

# BECOMING THE COMMUNITY'S FOUNDATION

*Insight and change in New Haven* By Matthew Clark & John Kania

By the end of his first year as CEO of the Community Foundation for Greater New Haven (CFGNH), Will Ginsberg was convinced that the organization needed to change.

“When I got here in 2000, I already had a strong sense of the community. I had lived here for a decade, but I was a newcomer to philanthropy. As a result, I spent time observing and reaching out to colleagues both inside and outside New Haven. By the fall of 2001, it was clear to me and the Board that we weren’t grappling with critical changes in the field in our development efforts. Our strategy had remained static in the face of the rise of competing charitable gift funds, a declining economy, and the significant shift of many other community foundations to a more donor-focused model.”

Ginsberg continued, “But we couldn’t simply emulate the strategies of others, because in many ways, we’re a different animal. For example, about 70% of our giving is from unrestricted and preference funds, a very different mix from that of many other community foundations. We needed a strategy that fit our unique situation.”

After discussions with a number of consultants, CFGNH selected FSG. The work began in November 2001 with a market analysis and strategy development effort. Following the development of the foundation’s new vision, FSG helped the foundation bring the strategy to life through an implementation and change management process that ended in November 2002.

## A NEW VISION

Any new development strategy would have to answer a number of core questions: What motivates different segments of donors? Which services and offerings would be most attractive to each segment? How does the community perceive CFGNH?

To address these questions, FSG conducted interviews with dozens of current and potential donors, other regional funders, and financial service professionals. The consulting team undertook a rigorous quantitative analysis of the donor database, recent giving trends, and household wealth throughout CFGNH’s service area.

“So what did we learn?” Ginsberg continued, “First, that the Foundation had a substantial opportunity for growth. The analysis of giving potential was truly eye-opening. We finally understood the distribution of wealth in the 20 towns we serve, and we saw that we were only capturing a small share of giving. We had thought that geographic expansion was essential, but realized that there was ample wealth in our core communities – where we were already best known.”

“Second, we learned that while the community saw us as an august and trusted institution, they didn’t see us as a dynamic force. To use

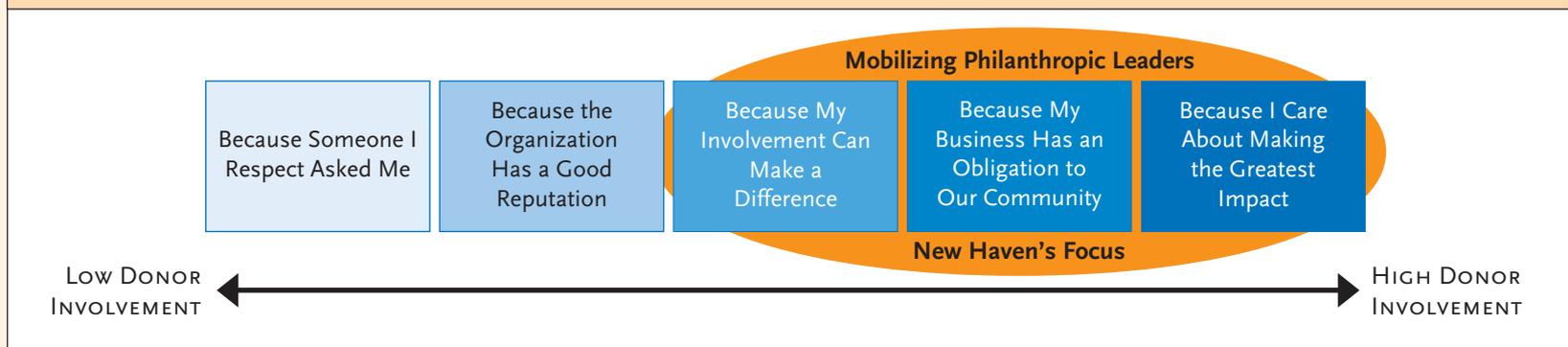


FSG’s language, we had high stature, but low vitality. This helped to explain our limited share of local giving.”

“Third, we gained insight into how giving happens here, in terms of the interaction between donor motivations and networks of relationships. On any major issue, this community is blessed with citizens who are eager to play a leadership role. These leaders tap into a variety of networks – social, professional, academic, or issue-based – to raise the needed funds.”

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Figure 1 DONOR MOTIVATIONS AND FOUNDATION POSITIONING



“Bringing these three insights together,” Ginsberg concluded, “our vision came into focus: We would mobilize and empower the community’s philanthropic leaders on topics of mutual interest, such as early childhood development, leveraging their commitment and energy with our programmatic, development, and communications expertise. We also recognized that this vision involved more than just a new approach for development – it meant a fundamental rethinking of our role in the community and changes in every aspect of our work.”

FSG’s donor segmentation work had identified five different categories based on the motivation for giving. (Figure 1.) The Foundation chose to build its strategy around more engaged donors on the right. This strategy had great potential to unlock and channel new funds, but it also called for a substantial rethinking of how CFGNH was organized. How would philanthropic leaders be recruited? What governance model would enable staff and board to work with outside leaders? How would development, program, and communications staff work together to support *their* strategy by engaging philanthropic leaders around areas of interest?

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A PROCESS FOR CHANGE

Ginsberg realized that such organizational challenges could easily derail the new strategy: “We wanted to bring the strategy to life quickly and not let it languish as a dusty binder on a shelf, so we asked FSG to help us with implementation. Their consultants had been working on-site at the Foundation almost weekly, and they had developed a close working relationship with many of our staff and Board members. They knew us well, and that meant that they were well-positioned to lead us through a process of organizational change.”

FSG designed and facilitated a two-track process comprised of a Board Task Force and a Staff Task Force. The Board Task Force focused on

how the new strategy would change the board’s role in the grantmaking process, its committee structure, and its approach to performance assessment. The Staff Task Force was charged with developing recommendations for changes in organizational structure, the grantmaking process, and information systems needed to be able to recruit, engage, and support philanthropic leaders. This meant changing the internal culture by breaking down old definitions of departmental roles and creating new cross-functional ways of working.

The work of the teams led to a new perspective on the board’s role. Its focus would shift outward from the usual grant-by-grant approvals to a more proactive role in the community. Going forward, the board would help identify and recruit philanthropic leaders, tap local fundraising networks, set broad resource allocation priorities, and evaluate the foundation’s performance.

The staff team identified ways to foster collaboration among outside leaders, program staff, and development staff while maintaining clear lines of responsibility and accountability. It also developed recommendations for a redesigned grantmaking process, a new development process, new communications approaches, and new ways to engage donors.

The two teams’ recommendations were accepted at a special Board meeting in November 2002.

THE COMMUNITY’S FOUNDATION

While the strategy is just starting, initial signs are encouraging. The Foundation is developing initial Philanthropic Leadership teams on early childhood and African American and Latino philanthropy and giving in the Naugatuck Valley area – a subgeography within Greater New Haven. Additionally, early 2003, the foundation created an innovative campaign to help local nonprofits involved in hunger and homelessness cope with the effect of state budget cuts.

According to Ginsberg: “Some of the funds came to the foundation and some went directly to the nonprofits. The important thing was that the community responded to our call. We’d done our research, used what we learned to change the community’s understanding of hunger and homelessness, engaged leaders, and disseminated our message to the community – and people stepped up to the plate.”

“Community foundations typically ask the community to support them; we’re asking instead: ‘How we can support our community?’. If we do it right, and take the broad view, we’ll create substantial social impact in our community, and the foundation will create more impact, mobilize more giving, and we’ll get a sufficient share of that increase ourselves.”