

ADVANCING GOOD GOVERNANCE

*How Grantmakers Invest in the
Governance of Nonprofit Organizations*

By Kathy K. Hedge, Eva Nico, and Lindsay Fox

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Building Effective Nonprofit Boards

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About BoardSource and FSG Social Impact Advisors

BoardSource and FSG Social Impact Advisors recognize the importance of robust boards and governance practices in strengthening organizations and the potential for grantmakers to act as a force for change in the nonprofit sector. We have partnered to bring together expertise in governance and expertise in philanthropic strategy to document related work already underway and highlight opportunities for grantmakers to augment these efforts.

BoardSource, the premier voice of nonprofit governance, is dedicated to advancing the public good by building exceptional nonprofit boards and inspiring board service. Its highly acclaimed programs and services mobilize boards so that organizations fulfill their missions, achieve their goals, increase their impact, and extend their influence. BoardSource, formerly the National Center for Nonprofit Boards, is a 501(c)(3) organization.

FSG Social Impact Advisors is a nonprofit strategy consulting and research organization dedicated to increasing the social impact of philanthropy and corporate social responsibility. The firm is known for innovative ideas, rigorous research, and commitment to results that make a meaningful difference in the world's most urgent problems.

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FOREWORD

As grantmakers, we have been privileged to work with many wonderful nonprofit organizations over the years. Time and again, we have seen grantees maintain program quality and strategic focus in the face of daunting odds. We have watched organizations grow their programs and start down new and different paths, all while holding true to their core values and mission.

And, more often than not, when we look across the organizations we have worked with that have achieved this kind of success, we see something they share. They have strong boards. Boards that are actively engaged in the work of their organizations. Boards that exercise real leadership and shared ownership of the mission. And boards that step up at crucial moments, such as an executive transition, to make absolutely certain that their organizations are positioning themselves for a successful future.

In these difficult economic times for nonprofits, getting people to pay attention to issues of board governance can be a challenge – but it is of utmost importance. Resources are stretched at the same time that many nonprofits are facing escalating demand for services. The challenges of maintaining programs, meeting payroll and finding new sources of funding are front and center for most of today's nonprofit leaders.

But the reality is that nonprofits, as well as foundations, need strong and capable boards to meet the challenges facing our sector today. Think about some of the questions that many nonprofit organizations are facing right now. Which of our programs are absolutely essential to our mission, and which programs can we afford to cut back or eliminate? How can we change the way we work so we can get a bigger bang for our limited bucks? What can we do in this economic climate to maintain or even grow our funding base?

Looking beyond the current crisis, there are additional questions facing nonprofit organizations and our entire sector – questions that demand the attention of engaged and thoughtful boards. How can we collaborate more effectively across organizations and across sectors to develop lasting solutions to problems like poverty and inequality? How can we build a higher-performing nonprofit sector that makes the most of the talents and experience of its people, regardless of age and race and other differences?

Good governance will be essential in answering all of these questions. Nonprofit executives can't do it on their own. They need to work with their boards to find the right answers for their organizations, their communities and the causes they serve. For every organization, it will be a different conversation – but it is a conversation that every organization must have.

In its 2005 publication, *The Source: Twelve Principles of Governance That Power Exceptional Boards*, BoardSource presents governance not as a “dry, obligatory exercise in compliance” but rather as a creative and collaborative process. Among the keys to exceptional board performance, according to *The Source*, is deep engagement by the board in what matters most to advancing the mission of the organization.

We could not agree more, based on our own observations of the nonprofits we work with. And, in the same way that nonprofits can improve their performance and results by making better governance a priority, so too can grantmaking institutions like ours. Grantmakers rely on strong nonprofits to achieve their philanthropic missions, and strong nonprofits require strong boards.

This report is intended to provide grantmakers with ideas and inspiration for taking action to help nonprofits strengthen their boards. As authors Kathy K. Hedge, Eva Nico

and Lindsay Fox observe, there is no one-size-fits-all approach that grantmakers can follow to advance better governance. Rather, the authors offer questions and program examples that will help every grantmaker figure out its own approach, and they survey the field for advice on the first steps grantmakers can take.

Some things we do as grantmakers get more attention than others. They are easier to explain in a press release, or in a short conversation with community members, colleagues and friends. Supporting good governance is not one of these things. This is silent and sometimes invisible work. But it is critically important to the future of nonprofit organizations and the sector as a whole.

We hope this report helps your organization do its part to ensure that nonprofits have the strong boards they need to stay viable and succeed.

Linda Wood
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INTRODUCTION

Over the past decade, an increasing number of nonprofit organizations and grantmakers have recognized the need for, and have invested in, building the internal capacity of nonprofits to strengthen their organizational effectiveness. Leadership capacity has received particular attention, but the board of directors — an important part of the leadership equation — has sometimes been overlooked. Fortunately, this is starting to change. Recognizing the often untapped value of boards, nonprofits and grantmakers are seeking ways to fully leverage the assets that boards and board members bring to their organizations.

The purpose of this report is to advance thinking and stimulate action among grantmakers to strengthen the governance of their grantees and nonprofits in their communities. For grantmakers already engaging around issues of good governance, this report provides new ideas to consider and suggestions for enhancing current activities. For grantmakers that are just beginning to engage nonprofits on governance issues, this report presents the case for investing in governance and shares a variety of ways to advance those efforts.

The Case for Investing in Governance

Based on interviews with individuals from 54 grantmaking institutions of various types and sizes throughout the United States, this report begins by exploring why grantmakers invest in nonprofit governance. Those interviewed shared the conviction that boards are essential for setting strategy, supporting the chief executive, providing financial and programmatic oversight, and stewarding the investments that grantmakers and others make. These grantmakers noted that not all boards are as effective as they can be and viewed their institutions' support of the board, along with the staff, as a fundamental investment to advance the mission of the grantee as well as that of the grantmaker.

Grantmaker Investments to Strengthen Governance

There is no one-size-fits-all approach for grantmakers to follow to advance governance. The interviews revealed that grantmakers advance governance in three distinct, often complementary, contexts. The contexts are not mutually exclusive; in fact, many grantmakers work in two, and sometimes all three, contexts:

- 1. Governance and the Grantee.** In this context, the target audience is the grantee, either individual grantees or a cadre of grantees. By leveraging relationships with their grantees, grantmakers advance governance through conversations with chief executives and board members, peer exchange and capacity-building opportunities, and setting milestones for performance. These activities have the advantage of providing customized and sometimes intensive assistance to grantees, but grantmakers also noted that challenges can arise from the power dynamics of the grantmaker/grantee relationship, resource constraints, and the complexity of capacity-building efforts. To address these obstacles, grantmakers have cultivated more open relationships with their grantees and focused on select audiences.
- 2. Governance and the Community.** In this context, the target audience is a particular geographic community of nonprofits. Leveraging their influence and leadership positions, grantmakers convene nonprofit leaders and connect them with experts and each other to shine a spotlight on good governance and tackle community-wide governance issues. Grantmakers noted that this community focus allows them to reach a larger audience and tackle pervasive governance issues (such as board diversity or a shortage of board members) that cannot be addressed exclusively in the grantee context. They also noted some obstacles, such as difficulty reaching board members, the time required to organize programs, and challenges faced by nonprofits attempting to implement new ideas. Grantmakers have addressed these obstacles through creative marketing, collaborating with other organizations, and offering additional support to grantees.

3. Governance and the Field. In this context, the target audience is the larger nonprofit sector or particular segments of the sector. Grantmakers invest in the development of governance resources and research, directly through their own research and development and/or indirectly through funding field-building organizations. When working in this larger context, grantmakers target particular governance issues, advance promising practices, and focus on the particular needs of different types of nonprofits. Investments in field-building can be abstract, so grantmakers often seek ways to connect research projects to their grantees and to cull lessons learned from their work with grantees that can inform the larger field.

Guidance for Determining Your Engagement in Governance

Grantmakers in the process of determining their own approach to strengthening nonprofit governance should consider three questions:

1. How do investments in governance align with our mission, values, and grantmaking style?
2. Who is our audience, and what does it need?
3. What resources and capabilities can we leverage to improve nonprofit governance?

The report concludes with advice from grantmakers about important first steps to take, including starting with your own board, listening closely to your target audience, and easing into governance work.

The voices of grantmakers are featured prominently throughout this report to provide a firsthand perspective of individuals and institutions with a track record of advancing governance. Five profiles are included to illustrate in more detail how some grantmakers have developed and structured their programs. Appendix 1 lists the grantmakers interviewed for this report; Appendix 2 contains a list of grantmaker programs throughout the country that advance governance. Lastly, because governance and grantmaking are part of a larger community of practice, we offer a list of additional resources on governance and capacity building in Appendix 3.

Governance matters, and grantmakers can play an important role in helping boards understand and execute good governance. We hope that the stories and experiences included in this report inspire you in your work with nonprofit organizations and their boards.

THE CASE FOR INVESTING IN GOVERNANCE

Today's grantmakers and grantees operate in a context that demands increased focus on accountability — accountability for organizational performance and accountability for ethical and legal conduct. Donors, customers and clients, and other stakeholders are pressuring nonprofit organizations to pay closer attention to strategy and performance. Greater competition from other nonprofit and sometimes for-profit entities is also pushing nonprofit organizations to become more effective in delivering programs and services.

At the same time, the regulatory environment has become more complicated. In the wake of continued nonprofit scandals, the Senate Finance Committee, Internal Revenue Service, and some attorneys general are scrutinizing board oversight practices and increasing reporting requirements for nonprofit organizations.¹ All of this has put greater attention on boards, which sit in the unique position of being responsible for monitoring a nonprofit's performance and, ultimately, being accountable for its actions.

Grantmakers are increasingly investing in nonprofit capacity building. In 2006, funding for capacity building topped \$1 billion, representing a 126 percent increase over 2000.² Boards are a fundamental aspect of organizational capacity. As Karen Whalen of the W.K. Kellogg Foundation observed, "Board performance is an ongoing issue. We have to recognize that nonprofits need to do governance well on a continuous basis. Board development opportunities have to be provided. It is rudimentary to building the sector."

Boards: A Critical Component of Nonprofit Leadership

A strong and engaged board is critical if organizations are to successfully address the increased challenges and pressures they face. As Chuck Hamilton of The Clark Foundation said, "For us, it is really simple. Board governance is a major determinant of organizational efficiency and effectiveness and always has been." Generally speaking, boards are designed to protect the organization's long-term viability, while chief executives are charged with managing the day-to-

day operations. Together, they form the core of a nonprofit leadership team.

Unfortunately, many boards are not as strong as they can or should be. In The Urban Institute's *Nonprofit Governance in the United States*, significant percentages of nonprofits reported that their boards are not active or only somewhat active in core board responsibilities, such as setting direction, fundraising, and financial planning.³ In BoardSource's *Nonprofit Governance Index 2007*, chief executives gave only average scores to board performance in critical areas such as strategic planning, fundraising, and monitoring organizational performance.⁴

Poor board performance takes its toll most immediately on chief executives. *Daring to Lead 2006* reported that only one in three executives surveyed view their boards as an engaged leadership body, and executives who are unhappy with their boards are more than twice as likely to be planning a near-term departure than those who have positive perceptions of their boards.⁵ Rick Moyers of the Eugene and Agnes E. Meyer Foundation and one of the authors of *Daring to Lead 2006* said, "The Meyer Foundation's investments in governance are really key to executive director retention and development, more so than other types of capacity-building investments. Other projects are often successful, but they really aren't transformative for the executive director in the same way that making changes on a board can be."

Overlooking the importance of the board can be risky. As Ted Mitchell of NewSchools Venture Fund explained, "Our founders, who were long-time venture capitalists, spent a lot of time building organizations from the ground up and believed that unless you get the governance piece right, you will have an organization that quickly de-focuses. They've seen, in their work, that strong boards really help a management team stay focused on its objectives, and weak boards do just the opposite."

Board effectiveness increases in importance when a nonprofit is facing major decisions, such as financial sustainability, strategic planning, and

¹ Senate Finance Committee Staff Discussion Draft at www.finance.senate.gov/hearings/testimony/2004test/062204stfdis.pdf and the IRS "Governance of Charitable Organizations and Related Topics" at www.irs.gov/charities/article/0,,id=178221,00.html.

² The Foundation Center, 2008. Figures based on all grants of \$10,000 or more awarded by a sample of over 1,000 of the largest U.S. foundations for income development, management development, faculty/staff development, or technical assistance.

³ See Ostrower, Francie, *Nonprofit Governance in the United States: Findings on Performance and Accountability from the First National Representative Study*, The Urban Institute Center on Nonprofits and Philanthropy, 2007, pp. 12-13, at www.urban.org/publications/411479.html.

⁴ See *Nonprofit Governance Index 2007*, BoardSource, 2007, p. 4.

⁵ See Bell, Jeanne, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint Nonprofit Services, 2006, pp.9-11, www.compasspoint.org/daringtolead2006.

executive transitions. Grantmakers often witness these moments, as Marian Godfrey of The Pew Charitable Trusts explained, “One critical point for the board’s involvement is when an organization decides to undertake a large capital project. It is not just about the board coming up with the money. It is about whether boards have made the right strategy call on when, how, and whether the organization should engage in a capital project. Has the board asked the right questions about what the implications are for the staff and organization?”

Leveraging the Grantmaker’s Investment

Grantmakers are increasingly investing in organizational infrastructure that goes beyond bricks and mortar to leadership and management development. Boards are a foundational part of that picture. Cheryl Taylor of the Foellinger Foundation said that its board believes that “the bottom line in an organization is that, if the board is not properly structured and does not understand its responsibilities, the organization cannot do what it needs to do.”

Some grantmakers view their investment in leadership and governance as the most effective way to use limited grant dollars. Kathleen Edwards of the Cedarmere Foundation said, “As a small foundation, we decided we could get more bang for our buck by investing in governance and leadership capacity building rather than on program funding. Our board believes that key capacity-building investments allow us to have a greater positive impact on nonprofit organizations and the long-term benefits they provide to our community.”

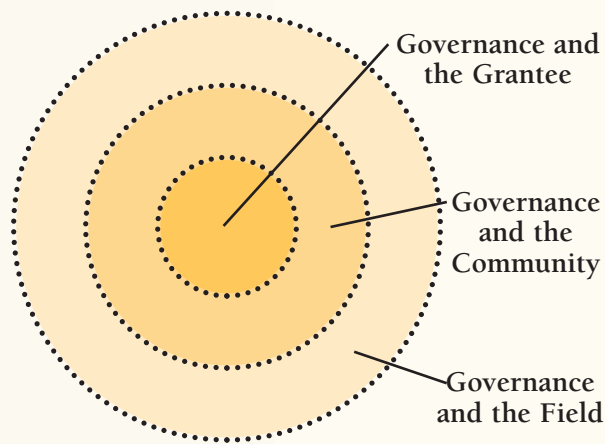
Many grantmakers view their investment in board development as a means for strengthening and reinforcing other organizational, programmatic, and infrastructure investments in their grantees. As Woody McCutchen of the Edna McConnell Clark Foundation commented, “We look at board engagement as a ‘risk mitigation strategy.’ We are making big bets over a long period of time and are cognizant that there is no such thing as a perfect business plan. Thus it is critical that we have a relationship with the entity — the board — that has the responsibility to oversee the organization and enable it to accomplish its mission.”

Some grantmakers see the board as stewards of their investment. As Colleen Willoughby of the Washington Women’s Foundation explained, “We engage with the board on the front end of a project to make sure that the board is strong enough and engaged enough to, first, know about the project and support it, and second, to follow up through the life of the grant, looking out for our investment and the success of the organization. We want to make sure that our investment will have an impact, and to be successful, it has to have the attention of both the staff and the board of directors.”

GRANTMAKER INVESTMENTS TO STRENGTHEN GOVERNANCE

Grantmakers are pursuing a diversity of avenues to promote good governance, ranging from one-on-one conversations with grantees and capacity-building grants and programs to speaking events, awards programs, and investments in governance research and resources. The experiences of 54 grantmakers interviewed for this project demonstrate a rich array of activities and investments that can be categorized by the context in which grantmakers work to advance governance, as shown in Exhibit 1:

Exhibit 1: Contexts for Investing in Governance



- **Governance and the Grantee:** Leveraging their relationships with grantees, grantmakers advance governance by having conversations with chief executives and board members, offering peer exchange and capacity-building opportunities, and setting milestones for performance.
- **Governance and the Community:** Leveraging their influence in a community, grantmakers convene nonprofit leaders and connect them with experts and each other to spotlight good governance and tackle community-wide board issues.
- **Governance and the Field:** Leveraging their learning from working with grantees, grantmakers support the development of governance research and fund field-building organizations.

While these three areas are distinct, they are not mutually exclusive. They are largely complementary and can reinforce each other. While a grantmaker may choose to work in only

one context, most grantmakers interviewed for this project are working in two, if not all three, contexts simultaneously. The sections that follow present highlights of some grantmaker programs that advance governance; for a more complete list, based on the interviews, see Appendix 2.

GOVERNANCE AND THE GRANTEE

Many of the interviewed grantmakers address governance primarily through relationships with their grantees. They leverage these relationships to advance mutual learning and to promote leadership capacity-building efforts. Chuck Hamilton of The Clark Foundation explained, “Through our informal relationships with grantees, we can have an impact on boards and make sure that the importance of good governance is widely accepted.”

In addition to providing organizational or program funding, some grantmakers are forging deep relationships with a select group of their grantees. These relationships provide opportunities for candid conversations, coaching, and targeted capacity-building assistance. Lisa Bottoms of The Cleveland Foundation said, “With our strategic grantmaking, we play both an advisory and capacity-building role with the board and organization, because we know both types of investments are needed to reach our mutual goals.”

Governance and the Grantee: Examples

Grantmakers can advance governance at various stages of the grantmaking process, including engaging in dialogue with grantees, involving board members in the grant, providing board capacity-building opportunities, and establishing milestones for performance. The following examples focus specifically on governance issues; for more general resources on capacity building, see Appendix 3.

1. Engage in dialogue with grant seekers about governance and the board.

As part of a due diligence process, grantmakers often ask a prospective grantee questions about the board. Many of the interviewed grantmakers, however, go beyond basic checklist questions and engage board members and/or the chief executive in more meaningful conversations. “We use a pre-meeting questionnaire that includes governance

questions as a starting point. Then, at the face-to-face meeting, we talk more in-depth about issues such as the board's committee structure, fiscal oversight, and strategic planning," explained Libby Costas of the Frances L. and Edwin L. Cummings Memorial Fund.

Conversations about governance usually start with the chief executive, who is often the key change agent for board development. One of the byproducts of these conversations is often a clearer picture and common understanding of the grantee's governance issues. As Jane O'Connell of the Altman Foundation said, "The questions you ask can help the staff and board zero in on what their needs really are. But, it has to be a conversation. You can't do it by a checklist."

Some grantmakers have found added value in engaging with trustees directly. Gregg Behr of the Grable Foundation observed, "When you talk with trustees, you get a sense of their involvement not only in the vision and mission but also in strategic thinking. You get a sense of whether a decision is wholly dependent on one executive or executive team, or if the whole organization is committed to the decision."

In addition to talking with grantees one-on-one, some grantmakers convene cohorts of grantees to discuss governance issues with peers and/or experts. For example, the Independence Foundation sponsors peer-led discussion circles for its grantees on governance and other issues. The Cedarmere Foundation convenes the chief executives of some of its grantees for informal, bimonthly peer exchange meetings on a range of issues, including governance.

2. Fund capacity-building opportunities that address governance issues.

Grantmakers interviewed for this project agree that it is helpful when conversations with grantees about governance can be followed by board capacity-building support and/or funding. This enables the grantee to address the issues identified. Said Marian Godfrey of The Pew Charitable Trusts, "We learned that just giving organizations feedback about where we saw weaknesses was not enough unless we gave them the resources to change."

Grantmakers offer capacity-building support to grantees in many different ways. "Along with advice, we sometimes suggest that a grantseeker submit a capacity-building grant proposal to us in response to needs that surface during a meeting," explained Libby Costas of the Cummings Fund. "For example, we had a grantee that approached us for a lead gift for an endowment campaign. During the discussion, it was determined that the board had not planned sufficiently to undertake this major campaign or thought through its potential impact on the organization's general fundraising efforts. In the course of the meeting, we let them know that if their board was interested in engaging in a strategic planning process, we would consider funding that capacity-building activity."

Other grantmakers offer formal governance capacity-building programs. In some cases, grantmakers offer a capacity-building program with funding guidelines to which grantees apply. Others offer structured capacity-building programs designed for a cohort of select grantees. Often these formal programs address a number of capacity-building issues, as the following examples show:

- The Evelyn and Walter Haas, Jr. Fund's Flexible Leadership Awards Program helps grantees strengthen their leadership at the board, chief executive, and senior team level to further their organizations' missions and strategies. (See Program Profile 1, page 13.)
- The James Irvine Foundation's Fund for Leadership Advancement provides capacity-building support to chief executives to enhance their leadership competencies and to move forward on a vision for the organization. In almost all cases, the executives are dealing with governance issues and strengthening the relationship with, and involvement of, their boards.
- The Pew Charitable Trusts operate two complementary programs that strengthen organizational performance. The Philadelphia Cultural Leadership Program (PCLP) rewards cultural organizations that meet high standards of management, governance, and programmatic performance by providing them with multiyear, unrestricted grant funding. The Philadelphia Cultural Management Initiative provides capacity-building grants to help arts

PROGRAM PROFILE 1

The Evelyn and Walter Haas, Jr. Fund *Investing in Leadership Teams*

FOUNDATION DESCRIPTION

The Evelyn and Walter Haas, Jr. Fund is a private family foundation established in San Francisco in 1953. In 2007, the Fund had assets of \$621 million and awarded \$31 million in grants to support organizations primarily in San Francisco and Alameda counties addressing immigrant rights and integration, gay and lesbian rights, education opportunity, leadership, and community initiatives.

PROGRAM: *Flexible Leadership Awards*

As the Evelyn and Walter Haas, Jr. Fund reflected on its nearly 50 years of grantmaking, it decided that it wanted to do more to support the leadership of its grantees, and, in 2005, invited 14 of its grantees to participate in a pilot Flexible Leadership Awards (FLA) program.

The Haas, Jr. Fund took grantee feedback into account when it designed the program. “Grantees told us that they needed flexible support and help with specific issues at their place of work,” explained Linda Wood, who oversees the Haas, Jr. Fund’s Nonprofit Leadership and Governance program, “so we built in flexibility by letting grantees determine how to use the leadership development funds within their own organizational context.”

Working with a consultant provided by the Fund, each grantee developed a strategy to strengthen its leadership, drawing from a menu of activities that includes board development, fundraising and communications, leadership institutes, planning, executive and/or board chair coaching, and senior team development. In addition to receiving general support from the Haas, Jr. Fund, each organization receives four consecutive grants in the range of \$50,000 to \$100,000 to implement its plan over five years.

Board development has been a high priority for the grantees and for the Haas, Jr. Fund. “Many of our trustees and staff members serve on boards and know firsthand the board’s critical role, so it was important that we included boards as part of the leadership equation,” said Wood. “We encourage board leaders to ask themselves, ‘What role will we need to play to accomplish the organization’s strategies over the next three to five years, and what type of leadership development do we need to fulfill those roles?’”

A number of grantees are using their awards to research alternative models and restructure their board’s composition and role. For example, one community-based organization has transformed its board from a small, founder-led group of professionals into a community leadership body with two-thirds of its members drawn from its neighborhoods and one-third from a small cadre of professionals. The executive director reports increased community ownership, more meaningful accountability, and board discussions about the organization’s mission that are more substantive and valuable to him than ever before.

The FLA program also convenes grantees to explore different leadership models together. For example, inspired in part by presentations at their FLA convenings by Bill Ryan, co-author of *Governance as Leadership*, many grantees are building consistent time into their board meetings to discuss strategy and to review progress against goals. The program has also fostered stronger relationships and more candid conversations between the Haas, Jr. Fund and these grantees, enabling the Haas, Jr. Fund to provide assistance in more targeted and productive ways.

groups — both PCLP and non-PCLP participants — become stronger organizationally.

A few grantmakers offer capacity-building efforts specifically focused on governance:

- The Altman Foundation, The Clark Foundation, and the Tiger Foundation teamed together in 2004 to develop Actualizing Good Governance for overlapping grantees in New York. The program included workshops and one-on-one assistance from local management support organizations and consultants that addressed governance needs identified through board self-assessments.
- The Charles Stewart Mott Foundation launched the Building Nonprofit Leadership Initiative in 2008 in Flint and Genesee County, Michigan, as a complement to the BEST Project,⁶ a multi-funder, organizational capacity-building initiative in Flint. The Building Nonprofit Leadership Initiative seeks to enhance the capacity of local leaders in their service on nonprofit boards.

Kimberly Roberson of the Charles Stewart Mott Foundation explained the rationale behind launching the board initiative: “Many of the original organizations in the BEST Project have experienced executive transition, and some of the early gains have been lost because the boards were not strong enough to manage the transition well.” Roberson noted that board development was part of the BEST Project from the start, but that the Building Nonprofit Leadership Initiative was created because “we felt that the board piece is a lynchpin for the whole organization and that it needed to be lifted out as a separate criteria and concern.”

3. Establish milestones for performance.

Some grantmakers work with grantees to establish specific goals and metrics around board and organizational performance. This is more common among grantmakers that follow a strategic grantmaking or venture philanthropy model, which often incorporates deep and direct board engagement. “We make multiyear grants of a substantial amount, and we have metrics around organizational performance,” explained Woody McCutchen of the Edna McConnell Clark Foundation. “When we make a grant to an organization, we are not making a grant to the CEO or to a particular

program, we are making a grant to the legal entity, and the board is ultimately responsible for that entity’s work. So to truly partner with our grantee, we have an obligation to be fully engaged with its board.”

Grantmakers that establish milestones often also provide grantees with funds and direct assistance to build the organization’s capacity to meet the milestones. For example, the Robin Hood Foundation develops annual contracts that include performance goals for the organization and the board. As Amy Houston explained, “We look for opportunities to inject resources that will drive the organization’s ultimate programmatic performance. For example, if a goal around the board is to add a new board member, we can provide assistance through our board recruiting service.”

Governance and the Grantee: Advantages and Challenges

The activities described above are the most targeted approach to strengthening the governance of grantees or a subset of grantees, and grantmakers cite advantages to this direct engagement.

ADVANTAGES

Addresses specific and changing needs of grantees. The one-to-one and often long-term nature of the relationship between the grantmaker and grantee produces ongoing interactions that can address continuing and evolving needs of boards, chief executives, and organizations.

Provides funds to grantees to address governance needs. Capacity-building grants and programs provide grantees with funding or assistance to address their governance needs.

Increases likelihood of board action. Grantmakers say that engaging grantees individually — through conversation, capacity-building grants, and setting milestones — motivates grantees to take action.

While direct engagement with grantees has considerable advantages, the grantmakers who were interviewed also identified some limitations, as well as strategies for overcoming these challenges. (See pages 15 and 16.)

⁶ Launched in 2001, The BEST Project of Genesee County is a comprehensive capacity-building initiative developed by the Flint Funders Collaborative, which includes the Mott Foundation.

Governance and the Grantee *Challenges and Responses*

CHALLENGES	RESPONSES
<p>Defusing the power dynamics of the grantmaker/grantee relationship. Grantmakers interviewed were acutely aware that communication with grantees may be obscured by the inherent power that funders wield. Put simply, grantees may not be forthcoming because they fear that revealing weaknesses could compromise funding. “We try to make grantmakers aware that there is a power inequity that doesn’t always allow for honest communications between them and their grantees,” said Bill King of the Minnesota Council on Foundations.</p>	<ul style="list-style-type: none"> • Start slowly when cultivating the relationship. In order to have an open exchange between a grantmaker and a grantee, a real relationship has to emerge. Katherine Peck of the Gill Foundation advised, “Make sure you build the relationship first. If you are going to get this engaged, there is an obligation on the part of the funder to establish a trusting relationship — to truly do it in the spirit of helping and building capacity.” • Create an environment for candid conversations. Grantmakers observed that they have more productive conversations when they ask open-ended questions in a nonthreatening way. See “Constructive Conversations with Grantseekers” on pages 17-18 for tips on how to facilitate these discussions. • Provide access to a neutral third-party advisor. An outside consultant can serve as a firewall that maintains confidentiality and encourages more honest assessment of grantee needs. Nearly all grantmakers interviewed noted that, within their capacity-building programs, they do not direct grantees to hire specific consultants nor do the consultants hired by the grantee have a reporting relationship with the grantmaker.
<p>Marshalling adequate time and knowledge for grantee needs. In-depth conversations about governance issues often require a level of familiarity with the grantee’s board and organization. Addressing nuanced organizational development challenges can require specialized knowledge. Time and expertise limitations can make this dialogue impractical to execute with a grantmaker’s entire grantee population or even a majority of grantees.</p>	<ul style="list-style-type: none"> • Focus on select grantees and/or key issues. Some grantmakers pursue more time-intensive conversations about governance issues with a subset of grantees, such as those in a particular mission area or those that match strategic priorities. Other grantmakers choose a few board practices of particular importance to their institution (such as board diversity or executive succession planning) and focus their conversations accordingly. • Convene several grantees to discuss governance issues. Hosting a learning discussion does not require the grantmaker to be a board expert. “I think just convening the peer exchange is an invaluable role that grantmakers can play,” explained Kathleen Edwards of the Cedarmere Foundation. “It doesn’t require a lot of prior knowledge about governance and leadership. We receive very positive feedback from the participants, and it’s a fascinating way for me to get to know the organizations and their leaders and to learn what their issues are.”
<p>Addressing obstacles that limit the success of capacity-building programs. Grantmakers note that the success of capacity-building programs depends on complex factors, such as organizational readiness and the scope and quality of the intervention.</p>	<ul style="list-style-type: none"> • Provide funds for assessments upfront. Some grantees are clear about their capacity-building needs, but others may not be fully cognizant of the underlying issues. Providing funds for a preliminary assessment, in addition to the capacity-building intervention, can help. “It is worth paying for an outside consultant to do an assessment,” explained Kathleen Cerveney of The Cleveland Foundation. “It reveals areas for improvement and helps the funder understand what resources are required.” <p style="text-align: right;"><i>Continued on page 16</i></p>

Governance and the Grantee *Challenges and Responses*

CHALLENGES	RESPONSES
<p><i>Continued from page 15</i></p>	<ul style="list-style-type: none"> • Screen for readiness. Several grantmakers note that it is important to ensure that grantees have sufficient stability to be able to benefit from a capacity-building investment. In addition, the organization has to be ready and willing to tackle complex and sometimes difficult issues. Stephanie McAuliffe of The David and Lucile Packard Foundation noted, “People are all so busy. It is hard to make time for this kind of work in the best of circumstances, so the organization has to completely own the capacity-building work in order to carry it out well.” • Provide assistance at lower levels of intensity for smaller organizations. Some grantmakers found that they need to scale their assistance to grantees’ capacity. For example, the Independence Foundation employs a program officer with a background in nonprofit management to respond to technical assistance requests. As Susan Sherman explained, “The value-added of our on-staff advisor is that she can address the needs of smaller organizations that aren’t ready for big interventions but that need help where they need it, when they need it, in a nimble fashion.” Other foundations offer grants for modest governance efforts. As Gail Kong of the Asian Pacific Fund observed, “It can be helpful to provide funding to community-based groups to address smaller but more achievable goals, like how to recruit good board members. I’ve found that providing resources on discrete tasks that they can succeed at is the best way to begin changing behavior.” • Offer structured, sustained capacity-building initiatives to cohorts of grantees. Organizational change takes time, and some grantmakers have found that longer-term efforts lead to greater impact. The Irvine Foundation has undertaken multiyear, capacity-building initiatives with cohorts of grantees. These initiatives include assessments, peer exchange, and interventions by intermediary groups. “These initiatives are much more systematic,” explained Marty Campbell. “They give us more opportunities to weigh in regarding the level of resources that are allocated, the level of attention given to an issue, and the quality of resources provided.”

CONSTRUCTIVE CONVERSATIONS WITH GRANTSEEKERS

Conversations with grantees are complicated, and they are grounded in the relationship between the grantmaker and the grantee. As Bill King of the Minnesota Council on Foundations reflected, “Grantmakers that are really adept at having these conversations are direct and honest and have worked with grantees over long periods of time. A level of trust, honesty, and consistency exists.” When asked about their strategies and tactics for having productive conversations on governance issues, grantmakers stressed that it is more art than science and shared the following insights:

1. Don't be prescriptive.

Grantmakers interviewed realized that they often have limited information about grantees and that one size does not fit all boards. The first rule is “Do no harm.” As Bruce Karmazin of the Lumpkin Family Foundation noted, “If we say something that we don't mean to be taken too seriously, a grantee may, nevertheless, take it so. Later, we may find that the organization followed through on what we said, even if that wasn't our intention.”

Second, change is more likely when grantees take ownership of governance challenges and solutions. John Lock of Charter School Growth Fund explained, “If we found [a grantee's governance] to be inadequate, we would spend a lot of time coaching the organization through the process of analyzing its own board. We would not actually tell staff or board members, ‘Our initial assessment is that we think your board is weak’ because we want them to want to pursue this area. We're trying to not be directive. We want them to pursue something because they think it is important, not because they think that we think it's important.”

2. Ask open-ended questions.

Conversations with grantees are most productive when open-ended questions are asked in a non-judgmental way for the purpose of mutual learning. The tone and tenor of the first conversation sets the stage for the entire relationship. Frances Phillips of the Walter and Elise Haas Fund shared her approach; “I find that people want to tell you their stories, so a good way to start off a conversation is to ask people how it was that they got involved on their board. You can learn a lot from that question, and they are pretty comfortable in telling you that.”

To ease into conversations about the board, grantmakers often start by soliciting personal perspectives. Kathleen Cerveny of The Cleveland Foundation explained, “In the early stages of the conversation, I ask a grantee to help me understand the nature of its board and how it is involved with the organization — what committees it has, how it functions — and I ask the grantee's opinion on this. I give the organization the opportunity to really lay out for me how its board is functioning.”

Organizations and their boards are much more likely to hear and use constructive critique if it is communicated along with an authentic listening and learning stance on the part of grantmakers. As Marian Godfrey of The Pew Charitable Trusts shared, “We can test their ideas, and they can test our ideas. We have to be in a position where we can hear feedback too. Sometimes, they will tell us we've got it wrong. We need to respond and adjust to the board's reactions to our thoughts as well.”

3. Have the conversation in a broader context.

Boards do not function in isolation, so conversations about governance can be more productive when the topic comes up organically. Grantmakers can help put governance in perspective and grantees at ease by framing board performance in the context of organizational development and lifecycles. Frances Phillips of the Walter and Elise Haas Fund explained how an initial conversation set the stage for a more open exchange: “When I learned that a long-time executive director was leaving, I called the board chair and talked to him about typical challenges associated with generational shifts in organizations and the board's vision for the organization. Later, things did not work out with the new executive director, and the board

came back to me to discuss the situation. I think it did so because I took the initiative to establish the conversation with them early on and to introduce the topic that this is a tough transition for many organizations of your age. That set the stage for honest conversation later on.”

4. Move beyond checklist-type questions.

Many conversations about governance begin — on the application or during an interview — with a series of due diligence questions about board structures and practices. But, deeper conversations offer an opportunity to discuss the importance of good governance and what it means for the grantee. Some grantmakers probe around the following more nuanced aspects of board work:

Board Composition

- “Ford believes that boards and staff should be diverse, and pretty fiercely engages grantees on this. But the questions are really in the spirit of the particular organization and its particular context. We don’t use a template. We start the conversation with ‘How are you viewing the issue of diversity for your board and organization? How are you trying to make progress? What are your challenges?’” ~ Alta Starr, Ford Foundation
- “I want to know that there is a core of board members for whom this is one of the most important organizations that they care about in the community. I hate to see a list of board members who are on 15 other boards.” ~ Kathleen Cerveney, The Cleveland Foundation

Board/Chief Executive Relationship

- “One key question we ask, as an indicator of governance issues, is whether the board reviews the performance of the chief executive.” ~ Marian Godfrey, The Pew Charitable Trusts
- “We look at the dynamics between staff and board, and especially at whether the board is asking the questions that need to be asked. Does the CEO work for the board or does the board work for the CEO?” ~ Woody McCutchen, Edna McConnell Clark Foundation

Strategic Thinking

- “To the board member and CEO we ask, ‘What keeps you awake at night? What do you see as the biggest risk to the organization?’” ~ Marion DeForest, Washington Women’s Foundation
- “I ask both [the executive director and the board chair], ‘What are the two to three most important strategic issues for the organization?’ And I listen to who answers that question...and if the executive director and board chair agree with each other.” ~ Rick Moyers, Eugene and Agnes E. Meyer Foundation

Financial Health

- “In meetings with the staff and board, we were discussing their plan to redo the urban garden in front of the museum and to build a parking garage below it. We asked the trustees about the opportunity cost of investing in this versus investing in other exhibits, and why this was considered to be a more important investment than others.” ~ Gregg Behr, Grable Foundation
- “One of the questions we have asked consistently over the last few years is the percentage of board giving. It turns out that just the question does a lot. They want to know what the ‘right’ answer is, and there isn’t a right answer. But they take the question back to their board and think about it.” ~ Jane O’Connell, Altman Foundation

Recommended Resources

Culick, Liza, Kristen Godard, and Natasha Terk, *The Due Diligence Tool for Use in Pre-Grant Assessment*, Grantmakers for Effective Organizations, 2004.

Good Governance Guide, Governance Matters, 2005, www.governancematters.org.

GOVERNANCE AND THE COMMUNITY

Many of the grantmakers interviewed work in a larger context than the individual grantee, that of the community. They leverage their influence and leadership within a specific geographic region to shine a spotlight on good governance and raise the level of board performance.

Governance and the Community: Examples

Grantmakers that work on governance in the community context offer a variety of activities and programs that bring together nonprofit leaders and/or governance experts. Some of these grantmakers define their mission as serving an entire geographic community and thus seek to address governance with all nonprofits in the area. Other grantmakers focus on certain subsets of nonprofits (such as health care or the arts) within a particular region, but they open their governance programs more widely because certain issues (such as a shortage of board members) are endemic to the community. The following are examples of activities and programs being offered by grantmakers working on governance in the community context:

1. High-profile conferences and events

High-profile events promote fresh thinking, highlight good governance practices, and motivate local nonprofit leaders to tackle governance issues. For example, the Grand Victoria Foundation brings together nonprofit leaders in the region at biennial conferences on strategic organizational issues — Dynamic Governance was held in 2004; Dynamic Leadership in 2006. The Alcoa Foundation sponsored the symposium, Reaching New Heights in Nonprofit Governance, which attracted more than 150 nonprofit leaders from the Pittsburgh area in 2008.

2. Ongoing training and peer learning programs

Providing ongoing training and peer learning opportunities around governance issues builds skills and support networks for local nonprofit staff and board members. For example, The Community Foundation of Greater Des Moines offers BoardLaunch to enhance the leadership skills of local board members. The Community Foundation of Sarasota County sponsors the Board Leaders Council, a peer learning circle for board members.

3. Comprehensive board-building initiatives

Intensive community-wide initiatives deliver multiple layers of assistance to strengthen board performance. They often include large forums as well as one-on-one assistance, providing an infusion of new ideas and customized support to help nonprofits implement what they have learned. The following are examples of grantmaker-driven board-building initiatives:

- In 2004, the Gulf Coast Community Foundation of Venice in Florida created Building Better Boards, a comprehensive, ongoing program. (see Program Profile 2, page 20.)
- The Ventura County Community Foundation in California launched Building Board Leadership in 2006, a comprehensive strategic initiative to strengthen leadership practices and governance structures in the local nonprofit sector.
- Through its Nonprofit Support Program, the Hartford Foundation for Public Giving offers a board leadership program, an executive transition program, capacity-building grants, and executive workshops that address governance issues, among other topics.

4. Special initiatives to address targeted governance issues

Some grantmakers launch special initiatives to tackle governance trends and developments affecting their communities. These programs often address issues of immediate relevance:

- *Compliance*: In 2004, in response to heightened public focus on accountability and transparency, the New Hampshire Charitable Foundation partnered with the state attorney general's office to form the Excellence in Nonprofit Governance Committee, comprising nonprofit leaders from throughout the state (see Program Profile 3, page 21).
- *Diversity*: Noting that many boards do not reflect the diversity of the constituencies that they serve, some grantmakers pursue programs to tap into underrepresented populations in their communities for board service. Akeshia Singleton of The Rapides Foundation explained, "Our program was originally designed to address the significant lack of young membership on boards in our community. There was almost a glass ceiling

PROGRAM PROFILE 2

The Gulf Coast Community Foundation of Venice *A Multifaceted Community-Oriented Approach*

FOUNDATION DESCRIPTION

The Gulf Coast Community Foundation of Venice (GCCFV) was founded in 1995 with \$86 million from the proceeds of the sale of the nonprofit Venice Hospital. Today, it is Florida's largest community foundation. In 2007, GCCFV had assets over \$250 million and awarded more than \$78 million in grants to support five program areas: arts and culture, health and human services, education, civic affairs, and the environment.

PROGRAM *Building Better Boards*

In 2003, the GCCFV sought ways to build capacity among local nonprofits. They conducted a community-wide survey of nonprofit organizations, in which governance was identified as the biggest challenge. Because the GCCFV's board had been working with a consultant to strengthen its own governance structure and practices, the survey findings had particular resonance for GCCFV. As President and CEO Teri Hansen explained, the Foundation "set out to create a long-term, systemic change initiative that would benefit the nonprofits in our community by strengthening governance. Our board members were excited to fund it because they knew how helpful board development was for them." In 2004, GCCFV launched the Building Better Boards program with two phases:

Phase 1 *Board Self-Assessment*

GCCFV offered a confidential, online board self-assessment tool to all nonprofits in the community. Each organization that took the board assessment received its results and a narrative summary of the findings. From 2004 to 2007, 1,100 board members from 79 organizations participated in Phase 1.

Phase 2 *Board Training*

From 2004 to 2007, 34 Phase 1 organizations were selected to receive intensive and customized board development services over a two-year period that included consulting, peer learning, resources, and a two-day governance institute for chief executives and board chairs.

As part of Building Better Boards, GCCFV provided local consultants the opportunity to build their governance expertise by participating in three BoardSource Practitioner Programs. In exchange for complimentary registration to the programs (underwritten by GCCFV), local consultants provided their services free of charge to Phase 2 participants.

Continuing Education

While the first two phases of Building Better Boards concluded in 2007, GCCFV offered several programs in 2008 to provide continuing education to past participants, including a reprisal of the governance institute and chief executive leadership development training. GCCFV also now operates a Good Governance Fund through which it makes governance grants. In December 2008, GCCFV relaunched the online board self-assessment component of the program, making it available for a three-month period to all nonprofits in the community for a nominal fee. The Foundation sees the continuing activities as important because, as Hansen explained, "we want to make sure that the culture change continues."

PROGRAM PROFILE 3

New Hampshire Charitable Foundation *Building Trust and Accountability Statewide*

FOUNDATION DESCRIPTION

Established in 1962, the New Hampshire Charitable Foundation is one of the country's oldest and largest community foundations. In 2007, it had assets of nearly \$490 million and awarded more than \$33 million in grants, loans, and program initiatives.

EXCELLENCE IN NONPROFIT GOVERNANCE COMMITTEE

In 2004, as national leaders debated the issue of increasing regulatory oversight of nonprofits, the New Hampshire Charitable Foundation partnered with the New Hampshire Attorney General's office to lead a statewide effort to strengthen the governance of nonprofits and public confidence in them. The partnership resulted in the formation of the Excellence in Nonprofit Governance Committee, comprised of nonprofit leaders, regulators, and legislators in New Hampshire who were charged with developing a set of recommendations that were then tested with community leaders in six areas across the state. Ellen Koenig, the Foundation's director of regions, explained that the program set out "to ensure that nonprofits and their boards understand their roles and responsibilities but also to assure regulators and legislators that there is an effort in place to provide nonprofits and their boards with information regarding their legal and other responsibilities."

The result was an action plan that produced and widely distributed two important resources:

1. *The New Hampshire Nonprofit Checklist* (www.thecorporatefund.org/_pdf/nonprofit-checklist-08.pdf), which outlines all legal requirements for New Hampshire nonprofits in one comprehensive document.
2. *The Guidebook for New Hampshire Charitable Nonprofit Organizations* (<http://doj.nh.gov/publications/guidebook.html>) on board responsibilities and conflict-of-interest guidelines. The New Hampshire Charitable Foundation and Fidelity Investments underwrite the printing of the *Guidebook* (10,000 to date). "People are clamoring for the book, and they don't just want one, they want 20 — one for each board member," said Koenig.

In addition to these resources, the plan resulted in a statewide series of legal workshops for nonprofits conducted by the attorney general's office and the New Hampshire Center for Nonprofits and a best practices program hosted by the New Hampshire Center for Nonprofits to provide resources and success stories to nonprofit organizations.

for young professionals to become involved in that level of leadership within the community, and our program was created to address that."

- *Board Recruitment:* Some grantmakers address the need for more, and better qualified, board members by supporting board-matching programs (see Program Profile 4, pages 22 and 23). Others, such as the Foellinger Foundation, tackle this problem by elevating the status of board service in the community (see Program Profile 5, page 24).

Grantmakers play different roles in bringing these programs to their communities. Some take complete charge of developing and coordinating programs. Others work with management support organizations or other intermediary groups to co-convene a program. Still others serve primarily as underwriters, with management support organizations taking the lead to coordinate these programs.

PROGRAM PROFILE 4

Grantmakers and Board Matching

Many nonprofits struggle to identify and attract individuals to serve on their boards. Some grantmakers have responded to this need by offering board-matching services. Different grantmakers have different assets — corporate grantmakers have employees, venture philanthropists have networks of donors, and community foundations are well-positioned to serve in a convening role with other civic groups.

The following examples illustrate different types of board-matching programs. While most grantmakers feel that these programs significantly benefit nonprofits and individual board members, they also recognize that a poor match is a risk. Grantmakers employ various strategies to mitigate against this — from providing preparatory training to candidates and increasing the time spent ascertaining and matching interests to giving nonprofits and board candidates plenty of space and time to get to know each other.

1. Locally focused foundations sponsor community-wide board-matching programs.

Some grantmakers sponsor board-matching programs in response to requests for assistance made by local nonprofits and to connect untapped populations in their communities with board leadership opportunities. In 2004, **The Rapides Foundation**, a health care conversion foundation founded in 1994 to serve Central Louisiana, launched the board recruitment and placement program, Board Builders. Initially, the program was intended to attract young professionals to serve on nonprofit boards, but it has evolved to also include recent retirees and other untapped groups in the community.

Annually, Board Builders enrolls 15 to 20 individuals who are interested in nonprofit board service in a four-month training program. At the same time, the Foundation meets with nonprofits seeking board members to ensure their readiness to support new board members. To allow these nonprofits and the board candidates to get to know one another, the nonprofits participate in some of the board training sessions. The training culminates in a matching session at which the interested nonprofits and the board candidates explore potential fits.

Since 2004, The Rapides Foundation has placed 69 board members, and participant ratings have been high. The program has also led to more board development, said Akeshia Singleton, program officer. “Most of the program’s graduates tend to rise into a leadership position on the boards, and they often come back to us for support to strengthen their board performance.”

2. Corporations help place their employees on nonprofit boards.

Some corporate grantmakers place their employees on nonprofit boards by either working directly with nonprofits or through management support groups. In addition to benefiting nonprofits, corporate grantmakers note that board placement programs create relationships locally and nationally for the company, strengthen the company’s community presence, and provide professional development opportunities for employees.

Since 2006, **Capital One**, a financial services company based in McLean, Virginia, has placed more than 100 executives on nonprofit boards across the country through its Executive Board Leadership Program. The company places most of its employees on the boards of grantee organizations. After discussions with both the nonprofit and the corporate executive, Capital One community relations staff introduce the two parties to let them determine if there is a good fit. Capital One provides customized training programs to prepare employees for board service, which also creates an internal network of employees who can mentor and support each other.

Carolyn Berkowitz, vice president of community affairs, credits the 90 percent success rate in board placements to this hands-on, strategic approach: “One of the key factors for us is aligning our board placements with our philanthropic grantmaking. We know the quality of organizations on whose boards we are placing employees. Our company’s philanthropy is aligned with those organizations, and the employees whom we place share those interests. Everyone has better relationships when they are aligned.”

3. High-engagement grantmakers use their networks to identify board members for grantees.

Several grantmakers, such as venture philanthropists, giving circles, and other funds that pool resources, view their internal network of donors as an important asset and a source of new board members.

The **Robin Hood Foundation** of New York City is a charitable organization that pools funds from donors to provide long-term funding and management assistance to grantees. As part of its support, it offers a board recruiting service. Its long-term relationships with grantees and its sizable base of individual and corporate donors give Robin Hood knowledge about grantees’ cultures and needs and a network of board candidates. Said Sunny Smith Longbons, manager, board recruitment, “Our targeted, high-touch approach yields long-term, fruitful partnerships between our candidates and the grantee organizations they join. When a placement doesn’t work out, grantees see it as an exception rather than the rule.”

The Foundation screens grantees and board candidates and makes recommendations for potential matches but leaves the vetting process to the organization and the individual. After the placement is complete, the Foundation offers a board orientation session to candidates and governance workshops to grantees.

The Robin Hood Foundation makes more than 60 placements annually. Of the Foundation’s 240 grantees in 2008, about 90 were looking for one to two board members. Said Amy Houston, director of management assistance, “This program is one of the most extraordinarily successful aspects of our management assistance program. The conversation is not about ‘Robin Hood has their people on our board and we don’t like it.’ The conversation is ‘Please, can we have another and another.’”

PROGRAM PROFILE 5

Foellinger Foundation *Raising the Profile and Practices of Boards*

FOUNDATION DESCRIPTION

Located in Fort Wayne, Indiana, the Foellinger Foundation is a private family foundation established in 1958 by Helene R. Foellinger and her mother, Esther A. Foellinger. The Foundation focuses its grantmaking in Allen County and primarily makes grants in early childhood, youth, and family development. In 2007, the Foundation had \$179 million in assets and approved \$7.5 million in grants.

PROGRAM *Carl D. Rolfsen Stewardship Award*

The Foellinger Foundation rewards good governance and, in the process, promotes it throughout the community. As publisher of *The News-Sentinel*, Helene Foellinger valued accountability and transparency. Building on this journalistic spirit, the Foellinger Foundation launched the Carl D. Rolfsen Stewardship Award to acknowledge outstanding board members and inspire excellence in nonprofit governance. Cheryl Taylor, president, explained, “If we think that the board’s understanding of its governance role is critical, then we have to highlight it. That is something that the Foellinger Foundation can do.”

A hallmark of the Rolfsen Stewardship Award program is its emphasis on recognizing all of the nominated board members, which it does through a media campaign that includes public service announcements on local radio and television stations and full-page advertisements in local business publications. “It is an opportunity for us to lift up all of these board members and their organizations,” explained Taylor.

At the culminating luncheon event, the Foundation announces the award recipient, whose organization receives a \$10,000 operating grant and \$7,500 for board training. The Foundation views the program as a way to both honor board membership and promote good governance. As Taylor pointed out, “We believe that the way to encourage other people to be good board members is to elevate their peers.”

Governance and the Community: Advantages and Challenges

By addressing governance issues in the context of the community, rather than solely at the grantee level, grantmakers are able to extend their influence. Grantmakers interviewed for this project identified advantages related to their ability to convene and connect nonprofit leaders.

ADVANTAGES

Provides leadership on a community-wide issue. Grantmakers occupy a unique position that allows them to convene grantees, local nonprofits, experts, and other civic leaders. As Hugh Ralston of the Ventura County Community Foundation explained, “There is a big benefit of being a

convener with a large name and presence in the community...we can gather executive directors together to discuss governance issues.” Through programs with broad outreach, grantmakers can reach many nonprofits in the local community or region efficiently with a consistent message about the importance of good governance.

Leverages the knowledge of experts and peers. By connecting nonprofits to governance experts and experienced peers, grantmakers take advantage of the expertise of others to provide nonprofits with knowledge and motivation to address governance issues. This can be especially helpful to grantmakers who do not have adequate time or experience to engage in more meaningful governance conversations themselves.

Offers a nonthreatening learning environment. Educational programs promote learning in a non-threatening environment for nonprofits. For some nonprofit leaders, discussing governance issues with an outside expert and peers is more comfortable than with a program officer.

While programs aimed at the community offer some notable advantages, they can also be complicated, especially for grantmakers with limited resources. Grantmakers interviewed identified some of the challenges of holding community-wide governance programs and offered several solutions to address them (see below).

Governance and the Community *Challenges and Responses*

CHALLENGES	RESPONSES
<p>Attracting board leaders. A program’s impact can be limited by the audience in attendance. Barb Young of the Porter County Community Foundation said, “The biggest benefit is when you structure the workshops so that board members do, in fact, attend. Nonprofit staffs, by and large, already know a lot of this; it’s the board members who need to learn and become engaged.”</p>	<ul style="list-style-type: none"> • Structure programs to spur attendance. Getting volunteer board members to participate is essential to successful community programs, and creative fee structures offer one way to do that. For example, the Porter County Community Foundation offers a financial incentive. Says Young, “We charge a fee for workshops, but if an organization brings four or more board members, we’ll waive the fee for everyone from the organization.” • Convey a sense of respect and prestige around board service. Several grantmakers note that governance programs should honor the commitment and strengths of board members. For example, the William G. Selby and Marie Selby Foundation, in collaboration with The Community Foundation of Sarasota County and BoardSource, developed an invitation-only program for board/staff teams to work collectively with a governance expert and discuss governance challenges and opportunities with peer organizations. Debra Jacobs of the Selby Foundation said, “Board members are often some of the most important people in the community. It’s important to frame these programs in a way that honors what they bring to the table.”
<p>Organizing programs with a limited staff. Conferences, special events, and even workshops require significant time to plan, coordinate, market, and evaluate. Some grantmakers note the challenge of marshalling adequate staffing to present high-quality programs.</p>	<ul style="list-style-type: none"> • Collaborate with other grantmakers and intermediary organizations. For example, in 2006, the Foundation For The Carolinas’ Center for Nonprofits partnered with the Executive Service Corps in the Charlotte region to sponsor the Building Better Boards program, which was funded by the Foundation For The Carolinas, the John S. & James L. Knight Foundation, and the Z. Smith Reynolds Foundation.
<p>Initiating change from single events. By their very nature, workshops, speakers, and conferences are short-term in nature. While they can promulgate important ideas, putting that knowledge into practice takes time and resources, which can be scarce for nonprofit leaders.</p>	<ul style="list-style-type: none"> • Offer additional assistance for nonprofits at different readiness levels. Capacity-building grants can provide a needed stimulus for nonprofits that are ready to change but lack resources. For example, the Hartford Foundation for Public Giving offers workshops combined with customized consulting assistance. The workshops provide key concepts while the consulting support helps agencies apply what they have learned.

GOVERNANCE AND THE FIELD

Grantmakers address governance in the field by investing in the development of governance tools, resources, and research (the field of governance) and by investing in organizations that develop those resources (field-building organizations). Through their work with nonprofits, grantmakers see the need for — and are investing in — research and resources that target particular governance issues, advance promising practices, and respond to needs of different types of nonprofits. “Through the proposals that cross our desk, the conversations that we have with other organizations, and our work within the sector itself, we have an ability to see patterns and emerging needs,” explained Karen Whalen of the Kellogg Foundation. “Our voice and willingness to highlight what we see is important. The Kellogg Foundation’s support of infrastructure investment in new tools and our investment in building capacity are linked in that way.”

Governance and the Field: Examples

Grantmakers advance the field of governance directly through their own involvement in research and development efforts and indirectly by funding field-building organizations. Several examples of investments with a governance focus are included below; for additional resources, see Appendix 3.

1. Support field-building organizations that develop governance resources and research.

Some grantmakers invest in field-building organizations that undertake governance research and develop resources for and about boards:

- In October 2004, Independent Sector convened The Panel on the Nonprofit Sector to prepare recommendations for Congress regarding the oversight and governance of charitable organizations. The Panel also provided guidance to nonprofits on governance issues with the release of *Principles for Good Governance and Ethical Practice*, which was funded by the Ford Foundation, the W.K. Kellogg Foundation, and the Charles Stewart Mott Foundation.
- BoardStar, a program supported by the Nonprofit Management Fund in Milwaukee, Wisconsin, develops governance resources — such as podcasts that are available worldwide — and offers services to meet the needs of local nonprofits.

- The W.K. Kellogg Foundation, Atlantic Philanthropies, and The David and Lucile Packard Foundation provided funding to BoardSource and Harvard University to research alternative approaches to nonprofit governance. The study culminated in the publication of *Governance as Leadership*, which examines three modes of governance that together enable board members to engage in more meaningful and consequential work for their organizations.

2. Engage directly in governance-related research and resource development.

Some grantmakers are directly involved in governance-related research, curriculum development, and program design. This involvement is often based on needs identified through the grantmakers’ work with grantees. The following examples show how grantmakers have contributed their intellectual, as well as financial, capital to the larger nonprofit field:

- Drawing on their firsthand experience, the Grantmakers Committee of New York —based Governance Matters developed the *Good Governance Guide* (www.governancematters.org), an online tool to help grantmakers pursue constructive conversations with grantees and, in turn, promote good governance.
- To advance understanding of the factors that contribute to the success or failure of nonprofit executives, including their relationship with their boards, the Meyer Foundation co-authored *Daring to Lead 2006* with CompassPoint Nonprofit Services, in addition to providing financial support for the project.
- Recognizing the need for advanced board training among its own grantees as well as other nonprofits, Social Venture Partners in Seattle, Washington, collaborated with the United Way of King County, the Arts Fund, and the University of Washington to create Advanced Board Leadership, a four-session course to teach high-level competencies to board members.

Governance and the Field: Advantages and Challenges

Changes in society and the nonprofit sector will continue to drive the need for new and different approaches to governance. Grantmakers that

support the development and dissemination of research and resources contribute to a broad-based strategy for advancing good governance, which conveys both advantages and challenges

ADVANTAGES

Develops resources on best practices. The quality of governance training and assistance depends upon the quality of the concepts, frameworks, and tools available. Many grantmakers view an investment in governance research and resources as critical to developing the knowledge that they and others need.

Extends the impact of an investment in governance throughout the country. Some grantmakers view investments in governance resources and tools as a leveraged way to have an impact on a large number of nonprofits. As Kimberly Roberson of the Mott Foundation said, “We invest in BoardSource because we believe that high-quality tools and training need to be available to the broader sector.”

Still, governance field building can feel abstract and developing the internal case for supporting an investment in resources and research can be difficult. Grantmakers interviewed identified the challenge and solutions below.

Governance and the Field *Challenges and Solutions*

CHALLENGES	SOLUTIONS
<p>Connecting field-building efforts to specific grantees or community nonprofits. An investment in the field of governance can feel removed from a grantmaker’s core mission, its grantees, and/or its community.</p>	<ul style="list-style-type: none"> • Connect grantees with governance resources and field-building organizations. Gregg Behr of the Grable Foundation views his role, in part, as a connector between the foundation’s grantees and the organizations that can assist them: “We ask questions that encourage our grantees to get involved with other intermediary groups, and we provide funding to those intermediary groups so that they can provide resources and assistance to our grantees and other nonprofits.” • Identify research and development opportunities that relate to particular segments of the nonprofit sector. By focusing on those nonprofits that are most closely aligned with their mission, grantmakers can satisfy their own priorities and contribute to the field. For example, when the Evelyn and Walter Haas, Jr. Fund wanted to better understand the governance needs of its grantees so that it could improve its capacity-building efforts, it provided support to the Urban Institute for a research paper, <i>Boards of Midsized Nonprofits: Their Needs and Challenges</i>. • Look for opportunities to work in two contexts. Because some field-building organizations engage both in developing governance resources and in providing governance capacity-building services directly to nonprofits, grantmakers often view their support of these organizations as serving the community and building the field. “I recognize that when the Haas, Jr. Fund makes a grant to CompassPoint, the investment goes beyond the benefit that our local grantees that use CompassPoint services receive,” explained Linda Wood of the Evelyn and Walter Haas, Jr. Fund. “It’s an investment in the field that benefits all local nonprofits, and, because of the tools and research that CompassPoint develops, also benefits nonprofits nationally.”

GUIDANCE FOR DETERMINING YOUR ENGAGEMENT IN GOVERNANCE

This paper presents an ambitious array of possibilities for engaging in governance, and grantmakers need to decide how best to deploy their resources. Those interviewed for this paper shared their insights, which informed the following three framing questions and practical suggestions for those interested in taking the next steps towards strengthening nonprofit governance.

Framing Questions

Governance work should complement the grantmaker's mission and grantmaking style, address audience and community needs, and take into account the capabilities and capacity of the grantmaker as well as other potential partners. In making thoughtful choices about how to invest in governance, grantmakers should consider the following three questions:

1. How do investments in governance align with our mission, values, and grantmaking style?
2. Who is our audience, and what does it need?
3. What resources and capabilities can we leverage to improve nonprofit governance?

These three questions serve as a checkpoint for grantmakers as they frame their approach to strengthening governance among grantees and community nonprofits.

1. How do investments in governance align with our mission, values, and grantmaking style?

Grantmakers interviewed see a clear connection between mission, grantees, and good governance. “There needs to be an exploration of the importance of governance to the success of your grantees, and therefore to the success of your own foundation’s mission,” explained Chuck Hamilton of The Clark Foundation. “Then you can look at what works and doesn’t work and how you can be helpful.”

Second, investments in governance — be it through the due diligence process, programmatic initiatives, staff development, and grants themselves — should be clearly aligned with the grantmaker’s values and grantmaking style. Marty Campbell of the Irvine Foundation said, “My advice is that foundations should start by first understanding how investments in governance and leadership fit within their own goals and interests. Then they can identify what role they can play.”

Grantmakers play different roles within their communities, which influences how they address governance issues. For example, community and other local foundations that position themselves around leadership may sponsor high-profile programs to spotlight good governance. Grantmakers that prefer to maintain a lower profile in their community may choose to advance governance by making capacity-building grants and supporting management support organizations.

Grantmakers’ relationships with grantees also inform how they incorporate governance into their work. Some grantmakers maintain distance between themselves and their grantees’ governance, choosing to provide capacity-building support through community-wide conferences or support for governance-related resources and research. Other grantmakers have deeper relationships with grantees and therefore more opportunities to engage in various levels of conversation and support around governance. For example, grantmakers that follow a venture philanthropy or strategic grantmaking model tend to have high levels of engagement with the chief executive and board. Says Eleanor Rutland of Venture Philanthropy Partners, “We invest in leaders, and we believe the leadership is not just the CEO but also the board of directors. So we engage the board at multiple levels throughout the course of the relationship with the organization.”

2. Who is our audience, and what does it need?

Grantmakers can choose to advance governance with different audiences — some or all grantees, nonprofits in the local community, or the sector as a whole. The choice of audience often guides the range of grantmaker investments, as outlined in Exhibit 2.

The nature of the audience also needs to be paired with the needs of the audience. For example, at the individual level, a grantee may be experiencing a significant transition, such as adding new service sites, launching a capital campaign, or searching for a new chief executive, which may benefit from a capacity-building grant to strengthen board involvement. Or, at the community level, a scandal in a local organization may prompt calls for education on issues of board accountability and transparency.

Exhibit 2: Summary of Activities to Strengthen Governance

GOVERNANCE AND GRANTEES	<ul style="list-style-type: none"> • Engage in dialogue with grantees about governance • Create opportunities for grantee peer exchange on governance issues • Provide capacity-building grants and programs • Establish milestones for board performance
GOVERNANCE AND COMMUNITY	<ul style="list-style-type: none"> • Sponsor forums and conferences featuring governance experts • Provide ongoing training and peer learning programs • Establish comprehensive board building initiatives • Undertake initiatives to address targeted governance issues
GOVERNANCE AND THE FIELD	<ul style="list-style-type: none"> • Develop resources and conduct research • Invest in field-building organizations that conduct research and develop resources

Even if a grantmaker generally targets certain grantees, some needs warrant broader and sometimes multiple investments. For example, nonprofit leaders frequently cite difficulty in identifying and attracting qualified board members. A grantmaker may address this need by honoring board service, funding a board-matching program, and making grants to individual organizations.

3. What resources and capabilities can we leverage to improve governance?

Before investing in governance, grantmakers need to take stock of internal and external resources. Internally, grantmakers should assess their own capabilities and capacities because governance activities can take considerable time and effort. Offering structured capacity-building initiatives, taking a lead role in educational programs, and having in-depth conversations with grantees require significant capacity in terms of staff time, knowledge, and financial investment. Grantmakers can, however, advance governance in numerous ways that are less resource-intensive, such as collaborating with others to offer programs, convening grantees for peer exchange, and supporting field-building efforts. Furthermore, some grantmakers may be able to incorporate a governance component into existing activities.

Grantmakers may choose to invest time in developing staff capacity around governance and capacity-building issues, but this is not a prerequisite for getting started. Some grantmakers note that the programs and convenings that they offer provide important

learning opportunities for themselves as well as for nonprofit leaders.

Grantmakers should also scan the external environment when investing in governance. To mitigate the risk of duplicating efforts and to identify potential partnerships, they should consider who else in the community is working on the same or related issues. As Debra Jacobs of the Selby Foundation suggested, “You have to ask, ‘Who else is doing what in the community?’ You have to talk to groups beyond foundations, such as institutions of higher learning.”

Where to Begin? Advice from the Field on First Steps

Grantmakers interviewed for this project shared advice for those who may be new to the practice of investing in governance. A common set of themes emerged for taking the first steps:

1. **Begin with your own board.** A grantmaker engaging on governance issues should consider its own governance practices before engaging on this issue with others. In short, grantmakers should be prepared to walk the governance talk. “It was hugely important that our board had been through the board development process itself,” said Teri Hansen of the Gulf Coast Community Foundation of Venice. “I don’t see how someone could think it is a good idea for others to engage in board development if you haven’t gone through it yourself. It would be like working for Ford and driving a Chevrolet.”

Grantmakers interviewed found benefit in having similar experiences and common challenges with grantees. Aubrey Patterson of the Hutchinson Community Foundation explained, “When we were addressing governance issues with nonprofits in our community, we were able to say that our board was working on the same struggles. It improved our relationship with these nonprofits — they saw us as a partner, not just a funder.”

- 2. Listen to your audience.** Many grantmakers interviewed stressed the importance of listening to the community before embarking on a full-scale program. Gauging needs and interests can happen through formal surveys or more informally through conversations with grantees. “It is important to understand what is going on with the organizations you work with. All of our technical assistance efforts are driven by what grantees tell us they need versus what we think they should have,” said Amy Barger of the Tiger Foundation.

Given their mission, community foundations are often well-positioned to evaluate broader community needs on a regular basis. As Megan Meyer of the Toledo Community Foundation explained, “We hosted a series of workshops with executive directors to see what they thought the need was. We may do it biennially. It’s been very helpful to keep us in touch with the needs of the community and to get buy-in for our programs.”

- 3. Start small and build up your experience.** For those new to working on governance issues, it takes time to develop comfort and proficiency. Many of the activities featured in this report lend themselves to starting small. “When I talk to other funders, I suggest that they start small — start with a few questions

for grant seekers, invite a board member to come to a meeting — some simple things to get them comfortable with the process. Make it a win-win learning experience for the nonprofit and its board member, as well as for the grantmaker,” suggested Libby Costas of the Cummings Fund.

While grantmakers new to this arena should not expect large-scale impact based on one-off programs, free-standing workshops can provide nonprofit leaders with valuable information about key issues. As Annemarie Riemer of the Hartford Foundation for Public Giving observed, “When we started offering workshops, they were in the form of brown-bag lunches for executive directors, and our speakers were local nonprofit executives and consultants. Information was shared, and executive directors had the opportunity to get together with peers.”

To be more effective, grantmakers interviewed often invested in professional development. They built their own governance knowledge through professional networks, training programs, and board service. Said Anne Lawrence of the Robert Bowne Foundation, “I do feel that a lot of program officers — it was true in my case — don’t have a lot of knowledge and experience with boards. My main purpose in joining Governance Matters is to learn more about governance so that I can offer more to my grantees.” Some foundation program officers attend training events, such as BoardSource’s Practitioner Programs. A few grantmakers actively encourage program officers to serve on boards. “There is no better training than to be on a board,” said Chuck Hamilton of The Clark Foundation.

CONCLUSION

Good governance — carried out by a strong chief executive in partnership with an engaged and strategic-thinking board — is the backbone of a healthy and productive nonprofit organization. Like any infrastructure, boards and chief executives require ongoing investment to make sure that their skills are honed, relationships are nurtured, and new challenges are overcome. Grantmakers have an important role to play. They can raise awareness of good governance and provide resources to address board development, which benefit nonprofit organizations and ultimately their clients, constituencies, and communities.

Grantmakers have many tools at their disposal to advance governance. Grantmakers can choose to address governance in the context of individual grantees, to raise community standards for board performance, or to contribute knowledge to the field of nonprofit leadership. They can choose to invest in governance on their own or in collaboration with other funders, intermediary organizations, and even grantees themselves.

In whatever context they work, grantmakers need to be careful and thoughtful when engaging grantees and community nonprofits on issues of governance. But not to act at all is a missed opportunity. As Kimberly Roberson of the Mott Foundation said, “Our view as grantmakers isn’t better or smarter than that of our grantees or other nonprofits, but we do have a different vantage point. If we don’t bring that perspective to bear, then we’re cheating everybody.” Greater involvement by grantmakers in fostering strong governance benefits not just grantees and grantmakers — it benefits the communities that depend on the programs and services provided by the nonprofit sector.



APPENDIX 1

INTERVIEWEES

Altman Foundation: Jane B. O'Connell, President

Asian Pacific Fund: Gail M. Kong, Executive Director and President

Capital One: Carolyn S. Berkowitz, Vice President, Community Affairs & President, Capital One Foundation and Emily Talley, Senior Director, Community Affairs

Cedarmere Foundation: Kathleen Edwards, President

Charles Stewart Mott Foundation: Kimberly S. Roberson, Program Officer and Nick Deychakiwsky, Program Officer

Charter School Growth Fund: John Lock, Dreamweaver, CEO and President

The Clark Foundation: Charles H. Hamilton, Executive Director

The Cleveland Foundation: Kathleen Cerveny, Program Director for Arts and Culture and Lisa L. Bottoms, Program Director for Human Services and Child and Youth Development

The Community Foundation of Greater Des Moines: Kristi Knous, Vice President, Donor Relations and Community Investment and Dan Raedeker, Community Investment Associate

Community Foundation of Sarasota County: Christie Lewis, Vice President of Nonprofit Capacity Building (formerly)

The David and Lucile Packard Foundation: Stephanie McAuliffe, Director, Organizational Effectiveness and Direct Grantmaking

Edna McConnell Clark Foundation: Woodrow C. McCutchen, Portfolio Manager and Abigail Diner, Senior Associate, Special Projects

Eugene and Agnes E. Meyer Foundation: Richard L. Moyers, Director of Programs

Evelyn and Walter Haas, Jr. Fund: Linda Wood, Senior Program Officer, Nonprofit Leadership and Governance

Foellinger Foundation: Cheryl K. Taylor, President

The Forbes Funds: Diana Bucco, President

Ford Foundation: Alta Starr, Program Officer, Governance and Civil Society

The Frances L. and Edwin L. Cummings Memorial Fund: Elizabeth H. Costas, Executive Director

Freddie Mac Corporation: Mike Schwartz, Director, Corporate Giving and Employee Involvement

Gill Foundation: Katherine Peck, Vice President, National Programs

Goldman, Sachs & Co.: Marlo Tablante, Associate, Office of Corporate Engagement and Nicolette Rabadi, Project Manager, Office of Corporate Engagement

Grable Foundation: Gregg Behr, Executive Director

Grand Rapids Community Foundation: Marcia L. Rapp, Vice President, Programs

Grand Victoria Foundation: Toya Randall, Director of Elgin Programs

Gulf Coast Community Foundation of Venice: Teri A. Hansen, President/CEO and Kirsten Fulkerson, Program Officer

Hartford Foundation for Public Giving: Annemarie H. Riemer, Director, Nonprofit Support Program

Hutchison Community Foundation: Aubrey Abbott Patterson, President and Executive Director and Kate Van Canfort, Community Investment Officer

IBM: Ann W. Cramer, Director North America, IBM Corporate Citizenship and Corporate Affairs

Impact Austin: Rebecca Powers, President

Independence Foundation: Susan Sherman, President and CEO

James Irvine Foundation: Martha S. Campbell, Vice President for Programs

Kansas Health Foundation: Steve Coen, President and CEO, Jeff Usher, Program Officer, and Carolyn Williams, Program Officer

Lumpkin Family Foundation: Bruce Karmazin, Executive Director

Minnesota Council on Foundations: Bill King, President

New Hampshire Charitable Foundation: Ellen Koenig, Director of Regions

NewSchools Venture Fund: Ted Mitchell, CEO

Nonprofit Management Fund: Patricia Wyzbinski, Fund Advisor

The Pew Charitable Trusts: Marian A. Godfrey, Senior Director, Culture Initiatives

Porter County Community Foundation: Barbara A. Young, President

The Rapides Foundation: Akeshia Singleton, Program Officer and Patricia Starling, Community Engagement Coordinator, Community Development Works

Retirement Research Foundation: Marilyn Hennessy, President

Robert Bowne Foundation: Anne H. Lawrence, Program Officer

Robin Hood Foundation: Amy Houston, Director, Management Assistance and Sunny Smith Longbons, Manager, Board Recruitment

Sarkeys Foundation: Ann M. Way, Senior Program Officer

Social Venture Partners International: Paul Shoemaker, Founding President and Executive Director of Social Venture Partners Seattle

Sunflower Foundation: Billie Hall, President and CEO

Tiger Foundation: Amy Barger, Senior Program Officer

Toledo Community Foundation: Megan Meyer, Director, Center for Nonprofit Resources

Ventura County Community Foundation: Hugh J. Ralston, President and CEO and Dena C. Jenson, Vice President and Director, Resource Center for Nonprofit Management

Venture Philanthropy Partners: Eleanor L. Rutland, Chief Operating Officer

W.K. Kellogg Foundation: Karen Whalen, Program Director

Walter and Elise Haas Fund: Frances N. Phillips, Senior Program Officer, The Arts and Director of the Creative Work Fund

Washington Women's Foundation: Colleen S. Willoughby, Founding President and Marion DeForest, Deputy Director

William G. Selby and Marie Selby Foundation: Debra M. Jacobs, President and CEO



APPENDIX 2

GRANTMAKER PROGRAMS THAT ADVANCE NONPROFIT GOVERNANCE

These tables feature an overview of programs offered by grantmakers to grantees and/or community nonprofits. Many programs focus specifically on governance; others provide a range of capacity-building support of which governance is a component.

Grantmaker	2007 Total Assets	Program Name	Program Description	Geographic Focus	Contact Information
Alcoa Foundation	\$542 million	Reaching New Heights in Nonprofit Governance	A one-day conference for local nonprofit leaders to explore issues such as board fundraising, board diversity, and board deliberations.	Greater Pittsburgh Area, PA	Scott Hudson, Manager, Global Initiatives and Program Development www.alcoa.com
Altman Foundation	\$211 million (2008)	Actualizing Good Governance	A multifaceted initiative that provides select grantees with board self-assessments, training, and tailored consulting services. Offered jointly by the Altman, Tiger, and Clark Foundations to overlapping grantees.	New York, NY	Jane O'Connell, President www.altmanfoundation.org
Capital One	N/A	Executive Board Leadership Program	A board-matching program that trains and places Capital One executives on select nonprofit boards. See page 23 of this report for a profile of this program.	National	Carolyn Berkowitz, Vice President, Community Affairs 703-720-2367 www.capitalone.com
Charles Stewart Mott Foundation	\$2.7 billion	Building Nonprofit Leadership Initiative	A multifaceted initiative for local nonprofits that includes board self-assessments, training and consulting services, and peer learning sessions.	Flint and Genesee County, MI	Kimberly Roberson, Program Officer 810-238-5651 www.mott.org
The Clark Foundation	\$581 million	Actualizing Good Governance	See listing in this table under Altman Foundation.	New York, NY	Charles Hamilton, Executive Director 212-977-6900
The Cleveland Foundation	\$2.2 billion	Project Access	A multifaceted initiative for local faith-based organizations that offers organizational assessments, trainings, networking opportunities, and coaching.	Greater Cleveland Area, OH	Lisa Bottoms, Program Director for Human Services and Child and Youth Development 216-861-3810 www.clevelandfoundation.org
The Community Foundation of Greater Des Moines	\$145 million (2008)	Board Launch workshops	A series of workshops for community nonprofit board members and executives that provide technical and leadership training to improve board member skills.	Greater Des Moines Area, IA	Dan Raedeker, Community Investment Associate 515-244-0340 www.desmoinesfoundation.org

Grantmaker	2007 Total Assets	Program Name	Program Description	Geographic Focus	Contact Information
Community Foundation of Santa Cruz County	\$45.7 million	BoardMatch	A board-matching program that trains and places individuals on local nonprofit boards. Prospective board members attend three trainings prior to placement.	Santa Cruz County, CA	Luis Chabolla, Communications and Education Officer 831-477-0800 www.cfsc.org
		Workshops for Nonprofits	An annual series of workshops for community nonprofit leaders that includes topics on board governance.		
Community Foundation of Sarasota County	\$159 million	Board Bank	An online board-matching program that connects local individuals with nonprofit committee and board positions. Also offers trainings on board service.	Sarasota County, FL	Judith Bell, Vice President of Nonprofit Resources, Nonprofit Resource Center 941-556-7102 www.cfsarasota.org
		Board Leaders Council	A monthly forum for local board members to network and share learning and insights.		
The David and Lucille Packard Foundation	\$6.6 billion	Organizational Effectiveness Grants	A grants program that provides existing grantees with funding for a variety of organizational capacity-building efforts including governance and board development.	National	Stephanie McAuliffe, Director, Organizational Effectiveness and Directed Grantmaking 650-948-7658 www.packard.org
Eugene and Agnes E. Meyer Foundation	\$225.5 million	Management Assistance Program	A grants program that provides existing grantees with funding for a variety of organizational capacity-building efforts including governance and board development.	Greater Washington, DC	Richard Moyers, Director of Programs 202-483-8294 www.meyerfoundation.org
Evelyn and Walter Haas, Jr. Fund	\$621 million	Flexible Leadership Awards	A multifaceted initiative that provides select grantees with funds to strengthen their leadership at the board, executive, and senior team levels. See page 13 of this report for a profile of this program.	Bay Area, CA	Linda Wood, Senior Program Officer, Nonprofit Leadership and Governance 415-856-1400 www.haasjr.org

Grantmaker	2007 Total Assets	Program Name	Program Description	Geographic Focus	Contact Information
Foellinger Foundation	\$179 million	Ernest E. Williams Lecture Series	A lecture series on management and governance issues with a capacity-building grant opportunity related to the lecture topic. Lectures are open to all local nonprofits; grants to current grantees only.	Allen County, IN	Cheryl Taylor, President 260-422-2900 www.foellinger.org
		Carl D. Rolfsen Stewardship Award	An awards program for local nonprofits that recognizes outstanding board members. See page 24 of this report for a profile of this program.		
The Forbes Funds	\$6.7 million (2006)	Management Assistance Grants	A grants program that provides eligible nonprofits with funding for a variety of organizational capacity-building efforts including governance and board development.	Allegheny County, PA	Diana Bucco, President 412-394-4271 www.forbesfunds.org
Freddie Mac Corporation	N/A	Nonprofit Board Leadership Program	A board-matching program that trains and places Freddie Mac executives and senior employees on select local nonprofit boards.	Greater Washington, DC	Mike Schwartz, Director, Corporate Giving and Employee Involvement 703-918-8888 www.freddiemac.com
Foundation For The Carolinas	\$803 million	Building Better Boards	A multifaceted initiative for community nonprofits that offers board self-assessments, training, and consulting. Also supported by the John S. & James L. Knight Foundation and the Z. Smith Reynolds Foundation.	North and South Carolina	Johanna Anderson, Assistant Vice President of Client Services 704-973-4500 www.ffc.org
		Center for Nonprofits	A management support program that includes training and professional development for community nonprofit leaders on topics such as board fiduciary responsibilities and the board's role in fundraising.		

Grantmaker	2007 Total Assets	Program Name	Program Description	Geographic Focus	Contact Information
Grand Rapids Community Foundation	\$239 million (2008)	Nonprofit Technical Assistance Fund	A collaborative grants program funded by several local grantmakers that provides community nonprofits with funding for a variety of capacity-building efforts including governance and board development.	Kent County, MI	Marcia Rapp, Vice President, Programs www.grfoundation.org
Grand Victoria Foundation	\$137 million	Dynamic Conference series	A biennial conference for nonprofit leaders that addresses strategic organizational issues including governance and leadership.	Illinois	Toya Randall, Director of Elgin Programs 847-289-8575 www.grandvictoriafdn.org
Gulf Coast Community Foundation of Venice	\$260.4 million	Building Better Boards	A multi-faceted initiative for community nonprofits that offers board self-assessments, training, and consulting. See page 20 of this report for a profile of this program.	Greater Venice Area, FL	Kirstin Fulkerson, Program Officer 941-486-4600 www.gulfcoastcf.org
Hartford Foundation for Public Giving	\$798 million	Nonprofit Support Program	A management support and grants program that includes board leadership workshops, an executive transition program, and capacity-building grants.	Greater Hartford Area, CT	Annemarie Riemer, Director, Nonprofit Support Program 860-548-1888 www.hfpg.org
IBM	N/A	IBM On Demand Community	An online resource that provides IBM employees with online tools, training, and information that facilitates their volunteer efforts, including resources for nonprofit board service.	Global	Ann Cramer, Director North America, IBM Corporate Citizenship and Corporate Affairs 404-238-6660 www.ibm.com
James Irvine Foundation	\$1.9 billion	Flex Fund	A flexible funding mechanism that provides select grantees with funds to address discrete organizational development needs or opportunities that may arise during the course of a program grant.	California	Martha Campbell, Vice President for Programs 415-777-2244 www.irvine.org

Grantmaker	2007 Total Assets	Program Name	Program Description	Geographic Focus	Contact Information
James Irvine Foundation (continued)	\$1.9 billion	Fund for Leadership Advancement	A grants program that provides tailored support to executives and/or senior staff of existing grantees. Support is provided for executive coaching, executive seminars, visits to peer institutions, and consulting.	California	Martha Campbell, Vice President for Programs 415-777-2244 www.irvine.org
		Multiyear capacity building initiatives	Multiyear initiatives with select organizations that improve the financial sustainability, management, governance and growth capacities through grants, technical assistance, assessment, and peer learning.		
Lumpkin Family Foundation	\$49.5 million	Nonprofit Excellence Program	A management support and grants program that includes governance-related trainings, peer networking sessions, and capacity-building grants.	Central Illinois	Bruce Karmazin, Executive Director 217-235-3361 www.lumpkinfoundation.org
New Hampshire Charitable Foundation	\$489.6 million	Excellence in Nonprofit Governance Committee	A statewide committee that developed a program to strengthen board accountability. See page 21 of this report for a profile of this program.	New Hampshire	Ellen Koenig, Director of Regions and Senior Program Officer, Lakes Region 603-225-6641 www.nhcf.org
		The Corporate Fund	A management support and grants program that offers online board self-assessment tools, a consultant resource bank, and capacity-building grants.		
Nonprofit Management Fund	N/A	Management Assistance Grants	A grants program that provides community nonprofits with funding for a variety of capacity-building efforts including governance and board development.	Greater Milwaukee Area, WI	Patricia Wyzbinski, Fund Advisor 414-271-4869 www.nonprofitmanagementfund.org
		BoardStar	A board-focused technical assistance program for community nonprofits that offers workshops, consulting, podcasts, board-matching services, and research.		

Grantmaker	2007 Total Assets	Program Name	Program Description	Geographic Focus	Contact Information
The Pew Charitable Trusts	\$338.3 million	Philadelphia Cultural Leadership Program	A grants program that provides general support for cultural organizations that demonstrate high standards of programmatic, fiscal, and management performance.	Greater Philadelphia Area, PA	Marian Godfrey, Senior Director, Culture Initiatives 215-575-9050 www.pewtrusts.org
		Philadelphia Cultural Management Initiative	A complement to the Philadelphia Cultural Leadership Program (PCLP), this capacity-building grants program helps cultural organizations attain and maintain the high standards of the PCLP.		
The Rapides Foundation	\$237 million (2006)	Board Builders	A board-matching program that trains and places individuals on nonprofit boards in the region. See page 22 of this report for a profile of this program.	Central Louisiana	Akeshia Singleton, Program Officer 318-443-3394 www.rapidesfoundation.org
		Board Works	A workshop series for nonprofit board and staff members covering a range of governance topics.		
Retirement Research Foundation	\$172.6 million	Organizational Capacity Building Program	A grants program that provides eligible nonprofits with funding and independent coaches to address a variety of organizational capacity-building efforts.	Greater Chicago Area, IL	Irene Frye, Executive Director 773-714-8080 www.rrf.org
Sarkeys Foundation	\$110.9 million	Toolbox Series	A workshop series for nonprofit board and staff members covering a range of topics.	Oklahoma	Ann Way, Senior Program Officer 405-364-3703 www.sarkeys.org
		Southwest Regional Leadership Forum	A biennial conference for nonprofit board and staff members that brings in national and local experts to discuss key governance and management issues.		
Tiger Foundation	\$61 million (2007)	Actualizing Good Governance	See listing in this table under Altman Foundation.	New York, NY	Amy Barger, Senior Program Officer 212-984-2565 www.tigerfoundation.org

Grantmaker	2007 Total Assets	Program Name	Program Description	Geographic Focus	Contact Information
Toledo Community Foundation	\$150 million	Center for Nonprofit Resources	A management support and grants program for nonprofits that includes governance-related workshops and capacity-building grants for board development.	Greater Toledo Region, OH	Megan Meyer, Director, Programming Center for Nonprofit Resources 419-241-5049 www.toledocf.org
Ventura County Community Foundation	\$111.4 million	Building Board Leadership	A multifaceted initiative for local nonprofit board and staff members that offers seminars, board member peer roundtables, and resources.	Ventura County, CA	Dena Jenson, Vice President and Director, Center for Nonprofit Leadership 805-988-0196, ext. 128 www.vccf.org
W.K. Kellogg Foundation	\$8.4 billion	Kellogg Action Lab	A multifaceted initiative for existing grantees that provides access to capacity-building grants and funds to attend convenings and purchase resources.	National	Karen Whalen, Program Director 269-968-1611 www.kelloggactionlab.org
William G. Selby and Marie Selby Foundation	\$78.8 million	Taking Good Boards to Greater Heights	A half-day seminar for board chair/chief executive teams from select local nonprofits to discuss and address emerging governance issues. A joint effort with the Community Foundation of Sarasota County.	Greater Sarasota Area, FL	Debra Jacobs, President and CEO 941-957-0442 www.selbyfdn.org

APPENDIX 3

RECOMMENDED RESOURCES

Resources on Governance

2007 Grant Thornton LLP National Board Governance Survey for Not-for-Profit Organizations, Grant Thornton, www.grantthornton.com/staticfiles/GTCom/files/Industries/NotForProfit/07_BG_Survey.pdf.

Bell, Jeanne, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint Nonprofit Services, 2006.

Chait, Richard P., William P. Ryan, and Barbara E. Taylor, *Governance as Leadership: Reframing the Work of Nonprofit Boards*, John Wiley and Sons and BoardSource, 2004.

Ingram, Richard, *Ten Basic Responsibilities of Nonprofit Boards, Second Edition*, BoardSource, 2009.

Klausner, Michael and Jonathan Small, "Failing to Govern? The Disconnect between Theory and Reality in Nonprofit Boards, and How to Fix It," *Stanford Social Innovation Review*, Spring 2005.

Nonprofit Governance Index 2007, BoardSource, 2007.

Ostrower, Francie, *Boards of Midsize Nonprofits: Their Needs and Challenges*, The Urban Institute Center on Nonprofits and Philanthropy, May 2008.

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