



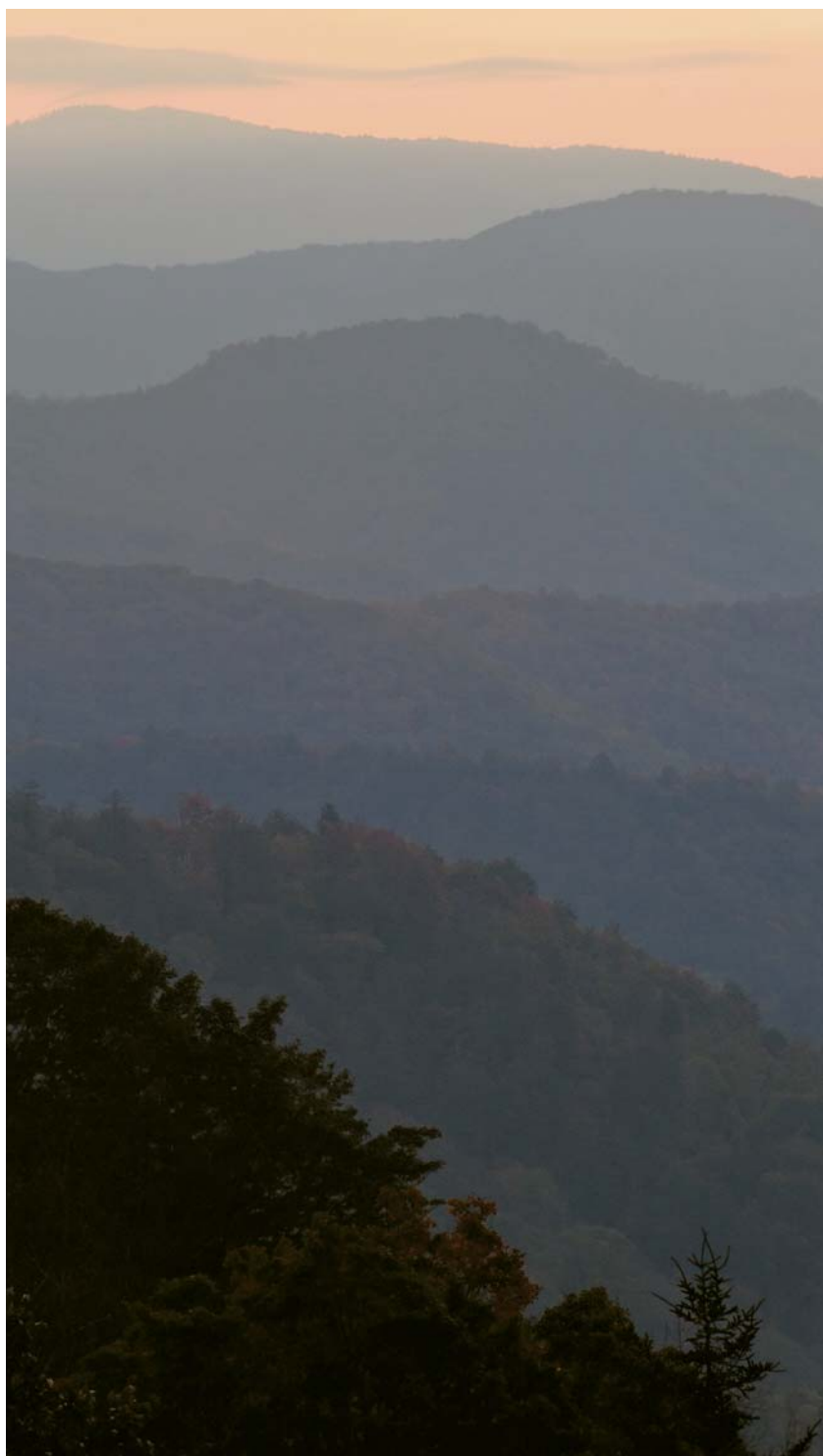
Arm in Arm

Engaged Grantmaking in Local Communities

By John Weiser & Ellen E. West, for the

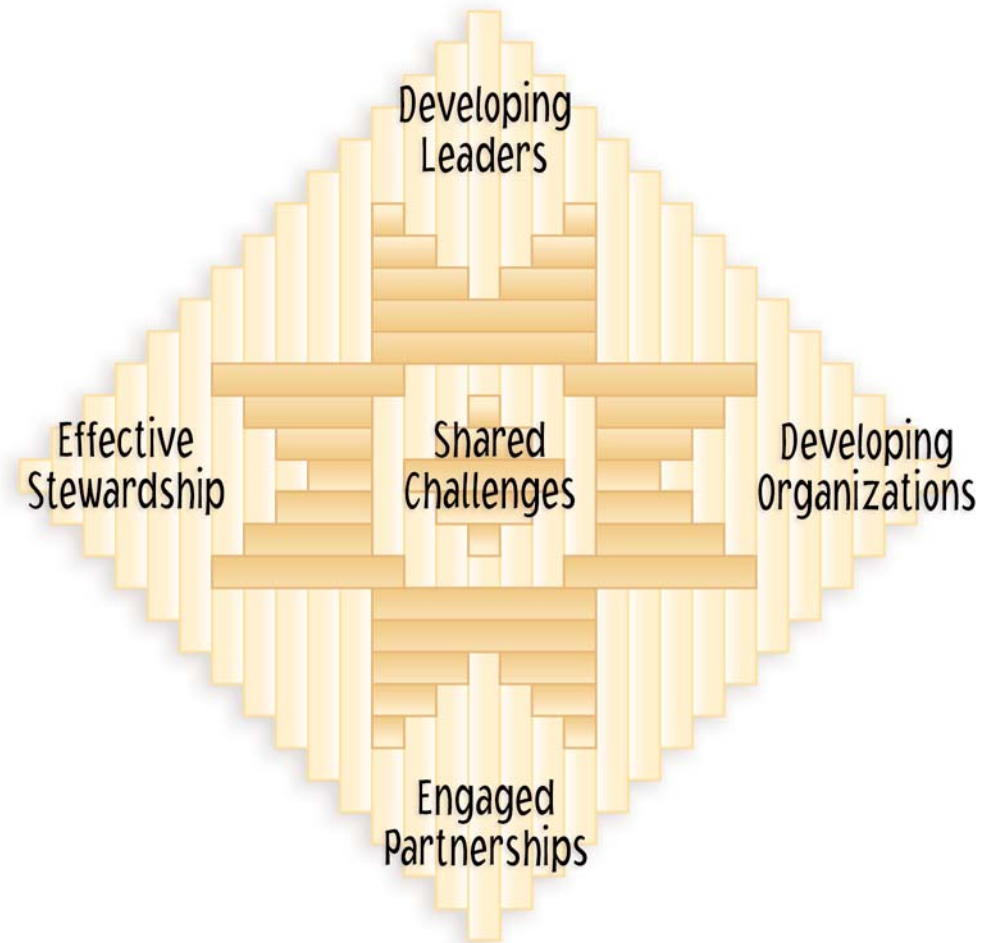


CHEROKEE
Preservation Foundation



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Executive Summary

This report focuses on challenges and strategies for grantmakers whose mission requires them to make grants over many years in communities that have a limited number of nonprofit organizations appropriate for grant support and a limited number of individuals with the experience and skill required to lead those organizations. The findings summarized here are based on interviews with approximately 30 individuals working in a range of settings, including grantmaking to First Nations, Native American and Aboriginal Peoples; grantmaking in rural areas; and grantmaking in developing countries.

These communities in which these grantmakers work often have the following similarities:

- Limited choice of potential grantees.
- Limited number of potential leaders for community organizations.
- Few philanthropic resources.
- Long-term relationship between grantmaking institution and community.
- A sense that the community is entitled to the grantmaking resources.
- A culture that differs significantly from the mainstream.

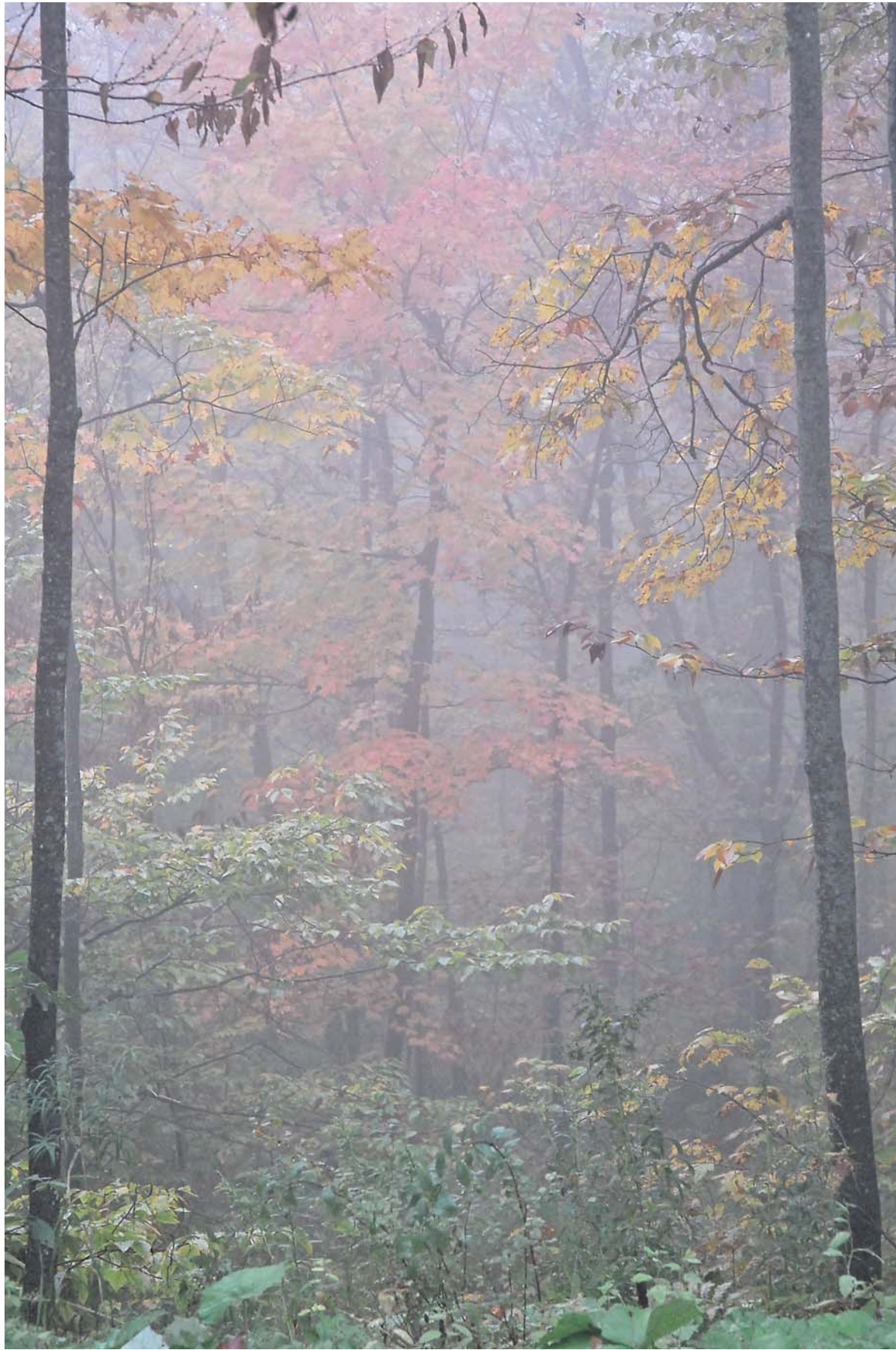
What are the implications of these characteristics for grantmaking practice? First, it means that the grantmaker's legitimacy comes from serving the needs of the community. To gain and maintain legitimacy, the grantmaker must be a steward for the community's endowment. This is not the case in many other settings, where the grantmaker's legitimacy derives from adherence to the will of the benefactor.

The grantmaker needs to be an engaged partner with its grantees.

For the grantmaker, it also means that development of local capacity is as important as achieving specific program goals. The grantmaking process must develop individual leaders for both the staff and boards of local organizations. It also must develop the capacities of the organizations themselves.

Finally, it means that the grantmaker needs to be an engaged partner with its grantees. In many other settings, most of the work of the grantmaking staff is devoted to choosing grantees and structuring grants. Such staff spend little time with grantees after the grant is awarded. In these settings, in contrast, staff spend a significant proportion of time with grantees in coaching, supporting, and learning.

These four strategies—being a steward for the community, developing leaders, developing organizations, and being an engaged partner—are at the core of successful grantmaking in these challenging settings. The design on the facing page, developed from a Cherokee basket, illustrates how these four strategies weave together to address shared challenges. They enable grantmakers to help communities flourish while maintaining their unique culture and heritage.



Foreword

In the spring of 2006, the Cherokee Preservation Foundation asked Brody • Weiser • Burns to assist it in designing a grantmaking program for capital projects in the communities it serves that would both help organizations to build their physical infrastructure and, at the same time, develop their leadership and organizational capacity.

To gain insights for this assignment, we spoke with a range of grantmaking organizations that serve communities that share similar characteristics with the areas served by the Cherokee Preservation Foundation. In the interviews, common challenges the grantmakers faced in their work emerged, as well as the key strategies and approaches that they employed to address these challenges. Their deep commitment to their communities and their creativity and insights were evident as well.

From the outset, the Cherokee Preservation Foundation wanted to share the insights we obtained from these conversations. It was also clear that all the grantmakers we spoke with were eager for information about the work others were doing in similar circumstances. Because of the quality of the findings and their likely utility for grantmakers in these communities, the Cherokee Preservation agreed to fund the production of this report.

We hope that this report will be of use to grantmakers, nonprofits, and tribal organizations in these communities. We also hope that it will help build a network that reaches beyond categories like “indigenous grantmaking” or “rural grantmaking” to one that recognizes the commonality of challenges faced by these grantmakers.



The Cherokee Preservation Foundation is located on the Qualla Boundary in Cherokee, North Carolina—the traditional home of the Eastern Band of Cherokee Indians. The Foundation’s purpose is to improve the quality of life of the Eastern Band of Cherokee Indians (EBCI) and to strengthen the western North Carolina region.

The Foundation’s focus is a blend of projects, planning, and capacity initiatives that will enhance the Cherokee culture, facilitate economic development and job opportunities, and improve the environment. The Foundation helps the EBCI and its neighbors address challenges that include the loss of jobs from plant closures, potential environmental degradation due to increased traffic and growth in specific areas, the deteriorating growth of small and medium businesses, and a decline in tourist visits to Cherokee cultural events and institutions.

The Eastern Band of Cherokee Indians numbers approxi-



mately 14,000 individuals, of whom roughly half live on the Qualla Boundary. There are only a limited number of nonprofit organizations on the Qualla Boundary. Because of these two factors, if the Cherokee Preservation Foundation is to achieve its mission, it must help develop future leadership for community organizations and work to increase the capacity of existing nonprofits and tribal programs. The Foundation serves as not only a grant-maker but also as a convener and partnership developer, helping develop program opportunities and potential resources.

The Foundation currently makes grants of approximately \$5 million per year. It provides grants for organizations located on the Qualla Boundary and the seven westernmost counties in North Carolina. Since the Foundation began making grants in 2002, it has awarded over 350 grants totaling more than \$27 million.

The Foundation is funded by gaming revenues generated by the EBCI. It is an independent foundation that is not part of or associated with any for-profit gaming entity.

Brody • Weiser • Burns

Brody • Weiser • Burns strengthens the efforts of organizations to create a more just society. It specializes in developing corporate community partnerships that improve the lives of low-income individuals and create business value. It provides strategic planning, stakeholder engagement and program design guidance for corporations, foundations, and nonprofit organizations

John Weiser co-founded Brody • Weiser • Burns in 1984 to pursue his vision of business as a force for social change after two years with the Boston Consulting Group. During the past two decades, John has helped businesses, nonprofits, foundations, and public-sector agencies create, build consensus around, and implement a broad range of partnership strategies. Major clients include the Ford Foundation, the U.S. Chamber of Commerce, NeighborWorks America, and the Cherokee Preservation Foundation. Together with Ben Sherman of Medicine Root Inc., John co-led the “Vision Qualla” Initiative for the Cherokee Preservation Foundation. He facilitated the 27-member Vision Qualla board that reviewed areas for business and economic development, developed plans, and created a consensus on action plans for business and economic development that would draw on and support traditional Cherokee values and culture.

John graduated magna cum laude in mathematics from Harvard University. He holds a master’s degree in public and private management from the Yale School of Organization and Management. He is the lead author of *Untapped: Creating Value in Underserved Markets*, which provides practical, tested tools companies can use to engage consumers, workers, and suppliers to address the needs of both corporations and communities.

Ellen West is a consultant in corporate philanthropy and social responsi-

bility. She has nearly 15 years' experience advising major foundations and multinational companies in the United Kingdom, Europe, and the former Soviet Union. She has also worked with The Conference Board and the Boston College Center for Corporate Citizenship. After several years as an associate at Goldman Sachs, Ellen worked as a research associate in business ethics at the Harvard Graduate School of Business Administration. She then moved into the nonprofit sector, where she has held senior management positions with the AIDS Action Committee of Massachusetts, United Way International in Moscow, and the Charities Aid Foundation in the United Kingdom. Before relocating to New York in 2002, Ellen was a senior consultant with the Corporate Citizenship Company in London, England. Ellen is a graduate of the Wharton School of the University of Pennsylvania and the Stanford Law School.

Acknowledgements

We extend our appreciation to all the individuals and organizations that shared their time, experiences, and expertise with us. We also thank Susan Jenkins, Executive Director of the Cherokee Preservation Foundation, for her generosity of spirit and her commitment to sharing what was learned from this research. The team at the Cherokee Preservation Foundation—Ashleigh Brown, Ethan Clapsaddle, Deborah Grant, Deb Mintz, and Bobby Raines—were invaluable commentators and encouragers. Any errors of interpretation or analysis are purely the authors'.





Introduction

The Cherokee Preservation Foundation provides approximately \$5 million per year in grants, the majority of which are awarded to nonprofit organizations and tribal programs on the Qualla Boundary.

In spring 2006, the Cherokee Preservation Foundation asked Brody * Weiser * Burns to assist it in designing a grantmaking program for capital projects that would help organizations build their infrastructure and, at the same time, develop their leadership and organizational capacity. The Foundation was particularly interested in how this could be done in communities that have a limited number of individuals with the experience and skill required to lead nonprofit organizations and a limited number of nonprofit organizations eligible for grant support. For the purposes of this report, we define organizational capacity to include human resources (board, management, staff and volunteers), financial management (reporting, budgeting,

We spoke with organizations that were diverse in terms of their own organizational structure, their geographic focus, and the populations they serve.

and controls), revenue sources (grants, earned income, and donations) and planning (goals, objectives strategic planning, and evaluation).

Brody * Weiser * Burns decided to focus its research and interviews on organizations and individuals who had direct experience making grants in circumstances similar to those in which the Cherokee Preservation Foundation operates. We identified the following five different types of grantmaking situations that we thought could offer experiences and insights that would be helpful:

- Grantmaking to First Nations, Native American, and Aboriginal Peoples
- Grassroots grantmaking
- Grantmaking in rural areas in the United States
- Technical assistance and capacity development grantmaking
- Grantmaking in developing countries.

We interviewed 32 individuals about their experiences working in 29 different grantmaking organizations. Because of time and travel constraints, almost all of these interviews were conducted by telephone. For a complete list of participating organizations and individuals, please see the Appendix.

The organizations included in our study are based in locations throughout the world—from rural Maine to Northwestern Australia to Cook Inlet in Alaska. They included native foundations, major multinational extractive corporations, community foundations, large national foundations, and grantmaking intermediaries. Some the organizations serve relatively small communities of native and indigenous peoples; others make grants globally to a wide variety of communities. Through this report, we use the term

grantmakers to refer to this diverse group of funding organizations.

We spoke with organizations that were diverse in terms of their own organizational structure, their geographic focus, and the populations they serve. A few examples include:

- Foundations, tribal entities and nonprofit organizations providing grants to First Nations and Native American communities, such as the Cherokee Nation Education Corporation, the First Nations Development Institute, the Hopi Foundation and the Temagami Community Foundation.
- Oil, gas, and mining companies providing grants to First Nations communities affected by company operations. The companies can face circumstances even more challenging than those facing the Cherokee Preservation Foundation, in that they may need to make grants in an area in which there are no existing nonprofits. For example, ExxonMobil needed to make grants to serve roughly 1,000 pygmies living in small communities within 20 miles of its pipeline in Chad and Cameroon.
- Foundation programs with a significant budget and a narrow geographic focus, such as the Rapides Foundation (serving central Louisiana) and the Charles Stewart Mott Foundation Flint program (serving Flint, Michigan).

We collated the interview findings to understand both the challenges that grantmakers shared in their work, and the key strategies that they employed in addressing these challenges. We presented our findings to the Cherokee Preservation staff and Board, and discussed them with other experts in the field. Based on these interactions, we were able to sharpen and clarify the findings for presentation in this report.

The primary audience for this report is grantmakers who work in communities that have challenges similar to those described in this report. We were deeply impressed with the insights and creativity of the grantmakers we interviewed, and we hope that the report will help spread their insights and creativity to others working in similar settings.

The report also is intended to be useful to the staff and board members of nonprofit organizations and tribal programs based in these communities. By clarifying what grantmakers are seeking to accomplish, and the roles that they can best play, this report can help nonprofits and tribal organizations see the ways in which they can respond. Partnership works best when each partner understands the other's needs, goals, and strategies. We hope that this report will help each side of the partnership understand one another and to develop mutually effective ways to work together.



Shared Challenges

The grantmakers with whom we spoke may be diverse in their organizational form, geographic focus, or intended beneficiaries, but they shared challenges in the grantmaking programs they discussed with us. These challenges arise from the nature of the communities in which the grantmakers work—communities that are often small, isolated, and culturally distinct from the mainstream.

Shared Challenges

Limited choice. The number of organizations that the grantmakers can support is very limited. This is sharply different from the case for grantmak-

Aboriginal communities in Australia are very small — 4,000 people would be a very large community in Australia. This is a very remote area. We are dealing with widely dispersed, small communities of 100-200 people. (Bruce Harvey, Rio Tinto)

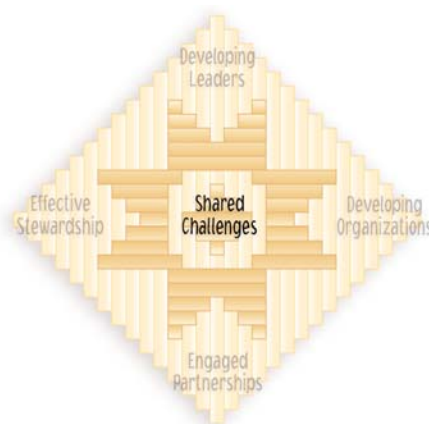
ers in other settings, where there are hundreds of potential grantees that can meet the grantmakers' programmatic guidelines. As Kimberly Roberson of the Mott Foundation said, "In our national grantmaking, we may choose from among hundreds of organizations, depending on what we are trying to impart or learn. In our local grantmaking, we dance with who's in the gym, because those are the organizations that are going to create change in the local community."

Aboriginal communities in Australia are very small—4,000 people would be a very large community in Australia. North of the tropic, the majority of the population is of Aboriginal descent... This is a very remote area. We are dealing with . . . widely dispersed, small communities of 100-200 people. (Bruce Harvey, Rio Tinto)

Limited leadership. Few individuals in the communities have deep experience and training in management of nonprofit organizations and tribal programs. The individuals who run these organizations and programs typically have taken on the jobs because of their commitment and energy, not because of their professional training.

Few other philanthropic resources. In many of these settings, the grantmaker is the major charitable funder, and sometimes it is the only charitable funder. There often is not a culture of cash giving from individuals to nonprofits.

Long-term relationship. The agreement setting up the foundation or other grantmaking vehicle stipulates that the entity will be managed so that it provides grant funds for the area for an extended period of time—usually decades or more.



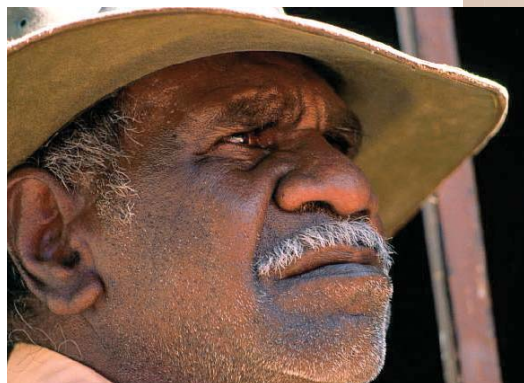
Entitlement. In many cases, the creation of the grantmaking organization occurs in circumstances that create a sense that the endowment is “the community’s money.” Community members feel that the grants are being made from a source that is due to them, and they see any attempts to put conditions on the grants as interfering and obstructionist.

Cultural issues. In many of these communities, the local culture (and sometimes language) differs from the mainstream national culture, creating difficulties when applying philanthropic practice and law developed in the mainstream culture.

Implications

What are the implications of these challenges for grantmaking practice? The first is that the grantmaker’s legitimacy comes from serving the needs of the community—from being a steward for the community’s endowment. This differentiates it from many other settings, where the grantmaker’s legitimacy derives from adherence to the will of the benefactor.

If you are fair and consistent, then the people who keep emphasizing who they know and how they are connected will come to understand that this is the process—that we have to be fair. I sometimes say, in a light hearted way, I can open the window and chuck the money out at 9 a.m. on Monday morning if we want to operate without consistent standards. People understand that this is not the way to do business, and they begin to see that there needs to be a process that everyone understands and has access to so that the granting of funds is equitable. (Susan Anderson, The CIRI Foundation)



Funding for the Long Term

Rio Tinto, headquartered in London, England, is an international mining company with 60% of its assets in Australia and New Zealand. In 2001, due to complex changes in legislation and strategy, Rio Tinto entered into a renegotiation process over the terms of its social license to operate with the local Aboriginal owners of the mining lease area at its Argyle Diamond operation in Western Australia. This process culminated in the signing of the Argyle Participation Agreement in 2005.

A key component of ensuring that the financial proceeds of the royalty arrangement would continue to benefit future generations, long after the mining operation would be terminated, was the creation of a Sustainability Fund. The 60% of the royalty proceeds that are put into the Sustainability Fund cannot be spent for 20 years, at which point the mine will be closed. By then, it is anticipated that the Fund’s endowment will have reached a total value of \$100-\$200 million. It will be able to use income from this endowment to continue funding ongoing activities that benefit the community. The other 40%

of royalty payments are distributed annually by a Traditional-Owner-Controlled Land and Culture Fund, Partnership Fund and Education Fund to support activities that benefit the Aboriginal owners of the mining lease area.

This model of combining current assistance to the local community during its operations, along with a trust for future funding once its operations in an area have ceased, is one that Rio Tinto has negotiated with several indigenous communities.

It also means that development of local capacity is as important as achieving specific program goals for the grantmaker. The grantmaking process must develop both individual leaders and organizational capacities. Capital grants and major operating grants become opportunities for focusing significant attention on how the grant process can help these individuals and organizations develop skills and capacities.

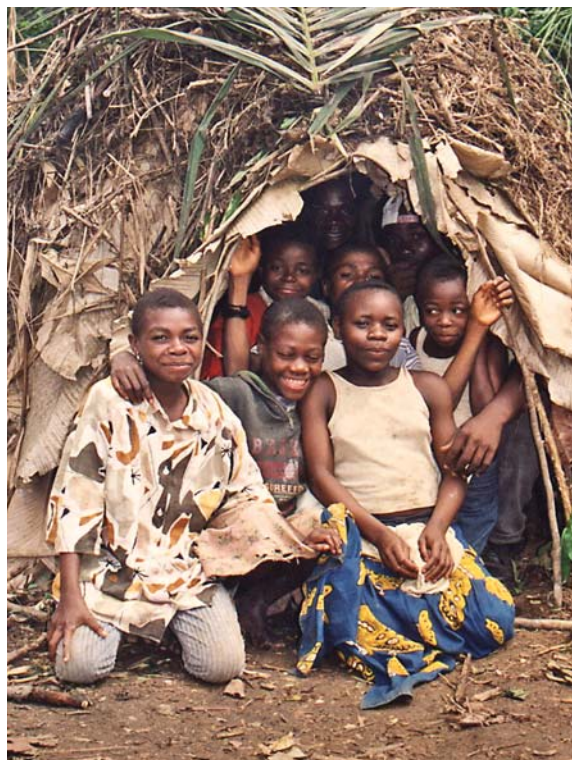
There can be tension between grantee and grantmaker over how much grant money should go toward spending on program versus development of capacity.

There can be tension between grantee and grantmaker over how much grant money should go toward spending on program versus development of capacity. Grantees often feel that spending money on the program is the more pressing need and tend to defer capacity building till a later point. Because the grantmaker's purpose is both to fund programs and to build the capacity of the organizations, it can be better positioned to see why capacity building is equally as urgent as program needs. The grantmaker is able to see that programs could be more effective, be completed in a timelier manner, or be more sustainable, if the capacity of the organization were increased.

As a regional funder, we have had to provide a lot of support for organizational development and capacity development. We encourage our grantees to “Plan your work so that you are planning within your capacity—and within the capacity that you can build.” (Sandra Mikush, Babcock Foundation)

Finally, it means that the grantmaker needs to be an engaged partner with its grantees. At many grantmaking organizations working in other settings, staff devote most of their time to choosing grantees and structuring grants. Relatively little time is spent with grantees after a grant is awarded. In these settings, in contrast, a significant proportion of staff time needs to be spent with grantees in coaching, supporting, and learning. This includes working with organizations on operational issues before the grant is made as well as providing coaching and consulting afterward. This requires a different model for staffing and managing the grantmaking organization.

These four key strategies—being a steward for the community, developing leaders, developing organizations, and being an engaged partner—are at the core of successful grantmaking in these challenging settings. In the following sections, each of these strategies is explored in detail.



“Dancing with Who’s in the Gym”

The Humboldt Area Foundation, located in northern California, serves a large, rural area the size of New Jersey in which the largest town has a population of 25,000. The average town has just 2,500 people. In these towns, there are few nonprofit organizations. The Humboldt Area Foundation has found that spending time and effort building a new nonprofit may not make sense. Instead, it often works with the community organizations that are already in place, for example, the volunteer fire department or the two-room school. These may be the best place to convene residents and to work together to meet community needs.

The Benedum Foundation, which focuses its giving in West Virginia, a largely rural state, has found that working with some less formal organizations can help advance community priorities effectively. Through one program, called the “Benedum Minigrants,” a training regimen combined with small grants helps community teams complete locally-driven projects. These teams typically represent organizations like sports booster clubs, civic organizations, volunteer fire departments and student councils. While the program is typically administered by a responsible and nonprofit local organization, the minigrant projects help community members from less formal organizations come together to address their concerns.



A Steward for the Community

To be an effective grantmaker, an organization must first be seen as having legitimacy. In other words, it must be seen to have the legitimate authority and right to make decisions about which organizations should get grants and what the proper uses for those grants are. If a grantmaker's authority and discretion are not perceived as legitimate, the grantmaker may face significant public hostility, or even attack.

For foundations operating in most communities in the United States, legitimacy typically comes from careful adherence to the benefactor's wishes. As long as a foundation can show that its grantmaking and other expendi-

The grantmakers are often the major or sole philanthropic resources, and their funds often are seen as “belonging” to the community

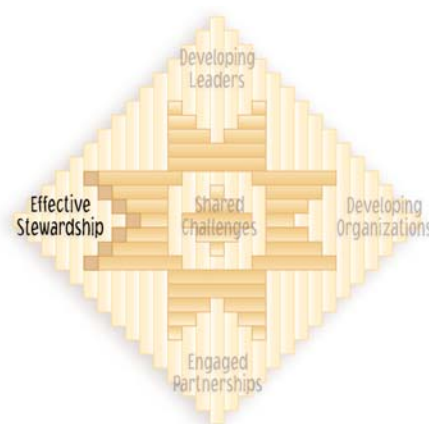
tures hew closely to the benefactor's intent, it is free to make grants as it sees fit. If the management of the foundation is not following the benefactor's intent, it is at risk of being removed by the state. This occurs very infrequently.

But adherence to a benefactor's wishes is not sufficient for grantmakers in the communities we surveyed. Their source of legitimacy lies elsewhere. For these grantmakers, legitimacy comes from their roles as stewards of the community's interests. The grantmakers are often the major or sole philanthropic resources, and their funds often are seen as “belonging” to the community. They must be stewards for the community if they are to gain and retain legitimacy.

The grantmakers we interviewed described a wide range of methods for ensuring that they both were, and were perceived to be, acting in the community's interests. These can be distilled into the following four approaches:

1. Ensure that the community has a meaningful role in the governance of the grantmaking organization.

The community's role in setting the goals for the grantmaking organization, and for holding it accountable for attaining those goals, must be explicit and transparent. This helps ensure that the grantmaking is focused on community needs and that community members understand that their leadership has a voice in the grantmaking organization's governance. The task of designing the governance can be made more complex by the fact that many of these communities do not have individuals with the specific expertise required to manage a foundation or trust endowment or to ensure compliance with laws and regulations. For that reason, many of the grantmakers have carefully designed governance structures that ensure that the community voice is represented, that the grantmaking organization is professionally managed, and its assets are safeguarded for future generations.



We have three national Aboriginal leaders as trustees and three Rio Tinto executives. (Bruce Harvey, speaking of the Rio Tinto Aboriginal Foundation)

2. Engage in community-wide planning to help set agenda for grantmaking.

Grantmakers found it important to engage with a broad range of residents to ensure that they understand all the needs of the community and to enable them to build community support for the grantmaking directions eventually chosen. This was particularly important to the oil, gas, and mining companies, which wanted it to be absolutely clear that the grantmaking and community programs were driven by the community needs, not by their interests.

A number of the grantmakers reported that their staff were surprised by some of the priorities set by the community. It can be difficult for an outsider to predict what a community will value. For example, when ExxonMobil undertook a planning process with Aboriginal people in a remote section of Africa, they had anticipated that the community would set health and education as priorities, and that a primary goal would be to build some type of community health center, for none existed. But this is not what the community planning process yielded. Instead, the community wanted help in getting government identity cards for all its members. Why? Because the members were having great trouble getting the cards, and it was impossible to access government services without them. In fact, some of the community members were so proud of having official government identification that they framed them and displayed them in their homes.



Community Voice and Values

Ensuring that the community voice and values are fully incorporated into grantmaking governance is critical to the legitimacy of the grantmaking process. The Cherokee Preservation Foundation has taken a multifaceted approach to achieving this end. Its board is made up of individuals who are drawn from the Eastern Band of Cherokee Indians and its surrounding environment. It has engaged in extensive community planning and visioning processes that have helped set the agenda for its grantmaking process.

For example, it funded and participated in a year-long community planning process that incorporated participants from every element of the tribe and the community, including elders, youth, artists, merchants, bankers, and tribal government officials. The planning process created community-wide priorities, and the foundation made several millions of dollars of grants that directly supported these priorities, including grants for cultural organizations, craft cooperatives, and education.

Through this planning process, the community also articulated its understanding of the seven core Cherokee values, which were formally adopted by the Tribal Council. These values are now referred to regularly in Cherokee Preservation Foundation's grantmaking, communications, and operations. The values also are now being used in the community programs throughout the Qualla Boundary.

3. Reflect community values in both the grantmaker's decision-making process and in its operations.

Every community has a unique set of values that it embodies in both its explicit norms and its day-to-day activities. Incorporating those values into the work of grantmaking is essential, and it can be challenging. This is particularly the case when the grantmaker is not part of the community (such as when a regional foundation is working with a local community, especially an indigenous community) or when the community has not yet articulated its values. To identify and incorporate values, grantmakers sometimes conducted community-wide “visioning” processes and at other times worked directly with community cultural, religious and political leaders.

Grantmakers spoke of the need to have values embedded in the operations of the grantmaking organization. This requires not only communicat-

It has to be a really participatory process so that people own the outcome. People need to understand what's going on and be a part of it. (Sharon Flynn, Atara Consulting)

ing the values clearly but also developing “behavioral anchors.” The staff need to understand in a concrete way what kinds of behaviors reflect particular values and what kinds of behaviors conflict with those values. If values aren't connected to behaviors, they run the risk of being noble sentiments that have no bearing on day-to-day work.

For example, one of the seven core Cherokee values articulated by the Eastern Band of Cherokee Indians is “Group Harmony”. This is an important value for many Native American nations. Implementing this in an appropriate way in grant-making organizations can require learning ways to accommodate both mainstream and Native cultures.

Joy Persall at Native Americans in Philanthropy spoke to her own experience with this issue, saying, “I have had to figure out how to behave competently in ways that are also culturally appropriate. For example, I found it highly disrespectful to ask a grantee to give me references. That could mean that I don't think that they are worthy of my trust and funding. But I do know that I have to find out about their abilities—and I use my network to do that. We chat together about what they have done, and who they have worked with, and then I go check in with other community members and my network about what it was like to work with them. I don't ask for references, but I do find out how they have performed.”

4. Create mutual accountability for effective use of community funds.

Grantmakers spoke of the need to shift the traditional power and accountability relationship between grantmaker and nonprofit. A relationship in which the grantmaker holds all the control, has the primary say over

the purpose of the grant, and evaluates the performance of the non-profit in achieving the grant goals is not effective in these situations. It fails to build community ownership and commitment to whether the right grants are being made and to whether community organizations are producing the desired results. Since the grants are fundamentally a community asset, the dynamic needs to shift to one in which the grantmaker and community are mutually accountable for whether grantmaker, grantees, and community leadership together are making progress toward important community goals. The grantees should feel just as accountable (or even more accountable) to their community for the wise use of grant funds as they do to the grantmaker.

We don't just treat this as a charity—it is a question of the rights of the community. How do we build for the community for future generations? (Helen Macdonald, Newmont Mining)

First Nations Development Institute, headquartered in Colorado, is a American Indian-led community development organization, whose mission is to restore Native control and culturally-compatible stewardship of the assets they own - be they land, human potential, cultural heritage, or natural resources - and to establish new assets for ensuring the long-term vitality of Indian reservation communities. First Nations fills a unique niche in national Native programs, by helping numerous tribes and Native nonprofit organizations preserve their cultures and controlling their assets – creating an effect significantly beyond a gift to a single organization. FNDI has developed an approach that helps create mutual accountability for effective use of community funds (see sidebar).



Creating Mutual Accountability

First Nations Development Institute (FNDI) is an American Indian-led community development organization. FNDI's work established a new field of culturally appropriate, values-driven development which supports its three-pronged strategy of educating grassroots practitioners, advocating for systematic change, and capitalizing reservation communities.

To help its grantees understand the importance of their projects, and the relationship of their projects to the goal of values-driven development in Native communities, FNDI tells its grantees that it is collecting data and studying their work so that it can share their experience and issue reports and press releases on projects. This helps communicate the sense that the grantees will be held up as models and also be under scrutiny, not only by FNDI but also by the broader public. FNDI describes its grants as being made to help entire Native communities, not just the recipient organizations.

FNDI also uses grantee convenings as a

way to encourage peer networking, which supports peer review and sharing of ideas. First Nations has found this useful in reducing the sense of entitlement among some grantees, because they realize they are not alone in their work, and there are other programs out there with different or better models.

Many grantees, after leaving the trainings, continue their networking with other grantees and call on them for technical assistance and other information.

Developing Leaders

In many of the communities served by those we interviewed, there is a relatively small set of individuals who are interested in, and capable of, taking on leadership roles for the benefit of their community. This is a significant challenge both for the grantmakers and for the community. Any new initiative is likely to draw from the same set of individuals, which can lead to overwork and burnout. A board member from one of these communities

Leadership development is not just for nonprofit staff, but for board members, tribal programs, and volunteers as well.

referred to this as the “STP syndrome.” All too often, every nonprofit and every initiative relies on “STP” —the “same ten people” —to get the work done. Over time, this is not sustainable.

These “same ten people” are not just on the staff of nonprofits. They are also on serving on nonprofit boards, in tribal programs, and as volunteers in community organizations that don’t have a formal legal structure. It is critical to see leadership development as being not just for nonprofit staff but for people in all these roles.

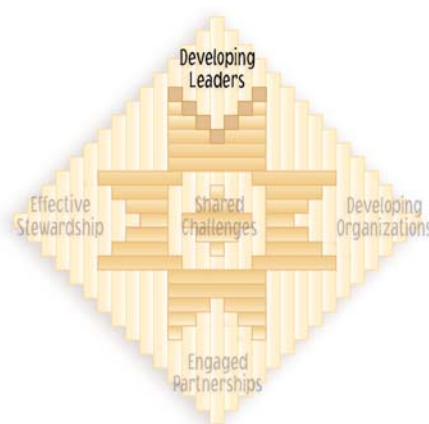
There is a significant need to move from individual leadership development to organizational development. Too often, programs targeting sole individuals do not share their impact more broadly within organizations. (David Cournoyer, Lumina Foundation for Education)

Although the development of individuals to take on leadership roles is critically important, it is also challenging. The communities are typically small and often widely dispersed, making it expensive and difficult to bring grantee staff and board together for training. The communities are often in areas in which there are few resources for training and education. There can be significant cultural barriers, and individuals may have had negative experiences with mainstream educational institutions. Finally, the individuals who are most effective and energetic in driving the performance of nonprofits often have multiple commitments and find it hard to make time for training. Many are not striving for a career in the nonprofit world and see little value in engaging in professional development that would lead to a certificate or degree in nonprofit management.

The grantmakers who work in these situations have developed the following ways to address these challenges:

1. Make leadership training accessible and remove barriers.

Grantmakers spoke of needing to address both practical and psychological barriers. They felt it was important to understand all the reasons that someone might have to say “no” and then figure out how to address them one by



one. On the practical side, these reasons include cost, time, obligations, and limited choices. Many grantmakers took steps to reduce the cost of training to the participants and to make it less time-consuming to attend. For example, many funded workshops that were held in grantees' own workplaces or in nearby communities. Some provided stipends for grantees to attend workshops. They also worked to increase the range of resources accessible to the grantees and to increase their ability to attend a range of training opportunities.

Sometimes very simple approaches worked well. For example, the Temagami Nation, in a small, remote community in Canada, has a program in which it pays up to \$1,000 in cost reimbursement for any training that any nonprofit staff member takes that helps them improve job-related skills. As a result of this successful program, a significant number of individuals have begun to pursue training opportunities in venues across Canada.

On the psychological side, grantmakers spoke of working to ensure that training was perceived as relevant by ensuring that it was targeted to specific, pressing needs, and by having peer learning as a core methodology. They also talked about establishing a framework of expectations by building the requirement for attending training into the grant.

For example, First Nations Development Institute (FNDI) has designed its grantmaking initiatives so that when it awards a grant, it also requires grantees to attend technical assistance training. In a typical program, such as its Native Agriculture and Food Systems Initiative, all grantees are required to attend a two- to three-day program. All are

Building Leadership at the Board Level

In addition to building staff capacity, the Babcock Foundation works to build capacity at the board level with its grantees. It does this because it has found that small organizations in rural communities cannot survive on the "strong staff" model, where all the capacity is in the staff. The capacity has to be in the board as well.

The Babcock Foundation has built the development of board capacity into all its grants. Its grant officers meet with the board as part of the grant review. The board is expected to participate in the grant-funded activities. For example, the Babcock Foundation has an annual gathering for all its grantees, at which the grantees share and learn from each other. Each grantee is required to send a staff member and a board member. When Babcock has consultants help a grantee with an organizational assessment, the consultants engage board and staff in the assessment.

A board member for one of Babcock's grantees is likely to be or to become a board member for other nonprofits in the community. Building the capacity of the board of grantees not only helps the grantees but also develops capacity in the community.



flown to the training site FNDI's expense. At that event, grantees are introduced to FNDI's grantmaking policies and procedures, given information about Native agriculture and food systems, and provided with networking opportunities. "Native agriculture and food systems" refers to the production and consumption by Native Americans of the traditional foods enjoyed by their ancestors in ways that are harmony with the local ecosystem.

When you require executive directors to go to trainings, it is important to make sure that they perceive it as useful. The executive directors want foundations to acknowledge that this is time away from their work. We provide financial support to cover travel to training and make sure the trainings are designed to use their time away from the office as efficiently as possible. (Sarah Dewees, First Nations Development Institute)

2. Create cohorts of leaders.

One approach that was frequently mentioned was the use of cohorts—groups of individuals who go through leadership training together. This

You have to think about the community "bench."

You have to assume that you will regularly have turnover at these organizations and have a process that gets new leaders ready. (Barbara Kibbe, Monitor Group)

makes the training more accessible and less threatening. It also enables individuals to support each other as they address the personal and the professional changes that need to occur as they increase their skills and shift roles in the community.

Joy Persall at Native Americans in Philanthropy spoke about the use of cohorts in helping increase participant's comfort with the development process. She said, "People can resist the training. It can be scary to go out and have to learn something new. . . . I have noticed that when I put on trainings or have gone to trainings, people tend to gravitate to other people at the training who have a similar level of experience. It makes sense to create a cohort of people who will go to the training together. Attending training as a cohort—a group of people who have a similar level of experience and a similar background—helps increase participant's comfort with the training and their willingness to engage."

3. Follow up with coaching and mentoring.

Interviewees often noted that an intensive, short training without follow-up is not nearly as effective as is a short training followed by a period of coaching and mentoring. As Andrea Alexander of the Potlatch Fund noted, "We bring native trainers to the community to help build a self help network. We have found people often don't call back or ask for help even after our two day training so it is important to have Native resource people who live in the communities we serve to provide follow-up support. If we want to

build true long term capacity of native people we need to instill the expertise within the community as non-native consultants and staff come and go.”

FNDI is launching a Leadership and Entrepreneurial Apprenticeship Development (LEAD) program that incorporates coaching and mentoring. FNDI’s research shows that aging leadership and the lack of leadership transition plans are large challenges for the nonprofit sector in Native communities. The LEAD program is designed to match young professionals out of graduate school with high-capacity nonprofits in Indian country. There will be three host organizations and three apprentices in the program each year. The apprentices will receive training for an entire year, through two to three training events per year, and will work in different departments within the host nonprofit organizations. By combining training, work experience, mentoring, and coaching, this program will help build future leaders for the nonprofit sector in Indian country.

4. Make training culturally appropriate.

Simply importing a training wholesale from another setting can generate significant problems. Even something as seemingly innocuous as labeling a set of individuals attending a training program as “the rising generation of leaders” can be problematic in a culture in where being respectful to elders and valuing their wisdom are core values. In some communities, the expectation is that the elders will identify future leaders. The elders are understood to know who is doing a good job as a leader and who is ready to take on more responsibility. The custom is for the elders come to certain individuals and ask them to take on more responsibility when they feel the individuals are ready. For someone who is not an elder to choose the future leaders would be a breach of courtesy and custom.

Others spoke about the difficulties of translating modes of professional behavior from a mainstream culture into their own culture, as discussed in the comment by Joy Persall earlier. Given these challenges, grantmakers noted the critical need to develop culturally appropriate resources, both trainers and materials. Peer training is an important approach, as is building the capacity of local trainers and consultants.

We needed to develop a Hopi leadership and mentorship program on the reservation. . . . We need to educate people that we have had leadership that has kept us alive for hundreds of years. We have been seeking out former leaders, looking at legal systems we’ve had and the environment we live in, including the culture. (Barbara Poley, Hopi Foundation)

Creating a Regional Leadership Development Program

In order to make training accessible and to attract resources to the training, it can be helpful to create a regional program that serves not only the members of the grantmaker’s community but also the wider region.

For example, the Cherokee Preservation Foundation is working in partnership to develop WNC Nonprofit Pathways, a program designed to increase nonprofit capacity across the Western North Carolina region. This program is being created collaboratively by the Cherokee Preservation Foundation, the Community Foundation of Western North Carolina, Mission Healthcare Foundation, United Way of Asheville and Buncombe County, and University of North Carolina-Asheville.

The program will perform an organizational assessment as a first step in determining strengths and challenges and provide a wide range of learning opportunities to strengthen professional skills and tailored consultancies to increase organizational capacity.

WNC Nonprofit Pathways also will make available training and resources from the Duke Nonprofit Management Certificate Program. This approach makes top-ranked education and training easily accessible to nonprofit board and staff both in Cherokee and throughout western North Carolina.

Developing Organizations

Developing organizational capacity covers a wide range of issues, from strategy and planning to human resource manuals, accounting systems, and computer networks. While developing organizational capacity is important in every community, it is particularly important in these communities because they can support relatively few nonprofit organizations and tribal programs. Grantmakers do not have the luxury of picking the organization they would most like to work with out of a whole range of prospects. They have to work with the limited number of organizations already in the com-

Grantmakers do not have the luxury of picking the organization they would most like to work with from a whole range of prospects.

munity or, in some cases, to build an entirely new organization to meet a community need. In some communities, there may be no nonprofits whatsoever.

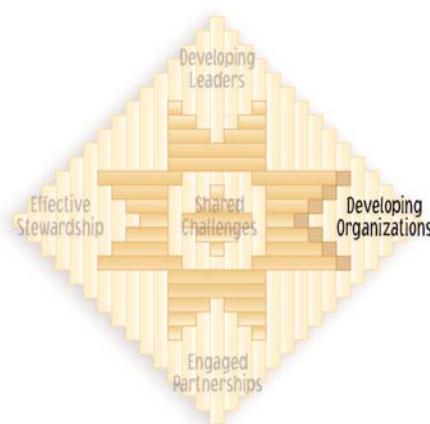
Given this fact, the task of helping organizations develop is critical. Developing organizations is not an interesting sideline that grantmakers can dabble in from time to time. It is central to the work that they are doing and to the well-being of the communities they serve.

While much of the craft of developing organizations is the same in these communities as elsewhere, interviewees spoke about the following unique issues and strategies in doing this work well in these locations:

Assessments for all grantees

Assessments are an important tool in organizational development. At the beginning of the process of organizational development, they show where an organization most needs development and what kinds of development are most urgent. At the end of the process, they can show whether or not the training, consulting, and investment have created the desired results. The relatively small number of nonprofit organizations in the communities we studied creates an opportunity: a grantmaker can support regular assessments for all major organizations in the community. Such an opportunity is typically not affordable in larger communities. Having assessments be universal, and having capacity development funding set aside to address the issues uncovered by the assessment, can build a community culture in which assessment and development are a normal occurrence, not the sign of an impending disaster.

This stands in sharp contrast to most communities, in which there are so many nonprofits that grantmakers can fund assessments only for a small percentage. As a result, grantmakers tend to fund assessments mainly for organizations that have serious problems. Being told by a funder that your organization needs an assessment often implies that the funder thinks your



organization is troubled. Going to a funder and asking for support for an assessment is tantamount to saying that your organization is, in fact, seriously troubled. This creates a problem when it comes time to decide what kind of organizational capacity work should be funded. The organization doesn't want to have an assessment because of the stigma attached, but in the absence of some type of objective assessment, it can be hard for funder and organization to come to agreement on what capacity most needs to be developed.

For assessments to be seen as positive and desirable activities, interviewees stressed, they must be seen as a chance to learn together what is important to develop and not a chance to avoid making a grant. FNDI has developed an organizational capacity assessment tool that it uses with all its grant applicants. From his five years' experience working in venture capital, FNDI President Mike Roberts saw that FNDI's grantmaking involved taking on risk. He recognized that if the organization didn't identify what these risks were with each grantee, it couldn't work to mitigate them effectively. FNDI developed its organizational assessment tool to determine an organization's level of development in a number of key areas. It has broad, searching questions and is used as part of a conversational interview process. The tool asks 16 questions about the level of the organization's development in financial management, resource generation, human capacity, governance, and evaluation and measurement. Between 0 and 4 points are awarded based on where an organization's answers place them along a continuum of best practices in each area. The score helps the grantee and FNDI together to determine where the organization most needs support and development. As Mike Roberts told us:

If you can identify where the risks are, then you can go into grants with your eyes wide open. You say to yourself, 'there is some risk here, but I want to make this investment, so how do I mitigate the risk? How do we make the grant effective?' The organizational capacity assessment tool is NOT a way to prevent grantmaking.

Using the tool, we are basically asking ourselves, 'to make this the perfect grantee, what skills would they have to have?' Then we can focus technical assistance in those areas.

2. Developing organizations as an ongoing process

Grantmakers stressed that when making grants in these communities, building the capacity of leaders and organizations was as important as achieving the specific goals of the grant. The community and the grantmaker are wedded, and building capacity is an ongoing and critical goal.

Creating a Network of Consultants for Support

Charles Stewart Mott established his foundation 80 years ago because of a deep concern about the welfare of his adopted community of Flint, Michigan. One of the pillars of the Foundation's grantmaking continues to be its Flint Area program.

In order to address the concern that it was simply sustaining nonprofit organizations in Flint without building them for the long haul, the C.S. Mott Foundation partnered with three other funders whose giving includes some funding that is restricted to the Flint community. The four funders launched BEST (Building Excellence, Sustainability and Trust), a project of the United Way of Genesee County. With the assistance of consultants, nonprofit organizations can conduct assessments of their current capacities and then apply for up to two years of funding to strengthen long-term effectiveness and sustainability.

One component of the BEST project was the creation of a pool of 50 to 60 vetted consultants. Since consultants offer their services at capped rates, BEST provides them with a number of professional development and collaborative working opportunities.

One of the organizations to benefit from the consulting assistance was the Flint Neighborhood Improvement and Preservation Project. Through a participatory program evaluation, they learned that clients appreciate and take better care of items they pay for, even partially. This led them to significantly revise their guidelines and continue to involve clients after work is completed.

Because of this, grantmakers saw capacity building as something that needed to be a part of everything that they did. They stressed the importance of providing coaching and technical assistance to organizations before, during, and after the grant period. Ann Tartre, discussing her work in capacity development at the Maine Community Foundation, noted, “When I talked to my grantees about organization development, they said that they would go to a training, but then they would go back to rural Maine and not be able to implement. They couldn’t remember everything or figure out how to adapt it to their circumstances. People told me, ‘What we need is a coach.’ They wanted supportive encouragement, something that would pull them

out of their everyday experience. They wanted onsite coaching, someone who was right alongside them, within their context.”

Grantmakers also discussed the importance of linking the organizational development activity to the grantee’s strategic objectives. The organizational development work, whether it involves hiring new staff, undergoing training, making invest-

ments in systems, or conducting a planning process, will get more attention and more commitment to implementation when everyone sees that it is critical to accomplishing the key tasks of the organization.

For example, the Benedum Foundation provides support for training for grantees in its “minigrants” program. The Foundation initially offered a choice of 15 workshops covering topics important to all nonprofit managers. But they found that these workshops, which covered information using examples drawn from a wide range of nonprofits, weren’t as effective as tailoring the workshops with a focus on the proposed project as a ‘case study’. For instance within a general “fund raising” training, participants and trainers would explore more intensively, what strategies could be applied to their own projects. This strategy, along with engaging the same group of high quality trainers, better captured the attention of the grantees and also generated better projects.

3. Unique situation of tribal programs

Our interviews suggest that tribal programs have a number of unique aspects that are not shared by other nonprofits. For example, they have more complex governance issues. The laws and standards that govern them are different from those that apply to nonprofit organizations. They are more subject to changes in tribal administration. They may also have more deeply ingrained cultural norms and values. Because of these circumstances, tribal programs can provide unique challenges and require unique approaches.



One such, reported by a number of grantmakers, is difficulty in gaining commitment and follow-through and in getting projects completed in ways that meet the time lines originally negotiated with the grantmaker. This problem is not unique to tribal organizations—grantmakers who work with city governments can experience similar challenges. But some grantmakers did suggest that the isolation of some of the communities and differences in cultural norms made this particularly problematic.

We had to learn to exercise more patience with the tribal organizations. The fact that we had budgets cycles with corresponding deadlines was of less concern to them. It was important for us to find the right balance to avoid making them feel rushed at times. (Camilla Nelson, Hewlett Packard)

Grantmakers who worked extensively with tribal programs noted several approaches that were effective in addressing this issue. One was to give preference to working with tribal programs that had funding from a number of external sources, where the funding required achieving certain objectives within a specified time frame. In the grantmakers' experience, programs that had multiple funding sources tended to be more used to, and more committed to, the necessity of meeting deadlines external to the tribe.

The grantmakers also looked for programs that had significant political support from within the tribe. Just as in working with programs in local government, knowing that someone with clout was committed to getting results while the current administration was still in office helped instill confidence that results would be achieved in a timely way.

Some grantmakers also noted the importance of celebration and ceremony in helping move projects forward. Describing Hewlett Packard's work with 18 Native American tribes in Southern California, Camilla Nelson noted, "One thing that was helpful in establishing meaningful deadlines was the yearly anniversary celebration. We would bring out very senior people from HP. The tribal leaders understood the need to demonstrate to our senior management that the millions of dollars that we are investing were making a real difference. They ended up feeling that these yearly celebrations were very important points to show their progress, and they spent a lot of time and energy to ensure that they had progress to highlight at each of those meetings."

Another approach that some grantmakers took to build commitment and leverage was to look for some kind of match from potential grantees. For example, the Tribal Council of the Cherokee Nation has

Establishing a Support Center to Provide Technical Assistance

The Rapides Foundation (Rapides) was created in 1994 in central Louisiana as a result of a health care conversion. The area is predominantly rural, with few nonprofit organizations. Rapides invests a substantial portion of its grant funds in services and programs seeking to directly create and sustain enhancements in the physical and mental health of the community. Because the social environment is one of the key determinants of health status, Rapides is interested in supporting nonprofit service providers throughout its region.

Early on in its work with nonprofits, the Foundation conducted an assessment and found that there was only limited amount of support available to nonprofit organizations in the area. At first, the staff of the Rapides Foundation provided technical assistance directly to nonprofits, but it soon found that the need overwhelmed the staff capacity. To address this challenge, Rapides started Community Development Works (CDW) as a separate organization in 2000. CDW is entirely funded by the Foundation to provide technical assistance to nonprofit organizations in central Louisiana. CDW now provides assistance to nonprofits in its territory, whether or not they apply to Rapides for funding. Its programs include board member training and networking, nonprofit training, meeting space and referrals to training offered by a network of independent consultants and trainers.

passed a law requiring that anyone who receives money from the Cherokee Nation has an obligation to pay back to the Cherokee Nation in some way. This can include in-kind contributions, including volunteer labor. If the tribal government provides funding to a community or a tribal program for a community building, the community has to provide some of the labor in putting up that building. The tribal program places a dollar value on the labor and the materials donated. The tribe has found that this process encourages communities to become invested in the activity. When the grant is completed, the community members feel successful, and they also feel good about the grant.

4. Building capacity to support the development of organizations

Grantmakers noted that providing the ongoing coaching and support needed to help develop organizations can be time-consuming. A number of interviewees reported that the level of coaching and support could easily exceed two to three days per month per grantee. Interviewees noted that this level of coaching was a drain on their resources, but felt that it was the most effective way to ensure that the organizations fully implemented the changes needed to truly develop their capacities.

I don't think that you can do the work without adding the staff to do this. We work with many consultants, and it is only effective because we have the staff to manage this work. (Peter Pennekamp, Humboldt Area Foundation)

How did grantmakers provide the coaching and support? Some interviewees provided the coaching and support from their own staff. Others developed a network of consultants. Still others set up separate organizations that they fund to provide the coaching and hands-on technical assistance. These different approaches had different strengths and weaknesses.

USE YOUR OWN STAFF TO PROVIDE THE COACHING AND SUPPORT.

This approach was more common among grantmakers with larger staffs and in those that were part of larger organizations. For example, HP's grant-



The advantage of providing support with your own staff is that it gives the grantmaker a great deal of control and flexibility.

making program encouraged its grantees to take advantage of the wide range of training resources available at HP. Providing training directly was particularly relevant in this case because a significant portion of the grant came in the form of HP equipment and software.

The advantage of providing support with your own staff is that it gives the grantmaker a great deal of control and flexibility. It can direct its staff to the areas of greatest need and respond immediately to grantee concerns

without having to go through a protracted process of engaging consultants or funding a separate organization. The most significant weakness of this approach is that it can make it difficult for an organization to be completely honest about its weaknesses and challenges. On the one hand, grantees gain most benefit from organizational development work when they trust the consultant sufficiently to share their most difficult challenges and deepest concerns. On the other hand, to be considered a good candidate for a grant, an organization needs to be perceived as competent and effective, not riddled with problems. These two requirements can be in deep conflict when the organizational consultant is part of the grantmaker's staff.

DEVELOP A NETWORK OF CONSULTANTS.

Many of the grantmakers provided organizational development services through a network of consultants. Some of them went through a process of recruiting and vetting consultants to work with nonprofits in their regions. For example, the Humboldt Area Foundation spent considerable time identifying consultants who lived in the region and who had skills that would be of use to the nonprofits that it funded. Many of these provided consulting services to organizations outside the region. The Foundation persuaded them to provide their services to their grantees at a discounted rate because it would help support their own communities.

Other grantmakers did not directly develop a network of consultants, but instead provided advice and support to their organizations on how to identify and negotiate terms of engagement with consultants. Community organizations often didn't know precisely what to look for in a consultant and didn't have experience in managing a consulting relationship. It can be useful to provide training or coaching on how to select and work with consultants effectively.

Cultural Competency in Consultants

Cultural competency is critically important for consultants working in these communities. Margaret Raymond of the Cherokee Nation Education Fund provided the clearest comment on this need: "It is important to work to develop a set of consultants which includes a range of gender and culture. Indian people have been abused for years with consultants who have been foisted upon them by funders. These consultants often couldn't provide useful advice that was relevant to the native communities.

"There also are gender issues in Indian communities. Some people don't feel comfortable working with white males. We have experienced so much control from white males. It is not necessary to have all the consultants be Native American. But you definitely should have some choices."



We did do some coaching around how to work effectively with consultants: topics included how to issue an RFP, and how to interview and select a consultant. Before we did this, a number of organizations used their organization development grant to pay for a consultant they had already hired and the results were less than satisfactory. (Ann Tartre, Synergos and Maine Community Foundation)

The strengths of this approach are that it offers the grantmaker a very wide range of professional skills that can be provided to its grantees—typically much wider than all but the very largest grantmaker could maintain on staff. It also lowers overhead costs, because the grantmaker pays only for the consultant staff when they are needed. It can also allow for greater “surge capacity,” in that consultants can be brought in from other areas if there is a period of high demand for services. In addition, the fact that the consultants are not on staff at the foundation can make it easier to build a relationship in which the grantees are willing to candidly discuss their problems.

The weaknesses of this approach are that the grantmaker has little control over the process and the outcomes. If the nonprofit didn’t ask for the

There were a lot of startups that lasted a year and then fizzled out. There were no organizations to help them develop. (Akeshia Singleton, Rapides Foundation)

right type of consulting assistance, or if the consultant doesn’t deliver a product that the foundation thinks is useful, the foundation has limited recourse.

Participants noted the need for cultural competency among consultants, just as they noted the need for cultural competency in training programs. They gave examples of the difficulties that arise when consultants are brought in from mainstream communities without being sensitized to the specific issues and circumstances of these communities. Developing consulting capacity among local individuals and organizations can be an important approach for addressing this issue.

SET UP A SEPARATE TECHNICAL ASSISTANCE ORGANIZATION.

Several of the grantmakers set up a separate organization to provide technical assistance and coaching. In some cases, one grantmaker was the sole funder of these organizations. Such was the case, for example, with the Rapides Foundation, which is the sole funder of Community Development Works. In discussing why Rapides chose to set up Community Development Works, Akeshia Singleton of Rapides said, “We did an assessment and found out the nonprofits in our region didn’t have a support system. There were a lot of startups that lasted a year and then fizzled out. There were no organizations to help them develop. That is why we decided to set up Community Development Works.”

In other cases, a group of grantmakers joined together to fund an organization that could provide services to the full range of nonprofits in the region—similar to a management support center model in major metropolitan centers. One example is the Foraker Group, which is a shared services group for the state of Alaska, of which The CIRC Foundation is a client, among others.

We refer people to and work with the Foraker Group. They do board training, nonprofit staff and executive training, grant writing and development, financial management, and other important nonprofit technical assistance. We don't have to do the training ourselves. (Susan Anderson, The CIRC Foundation)

This approach combines some of the strengths of providing services with the grantmaker's own staff with the strengths of having a network of consultants. Just as in providing services with its own staff, having a separate organization funded specifically to work with grantees provides a high level of control over quality and gives considerable flexibility in responding to client requests. Just as with the network of consultants, having the services delivered by individuals who are not on the grantmaker's staff means that it is easier to establish a trusting relationship in which the client is willing to share concerns, challenges, and problems.

The weakness of this approach is the high overhead cost. The funder is essentially committed to supporting all (or at least its portion) of the full cost of the organization, whether or not there is a demand for the services at any given point. To commit to this model, the grantmaker must be reasonably certain that there will be at least a minimum level of demand for services for an extended period of time in the region that they serve. Since the staff of the organization can deliver only a certain array of expertise, the grantmaker also has to be reasonably certain of the specific kinds of organization development that most of the organizations will require.



Setting and achieving goals in partnership with grantees

The Lyndhurst Foundation has been an important part of the Chattanooga since its founding nearly 70 years ago. In the mid-1980s, Lyndhurst shifted its grantmaking focus and made changes both in how it worked with the Chattanooga community to identify and prioritize needs and in how it worked with grantees to implement programs and projects. As part of this change the Lyndhurst Foundation was an important supporter of several community-wide visioning exercises for the Chattanooga community. These community-wide processes have been credited as indispensable to the successful revitalization of the downtown and riverfront communities of Chattanooga.

Jack Murrah, the president of the Lyndhurst Foundation, describes its approach to working with grantees as follows:

"The collective visioning process established goals for the community and gave legitimacy to that set of goals. It was an open but structured process.

Our staff are problem solvers along with the organizations trying to solve the problem. We are often working with an organization trying to get something done that no one else has done. We pull together folks that are part of a problem-solving team. . . . We don't just set interest areas, we set goals. We don't just say, 'We want to improve education': we set the goal of raising student achievement."

Engaged Partner

Because the grant process is intended to build capacity as well as to achieve program objectives, the grantmaker needs to be engaged as a partner with the grantee throughout the grant. The process of organizational growth and leadership development is complex, and it requires ongoing attention. The grantmaker needs to keep track of unfolding issues and to work with the grantees to adjust strategy and direction. If the grantmaker is not working closely with his or her grantees, it is hard to engage in shared learning, which is both an important part of helping local leaders and organizations grow, and also of improving the grantmaker's own craft.

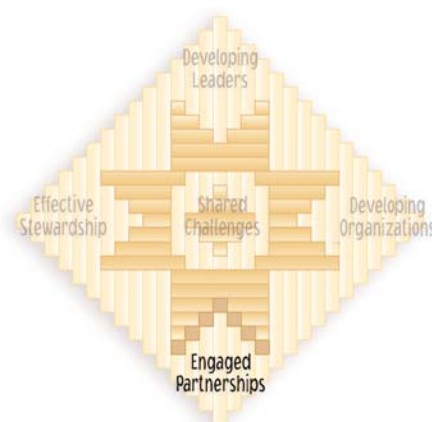
To be effective in settings such as those described in this report, funders need to be highly engaged in helping grantees develop and achieve their mission.

The difference between a traditional grantmaker and an engaged grantmaker is analogous to the difference between the role of a lender and that of a venture capitalist in funding businesses. The lender's role is much more "hands-off" than the venture capitalist's. The lender makes the loan and gets reports on how the company is doing and the status of the loan payments. But unless there are problems, the lender typically doesn't meet with the company more than once a year. Venture capitalists, on the other hand, are actively engaged in helping the company grow. They work intensively with just a few companies and are in contact with them at least once a month. They are also more closely engaged in advising and coaching the management of the company.

Our interviewees suggested that to be effective in settings such as those described in this report, funders need to be highly engaged in helping grantees develop and achieve their mission. Interviewees stressed the need for an approach focused on shared learning. What is working well? What have the organization and the foundation learned about what's needed to succeed in achieving the mission in this setting? Interviewees also noted that doing planning and projects in small increments can be helpful because it allows both the nonprofit and the foundation to learn and adjust as the experience unfolds.

We have had organizations that have had fairly serious stumbles, and if you are in partnership with them, it is your stumble as well. We strategize with them as to how to get out of the ditch. (Jack Murrah, Lyndhurst Foundation)

Grantmakers noted that being more closely engaged with grantees involved four key activities:



1. Work closely with local organizations to identify and meet pressing community needs.

Grantmakers reported that in order to help their communities meet their needs, they had to play a much more active role in planning and strategy than foundations in mainstream settings do. They needed to help identify and prioritize the community needs and to work with community organizations to determine appropriate strategies for addressing those needs.

Many grantmakers described their pivotal role in convening and funding community visioning processes. In describing the Lyndhurst Foundation's work in this area, Jack Murrah said, "The collective visioning process established goals for the community and gave legitimacy to that set of goals. We avoided goals based in any particular institution—our goal was not to expand the art museum, but to build on strong cultural organizations to increase visitors. It was not about the Hunter Museum. People understand that. It was an open but structured process—open with respect to who comes."

Grantmakers also described their role in creatively developing strategies to meet local needs. Their role often goes far beyond that of simply funding a process of developing strategies to meet the identified needs. They work with community organizations to diagnose the forces at work and to determine how the grantmaker and the organizations can work together to develop an effective solution. Sometimes the work of the grantmaker is more like community organizing than traditional philanthropy.

What our staff is doing is really community organizing more than grantmaking. It's about helping communities to figure out what they want. (Peter Pennekamp, Humboldt Area Foundation)

For example, Peter Pennekamp from the Humboldt Area Foundation noted the community organizing role that his foundation played: "Transportation for people who don't have cars, or who can't drive cars (like the elderly), is a critical problem for many of these small communities. There are nonprofits in the communities that are trying to raise money to fund these needs—but it is impossible to raise enough locally to meet the needs. But it turns out that there is a stream of funding from the California Department of Transportation that comes to the local Council of Governments to meet transportation needs. However, this stream of funding has been largely captured by the larger communities in Humboldt County and has been used for road repair rather than transport. We have been helping the smaller communities to organize and go to the Council of Government meetings and demand their share of this funding so that they can pay for their transport needs. This is the only realistic way to fund this need."

Awarding grants of consultancy days plus cash

The Charities Aid Foundation (CAF) in the United Kingdom has a Consultancy and Training Fund that makes grants to U.K.-based organizations with revenues of up to approximately \$5 million annually. The grants from that fund are in an unusual format: both cash funding for organizational development and a grant of a specific number of days of consulting time from CAF-approved consultants. CAF developed this approach in order to change the perception among organizations that consultancy for capacity building comes at the expense of funding for program activities:

Sharon Stearnes of CAF comments, "We provide packages of support to suit the organization, awarding both money and days with a consultant. We will identify two or three consultants that we think are appropriate, with the right skill set. An organization might need 15 days of consultancy or mentoring for a year, or a project manager, or someone to build fundraising capacity. We award the money and the consultancy. We give them three or four consultants to choose from, and we often have a range of consultants working with an organization where different skills are required. We manage the payments to and the relationship with the consultant and allow the organizations to focus on the benefits to their organization."

2. Assist local organizations to develop funding proposals.

For many grantmakers in mainstream settings, the notion that they should spend money and time helping potential grantees generate new funding proposals might seem illogical. Why should they do this when they are overwhelmed with the volume of grant proposals that they already have?

But the situation is quite different for many of the grantmakers we interviewed. They talked about the need to help organizations develop an ongoing stream of good proposals. This included both helping identify potential new community leaders and organizations and helping existing grantees develop new proposals.

A number of grantmakers use a “minigrant” process to identify new community leaders and organizations. These are very small grants—typically less than \$2,000—and are aimed primarily at individuals and groups who had

Helping them find additional resources is as important as, or sometimes more important than, providing the grant itself.

no experience in seeking grants. The grants are intended to help fund immediate needs that address a community issue. The application process is simple, and the response is quick. The grantmakers know that some of these grants will succeed and some will fail—the grant amount is small enough that the failures don’t hurt the grantmaker or the community. Even though there are some failures, the process is invaluable because it helps identify new leaders and introduces them to the grantmaking process.

Overall, the key seems to be to identify the leaders young, give them some idea of what is possible, and get them connected to resources to help them achieve their goals. (Alan Branson, Enterprise Corporation of the Delta)

Grantmakers also spoke about the importance of connecting their grantees to additional resources. Helping them find additional resources is as important as, or sometimes more important than, providing the grant itself. The grant can also be useful in further fund-raising, as it shows other funders that the organization is seen as competent and attractive by local decision-makers.

3. Track grantee performance closely and provide needed support quickly.

Just as a venture capital investor will make contact with each investment company at least once a month to find out how the management is progressing, engaged grantmakers need to be in frequent dialogue with their grantees. They need to spend time problem-solving with



grantees: identifying current and future roadblocks and figuring out how to overcome them. They also need to know whether there are pressing problems or challenges that the organization has not been able to address. When these arise, as they inevitably do, the organization needs to know that the grantmaker will provide support, encouragement, and, sometimes, additional resources. The purpose of tracking performance closely is so that the grantmaker can provide help, not judgment.

There is a lot of rich relationship contact rather than correspondence. We see ourselves in the business of encouraging as much as evaluating. (Bruce Harvey, speaking of the Rio Tinto Aboriginal Foundation)

4. Disburse grants in stages.

A number of interviewees noted that it can be useful to break the grant disbursement into several pieces, with disbursement of the later pieces contingent on the organization's performance. For example, in its work in building local grantmaking resources, Synergos made multiyear grants, over three years, to help develop new

Grantmakers can walk together, arm in arm with their grantees, on the long journey of developing leadership and results for their communities.

community foundations. Each payment made to an emerging community foundation was contingent on meeting six-month benchmarks that were negotiated at the outset. In this case, as in others, the grantmaker had the flexibility to make the disbursements even if all the goals weren't met. But this type of disbursement process forces accountability and a conversation about what is working well and what's not.

These higher levels of engagement can require an increased commitment of time and energy from the grantmaker. Some grantmakers addressed this issue by paying for additional dedicated consulting services, while others added staff to address the additional responsibilities of keeping in close contact with grantees.



By implementing these four key activities—working closely with grantees to identify needs, assisting in developing funding proposals, providing quick support, and disbursing grants in stages—grantmakers truly have the opportunity to build their communities in partnerships with their grantees. Grantmakers can walk together with their grantees on the long journey of developing leadership and results for their communities – not walking in front, as the sole visionary for the community, nor walking behind, as a follower hoping to catch a glimpse of the future, but walking alongside, building the vision together, arm in arm.

Conclusion

This report has described the challenges and strategies of grantmakers that work in communities that have a limited number of individuals with the experience and skill required to lead nonprofit organizations and a limited number of nonprofit organizations appropriate for grant support. The grantmakers interviewed ranged widely, from rural Maine to Northwestern Australia to Cook Inlet in Alaska. Interviewees included staff from native foundations, major multinational extractive corporations, community foundations, large national foundations, and grantmaking intermediaries.

Four key strategies for helping achieve community goals emerged from the interviews with these grantmakers:

A steward for the community.

The grantmaker's legitimacy comes from serving as a steward in meeting the needs of the community. To truly be a steward of the community, the grantmaker needs to ensure that the community has a meaningful role in the governance of the grantmaking process. It needs to engage in community-wide planning to help set the agenda for grantmaking. Its decision-making process and its operations should reflect core community values. And it must work to build mutual accountability between grantmaker and grantee for the effective use of community funds.

Developing leaders.

Because the pool of individuals with the interest and skills needed to run community organizations is limited, developing future leaders to serve as staff and board members for these organizations is essential. Grantmakers need to make leadership training accessible and to remove barriers to attending training. Creating a cohort of future leaders can help build com-

Grantmakers need to work with grantees before, during, and after the grant period.

mitment and comfort with the training process. Following up with coaching and mentoring can help these individuals integrate the information learned in training sessions into their daily work. Throughout this process, working to ensure that the training is delivered in ways that are culturally appropriate is crucial. Simply importing training developed for mainstream settings into these communities can create tensions and problems that get in the way of effectively developing leaders.

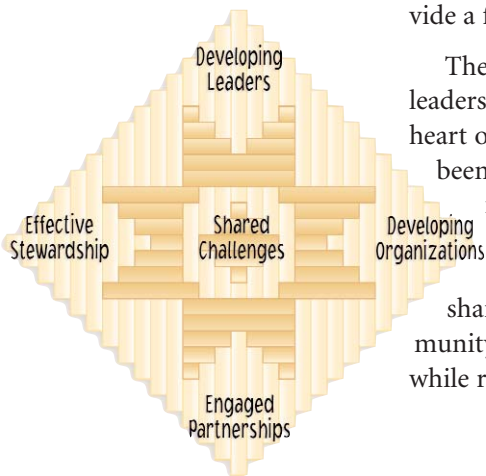
Developing organizations.

Just as there is a limited pool of individuals to serve as leaders, there is also a limited pool of community organizations with which the grantmaker can work. In some communities, there may be no nonprofit organizations whatsoever. Helping develop organizations is therefore a critical task for grantmakers. Providing periodic organizational assessments is an important

first step in this process. Grantmakers need to work with grantees before, during, and after the grant period. This requires increased staff time and effort. Some grantees use their own staff for coaching and developing organizations, while others use consultants or set up a separate organization. Interviewees noted the need to take into account the unique needs and circumstances of tribal organizations and stressed the importance of cultural competence.

Engaged partnership.

Finally, grantmakers noted the importance of being an engaged partner to their grantees. It is important to work closely with the grantees to identify pressing needs in the community and determine viable strategies for meeting those needs. Grantmakers need to help community organizations develop funding proposals, both for their own grantmaking organizations and for other funding sources. They need to track grantee performance closely and to provide quick support when needed. They also may find it helpful to disburse grants in stages; this can not only improve accountability but also provide a forum for discussing what's working well and what's not.



These four strategies—being a steward for the community, developing leaders, developing organizations, and being an engaged partner—are at the heart of successful grantmaking in these communities. These strategies have been developed by grantmakers working in these communities in order to respond to their unique circumstances. Like the strands that make up a basket, they weave together to help address shared challenges. We hope that by describing the challenges and strategies clearly, and by sharing the report broadly, we will enable other grantmakers and community leaders to be better able to help their communities grow and thrive while retaining their unique culture and heritage.

Appendix: Interviewees

Name	Organization	Title
Andrea Alexander	Potlatch Fund	President & Director of Development
Susan Anderson	The CIRI Foundation	President and CEO
Sherry Salway Black	Ovarian Cancer National Alliance	Executive Director
Alan Branson	Enterprise Corporation of the Delta	Executive Vice President
Eva Cheung-Robinson	Vancouver Foundation	Program Director
Kerry Connor	IFC Environmental & Social Development Department	Former Senior Social Specialist
David Cournoyer	Lumina Foundation for Education	Program Director
Sarah Dewees	First Nations Development Institute	Director, Native Assets Research
Sharon Flynn	Atara Consulting	
Vicki Grant	Temagami Community Foundation	Chair
John Hall	Rio Tinto	Manager, Corporate Relations
Bruce Harvey	Rio Tinto	Director, Indigenous Relations, Australia
Mary Hunt-Lieving	Benedum Foundation	Program Officer
Barbara Kibbe	Monitor Institute	Senior Consultant
Shannon Lawder	Charles Stewart Mott Foundation	Regional Director, Central & Eastern Europe
Helen Macdonald	Newmont Mining	Director, Community Relations & Social Devel.
Andre Madec	ExxonMobil	Public Affairs
Sandra Mikush	Babcock Foundation	Assistant Director
Jack Murrah	Lyndhurst Foundation	President and Executive Director
Camilla Nelson	Hewlett-Packard	Program Manager, Philanthropy & Education
Annette Pagan	Winrock Foundation	Program Officer
Monica Patten	Community Foundations of Canada	President and CEO
Peter Pennekamp	Humboldt Area Foundation	Executive Director
Joy Persall	Native Americans in Philanthropy	Executive Director
Barbara Poley	Hopi Foundation	Executive Director
Margaret Raymond	Cherokee Nation Education Corporation	Development Director
Kimberly Roberson	Charles Stewart Mott Foundation	Program Officer
Mike Roberts	First Nations Development Institute	President
Kevin Ronaghan	Centre for Sustainability	Executive Director
Akeshia Singleton	Rapides Foundation	Associate Program Officer
Sharon Stearnes	Charities Aid Foundation	Executive Director, Philanthropy Services
Ann Tartre	Synergos	Director, Border Philanthropy Partnership
	Maine Community Foundation	Former Director, Donor and Program Services

PHOTOGRAPHS

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