

Good to Great: Great Milwaukee Foundation Strategic Plan

This strategic plan was adopted by the GMF board in December 2005.

In his book, Good to Great, Jim Collins poses three critical questions:

- What you can be the best in the world at (and, equally important, what you cannot be the best in the world at)?
- What drives your economic engine?
- What are you deeply passionate about?

There are three areas in which staff feels the Foundation can be great:

- 1. *Providing leadership to improve our community by strategically identifying compelling community needs, commissioning research on community issues, convening key stakeholders, leveraging internal and external resources to address these needs and, when deemed appropriate, advocating for improved public policies and programs.***

The Foundation is uniquely positioned to exercise leadership because of its discretionary grant dollars, its reputation for objectivity, its ability to move quickly and the expertise it can easily assemble, both internally and externally. Examples include our efforts to create the Volunteer Income Tax Assistance Centers and the creation of the Sponsor-A-Scholar Program.

To excel in our leadership role we will need to focus more of the Foundation's resources (staff and Board time and grant dollars) on critical leadership issues, spend more time cultivating donors and foundations as co-investors, allocate more grant dollars for independent evaluations of leadership projects we support, convene key stakeholders more frequently around community issues, periodically advocate for improved public policies and programs and publicize the Foundation's leadership efforts more effectively with our key constituencies.

Success would be measured by the effectiveness and impact of the leadership programs and efforts we support, growth in the number of internal and external donors participating as co-investors, our ability to leverage significant dollars from Foundation donors and other funding sources and our ability to foster, with our partners, the necessary changes in public policies and programs.

- 2. *Being the leader in providing the resources and expertise required to fulfill and to grow the philanthropic vision and impact of our donors and their families.***

No other organization provides our intimate knowledge of nonprofit agencies and community needs combined with our knowledge of charitable giving options. Recent examples include our work in helping Dick Paddock realize his dream of creating the Mequon Nature Preserve, our work with the Trinity Foundation in identifying and researching community programs that meet the donor's criteria, and our efforts to create affiliates in West Bend and Oconomowoc. In the area of charitable planning a recent example is our sponsorship of a series of conferences featuring Charles Collier.

To excel in this area we need to better identify the interests of our donors and to communicate more effectively the many exciting charitable programs that match the donors' interests. We will also focus more time educating donors on the various types of gift vehicles they can use to fulfill their philanthropic goals in as tax-efficient manner as possible.

Success in this area will be measured by our ability to engage our donors using the engagement criteria approved by the Board (page 14 of this document). We will also measure donor satisfaction on a regular basis.

3. *Ensuring that the legacies entrusted to the Foundation are managed to honor forever each donor's charitable intentions and to ensure that each donor's fund makes an enduring community impact.*

No other nonprofit organization combines the Foundation's strong investment management expertise with a dedication to fulfilling faithfully our donors' wishes in perpetuity. Examples include our creation of the Shaw Scientist program to fulfill the wishes of Dorothy Shaw and the competitive grants and fellowship program we recently designed to address Mary Nohl's passion for the arts and particularly the visual arts.

Excelling in this area will require a more thorough process for reviewing the use of each donor's fund to ensure that the donor's wishes are faithfully executed while continuing to excel in the investment of the assets under management.

We will measure success by our ability to meet or exceed the appropriate investment benchmarks, to implement a fund-by-fund review process that ensures we are honoring donor intentions without error, and that we apply the variance power when it is appropriate to safeguard the donor's interests.

The Foundation's "economic drivers" are to increase giving to the Foundation through outright and deferred gifts, to generate superior investment performance and to build an administrative endowment that will help support the Foundation's leadership efforts.

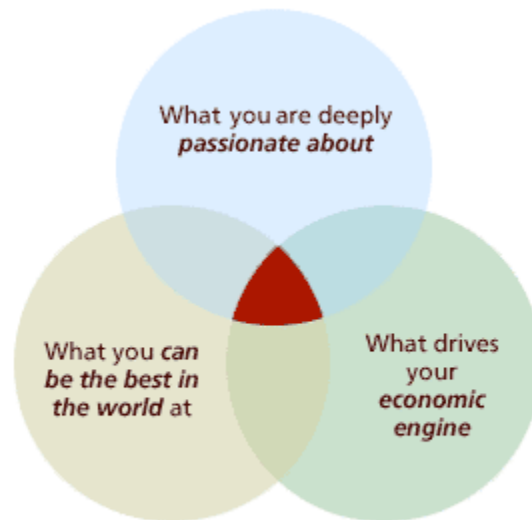
We believe that if we succeed in being great in each of the three areas defined above we will succeed in securing larger gifts in the future. Donors who are aware of the Foundation's leadership role and become co-investors are more likely to leave a deferred gift, as are donors who receive high quality, value-added services from the Foundation's program and development staff. Similarly, if we succeed in building the Foundation's reputation for ensuring that donor's wishes are carried out faithfully, we will attract larger gifts.

Our efforts to be great in each of the three areas noted above will require us to reallocate our staff, board and financial resources and we will begin this task in the proposed 2005 budget and the respective departmental work plans for 2005. However, we anticipate that implementation of all of the required steps will take place over the next three years.

Good to Great

Jim Collins, in his book, Good to Great notes, “The essential strategic difference between the good-to-great and comparison companies lies in two fundamental distinctions. First, the good-to-great companies founded their strategies on deep understanding along three key dimensions—what we came to call the three circles. Second, the good-to-great companies translated that understanding into a simple, crystalline concept that guided all their efforts—hence the term *Hedgehog Concept*.”

“More precisely, a Hedgehog Concept is a *simple, crystalline concept that flows from deep understanding about the intersection of the following three circles*:



Three circles of the Hedgehog Concept

1. What you can be the best in the world at? (And, equally important, what you cannot be the best in the world at.) This discerning standard goes far beyond core competence. Just because you possess a core competence doesn't necessarily mean you can be the best in the world at it. Conversely, what you can be the best at might not even be something in which you are currently engaged.

2. What drives your economic engine? All the good-to-great companies attained piercing insight into how to most effectively generate sustained and robust cash flow and profitability. In particular, they discovered the single denominator—profit per x —that had the greatest impact on their economics. (It would be cash flow per x in the social sector.) While the cost/revenue study gives us a starting point to answer this question, it cannot be fully answered without consensus on the other two questions.

3. What you are deeply passionate about? The good-to-great companies focused on those activities that ignited their passion. The idea here is not to stimulate passion but to discover what makes you passionate.”

Core Values, Mission and Vision

Jim Collins, in Built to Last, describes core values as “The organization’s essential and enduring tenets – a small set of general guiding principles; not to be confused with specific cultural or operating practices; not to be compromised for financial gain or short-term expediency.”

Core Values: <i>Who we are</i>	Mission: <i>Why we exist</i>
<p>Integrity Effectiveness Respect Transparency Innovation Diversity Equity Inclusiveness Collaboration</p>	<p>To strengthening communities through effective partnerships.</p>
Vision: <i>What we want to be in the future</i>	Strategy: <i>How we will make our vision a reality</i>
<p>An effective partner that develops, supports and advocates for projects, programs, and policy changes that strengthen communities, in measurable and sustainable ways.</p>	<p>We will partner with others:</p> <ul style="list-style-type: none"> • To help our donors grow their philanthropy in support of the organizations and causes important to them; • To address critical community needs as an active grant-maker and convener; and • To advocate for change to better serve people and their communities.

The Greater Milwaukee Foundation can be great at . . .

1. *Providing leadership to improve our community by strategically identifying compelling community needs, commissioning research on community issues, convening key stakeholders, leveraging internal and external resources to address these needs and when deemed appropriate, advocating for improved public policies and programs.*
2. Being the leader in providing the resources and expertise required to fulfill and to grow the philanthropic vision and impact of our donors and their families.
3. Ensuring that the legacies entrusted to the Foundation are managed to honor forever each donor's charitable intentions and to ensure that each donor's fund makes an enduring community impact.

The Foundation's "economic drivers" are . . .

1. To secure \$160 million in outright gifts from 2005 through 2009.
2. Investment performance over 7 years exceeds our benchmarks. Measured annually.
3. Build an administrative endowment (Leadership Fund) to \$5 million in ten years (by the end of 2015).

Our success in achieving our goals will be measured by . . .

1. The effectiveness and impact of our leadership and grant-making.
2. Our ability to secure co-investors for our leadership efforts.
3. Growth in the number of larger funds we are able to secure through a combination of current and deferred gifts.
4. Procedures that continually measure our compliance with the intentions of our donors and use of the variance power when warranted as well as investment performance that meets or exceeds the relevant benchmarks.
5. A very high level of confidence in the Foundation among our key constituencies – donors, potential donors, attorneys and other advisors, the nonprofit sector and community leaders.
6. Growth in outright and deferred giving to the Foundation, superior investment returns and a growth in the administrative endowment.

Goal #1: Providing leadership to improve our community by strategically identifying compelling community needs, convening key stakeholders, and leveraging internal and external resources to address these needs.

We are passionate about . . .

- Helping foster collaborative ventures where all parties (donors, grantees, GMF and others) become “investors;” where everyone is committing their time and resources to “make something happen” to address an important community issue.
- Our leadership in addressing community issues; helping make things happen in the community that might not otherwise happen.

Strategic Components:

1. Identify critical community issues where the Foundation’s leadership can make a measurable difference, where we can work with strong partners and leverage support. This will include commissioning research on selected community issues to help foster an informed discussion of public policy choices.
2. Allocate one-half to two-thirds of the Foundation’s discretionary non-capital dollars annually to address critical community issues. Projects must meet the criteria for leadership grants listed on page 13 of this document.
3. Evaluate the strategies we are supporting to ensure that the impact of our grants is objectively assessed.
4. Develop a communications strategy for each leadership effort so that GMF donors and the greater Milwaukee community are fully aware of the impact of the programs we are supporting, the co-investment opportunities and the GMF’s leadership role.

Measures of Success:

1. Allocate one-half to two-thirds of discretionary grant dollars to strategic leadership grants by 2009. Measured cumulatively.
2. Allocate one-half to two-thirds of our discretionary grant dollars by 2009 to support programs that address the issue of persistent poverty. Measured cumulatively.
3. For every discretionary grant dollar allocated for leadership, leverage at least three dollars in co-investments from the Foundation’s donors and from external donors including corporations, foundations and individuals. This will be measured cumulatively for each leadership project and updated annually.
4. Evaluations that verify the effectiveness and the impact of each of the identified leadership programs supported by the Foundation. Measured annually.
5. Ensure that 95% of our donors, prospective donors and intermediaries “agree” or “strongly agree” that the Foundation is a “philanthropic leader in the community.”

What will Change:

- Focus more of the Foundation’s resources (staff and Board time and grant dollars) on critical leadership issues, particularly programs addressing persistent poverty. Decline a higher percentage of unsolicited grant requests.
- Commission research on community issues when such research is deemed essential to fostering a more informed discussion of selected public policy issues.
- Convene on a regular basis key stakeholders to find common ground in tackling important community issues.
- On occasion support advocacy efforts to change public policies or programs.
- Focus more time in cultivating donors and foundations as co-investors in leadership projects.
- Allocate more grant dollars to conduct outside evaluations of leadership projects.
- Publicize more effectively with our key constituencies the Foundation’s leadership efforts.

Rationale	Examples
<p>While other organizations routinely identify community issues and convene stakeholders, no other organization combines all of the following elements:</p> <ul style="list-style-type: none"> • A broad mission that enables the Foundation to address virtually any community issue • A focus on the entire metropolitan area • A reputation for objectivity • Substantial discretionary grant dollars • The ability to move quickly in addressing issues, in part because the Foundation is not a “membership” organization • The interests, expertise and financial resources of the Foundation’s donors • Staff and Board members skilled in brokering partnerships <p>The Foundation’s program staff have a wealth of knowledge and experience including knowledge of the key stakeholders who need to “be at the table” to address an issue, the “politics” surrounding an issue, and close ties with other area and national grant-makers.</p>	<p>(1) The GMF commissioned research to document the underutilization of key entitlement programs, such as the Earned Income Tax Credit (EITC). Based upon the findings, GMF staff convened local organizations and subsequently funded two super Volunteer Income Tax Assistance (VITA) Centers and a mobile program that have dramatically increased the tax credits received by low-income working families. In 2004 the Foundation-supported VITA sites generated \$2.8 million in tax credits or 44% of all tax credits generated by the more than 20 VITA sites in Milwaukee.</p> <p>(2) The GMF partnered with the YMCA to replicate the Sponsor-A-Scholar Program pioneered in Philadelphia. The program now enrolls 50 new high school students annually and provides each with an adult mentor, academic enrichment and a \$5,000 scholarship. The evaluation of the program indicates that 98% of the students have graduated from high school and 91% are attending colleges. The GMF has also leveraged significant dollars from GMF donors to support the program.</p>

Goal #2: Providing all the resources and expertise required to fulfill and to grow the philanthropic vision and impact of our donors and their families.

We are passionate about . . .

- Engendering the joy of philanthropy in our donors and helping them get excited about what they can do to make a difference, both now and permanently.
- Taking donors to see people working their hearts out and seeing that “glimmer” in the donor’s eye that leads to an investment by the donor.
- Seeing people involved in endowed philanthropy that would not normally be included e.g. LGBT, AIDS, people of color, women.
- Getting advisors and attorneys interested in talking about charitable giving with their clients.
- Assisting smaller local community foundations (West Bend, Oconomowoc, and Cedarburg) in determining how to build philanthropy and to best address the charitable needs in their communities.

Strategic Components:

1. Provide donors with an easy and flexible means to accomplish their charitable vision.
2. Educate donors and potential donors on the various types of gift vehicles that can help them fulfill their philanthropic goals.
3. Offer donors a rich variety of resources they can use to enhance their awareness of the many charitable opportunities in our community.
4. Support our donors’ and potential donors’ desire to involve their families in philanthropy and to perpetuate their charitable values.

Measures of Success:

1. Ensure that 50% of our #1 and #2 donors are “engaged” with the Foundation based on established engagement criteria. (See attachments)
2. Ensure that 95% of our donors are “satisfied” or “very satisfied” with the Foundation’s services.

What will Change:

- Greater focus on increasing the size of each donor’s fund through current and deferred gifts.
- Greater focus on cultivating larger gifts.
- Engage more donors and their children in using the Foundation’s services to enhance their philanthropy.

Rationale	Examples
<p>No other grant-making organization in the area has a program staff as large as that of the GMF with as much experience and knowledge of the community and the nonprofit sector. In addition the GMF is developing the only comprehensive database of nonprofit agencies and programs and research on community issues. Through the combination of our staff and database resources, the GMF can excel in connecting donors with the best available information on area nonprofit agencies, community issues, and knowledge about what programs are effective and “best in their class.”</p> <p>In addition the Foundation provides a high level of expertise to its donors and prospective donors on charitable giving options, deferred gifts, and on the tax impact of giving options. The Foundation is dedicated to fostering a philanthropic mindset as well as informing donors, potential donors and advisors on effective ways of giving.</p> <p>We believe that the Foundation is uniquely qualified to promote the growth of endowed philanthropy, particularly during the transfer of wealth that is taking place in our community in the next few decades.</p>	<p>(1) Helped the Trinity Foundation by identifying and researching exemplary programs that addressed the donor’s passion for supporting education programs that serve inner city youth.</p> <p>(2) Helped our donor, Dick Paddock, realize his dream of creating the Mequon Nature Preserve and in the process leveraged support from many other donors and created a partnership with the Village of Mequon and the Ozaukee Land Trust that is now a model for the rest of the State.</p> <p>(3) We provide a wide range of services including information on nonprofit agencies and community issues, donor tours, advice on innovative giving vehicles, advice and support for professional advisors.</p> <p>(4) We have the resources and expertise to help localized communities develop their own civic philanthropy (e.g. West Bend, Cedarburg and Oconomowoc).</p>

Goal #3: Ensuring that the legacies entrusted to the Foundation are managed to honor forever each donor's charitable intentions and to ensure that each donor's fund makes an enduring community impact.

We are passionate about . . .

- Finding creative, effective ways of fulfilling a donor's vision with the legacies they have entrusted to the Foundation.
- Providing first-rate investment returns from our investment pools.
- Ensuring that each donor's fund is used for the purposes intended by the donor.

Strategic Components:

1. A clearly defined process for reviewing and ensuring that the Foundation honors the charitable intentions of our donors for each Fund under management.
2. An investment management process that consistently provides long-term investment performance equal to or exceeding the relevant investment benchmarks.
3. A communications strategy that clearly communicates to the Foundation's constituencies the process we follow to ensure that donors' wishes are fulfilled and that the Foundation's investment management is highly competitive.

Measures of Success:

1. Review one-fifth of designated grants annually and field of interest fund grants quarterly to verify compliance with donor's wishes. Measured annually.
2. Ensure that 95% of our donors indicate that the Foundation's investment performance "met their expectations" or "exceeded their expectations" Measured every three years.
3. Ensure that 95% of our donors "agree" or "strongly agree" that the Foundation "does an excellent job of ensuring that each donor's charitable intentions are faithfully followed." Measured every three years.

What will Change:

- Regular and thorough review of designated beneficiaries to determine whether continued support is in keeping with donors' wishes.
- Better communication to the Foundation's constituencies of our role in honoring donor intentions and ensuring that each donor's fund continues to make a lasting impact.

Rationale	Examples
<p>The Foundation is committed to fulfilling a donor’s philanthropic mission today and in perpetuity. Through the execution of a Foundation gift agreement the fulfillment of a donor’s wishes is far more assured than through a private foundation or other commercial organization. This covenant with our donors is regularly monitored for compliance with their intentions after their death.</p> <p>In order to fulfill our donors’ wishes in perpetuity it is our responsibility to husband their charitable resources for long-term growth and stability. The Foundation is dedicated to effective investment oversight and management through our “independent” board of knowledgeable civic leaders, the assistance of top-rate professional consultation and with a high degree of accountability and transparency.</p>	<p>(1) Shaw Scientist program - The Foundation helped to develop Mrs. Shaw’s dream of promoting progress in the health and biological sciences into a prestigious and highly effective research grant program for emerging Wisconsin scientists at UW-Madison and UW-Milwaukee. Since its creation with a gift of \$4.5 million in 1982, the Shaw Fund has distributed \$10.7 million in grants and fellowships, while the Fund’s principal grew to \$11,805,000 at the end of 2003.</p> <p>(2) Mary Nohl Fund – Ms. Nohl’s dream was to support other artists, art education and the visual arts. Through the GMF’s prudent investment management and proactive program expertise, this dream will become a reality for generations to come.</p> <p>(3) The GMF’s variance power allows us to continue, without costly legal expenses, in the spirit of our donor’s vision when their original intent is no longer tenable.</p>

Economic Drivers: To increase contributions, generate superior investment returns and build an administrative endowment.

Rationale: Approximately 90% of the Foundation’s income for the administrative budget is derived by the fees assessed on the market value of the assets under management. The value of the assets is determined by the success of our asset development efforts as well as the investment performance of the portfolio. The following economic drivers will be measured annually:

1. Secure \$160 million in outright gifts from 2005 through 2009.
2. Investment performance over 7 years exceeds our benchmarks. Measured annually.
3. Build an administrative endowment (Leadership Fund) to \$5 million in ten years (by the end of 2015).

Other Metrics

1. Manage in accordance with the approved administrative budget.
2. Maintain administrative reserve funds equivalent to six months or more of annual administrative operating expenses.
3. By the end of 2009, increase the number of donors (all donors except agency endowments) with documented deferred gifts to 140.
4. Secure \$107,800,000 in documented deferred gifts in 2005 through 2009.
5. Increase by 50% in 2007 referrals from advisors, donors and other sources.

The Greater Milwaukee Foundation can and will be good, but not best, at the following functions:

- Transaction processing.
- Financial reporting (timeliness and customization).
- Management and oversight of customized investment options for funds that are sufficiently large and meet other such criteria.
- Management of small donor advised funds (those under \$50,000) that require few if any services.
- Serving as the fiscal agent, though there may be occasions, such as with Safe & Sound, when we are still the best option.
- Grant making outside of the four counties we serve.
- Involving and engaging the community's diverse population in philanthropy whether as donors, grantees, staff or volunteers.
- Sharing information with other grant-makers on good practices, effective programs, etc.

The Greater Milwaukee Foundation cannot excel at the following functions:

- Funds with high volumes of small transactions (gifts and/or grants).
- Management of funds that raise money as with the Wisconsin AIDS Fund and the former Women's Fund (now independent, the Women's Fund of Greater Milwaukee).
- Emotional, issue-based fund-raising appeals.
- Fund-raising events.
- Corporate and workplace giving.
- Providing the full range of "family office" services to families as is done by Jacobus .Wealth Management. Such services include a mix of charitable and many non-charitable services.
- Operating programs such as the Harambee Collaborative.
- Annual fund raising.

Criteria for Leadership Grants

Goal: Providing leadership to improve our community by strategically identifying compelling community issues, convening key stakeholders, and leveraging internal and external resources to address these issues. Leadership grants will be required to meet most, but not necessarily all, of the following criteria. The Foundation's senior management team must approve the designation of all leadership grants before submission to the Board.

Criteria:

- **Greater Milwaukee Foundation staff play a significant role in the development of a program in collaboration with grantees or funding partners**
 - Innovative programs that build on what exists
 - Involve key stakeholders as investors and partners from the outset
 - Share information and make it accessible to constituencies
- **Greater Milwaukee Foundation makes a significant grant or grants in support of the project.**
- **GMF commissions research on an important community issue where the absence of such research inhibits an informed public policy discussion about policy choices.**
- **GMF supports advocacy efforts to modify public policies or programs when deemed essential to addressing a community issue.**
- **Greater Milwaukee Foundation staff engage in securing co-investors internally (GMF donors) and leveraging external funding (foundations, corporations, government)**
 - The program addresses a significant community issue, need or opportunity in which private funding can make a difference
- **Partners have the capacity to deliver an effective program with results**
 - Management capability and fiscal accountability
 - Demonstrated connection and involvement with target groups to be served
 - Willingness to negotiate, collaborate and share decision-making when necessary
- **Program outcomes are results-oriented, defined and measurable**
 - Evaluation process exists for measuring program effectiveness and results
 - Results are tracked quickly and accurately
 - Information and findings are used to improve their work
- **Collaboration, as warranted, is meaningful with responsibilities clearly defined among the partners – nonprofits, funders, government agencies**
- **Greater Milwaukee Foundation is an integral partner, with other stakeholders, in providing program support, improving implementation, and communicating results to a wider audience**
 - GMF views the grant as an investment to do more, do it better, and reach people more effectively
 - GMF collaborates in communicating programs with results that make a difference (media, publish, highlight research and best practices)

- **The supported program has the potential to become sustainable or to become a replicable model**
 - GMF and partners develop an exit strategy that ensures successful program continuation

Criteria for Engaged Donors

We will consider a donor to have become engaged if they:

- Do ONE of the first 3 primary criteria
- Do at least 2 of the “other” criteria

3 Primary Criteria:

- Donor co-invests with GMF on one or more projects
- Donor decides on/informs us of a deferred gift (not previously-documented for audit purposes)
- Donor gives a prospect or adviser referral or in other ways helps staff cultivate donors, prospects or advisers

Other Criteria:

- 1) Attends GMF events (includes such events as Mike Miller session, donor tour or briefing, Annual Meeting, MCC donor event, Lunch with the President, meeting of donors with like interests, etc.)
- 2) Participates in a GMF focus group or on a GMF committee
- 3) Actively uses the GMF staff: requests and receives help from a program officer or DSO to research an agency or potential grant, meets with DSO or other staff for a one-on-one meeting, meets with a gift planning officer to discuss estate planning &/or attends a planned giving workshop, etc.
- 4) Gives a gift to their fund of \$2500 or more
- 5) Has 3-4 phone conversations covering donors interests, opportunities to get to know donor better &/or have them get to know the GMF better and what we have to offer them
- 6) Participates as a MOSAIC partner or become a Sponsor-A-Scholar mentor
- 7) DSO meets with family members or successor advisers of the donor or successor adviser(s) or family member(s) attend GMF event

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