



Advancing Community Leadership Through Donor Engagement

Creating New Roles for Traditional Donors • Connecting Donors to Leadership Efforts
• Community Philanthropy •

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March 2010



Community Leadership Framework

This paper illustrates important building blocks for effective community leadership practice, as described in the *Framework for Community Leadership by a Community Foundation* prepared by the National Task Force on Community Leadership. The Framework analyzes four Building Blocks that are fundamental to the effective practice of community leadership: Values, culture and will; Relationships; Resources; and Understanding and skills. To view the Framework and to access a Toolbox for putting it to work for your community foundation, visit www.cof.org/cfertools or www.cfleads.org.

Community foundations are distinctive in the philanthropic world because they are made up of collections of funds from many donors and are not simply composed of the corpus of a gift from a single donor. Because donors can create and add to funds at any time, community foundation assets grow through regular additional contributions as well as through market growth. For many years, fund development was a primary goal of community foundations and facilitating the individual giving of donors was a primary role. Recently though, more community foundations and their donors are recognizing that they can do more than simply make grants to a number of good causes; they can come together as partners in improving their communities. This paper examines the steps several community foundations have taken to engage their donors to build thriving communities.

Engaged donors help strengthen the building blocks that are essential to the effective community leadership practice of any community foundation. (See sidebar on *Framework for Community Leadership by a Community Foundation*.) Informed, connected donors help broaden a foundation's relationships; increase its resources; strengthen understanding and skills; and reinforce a foundation's values, culture and will to take the lead on community issues. Given the opportunity, donors can:

- Provide operating funds that support core community leadership work.
- Contribute unrestricted funds that build a community foundation's capacity for community leadership work long-term.
- Directly support programs that address a foundation's areas of focus.
- Serve in leadership positions and lend their influence and stature to community foundation initiatives.
- Share knowledge about specific issues and offer specific skills.
- Provide access to influential individuals and tap into expanded networks to build alliances important to community leadership efforts.
- Inject fresh and diverse perspectives into issue identification and problem solving.
- Provide a steadfast vision and commitment in the face of skepticism and criticism.

Note to readers: This paper highlights several strategies that connect donors to community leadership work. It does not intend to offer a comprehensive overview of the community leadership efforts or donor services provided by any of the community foundations profiled. At the time of this writing, strategies for donor engagement in community leadership are still evolving. We hope that this paper will lead to greater discussion and information-sharing about donor engagement across the community foundation field.

Napa Valley Community Foundation

Napa Valley Community Foundation (NVCF) is a young (15 years) community foundation in a rural area of California with a county population of 135,000. The region is home to the wine industry and includes second homes of retirees as well as a community of farm laborers, creating a challenging dynamic between baby boomers and immigrants. The foundation's \$20 million in assets is composed mostly of donor-advised funds.

DONOR ENGAGEMENT SPOTLIGHT:

A Unique Way of Financing Core Community Leadership Work

NVCF has built giving to the foundation's Community Impact Funds into the structure of its donor-advised funds. When a nonpermanent donor-advised fund is established at NVCF, at least five percent of the initial contribution must be made to one or more of NVCF's Community Impact Funds (chosen by the donor). Further, every January thereafter, five percent of the fund's balance must be contributed to one or more Community Impact Fund of the donor advisor's choice. This practice enables the community foundation to increase discretionary funds to act in seven priority areas that have been identified by the foundation: Capacity Building of health and social service organizations; City Funds for three of the county's towns; Arts and Culture; The Green Fund to address the causes of local climate change; In and Out of School Fund; Neighbors Fund for community emergencies; and the Strong Communities Fund to meet basic needs. NVCF's donor-advised fund agreement can be viewed online at http://www.napavalleycf.org/documents/Donor_Ad_Fund_Agreemt.pdf.

Non-fundholders are also encouraged to contribute directly to the foundation's Community Impact Funds.

To help finance staffing, outreach, convening, research and other community leadership activities, NVCF assesses Community Impact Funds an administrative fee of ten percent annually. Community Impact Fund assessments provide one-third of NVCF's revenue from fees.

Among the additional ways NVCF supports donors becoming better informed and involved are:

- **Soliciting co-investment through targeted outreach to donors** — NVCF reaches out to donors to co-invest in special leadership initiatives. For example, in response to the economic downturn, NVCF allocated \$80,000 to a Safety Net Grant fund. A single donor added \$200,000. NVCF then challenged other donors to step forward, which resulted in a fund of \$385,000 from which NVCF made operating and emergency relief grants of \$10,000-\$50,000 to selected nonprofits. Also, as follow-up to a monthly e-mail newsletter to 900 people that describes funding opportunities vetted but not fully funded, NVCF staff routinely call donors whom they know might be interested in a particular proposal and invite them to become funding partners.
- **The Community Endowment** — Anyone can contribute to NVCF's unrestricted endowment, which provides the dual benefits of allowing anyone to be a philanthropist while providing flexible funds for NVCF's community leadership work as the community's needs change over time.
- **Quarterly gatherings of donors, including potential donors** — Like many community foundations, NVCF regularly hosts informational gatherings for donors, often featuring a national expert on an issue of interest to the community. Events are well attended, attracting up to 75 donors to each.

How do they staff it? NVCF maintains four full-time and two part-time staff. CEO Terence Mulligan says NVCF hires smart generalists with curiosity, rigor, and assertiveness to match the foundation's goals of playing a leadership role and having an impact.

Rochester Area Community Foundation

The Rochester Area Community Foundation (RACF) was founded in 1972 and serves six counties in western New York State. A partnership with the Ford Foundation launched RACF on an early path of strategic and long-term leadership initiatives, focusing some 20 years ago on the issues of early childhood development and education. Today, the Rochester area boasts urban preschools at the summit of national standards for quality and children who are well prepared to enter kindergarten.

Donor involvement has been embedded into the foundation's culture and practices. RACF's vision and mission statements reflect the foundation's commitment to strategic community leadership and donor involvement. Vision: "To be Greater Rochester's catalyst for community change." Mission: "We engage passionate philanthropists in improving our community."

DONOR ENGAGEMENT SPOTLIGHT:

Donors as Advocates and Leaders

RACF provides multiple avenues for donors to become involved as co-investors in specific issues and in community leadership broadly. Foundation President Jennifer Leonard advocates what she has labeled the "virtuous cycle." That is, when engaged and informed donors are invested in and see the positive impact in the community of leadership efforts, the result is increased philanthropic resources for the community.

RACF donors are involved in leadership positions in the foundation's structured approach to its community leadership work. RACF initiatives follow a course designed to maximize impact in the community that includes convening, issue research, establishing standards and goals, defining outcome measures, identifying financial resources, and advocating for change. RACF donors are often recruited to chair leadership initiatives. In these critical roles, donors contribute their facilitation, public policy and leadership skills and deep knowledge of specific issues. As thought leaders, donors are often front and center representing the foundation and raising the community's awareness about selected issues.

RACF provides several additional avenues for donors, including:

- **Supporting foundation initiatives** — RACF staff make specific requests to donors who have a known interest in a particular issue to become funding partners with the foundation on large grants. In recent years, RACF has given increased attention to tracking and coding donors' interests to better target outreach efforts. RACF has changed its messaging with donors to put greater emphasis on community leadership work. According to Leonard, "If you're willing to make the case and enlist donors and other advocates to become a marketing force for an issue of concern, a community foundation can have a real impact."
- **Donor-initiated projects** — From time to time, donors drawn to an issue come together to initiate or fund a project. RACF also seeks challenge grants from national foundations and then looks to donors for matching support, thus leveraging additional philanthropic resources and enabling donors to become catalysts for change. Donors can join project steering committees, connecting even more closely to the leadership work.
- **Unrestricted support for community leadership** — RACF has created a 21st Century Fund to receive solicited multi-year gifts from donors to provide unrestricted support for the foundation's community leadership work.

Jennifer Leonard encourages community foundations to define their success using measures more sensitive than total asset level. RACF also tracks increases in the number of overall gifts, the number of bequests to the foundation's unrestricted funds, the number of donors using the foundation's grantmaking expertise, and in the proportion of assets that are flexible funds. RACF has set a goal of maintaining its flexible funds at no less than 10% of total assets (currently they are at 14%, a level maintained while the foundation doubled in size).

How do they staff it? RACF initially created the position of Vice President for Philanthropic Services to support donor advisors with grantmaking, education and service. To reduce silos, donor-advised grantmaking has been combined into the Community Programs Department in an intentional effort to link donors to the foundation's grantmaking

and engage them in strategic grantmaking from their advised funds. With 7 of its 21 staff in the combined department, RACF also invests in staff development, recognizing that when a community foundation plays a leadership role, its staff must be skilled and knowledgeable.

Community Foundation for Greater Buffalo

The Community Foundation for Greater Buffalo (CFGB), founded in 1919, serves an eight-county area in western New York state. CFGB refers to its community leadership work as “community change” work, signaling an aggressive approach to addressing the region’s persistent problems.

DONOR ENGAGEMENT SPOTLIGHT: Issue-Focused Pathways

CFGB involves donors in shaping, implementing and funding its Community Action Agenda. CFGB’s board devoted a year to studying community issues, how others are addressing them, and where CFGB could have an impact. Four focus areas were identified: increasing economic self-sufficiency; reducing racial disparities; enhancing and leveraging natural, historic, and architectural resources; and strengthening arts and culture. CEO Clotilde Perez-Bode Dedecker sees the foundation as “creating movements” in these four issue areas. Adoption of issue areas not only focuses the foundation’s opportunity for impact, but also provides specific pathways for donor engagement and investment.

Since 2008, in each of the four areas, CFGB has issued Community Impact Reports¹, identified barriers, set specific goals and convened relevant partners working on each issue. Donors with a known interest in any given issue were invited to participate in the convenings. The convened groups then planned initiatives where they could work deeply on an issue and stay involved in guiding the achievement of the goals. Over three years with an investment of \$1 million, CFGB has leveraged \$7 million from public sector and private partners.

Based on the Community Action Agenda experience, CFGB has articulated a “leadership equation” that the foundation follows whenever it considers a leadership initiative. Guided by the

framework of the four focus areas, CFGB:

Identifies a specific barrier or opportunity that is “ripe”,

Convenes relevant stakeholders across the sectors, including peer funders, donors and occasionally national experts, who often have the additional benefit of adding to donor enthusiasm,

Facilitates a process to identify what success would look like in three years along with an action plan,

Determines how to maximize the impact of existing resources, before investing any new resources,

Leverages the foundation’s own discretionary resources as well as the resources of donor advisors, and

Finds outside resources, including public sector sources and national foundations.

CFGB provides additional opportunities and resources to encourage donor engagement in the foundation’s leadership areas, including:

- **Donor e-Digest** — This resource is sent via e-mail, twice a month to keep donors informed of new research, reports and articles pertaining to the focus areas.
- **Knowledge Central** — In partnership with a local private foundation, CFGB created a web-based “shared knowledge management library,” which is a repository of readings for donors on topics related to its four focus areas.
- **Donor Dialogues** — Like many other community foundations, CFGB convenes small groups of donors to hear about a particular community or foundation initiative. Donor Dialogues leverage \$20,000-\$30,000 per year.

How do they staff it? CFGB has 2.5 staff in donor services and 2.5 staff in development. CFGB prevents staff silos by having donor services and development staff attend program meetings. In monthly management team meetings and in all staff meetings, staff work as a unit of the whole to overcome functional silos.

CFGB is finding that entrepreneurial donors who are life-long learners are attracted to its “leadership equation.” Like Rochester, Buffalo ascribes to the benefits of the “virtuous cycle,” wherein engaged

1. See www.cfcb.org/index.php/news/cir for CFGB reports.

and informed donors are more likely to commit further philanthropic resources for the benefit of their community.

CFGB staff begin the conversation early, regularly introducing prospective donors to community leadership work and the value of flexible community funds. CEO Dedecker reports that the foundation has experienced a “significant uptick” in future commitments of unrestricted funds as donors understand deeply the need for flexible funds to meet future needs. Last year, one donor spontaneously gave \$100,000 to the foundation’s unrestricted fund. CFGB provides an incentive by waiving fees on donor-advised funds when the fund will eventually become unrestricted.

The Winston-Salem Foundation

Founded in 1919, the Winston-Salem Foundation (WSF) was well-regarded for its responsive service to donors when it began its first steps into strategic community leadership in the late 1980s. WSF’s first efforts in targeted impact were focused on grantmaking to address particular issues, e.g., drug abuse prevention, strengthening neighborhoods, race relations, early childhood development, and community economic development.

DONOR ENGAGEMENT SPOTLIGHT:

Donors Building Social Capital

Beginning in the mid-1990’s, WSF began its current focused work to increase social capital in its county. This initiative, called ECHO (Everyone Can Help Out), was WSF’s first that extended beyond strategic grantmaking and fully embraced comprehensive community leadership and donor involvement. The ECHO Council is a diverse comprehensive community group, charged with increasing social capital in the community. The Council includes foundation board members and donor advisors. It has launched programs such as Conversation Groups, a volunteerism center, anti-racism training, time-banking, ECHO Awards to honor individual social capital-builders, and StoryLine, a mobile storytelling bus based on National Public Radio’s StoryCorps project. All aspects of the ECHO Council’s work are designed to increase specific components of social capital.

The ECHO Council is also creating a network that is

opening doors for new community leaders. Foundation President Scott Wierman observes that leadership, on which Winston-Salem scored low on the National Social Capital Benchmark Survey, is becoming broader and deeper in the community as new leaders emerge and are connected to the community’s broader spheres of influence.

Other donor engagement activities by the WSF include:

- **Grantmaking Partners** — This quarterly newsletter aims to engage donors as funding partners for proposals that the foundation receives. Recently Grantmaking Partners attracted a donor who is particularly interested in social capital. The donor, who established advised funds for both his personal giving and that of his company, became the foundation’s most active Grantmaking Partner, including making a grant to support the ECHO Council’s work.
- **Engaging new donors** — Like many other community foundations, WSF has reached out to engage groups of donors who were under-represented at the foundation. It has created a Black Philanthropy Initiative, a Winston-Salem Women’s Fund, and a Youth Grantmakers in Action Fund. These initiatives have broadened and diversified the foundation’s donors, the circles the foundation reaches, and its understanding of the community. Recently a WSF board member offered a matching gift to challenge new donors to the Black Philanthropy Initiative. WSF also recently received a grant from a statewide funding partner to launch an alumni group for Youth Grantmakers in Action, in hopes of keeping young people engaged and connected to philanthropy as they attend college and start their careers. Foundation President Wierman sees the funds as providing a pipeline for new leaders. According to Wierman, WSF’s intentional and comprehensive community leadership work is “creating an environment where people can fine-tune their leadership skills and other people are taking notice.”

How do they staff it? The Winston-Salem Foundation separated its development and donor services functions in recent years, which has enabled staff to be involved with donors in a much more personal way. When a major donor event was cancelled in 2009 to save on resources, donor

services and grantmaking staff jointly hand-delivered WSF's annual report to selected donors, opening the door to one-on-one conversations of real depth. Staff regularly talks to donors about the value of flexible funds in having a strategic impact on community issues. Recently, a donor who originally knew only about national efforts in her area of interest was helped by development staff to learn more about local work in that issue area. A new field of interest fund of over a million dollars for human services resulted.

Community Foundation of Greater South Wood County

The Community Foundation of Greater South Wood County (CFSWC), founded in 1994, is located in the rural community of Wisconsin Rapids, WI, and serves a 200 square mile area with a population of 40,000. In 2000, the community was rocked by hits to its two leading industries. A Fortune 500 paper company that was central to the community's economy and civic leadership for more than 100 years was sold to a European interest, relocating the headquarters to Finland and ultimately leading to massive job losses. At the same time, cranberry sales dropped and what had been the largest grower of cranberries in the world also lost its pivotal place in the community. Overall, by the year 2005 the region suffered a 39% reduction in employment.

Two donor couples who were descendents of the founders of the paper company – neither of whom resided in the community but had benefited from the sale of the company – provided financial support and encouragement in response to a request from the community foundation to help the residents of this region create a new future and shift the culture away from paternalism, dependency and entitlement to one that was self-reliant, inclusive and innovative. In response to economic crisis, the community foundation elected a community leadership path, consciously setting aside top-down styles of civic leadership and embracing a shift to an inclusive, resident-driven approach to community problem solving.

Operating support from these two couples – Ruth and Hartley Barker and Gilbert and Jaylee Mead – and the Ford Foundation helped build CFSWC's capacity for community leadership, enabling the

foundation to expand and train staff, retain outside expertise, and undertake activities such as a comprehensive adaptive leadership skill development program, a 'Transfer of Wealth' study and a comprehensive survey of community priorities. Upon joining the board, Gilbert Mead inspired support and invested his time to help the board stay a community leadership course, despite public criticism about the foundation's new role in community economic development and fears that donors would be alienated by the foundation's bolder leadership role. According to foundation CEO Kelly Lucas, "Gilbert's investment of time, support and courageous leadership on behalf of his hometown were even more valuable in supporting community change efforts than his financial contributions." CFSWC's board and CEO stayed committed and worked through the hard discussions to develop a shared vision of a community leadership institution that uses philanthropy as one of its tools to create a just and prosperous community.

DONOR ENGAGEMENT SPOTLIGHT:

Empowering Residents through Community Philanthropy

Community philanthropy and community participation are important features of CFSWC's approach to community leadership. To encourage communities to engage residents in advancing a vision, identifying priorities and problem-solving, CFSWC created six community endowments, called Progress Funds, each administered by residents of towns in the region. Challenge grants were provided to stimulate local donations to create \$40,000 endowment funds and provide additional \$5,000 awards for immediate regranting by Progress Fund Committees in each town during the endowment-building campaigns. Each of the six communities succeeded in achieving its endowment goals, with a total of 763 individual gifts.

The Progress Funds are part of the Community Progress Initiative (CPI), a comprehensive community change strategy launched in 2004 in partnership with the Heart of Wisconsin Business and Economic Alliance that included economic, community and leadership development. CFSWC, the Barker Mead Fund and the Ford Foundation jointly received the 2008 Council on Foundations "Critical Impact Award" for their investment in and leadership of the

Community Progress Initiative.

By expanding the tables where information is shared and decisions are made, the foundation seeks to leverage local skills, talents and financial resources and encourage self-reliance in communities. The belief that everyone is welcome around the problem-solving tables, with or without financial resources, has led to more donors and increased donor involvement over time. “It’s impact that engages donors and the belief that their investment matters,” says Lucas. The foundation has documented an increase over the past five years in donors with existing funds at the foundation choosing to make contributions to the unrestricted fund to support community change efforts versus their own established fund. Recent evidence of increased donor engagement and support for the foundation’s community change agenda came at

the end of 2009; 38% of year-end gifts made to the unrestricted fund were from new donors.

The Progress Funds represent one of many donor engagement activities at CFSWC. CEO Lucas believes that donor engagement goes beyond large sums of money and includes the time that engaged donors give and the reach they provide into circles where community foundations might not have ready access. Lucas says that community foundations are ideal organizations to take on an effective leadership role because systemic change is possible within their place-based orientation. The human and financial capital that is leveraged by commitment to a local place is perhaps the greatest asset of a community foundation that wants to play a leadership role.

For more information:

Community Foundation for Greater Buffalo

www.cfgb.org

Community Foundation of Greater South Wood County

www.cfswc.org

Napa Valley Community Foundation

www.napavalleycf.org

Rochester Area Community Foundation

www.racf.org

The Winston-Salem Foundation

www.wsfoundation.org