

Strategic Management Practices for a Strong Community Foundation

A Learning Brief

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Introduction

As community foundations continue to grow and develop as instruments for social change and tools for community solutions, capacity building provides strategies for developing stronger, sustainable foundations. Graddy and Morgan (2006) argue capacity building and the use of management strategies provide a comparative advantage for community foundations.

This brief takes a look at how the Lafayette Oxford Foundation for Tomorrow (LOFT), a small community foundation in Mississippi, implemented strategic management practices by developing a strategic plan, identifying organizational values and formalizing processes and procedures, and developing a signature fundraising event to strengthen the organization and its impact in the community. These practices can be implemented in other community foundations.

Background

In an effort to improve the quality of life for all residents of the city of Oxford and Lafayette County, Mississippi, the former mayor of Oxford and community leaders partnered with the CREATE Foundation¹ to establish an endowment for Oxford and Lafayette County. Founded in 2002, the Lafayette Oxford Foundation for Tomorrow (LOFT) is the local community foundation through which individuals, families, organizations and corporations invest in the well-being of the community by supporting the arts and cultural, civic, educational, health and human services, and municipal activities that improve the quality of life for all Lafayette County and Oxford residents. LOFT is a nonprofit, charitable organization operating as an affiliate² of CREATE Foundation.

The LOFT board of directors is comprised of 15 local business and community leaders who work diligently to raise money for the endowment, and carefully oversee its grant application and selection process for awarding funds to nonprofit, charitable organizations in the city of Oxford and Lafayette County. Board leadership consists of a board chairperson and vice chairperson.

Currently, the endowment is approximately \$800,000, and annually, the foundation distributes four percent of the balance to local nonprofits through a competitive grant process. Since inception, the foundation has distributed over 100 grants equaling \$316,661.

In August 2015, I was hired as LOFT's executive director by the board of directors. After conducting an organizational assessment and interviews with the board, my first priority was to implement strategic management practices to enhance and strengthen the organization.

In this article, I reflect on the literature that motivated implementing strategic management practices; describe how LOFT developed a strategic plan, identified organizational values, formalized processes and procedures, and developed a signature fundraising event; and discuss the benefits and outcomes that included strengthening board members' confidence, skills, and knowledge, and deeper community partnerships that enhance quality of life.

¹An endowment by the late Northeast Mississippi Daily Journal Publisher George McLean and his wife, Anna Keirseay McLean, started and supported the administrative operations of CREATE in 1972, making it the oldest community foundation in Mississippi. Upon their deaths, CREATE Foundation became the sole stockholder of the Journal Publishing Company, Inc. and now receives dividends for its operations. Today, CREATE Foundation is the region's premier philanthropic resource regarding comprehensive charitable planning for individuals, nonprofits, communities, and businesses. Working together with fund donors, grant recipients, organizations and communities, the Foundation is a powerful catalyst for building charitable resources for our region.

²The Community Affiliates engage local citizens to build endowments, which are raised locally and allocated locally, to address issues of concern to individual communities.



Reflecting on the Literature

As limited government resources continue to burden states and municipalities, community leaders are turning to community foundations as tools to provide solutions for social problems. Fine, Raynor, Mowles, and Sood (2017) stated that the missing link for maximizing impact for foundations is their capacity. But what is capacity and how does it affect organizational development? Capacity building encompasses both external and internal elements of an organization. Capacity building is developing ways to invest in the future of the organization and its mission (Connolly & Lukas, 2002). Through improving volunteer recruitment, effectively using technology, collaborating with community partners, identifying communication and management strategies, and developing a succession leadership plan, capacity building can become the key to organizational development (De Vita & Fleming, 2001). Capacity building can also help identify the specific management strategies to enhance the organization's priorities (Edwards, 2000).

In addition, Easterling (2012) highlights the importance of foundations developing strategies to align nonprofit networks by funding grants to organizations that achieve outcomes parallel with the foundations' missions. He argues that this approach is vital to developing systems change in communities. Moreover, foundations can utilize capacity building tools to design activities to increase effectiveness and competence inside and outside the organization. By focusing on developing leadership, strategic planning, program design, and board member development, foundations can strengthen operational dynamics to achieve the mission of the foundation (Stryk, Damon, & Haddaway, 2011).

Highlighting the 2001 Venture Philanthropy Partners call that nonprofits pay little attention to organizational capacity, Strong, Phil, and Kim (2012) examined and measured capacity building across 12 states. Using results from the Mathematica Policy Research Center, the authors concluded that foundations should address three main facets for organizational and network capacity: knowledge, infrastructure, and resources.

Patrizi, Thompson, Coffman, and Beer (2013) urged foundations to alter their thinking and dedicate more efforts to strategy and adaptation. The authors concluded in their essay that foundations' capacity is hampered by "... linearity and certainty bias ... the autopilot effect [and] indicator blindness" (p. 50). They suggest that foundations should ask better questions to shift the mindset for strategic planning. These questions should center on motivation, benefits, and leverage and requirements for operational execution. Graddy and Morgan (2006) suggest that a call for assessing capacity among foundations has significantly increased since 2005. Arguing that active leadership roles and shifting the unit of analysis from institution to community will develop greater levels of capacity and enhance "comparative advantage for community foundations" (pg. 606).



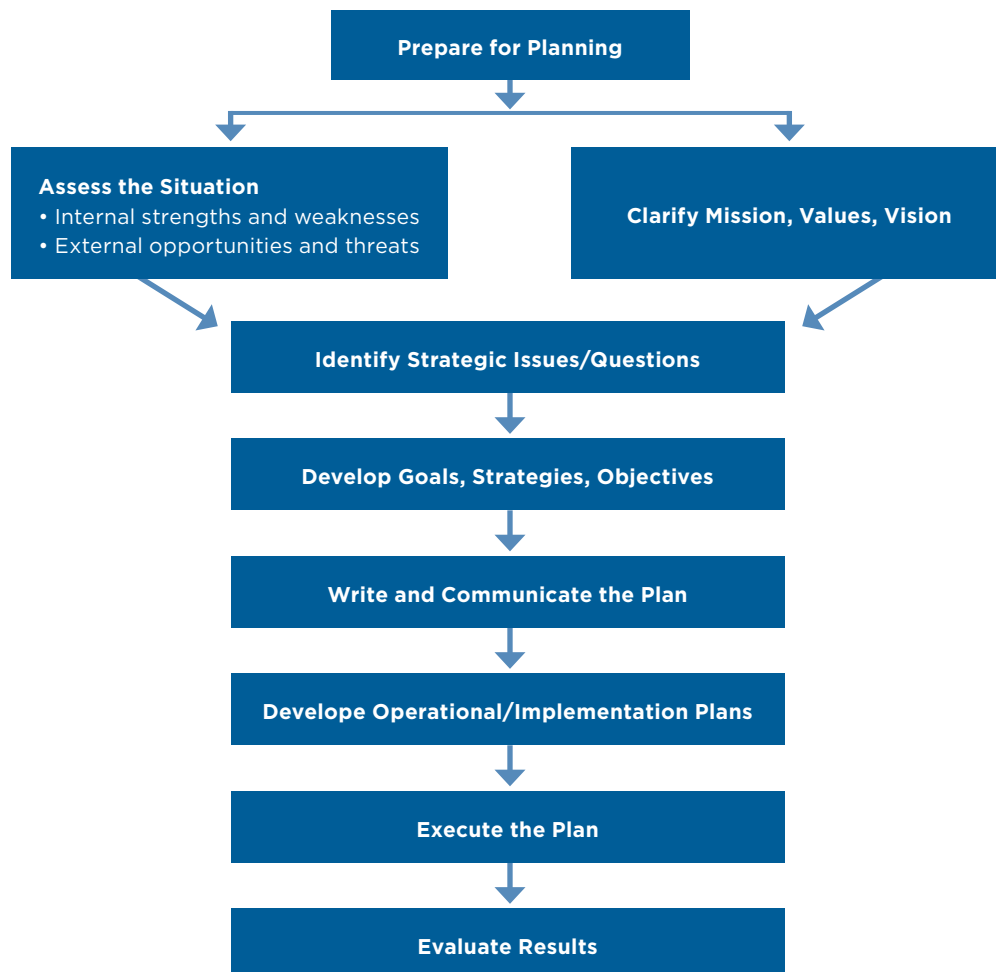
Implementing Strategic Management Practices

With this literature as justification, I presented the LOFT board with three strategic management practices: establish a strategic plan, formalize the grantmaking process, and establish an annual signature fundraising event.

Establish a Strategic Plan

In January, 2016, twelve board members attended a strategic planning session and brainstormed various concepts. With a scribe present, the group began formulating a mission and vision, identifying values, and most importantly, executing a SWOT analysis of LOFT to identify its strengths, weaknesses, opportunities, and threats. Drawing from Worth (2017), Figure 1 illustrates the strategic planning model utilized in the process. Once the data was collected from the strategic planning meeting, an intern and I developed themes and concise language that represented the board's ideas for the direction of the foundation. During the "Prepare for Planning" stage, meaning and purpose was established for items that would eventually be communicated in the strategic plan. Again, drawing from Worth (2017, pg. 17), strategic planning terms were summarized to share with the board. Table 1, on the following page, highlights the meaning of concepts discussed in the meeting, which helped the board members understand the information and be strong contributors during the process. Table 2, also on the following page, highlights the SWOT analysis and the strategic plan.

FIGURE 1 Strategic Planning Model



Source: Worth M. (2014) *Nonprofit Management: Principles and Practices*, (3rd) Sage Publication, Los Angeles



TABLE 1 Critical Components for Strategic Planning

1. **Mission:** The reason the organization exists
2. **Vision:** Description of the ideal future of the organization
3. **Values:** Principles the organization holds as the most important
4. **SWOT Analysis:** An inventory and analysis of the organization's strength and weaknesses and of opportunities and threats (SWOT) posed to the organization by the external environment.
5. **Strategic Issues:** Questions or critical challenges facing the organization's mission and values. (Byrson, 2001, pg. 42)
6. **Goals:** Directions that the organization will pursue with respect to the strategic issues.
7. **Strategies:** Actions that the organization intends to take to achieve its goals.
8. **Objectives:** Specific quantified targets that represent steps toward accomplishing the goals.

TABLE 2 SWOT Analysis

The Organization (Internal)	The Environment (External)
<p>Strengths:</p> <ul style="list-style-type: none"> • Affiliated with CREATE • Active Board Members • Board Members' relationships in the community • Reputation of LOFT • Endowment access/investing • The wealth of the community • The local resources • Local, city grant writer 	<p>Opportunities:</p> <ul style="list-style-type: none"> • Communicating LOFT's Mission/Vision • Targeting key donors • Stepping up personalized supporter communication • Increasing marketing noise • Increasing social media presence • Brown Bag Luncheon • Developing relationships with professional advisors • Untapped grants • Getting the youth/community involved • Getting feedback about the process from grantees and those that did not receive a grant
<p>Weaknesses:</p> <ul style="list-style-type: none"> • Self-perpetuating board • Limited administrative resources • Limited staff dedicated to fundraising • Large number of nonprofits • Lack of awareness/reputation/media • Lack of grant writing knowledge • Low number of meetings • Not having a central office/facilities 	<p>Threats:</p> <ul style="list-style-type: none"> • Increased competition for supporters' donations and time • Agility of other nonprofits that have greater organizational capacity • Lack of reputation/Presence • Community exhaustion • Funds may be tapped out • Too many fundraisers

Table continued on next page.



TABLE 2 SWOT Analysis (continued)

Strategic Plan
<p><u>VISION</u> To lead, guide, coordinate, and support nonprofits in Oxford and Lafayette County.</p> <p><u>MISSION</u> LOFT is committed to improving the quality of life for the people of Oxford and Lafayette County through:</p> <ul style="list-style-type: none">• Building permanent community endowment assets by encouraging philanthropy and managing charitable funds contributed by individuals, families, organizations, and corporations• Strengthening the capacity of community development• Impacting the community through gifts and targeted grantmaking <p><u>VALUES</u></p> <ul style="list-style-type: none">• Integrity - LOFT emphasizes being honest, truthful, and moral in all of its actions and decisions that affect the Oxford-Lafayette community.• Community - LOFT desires to improve our local community through inclusion, diversity, collaboration, and transparency.• Teamwork and Trust - LOFT is clear and open about decision making and provides records of all members, sponsors, results, and ideas that are expressed.• Sustainability - LOFT promotes ideas and innovation that induce effective and sustainable participation with programs.• Stewardship and Commitment to Diversity of Grants - LOFT maintains that it is a steward of significant funds that have been entrusted to be managed with the upmost responsibility and utilized for a variety of purposes throughout our community.
<p><u>OUR GOALS</u></p> <p><i>Goal 1: Promote community development.</i></p> <p>Strategy 1: Align LOFT's programs and grant making efforts to address key priorities that prioritize arts and cultural, civic, educational, health and human services, and local government initiatives.</p> <ul style="list-style-type: none">• <i>Performance Indicator A:</i> Annually, a portion of LOFT's unrestricted resources will be assigned to working on key priorities. <p><i>Goal 2: Increase LOFT's endowment funds and promote charitable giving to meet community needs.</i></p> <p>Strategy 1: Inform professional advisors in the community about LOFT and charitable giving options and benefits.</p> <ul style="list-style-type: none">• <i>Performance Indicator A:</i> LOFT will make contact with individuals who qualify as a "professional advisor" in the community and communicate LOFT's mission. <p>Strategy 2: Engage high net-worth individual donors in the philanthropic work of LOFT.</p> <ul style="list-style-type: none">• <i>Performance Indicator A:</i> LOFT board members will make at least five (5) phone calls or write five (5) letters annually to a potential donor sharing how LOFT can assist with the potential donor's philanthropic giving.• <i>Performance Indicator B:</i> LOFT will implement a contact plan for at least 50 high net-worth donor prospects. <p><i>Goal 3: Continuously strengthen the capacity of LOFT to serve Oxford and Lafayette County</i></p> <p>Strategy 1: Ensure organization staffing is appropriate to achieve excellence.</p> <ul style="list-style-type: none">• <i>Performance Indicator A:</i> Maintain a clearly defined organization structure and maintain a clear job description for staff. <p>Strategy 2: Implement a marketing plan that builds a compelling community image and identifies the core messages and visual identity for LOFT.</p> <ul style="list-style-type: none">• <i>Performance Indicator A:</i> Annually, LOFT board members will approve a marketing and development plan recommended by the board president.



To determine the core values of the foundation, the board was surveyed via Survey Monkey in a three-step process to narrow their choices. The top values of Integrity, Community, Teamwork and Trust, Sustainability, and Stewardship and Commitment to Diversity of Grants, were defined and added to the strategic plan. Table 3 illustrates the data collected (N=12) from this stage of the strategic planning process.

TABLE 3 Survey Data for LOFT's Values

Values Listed	Step 1 ³ (n=12)	Step 2 ⁴ (n=12)	Step 3 ⁵	LOFT's Values
1. Ethical Behavior/Integrity	(11) 92%	(9) 75%	(8) 67%	Integrity - LOFT emphasizes being honest, truthful, and moral in all of its actions and decisions that affect the Oxford-Lafayette community.
2. Community	(11) 92%	(10) 83%	(8) 67%	Community - LOFT desires to improve our local community through inclusion, diversity, collaboration, and transparency.
3. Commitment to Grantee	(5) 42%	(10) 83%	(8) 67%	
4. Teamwork/Trust	(9) 75%	(5) 42%	(4) 33%	Teamwork and Trust - LOFT is clear and open about decision making and provides records of all members, sponsors, results, and ideas that are expressed.
5. Honesty/Transparency	(7) 58%	(3) 25%	(0) 0%	
6. Accountability	(8) 67%	(4) 33%	(1) 8%	
7. Initiative	(6) 50%	(0) 0%	(0) 0%	
8. Commitment to diversity of grant projects	(7) 58%	(5) 42%	(3) 25%	
9. Adaptability	(3) 25%	(2) 17%	(2) 17%	
10. Inclusion	(4) 33%	(0) 0%	(0) 0%	
11. Excellence	(6) 50%	(1) 8%	(0) 0%	
12. Collaboration	(6) 50%	(2) 17%	(0) 0%	
13. Knowledge	(5) 42%	(1) 8%	(0) 0%	
14. Respect	(9) 75%	(3) 25%	(0) 0%	

Table continued on next page.

³As we continue to develop the organizational capacity and develop a deeper understanding of LOFT's priorities, I would like to examine what organizational values the board deems important to LOFT. Please look at the values that are listed below. Check all of the values that are the most important to you, including any of the ones you added.

⁴Next, narrow the list to the top five (5) organizational values that you deem important to LOFT.

⁵Finally, narrow the list to the top three (3) organizational values that you deem important to LOFT.



TABLE 3 Survey Data for LOFT's Values (continued)

Values Listed	Step 1 ⁶ (n=12)	Step 2 ⁷ (n=12)	Step 3 ⁸	LOFT's Values
15. Equity	(2) 17%	(0) 0%	(0) 0%	
16. Innovation	(5) 42%	(2) 17%	(2) 17%	
17. Responsiveness	(6) 50%	(1) 8%	(0) 0%	
18. Sustainability	(8) 67%	(7) 58%	(4) 33%	Sustainability - LOFT promotes ideas and innovation that induce effective and sustainable participation with programs.
19. Stewardship	(6) 50%	(4) 33%	(3) 25%	Stewardship and Commitment to Diversity of Grants - LOFT maintains that it is a steward of significant funds that have been entrusted to be managed with the upmost responsibility and utilized for a variety of purposes throughout our community.
20. Other	(1) 8%	(1) 8%	(1) 8%	

Formalize the Grantmaking Process

Before I was hired, an eight-member board committee distributed grants from the annual endowment to nonprofit organizations that applied for funding. To develop more rigor and establish a more stringent decision-making process, a standardized rubric for grading and approving grants was developed. Table 4, on the following page, compares the old guidelines to the new rubric that is currently used by the foundation. The new guidelines made the process more concise and efficient, and provided greater confidence among community members regarding decision making.

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⁸ Finally, narrow the list to the top three (3) organizational values that you deem important to LOFT.



TABLE 4 Grant Criteria for Decision Making

Old Guidelines			
<ol style="list-style-type: none"> LOFT considers grant applications only from eligible organizations (501c3 organizations) which provide services to the Oxford and Lafayette County area. If applicant's service area includes counties other than Lafayette, applicant must provide data in this application specific to its service reach within Lafayette County. LOFT funds may not be implemented outside of Lafayette County. LOFT considers requests for funding of new projects and/or projects that show expansion of current, successful programs and/or services. These proposals must fall within our five areas of interest: arts and cultural, civic, educational, health and human services and municipal initiatives. LOFT typically does not provide funding for salaries, building projects, or everyday operational support to sustain programs or projects, i.e. facility rent or upkeep, electricity or other bills, etc. Funding preference may be given to proposals which include items of permanence or those which create a long-term, positive impact within Oxford and Lafayette County communities. 			
New Guidelines			
Project Name/Organization:			
Item	Points Allowed	Points Given (1=low score, 20=high score)	Comments from Reviewer
1. Quality of the overall project design	20		
2. If it is a new program, the proposal provides clear success of the concept. If it's an existing program, the proposal clearly identifies the successes and failures of the project as well as the future need.	5		
3. Establishes a strong need for the project within the community.	10		
4. Adheres to LOFT's guidelines and Mission	10		
5. Clearly and concisely describes the goals and objectives of the project.	10		
6. Clearly and concisely explains projected outcomes and results of the project and demonstrates how the project will be evaluated for success.	10		
7. Clearly highlights sustainability of the project or program.	5		
8. Is collaborating with partners or other nonprofit organizations within the community.	5		
9. Identifies matching funds for the project.	5		
10. Provides a detailed timeline that describes milestones for achieving each goal and an implementation plan.	10		
11. Provides detailed budget of all expenses and a well-developed narrative justifying the expenses, and resources are adequate for project completion and appropriately allocated based on the budget justification.	10		
12. Total points scored	100		



Establish an Annual Signature Fundraising Event

LOFT's fundraising efforts consisted of hosting a benefit concert every two years. LOFT had hosted two fundraisers, and each event raised approximately \$30,000-\$40,000. These events did little to expose and market LOFT to the community.

The executive committee came up with the idea for a Night for Nonprofits event to incorporate the mission of LOFT, serve as a fundraiser, and highlight the nonprofit organizations receiving grants from LOFT. With the board's approval, LOFT partnered with the local chamber of commerce to launch the event. The central idea of the Night for Nonprofits was to solicit grant applications from nonprofit organizations in the community, and award a \$10,000 grand prize grant-winner selected by the audience. Based on a scale and number of votes received, the other nonprofit organizations would receive funding that ranged from \$4,000 to \$5,000.

Once the grant applications were received and approved as appropriate to receive funding, organizations that applied were required to attend two workshops to participate in the Night for Nonprofits. The first workshop, "Developing Stronger Grant Writing Skills," was hosted by LOFT in partnership with the local university. Thirty attended, representing 15 nonprofit organizations. The second workshop, "Developing Stronger Verbal Communication Skills," was again hosted by LOFT in partnership with the university. The keynote speaker was a speech instructor who discussed appropriate messaging and how to develop emotional language to help attract attention to the nonprofit mission. Nineteen attended, representing 15 nonprofits.

After hosting the Night for Nonprofits for two years, the board of directors adopted the event as LOFT's annual signature event. In 2017, approximately 300 attended and the event disbursed \$27,500 in grants to 18 nonprofits from the general endowment fund. Most importantly, due to sponsorships and general admission tickets sales, the event generated \$22,000 in revenue, with hosting expenses of \$1,500. This additional money will be utilized by LOFT to further accomplish the foundation's mission.



Benefits and Outcomes

There are many lessons learned from the implementation of these practices. These lessons spanned individual, organizational, and community levels.

At the individual level, a mental shift occurred among the board of directors, which strengthened confidence, skills, and knowledge within the organization. By going through the process of systematically developing a strategic plan, each member's knowledge was enhanced. After the process, the board was more engaged and more fully understood the foundation's vision and mission. This process provided a sense of empowerment and reinvigorated passion among the board. Now members have greater insight regarding community solutions, and board meetings are more engaging and active. Members have said that they feel more connected to accomplishing the goals set within the strategic plan.

At the organizational level, the infrastructure was also strengthened. By establishing stronger processes and procedures, LOFT has a strong foundation for decision making, and has committed more efforts to validating operational measures. By creating stronger guidelines and maintaining a sense of excellence through a clear value system, LOFT has developed its presence in the community. Currently, more community leaders are turning to LOFT for assistance in developing initiatives which provide strong solutions to community problems. For example, the local arts council has reached out to LOFT to partner with them to create fundraisers and share resources. LOFT also partnered with the city to identify potential public problems that nonprofits could solve and provide programmatic resources.

At the community level, the organization now is in a much better position to solicit volunteers and long-term giving. LOFT's efforts have led to feasible community solutions for enhancing collaboration among nonprofits and community partners. For example, the Night for Nonprofits event successfully generated additional funding, and brought the community greater awareness of the nonprofits in the city of Oxford and Lafayette County. One nonprofit presented its project to the audience, and before the night was over a community member decided to fund the project.

Moving forward, LOFT plans to conduct an assessment of the nonprofits in the community. This level of external strategic planning will lead to an understanding of the scope of community problems, and of the nonprofit organizations that can provide solutions with funding by LOFT.

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