

# **Building Engines for Rural Endowment:**

## **An RDP Thinking and Action Framework**

**Rural Development Philanthropy Learning Network**

Community Strategies Group

The Aspen Institute

[www.aspenicg.org/rdp](http://www.aspenicg.org/rdp)

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Attention all readers/users:

This version of **Building Engines for Rural Endowments** (*Version 1—January 2003*) is our “beta-test” version of this material, prepared specifically in a very small quantity for use at our RDP Peer-Exchange Workshop of the same name.

As with past workshops, we produced this *Framework* as a way to organize thinking and doing at the Workshop. We did so in hopes that, when revised, it will help many other rural-focused community foundations build rural endowment and rural vitality.

You—as a participant at the workshop—are one of our beta-testers. So we want any constructive criticism and ideas you can offer about this *Framework*. Right now it is definitely quite rough around the edges and it is entirely too long. We know this. Please assume we will fix those things in the final version! But do please offer us any other ideas for improvement. To do so, please e-mail us at [rdpinfo@aspencsg.org](mailto:rdpinfo@aspencsg.org).

Also, we would be remiss if we didn’t acknowledge the significant contributions made by Sidney Armstrong (former Executive Director, Montana Community Foundation) and Patricia Vasbinder (former Vice President, New Hampshire Charitable Foundation). We



were extremely fortunate to be able to draw on their considerable knowledge and expertise during the conception and writing of this framework.

Again, we look forward to receiving your comments, so be in touch!

Your RDP Learning Network Team

# STEP 0:

## Orientation

### What have we here?

This *Framework* is a guide to help people who lead community foundations think about and act strategically to build more and better permanently endowed assets focused on vitalizing and sustaining rural areas, rural issues, and rural populations. It does so in hopes of advancing Rural Development Philanthropy—the process and practice of creating and strengthening locally controlled endowment, grantmaking and community programs to improve rural livelihoods, economies and community vitality.

The *Framework* is portioned out into bite-size Steps (although some bites are bigger than others):

- **Step 0—Orientation.** That's this section. It will orient the new, remind the jaded, or bolster the true-believing community foundation leaders about why we do this work, why community foundations and endowment are important to rural communities, and how to parse the fundamental language of rural endowment-building.
- **Step 1—Know yourself.** Ahem. How can you start—or continue—without examining your community foundation's capacity, and what you learned from building the rural endowment you've managed so far? Do that here.
- **Step 2—Know your environment.** Abhor any vacuum. What are the giving trends and giving *potential* in and for your rural areas? How does the local-to-global economy affect the rural endowment-building climate? What emanates from the culture and character of your rural areas that's important to choosing your rural endowment building approach?
- **Step 3—Set your position and goal.** Rubber approaches road. Do you know what existing and potential rural donors think you do? Can you envision what you want them to think? Okay, set your rural endowment building goal(s) with that (and what you learned from Steps 1 and 2) in mind.
- **Step 4—Choose your tactics.** For years we've been looking. We've found 14 basic tactics that community foundations use—alone or in combination—to build rural endowment from varying types of rural donors. Find them here, with some illumination about what each takes. Shine that light on your situation: Which tactics will help you reach your rural endowment-building goal?
- **Step 5—Gauge your capacities.** Reality check. Have you got what it takes to implement your tactics to meet your goal? Know before you go.

- **Step 6—And so what?** Yes, well, did your effort make any difference? What really worked? What didn't? What have you learned to apply your next foray at goal setting? *Proceed to amending Step 1... and so forth.*

With that forecast of what's ahead, we begin with our orientation.

## Community foundations as rural actors

**What is a community foundation?** First things first. Community foundations are tax-exempt, nonprofit, autonomous, publicly supported, non-sectarian, philanthropic organizations that raise and manage a wide range of permanent endowment and non-endowed funds; in turn, the foundation uses the stream of revenue produced by these endowments and from pass-through funds to support charitable activities within the geographic area served by the foundation. In recent years, community foundations have been among the fastest growing source of charitable dollars in the U.S. Currently, more than 650 community foundations are operating in the United States, with scores growing in both developed and developing nations outside the U.S.

A community foundation offers its designated geographic area three primary services:

- A community foundation is a one-stop shop for local (and non-local) donors who wish to contribute their cash, trusts, bequest or real property to create permanent endowments that will benefit the community in perpetuity.
- Likewise, a community foundation is a one-stop shop for local (and non-local) individuals, foundations and public resource providers that seek to channel their pass-through resources toward purposes that will benefit the community.
- Using the investment earnings on each endowed fund, any available pass-through funding, and its ability to partner and leverage other resources into the effort, a community foundation makes grants and builds capacity within the community to address local needs and opportunities.

Not all community foundations are created equal. Indeed, community foundations can differ from one another a great deal, depending on their origin, the priorities and values set by their boards, and the culture, economy and demographics of the community itself. In general, some community foundations focus mostly on the endowment-building aspect of being a community foundation; others spend most effort on the community-building purpose of the foundation; while many try to strike a healthy balance to sustain the two.

**What's special about rural community foundations?** Rural community foundations are unique in their ability *to see* and *influence* a wide and interconnected array of rural

community and economic development challenges and opportunities. Why are they special rural actors?

- **The whole picture.** Unlike nonprofits that focus exclusively on one area of community and economic development (CED)—for example, on attracting new business, on conserving natural resources, on providing social services, on improving job skills or on organizing arts and cultural events—community foundations can support the *entire range* of CED activities. As a result, community foundations can see overlooked community CED connections—the whole that is greater than its many parts.
- **Strategic flexibility.** Along with this vision, community foundations can offer the exceptional flexibility to respond at the right time in the right way to a community challenge. At times, they can even predict when a strategic convening, a small grant, or a key collaboration might result in positive, systemic community change.
- **Inclusive and non-partisan.** Community foundations are one of the few institutions whose job it is to bring diverse and sometimes divergent members of the community together in a nonpartisan manner. Rural community foundations have a long-standing tradition of bringing bankers together with shopkeepers, teachers with millionaires, artists with truck drivers, pastors with drain commissioners, foresters with recyclers, lobstermen with school children. The boards of community foundations typically are widely reflective of communities they serve.
- **The regional resource.** Even more so than their metro counterparts, in rural areas, community foundations are often the *only* institution that spans the many jurisdictions in a natural economic and cultural region. Indeed, in many rural regions, community foundations have become the key player to pull the region together. And because they match charitable resources with community opportunities, they can handle all the sides of a program transaction, from convening to study the problem, to donor services to establish funding streams, to leveraging in resource partners (outside foundations, government, business), to identifying and building the capacity of organizations to carry out the work, to offering fiscal agency to rural non-profits—in some cases, they even operate programs themselves.
- **Permanence.** Community foundations, because they build permanent endowed funds from local donors dedicated to the geographic area they serve, are in a rural region *to stay*. To paraphrase the words of the song, “They can’t take that community foundation away from you—now or ever.” Rural communities can trust that their community foundations will neither fly by night nor fade away.

Is there a downside? Despite these attributes, some rural-focused community foundations may have limited resources to devote to rural community and economic development. This may be true for several reasons:

- **Remote and neglected.** Rural areas are remote from the action. They don't get a lot of media attention. And typically, they are not home base to philanthropic institutions. Thus, despite great creativity, energy, opportunity (and poverty), rural areas garner fewer dollars from private, corporate and regional philanthropic sources that are available for anti-poverty, economic development, and community development work.
- **How to make a difference.** In general, donors and foundations are still on a steep learning curve about how *best* to use philanthropic dollars to achieve meaningful and long-lasting community and economic development outcomes, rural or not. So although there may be rich experimentation underway, there's a way to go before tried and true rural CED methods are attracting regular and long-term investors.
- **The difficulty (and promise) of youth.** The community foundation as an institution is burgeoning but young in much of rural America. Thus, there are many more start-up (10 years or younger) community foundations in rural areas than in urban, metropolitan and suburban areas of the U.S. That means fewer resources are available for any purpose.

Like any non-profit (rural or not), community foundations can change character and focus when their leaders change, if shared values and culture have not been well established by the board. However, the fact that they hold permanent endowments for specific purposes requires that community foundations stay focused to a certain extent. So, despite the relative youth and low resource base of many rural-focused community foundations, by comparison to most rural-based organizations, they emerge a potentially effective and very flexible institutional actor in rural communities and economies. And because community foundations do have some similarities, flexibility and range in basic structure and purpose, it can be easier for rural-focused donors to work with community foundations than organizations with narrower purposes or capacities.

## Rural development philanthropy and building engines for rural endowments

Community foundations are both obvious players in the community economic development game *and* often the last organizations to which communities look. Community foundations bring local knowledge, love of community, nonpartisanship and a long-term, endowment-based commitment to the economic development table. Yet, they also do their work in the shadows of most communities—typically raising funds primarily from elites while providing small, flexible and “seed” funding for innovative projects. Meanwhile, community foundations are patiently growing and managing resources in the form of both discretionary and restricted endowments.<sup>1</sup> When community foundations commit to building endowed assets to support inclusive rural community and economic

<sup>1</sup>Community foundations are the fastest growing philanthropic organizations in the world and manage over \$30 billion in assets, awarding more than \$2 billion in grants in 2000.

development, they are almost always tasked with emerging from the shadows to engage in new forms of grantmaking, more proactive and grassroots fundraising, and more cross-functional and complex management and governance.

Endowed capital raised and allocated by rural communities provides both a tangible financial nest egg *as well as* the intangible “peace of mind” that having a nest egg brings. In arguing for a shift in our anti-poverty policy from an income maintenance to an asset development approach, Michael Sherraden has written of the “change in world view” that occurs when low-income people develop savings focused on building for the future. By contributing to a savings targeted for their family’s or individual development, low-income people alter their orientation to the “luxury” of planning for their future—in contrast to surviving from day to day. Thousands of community development practitioners worldwide have heeded Sherraden and developed Individual Development Account and Family Development Account programs to help low-income people build the assets that will permanently remove them from the poverty rolls.<sup>2</sup>

Similarly, when a rural community *writ large* begins to develop its own “savings account” in the form of a community endowment, a comparable shift in worldview occurs. No longer is the community wholly dependent upon government, metropolitan seats of power or the whims of an increasingly global economy. Instead, rural communities hold their own resources. Over time, these resources offer rural communities an equal seat at the economic development table and allow them to respond quickly to opportunities or to sudden, unexpected crises. Community endowments imbue rural communities with a self-sufficient, creative worldview that *can sustain* towns and cities when faced with troubled times.<sup>3</sup>

While many community foundations award grants and even develop funds in and for rural communities, most have not integrated their grantmaking, fund development, community-building agenda and institutional structure to actually place philanthropy in the hands of rural people. Such an integrated approach requires a distinct set of skills and expertise and vision around community economic development that represents and improves the well-being of an entire community. The strategies, tools and expertise of Rural Development Philanthropy (RDP) help community foundations succeed by organizing answers and best practices around four principle questions:

1. How can community foundations **raise significant endowment funds from and for rural communities** to support rural community economic development?
2. How can community foundations **use grantmaking and program** activities to enhance the economic security of low-income rural families and communities?

<sup>2</sup>See Michael Sherraden’s ***Assets and the Poor: A New American Welfare Policy*** (M.E. Sharpe, Inc.: 1991) and *The Corporation for Enterprise Development’s* [www.idanetwork.org](http://www.idanetwork.org) website.

<sup>3</sup>See Janet Topolsky’s article “Community Endowments for Community Futures” in ***Ideas in Development*** (Corporation for Enterprise Development: 1999; pp. 31-34).

3. How can community foundations help **build a region's awareness** that its identity and economic and social well-being depend upon both its rural and metropolitan areas?
4. What **management, structural and governance** (MSG) challenges and options face statewide and regional community foundations that seek to more fully serve their rural areas?

Through RDP, community foundations become agents of economic and social change—and in the process, become more inclusive and reinforce their mission. While no one would suggest that community-based philanthropy offers the best or only strategy to achieve stronger rural futures, access to endowed capital is *one* integral piece of the rural development puzzle—one that is often underdeveloped in rural communities.

Raising funds in rural areas can be challenging even when the fundraising goals are physical and visible, for example, a new wing on the public library or new coats for school children. Soliciting contributions for a more abstract “community fund” or for any type of endowments can prove arduous indeed. Nevertheless, community foundations have proven that these endowed resources can be developed and that community foundations provide the best engines for building them.

Rural funds have long been a staple for community foundations serving rural regions. Many community foundations hold agency endowments for rural libraries or manage scholarship trusts long-since abandoned by for-profit financial institutions. Community foundations have the flexibility to work with diverse donors representing the spectrum of private sector giving—from individuals contributing to a pooled fund, to the family establishing a donor-advised fund, to the local business, corporation or private foundation setting up a scholarship. Community foundations also have the capacity to accept gifts of varying sizes and structure—from the \$25 check, to gifts of real estate, art, livestock or stock transfers. Most importantly, especially when it comes to sustainable economic development, community foundations are unique among rural community-based institutions: They offer a foothold in the present through their grantmaking and convening activities, while making a commitment to the future through their management of endowed capital *in perpetuity*.

While traditional endowments definitely contribute to community well-being, RDP asks community foundations to take rural endowment building one step further. RDP is an inclusive and intentional effort to draw the usual *and* unusual suspects to one table to create a **shared, dynamic and capitalized vision** of the community's future. Because rural endowment building is so challenging, communities cannot afford to exclude individuals. Community foundations and the community itself must cross class, race,

gender, religious and other lines to ensure that everyone's strengths are tapped for this effort. To be "intentional," community foundations engaged in RDP cannot wait for rural donors (or their bequests) to appear before establishing rural endowments. Instead, community foundations must step out from the shadows and "position" themselves to partner with communities and donors to develop proactive, place-based strategies for raising rural endowments.

**Engines for rural endowments**—in contrast to one-time, fundraising campaigns—encompass the structures and strategies that shore up endowed resources by continually generating and renewing RDP *over time*. Time is a critical variable in RDP for at least two reasons. First, it will take time to grow a rural endowment to the level that it can distribute significant funds. Second, endowments are forever. Once established, a rural-focused endowment will demand that the community (through the community foundation's board of directors or set of advisors) consider how the fund will be "spent" for many, many years to come. The very nature of an endowment suggests that by the time significant funds are available for distribution, the folks who raised the funds will likely be long gone. Consequently, a long-term, inclusive vision, not only for the community or region, but *for the way the community foundation will make decisions together now and in the future*, must be engineered.

Without engines to build rural endowments, the inclusiveness and good intentions that inspire RDP will eventually fade and disconnect the community from the community endowment. Without process for renewal, the greatest community-building benefits of a community foundation (not *just* the money, but the group decisionmaking, shared vision, usual and unusual suspects side-by-side) are lost. Again, community foundations not only have the expertise, but also the mission and mandate to help communities make these decisions and to stick to them today and tomorrow.

Like nearly everything else associated with RDP, engines for rural endowments must be designed to meet the unique needs of the community itself. The following framework, therefore, should be considered just that: a framework for thinking and action that will help you build rural endowments. This framework is not an exact blueprint, nor is it a roadmap to, as an RDP consultant said recently, the "magic spigot." Unfortunately, there are no magic spigots. Instead, the following advice and tools will offer what some of the most experienced and best thinkers in community philanthropy have learned about building engines for rural endowments, while suggesting options and methods for customizing your endowment building strategy according to your own community's character and needs.

## Community foundation endowment lingo

Before beginning to work with prospective donors, it is important for staff and board members (at least those who will be working with donors) to have a shared understanding of a few key community foundation terms, listed below and defined by the Council on Foundation's *Resource Development for Community Foundations Glossary*.<sup>4</sup> Some basic terms, especially those most central to rural development philanthropy, are included here, but we strongly encourage community foundations to make use of resources developed by the Council's Community Foundations Services and the Center for Community Foundation Excellence.

In addition to these basic terms, we have listed a few other definitions and explanations that will help you put this framework and its tools to best use. Because definitions and word choice can differ slightly from one foundation to another, it will be helpful to get a sense of what the framework has in mind when it uses the words: *advised fund* or *area fund*. Whether you choose to tweak these definitions or use them precisely is up to you, but demystifying some of the lingo will undoubtedly prove essential as your community foundation assembles its engine for building rural endowments.

**Fund structure and grantmaking.** Community foundations structure their funds in a variety of ways. The most common fund structures are as follows:

- Discretionary competitive funds (*also called "unrestricted"*)
- Donor-advised competitive funds
- Donor-advised noncompetitive funds
- Area funds (*may be set up as donor-advised, field of interest or supporting organization*)
- Designated (or agency endowments)
- Field of interest funds
- Scholarship funds

Grants, or fund payouts, from endowed funds typically represent five percent of the fund's assets—often based on the average balance over a specified number of quarters and calculated at the beginning of the foundation's fiscal year. Non-endowed or "pass-through" funds are structured to allow donors to "invade principle" in order to recommend grants that exceed the payout policy established by the foundation.

The process for making grants depends upon the fund's structure:

- **Discretionary competitive funds:** awarded competitively by regional distribution committee/board appointed by the community foundation

<sup>4</sup>The Council on Foundations has a wealth of resources for orienting community foundation staff and board to philanthropic and community foundation language and terms. See [www.cof.org](http://www.cof.org).

- **Advised competitive funds:** awarded competitively by regional distribution committee appointed by donor
- **Advised, noncompetitive funds:** awarded upon recommendation (and staff due diligence) by one family or advisor
- **Designated/agency endowment:** five percent of fund balance is awarded automatically (following due diligence by foundation) on an annual basis to a rural organization/agency designated by donor, family, foundation or the nonprofit itself
- **Field of interest:** awarded competitively or by board discretion based on issue-oriented criteria established by the foundation and through a foundation-appointed distribution committee
- **Scholarships:** typically awarded through a competitive process by a committee designated either by the donor or the foundation at the time of the fund's establishment; others operate similarly to designated funds, in that an annual disbursement is made to a named high school or college that coordinates its own selection committee and process.

**Due diligence.** Generally speaking, “due diligence” can be defined as “the degree of prudence that might be properly expected from a reasonable person in the circumstances.” As due diligence relates to community foundations, it might be included under “fiduciary duty” or the legal responsibility for acting wisely on behalf of a beneficiary or more broadly, the responsibility exercised by foundation boards (and staff) on behalf of donors and the governing documents of the foundation.

When a grant is recommended by a community foundation donor, advisory committee, board or staff, a part of the grantmaking process includes due diligence to make certain that, among other things, the grantee's tax status renders it eligible to receive charitable gifts, that no services or gifts have been offered in exchange for the grant and that the decision to make the grant has followed the foundation's stated policies and procedures. The provision of due diligence by staff is often included as the most basic “donor service.”

**Gift vehicles.** Donors may contribute any of the following type of assets to build rural endowment.

- **Cash**
- **Stock:** A gift of ownership shares in any publicly traded company, usually converted to cash soon after the community foundation receives it.
- **Bequest:** A gift by will to a specific recipient; a charitable bequest is a transfer at death by will to a nonprofit organization for charitable purposes.

- **Charitable gift annuity:** A gift of cash or securities from a living donor in exchange for the promise of lifetime income, immediate or deferred. A charitable gift annuity is a contract between a donor and charity that is part charitable gift and part purchase of an annuity. The total assets of the charity back the payments.
- **Charitable lead trust:** A charitable lead trust pays the trust income to a charity first for a specified period, with the principal reverting to the donor or going to other person(s) at the end of the period. If it is established by will, it is known as a Testamentary Charitable Lead Trust.
- **Charitable remainder trust:** A gift plan that provides income to one or more beneficiaries for their lifetimes, a fixed term of not more than 20 years, or a combination of the two. Assets, usually cash, securities or real estate are transferred to a trust that pays income to the beneficiaries for the term of the trust. When the trust term ends, the remainder in the trust passes to the charity. Can be established as a Charitable Annuity Remainder Trust with a fixed payout or as a Charitable Remainder Unitrust with a variable payout. Can be established either by will or during a donor's lifetime.
- **Real property:** Gifts of real estate, art, collections, or other owned property including livestock, crops, or other real business assets. Like stock, these are typically converted to cash by the community foundation.

**Public support test.** Two public support tests exist to ensure that a charitable organization is responsive to the general public rather than a limited number of persons. One test, sometimes referred to as 509(a)(1) or 170(b)(1)(A)(vi) for the sections of the IRS Code where it is found, is for charities such as community foundations that mainly rely upon gifts, grants and contributions. To be automatically classed as a public charity under this test, organizations must show that they normally receive at least one-third of their support from the general public (including government agencies and foundations). However, an organization that fails the automatic test still may qualify as a public charity if its public support equals at least 10 percent of all support and it also has a variety of other characteristics—such as a broad-based board—that makes it sufficiently “public.”

The second test, sometimes referred to as the section 509(a)(2) test, applies to charities, such as symphony orchestras or theater groups, that get a substantial part of their income from sales of services that further their mission, such as the sale of tickets to performances. These charities must pass a one-third/one-third test: They must demonstrate that their sales and contributions normally add up to at least one-third of their financial support, but their income from investments and unrelated business activities does not exceed one-third of support.

**Note:** When in any doubt about your foundation's or a grantee's ability to meet the public support test, a consultation with a lawyer is absolutely recommended.

**Endowed and non-endowed funds.** While RDP is deliberately focused on building rural endowments (based in large part upon the community economic development ideas discussed above), many community foundations choose not to emphasize endowment at any point in their fundraising work. While some foundations will only accept endowed funds, others offer donors the option of starting out with a non-endowed fund to help the donor test the waters. Some foundations charge a slightly higher fee for non-endowed funds in an effort to encourage endowments. Other foundations simply follow the donor's preference with no predisposition toward endowed versus non-endowed funds.

What is consistent is that these decisions seem to follow an overall philosophical approach to fundraising and to philanthropy. Consequently, it is important that your organization (board, staff, stakeholders) have discussed and understand at least two things: first, the difference between endowed and non-endowed funds, and second, the philosophical approach your foundation takes to developing one or the other or both types of funds.

## On to the six steps

Now that we have a little orientation....If you really want to hunker down and get your foundation in gear on rural endowment building using this *Framework*, it will help if you have a team that takes it on, checks your record, tests the market, sets a goal, plans an approach, tracks it, revises the plan and sticks with it through several cycles—even if it's just three people. Now collect your team and get started!

## STEP 1:

### Know yourself

First, know your current self. Sound familiar? Whether you consult ancient philosophers or Shakespeare or the latest self-help guru, it is clear that self-knowledge is the first step toward positive growth and change. The same is true for endowment building, whether rural, urban or cosmic.

Self-knowledge for community foundations must go deeper than simple and usual vital statistics—age, assets, staff size—although those are on the list too. To move toward building *engines* for rural endowments, you'll want to learn as much as you can about your foundation's history, talents, current donors, current fund mix, current board members, organizational culture and capacity, and a host of other qualities and traits. But, don't worry: it need not be painful and it need not be cumbersome!

**Why bother with this Step?** We have gathered some prompting questions to help you think beyond the obvious and draw a more accurate picture of your community foundation. If your team sits down to answer these questions, you will have a pretty clear picture of your position at the starting gate. Getting real about what your current record and capacities are *right now* will help you set realistic goals, choose doable tactics and figure out what new resources or capacities you might need to succeed in your effort. If you don't know what you've got at the start, you might choose a goal or tactic that is too ambitious for your current organization, or you may not realize that you need to add new staff or a computer system to make it work—in other words, you may set yourself up for failure or (perhaps worse) dribbling mediocrity!

Plus, a clear picture can sometimes motivate board members to find the resources you need to make something work. When a staff and board team of the Nebraska Community Foundation constructed a spreadsheet projection last year to show their board how far they could get in setting up rural community area funds across the state using just their current operations and capacities, the board “saw” that they were lacking enough resources at the starting gate and pledged to raise \$300,000 more to hire field staff. Those two staff were in the field by the end of 2002! So painting this current status picture can be worth doing.

**Who should help with this Step?** To get the most accurate and comprehensive information and ensure that it is shared throughout the foundation, you may want to augment your Core Team with an *ad hoc* committee made up of a few staff, your board chair, a donor or two, a few current or former board members and any other willing soul who knows you well and is willing to pitch in to help. But your chief financial officer (or

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whomever has this responsibility) should *definitely* be on the team that answers these questions.

**How do we do it?** Here is one way to go at it:

1. Determine who will be in your ad hoc group, and set a few hours aside to get together over a large table.
2. Hand the questions out to team members ahead of time, so that those with a specialty (like your financial officer or development staff) can prepare a few details in advance.
3. Sit down with your group and go at these questions over a few hours.
4. If there is anything you need to research further, assign it and set a deadline! If there is something you have no way of figuring out, set a plan to gather information on it in the future.
5. Have the Core Team take this information and move to Step 2!

## Exercise: Know yourself first

**Ages and stages.** Your foundation's age is just a number—pretty easy, right? Well, not so fast. Use this set of questions to assess where your foundation is in its overall development. Regardless of chronological age, your foundation may be have limped along from year to year and is now experiencing its first real growth spurt, or it may be a mature foundation looking to liven things up with a new rural mission and vision, or it may be moving along just fine and ready to rumble some more. No matter, when it comes to working with new rural communities and rural donors, even the most experienced and well-respected foundation may find itself suddenly back on training wheels. So think a bit about where you start as a rural endowment staging ground.

- How long has your foundation been in operation?
- How was it founded: Were you born with a silver spoon in your mouth (established through the transfer of another foundation, hospital conversion, etc.), created by a visionary individual or small group, established by another non-profit, designed to meet a specific urgent community need?
- Identify the primary eras or stages of your foundation's existence, and give each a name.
- Has rural been a significant part of your initial impetus or ensuing eras, or is it an emerging area?

**Assets.** No, size isn't everything, but it is important, in terms of what you are able to accomplish, where your future growth may likely be, and how you are perceived. Including, but also going beyond "how big," consider the following questions:

- What size *is* your total permanent endowment?
- How much is unrestricted endowment? (percent and dollars)
- How much endowment is restricted to rural areas, interests or organizations? (percent and dollars)
- What size is your total non-endowed (non-permanent, pass-through)?
- How much of your non-endowed total is restricted to rural areas, interests or organizations? (percent and dollars)
- Do you hold any planned gifts (charitable remainder trusts, annuities, etc.)? If yes, how many and in what amounts?
- How about non-monetary assets, such as free rent, donated equipment, car, loaned staff, etc.?
- Which of these assets are primarily from rural donors/sources? Urban donors/sources?

**Operating budget.** This is what keeps everyone awake at night. Today's markets, the accompanying decrease in private grants, and a shaky economy are forcing many community foundations to tighten already tight belts. Taking a hard look at your own operations, consider these questions:

- Has your operating budget increased or decreased over the past three years? Think about the most important factors of why, where and how.
- What is the difference between last year's income and expenses and this year's?
- What percentage of fees on funds paid for operations last year? This year?
- Do you have an annual campaign for operations? How successful is it?
- What percentage of operating contributions comes from rural donors/sources?
- Are you a membership organization? What percentage of members are rural donors?
- Does every board member contribute to the operating fund?
- Does your board understand and fulfill their responsibility to raise these funds?
- Do you maintain a cash reserve? In what amount?
- Do you have an endowment for operations? If yes, what size is it?
- Is there a development plan specifically for operations? Does the plan include rural donors/sources?

**Staff capacity.** The number and basic roles of your staff will be a key indicator of overall capacity to build an *engine* for rural endowments—versus establishing a few funds here and there. Beyond number and role, the following questions will help the community foundation map the staff’s abilities, background and unique talents:

- How many staff members do you have?
- What are their titles and roles?
- What are their most significant talents? (These aren’t always part of their official duties.)
- Do any staff members have rural background, experience interest or connections? Remember, some may not be so obvious. For example, “our financial manager comes from Chicago, but spent every summer on her grandfather’s farm.”
- What staff skills or roles are you lacking? Are there ways current staff could assume different or combined duties?
- What is your staff DNA or culture? For example, is it an entrepreneurial group with lots of ideas where everybody pitches in, no task too large or too small, or are roles clearly delineated within lines of authority?
- Who currently has contact with donors? What percentage of time does each staff member spend in significant contact with donors?

**Board make-up and capacity.** A crackerjack executive director and staff perform the essential functions in any successful foundation, but the policy-making, strategic planning, credibility, leadership, recognition and “public face” of the foundation must emerge from the board and the people who serve on it. Certain skills and talents are ideal for an effective board, but which combination is right often depends on the organization as well as the organization’s culture, age, aspirations, and so forth. Generally, boards include a mix of age, professions, interests, race, gender, ethnicity, economic status and geographic location, as well as specific skills in finance, marketing, fundraising, community development and so on.

There are a variety of tools and exercises that help organizations map the make-up, skills and diversity of board members. So if you don’t already keep one, you might want to start by creating a grid listing your current board members against a list of skills and desirable criteria you want reflected on the board. That in itself may reveal some interesting insights.

Next, as you think about your board, try to envision its personality while reflecting on its greatest accomplishments. To do so, start with the following questions, keeping in mind how each might have implications for how well you have (or have not) constructed and maintained rural endowment-building engines.

- Is your board an entrepreneurial group, whose members step in to take on both major and minor responsibilities and tasks? Or....
- Does the board tend to be more traditional, focusing on directing policy while leaving day-to-day implementation to staff?
- Do you have job descriptions for your board members? Sometimes board members are selected because of relationships with other board members or their service on other boards, but this does not necessarily ensure their effectiveness for your board. Are you expecting enough of your board?
- Does your board review the specific roles and talents needed to accomplish your current goals?
- Do you have an active, on-going nominations committee and process, with a mentoring and education program for new members?
- Do you have on-going board training for your board members to keep them current with philanthropic trends and your region's challenges (often most effectively led by board officers or members with specific knowledge and skills)?
- Do you have an Alumni Council or otherwise utilize former board members in ongoing or special projects?
- How often does your board meet? Is it always in the same place? How much time does it take board members from different places to attend the meeting, including travel?
- Each board has its own particular DNA or culture. Sometimes it aligns with staff DNA and other times, it does not. How well do staff and board work together? Who leads and who follows? Can you point to specific instances when staff and board either did or did not work well together?
- How do your board members get along with each other? Is there a collegial, friendly atmosphere? Do you coordinate meals or social events with board meetings or at other times? Do you have FUN together?
- Do you think your community views the board as pretty exclusive or more inclusive? Do they see its members as the usual leaders from the area's power structure or a more diverse group reflecting different aspects of the community?
- As unfounded as it may seem, boards sometimes perceive rural areas as "taking" resources from urban areas. Is this a perception among your board members? How does your board view rural—as a "giver" or a "taker" or both?
- How many of your board members have background, experience, interest, or connection in rural areas/issues? Again, just as with staff, this is not always

immediately apparent. What percentage of your board has rural connections compared to what percentage of your region is rural?

- Have you made explicit efforts to make your board more diverse or inclusive of rural (and other underrepresented) areas and interests?
- Does the foundation create opportunities that mix community leaders, elected officials, the general public, grantees with the board?

**Mix of endowment funds.** The community foundation's current number and mix of funds can help illuminate the type of endowment-building success you have had. Moreover, it can give you some important insight into the current work of the foundation and whether any of these funds support rural community or economic development. For example, if the majority of your endowments are donor-advised funds, the majority of your staff time is likely spent working with these donors and managing these relationships. Alternatively, if the majority of your funds are unrestricted, your time is probably spent designing grant programs and working in the community. What you learn from these questions can help you analyze what types of funds the community foundation most likely will—or would like to—add to its assets. First, though, you must get a clear sense of the types and relative numbers and sizes of funds you currently manage.

- First, list the type, number, dollar amount and percentage for the funds you hold, permanent and nonpermanent, and whether they are focused primarily on urban or rural areas or purposes. To help, you could fill in a table that looks something like this:

	Urban-Focused		Rural-Focused		Total	
	Dollars/%	# of Funds	Dollars/%	# of Funds	Dollars	# of Funds
<b>Unrestricted</b>	na	na	na	na	\$1 million	1
<b>Field of Interest</b>						
<b>Area</b>						
<b>Donor-Advised</b>						
<b>Designated Agency</b>						
<b>Scholarship</b>						
<b>(Other_____)</b>						
<b>(Other_____)</b>						

- Now, look at this table and discuss it. What insights or conclusions can you draw about your current status related to:
  - How “rural” is your endowment right now? Are any of your funds specifically directed to rural issues or the rural area? How does your percentage of rural endowment dollars or funds compare to the proportion of your region that is rural?

Over the last three years.....

**PAST RURAL DONOR TARGETS AND GIVERS**

What types of donors have we targeted for rural endowment?		What has been our level of effort with each type of donor?			What's been our level of return?			To what types of fund have these donors tended to give?
		None at all	Sporadic	Serious targeted effort	Zero	So-So	A Real Engine	
Current full-time rural residents	High-wealth individuals:	_____						
	General public:	_____						
Part-time/former residents	High-wealth individuals/families:	Second-home owners Snow-sunbirds: Folks who "winter" or "summer" elsewhere Regular vacationers (who don't own homes there)						
	Alumni (community/regional):	Relatives who grew up there but moved away Former residents who "raised their families" there Retirees who have moved away permanently Urban residents who care about the region						
Businesses	Locally owned businesses	Resource-based (agriculture, timber, travel) Manufacturers Service (local professionals, banks, etc.) Moms & pops						
	Absentee businesses:	Major companies that have regional "distributors" in rural areas Companies that were once headquartered or started up there but moved away (and still feel the ties) Major companies with a factory, branch or store in the area						
	Stakeholder businesses:	Major industry players who buy locally produced materials and process them into finished products Major industry players who manufacture tools and equipment that locals use Companies that care about rural values and/or issues						
Organizations/agencies	Non-Government:	Service organizations/nonprofits Membership organizations/nonprofits Churches Schools						
	Government:	Federal State Local						
Foundations	Nat'l/regional foundations:	Issue-focused Location-focused						
	Family foundations:	Issue-focused Location-focused Home-focused						
	Corporate foundations:	Issue-focused Location-focused Home-focused						

- Which fund types have produced the most rural endowment (dollars or percentage) to date? Why?
- Could funds that are not specifically “rural” be expanded to include rural areas? These might include field of interest and donor-advised funds.
- Do you have any “problem funds”? Do some funds require high staff maintenance for relatively small return? What have you learned about those funds that might help you avoid them or better service them in the future?
- Are there any significant *non-endowed* funds we have obtained and distributed for rural purposes, people or areas? If yes, what, how much, and for what purpose?

**Past rural donor targets and givers.** What do you know about your current rural donor base? Think about the endowment listed above that is devoted to rural. Who are the major donor groups you have targeted to raise that endowment? Individuals, businesses, other foundations? What level of effort have you given to each? How well have you succeeded? When they *have* given to rural endowment, what type of fund have they tended to build?

- To help you organize this into something you can analyze, try to fill out the chart “Past Rural Donor Targets and Givers” on the preceding page.
- Now, look at this table and discuss it. What insights or conclusions can you draw about your current status related to:
  - What, if any, three categories of donors are you currently targeting with your greatest rural endowment building efforts? How well are those efforts paying off?
  - Are there any donor categories that are paying off where you are placing relatively little effort? Why? Is it a fluke? Could you put more effort there?
  - What types of funds seem to be attracting rural endowment so far? Why? Is it because of your intentional effort, donor preference or a fluke?
  - Are there some donor categories you haven’t even tapped? Which ones?
  - Do you have any “problem donor types”? Do some donor categories require high staff maintenance for relatively small return? What have you learned about those donors that might help you avoid them or better service them in the future?
  - Have you obtained any significant *non-endowed* funds from any of these sources devoted to rural purposes, people or areas? If yes, what, how much, and for what purpose? Is there any potential to convert these folks to rural endowment donors?

**Past rural endowment building successes/failures.** You have a sense of what type of rural endowment you have, and what donors have produced that endowment

# Step 1

with what level of effort from you. So what have you done that works—or does not work?

We know that sometimes the most carefully planned and executed endowment building effort falls flat on its face while a smaller, impromptu effort garners great results. Thinking overall about your endowment building, both rural and urban, try your hand at filling out the table “Past Rural Endowment Building Successes/Failures” on the next page and answering a few questions along the way. It may help to involve both current and former staff and board members to get the scoop from those who actually planned and participated in these activities. As always, the goal of this process is *to learn*, not to punish and not to congratulate. An honest analysis is preferable to rose-colored glasses.

■ What kinds of rural endowment building efforts have you even tried? On the left side of the table, we list the primary tactics that are used to build endowment (you’ll see these in detail later in this *Framework*). They are:

- Educate professional advisors
- Exclusive events
- Community events
- Cultivate one-on-one relationships (with specific types of rural donors)
- Provide match incentive
- Pitch via direct mail
- Reach out to local media
- Ensure high-quality “basic” donor services
- Offer menu of “high touch” donor services
- Emphasize donor-advised funds
- Emphasize community and/or area funds
- Emphasize issue-oriented and/or unrestricted funds
- Emphasize agency endowments and scholarship funds
- Emphasize foundation’s leadership and program delivery

Consider what your community foundation has done in the past to build rural-focused and general endowment—both successes and not-quite-successes. Place a checkmark in the columns where they belong. (Of course, do add any tactic you have tried that is missing.)

- Now, for the tactics you have tried, what has worked the most effectively? What was not so effective? (Check the appropriate box.) List one or two key factors that you think made it a success—or not.
- Finally, check any of the tactics that you have used that have been particularly successful in building your overall (non-rural) endowments.

**PAST RURAL ENDOWMENT BUILDING SUCCESSES/FAILURES**

TACTIC	Have we tried it to build rural-focused endowment?			If we've tried it, how well has it worked to build rural-focused endowment?			Have we succeeded with this tactic in any non-rural endowment effort?
	Lead tactic	Occasional tactic	Never tried it	Pretty well	Not very well	Key factors (in either case)	
Educate professional advisors							
Exclusive events							
Community events							
Cultivate one-on-one relationships							
Provide match incentive							
Pitch via direct mail							
Reach out to local media							
Ensure high-quality "basic" donor services							
Offer menu of "high touch" donor services							
Emphasize donor-advised funds							
Emphasize community and/or area funds							
Emphasize issue-oriented and/or unrestricted funds							
Emphasize agency endowments and scholarship funds							
Emphasize foundation's leadership and program delivery							
Other: _____							
Other: _____							
Other: _____							

- Thinking more about what you see in the table and what you know about your current capacities and experience from this Step 1, reflect together and record:
  - What are the one or two most important lessons you've learned from any unsuccessful effort?
  - Which most unexpected success would you hope to duplicate?
  - Which tactic that you have used successfully for overall endowment building do you think would most easily transfer to rural?

## STEP 2:

### Know your environment

No organization operates in a vacuum. Once you know yourself—and after uncovering your current status in Step 1, you now do—it's time to explore the different aspects of the economic, social, political and philanthropic conditions that surround you in your state, region and local community. Or, as the song from *The Music Man* goes: “You gotta know the territory.” Otherwise, you will not know where to begin, how to begin, or who might drive as you rev up your rural endowment-building engines.

Step 2 will help your foundation team survey your environment, and assess conditions outside your organization's activity range (to date) or direct control that can influence your rural endowment building approach and success. It's divided into three sections:

- **Rural giving and giving potential.** This section will help you go beyond what you have learned from examining your own endowment to realistically and thoroughly explore both the current giving patterns and the less visible wealth patterns throughout your rural community or region. It will add to your sense of exactly what categories of donors might be the best targets for different types of rural endowment.
- **Area competition.** Who else in your area is in the business of raising funds, endowed or not, in your region? Who else provides services to rural donors?
- **Area culture and economy.** Finally, how will key factors in your local culture or the current economic climate influence or affect your approach for developing rural endowment?

### Rural giving and giving potential

Outside of your own fundraising and endowment building, what do you know about *who gives what* to rural areas and causes in your region? The involvement and participation of widening and deepening pools of local donors is critical to building and sustaining engines for rural endowments. Great philanthropic resources sometimes also rest in the hands of out-of-state private donors or foundations that for one reason or another share your love for your area or your foundation's passion for particular rural issues.

Rural areas—even within the same region—can differ from one another as much as urban neighborhoods or cities vary from one to the next. Your rural area may be one where many residents give a few dollars and volunteer hours for town projects, like the park playground or the hurricane clean-up. Another rural area may have a strong tradition of annual charity events: the bake sale or the pitchfork fondue for the

## Step 2

volunteer fire department. Another may be marked by a culture of mutual aid: the barn raising, corn husking, the quilting bee. And yet another might have very quiet, private and anonymous charitable giving that consistently supports its nonprofit and community development activities. Whatever the nature and culture of *your* rural giving, it will be helpful for your endowment building engine to adapt to it and make the most of it.

The following exercise will help you identify the type and quantity of current giving practices within your rural community or region, by identifying who, where and when *as well as* how much giving happens. In addition, it will help you determine where you might have some untapped giving potential. Once you've done this, patterns will likely appear that will help you better assess rural endowment building targets and approaches and succeed within your region's "giving culture."

**EXERCISE 1: RURAL GIVING AND GIVING POTENTIAL**

Rural donor targets			Rural giving				Donor's wealth...		
			Over the last three years, not counting their giving through our community foundation, they actually gave to rural:				or rural giving potential		
			To what?	When?	How much?	In what form? <i>(cash, non-cash assets, bequests, etc.)</i>	High/medium/low	In what form?	For what rural purpose?
Current full-time rural residents	High-wealth individuals:	_____							
	General public:	_____							
Part-time/former residents	High-wealth individuals/families:	_____							
	Alumni (community/regional):	_____							
Businesses	Locally owned businesses	_____							
	Absentee businesses:	_____							
	Stakeholder businesses:	_____							
Organizations/agencies	Non-government:	_____							
	Government:	_____							
Foundations	Nat'l/regional foundations:	_____							
	Family foundations:	_____							
	Corporate foundations:	_____							

## Exercise 1: Giving and giving potential among rural-focused donor groups

**Who should (and can) help with this exercise?** As you will see from the *Sources* section below, to start with, your own board and staff are always the best and most highly invested sources of information about your endowment-building environment. In addition to these folks, remember that the outside organizations, resources or individuals listed can be a valuable source of information about a range of donor groups as well as various patterns of prior and potential giving. So, keep conversations as open and free-flowing as possible. You never know what you might learn.

**What do we do?** Convene your team and get going:

- a) Consider each possible donor target group, and fill in the table on the preceding page to the best of your ability, addressing these five key questions:
  1. In each category that is relevant or active, who are the donors in our rural community/region?
  2. To what rural causes or organizations have these donors given? (In this case, consider what they have given to *besides* the community foundation—you've already captured that in Step 1!)
  3. When (or under what circumstances) did they give?
  4. How much (and in what form—cash, grants, endowment) did they give?
  5. And then, based on our gut sense or actual data, what is the giving potential of this (or this type of) donor? What kind of giving might they potentially do in what form?
- b) Begin by simply jotting down what you know. As you go, note any specific questions you have that might benefit from consulting other sources.
- c) Set some action steps and a deadline for contacting and getting key additional information from other sources, or by using other tools. (*Please see both the Sources and Special Tools section below for some good leads!*)
- d) Reconvene and complete the table.
- e) Discuss what patterns you see and develop some useful conclusions and hypotheses related to building rural developments. Indeed, as you glean answers to these questions, trends in giving and giving potential will appear on this table and offer you a deeper understanding of your endowment-building environment. For example, your contact at the local weekly paper may tell you: "In 1999, The Community Bank gave the lead gift of \$50,000 to the Library's building campaign. Whenever a major community campaign has happened, they have consistently offered the lead cash

gifts.” This one statement helps you understand that you might pitch the bank to offer the lead match in a campaign to build a local area fund.

## Sources: Help at hand

As suggested above, your community foundation’s own board and staff are (or should be!) excellent sources of information about possible donors to the foundation. Begin the scan of your environment there. Not only will staff and board members provide good information, they will no doubt point you to other local resources with which you can expand your research. Just in case you need a bit more help, this section provides a quick definition of the major donor groups from whom community foundations typically build endowments. We have offered a few hints for gathering information about giving and giving potential of each donor group. (*See also the **Special Tools** section that follows this one.*)

**Current full-time residents.** This group is pretty self-explanatory. These folks are the lifeblood of your community and provide year-in, year-out “individual” giving that buys the band new uniforms, adds the new wing on the library and provides the volunteer fire department with *volunteers*. If your rural community is like other rural communities, your resident population includes a small number of high-wealth individuals capable of establishing their own large funds, a larger number of annual givers capable of gifts to pooled funds or to start more modest funds of their own as well as an even larger number of individuals capable of making small gifts, volunteering time and becoming the champions of your foundation’s efforts to build rural endowments. To get a better picture of who is who and when and why they give, ask the following sources:

- Board and staff
- Local media
- Other high-wealth individuals
- Business leaders
- Nonprofit leaders
- Current donors
- Retired attorneys, bankers
- Civic/elected leaders
- Public and government records (legal settlements, land holdings and property values)
- School teachers and administrators

**Part-time/former residents.** Part-time and former residents are sometimes even more passionate about a rural region than current residents—time and distance seem to place a premium and even romanticize a rural community’s rugged terrain,

neighborliness and star-filled nights. While a bit more difficult to track down, this group might translate their love of the place into excellent giving potential. Part-time residents include second-home owners, seasonal residents (sometimes referred to as “snowbirds” and “sunbirds”). And, then there are the expatriates: Are there any local boys or girls who moved away and “made good? These could be movie stars, corporate bigwigs or other celebrities, as well as lesser-known successes. Local people usually know who they are! Often these individuals may still have connections in their hometown and, if asked, will become donors. To get to know whether you have giving potential among your part-time and former residents, look to these sources:

- Board and staff
- Local media
- Contacts in “first home” community
- Seasonal clubs, social groups
- Tourism experts
- School administrators
- Annual reunion attendance
- Civic/elected leaders
- Real estate agents or attorneys

**Businesses.** A wide range of businesses and companies may have either an address or significant interests in your rural area. Remember to include really small businesses! If your state government has a “Made in Your State” division of its Department of Commerce (or similar department), information about local manufacturing, including home-based businesses is generally available. Absentee-owned and stakeholder companies include companies with a local distributor or branch in your area, businesses who buy locally produced materials and process them, companies that manufacture tools and equipment that locals use, as well as companies that have moved away but still have local ties. Your best bet is to seek a local contact with the business. For help researching giving by businesses, ask:

- Board and staff
- Current donors
- Civic/elected leaders
- Chambers of Commerce
- Professional associations
- Statewide small business association
- Bank executives
- Local media
- Public and government records (legal settlements, land holdings and property values)
- Department of Commerce or Agriculture

- Government and/or local tourism websites
- University Cooperative Extension
- Local Resource, Conservation and Development Commission (RC&Ds)

**Organizations.** By organizations, we mean both government funders as well as nonprofit organizations. Working with bureaucracies can be daunting, but many community foundations hold agency endowments for and have forged excellent relationships with large, established nonprofits. Others have successfully tapped into government-controlled resources through competitive grant programs, court settlements or legislative appropriations. As well as being important partners when operating in the rural landscape, this “donor target group” is one that is sometimes overlooked. To learn more about government and nonprofit giving and giving potential, start with these sources:

- Staff and board
- Current grantees or applicants
- Civic/elected leaders
- Statewide or local nonprofit association
- [www.guidestar.com](http://www.guidestar.com) (a national on-line resource for information about the operations and finances of nonprofit organizations)
- Local media
- Public and government records (legal settlements, land holdings and property values)
- United Way
- Church leaders and ministers
- Departments of Agriculture, Commerce, Tourism, Transportation, Interior, Community and Economic Development (and so forth)
- University Cooperative Extension
- County or regional Councils of Government (COGs)
- RDP Website: [www.aspenccsg.org/rdp](http://www.aspenccsg.org/rdp) (especially the *Talkin' RDP Listserv* and *Archive*)
- RDP Resource Guide: <http://www.aspenccsg.org/rdp/documents/brl-resourceguide.pdf>

**Foundations.** These include national, regional and local family and private foundations as well as corporate foundations, all of which provide grants, research and advice. You may find foundations with a specific interest in your area or that share an interest in specific rural issues or population groups. Remember, an individual contact within a foundation is always a major plus! Information on foundations is available through the following sources:

- Staff and board
- Foundation, corporate website and annual reports
- Local media

- Civic/elected leaders
- Your statewide or local nonprofit association
- Your regional association of grantmakers (RAGs)
- Council on Foundations ([www.cof.org](http://www.cof.org))
- Independent Sector (<http://www.independentsector.org>)
- [www.guidestar.com](http://www.guidestar.com) (a national on-line resource for information about the operations and finances of nonprofit organizations)
- RDP listserv and website ([www.aspeninc.org/rdp](http://www.aspeninc.org/rdp))
- Rural Funders Working Group ([www.nfg.org/rural/index.htm](http://www.nfg.org/rural/index.htm))
- National Rural Funders Collaborative ([www.nrfc.org](http://www.nrfc.org))
- The Foundation Center (<http://fdncenter.org>)

### **Special tools: Help with identifying the less obvious**

*Wealth* (which we also call *Giving Potential*) includes not only prior charitable giving, but also general information regarding income levels, home ownership, other land and non-cash assets, investments, established endowments (among nonprofits and foundations). Particularly in rural communities, much of this wealth may not be readily apparent (*rural people tend to prize privacy above all else*) or available right away (*we've all heard the expression, "land-rich, cash-poor"*). Consequently, you may need special tools or sources to unearth this potential. Here are four ideas.

**Gatekeepers to rural wealth.** An extremely important resource as you unearth the wealth of rural areas will be the attorneys, financial advisers, accountants, bankers and other influential individuals in the community who provide professional services and advice on matters related to wealth, asset management and estate planning. (That means that you may be able to use the exercise above to assemble information about wealth and assets even when there's been no *known* history of prior giving.) In general a rural gatekeeper is any person who stands between a person of wealth and those seeking access to that wealth. Here's a list of ways to find some rural gatekeepers:

- Professional advisors with local knowledge: lawyers, accountants, bankers, real estate brokers, undertakers, financial advisors
- State CPA societies, bar associations, banking associations, estate planning councils (Keep in mind that rural residents may use advisors in the closest big city.)
- Public records, tax records and government websites

There are many ways you can establish relationships with gatekeepers, from one-on-one visitation, to speaking at their professional meetings, to providing planned giving

training (and offering continuing education credits) to lawyers, accountants or other financial advisor professionals.

**Donor surveys.** Many community foundations find that the only way they can ascertain the interests and preferences of current or potential donors is to survey them.

- Some foundations do this informally, using local talent to meet with or call a short list of foundation-friendly donors in specific target categories to develop a profile.
- Other foundations consistently include and record a standard set of donor-information questions (and answers) during any donor contact, and analyze trends over time.
- Still others contract with a firm to do a random survey of donors in the region. This is the most expensive but potentially the most data-rich and least-biased source of information on *Rural Giving Potential*. Community foundations are often willing to share the formats of their donor surveys—for a sample, ask your colleagues through any community foundation listserv you have joined.

**The Philanthropy Index.** New efforts are underway to help rural or low-income communities identify and realize their philanthropic potential. Lead among them is *The Philanthropy Index for Small Towns and Rural Areas*, of the Southern Philanthropy Consortium (SPC), a partnership between the Southern Rural Development Initiative, the Southeastern Council of Foundations and the Mid South Collaborative to Build Philanthropy, formed in early 1999 as a multi-year initiative to dramatically increase philanthropic support for southern rural and underserved communities. In 2002, the Consortium released *The Philanthropy Index for Small Towns and Rural Areas of the South: How to Measure Your Community's Potential to Build a Charitable Fund*, a tool that can help grassroots leaders in small towns and rural areas measure the potential of building their own philanthropic resources ([www.secf.org/SpecialProjects\\_sophil.asp](http://www.secf.org/SpecialProjects_sophil.asp)). In addition, community foundations in southern states can order a data report on twelve wealth and giving indicators for counties in their region, which will significantly undergird the *Index* process.

**Transfer of wealth analysis.** The Nebraska Community Foundation has been a leader in adapting a national intergenerational transfer of wealth data and analysis to the state, projecting how soon and how much wealth will transfer in each Nebraska county over the next 50 years. They are using this analysis to create a compelling case for capturing that wealth in rural area funds and putting it to work in Nebraska “before it is too late.” (See Nebraska Community Foundation website: [www.nebcommfound.org](http://www.nebcommfound.org).)

## Area competition

Who else is in the endowment building or fundraising business in your area? While nonprofit and community-building organizations often are hesitant to discuss “competition” as such, most fundraisers understand the necessity of scanning the environment for other fundraising efforts before launching their own.

Apart from occasions when the community foundation kicks off a campaign-like effort to build an area or issue-oriented fund, direct local competition with nonprofit campaigns is not very common. Direct competition with other rural endowment-builders is also relatively rare. Colleges, universities and churches are the most likely organizations to launch endowment campaigns in rural areas; when they do so, they can be stiff competition. When another community foundation's service area overlaps or a for-profit gift fund operates in your region, knowing as much as you can about their work can help you determine the best ways to build and position your own rural endowment engine. By developing collaborative agreements based on what's best for the donor and community or distinguishing *your* service niche or position (*see Step 3 of this Framework*), your community foundation can succeed in a landscape where donors have increasing options.

While direct competition is uncommon, community foundations are wise to consider other fundraising efforts at work within their community for a number of reasons. First, and obviously, there are limited resources—particularly in less populated, rural communities. Second, and just as significant, no community foundation intent on strengthening its region or community seeks to compete with or hinder another organization's efforts to achieve financial stability. The last thing any community foundation wants is for one of its primary constituents, say the local Opera House, to blame the foundation for the Opera House's failure to meet its capital campaign goals—particularly if a portion of those funds will end up being endowed and placed with the community foundation. Community foundations should be prepared to make a compelling case for the unique type of fundraising it performs on an on-going basis. For the purposes of this framework, we express this distinction with the following sentence: **Community foundations are engines for building rural endowments.** That is, like that battery-selling bunny, they just keep going and going and growing and going.....

Unlike most nonprofit organizations, community foundations are less often in the business of conducting large-scale, one- to two-year capital campaigns or even annual operating campaigns. Instead, community foundations *continually* and *systematically* engage donors and other institutions in increasing the philanthropic wealth of the entire rural community or region. Apart from the administrative fees it collects, the resources

gathered by a community foundation return to the community both in annual grants (giving) and as permanently endowed assets (wealth). A community foundation's success at describing and achieving this goal of creating permanent community wealth as well as, in most cases, its lack of "direct service" work can help prove it is not threatening the health or wealth of its fellow nonprofits.

Indeed, do any of the local non-profits have or aspire to have an agency endowment? These organizations can be important *partners* when they understand the benefits you offer. One cog in many community foundations' endowment-building engines is the technical assistance they provide to help nonprofits build agency endowments. National initiatives like the Kresge Challenge (*See [www.kresge.org/programs/index.htm](http://www.kresge.org/programs/index.htm)*) can help community foundations forge these partnerships by offering matching or challenge grants to nonprofits to get them started.

Whether or not a nonprofit's agency endowment ends up being managed and invested by the community foundation (often, and in the case of the Kresge Challenge, they do), the foundation has nevertheless gone a long way in building trusting relationships with its area nonprofits—and their boards.

The notes you have already jotted down pertaining to prior giving earlier in this Step can help clarify a picture of the types of fundraising and endowment building being performed in your community by other institutions. What have donors given over the last several years—these are the organizations that will share your endowment-building landscape. How you decide to compete, collaborate or partner with them will ultimately be up to your community foundation and its endowment-building strategy. But be aware of them before you set any rural endowment-building goals!

## **Area culture and economy**

**State of the economy.** The relative health of local, state and global economies can be some of the most essential data you gather as you plan your rural endowment-building strategy. Clearly, the state of the economy at every level will influence available resources from every donor target group—from government to foundations to business to the high wealth individual.

In recent years, we've all learned the challenges of raising endowment when the stock market is in decline. Not only do individuals experience a drop in their net worth, the community foundation itself may need to explain its declining overall assets to current and potential donors, and more vigorously defend its investment policies. Further, as economies constrict, the annual operating budgets of direct-service nonprofits will

become increasingly unstable, creating more demand for your foundation's grantmaking dollars.

The best—and perhaps only—defense against a pervasive sense of economic travail is a firm and realistic grasp on the facts. Seek out the following resources to scan the state of your economies:

- Your own investment managers and investment committee
- Local bankers
- State government agency data websites
- State and local chambers of commerce
- Your state's AFL-CIO
- Local media
- Civic/elected leaders
- Business leaders
- Census data (*See [www.census.gov](http://www.census.gov)*)

Do not become discouraged by dire news about the downturn in state and local economies. Hard times often galvanize individuals, groups and communities who have not been active participants. Rural people are used to responding to “emergencies” and are extremely generous in raising funds to meet these emergencies. If convinced that rural community endowment building can truly help them build a stronger future, the inherent resourcefulness, resiliency and generosity of rural communities can be put to excellent use. Philanthropy, better solutions and creative partnerships are often the result of unfortunate circumstances—especially in rural areas. Remember, “Necessity is the mother of invention.” Perhaps it can also “parent” endowment!

So, examine the specifics of your own local and state economies. Even in times of national decline, your own region's economic status or industrial base may be holding up quite well or may be trending upward. Alternatively, even in times of national growth, rural regions are often last to feel it. Staff and board members who meet with donors should have an understanding where your state and community ranks along major economic indicators, in terms of income, jobs, wages, housing, declining industries, growth industries, and so on. Discuss the ways the community foundation *as an institution* and specifically through grantmaking and other programs can help the region weather this and future economic conditions. Staff and board should also exhibit an extremely thorough understanding of the community foundation's investment policies, strategies and recent gains or losses.

**The community's character and culture.** Though less scientific, this information is no less valuable than economic statistics and investment performance when designing an

endowment-building strategy. When working with donors and building rural endowments, community foundations should celebrate and build upon the best in a community's character and culture. To do that, have your team address this range of questions:

- What are the general qualities of your rural community and population?
- Who are the official and unofficial leaders in this community?
- What are the most compelling issues facing your rural community?
- Is your rural population being forced to leave the area due to lack of jobs?
- Are wealthy “out-of-staters” or retirees the fastest growing segment of the community?
- Is your rural area a major tourist spot—drawing both vacationers and second-home owners at peak times or throughout the year?
- Is there an unspoken but ever-present divide between old-timers and newcomers? Have's and have not's? This county and its neighboring county? High school rival districts?
- Do some feel that the community's culture and way of life are being threatened?
- What would people describe as the best and worst aspects of life in their rural community?
- Would you describe your community as healthy or unhealthy? (*See the RDP Learning Network's Building Rural Livelihood: A Thinking and Action Framework, page 11.*)

Staff and board members often lend the greatest, most candid insight into a community's character and culture. When launching efforts in a new and unknown rural community, however, your own staff and board will not be good sources. It will be absolutely necessary to take some time to get to know the area. The following sources can be useful, but remember, discovering the culture and character of a community is a subjective journey. Never rely on one individual's perception; rather, spend the time meeting people, developing relationships, gaining credibility and paying attention. This might prove to be your *most valuable* investment of time and resources.

- Real estate brokers and agents
- Civic/elected leaders
- Civic and social groups
- Senior groups
- Local nonprofit associations
- Business leaders
- Church leaders
- School teachers and administrators
- Healthcare providers
- Local chambers of commerce
- Local economic development councils
- Labor unions

## STEP 3:

### Determine your market position and set your accompanying rural endowment goal(s).

#### Who are we now?

There is the story of walking a blindfolded man up to feel an elephant's leg or tail or trunk, and then asking him to describe what an elephant looks like.

If *you* took an hour, and called your neighborhood friends or a few local stakeholders, and asked them, "What do you think our community foundation's role is in the region?" what might they all say? Would they deliver the whole picture of the community foundation's value and multiple services that you know to be the amazing truth, or would each simply be able to describe the "piece of the elephant that they can touch"?

If you *did* conduct such an exercise, how might this information help you develop a rural endowment-building goal and strategy? Well, it would help you understand what your *current* position is in your market, and it could help you think about what you want it to be. Indeed, before you establish a rural endowment-building engine—and actually, to help you build it—you must ascertain both your current "position" with the public as well as your *desired* "market position."

*Position* is defined as how you are perceived in the minds of your prospects. A positioning statement, by contrast, expresses how you *wish* to be perceived.<sup>1</sup>

To assess your current position and determine the market position you wish to hold, your endowment building team must know the existing and desired answers to seven questions:

- Who are we?
- What business are we in?
- Whom (which people, organizations, communities, regions, populations) do we serve? (*These are our "customers."*)
- What are the special needs of our customers that we can address?
- With whom do we compete in serving these customers?
- What makes our products and services different from what our competitors offer?
- What is the unique benefit or value our customers derive from our products and services?

<sup>1</sup>The "market position" discussion in this section partially draws from Harry Beckwith's ***Selling the Invisible: A Field Guide to Modern Marketing***, (Warner Books: March 1997) as well as RDP Resource Team member Elizabeth Banwell's adaptation of that material to the work of community foundations through her consulting work with rural-focused community foundations.

In short, you need to know what the reality is before you set a rural endowment building goal. And you must know and convey what you want your position to be before you set and successfully implement that goal.

Why is this so? Well, we can think of a few stories. There are a few multi-county rural community foundations that have sponsored successful regional economic development programs and studies for quite a few years, using resources raised in their central towns. Recently, when they excitedly set out on a campaign to build community affiliates and funds in the out-county areas—a new market position—complete with matching money available, very little happened at first. Why not? No one outside the central town knew about the foundation’s philanthropic services to donors—they all thought it was positioned in the region to do economic development.

Overall, you want to draft a market position statement before setting your rural endowment building goals because:

- It’s the basis and useful companion for all your marketing messages. It contains the core information you *always* want to deliver in *every* medium to influence perceptions of your foundation, and its products and services.
- It will help staff, board and volunteers “get on the same page” when communicating your distinct value to your varying target customers.
- It will help you craft a variety of targeted messages to reach specific rural endowment building goals with different customer target markets.
- It’s a “cheat sheet” of answers to the key questions about your organization that your targeted customers or markets might ask—when you deliver the message specified to your particular marketing goal.
- It requires you to articulate in a concise and brief statement your distinct value to your customers in comparison to others who offer similar services.

**CHART 1. TODAY'S TEMPERATURE: WHAT'S OUR CURRENT POSITION?**

Question	My answer (or best guess) ...	My reasons for that answer	Two things I wish I knew to better answer the question
Who are we?			
What business are we in right now?			
Whom (which people, organizations, communities, regions, populations) are we serving today? <i>(These are our "customers.")</i>			
What are the special needs of our customers that we currently address?			
With whom do we currently compete in serving these customers with these services?			
What makes our products and services different from what our competitors are offering?			
What, if any, is the unique benefit or value our customers currently derive from our products and services?			

## Exercise I. What's our current position?

Try your hand at identifying your current position. As well as you can, make this assessment as brutally honest and realistic an analysis of how your organization's activities and products are currently situated in the community, nonprofit and fundraising landscape.

Here's one way to do it.

- **Fill it out individually.** Using Chart 1, break ground on this step by simply asking your entire staff and board to answer and offer some comments on the seven position questions. Have each person do this by him or herself! (Note you can add a few random donors or stakeholders to this exercise as a “reality check.”)

Of course, each of you can and should use relevant data and findings from *Framework Steps 1 and 2—Know Yourself and Know Your Environment*—to help you answer the questions in the chart!

- **Compare your answers—and discuss!** Then get together and share your charts with each other. (To help save group time, have someone collect the answers in advance and compile a summary.) Together, note any glaring differences, obvious commonalities and gaping holes. Remember, there are NO wrong answers.

*A lively conversation is likely to ensue.* And that's a good thing. For example, it might be important to learn that your financial officer and program officer disagree on the business you're in or on the unique value of your donor services.

- **Figure out what you don't know.** Use the discussion to develop a limited set of action steps you feel you need (if any) to obtain an even deeper and clearer understanding of your current position.

Indeed, from even this initial simple exercise, you may clearly “see” a need to follow up with more targeted research. For example, you might decide to survey your key stakeholders, convene focus groups or even enlist an outside source to scan your environment and competitors. Remember: Your rural stakeholders' perception *may* differ from your metro stakeholders, so be sure your answers on this chart and any subsequent scan reach into *all* your constituencies.

Again, this exercise is meant to identify *current perceptions* about your position and role in the region—and perceptions *are* what they *are*. You may realize that the majority of folks in your community or region do not know who you are or are not aware that you both grant *and* raise funds. On the other hand, you may find that your prospects have a clear understanding of your donor services but have no knowledge of your community-building mission. Or you may find that rural residents have a different sense of your

services than your urban dwellers. For obvious reasons, it is extremely helpful to know these things before you set a rural endowment-building goal and choose your tactics!

## Who do we want to be?

Whatever you learn about your current position will represent the piece of your community foundation's "elephant" that is visible to your customers. You may conclude that this is exactly the part of the elephant you want seen; you'd just like more customers to see it. On the other hand, for a number of endowment-building reasons, you may want to transform the perception of your foundation so that people can see the *entire* elephant, or at least see it from a few more angles. For example, you may want over time to reposition your foundation as *the* leading provider of donor services in your existing—or maybe a larger—service area or, as *the* leader in developing a shared regional community development agenda.

If you have come to some agreement both on your current position and on the desire to change your position, you may now begin to collectively create a *positioning statement*—that is, a statement of how you *want* to be perceived in the region over time.

Remember, your "positioning statement" relates to the primary way you would like your foundation's services to be known to *prospective customers* in your region—including *existing and potential donors or other institutional funders*. It is not a sales pitch, but if you have constructed it thoughtfully and realistically, your positioning statement can be easily channeled into specific messages tailored for particular donor targets (and for other types of customers as well). It can also help your rural endowment-building team narrow down, identify and engage donor targets in ways that allow you to successfully achieve (and finance) your market position.

More to the point, whether you like it or not, your community foundation is *already* positioned one way or another by the outside world, donors, staff. That's what we learned in *Exercise 1*. So *understanding* and then, *taking control* of that positioning is critical if you are to develop an intentional and sustainable rural endowment-building strategy.

**An RDP Learning Network observation: Prevailing positions.** How do community foundation positions differ? What's the big deal? Don't community foundations all just do the same thing—grow endowments, make grants, and convene leaders in the community? Well, *yes*, but...

Over the last decade, foundations participating in the RDP Learning Network efforts have noted a set of four prevailing *rural* community foundation “positions.” In general, these positions are not pure, rather, they exist as what a particular community foundation chooses to *emphasize* as its role in its rural areas. Thus, a word of caution: Few, if any, foundations are rigidly positioned as one thing to the exclusion of everything else. But, it is just as true that no community foundation can be all things to all people at all times at the same level of quantity and quality—*no matter how hard we try!* Indeed, choices are made daily about our emphases, whether by benign default or strategic intent. How much better to be strategic!

**Another note of caution:** None of these four generalized positions is valued more highly than another. *Your* community foundation’s best position depends on your unique capacity, experience, circumstances and dreams. Thus, no one position is considered more preferable or ideal than another. And, if well deployed, *any* of the four can fuel an engine for building rural endowments.

These four prevailing positions are defined below in general terms; the matrix that follows the definitions offers more detail on implications of each generalized position for specific aspects of community foundation operations, governance and activities. We offer this to spark your thinking and orient your staff and board to the range of positions community foundations might hold.

■ **Community vitality emphasis.** Community foundations positioned with a community vitality emphasis consider the “community” to be the primary customer for the foundation’s products and services. Building better, stronger, more vital communities in the region *is* the principal business of these community foundations. As such, the grantmaking, convening, donor services and other program work these foundations do with community stakeholders, nonprofits, donors and partners are considered a means to the end of building stronger towns, counties and areas that comprise the region. One unique value these foundations might offer to rural-focused donors is *in-depth* and non-partisan knowledge of rural communities and local players in the region. *See the matrix for more characteristics of this position.*

■ **Nonprofit vitality emphasis.** Community foundations positioned with a nonprofit vitality emphasis consider the nonprofits (individually and/or collectively) in their service area to be the primary customer(s) for the foundation’s products and services. Building a better, stronger, more vital nonprofit community *is* the principal business of these community foundations and is often based upon the notion that a stronger, more stable nonprofit community providing essential quality-of-life services will result in stronger, more vital communities. Besides traditional grants, these foundations may also offer nonprofit technical assistance workshops, events that connect donors with

nonprofit leaders, and join in proposals to external funding sources. One unique value these foundations might offer is expertise on the role and effectiveness of area nonprofits as well as influence over public policy issues that affect nonprofits. *See the matrix for more characteristics of this position.*

■ **Regional vitality emphasis.** Community foundations positioned with a regional vitality emphasis consider their entire service region rather than individual cities, towns, counties or donors to be the primary customers for the foundation's products and services. Building a better, stronger, more vital region *is* the principal business of these community foundations. Most common among community foundations that serve a large rural territory with one or two service or "hub" cities, the regional emphasis emerges from the notion that a stronger, more stable region will result in a whole greater than the sum of its individual towns and cities. As such, these foundations engage in and encourage collaboration and programs focused on addressing regional issues while seeking board members and donors that share a regional vision. One unique value these foundations might offer is expertise in regional community economic development, public policy and leadership. *See the matrix for more characteristics of this position.*

■ **Donor service emphasis.** Community foundations positioned with a donor emphasis consider donors (individually and/or collectively) in their service area to be the primary customer(s) for the foundation's products and services. Providing opportunities and services that satisfy and further engage donors in community philanthropy *is* the principal business of these community foundations. This positioning is often based upon the notion that satisfied and engaged donors will contribute more—and, over time, better targeted—resources to build a stronger, vital region. As such, these foundations continually customize their products and services to meet the needs of donors—from special investment options to one-on-one site visits to customized research on particular topics or nonprofits. The unique value these foundations might offer is high touch donor services matched with community networks and expertise. *See the matrix for more characteristics of this position.*

As noted above, the accompanying matrix delves deeper into each of these prevailing community foundation positions. Upon reviewing it, you may find familiar some of the implications of your foundation's current position. Once again, your foundation's current position likely is not—nor will you choose in the future to be—quite as cut-and-dried as any one of these positions. But as you experiment with altering and refining your foundation's market position in *Exercise 2*, you can use these generalized roles to help you foresee some of the benefits and challenges that might emanate from situating yourself with one (or a blend) of these positions.

**RURAL COMMUNITY FOUNDATION PREVAILING POSITIONS**

Implications	Position emphasis			
	Community Vitality Emphasis	Nonprofit Vitality Emphasis	Regional Vitality Emphasis	Donor Service Emphasis
Participation	Highly inclusive of people from all walks and stations of life, though not always at a deep level; wide participation and broad understanding of CF's role throughout the community at large	Tends to be inclusive depending on the individuals and agencies represented in the nonprofit community; but tends to favor participation by nonprofit "professionals"—CEOs, staff and sometimes boards of area nonprofits	Tends to be exclusive based on regional focus; participation at the regional level by key leaders, donors and nonprofits whose professions or interests connect them to a whole region, rather than a particular town or area	Tends to be most exclusive; generally, individuals of high wealth or standing in the community— <i>giving</i> is point of entry (though not necessarily establishing a fund)
Fund mix favors	<b>Area Funds</b> , Unrestricted Funds, Community-Restricted Scholarships	<b>Agency Endowments</b> , Designated Funds, Unrestricted Funds, Institution-Tied Scholarships	<b>Regional/Area Funds</b> , Field of Interest Funds, Unrestricted Funds, Regionwide Scholarships	<b>Advised Funds</b> , Designated Funds, Field of Interest Funds, Named Scholarships
Donor mix	Wide range of donors—but generally focused on "all community comers;" besides long-time residents, might appeal to rural newcomers or part-time residents who wish to preserve the qualities of community	Donors of varying wealth but tend to attract donors with commitments to particular causes or specific, existing nonprofits	Tend to attract donors (of varying wealth) that share a commitment to regional prosperity rather than to a single community; might also include newcomers or part-time residents that wish to preserve the qualities of the region	Because of high level of customization, tend to attract higher net worth individual, family and business donors able to establish their own named fund
Convening role	Neutral convener or mediator among community interests; broad convening on issues and community planning; might facilitate meetings or site visits among donors and community leaders and of local financial planners	Nonprofit convener, especially for collaborative learning and ventures, often parallels role of a "nonprofit association," might facilitate donor site visits, convene planned giving and other TA workshops for nonprofit boards/staff	Regional convener; link state and national agency and organization resources with regional leaders, organizations and population; tends to be issue or planning oriented; also convenes regional financial advisors; might lead regional "planned giving" consortium	Convener of donors and philanthropic leaders; examples might include "donor circles," site visits, community leadership meetings, as well as convening financial planners
Program/grantmaking	Focus on local knowledge, organizations and priorities	Focuses on nonprofit development, stability, service delivery, interests and priorities.	Focuses on promoting regional identity and cooperation and leveraging resources into the region—tends to avoid single community projects except as demonstrations	Focuses on grantmaking, leveraging, deal-making, and research customized to address the most prevalent as well as individual donor interests
Grantmaking methods	Participatory, often include local advisory committees but almost always demands program staff to be present and visible in communities	Focused on technical assistance to and developing effective relationships among nonprofit grantees; can sometimes involve peer-review by other nonprofits	Focuses on regionwide priorities, often involves proposal screening by a group of regional leaders—or the foundation's own board	Plays varying roles from providing simple due diligence, to facilitating site visits, to competitive RDPs, to providing research and suggestions to donors
Operating costs	Traditional fee structure does not tend to fully cover community work; a mix of private foundation resources, annual giving and operating endowment helps to meet operating budget	Traditional fee structure comes closer to covering operations; however, private foundation resources, fee for service and annual giving make up the difference	Traditional fee structure may or may not cover regional leadership activities; private foundation resources, partnerships with other regional organizations, and operating endowment make up the difference Traditional	fee structure can cover the donor emphasis depending upon how tightly the CF is able to match its level of service with its pricing; fee for service activities sometimes make up the difference
Board make-up and capacities	Emphasis on members with community involvement and knowledge, and achieving a board that "looks like" the community	Emphasis on members with nonprofit expertise or experience; in some cases, foundation has seats designated for leaders of nonprofits	Emphasis on members with a "regional vision"—rather than representation by or specific knowledge of single communities	Emphasis on members who are gatekeepers to wealthy people, wealthy individuals, and technical (investment, philanthropic, marketing) experts
Development staff capacities	Generalists and populists; grassroots fundraising skills; ability to work with a wide range of donors of varying means and philanthropic awareness; planned giving (esp bequest) skills; also, helps to have grantwriting skills and private foundation contacts	Generalists but with strong experience in planned giving and other giving vehicles that lend themselves to agency endowments (CRTs, bequests, annual appeals); ability to place CF in partnership (rather than competition) with other nonprofit fundraisers and boards	Generalists; grassroots and planned giving experience along with ability to raise funds from public and foundation sources to advance regional approach—regional emphasis brings along more of a "project" or "campaign" mindset in fundraising	Experts in planned giving and stock and land transfers; ability to quickly match CF products to individual donors' stated or unstated desires; comfort with high wealth individuals and families as well as financial planners and attorneys
Program staff capacities	Generalist that can work across many program fields; expansive and diverse knowledge of community issues, strengths and leaders; strong communication skills and objectivity required	Generalist across fields, but with experience in or honed understanding of nonprofit management and development issues; strong communication skills and objectivity required	Generalist that can work across diverse program fields but with specific knowledge of priority regional issues, strengths and leaders; strong communication skills and objectivity required	"Customer Service" disposition; relationship between donor and staff often parallels that of broker/client; staff must have broad knowledge of community and nonprofits to serve in broker role
A message emanating from this position sounds like...	<i>What future are we building for our children? KCDF endowment funds and community grants let communities take control of their development to secure a better quality of life for themselves and the generations to come.</i> (Kenya Community Development Foundation)	<i>The goal of the organizational capacity building grant program is to strengthen the impact of Maine-based non-profit organizations by improving their organizational capacity.</i> (Maine Community Foundation)	<i>To serve as an independent staging ground for residents, individually and in concert, to build social, economic and environmental prosperity in California's North Coast.</i> (Humboldt Area Foundation—CA)	<i>The Foundation enables donors to achieve their charitable goals and give back to their communities.</i> (Foundation for the Tri-State Community—KY/OH/WV)

**Think about what you would like to be definitely true—and widely understood—about your foundation five years from now. Answer these questions as if you have succeeded in getting there, and as if it is five years from now!**

**CHART 2. THE FIVE YEAR FORECAST: WHAT IS OUR DESIRED MARKET POSITION?**

Question	What I wish for my community foundation...	My reasons for that answer	Two things that would help us get there...
Who are we?			
What business are we in?			
Whom (which people, organizations, communities, regions, populations) are we serving today? <i>(These are our “customers.”)</i>			
What are the special needs of our customers that we currently address?			
With whom do we currently compete in serving these customers with these services?			
What makes our products and services different from what our competitors are offering?			
What, if any, is the unique benefit or value our customers currently derive from our products and services?			

## Exercise 2. What is our desired market position?

Now reconvene your group from *Exercise 1* and try your hand at detailing the market position you *want* to establish in your region.

Here again is one way to do it.

- **Fill it out individually.** Using Chart 2, break ground on this step by simply asking your entire staff and board group to answer and offer some comments on the seven position questions. Have each person do this by him or herself!

In the spirit of brainstorming, there are still no wrong answers. But just envisioning it won't make it so! This time, there is a far greater urgency to ground your "envisioned position" in a few things, including the research you've already conducted in Steps 1 and 2, your assessment of the community foundation's current position, and a realistic sense of how the foundation can most effectively serve the region. In other words, this exercise must not tap only the creative and visionary talents of your staff and board, it should also be reality-based and action oriented, allowing you to apply what you have learned from your past toward making a change for the better—a better organization and a better region.

To help ground yourselves, the second and third columns in this chart will help you begin a case for *why and how* your community foundation would make these specific choices in crafting an effective market position. Above all, keep it real: Just *envisioning* your community foundation as competing toe-to-toe with Fidelity's Charitable Gift Fund in wealthy rural retirement communities doesn't make it realistic or appropriate. But it might be...*make the case!*

- **Compare your answers—and discuss!** Now get together and share your charts with each other. (To help save group time, have someone collect the answers in advance and compile a summary.) Together, note any glaring differences, obvious commonalities and gaping holes.

**Once again, a lively conversation is likely to ensue.** This is real work, but it can be rewarding! Find the answers that you can agree on first and declare these decided (at least for now)! Then discuss the pros and cons of varying options involved in your dissimilar answers in light of these "shared decisions." You may find it easier to come to agreement doing it this way, or you may find there is something left for you to research before you can complete or agree on your answers.

- **Set some next steps—and a deadline.** If your discussion does not achieve a consensus, develop a limited set of action steps you must undertake to surface the

essential information or input that will address your unanswered questions. Then set a deadline for when you will reconvene to settle on your choices.

- **Craft your answers into a five-position statement that excites you.** Bring your answers together into a several-sentence position statement that articulates your foundation's unique role in the region, focusing most on the market emphases that make sense to you. Hire a professional to help if you don't have the talent in house! Keep your Chart 2 handy as a backdrop. It can help new board and staff members come up to speed and understand your choices. And you can use it as a baseline to test your progress in establishing your position, through donor surveys, one-on-one meetings and community convenings.

READ THIS! Everyone and anyone who works with prospective donors, especially when you are cultivating one-on-one relationships, must be able to articulate in their own words (that is, not by memorizing a brochure) the community foundation's answers to these positioning questions.

While these questions may not be asked *as such*, prospective donors and institutional funders will want this information. Moreover, *you* will want to know that anyone that speaks on behalf of the community foundation is presenting a consistent and accurate endowment-building message, goal and strategy.

## What is your rural endowment building goal?

Here's where this all comes together to focus on rural endowment building. Let's say you have set your sights either on maintaining your current or establishing a new market position, and that you have it articulated.

Your community foundation's rural endowment-building goal(s) must align with this position. If not, it is unlikely that you will be successful. Even if you are successful once or with a few donors, it is unlikely that you will grow your effort into a rural endowment-building engine for years to come. Why not? It's because if your goal does not align with the market position you establish, you will not be placing adequate emphasis in your daily activities on services that will bolster and continue to advance your goal.

## Exercise 3. What is your rural endowment goal?

So, take your articulated market position, your understanding of its principal emphases (community, nonprofit or regional vitality, donor service) and your underlying detailed specifics from *Chart 2*. Keep in mind *Chart 1* and your current position.

- What kind of rural endowment-building goal(s) would help you move from where you are now toward achieving your desired position? To write just one goal, answer these questions:
- What type of rural-focused endowment fund do we want to build?
- What and type and number of donors do we want to target to build that type of fund?
- How much do we think we can realistically (but bodaciously) raise for that endowment....
- Over what period of time?

Now combine your answers to create you rural-endowment building GOAL:

*To build rural endowment and enhance rural vitality, we will raise \_\_\_\_\_ dollars from \_\_\_\_\_ donors (number and type) through \_\_\_\_\_ type/mix of funds over \_\_\_\_\_ time.*

You now have your foundation's "working" goal statement. It is pretty realistic because it represents your knowledge of self, your environment and an understanding of your unique position in the world. As you work through the next few steps in this framework and as you experience a few successes and a few setbacks related to your goal, you will be even better equipped to refine, alter and adapt your goal statement to build an engine for rural endowments.

Of course, you can—and likely will—have more than one rural endowment building goal at a time. But you should go through the remaining Steps 4, 5 and 6 with one goal in mind at a time. So, see if you can take just one, and move on to *Step 4!*

## STEP 4:

### Choose your tactics

You've got a rural endowment-building goal. That's great. Now what tactics will you use to achieve it? Choosing the tactics that will help you achieve your goal is Step 4 in this *Framework* process.

You want to choose tactics that have three primary qualities:

- They will help you achieve your goal—that is, they actually *work!*
- They also will advance or reinforce the market position you want to establish.
- You have the capacity to carry them off. (More to come on this in *Step 5*).

### Matching tactics with donor targets

Over the last decade, community foundations in the RDP Learning Network have noted that there are 14 primary tactics that community foundations use to build rural endowment. It's the same list you saw in Step 1, namely:

- Educate professional advisors
- Exclusive events
- Community events
- Cultivate one-on-one relationships (with specific types of rural donors)
- Provide match incentive
- Pitch via direct mail
- Reach out to local media
- Ensure high-quality “basic” donor services
- Offer menu of “high touch” donor services
- Emphasize donor-advised funds
- Emphasize community and/or area funds
- Emphasize issue-oriented and/or unrestricted funds
- Emphasize agency endowments and scholarship funds
- Emphasize foundation's leadership and program delivery

These tactics are not mutually exclusive; in fact, sometimes they are better used in tandem (or tridium?) to support each other. But each can be separated out, considered and weighed individually. And each tends to be utilized better with certain donor targets than others.

# Step 4

This Step will help you think about and choose your tactics, basically answering the question: **How will we achieve our goal?** To use this section, have your rural endowment-building team follow these steps:

**a) Look first at the **Matrix of Most Effective Tactics for Reaching Rural Donor Groups**.** This matrix lists which tactics tend to be used most successfully with which donor targets, based on RDP Learning Network experience. Check the column for your goals' donor targets, and note which tactics got a checkmark.

**b) Explore the tactics.** After the matrix, you will find a two-three page summary description and discussion of each tactic. Each of these summaries details:

- Explanation of the tactic
- Best donor target(s)
- Helpful capacities (for implementing the tactic)
- Obstacles/challenges
- Pay off
- Pay-off horizon
- Gifts

Read through these brief summaries for the tactics you noted in (a). Consider which tactics you think will best suit you, your foundation's current capacities, and your market position in order to reach your goal.

Don't be constrained by the Matrix! Please review all the other tactics as well, if you are so inclined. And add any you think are missing!

**c) Choose your tactics.** Have your team come to agreement on what tactic or set of tactics you plan to use to achieve your rural endowment-building goal. Note the combination of "helpful capacities" and "challenges" each entails, *and move on to Step 5.*

**MATRIX OF MOST EFFECTIVE TACTICS FOR REACHING RURAL DONOR GROUPS**

TACTIC	Donor Groups														
	Current Donors		Current Residents		Part-time/Former Residents			Businesses			Organizations		Foundations		
	High-wealth	General public	High-wealth	General public	2nd-home owners	Snow/sun birds	Alumni	Locally owned	Absentee	Stakeholders	Nonprofs/schools/churches	Government	National	Family	Corporate
Educate professional advisors	X		X								X				
Exclusive events	X		X		X										
Community events		X			X	X	X	X							
Cultivate one-on-one relationships	X				X								X	X	X
Provide match incentive		X					X	X	X	X	X	X		X	X
Pitch via direct mail		X		X		X	X								
Reach out to local media	X	X		X				X							
Ensure high-quality "basic" donor services	X	X	X	X	X	X	X				X				
Offer menu of "high touch" donor services	X		X											X	
Emphasize donor-advised funds			X		X										
Emphasize community and/or area funds		X		X				X	X	X		X		X	
Emphasize issue-oriented and/or unrestricted funds				X	X	X	X	X	X	X		X	X	X	X
Emphasize agency endowments and scholarship funds			X		X		X				X				
Emphasize foundation's leadership and program delivery								X	X	X		X	X	X	

## TACTIC 1: Educate professional advisors

### Explanation:

Educating professional advisors includes any one or a combination of activities or events aimed at sharing information about the community foundation—or endowed philanthropy in general—with individuals who advise potential donors on financial matters, especially will and estate planning. In rural communities, general-practice attorneys often play this role; however, financial advisors may also include accountants, financial planners and trust attorneys, bankers and funeral home directors residing in or outside the rural community. In some states and regions, financial planners have formed associations or planned giving councils (*see [www.ncpg.org](http://www.ncpg.org)*) that can provide useful tips and partners for educational activities, especially when the community foundation hopes to encourage and increase participation by offering continuing education credits.

### Best target(s):

- High wealth donors (current and prospective)
- Nonprofit organizations for agency endowments

### Helpful capacities:

- Referrals to rural-based advisors who work with rural clients on wills, bequests, trusts, etc.
- Trusting relationships with regional financial advisors who work in rural areas
- Established Leave A Legacy (*see [www.leavealegacy.org](http://www.leavealegacy.org)*) program in region
- Staff/organizational capacity to accept gifts of stock, trusts, bequests, etc.

### Obstacles/challenges:

- Identifying the advisors themselves
- Hiring or training staff on planned giving issues
- Building relationships and credibility (trust) with rural attorneys, financial planners
- Perceived issues of competition with financial planners and advisors
- Limited number and capability of rural financial advisors
- May have trouble drawing advisors to education events

## Pay off:

- *Huge* leverage point—bequests can be an even greater source of contributions in rural communities than in metro areas since wealth may be held in land or other non-cash holdings
- In rural communities, the “town lawyer” is often a respected figure who advises clients while also lending instant credibility to foundation’s mission
- Access to intellectual capital: wealth/assets held within small, rural communities are guarded—financial planners can assess a region’s fundraising potential in ways few others can

## Pay-off horizon:

Intermediate and long-term

## Gifts:

Intermediate

- Gifts might begin as non-endowed and later become endowed (either at donor’s death or during the donor’s lifetime, if donor becomes satisfied with service)
- Donor-advised and designated funds through vehicles such as charitable remainder trusts and through gifts of stock, land and other appreciated assets as well as contributions given during donor’s lifetime to avoid estate taxes or to help donor introduce family members to philanthropic giving

Long-term

- Bequests

## Examples:

- Maine Community Foundation
- The Community Foundation Serving Coastal South Carolina
- Parkersburg Area Community Foundation

## TACTIC 2: Exclusive events

### Explanation:

Community foundation joins with an individual donor/host to invite high wealth prospects to an invitation-only dinner, cocktail hour, exhibit or reception where guests mingle with one another or tour a beautiful home and at some point during the event hear some information about the community foundation, what it does and how they can become involved.

### Best target(s):

- High wealth donors (current and prospective)
- Second home owners

### Helpful capacities:

- Event planning expertise
- The right guest list: people/homes that others admire, envy or aspire to be
- Group of similarly situated high wealth individuals to invite
- The “right” individual willing to host an event
- Inspiring community foundation representative who briefly and deftly describes difficult-to-grasp ideas: endowment, community-building, etc.
- Ability to follow up event with a specific request for a gift or “the ask”
- Pre-planning: what is the goal, what is the message, who is the audience
- Helps to have a gift or challenge to announce or if a large gift can be announced

### Obstacles/challenges:

- Cost—these are not events to “skimp” on—helps if the host offers to foot the bill
- Critical mass of people to create “giving peer pressure”
- Inviting the right people, timing, etc.—events must be highly orchestrated; easy to become “just another cocktail party”
- Host and/or staff follow-up since checks are often not written until after the event
- This audience requires hands-on and professional services, so staff time must be committed

### **Pay off:**

- Introduces foundation to community's high wealth individuals through an admired friend/colleague
- Connects endowment to the "right" set of people—connects foundation to social aspirations
- Pay-off may be long-term (bequests may result from the event)
- A sense of excitement and celebration around community endowment
- Gives staff a reference point when following up on new prospects: "I met you at so-and-so's home ... "
- May lead to gifts to other community foundation funds
- More potential for contributions than the community social event (*See Tactic 3*), but pay-off usually is not immediate

### **Pay-off horizon:**

Mostly intermediate or long-term

### **Gifts:**

- Bequests (*see Tactic 1: it is wise to coordinate with professional advisors to follow up these events*)
- Depending on "theme" of event, may result in small gifts to particular community or issue-oriented funds

### **Examples:**

- The Community Foundation Serving Coastal South Carolina
- Maine Community Foundation
- New Hampshire Charitable Foundation

## TACTIC 3: Community events

### Explanation:

Community events can be similar to exclusive events, but are carried off in a more homespun and inclusive manner. Community foundations can partner with a community organization (grange, community center, civic group, grantees) to host a “come one, come all” community dinner, festival or reception. Depending on the event, the foundation can send individual invitations, publicize in local media or even sell tickets. These events allow for mingling but may also showcase community foundation grantees and include some information about the foundation and its role in the community. Most importantly, it provides an opportunity to tell people how they might get involved by giving financially or volunteering. Some foundations hold these events annually and hand out grant checks. Others use these events as traditional fundraisers—selling tickets, holding raffles, silent auctions, etc.

### Best target(s):

- General public
- Current donors
- Second home owners
- Snow/sun birds
- Alumni of the region or community
- Locally owned businesses

### Helpful capacities:

- A “hook”: something unique and place-based that will draw people—hint: the word *endowment* doesn’t do it
- Inspiring community foundation representative who is able to briefly and deftly describe difficult-to-grasp ideas: endowment, community-building, etc.
- An active force of on-the-ground volunteers to help design, invite and host
- Staff-time to coordinate invitations, facilitate volunteers and keep things moving
- Pre-planning: what is the goal, what is the message, who is the audience
- Helps to have a new challenge or match or grant recipients to announce—especially if the press is present
- FOLLOW-UP: who, when and how to follow up quickly after the event
- If new to region, consider co-hosting with established community group

### Obstacles/challenges:

- Cost—must decide whether to charge admission or choose other methods to cover costs
- Must walk line between celebratory and fundraising—this group may not be used to the “cocktail party *ask*”
- The impact of these events can be varied: the diversity of participants may lead to diverse requests. Prospective donors, grantees, the press, local government each may ask for follow-up
- Invitation list is critical—look for mix of people, but be aware, grant *seekers* are the most likely to show up

### Pay off:

- Events help affirm foundation’s commitment to specific region
- Offer the chance to mix social groups and give face to philanthropy
- These events say: “Everyone can be a philanthropist”
- Celebrate nonprofits and help remind people of the NPs contribution to communities—could help increase donation to showcased NPs
- Potential for sparking people’s desire help with fundraising and community-building cause
- Good public relations and positive press
- Can lead to new community foundation volunteers
- Lower potential for gifts
- *Community Building!*

### Pay-off horizon:

Immediate and long-term

### Gifts:

- Depending on “theme” of event, may result in small gifts from both individuals and businesses to particular community or issue-oriented funds
- Bequests (*see “Educate Financial Advisors,” as it is wise to coordinate with professional advisors to follow up these events*)

### Examples:

- Montana Community Foundation
- Maine Community Foundation
- New Mexico Community Foundation

## TACTIC 4: Cultivate one-on-one relationships

### Explanation:

This tactic is pretty self-explanatory, but still sounds simpler than it is. Trust, credibility and personal comfort are the keys to successfully building any relationship—whether with an individual or an institution. One-on-one relationships with individual donors, prospective donors and foundation officers require preparation, administrative support, follow-through and schmoozing to sustain positive feelings and credibility between that individual and the community foundation, as an institution.

Many foundations bolster these relationships by remembering donor birthdays, sending personal notes, providing customized research on a donor's charitable passion. Foundations with large enough staffs also "assign" a staff member to be the point of contact for the donor. Often, the president/CEO is the main relationship-builder for the foundation. Regardless, "data" regarding donor interests, family members and personal likes and dislikes must be assembled and constantly updated. Relationships must also be cultivated through consistent contact—which may be a challenge when donors are spread far and wide across a rural region or when donors summer or winter elsewhere.

Relationships with national, private and corporate foundations are often initiated by that national, private and corporate foundation itself. Or, in some cases, a foundation's known role as a community leader and a successful deliverer of programs leads to national, private or corporate foundation interest (*See Tactic 14*). Nevertheless, it is incumbent upon the *community foundation* to maintain this relationship over time by applying similar attention to preparation, administrative support and follow-through that it would provide to individual donors.

### Best target(s):

- High wealth individuals
- Second home owners or snow/sun birds
- National, family and corporate foundations

### Helpful capacities:

- Relationships with "gatekeepers"—someone whom the donor or foundation program officer trusts that introduces staff or board members to the donor
- Organizational (often technological) capacity to track key information about relationships (from birthdays to spouse's name to fund balances)

# Step 4

## Tactic 4

- Referrals to prospective donors as well as foundation staff
- Staff and board member time to initiate and, more importantly, to follow up on meetings
- Staff and board members with highly tuned interpersonal skills and manners
- Ability and inclination to “make the ask” at the right time for the right amount

### **Obstacles/challenges:**

- Relationships are always labor intensive; these relationships often revolve around delicate family, financial and other personal matters; must protect privacy of donors through systems that ensure confidentiality
- This tactic can require a high level of “back-office” support to make the relationship appear as effortless and unforced as possible
- Changes in staff can affect these relationships—efforts should be made to ensure that the trust and credibility is built for both the community foundation *and* the individual staff members who come and go

### **Pay off:**

This is absolutely the most effective method of building endowed assets—immediately and over time as the relationship with the individual donor or institution matures

### **Pay-off horizon:**

Immediate and long-term

### **Gifts:**

- Immediate gifts establishing or contributing to the range of funds, as well as bequests
- Foundations often provide pass-through grants and operating support for specific initiatives as well as matching funds to encourage local endowment building

### **Examples:**

All foundations

## TACTIC 5: Provide match incentive

### Explanation:

A challenge grant or “match” involves using a portion of existing funds as an incentive for others to give. Prospective donors are encouraged to give because their gifts will be “matched” at a certain level by another donor or fund. For example, community members might be asked to give because every dollar they give will be matched 1-1 allowing that donor, in effect, to “double their money.” The match can be offered at 50 cents on the dollar, \$2 for every dollar raised, etc.

### Best target(s):

- General public
- High wealth individuals
- Alumni of community or region
- Locally owned, absentee and stakeholder businesses
- Nonprofits and government
- Family and corporate foundations

### Helpful capacities:

- Ability to re-direct existing funds
- Individual donor or private foundation gift
- Corporate gift
- Ability to implement a campaign-like strategy to raise endowment
- Financial and administrative capacities to manage the gifts and the match

### Obstacles/challenges:

- Finding matching funds
- Setting appropriate match
- Developing an effective campaign message—“endowment for what?”

### Pay off:

- Brings urgency to what is often a long-term process
- Allows individual gifts to become more substantial which is important when raising large sums for endowment—since only five percent will be immediately apparent
- Offers fundraisers a vehicle for approaching a potential donor

- Can be combined with another tactic to make it more urgent, inclusive or successful
- Offers structure for involving corporate or foundation giving in building community endowments
- Can be useful in kick-starting fundraising campaign

### **Pay-off horizon:**

Immediate

### **Gifts:**

- Small and large gifts from both individuals and businesses to particular community or issue-oriented funds and scholarships
- Agency endowments (when nonprofits are offered matching funds to establish an agency endowment)
- Operating endowment for the community foundation itself

### **Examples:**

- Montana Community Foundation
- Maine Community Foundation
- Northwest Arkansas Foundation
- Kenya Community Development Foundation

## TACTIC 6: Pitch via direct mail

### Explanation:

More often than not, direct mail is used to reach the broadest possible audience, but with a narrower message. Depending on the community foundation's ability to develop mailing lists and to cover postage expense, direct mail could include personally addressed letters describing a particular field of interest fund or community/area fund and a return envelope, or it might be an insert in the region's newspaper or even in utility bills. The method casts a wide net and focuses on communicating the "short and sweet" of the community foundation to the community.

### Best target(s):

- General public
- Snow/sun birds
- Alumni of community or region

### Helpful capacities:

- Funds (often area or unrestricted funds) suited to accepting and pooling multiple small contributions
- In some cases, community leaders to write the letter *on behalf* of the community foundation
- Committee or staff willingness to help create and keep current mailing list, sign appeal letters and add personal notes
- Technology to manage and update mailing database
- Staff time to manage process and accept/acknowledge/track numerous, small contributions

### Obstacles/challenges:

- Volunteers may be averse to sending/signing appeal letters to friends/family
- May give the impression of competing with smaller nonprofits annual appeals
- Costs of staff time and mailing expenses
- Broad, not deep impact—not traditional community foundation approach since more difficult for letter to sell "endowment" than, say, a new church steeple or playground

### **Pay off:**

- Good way to blanket a region and build awareness of community foundation
- Gives every level of donor a chance to contribute and become part of the community foundation “family”
- Donors may “try out” giving through relative anonymity of appeal envelope and later give more or add community foundation to will
- Good way to ease a volunteer committee into fundraising
- Great way to reach goal of increasing *numbers* of gifts especially for fund that has had corporate or “angel donors”

### **Pay-off horizon:**

Immediate

### **Gifts:**

- Small and large gifts from both individuals and businesses to particular community or issue-oriented funds and scholarships (and sometimes operating endowment)
- Gifts to agency endowments (when nonprofits with agency endowments join in appeal)

## TACTIC 7: Reach out to local media

### Explanation:

Community foundations initiate a range of activities to develop public awareness of the existence and role of the community foundation through contacts and relationships with local media. This is less direct than other endowment-building tactics in that the immediate goal is to raise a positive profile of the foundation in the community in ways that will then lead to gifts.

Rural media may include daily, weekly and monthly newspapers, locally owned, private radio and television stations, community radio and public television stations, regional magazines as well as community websites. Many community foundations begin by having lunch or a meeting with editors, programmers and web designers to raise that individual's awareness of the community foundation and, hopefully, ensure coverage of the foundation's newsworthy events. Some community foundations sponsor shows or time slots on community and public radio and television as one method of advertising. Still others actively seek opportunities to appear on local radio and television shows to help the region match a "face/voice" with the community foundation. As community foundations raise their profile and/or make grants on specific issues, some are asked by the media to appear or comment on community issues as they arise.

### Best target(s):

- General public (current and prospective donors)
- Locally owned businesses

### Helpful capacities:

- Something to point at, such as successful grants or gifts to endowment
- A media kit is extremely useful—it should contain your consistent and concise message along with some "real life" stories, profiles of key staff, board members, donors and grantees as well as a media-friendly description of how to give
- Willingness to meet local reporters on their own (sometimes distant) turf
- Openness to press presence in grantmaking, committee meetings, etc.
- Local volunteers and staff willing to follow-up

### **Obstacles/challenges:**

- Challenge of getting message out through intermediary—point may be missed, names may be misspelled, etc.
- What the community foundation considers newsworthy may not match what an editor believes—this is where relationships with staff writers, editors, etc., can influence coverage
- Donors and/or board may want foundation to stay behind the scenes and more low-key—may be seen as self-promoting
- There is always risk that press may not be flattering
- Takes staff and volunteer time, travel and persistence

### **Pay off:**

- Good way to get message out and build awareness—particularly among local government and other local players
- Shows relevance and impact of community foundation in local community
- Local press tend to know everyone and everything—this is a good network for community foundation to develop for grantmaking and development
- Consistent, objective appearances in local press can introduce the community foundation to donors who never would have been found otherwise—a good way to find “angel donors”

### **Pay-off horizon:**

Long-term

### **Gifts:**

Depends on focus of media coverage, might include contributions to area, unrestricted or issue-oriented pooled funds as well as establishment of donor advised, designated and scholarship funds

### **Examples:**

- Nebraska Community Foundation

## TACTIC 8: Ensure high quality “basic” donor services

### Explanation:

Basic donor services include those activities and systems offered to all donors. While services may differ somewhat depending upon whether a donor is one of many givers to a pooled fund or is the sole establisher of a fund, some basic donor services are offered to every contributor regardless of the size of their gifts.

To ensure basic donor services, community foundation boards ratify policies to assure donors that gifts can be effectively and legally accepted. Systems are then established that respond automatically each time the community foundation receives a new gift.

Basic donor services include:

- Donors receive detailed, but straightforward information about community foundation’s mission, procedures and policies as well as donor responsibilities
- Gifts are acknowledged promptly
- Gifts of cash (or sale of stock or other non-cash gifts occurs) are deposited promptly
- Community foundation’s status as a public charity under federal tax laws (allowing donors maximum deductibility for income, gift and estate tax purposes) is kept current
- Gifts are directed to the appropriate foundation fund(s)
- Funds are accepted under board-approved and shared gift acceptance policy
- Funds are invested under board-approved and shared investment policy
- Fund statements are accurate and distributed on a timely basis
- Fund balances are available to fund advisors upon request
- All grantmaking is carried out according to the foundation’s mission and board policies
- Credible financial accounting and audits, overseen by board and independent auditor
- Community foundation has capacity to accept non-cash gifts and to work with financial advisors and accept planned gifts
- Friendly and courteous staff or volunteers are available at prescribed times to answer questions and address concerns
- Inclusion in community foundation’s basic communications materials: newsletters, annual reports, on-line materials

### Best target(s):

All donors

### Helpful capacities:

- Staff and/or volunteer financial and legal capacity to establish financial systems and policies and to carry out complex financial transactions
- Technology (hardware, software and training) to support systems and policies
- Shared commitment of all staff (regardless of function) to achieving 100 percent success in providing all donors with basic donor services
- Methods for tracking and addressing donor satisfaction, complaints and “supplemental gifts.” These methods can be as simple as a spreadsheet or donor list with someone assigned to track new gifts to existing funds or as formal as an annual donor survey of leading indicators of satisfaction.

### Obstacles/challenges:

- Depending on the size of the foundation (number of staff, number of donors), basic donor services can be more or less taxing—sudden growth in the foundation’s assets sometimes leads to deterioration of donor services
- Basic donor services are often taken for granted by both donor and staff—it takes discipline to maintain the more rudimentary systems and procedures
- Tracking donor satisfaction can be challenging; however, it is a good use of foundation resources to invest in tracking donor satisfaction; just tracking donor dissatisfaction (through complaint logs) is not sufficient

### Pay off:

- Most foundations find that the majority of annual gifts comes from *existing* donors—*treat your current customers well and they will continue to give*
- Surprise gifts! More sizeable bequests often come from donors who make small gifts during their lifetime, but grow to trust the community foundation over time

### Pay-off horizon:

Immediate and long-term

### Gifts:

All funds

### Examples:

- The Community Foundation Serving Coastal South Carolina

## TACTIC 9: Offer menu of “high-touch” donor services

### Explanation:

High-touch donor services supplement basic donor services for a select group of either current or potential high-wealth donors on whom the foundation will bestow more frequent contact as well as special services, appreciation and rewards. The word *menu* above is key to this tactic, in that the donor selects discreet services offered by the foundation that can be *customized* for that donor. By providing a menu for the range of services a donor of significant means might expect, the community foundation can both impress the donor *and* prevent the community foundation from over-extending itself with a blank statement of “whatever the donor wants, we can do...”

High-touch donor services are most often offered at a designated threshold of giving—for example, donors of \$25,000 and above receive a certain level of services, donors of \$100,000 receive others. Some foundations also offer a range of special services to donors who are board members, donors who give significantly to the foundation’s operating endowment, or annual fund, or donors who give significantly to the foundation’s unrestricted funds. Becoming specific about high-touch donor services can help the foundation place a price tag on each of them—allowing the foundation to choose at what threshold of contribution it will become cost effective to provide them.

As a starting point, the community foundation might meet with a select group of existing high-wealth donors or board members to explore the types of *ad hoc* services these stakeholders have or would like to have offered. Most often, the menu of “high touch” donor services include the following:

- Key contact—a designated staff member assigned to donor and fund
- Upon request, nonprofit research, advice and site visits provided by professional program staff
- Group activities (site visits, dinners, discussion groups, presentations) with other donors and/or nonprofit leaders with similar interests
- When appropriate, referrals of grant applications or nonprofit programs that match donor’s specified interests
- Regular luncheons or meetings with development or executive staff to discuss philanthropic ideas and satisfaction with community foundation services
- Diverse investment options
- A sliding scale of fees—i.e., the larger the fund, the lower the annual fees

### Best target(s):

- Current high-wealth donors
- Prospective high-wealth donors
- Family foundations

### Helpful capacities:

- Staffing—the type of services promised can be extremely staff-intensive even when only a small number of donors are involved
- Entire organization is donor-service oriented—particularly at donor points of contact
- Ability to judge realistically the current, imminent and long-term growth and capacity of the organization—in other words, donors who receive certain services at the start will always expect them, so be sure you can provide 10 donors with the same level of services you will someday need to provide 50-100 donors
- The ability to say “no” to certain donor requests—for ethical and legal reasons, obviously, but also when such requests threaten the financial sustainability of the organization; high-touch services should bring in considerably more money than they cost to provide
- *More and variation:* capacities depend on the services the foundation chooses to offer

### Obstacles/challenges:

- Sudden growth in number or demand of “high-touch” donors can lead to imbalance between cost of services and size of gifts/fees
- The benefits of providing high-touch services can be great, but it is critical that *basic donor services* are flawless before high-touch services are attempted—nothing is worse than having an error-ridden fund statement arrive the same day as an invitation to a high-touch donor luncheon
- Donors may not necessarily link the special, customized services with the community foundation’s efforts to develop additional gifts. With existing donors, the “ask” (and for these donors, an even more carefully crafted “ask”) is just as important as it was during initial meetings

### Pay off:

Again, existing donors are your best source for additional funds and high touch-donor services target the donors who are best situated to give more.

This is the most direct approach to increasing endowment—these are individuals who already know and love you: you simply need to deepen your bonds.

**Pay-off horizon:**

Immediate and long-term

**Gifts:**

- To existing endowments
- Also, to special issue funds, unrestricted and operating funds (keep in mind though, that donors may choose to transfer funds from existing advised funds to the new fund, resulting in no net gain for the foundation's total assets)

**Examples:**

- Humboldt Area Foundation
- Maine Community Foundation

## TACTIC 10: Emphasize donor-advised funds

### Explanation:

Before meeting with a the community foundation, a donor may already have a well-formed understanding of his or her philanthropic interests and perhaps even the type of fund he or she will establish. Nevertheless, certain donors and circumstances within the foundation (*e.g.*, a donor services positioning) can lead to an advised fund appeal more than another. Advised funds have many benefits. On the recipient side, advised funding (of varying amounts) for rural community economic development can fill in the gaps (especially in long-term core operating support) unfilled by foundation’s discretionary and pass-through funding or government grants. On the donor side, advised grantmaking can deepen and impassion the donors’ understanding of community economic development efforts taking place within a community.

When deciding whether to appeal to a donor to establish advised funds, several questions can help:

#### Donor identity

- Is *this* donor a single individual or couple with definite charitable recipients in mind?
- Is the donor a real “hands-on” individual?
- Is this a donor of significant means that is choosing between the community foundation and establishing his or her own private foundation?

#### Foundation goals

- Does the donor’s philanthropic interests specifically meet an area of the community that the foundation would like to see supported but for which discretionary funds are not appropriate?
- Does the foundation lack donor advised funds—is this an area of growth it would like to encourage?
- Are donor advised funds (of any size?) the most cost effective type of fund for the foundation? Would this donor’s fund represent not only an increase in gross assets, but also increased fees to cover other services?

#### Nonprofit activity

- Are there high quality rural CED projects or programs in place that can be highlighted during a donor appeal? Or that uniquely match the donor’s interests?

- Are CED nonprofits looking to broaden their funding base to include local individual donors? Are they willing to allow the donor to participate in site visits and ask questions?

### **Best target(s):**

- High-wealth individuals
- General public

### **Helpful capacities:**

- Capacity to provide basic, and in some cases high-touch, donor services to ensure that a donor trusts that s/he will receive high quality services
- Ability of development officer (or whomever is working with the donor) to understand how donor advised funds “work”—the legal and tax codes which govern advised funds and the due diligence that the foundation would provide
- Ability of development officer (or whomever is working with the donor) to discover the donor’s philanthropic passions and/or explore ways those passions might correspond to rural community economic development
- In-depth knowledge and relationships with the rural CED practitioners in the donors’ region. Ability to immediately demonstrate foundation’s value as a matchmaker between the donor’s fund and activities taking place in his or her region

### **Obstacles/challenges:**

- Advised funds are most often the result of a series of one-on-one meetings with the donor him or herself or with financial advisors; a foundation must have the time to commit to this type of prospect relationship
- Donors interested in advised funds do often come to the foundation (or to their financial planner) with a set idea of what they would like their fund to support—introducing the donor to anti-poverty and other CED grantmaking can be difficult and time consuming
- Foundation must have the knowledge and capacity to immediately connect the donor to a CED project or a rural community that will meet his or her philanthropic interests. This often requires the development officer (or whomever is working with the donor) to work with or even bring along program staff that can speak more directly of the rural CED work being done in the region. The foundation should have systems in place that allow for and reward program and development staff sharing what they know and working as a team to provide the donor with the best and most timely information.

### **Pay off:**

- Since these funds are the most customized, they are often considered easier to raise; by focusing on building endowed advised funds, a foundation can more quickly grow assets from which operating funds can be earned, leading to greater financial stability
- Flexible funds for community economic development and assets for the foundation
- Makes connection among community economic development projects and individuals of wealth. Advised funds might provide the long-term core operating support that most foundations are unable to fund.
- Allows community foundations to facilitate individual philanthropy in ways that highlight the “value added” by community foundations in comparison to other charitable giving
- Engaging donors in community economic development may excite them to become active and give more

### **Pay-off horizon:**

Immediate and long-term

### **Gifts:**

Advised funds

### **Examples:**

- The Community Foundation Serving Coastal South Carolina
- Community Foundation for the New River Valley

## TACTIC 11: Emphasize community and/or area funds

### Explanation:

Before meeting with the community foundation, a donor may already have a well-formed understanding of his or her philanthropic interests and perhaps even the type of fund he or she will establish. Nevertheless, certain donors and circumstances within the foundation can lend themselves to a community or area fund appeal.

Community or area funds have great benefits. Gifts to these funds are pooled—so even a donor with limited means can be sure that his or her funds will have an impact on the community. These funds are also just as appropriate for high-wealth donors. Most area funds involve residents of the community or region in the grantmaking and other public activities associated with the fund. This ensures that the fund will reflect and respond to the needs or character of the community, both now and in the future. For donors who reside elsewhere or who want to remain anonymous, this ensures that their gifts have a positive impact without requiring the donor to step into the limelight.

In some cases, donors whose gifts help to establish or significantly increase community or area funds serve a term on that fund's advisory committee—with or without the rest of committee knowing his or her role as benefactor. In other cases, donors considering gifts to a community or area fund are invited to sit in on a committee meeting once or twice as a non-voting member, to get a feel for the process. In most cases, the experience deepens the donor's connection with his or her community and solidifies their commitment to philanthropy. In still other cases, donors establishing advised funds are encouraged to place a percentage of their grant dollars in their region's community or area fund at the time the advised fund is established or on an annual basis.

When deciding whether to approach donors to establish or contribute to community/area funds, several questions can help:

### Donor identity

- Does the donor have a passionate sense of place and connection to a region or community?
- Does the donor have a broad interest in community well-being, rather than a couple of favorite nonprofits?
- Will the donor wish to remain anonymous?
- Does the donor enjoy collaborative decision making?

### Foundation goals

- Does the foundation have the capacity and the commitment to construct and manage multiple local grantmaking committees—from the actual grantmaking process to publicity to application review to grant awards?
- Will the community or area fund be large enough to award grants that will be significant to the community? An exact figure will vary depending on the community, but \$500-\$1,000 per grant (from minimum of \$10,000–\$20,000 endowment) might be a good goal.
- Does the foundation lack area funds—is this an area of growth it would like to encourage?
- Are area funds the most cost effective type of fund for the foundation?

### Nonprofit activity

- Are there high quality rural CED projects or programs in place or in development that would benefit from a community or area fund?

### **Best target(s):**

- High wealth donors (as establishers or significant annual givers to the fund)
- General public
- Locally owned, absentee and stakeholder businesses
- Government
- Family foundations

### **Helpful capacities:\***

- Lead gifts or matching gift to spur local giving
- Significant operational, staff and financial capacity to construct, manage and grow these funds—including planned giving and non-cash gift acceptance expertise, which are how these funds will eventually take off
- Trust and established relationships with general public, financial planners and other “gatekeepers” in the regions where these funds will be established
- Commitment to subsidize the development and management of these funds for first several to many years—most funds will not render fees capable of covering expenses until bequests begin being realized
- Experience or ability to learn to develop and train multi-talented grassroots advisory committees to award grants, raise funds and represent the foundation locally

*\*See **Covering Rural Territory: Area Funds** for more detailed discussion.*

### **Obstacles/challenges:\***

- Major challenge of convincing general public to contribute to an “endowment”—familiarity with language and practice of endowed philanthropy can not be assumed
- Grassroots fundraising (many gifts toward one fund) is labor intensive and time consuming
- Developing and maintaining local relationships from a distant headquarters
- Public knowledge of the fund requires extremely high quality and credible grantmaking, fundraising and investment procedures and practices

\* See *Covering Rural Territory: Area Funds* for more detailed discussion.

### **Pay off:**

- *Community Building!*
- Teach “philanthropy” on the local level
- Public knowledge of the fund is a standing “advertisement” for the community foundation and often leads to future giving not only to the community fund, but through other fund structures as well
- Fund is responsive to community needs in ways most other funds are not

### **Pay-off horizon:**

Immediate and long-term (although mostly long-term)

### **Gifts:**

Gifts (large and small) directed toward pooled community/area funds. “The single fund, many donors” approach.

### **Examples:**

- Montana Community Foundation
- East Tennessee Foundation
- Arizona Community Foundation
- Maine Community Foundation

## TACTIC 12: Emphasize issue-oriented and unrestricted funds

### Explanation:

Before meeting with a community foundation, donors may already have a well-formed understanding of their philanthropic interests and perhaps even the type of fund they will establish. Nevertheless, certain donors and circumstances within the foundation can lend themselves to either a *contribution to* or *establishment of* an issue-oriented or unrestricted fund appeal.

Issue-oriented and unrestricted funds have many obvious benefits. Gifts to these funds are pooled—so even a donor with limited means can be sure that his or her funds will have an impact on the community or within an issue area about which the donor particularly cares. In many cases, board members or a committee of issue experts advise the grantmaking and other public activities associated with an issue-oriented or unrestricted fund. This ensures that the fund will reflect and respond to the best practices associated with an issue or with the general needs of the community, now and in the future. For donors who reside elsewhere or who want to remain anonymous, advisory committees do not require the donor to step into the spotlight.

Many community foundations encourage or even require donors that establish advised funds to place a percentage of their grant dollars in the foundation's unrestricted funds. When developing an issue-oriented fund, especially as part of a privately funded initiative, most community foundations call first upon their advised fund donors—another reason why community foundations with systems for documenting donor interests are at a distinct advantage when developing issue-oriented funds.

When deciding whether to appeal to donors to contribute to issue-oriented and unrestricted funds, several questions can help:

#### Donor identity

- For issue-oriented funds, does the donor share a passion for the particular issue *and* for the approach the fund will take to the issue?
- Can the donor be convinced that the issue-oriented fund or unrestricted fund can do things (achieve impacts) that his or her advised grantmaking might not?
- Does the donor have a broad interest in community well-being, rather than that of his or her favorite nonprofits?
- Does the donor have a passion for the *community foundation* itself?

### Foundation goals

- For issue-oriented funds, does the foundation have the capacity, the commitment and the credibility to be a *leader* on the issue for which gifts are requested?
- Does the foundation (mainly, the board) have the capacity and the knowledge to design and implement an unrestricted grantmaking process from publicity to application review to grant awards to self-evaluation?
- Realizing the capacity issues involved with issue-oriented and unrestricted funds, are these funds the most cost-effective for the foundation?

### Nonprofit activity

- Are there high quality rural community economic development projects or programs in place that would benefit from unrestricted or issue-oriented *endowed* funds? Can you have them help you make the case to donors?
- Will the foundation need to build the capacity of the nonprofit community itself so they are eligible and able to receive grants? How much time and resources would this require?

### **Best target(s):**

- General public
- Second-home owners
- Snow/sun birds
- Alumni of community or region
- Locally owned, absentee and stakeholder businesses
- Government
- National, family and corporate foundations

### **Helpful capacities:**

- For both issue-oriented and unrestricted fundraising, the *community foundation* must have knowledge and credibility in community and nonprofit development
- Obviously, for issue-oriented funds, staff or consultants must have understanding of the topic and must be able to state specific role the community foundation will play in advancing the field
- When an issue could spur controversy among donors or other stakeholders, the community foundation should have well-articulated reasons why the issue is central to its mission and community
- Likewise, when seeking gifts to an unrestricted fund, prior and future grants from this fund must also be based upon a shared grantmaking philosophy and policy

- Fundraising staff must be trained and prepared to make a case for unrestricted and issue-oriented funds—these are typically much more difficult funds to raise than advised or designated or scholarship funds
- Program staff and/or board should also be prepared to allow potential or existing donors to participate in appropriate ways with grantmaking—from site visits to sitting in on grant review meetings to actually participating in grant review
- A group of existing donors about whom you are knowledgeable and from whom you already have respect and trust—because these individuals are your most likely donors to issue-oriented and unrestricted funds

### **Obstacles/challenges:**

- Again, these can be the most difficult endowments to build because donors' gifts are pooled and involvement in decision making is relinquished
- Without the expertise and credibility as a grantmaker or as a specialist in the particular issue, it is difficult to “gain audience” with potential donors
- Because the funds are endowed, they must be very large to create an annual grantmaking budget that will appear to be satisfactory to address the issues at stake
- To realize the benefits of having issue-oriented and unrestricted funds, the organization must have systems in place that will help it learn from and improve its grantmaking over time—otherwise, these funds are no more beneficial (yet much more expensive) than advised funds

### **Pay off:**

- *Community Building!*
- These funds help the community foundation gain a real foothold in their regions—allowing the foundation to be a “player” in community development in ways that donor advised funds do not
- These funds allow great opportunities for publicity—bringing positive attention to the foundation and alerting potential donors to the community foundation as an alternative to establishing a private foundation or using a for-profit charitable gift fund
- Unrestricted and issue-oriented funds are tremendous vehicles for the community foundation itself (staff and board) to become more knowledgeable about its region and its needs/assets—many foundations consider these funds the “R&D” element of their organizations

**Pay-off horizon:**

Immediate and long-term (often, advised assets become unrestricted or are transferred to issue-oriented funds following the advisor's death)

**Gifts:**

Issue-oriented and unrestricted gifts (large and small) most often pooled in single funds

**Examples:**

- Humboldt Area Foundation—issue funds
- Maine Community Foundation—county funds
- Foundation Northwest—unrestricted funds
- Wyoming Community Foundation—issue funds

## TACTIC 13: Emphasize agency endowments and scholarship funds

### Explanation:

Before meeting with a community foundation, donors may already have a well-formed understanding of their philanthropic interests and perhaps even the type of fund they will establish. Nevertheless, certain donors lend themselves to a designated or scholarship appeal more than others.

For example, designated funds are an obvious choice for donors who have been lifelong members of a church or who have worked tirelessly as a volunteer for a nonprofit or school. Designated funds (and scholarships) are often initiated at the donor's death—through estate planning performed later in the donor's life. Designated funds are also often created through living trust agreements like a charitable remainder trust.

Some foundations decide to target nonprofits to convince them to house their endowments with the community foundation as an explicit endowment-building strategy. As a caution, designated agency funds transferred or established by a nonprofit board can be fraught with tensions at the onset or years later. The nonprofit's board may question the community foundation's "ownership" of the fund and may also resist restrictions against dipping into principal. To avoid some of these issues, designated funds must be established with a clear, contractual understanding of how the fund will operate now, in the future *or* in the event that the beneficiary someday ceases to exist.

Foundations often work with schools or colleges to develop funds that function as scholarships, but are awarded and managed as a fund designated for that school or college and then re-granted to the winning students. Scholarships are often *the* philanthropic vehicle that prospective donors have in mind when they approach a community foundation. Scholarships, especially in rural and poor regions can offer a sound approach to community economic development.

Scholarships can be structured in a number of ways—some very labor intensive and others less so. It helps to have educational data available for donors to consider, such as: the *cost* of higher education (will a \$100 annual scholarship *really* help anyone?); the number of students in your region seeking higher education and the types of schools they are attending; the number of non-traditional students or worker re-training needs of the community; as well as alternative options like summer camp scholarships or a musical instrument fund for low-income students. Often college scholarship funds are the only type of endowed philanthropy with which first-time donors have experience.

Community foundations are in a position to help donors understand the range of philanthropic giving that might achieve his or her goals.

For designated and scholarship funds, the community foundation must take into account its capacity to administer them *before* choosing to emphasize them with prospective donors or market them to nonprofits.

### **Best target(s):**

- Aging high-wealth donors in process of estate planning
- Financial advisors
- Nonprofits, schools, churches
- General public
- Alumni of community or region
- Government

### **Helpful capacities:**

- Capacity to provide basic, and in some cases high-touch donor services to ensure that a donor or nonprofit board trusts that s/he receive high quality services
- Ability of development officer (or whomever is working with the donor) understand how designated and scholarship funds “work” or could work to achieve RDP goals—i.e., the legal and tax codes which govern these funds (especially planned gifts and corporate and family scholarships)
- Capacity to construct and manage a scholarship program that will undoubtedly expand over time—including relationships with high school guidance and post secondary education communities

### **Obstacles/challenges:**

- Financial advisors can be the most efficient route to designated and scholarship donors—if the foundation does not have an established relationship with rural financial planners, these funds will be that much more difficult to build
- Scholarships can be either labor intensive and costly or be streamlined and cost-effective; model programs at the New Hampshire Charitable Foundation and the Maine Community Foundation can offer insight on this subject
- Nonprofit boards, particularly in rural communities, are notoriously difficult to work with—especially if their endowment is seen as being transferred to the foundation’s “urban” headquarters

**Pay off:**

- These funds help the community foundation gain a visible foothold in their regions—nonprofit boards, school administrators, students and parents will see the foundation as a vehicle for nonprofit stability and educational achievement in the region
- These funds allow great opportunities for publicity—bringing positive attention to the foundation and alerting potential donors to the community foundation as an alternative to establishing a private foundation or using a for-profit charitable gift fund

**Pay-off horizon:**

Immediate and long-term

**Gifts:**

Designated and scholarship funds

**Examples:**

- Northwest Arkansas Community Foundation
- New Hampshire Charitable Foundation
- The Foundation for Appalachian Ohio

## **TACTIC 14:**

### **Emphasize community leadership and program delivery**

#### **Explanation:**

To one degree or another, all community foundations emphasize to donors their role as community leaders and program deliverers—it is the foundations' niche after all. With some donors, however, the community foundation will undoubtedly emphasize its ability to allow for donor control, with others the foundation's ability to invest the funds cautiously. In certain cases, though, the role of the foundation as a leader and high quality service provider will be *the* most effective appeal. A documented history of well-run, well-evaluated programs or initiatives will help make this case, as will a list of satisfied “customers” or references (from donors, to nonprofit leaders to public figures).

Most often, the target for this type of appeal is an organization that operates one level over or above the community foundation's region—a state or federal government agency, a national foundation or a private family foundation or corporate foundation located elsewhere, but with ties to your region. Stakeholder businesses (businesses that derive natural resources from your region, but operate elsewhere) are also a fine target for this type of pitch. The basic idea is that the community foundation is structured to do things with its philanthropic resources that the funder cannot do as effectively on its own.

#### **Best target(s):**

- General public
- National, family and corporate foundations
- Locally owned, absentee and stakeholder businesses
- Government

#### **Helpful capacities:**

- One-on-one relationships with foundation staff and/or leadership; most would advise community foundations not to approach large national foundations unless these relationships are in place
- Ability to explain how the community foundation defines key terms like community, leadership, community development
- Systems and/or structure to be used to deliver programs
- Communications strategy that will share foundation's leadership and successful

program delivery with the public

- In most cases, appeals to these targets require writing grants—so grantwriting and monitoring skills are a must. This is especially true of government grants which while relatively rare in the community foundation world, do happen. A word of caution: Government grants have restrictions and reporting requirements, so “buyer beware.”
- Capacity to continually document and discuss leadership and program delivery successes and even instances of failure from which the foundation learned

### **Obstacles/challenges:**

- Penetrating the general public’s lack of awareness of the community foundation, philanthropy in general and community economic development
- Again, grantwriting *and receiving* can be a full-time job—capacity to do this while managing other work of a community foundation can be staff- and resource-intensive

### **Pay off:**

- Attracts resources to the community foundation for the role most related to its mission—and forces community foundation to articulate its leadership and program delivery expertise (a useful step in any marketing plan)
- For rural communities where high wealth individual giving may be limited, foundation grants can fill the gaps or provide matching funds that prove crucial to the community foundation’s early years as well as long-term success
- Other foundations choosing to house funds within the community foundation can be seen as a “seal of approval” by local constituents, resulting in more local giving

### **Pay-off horizon:**

Immediate

### **Gifts:**

- Pass-through or matching funds
- Private foundation gifts through specific initiatives

### **Examples:**

- West Central Initiative
- New Mexico Community Foundation
- Humboldt Area Foundation
- Foundation for Appalachian Ohio

## STEP 5:

### Gauge your capacities

Throughout this framework, your community foundation's *capacities* (present and future) have lurked and lingered on each page—an implied necessity or explicit category for each and every step in building an engine for rural endowment. This section will not (and cannot) articulate every conceivable capacity related to building rural endowments in and for your service area. What it can do is help your foundation get those pesky organizational capacity issues on the table, by helping you make *explicit* the capacities you will need if your community foundation is to build rural endowments to positively influence rural community vitality.

### Remember the core

**Decision-making capacities.** Regardless of the tactics you choose—and before beginning work on a particular goal—a few core capacities will be necessary conditions for building an “engine” for rural endowments.

The prior steps in this framework asked you to learn about yourself, your environment and your market position, all of which *implied* certain core capacities. Your initial attempts to work through the first four steps in this framework undoubtedly uncovered a few gaps in your organizational capacities. It may have even unearthed a few latent disagreements about the business you are in, the values you share, and your vision for the foundation's future. You probably had a few really interesting conversations. Great!

This process actually may have helped build a few of the core capacities your community foundation must have, regardless of the goals you have and the position you hold. If you have worked through Steps 1-4, you are now able to answer *affirmatively* a few key questions related to core capacity:

- Are you able to gather and analyze data about the rural community, donors and yourself?
- Can your staff, board and other stakeholders work together to determine a shared understanding of yourself, your environment and your market position?
- Can your staff, board and other stakeholders strategically and intentionally position itself in its own service area and within the endowment-building market?
- Can your staff, board and other stakeholders set goals that reflect this shared understanding?

These core capacities reflect the trust, cooperation and shared vision that *run* the decision-making engine of your community foundation.

**Operating capacities.** In addition, Steps 1-4 likely pointed out a few key *operating* capacities that were either fully functional or in need of a tune-up. Don't panic. Community foundation operational capacities develop over time and correspond to the foundation's age, assets, staffing and other unique circumstances. As they say, *Rome was not built in a day*. But don't ignore those nagging little voices either. The core operations, policies and procedures required for a community foundation to perform its daily work should be in strong working order to support your endowment-building engine. Remember, without these, you likely will never build an *engine for rural endowments*.

So, imagine that a few multi-million dollar donors walk through your door today ready, willing and able to establish endowed funds for a few of your most compelling and economically challenged rural communities. One wants to set up a region-wide scholarship with an advisory committee made up of students, teachers and civic leaders. Another wants to anonymously found an area fund with a \$500,000 gift. She wants an advisory committee that will designate its own grantmaking guidelines and raise local funds to bring the fund to \$1 million. Obviously, you are ecstatic; but does your community foundation have in place the core capacities needed to accept these gifts and serve both the communities *and* the donors well? (We've actually known some community foundations that have had to face this question and answer "Not yet!")

No need to re-invent the wheel here. The Council on Foundations ([www.cof.org](http://www.cof.org)) has developed a set of National Standards for Community Foundations that provides a very careful and straightforward checklist of the policies, paperwork and procedures that make a community foundation, well, *a community foundation*. From gift acceptance policies to tax filings to annual audits, this document will help your community foundation get your ducks in a row before the golden goose comes knocking. Here's where to get it: <http://www.cof.org/whatis/types/community/index.htm>.

## Going to market

**Positioning.** Back in Step 3, your community foundation determined your current market position. You then developed a "desired market position" within the context of four prevailing community foundation market positions emphasizing community vitality, nonprofit vitality, regional vitality or donor services (*See Step 3 Matrix*). Each prevailing position then suggested a set of budgetary, board, development staff and program staff capacities that would support that position. You might want to review the sections of

the matrix related to operating costs, board make-up and capacities, development staff capacities and program staff capacities to help you get into the positioning capacities mindset.

Whether your aim is to strengthen your existing position or to re-position the community foundation entirely, the precise and relevant capacities associated with your desired position were a key aspect of this discussion. For example: You have chosen to position the community foundation to emphasize *regional vitality*, but currently enlist board members only from your region's hub city. You may need to increase your board's capacity to understand and provide regional leadership—through actual board make-up or educational efforts or some other means that will support your foundation's re-positioning.

By working through Step 3, you gathered some keen insight into what it will take to improve or change your community foundation's positioning. Remember, participants were asked to name: "*Two Things That Would Help Us Get There...*" These two things are the capacities each of you think will help you achieve your desired market position. Combine everyone's answers to this question in one place and then,

- Designate each item on your collective list of all the "*Two Things*" according to five main categories:
  - Operating costs or budget
  - Board make-up or capacities
  - Development staff capacities
  - Program staff capacities
  - Other?
- Arrange each of the items on your list across the chart below according to whether these are capacities you:
  - already have "in-house" (but may not have discussed in this context)
  - do not have "in-house," but *should* build this capacity in-house
  - do not have or need "in-house," but could hire temporarily, borrow or contract for
  - might not be relevant now...but keep in mind just in case!

In some cases, you may have some of the capacity "in-house" that you need to achieve your desired positioning, but it may need a little re-tooling or some special TLC to be a source of pride. Use the chart to note these facts. You might even rate the effectiveness at certain things on a scale of one to five. For example, a community foundation might have a website where donors can learn more about the foundation and ways to give. But, will it allow donors to view their fund statements or actually give to their fund on line? Perhaps not...so, while you consider the website an "in-house" capacity, you might rank it at two or three out of a possible five.

**CHART 1: OUR MARKET POSITION CAPACITIES**

Market position: \_\_\_\_\_

Positioning capacities	Already have in-house:	Need to acquire in-house:	To hire, borrow or contract:	Might not be relevant—but keep in mind:
Operating costs or budget				
Board make-up and capacities				
Development staff capacities				
Program staff capacities				
Other				

The completed chart will give you a sense of the capacities you already have—always a confidence booster—as well as the ones you will need to go get. The chart will also designate the specific areas of the foundation (budget, board, staffing) that either have the greatest capacity or require a bit of capacity building if you are to be successful. Finally, the chart should help you identify action steps aimed at staffing areas, board development and/or the operating budget that you know you really need—because they are based on careful consideration, deliberate positioning and a specific endowment-building goal.

**Goal and tactics.** And, speaking of endowment-building goals, now is the time to review the working goal you developed at the conclusion of Step 3 and the tactics you selected in Step 4. Fill in the blanks here one more time:

*To build rural endowment and enhance rural vitality, we will raise \_\_\_\_\_ dollars from \_\_\_\_\_ donors (number and type) through \_\_\_\_\_ type/mix of funds over \_\_\_\_\_ time.*

This goal emanated from your market position or desired position, named specific donor targets, as well as the types of funds and timeframe for developing them. Using this goal, you then deliberately selected a few or possibly several tactics that you believe will result in contributions to existing rural endowments or perhaps brand-spanking-new ones. Before beginning to pursue these tactics, however, it will be wise and fruitful to ensure that your community foundation has *at the ready* the capacities needed to implement your chosen tactics.

For this chart (*see Chart 2, “Our Tailored Tactic Capacities”*), half your work is already done! As you will note, every tactic in Step 4 included a list of “helpful capacities” of which one or more is likely to be necessary to implement this tactic. For example, here’s the list from *Tactic 2: Sponsor exclusive events*:

Helpful capacities:

- Event planning expertise
- The right guest list: people/homes that others admire, envy or aspire to be
- Group of similarly situated high wealth individuals to invite
- The “right” individual willing to host an event
- Inspiring community foundation representative who briefly and deftly describes difficult-to-grasp ideas: endowment, community-building, etc.
- Ability to follow up event with a specific request for a gift or “the ask”
- Pre-planning: what is the goal, what is the message, who is the audience
- Helps to have a gift or challenge to announce or if a large gift can be announced

Your task is simply to relate these capacities to your own use of the tactic, your own organizational capacities (or needs), and the resources you will call upon to carry out the tactic.

- Begin by re-writing the tactic by tailoring it to your own specific context.

For example: *Sponsor exclusive event* might become: *Sponsor wine tasting at the home of prominent board member’s vineyard.*

- Then, transfer the “helpful capacities” associated with the tactic you’ve chosen to the middle column of the chart, keeping in mind that while you may not need to do *everything* on the list, it’s not a bad idea to consider everything. And, in fact, you are likely to add a few more depending on the specifics of your situation or goal.
- Now, consider each item in the middle column and whether you have the capacity in-house to complete it or whether you’ll have to look outside to get it. Draw an arrow from the middle column to whichever is true for that item (that is, to the left for *In house*, to the right for *Hire, Borrow or Contract.*)



So, if your wine tasting event will require “Event planning expertise” and the executive assistant of your foundation spent ten years as an event planner, draw an arrow from “Event planning expertise” toward “in-house” capacity.

- Then—and this is key, especially when it comes to evaluating your efforts later on—in each case where you have drawn an arrow (*In-house Capacities* or *Capacities to Hire, Borrow or Contract*), write in the name of the staff person, board member, friend of the foundation, system or budget line item responsible for that capacity.

To continue the example, on the line with “Event planning expertise,” you have drawn an arrow toward “in-house” capacity, now in that column, write: Executive Assistant (note: 10 years event planning experience).

**Note:** If you have identified the “slush fund” as responsible for “funds to cover event costs,” include the key staff or board member that must approve use of these funds.

- Continue with each of the capacities, being sure to add others that are critical to your specific adaptation of the tactic.

Charts for every tactic you plan to use should be completed. Once you have completed the charts, begin to compare and analyze which tactics would be the best match with your community foundation’s current or easily acquired capacities. When considering each tactic, keep in mind the individuals listed as “responsible.” Tactics that will draw heavily on the time of one or two particular staff or board members may need to be spaced out or prioritized. Identify and agree upon the one, two or several tactics that are best suited to your endowment-building campaign.

Now is the time to bring together the *implementation team* or *teams* (if you have several tactics occurring at once). These teams may differ (although probably not totally) from what has to this point been a *planning* team. To select implementation teams, return to your completed charts and convene those who were listed as “responsible” in the right or left columns. These teams will begin in earnest the teamwork required to implement this tactic. To help ensure accountability, keep the team on track and report and evaluate the results, a team leader for each tactic might be useful.

Now you are ready for *Step 6!*

## STEP 6:

### So what?

Now it is time for all good rural endowment builders to ask yourselves how you will track your progress on your goal to see if you made any difference. This is the step that community foundations often do only casually, or not at all—which partly explains why many rural endowment efforts don't turn into well-performing engines.

Indeed, because community foundations do so many different things for so many different issues, groups, organizations, leaders, communities—and donors—in their regions, they are in the habit of saying “yes.” That's not a bad thing, necessarily, but it does keep you busy. Being busy makes it very difficult to take the time to sit and check whether or not you achieved what you set out to do in your rural endowment building effort, and reflect on what you have learned about what it will take to do it as well or *better* next time (if you even *plan a next* time).

In short, if you do not assess how—and *how well*—you are doing things, you will not develop a discipline of learning from your efforts and adjusting them so that they become more strategic and effective over time. Over time, the regular and repeated practice of *action-reflection-adjusted action* is what turns a rural endowment-building effort into a rural endowment-building engine.

Here's the good news. By going through the last five Steps, you have produced a well-detailed *goal* to track, you have chosen how you will go after that goal (*tactics*), and you have estimated the *capacities* it will take. That means you have most of the workings you need to track it.

### Assessing your progress

At the end of Step 3, you chose a rural endowment-building goal in this form

*To build rural endowment and enhance rural vitality, we will raise \_\_\_\_\_ dollars from \_\_\_\_\_ donors (number and type) through \_\_\_\_\_ type/mix of funds over \_\_\_\_\_ time..*

In Step 4, you chose a specific tactic or set of tactics, and in Step 5, you estimated the resources it would take for you to implement your tactic in pursuit of your goal.

Let's turn all of this into a table that might help make tracking it at least *seem* manageable.

# Step 6

## Endowment performance

Endowment goal	Time					Compared to goal
	Starting gate	Checkpoint 1	Checkpoint 2	Checkpoint 3	Finish line	
Total dollars						
Fund type 1: <ul style="list-style-type: none"> <li>■ # of funds</li> <li>■ # of dollars</li> <li>■ # of donors</li> </ul>						
Fund type 2: <ul style="list-style-type: none"> <li>■ # of funds</li> <li>■ # of dollars</li> <li>■ # of donors</li> </ul>						

## Capacity performance

Tactic(s) capacity assumptions	Time					Compared to goal
	Starting gate	Checkpoint 1	Checkpoint 2	Checkpoint 3	Finish line	
Staffer 1: Time						
Staffer 2: Time						
Staffer 3: Time						
Board members: Time						
CF budget Expenses						
Partner resources						
In-kind resources						
Policy/ procedure 1 to track or improve						
Policy/ procedure 2 to track or improve						

Here's how your team can use this tool to improve your efforts over time.

**a) Put the plan on paper.** Fill in your goal (from Step 3) and capacity assumptions (Step 5) related to your tactics in the first column. Of course, tailor the headings in the left column to suit your particular goal and tactic(s). And add rows as needed.

**b) Set some checkpoints.** In your goal, you set a timeframe. Assuming that timeframe tells you when your "Finish Line" is, choose some checkpoints between now and the Finish Line (Every six months? More often? Less Often?) at which your team will agree to look at your progress to date.

Checkpoints should be chosen as meaningful time periods within your goal timeframe. They should be long-enough intervals for something worth tracking to have happened. They should also be frequent enough within your timeframe so that you can make a mid-course correction if something is seriously awry. For example, let's say you assumed at the outset that implementing your tactic to achieve a one-year goal would require no time or involvement from board members; if you find after six months that the only rural endowment that has come in with this tactic was largely due to three incidental board contacts, you might want to change your assumptions now!

**c) Assign some trackers.** Have your team figure out who will be responsible to track the details for different rows in the chart. Ask them nicely if they will do so, and if they need any special help from staff, board or systems to get their "count" accurate.

**d) Check your progress.** Gather your team at each checkpoint. Look at the numbers and ask:

1. Are we on target with our goal?
2. If *yes*,
  - Are we on target with our use of capacities as well? If not, what can we adjust to make more or better progress?
  - Is there some aspect of implementing our tactic that is just not working? What is it? What can we do to address it? Can we eliminate it?
  - Is there some aspect of implementing our tactic that is working even better than we expected? What is it? What can we do to capitalize on this further to improve on this goal or other rural endowment goals?
3. If *no*,
  - Are we on- or off-target with our use of capacities as well? What can we adjust to make more or better progress?
  - Is there some aspect of implementing our tactic that is just not working? What is it? What can we do to address it? Should we eliminate it? Should we add something else?

# Step 6

- Is there some aspect of implementing our tactic that is working even better than we expected? What is it? What can we do to capitalize on this further to improve on this goal or other rural endowment goals?

**e) At the finish line...Reflect.** Gather your team again at the end of your goal period.

Look at your performance and:

1. Ask yourselves all the questions from (d) in relation to your *final* performance.
2. Reflect on all your assumptions about capacities and all the adjustments you have made over the course of the goal time period. What are the factors (or changes) that seem to have made the *most difference* in your outcome (good or bad)?
3. Think about Steps 1 and 2 in this *Framework* process. Are there any changes in what you know about your foundation or your environment that have happened over the time period of this goal that will affect its revision?

**f) Revise your goal!** Then go through Steps 4-6 again!

**g) Repeat (a) to (f) as necessary!**