WHAT'S NEXT for COMMUNITY PHILANTHROPY

BRIGHT SPOTS:
Promising approaches in community philanthropy

JUNE 2014
Community philanthropy organizations have traditionally managed the straightforward transfer of financial capital from wealthy donors to local nonprofits. Over the last few decades, however, changes in technology, the competitive landscape, and donor demographics and preferences have led to an explosion in the range of philanthropic products and services that are available to donors (read more about these trends in Shift Happens: Understanding how the world is changing). In response, a number of community philanthropy organizations have increased their capacity to manage philanthropic transactions that involve different asset classes (e.g., cash, equity, real estate); others have outsourced these services altogether. Some community philanthropy organizations are now providing a host of nontransactional donor services ranging from educational sessions and social events to customized philanthropic advisory services. And to varying degrees, many organizations are tailoring financial and donor services to the needs of new segments of their communities, including young professionals, people of color, middle-class and less-affluent donors, and even corporations and government agencies.

Roles that fall in this cluster include managing investments/endowment funds, managing transactions for donors, educating donors about community issues, connecting local philanthropists with each other, providing philanthropic advisory services, and co-creating initiatives with donors.

**Bright spots from community foundation**

*Promising approaches from the field*

**Managing transactions for donors… What if you catered to the philanthropic needs of local businesses?**

The Foundation For The Carolinas Center for Corporate Philanthropy created a donor services program that caters to local businesses. The program, called the Employee Disaster & Hardship Relief Funds, enables employees to contribute money for grants to coworkers who have been exposed to disaster or are undergoing personal hardship, boosting overall employee fellowship and morale. And it does this without requiring businesses to do any technical, legal, or due-diligence work themselves. The Foundation just formally launched a national expansion of this program called E4E Relief.

**Providing philanthropic advisory services… What if you became a philanthropic advisory service for donors?**

The Greater Houston Community Foundation in Texas offers philanthropic advisory and operational services to individuals, nonprofits, foundations, and businesses. Its philanthropic consultancy — which brings in 30 percent of its revenues — provides clients with tailored advice about the local philanthropic landscape and helps them set up specialized funds, manage grants, and convene strategic conversations. More recently, the Foundation created the Next Gen Donor Institute, a yearlong program that helps donors learn about strategic philanthropy, reflect on their philanthropic journey, and learn from industry leaders about needs in their community.

**Connecting philanthropists with each other… What if you served as a social club for donors?**

The Fredericton Community Foundation of Atlantic Canada puts together an annual social event to connect its donors. The event, titled the Philanthropy in Action Dinner & Awards, recognizes philanthropists who have contributed to the community through personal giving, nonprofit leadership, and volunteering. The Foundation builds anticipation for the event by using social media, accepting nominations, and even soliciting sponsors via Twitter; and it injects fun into the event by recognizing recipients with a handcrafted award created by local artisans. More than 400 people attend the event, which has sold out every year since its inception in 2010.

**Educating donors about community issues… What if you connected donors to what’s happening on the ground?**

Fundación del Empresariado Sonorense, a community foundation in Mexico, is co-running daylong immersion trips across the Mexican border in close partnership with the U.S.-based nonprofit Border Community Alliance. More than 400 people have attended the monthly tours, the purpose of which is to provide a different view of the borderland through exposure to successful social and economic development programs as well as to local residents whose daily lives are affected by current immigration and national security policies in the borderland region. The program has thus far brought in more than $100,000 in additional investment for the Foundation and its partners.

**Co-creating initiatives with donors… What if you helped donors turn their passions into strategic initiatives?**

California Community Foundation worked with an anonymous donor to launch an initiative that lies outside of the Foundation’s own prioritized focus areas. The initiative, titled the Iraq Afghanistan Deployment Impact Fund (IADIF), addressed the needs of individuals and families recently affected by military deployment. At the donor’s request, IADIF initially focused on direct service locally. Later, at the Foundation’s recommendation, IADIF expanded in scope to include a grant to fund “Invisible Wounds of War” — a study that transformed the military’s response to veterans’ affairs nationally. Because it had no in-house expertise on veterans’ affairs, the Foundation hired an outside expert to work on IADIF; because the issue was national, the Foundation worked with other community foundations and grantees nationwide.
Inspiration from analogous spaces
Approaches from other types of organizations and industries

Connecting local philanthropists with each other… What if you provided opportunities for donors to volunteer their time together?
Social Venture Partners Seattle is a network of more than 500 diverse partners ranging from filmmakers to financial managers, nonprofit leaders to corporate veterans, and foundation executives to young philanthropists. Partners not only pool financial resources but also learn together through collective grantmaking, discussion groups, and workshops. They also volunteer their time and talent with local nonprofits, working shoulder-to-shoulder with these organizations to strengthen financial, management, communications, fund-raising, and other systems so they can make a greater impact.

Managing transactions for donors… What if you provided seamless, low-touch tools that facilitated giving?
Fidelity Charitable recently created the DAF Direct widget, which makes it possible for donors to initiate grant recommendations from their donor-advised funds (DAFs) while still on nonprofits’ websites. By adding the DAF Direct Web application to their website, nonprofits enable DAF donors to complete a grant recommendation in just a few clicks — simplifying giving in a way that can positively affect fundraising. For example, in 2013, 41 percent of the Fidelity Charitable grants to the Pan-Massachusetts Challenge (PMC) were recommended by donors who used the widget; overall, PMC raised 50 percent more than it did in its previous year.

Ideas for taking action
A sampling of approaches to consider

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<th>Lower intensity</th>
<th>Medium intensity</th>
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<td>• Survey the products and services available to donors in your community (e.g., endowment management, philanthropic advisory services, remittance giving channels), and have a conversation with your board about opportunities to fill gaps you identify in ways that raise revenues for your organization.</td>
<td>• Interview five donors or financial advisors who are not affiliated or engaged with your organization. Use the insights you gain about their aspirations, habits, and challenges to refresh your approach to donor service.</td>
<td>• Create centers of excellence that provide more customized service for the wealthiest segments of your community (e.g., athletes, families, corporations).</td>
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<td>• Have a frank conversation with your board about what it means to be committed to excellence in donor service. <strong>How willing are they to work on issues that are outside of or in opposition to your organization’s discretionary programming?</strong></td>
<td>• Identify a disadvantaged area where one or more of your grantees is doing high-impact work. Produce a tour of the area that teaches community leaders and potential donors about its history, exposes them to positive social change efforts, and encourages authentic interactions between participants and residents.</td>
<td>• Structure volunteer opportunities for local philanthropists to get together and advise the local nonprofits they care about.</td>
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<td>• Host a pop-up social event for your donors at the site of a high-performing nonprofit. Invest in making it a memorable experience for those who show up.</td>
<td>• Create an identity-based giving circle focused on a specific population of donors that you have not historically engaged by providing educational opportunities and — if possible — matching contributions as a way of showing your support.</td>
<td>• Offer most of your donor products and services on a mobile-first online platform to make the giving experience as seamless as possible for tech-savvy donors.</td>
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Imagine: What if your organization...
• ...went paperless and conducted all transactions, document management, and donor communication digitally?
• ...had donor agreement forms read, “If you’re not happy with us, we’ll help you move your funds elsewhere”?

What ideas come to mind for your organization?