
FACTORS FOR SUCCESS: INCREASING THE CAPACITY TO RAISE UNRESTRICTED ENDOWMENT
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FORWARD

The Factors for Success discussed in this article derive from an evaluation conducted by TCC Group (formerly The Conservation Company) for The Kresge Foundation (Kresge) related to the *Partnership to Raise Community Capital* community foundation initiative. In the first phase of the evaluation, Kresge used unrestricted endowment grants as a capacity building catalyst for community foundations. In so doing, Kresge helped community foundations raise unrestricted endowment funds, initiate programs and services, and promote strong partnerships. The evaluation revealed that, as a result of the Kresge initiative, the community foundations saw their financial, organizational, and grantmaking capacity increase at unprecedented levels¹ for their community foundations outpacing the rest of the field.² In assessing how and to what extent grantees were successful in raising unrestricted endowment and building their capacity, common factors arose that suggest a set of strategies that community foundations can implement to increase their success. These success factors are the subject of this article.

BACKGROUND ON THE PARTNERSHIP TO RAISE COMMUNITY CAPITAL INITIATIVE

In September 1998, the Kresge Foundation announced the creation of its five-year Partnership to Raise Community Capital for the express purpose of increasing the endowments of small community foundations (asset size: between \$10 million and \$25 million). In the *Partnership to Raise Community Capital* initiative, Kresge had three goals: (1) to build capacity at a key point in a community foundation's development; (2) to endorse the role of a community foundation to initiate programs, provide services, and build community assets; and, (3) to promote strong partnerships between a community foundation and nonprofit organizations, donors, and financial institutions in its community.

This multi-year program had two distinct phases.³ Phase I involved activities associated with a \$1 million challenge grant made to each of six community foundations. They were expected to raise an additional \$1 million dollars in unrestricted endowment funds. These discretionary dollars pose the most difficult fundraising challenge for community foundations because prospective donors increasingly seek to exercise control over the disposition of their charitable dollars, evidenced by the explosion in donor-advised funds. Phase II focused Kresge's resources on supporting community foundations' efforts to serve as repositories for agency-restricted endowments for nonprofit organizations.⁴

By the original March 1, 1999 deadline, 35 applications had been submitted to the Kresge Foundation. In addition to fulfilling rigorous application requirements, each community foundation satisfied the requirement of raising an initial 10% of the Phase I challenge in order to participate. Two months after the application deadline, ten finalists were chosen. In December 1999, the Foundation selected six community foundations to participate in the Program:

¹ Grantees realized an *overall increase in unrestricted endowment of 84%* from 1999 through 2001. During the same time period, the community foundations that received RFPs recognized an *overall increase of 2%*, while others in the total universe of community foundations recognized an *overall decrease of 8%* in unrestricted endowment. Other information about the initiative and the evaluation, beyond those inherent in the Factors for Success, are addressed in other reports and articles. If you would like additional information, please contact the TCC Group.

² For purposes of the evaluation, the rest of the field constituted respondents to a community foundation survey administered with the assistance of the Council on Foundations. A representative sample of 82 community foundations responded, including those who were specific targets of the Kresge initiative and those from the larger universe of the field.

³ The *Partnership to Raise Community Capital* initiative is a closed program. Kresge is not accepting new applications for the initiative.

⁴ Phase II was **not** the subject of the evaluation conducted by the TCC Group.

- Wyoming Community Foundation (Laramie);
- Community Foundation of Broward County (Ft. Lauderdale);
- Saginaw Community Foundation;
- Community Foundation of South Alabama (Mobile);
- Sioux Falls Area Community Foundation; and,
- Community Foundation of the Eastern Shore (Salisbury).

Drawing upon combinations of the success factors discussed in this article, each grantee was successful at meeting the Kresge 1:1 match, securing the Phase I \$1 million challenge grant to its unrestricted endowment. Upon that platform of increased support, the community foundation grantees were able to leverage their resources strategically, positioning themselves for greater impact in the community. The grantees' stories offered an opportunity to identify and reflect upon the factors and strategies that contributed to success and what more can be learned about unrestricted endowment and capacity building.

THE CHALLENGES, OPPORTUNITIES, AND CASE FOR UNRESTRICTED ENDOWMENT

Building unrestricted endowment has been acknowledged as an ongoing need for community foundations as they grapple with the challenges of increasing community and human service needs and dwindling financial resources. An unrestricted gift to the community foundation is an excellent way to provide resources for grantmaking and to help make positive changes in the community. The donors of unrestricted funds trust that the community foundation is knowledgeable about the community, capable of bringing community organizations together with donors and jointly devising strategies that can positively impact the community. Donors with varied philanthropic interests find that an unrestricted fund in the community foundation is a simple and flexible way to accomplish their charitable objectives.

Community foundations set annual goals for asset growth, programmatic thrusts and donor relations. There is considerable diversity among community foundations and a host of variables that affect asset development, including the demographics of the community (e.g., population size, the character and culture of the community, numbers of affluent individuals, the local philanthropic environment); the commitment and capability of the board; and the level and skills of the staff.⁵ There is also considerable variety in the funds they seek to attract (e.g., permanent, non-permanent, designated, advised, field-of-interest, and discretionary).

It is the individual community foundation's mission and how it views its role vis-à-vis the three publics it serves – donors, the nonprofit sector, and the community as a whole – that will drive its choices about fund development and fundraising approaches.⁶ Community foundations must maintain a tenuous balance: "If we don't serve donors, that is, provide them with attractive opportunities to meet charitable needs as they see them, the community foundation will not receive contributions for any purpose. If we serve the donors only, and have no intention of serving the greater community over time, then the community foundation will fail by focusing only on the donor side of the business."⁷ Ideally, fundraising strategies will be developed and implemented in the context of a comprehensive development plan that emanates from the foundation's basic mission, identifies goals and objectives, and provides a blueprint for each step or activity needed to achieve the goals.⁸

Generally, community foundations serve the following overarching goals in communities:

⁵ Struckhoff, *Ways to Grow*, 6-7.

⁶ Jennifer Leonard, "Creating Community Capital: Birth and Growth of Community Foundations," in Richard Magat, ed., *An agile servant* (The Council on Foundations, 1989), 95-6.

⁷ Paul Verret, *Development and Fundraising for Community Foundations: Will the Ugly Duckling Become a Swan?* (National Agenda for Community Foundations "Point of View" series, Council on Foundations, [1990]), 5.

⁸ Struckhoff, *Ways to Grow*, 75.

- To raise resources locally, regionally, and nationally to build stronger communities;
- To provide leadership in identifying community needs and searching for solutions;
- To coordinate the efforts of local community-based organizations, corporate social investment programs, and government initiatives by providing an independent space for dialogue;
- To build a permanent endowment and use the income to make grants to local organizations;
- To develop cross-sector partnerships to improve the environment; strengthen the quality of health, education, and housing programs; and provide sustainable employment.

To achieve these goals, community foundations need financial assets, preferably permanent resources over which they have the most control; and, they must develop multiple strategies to build these resources. Community foundations place a high priority on helping donors build charitable assets over the long term and, for the foundations to be successful, they must invest in their relationships with donors and the community. That relationship building or cultivation process involves identifying prospective donors, turning prospects into donors, and then finally evolving donors into “planned givers” who will include the community foundation in their plans for generating retirement income, resource management, and ultimately estate transfer.⁹

However, just having these financial goals is not enough. Establishing and maintaining these strategies (e.g., planned giving and donor-advised programs) are time consuming, service demanding, and costly, requiring specialized development and financial services staff.¹⁰ Donor service and donor education become central components of this strategy.¹¹ Moreover, donor education takes resources, since it has been transformed into comprehensive community outreach and marketing strategies. During the past five to ten years, community foundations have increasingly concentrated outreach efforts on reaching donors through their professional advisors – i.e., attorneys, accountants, brokers, bankers, trust officers, life insurance agents, and financial planners.¹²

With all the focus on increasing assets, the challenge of raising unrestricted endowment has persisted, while the opportunity it presents remains largely unquestioned. Community foundations acknowledge that successful unrestricted endowment building can raise the visibility of a community foundation; increase its capacity to initiate and sustain programs and services, promote strong cross-sector partnerships, and support new, often untested, ideas. However, raising unrestricted endowment is perhaps one of the most difficult challenges for community foundations. Despite recognizing its value, the field has not ushered forth many tools and frameworks to assist community foundations that desire to concentrate on building unrestricted endowment.

⁹ Ibid., 62; Verret, “History of development in community foundations,” in Wittstock and Williams, *Changing Communities, Changing Foundations*, 89-90. For a thorough explanation of the different types of planned or deferred gifts, see Todd M. Jacobs, *A Guide to Building a Legacy Society* (Grand Haven, MI: Council of Michigan Foundations, 1995), 17-21.

¹⁰ Verret, “History of development in community foundations,” in Wittstock and Williams, *Changing Communities, Changing Foundations*, 90.

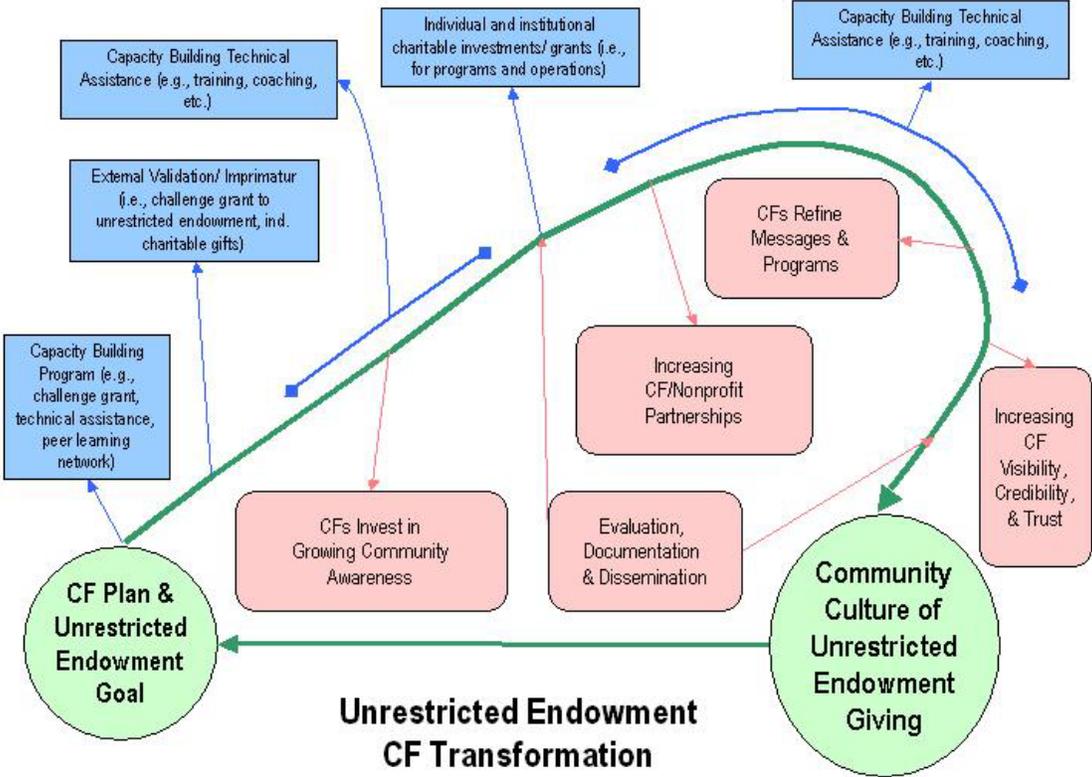
¹¹ Mayer, *Building Community Capacity*, 63.

¹² Ibid. See Holly Hall, “Forging Ties to the Money Pros,” *The Chronicle of Philanthropy*, August 7, 1997. For an extended discussion on the critical importance of educating donor advisors, see Joseph Breiteneicher, *Community Foundations and the Coming Intergenerational Transfer of Wealth: An Overview of Approaches and Strategies* (The Philanthropic Initiative, Inc., 1994). See also Margaret Schmidt Odell, “One on One and Then Some,” *Foundation News*, January/February 1994, 44-5, emphasizing the message that community foundations can help the professional advisors better serve their clients.

INTRODUCTION TO THE FACTORS FOR SUCCESS

*What conditions need to be present in order to have success at building unrestricted endowment?
 What steps should be taken by community foundations to increase the likelihood of success?*

The Factors for Success suggest some answers to the questions above and derive from key evaluation findings, including current research and literature but, more importantly, the expertise and experience of community foundation leaders. The TCC Group proposes ten factors for success within a model that illustrates how unrestricted endowment contributes to community foundation transformation.



FACTORS FOR SUCCESS

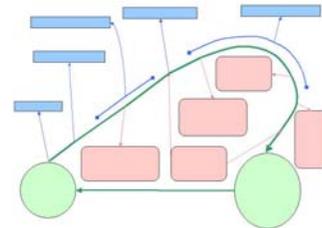
Each community foundation seeks to tell a story about how it is an agent of philanthropy and change in the community. The principal mechanism for being this kind of agent comes from its asset building strategy. As discussed previously, unrestricted endowment building is often part of that strategy, and success in raising these kinds of assets hinges on the presence of multiple factors. These factors include necessary community conditions and external influences, strategies and tactics that should be employed, and capacities that community foundations should possess.

The factors also generally fall within the categories depicted above, showing the relationship between what is occurring internal and external to the community foundation. Because of this internal and external dynamic, they include those factors for which the community foundations can exercise control (internal in red) and those initiated by external partners or outside of their immediate control (external in blue).

Ultimately, the factors are part of a larger model for how unrestricted endowment can lead to community foundation transformation and how unrestricted endowment can present opportunities for cross-sector partnership and multi-lateral funder engagement.

The ten factors for success identified by the TCC Group are listed and explained further below. Even though the factors are explained separately, they are interconnected. Community foundations that were most successful committed themselves to all ten factors compared to those who incorporated only some. The factors are summarized in terms of practical strategies that community foundations can take to maximize their success in raising unrestricted endowment.

1. *Board Capacity and Development*
2. *Intentionality/Being Deliberate*
3. *Strategic Planning*
4. *Enhanced Marketing, Communications and/or Evaluation*
5. *Servant Leadership*
6. *Incentives*
7. *Community Change Focus*
8. *Persistence/Perseverance*
9. *Dedicated Time*
10. *Funder Roles and Staff Capacity*



1. Board Capacity and Development

Community foundations should consider designing professional development experiences to bolster the capacity of staff and board leaders in order to foster unrestricted endowment building. Board members are a critical resource but often their roles in fundraising, particularly for unrestricted endowment, are not explored fully. Just like other nonprofit organizations, the community foundation must raise funds annually; unlike other nonprofit organizations, the community foundation uses those funds to support other organizations. Board members can and should assist in fundraising. However, board members represent diverse views of and experiences within the community. While that diversity is an asset, board members may not necessarily have prior training or experience in major fundraising techniques i.e., giving and getting strategies and marketing language necessary for successful fundraising, with specific emphasis on unrestricted endowment building.

In order for board members to be fully engaged ambassadors for community foundations, they must be equipped with the appropriate tools. Board capacity building comes in many forms of activities: training and coaching with experienced development personnel; specific technical assistance; and other knowledge building, applied learning strategies.

In light of the diversity of experiences of board members, capacity building activities need to be carefully constructed. A few board members, either with previous fundraising experience or possessing personal resources and personal contacts, may often be the primary fundraisers along with the key staff members (i.e., CEO and/or development officers). Expert fund development personnel provide comprehensive training, customized based on the experience level of board members. The trainers instill a sense of confidence in participants, provide training over a period of time with regularly scheduled refresher sessions to assess the effectiveness of training, and deal with questions that arise during implementation.

Comprehensive training on fund development includes, but is not limited to, the following elements:

- *Training* board members on their formal and informal, fundraising roles and responsibilities
- *Increasing the number of board activities* to heighten their engagement and understanding about the community foundation so that they can market the organization better

- Increasing board awareness/recognition that it is *important to ask for unrestricted funds*
 - Get board members to recognize that “one of their functions is the asking of other people” for unrestricted endowment
- Creating “*board checklist*”: list of expectations, roles and tasks that community foundations have for board members, especially about fund development
- *Technical knowledge* about key asset building strategies (e.g., differences between different funds: donor-advised v. unrestricted).

As a result of training and capacity building, boards and CEOs learn about new fundraising strategies. Moreover, they build a stronger relationship that carries over to all aspects of the community foundation. When the board understands its role in fundraising, increased fundraising will occur in all areas of the organization. A by-product of asking for unrestricted endowment is that donors who are not yet ready to make that commitment, still see ways they can contribute to the foundation—through scholarships, support of annual programs, donor advised funds, etc.

Beyond fundraising, investing in development programs and seminars for board members results in community foundations having additional capacity and resources to address issues and opportunities creatively. Organizational capacity is built through examining staffing and operating structures, re-envisioning the roles of community volunteers, expanding the donor base, and focusing on fundraising. As a result of the programs, the community foundation builds new relationships and strengthens existing donor and other community relationships.

Capacity building work will ultimately help community foundations take specific steps to improve the Board’s functioning. It will enable the organization to work on internal issues and challenges, reiterate and validate important goals, give opportunities to apply learning, all of which have implications for increased fundraising capacity. The following are some outcomes that may result from investing in capacity building.

- *Transitioning from “Your Job” to “Our Job”*: Through a partnership role with staff, board members can become leaders in giving and getting.
- *Importance of Skill Building*: Committed and trained board members have the necessary skills to seek unrestricted endowment, as well as all other funds that support the community foundation.
- *Skill Building Leads to Additional Leaders*: Adequate training prepares board members to accept more of a leadership role, within their own organization, with other funders, and with the community.
- *Increased “Give and/or Get”*: Board members learn more about giving and getting, including techniques and language necessary for successful fundraising. The community foundation board will experience increased giving from individual board members.
 - Negotiating what amount of money board members are willing to give in order to cultivate the stake that individuals have in the community foundation
 - Gauging whether board members are “willing to be trained” prior to their selection or election to the board.

Summary Recommendation: Community foundations should invest in board capacity activities (e.g., training) to increase board engagement and knowledge about unrestricted endowment, while also giving a platform or venue to address other organizational issues.

2. Intentionality/Being Deliberate

Intentionality includes:

- having a plan to raise unrestricted endowment;
- focusing the community foundations' resources (time, staff, communications) on the unrestricted endowment goals;
- prioritizing unrestricted endowment as equally, if not more important than other fundraising; and,
- "making the ask" for unrestricted endowment as a part of what the community foundation is raising in the community.

Two specific indicators of a focus on unrestricted endowment at community foundations are 1) additional dedicated staff and 2) targeted communications. First, the addition of staff allows the community foundations to improve service to donors, nonprofit grantees, and the community. The community foundations that have been successful in raising unrestricted endowment added staff in functions that support unrestricted endowment building, program development, and fiscal accountability. With the increases in staff, the community foundations are able to intentionally focus on methods of raising funds that support needs of the community. Simply put, dedicating staff towards a goal conveys the strategic importance of the goal.

Second, strategic communications efforts reinforce the messages of unrestricted endowment building, leading to increased community impact as defined by new program initiatives and greater leadership and support for the region served. For example, community foundations across Michigan and other parts of the country have adopted the marketing slogan "for good, forever." (see Factor 4 below) "Forever" implies that permanent resources are or will be available to meet community needs. Continually reinforcing the "perpetuity" message with donors is a natural strategy that leads to discussions of unrestricted endowment building to sustain the organization.

Another key message is that making unrestricted endowment funds available allows the community foundation to assume more of an active community problem-solving role versus a reactive role based on limited funds. Community foundations serve as intermediaries, working with other foundations, corporate leaders, and nonprofit organizations to address persistent needs in a coordinated way. These strategic communications enable community representatives to deliver key messages about the power of unrestricted endowment and empower them to solicit and fundraise because they have the right messages.

Summary Recommendation: *In order to succeed in raising unrestricted endowment, community foundations must be intentional about their goals; they must plan, focus, prioritize, communicate, and ask.*

3. Strategic Planning

Strategic planning provides an opportunity for community foundations to clarify their overall vision, goals and strategies, to collaborate with community partners (nonprofits and funders) through inclusive processes, and to assume a role in representing and articulating community needs. Since it is a critical activity for an organization, the planning process can be used as a platform for reaffirming the importance of raising unrestricted endowment.

A challenging operating context (e.g., disappearing fund opportunities) often translates to a level of urgency in community foundations that impinges on the time required to undergo strategic planning

effectively. In particular, a constrained fundraising climate may cause community foundations to postpone planning efforts, deferring it to a time that feels less pressured. The organizations must raise funds. However, even when they receive funds from a variety of donors, the donors generally restrict the majority of funds raised. Until the community foundation has raised significant unrestricted endowment, the donor controls its direction. The issues of planning and unrestricted endowment go hand-in-hand: planning can facilitate unrestricted endowment building, and unrestricted endowment assets can facilitate planning. Consequently, planning processes should include articulating specific unrestricted endowment goals and implementation plans.

The design of a planning process also provides opportunities for increasing unrestricted endowment. During strategic planning, community foundations can pay particular attention to community input and community approaches to problem solving. They can seek creative opportunities to develop comprehensive initiatives that might include traditional and non-traditional partners, such as United Way, municipal government, family and independent foundations or faith-based organizations. Comprehensive strategic planning – that is a reflection of an overall community vision for change – sets the stage for seeking unrestricted endowment funds, partnership development and broader community change efforts. Community foundations that develop measurable outcomes as part of strategic planning and communicate those broadly to all stakeholders, enjoy greater support from donors. Successful community foundations use unrestricted assets to leverage new grantmaking initiatives that result from a mix of strategic planning and community needs assessments.

Comprehensive strategic planning can serve multiple objectives through several activities: from planning to self-assessment to development and relationship building. All of these objectives and activities are part of the ongoing work of community foundations (e.g., constant visioning, being an active participant in the community, paying attention to what works and what does not work, fostering community partnerships for both effectiveness and efficiency).

Summary Recommendation: *Strategic planning for community foundations should include articulating specific unrestricted endowment goals and strategies, clarifying the implementation plan, and should engage internal and external stakeholders in setting a compelling vision for the organization.*

4. Enhanced Marketing, Constant Communications and Evaluation

Enhanced marketing and communications efforts increase the community's belief in the community foundation—that it is responsible to/for the community and can achieve some positive community outcomes. Marketing has to take many forms, be both informal and formal, have appeals to large and small donors, and be cost effective. Successful community foundations are moving beyond annual reports and newsletters to more personal communications strategies, including face-to-face meetings with donors and their advisors, professionally developed materials, and web sites. Community foundation staff and board members are the best communicators when able to connect the outcomes of unrestricted endowment with real community change indicators.

The messages themselves have to be carefully constructed for communities. The Williams Group (Grand Rapids, MI) developed a powerful messaging tool that has broad public appeal. They are responsible for the oft-repeated, user-friendly phrase "For Good, Forever," that conveys a notion of positive, lasting change. This phrase allows community foundations to use language that is powerfully expressive, yet simple. Moreover, by using such pithy phrases, community stakeholders have been able to understand the role of community foundations, the goals of unrestricted endowment, and the range of gift instruments available to donors.

Community foundations have found compelling ways to translate the outcomes of unrestricted endowment investments and show positive change. An understanding of achieved outcomes results from an investment in evaluation. Through evaluation, the community can understand the connections between the outcomes achieved, the strategies implemented, and the resources used. Just as planning has to be strategic, evaluation should be premised on a logic model that outlines outcomes, strategies, and resources. Experience reveals the value of engaging professional evaluation assistance at the beginning of a change initiative to document both processes and outcomes. Maximum learning occurs in real time when the community foundation has the data available and takes the opportunity to reflect on what has occurred, how and why, and then to adjust future efforts based on evaluation. Beyond the learning that takes place because of thoughtful evaluation, information gathered from evaluations can serve marketing and communications efforts as well, completing a cycle of information gathered and conveyed.

All of the marketing, communications and evaluation efforts are critical because many community foundations are relatively unknown community resources due to their asset size and because community members may have different perspectives, expectations, and understandings of them.

If a community foundation is rethinking its communications, it can take two specific steps to improve its strategies to increase its visibility in the community.

- *Restructure and refocus the community foundation staff to include a marketing person.* A marketing person, whether full or part time is an asset to the community foundation that is intentionally building its capacity. Marketing persons assemble more than just annual reports. The marketer should possess the requisite skills and use multiple types of communication (newsletters, donor letters, newspaper, donor advisor meetings) to intentionally convey messages, appeal to new donors, and celebrate success.
- *Establish peer-to-peer communication with other community foundations engaged in building unrestricted endowment to extend information and resources.* Peers are able to share successes and challenges—this worked, this did not. Even if there are differences in size of the community foundations, creativity and approaches to problem solving of one community foundation motivates other community foundations.

Summary Recommendation: *Community foundations should clarify and simplify messages about unrestricted endowment building, learn about the connections between achieved outcomes and unrestricted endowment building strategies through evaluation, invest in marketing capacity, and have targeted internal and external communications strategies.*

5. Servant Leadership

Community foundation leaders talk about the importance of service and leadership to donors and the community. In order to serve and lead both constituencies well, community foundations must build credibility and trust and show communities that they have integrity (i.e., you do what you say). Moreover, for donors to give unrestricted funds especially – funds that give community foundations the most freedom to act – the foundations must model a level of servant leadership and community responsiveness. Perhaps more so than other grantmakers, community foundations are community servants; they lead through service. They convince donors to give because of their stewardship (credibility), their own increased giving, and their growing responsiveness to the community.

Servant leadership is a practical philosophy: support people and institutions who choose to serve first, and lead as a way of expanding service to individuals and the community. By modeling servant leadership, community foundations will constantly find ways to recognize and support efforts that may go unnoticed but have impact, as well as people who may or may not hold formal leadership positions but

nonetheless have influence. Servant leadership encourages collaboration, trust, foresight, listening, and the ethical use of power and empowerment. Community foundations demonstrate servant leadership when they take on the responsibility for engaging donors and community organizations to achieve stronger, collaborative partnerships.

The stories of community foundations reveal that servant leadership encourages unrestricted endowment giving, and unrestricted endowment giving encourages servant leadership.

Summary Recommendation: *Community foundations should model servant leadership qualities and regularly assess whether they are regarded as servant leaders in the community.*

6. Incentives

Incentives for reaching unrestricted endowment goals increase the probability that community foundations will persist long enough to raise unrestricted endowment. The incentives work when they give community foundations that “extra push” to reach for a goal they have already established. Numerous national foundations, including Kresge, Kellogg, Lilly, Rockefeller, and Mott, have challenged community foundations not only by offering financial incentives to participate but also by structuring capacity building programs that improve the organization’s ability to respond to community needs. Incentives can be financial and non-financial, because both types of incentives have translated into community foundations being able to create new programs, increase their capacity, and expand their impact.

Furthermore, community foundations have attracted unrestricted endowment funds by linking them to a specific project or funded initiative. Community foundations are playing active leadership roles in a range of service and community building efforts. They are also setting priorities that cut across traditionally separate areas such as crime prevention, education, job creation, and housing to develop more comprehensive strategies for community improvement. Many of these efforts have been enabled by unrestricted endowment funds.

While the incentives themselves lead to raising unrestricted endowment, they also result in increased capacity and new programs; armed with greater capacity, community foundation representatives can continue soliciting unrestricted endowment dollars. Essentially, the incentives catalyze a resource cycle: incentives lead to resources; resources lead to increased capacity and community impact; increased capacity and impact leads to more resources.

Summary Recommendation: *Community foundations should identify and creatively access financial and non-financial incentives and evaluate the connection between incentives and impact.*

7. Clearly Articulated Community Change-Focus

Unrestricted endowment building strategies work best when they are cast within a community foundation’s clearly articulated community-change focus. Community foundations should articulate how unrestricted endowment dollars enable the foundation to respond strategically to community issues and needs and, thereby, help to build a better community. They must demonstrate that, in the absence of those funds, community foundations rely on funds that may or may not be focused on the most strategic community issues, signifying a lost opportunity for positive change.

Multiple community foundations have begun broad-based community initiatives, making the process inclusive by bringing people together around pressing community issues. The unrestricted asset pool affords them the flexibility to be inclusive and to take measured risks to benefit the community. The community foundations have to be deliberate about addressing issues that are identified by the

community and that are in areas where they can demonstrate impact responsive to a realistic plan and a compelling vision. The community foundations initiate this commitment to community. While unrestricted endowment may act as a catalyst for the organization, the community foundation has to first have the vision.

Extending from the community change focus, successful community foundations partner with local nonprofits, a partnership that is mutually beneficial and reinforcing. Nonprofits find great value in receiving additional training and technical assistance. The nonprofits and community foundations are learning to respect each other's strengths. The community foundations are a credible resource for nonprofit agencies, and nonprofits are becoming additional ambassadors for the good work that community foundations can do. Agency endowments have always been a strategy for nonprofit organizations to improve their own resource base. Now, with community foundations and nonprofits working closely together, both organizations win. The community foundation manages the funds, assists in marketing, and the nonprofit has additional revenues to support its programming and capacity building.

Summary Recommendation: *Community foundations should engage the community to define a clear vision for community change, establish partnerships to strengthen the vision, and articulate how unrestricted endowment assets will enable the foundation to maintain a focus on that vision.*

8. Persistence/Perseverance

Not only must community foundations be intentional and deliberate, they must persevere with their focus. Unrestricted endowment building is about investing in the long-term. Since it is an approach about building assets in perpetuity, it requires long-term commitment and persistence. However, the oft-repeated refrain within community foundations is that "*unrestricted endowment is the hardest money to raise*" and, therefore, the hardest about which to stay committed. It requires the development of a relationship with the donor as well as a clear understanding of the donor's philanthropic interest. Moreover, the donor has to believe that the community foundation has the capacity and credibility to use and invest the resources wisely. Focused and unrelenting efforts to make unrestricted endowment solicitations or incorporate them as part of other requests for gifts can pay off for the community foundation and the community. Having the skills and knowledge to make an effective ask and a comprehensive plan simply provides more tools for the community foundation to serve and market to the donor.

Community foundations may have mixed success at raising unrestricted assets, particularly if the strategy is new. However, initial success with unrestricted fundraising breeds the confidence to continue "making the ask." The solicitation becomes easier when sufficient training and support are provided for both board and staff members. Equipped with training and support, community foundation representatives must persevere and keep making the case for unrestricted endowment. A strategy for the long-term requires a consistent commitment over the long-term.

Summary Recommendation: *Because raising unrestricted endowment is challenging, community foundations should persist and persevere in their commitment to make the solicitation. Celebrate each small victory along the way.*

9. Dedicated Time

The most prized resource within organizations is time and, as discussed previously, how time is used within community foundations is critical. Accomplishing all of the various strategies that lead to raising unrestricted endowment takes time: staff time, board time and time for donors to trust the community foundation's ability to initiate responsible community change. Time devoted to strategizing how to build

unrestricted endowment reveals the priority of the goal itself, and experience shows that spending the time will pay dividends.

Community foundations are finding ways to be more productive and efficient with time. As successful community foundations hire and orient new staff, they report changes in approaches and in operations. The majority of the changes result in increased effectiveness and efficiency. However, these positive changes can be compromised by pressures that can derail a foundation from its focus, displacing the previous strategic focus with a new urgent priority. Often, the pressures are dramatic changes in the external environment that evolve into a state of urgency in an organization. For instance, the stock market fluctuations (2001-present) generate impatience and anxiety with all the resulting asset changes. Impatience and anxiety are two issues that lessen the time horizon that community foundations have to yield longer-term results from community investments, particularly if they are targeted to relatively intractable issues. Community foundations can mitigate against impatience and anxiety by re-establishing the importance of long-range goals and investing the necessary time to yield the desired results.

Summary Recommendation: *Community foundations must invest the necessary time across the organization to build unrestricted endowment, particularly when other pressures may appear to be more urgent, albeit less strategic.*

10. Funder Roles and Staff Capacity

Some grantmakers maintain arms length relationships with grantees, while others choose an activist, engaged approach. Community foundations need to seek out foundations that use an activist approach. Community foundations benefit from staff support, formal and informal coaching and encouraging relationships with external partners. In this regard, the community foundation is similar to its nonprofit grantees. Sometimes community foundations have to be reminded/prodded about maintaining their focus on both capacity building and unrestricted endowment building.

Regardless of how external partners are engaged, staff leaders have to be the champions of focus. They must determine how much work can be done, what areas of the organization require increased attention, and where there are skill deficiencies that must be filled. Boards and CEOs must hire people with the necessary skills, program knowledge, development savvy and relationships, and technical expertise to implement the vision.

Even when staff has a clear focus within the organization, some community foundations are struggling to redefine the roles of staff members, particularly as new staff members and other support (e.g., consultants, funder intermediaries) are added. Determining who and how fundraising tasks are assigned between staff members and with board involvement is a key challenge of growth. As the CEO moves into a more prominent leadership role in the community, the CEO needs to participate in more external activities and community planning/visioning roles, creating legitimate demands on the CEO's time. The CEO can comfortably assume that external role if internal staff members understand their roles and carry them out competently.

With increasing demands placed on key staff leaders, some community foundations have decided that they need a strong counterpart to the CEO at the foundation to assume internal leadership responsibilities as the role of the chief executive evolves. As functions change, visibility also changes. Leadership training, strategic thinking and professional development activities help CEOs and the entire organization to move into expanded external roles and to think about what other internal roles/staffing functions are necessary.

When being intentional about unrestricted endowment, the majority of new staff hires come with expertise and a range of skills to address their new roles but should understand them within the context of unrestricted endowment building. The significant issue here is that, with planned growth, community foundations are able to identify skill sets needed to implement the vision.

Summary Recommendation: *Community foundations should engage funders more fully, requesting and accepting technical assistance, coaching and other capacity building in order to increase their impact. They should also clarify staffing roles and responsibilities related to unrestricted endowment building, particularly as staff is added.*

TAKING YOUR COMMUNITY FOUNDATION TO THE NEXT LEVEL

Beyond the specific summary recommendations listed, community foundations should begin thinking about the following when building capacity to raise unrestricted endowment:

- *Make a commitment to persist for three to five years.* Learning and change seldom proceed in a linear fashion. Building capacity requires time to acquire knowledge, build skills, and implement new practice. There will be incremental success, some failure, and modifications to any plans undertaken.
- *Develop a comprehensive plan* with realistic time lines and measurable outcomes. As part of planning, think about communications and evaluation implications of strategies to increase learning and impact.
- Building capacity requires a *dedicated funding source* to cover the cost of professional training and development as well as organizational changes. Seek additional funding to support the community foundation's capacity building efforts; general operating funds are already limited and diverting those few funds for this effort may undermine your efforts.
- *Ask fellow community foundation colleagues, other funders, and consultants and experts* about lessons they have learned from raising unrestricted endowment.

CREDITS

Salin Geevarghese, Consultant, and Dr. Joyce Brown, Senior Affiliate Consultant, for TCC Group are the co-authors of *Factors for Success*. They bring rich experience and deep expertise in planning and evaluation with community foundations. TCC Group (www.tccgrp.com) is a 25-year old management consulting firm that serves nonprofits, philanthropies, and corporate citizenship programs with their organizational and program planning, evaluation, and management consulting needs.

TCC Group would like to express appreciation to The Kresge Foundation, especially Sandra Ambrozy, for the support of this project. Furthermore, we would like to thank the Kresge grantees, non-grantee applicants, and community foundation survey respondents whose information and stories led to the *Factors for Success*.

Special thanks to Jennifer Avers, Associate Consultant for TCC Group and a member of the evaluation team for the Kresge project. She provided invaluable editorial assistance as well as survey design, analysis and coordination.