they share professional goals or geographic service areas.
- ◆ **Small as well as large community foundations can successfully take the lead in developing a regional collaboration.** Initially, CMF required that a large community foundation apply as the lead for a Project Team Up grant. This requirement was adjusted when small community foundations became interested and willing to take a leadership role. We discovered that regional collaborations among a group of small community foundations could also be very effective.
- ◆ **Regional collaboration can stimulate community foundation growth by providing additional resources because of efficiencies of scale (staff marketing and training opportunities, etc.).** Community foundations shared staff and developed joint training and marketing opportunities that they could not have afforded alone. For example, one region brought in a nationally known speaker to address professional advisors in the area. No single community foundation could have sponsored the activity. Professional advisors attending learned about all of the community foundations in the region in addition to the topic addressed by the speaker.
- ◆ **Regional collaboration can be used to build trust and develop relationships among community foundations.** Small, struggling community foundations may develop relationships with more established foundations or with a group of foundations their own size. If at some point they decide that being an independent community foundation no longer makes sense they will

already have relationships developed with other community foundations. This could make the decision to affiliate, merge or develop an alliance easier.

- ◆ **Let community foundations decide with whom they want to collaborate.** There were staff personality differences that inhibited collaboration between certain community foundations. Geographic areas that might make sense to an outsider may not make sense locally. Other factors such as shared economic and social ties may lead community foundations to work together.