

The Path to Community Leadership

A report prepared for the Indiana Philanthropy Alliance

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Introduction

Since 2005, community foundations across the country have been encouraged to respond to changes in their local communities by taking on new roles—roles that encourage community foundations to be “leaders” on community issues. This project explores the process by which six community foundations moved down the path to community leadership. The community foundations we studied are in three states and range in size from less than \$20 million in assets to between \$100 - \$400 million in assets. While these organizations are not the largest community foundations in the country, they are well established. Through interviews with organizational leaders, we learned that each path to community leadership is unique and builds upon local resources and capacities.

While some readers may want to know the determinants of leadership, our report doesn't and can't test causal relationships. Instead, we describe community leadership not as a destination, but as journey, a journey that involves ongoing change and organizational and systems development in response to the unique community context.

Despite the uniqueness of each journey, there are similarities in how leaders mobilized their organizations and communities. In this report, we highlight those common themes.

Defining Community Leadership

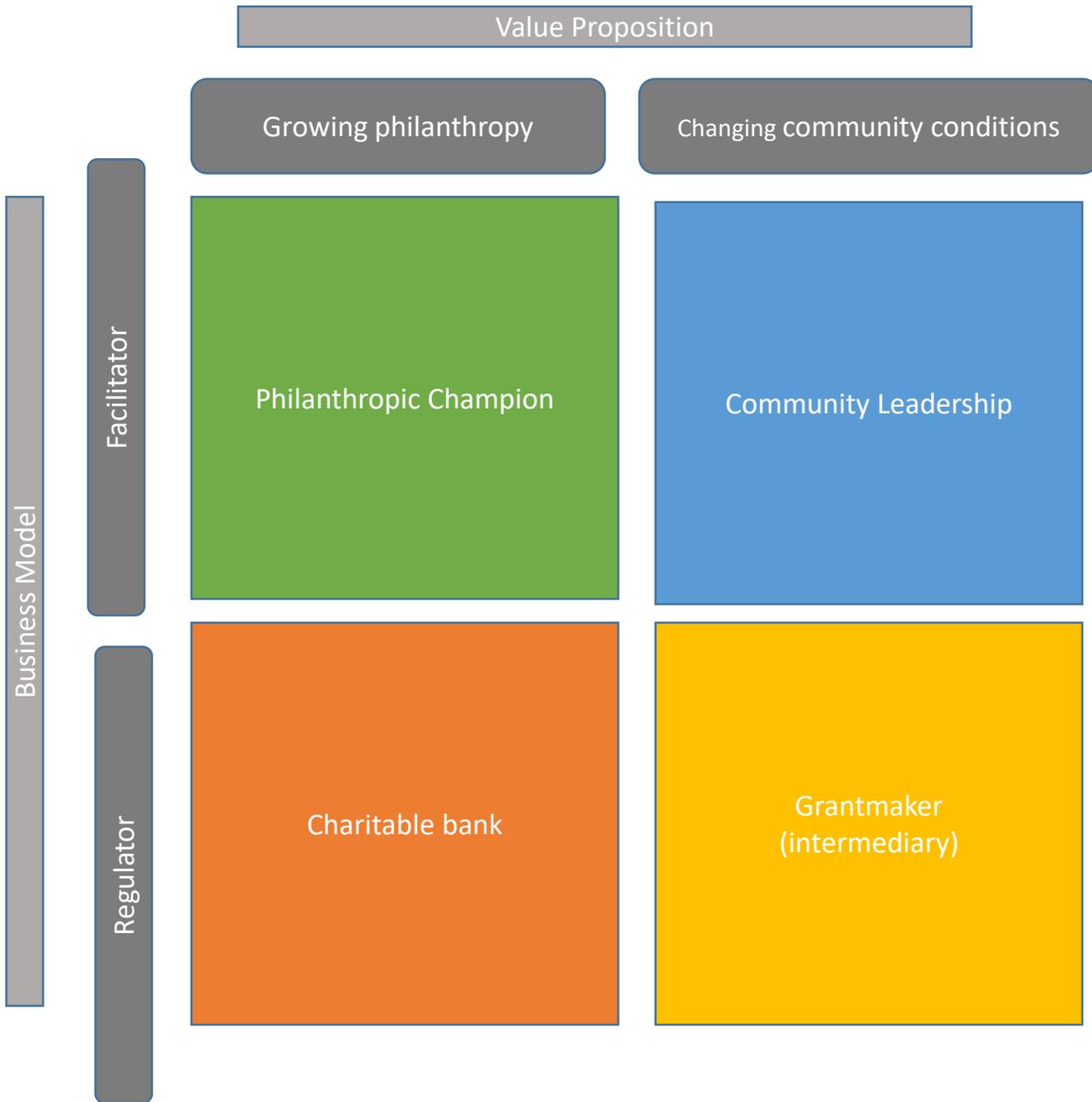
Community leadership is doing the work of the community foundation in ways that

- **Change community conditions for all:** Leadership identifies the “...greatest need in the community” (K2) and seeks to find solutions and investments “... in our community to really make a healthier more vibrant outcome **for all** of the people and **all** of our residents” (N2). These solutions advance change in the social and economic structures of local communities.
- **By bringing community resources together:** Leadership is not just building an endowment and making a grant. Leaders believe that “our partners have the answers...wisdom is among us and we're trying to draw it out of them and be that catalyst so that they'll act on it together” (K1). This involves strengthening the community’s capacity to learn, decide, and act, serving as an “honest broker of solutions” (N1).

What community leadership isn't:

Being a charitable trust | Neutral convening | A false dichotomy between being donor focused **or** community focused | Making a grant

“The community foundation is a catalyzing force that creates a better future for all by addressing the community’s most critical or persistent challenges, inclusively uniting people, institutions and resources, and producing significant, widely shared and lasting results (Framework for Community Leadership by a Community Foundation 2008).”



Reshapes the strategy of community foundations

Value Proposition: why the organization exists?

- Growing philanthropy
- Changing community conditions

Business Model: how the organization works?

- Acting as a steward & regulator of resources
- Facilitating the actions of community partners, both donors and organizations

Starting down the leadership path

Board and donor leadership drive new practices.

- **Community leadership begins with strong organizational leadership.** Community leadership is dependent upon visionary board leadership and strong executive leadership. Often the process begins when Board members question their role in the community, feel the need to do more for their community or hear calls from their donors to be something different. These messages might include a sense that “This Community Foundation is not living up to what it was” “...you’ve given away a lot of money, but you haven’t really made any change and we think that what’s the community foundation should be—looking for solutions. (K2)” “..we had a great reputation in the community by those who knew us but that was not very many people. The general perceptions of us was that we were just a place for wealthy individuals (K2).”

Strategic conversations are community based.

- **While leaders may bring in consultants to help facilitate conversations, community leadership engages the entire community early on.** “...we needed to really look around in our community, deeply listen to the needs of the community (N1).” “...started asking the community what their vision *for the community* was... We had this online platform for people to share their ideas.... where we had voices from 3 different generations talking about where maybe our community was headed, what was needed from it (K1).” “...we did focus groups and forums with public voting --you know every conceivable way though. It opened our eyes to looking for opportunity and allowing our constituents to set our path (M2).” Future strategy emerged from these inclusive conversations.

Leadership occurs as part of the next state of organizational development

- **Community leadership advances as a next stage in organizational development.** The transition to community leadership requires having effective business and governance systems in place and having a respected voice in the community. Leadership followed making sure that the organization was a good steward of community resources, honoring donor intent, and being fiscally responsible for its own resources. In 5/6 of the organizations, community leadership began after a new CEO was given a mandate to do “things differently.” This was the next logical phase in the organization’s development, but could only begin , after “getting the house in order”.

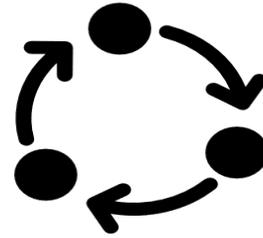
Leadership is a unique journey for each community.

Years on CL Path

	getting ready	1	2	3	4	5	6	7	8	9	10+
N1		new CEO	stakeholder surveys, focus groups, interviews with community leaders incubated new community programs		cost study, internal business model strategic planning		ongoing inclusion and release of new programs to the community				impact investing racial equity roundtable
N2	impact investing	new building, new CEO	board identification of issue, steps out in front of community new strategic governance practices internal culture shifts, staff changes new mission statement use of money from corpus for strategic initiatives adopted data rich donor engagement strategy invited to participate in community conversations								
M1	Early initiatives	new CEO collective impact work in community organizational learning to support systems thinking		new mission convening community			new vision and values focused on equity aligned grant making with values learning with community		board development		
M2	board and key donors express need for change	New CEO moved to CEO model of governance	identification of strategic priorities			community focus groups			undertook major project with no \$ regional approach to development		impact investing move from brick and mortar projects to investing in human capital
K1	fiscal sponsor for state program early community convening & community study first program officer hired established operating endowment fund community leadership	internal understanding of community leadership		impact investing	community "unconference" back office outsourced		launched taskforce	new strategic plan hired communication officer & program officer office renovation		joined community impact investing network	
K2	new office focused on administrative procedures board/donor surveys board recognition of being something different accredited by COF	new CEO			consultant led analysis of community future staff growth	strategic planning		identified new strategic areas new staff to support nonprofit capacity building joins community initiatives to build community human capital			

Leadership is an iterative process.

Ongoing board, staff, and organizational development



Exposure to new world views

Systems Thinking

Collective Impact

Human Centered Design

While boards may be out in front of early community leadership efforts, board and staff development is an ongoing process. “we’ve managed to create a board that is really bold and...that’s a partnership so our board has to be part of this leadership body (N2).” **This often involves rewriting bylaws, rethinking governance, strategic recruitment and ongoing education opportunities. This is time and resource intensive and not always straightforward. Changing roles in the community also involves changing organizational values and practices.** “Using a collaboration lens and an equity lens made us look at our own practices. Starting with grant making because that’s easy. And now we’re right now in the middle of really looking at our own board development practices and policies with our values lens (M1).” This also included ongoing staff training on how to facilitate community conversations.

Early organizational thinking about community leadership was influenced by field thought leaders, such as the Council on Foundations, CF Leads, and regional association of grants makers. This changing mindset involved not only changes in how the organization was governed, but also in how board and staff thought about community systems. Local practice was greatly influenced by exposure to a variety of **new ways of thinking and diverse experiences**, including interaction with and site visits to other communities, participation in workshops, and peer learning. These new models were not specific to community foundations, and were critical in changing mindsets, not just practices. Often new ideas were explored (and shared) with other community partners. Learning was not isolated in the organization.

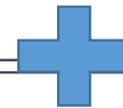
Change is not linear: there were advances, stalls, and step backs. There was no master plan to be a leader.

“...gosh I really miscalculated hereI can't be in front of my board on this. I've got to bring people along, so we embarked on a long process that educated our board.... (M2)”

Community leadership is a new way of thinking about community as ecosystems.

“...ah ha moment... we are the barriers to people being successful in our community it's our very own systems and policies and procedures and the like and so that is a shift of thinking...”
(M1)

For the community foundation leadership is about moving away from thinking about “content areas” and understanding what drives change in community conditions. It requires that “we're not just a grant maker, we're knowledgeable, content expert (N2).” It pushes community foundations to “go upstream and address the systems so that we ameliorate the symptoms (N1).” Leadership involves understanding the root causes of community issues and looks at the relationships between institutions and structures and community outcomes



For community partners, leadership involves building a culture of practice in the community around systems change. “... whereas before we would say what population will you be working with?Now we're actually asking more specifically, ‘How are you using this aggregated data to understand who is the farthest behind how are you engaging those people in understanding the solutions? ...we've learned over the course of the last few years to leverage that learning to help nonprofits actually operate differently...We’ve been learning together...this is really changing the culture of the community (M1).”

Community leadership is a new way of working, which requires new skill sets and new relationships.

Grant making meets the needs of the community through the vision and action of local grantees.

Leadership investment changes the community by investing diverse capitals for impact.

Convening, Facilitating Leading, Building. “And then we asked them what role should we be considering playing in advancing those solutions ...the number one role they said is ‘convene, facilitate, and lead because we don't get to sit in rooms like this to have conversations like this’ (n1).” While grant making remains important, facilitation and convening is the heart of community leadership. However, community leaders often find themselves building initiatives and staffing them until they are ready to be turned over to the community. “I spend at least half of my time on the front end of launching a new initiative working with my peers (N1).”

Mobilizing Donors “... it [earlier work of the cf] was just a very traditional .I mean we literally sat here and waited for people to come to us (K2).” This traditional model encouraged passive donor relationships. Fundraising for leadership involves engaging donors with the issues that are important to community change.

Being transparent and inclusive in not only internal processes (making sure that internal policies and practices align with the organizational values), but also in grant making to underrepresented groups and inclusive community conversations. In some communities, greater transparency was sometimes symbolized by the move to a new open office space. “The space they created was really very open, it's very modern. We came out of this whole Victorian home which was very stodgy very kind of old model. (N2). “

Leveraging Diverse Capitals. Asset count is the traditional measure of success; however, in leadership, “our financial capital is just one way that we can make an impact on an issue that we care about. And oftentimes it's the least of them because we still have a very limited unrestricted grant dollars (K1).” Leaders draw upon their reputational, social, moral, Intellectual capital to drive change in their communities. Increasingly leaders seek alternative sources of funding, including grants from other funders and utilizing their own endowments for impact investing. New initiatives may begin with no financial resources. Many leveraged government grants.

Supporting community capacity. This new work inherently involves re-allocating resources to make a greater impact. This may involve moving away from small grants to many organizations to supporting targeted community initiatives –such as large scale cross sectoral economic development projects. The movement away from broad nonprofit funding can be buffered by capacity building initiatives for local organizations, the establishment of emergency funds, and more responsive grant making processes.

Measuring the drivers of impact. Leadership moves past measuring asset growth to internal measures of the drivers of community impact and collective measures of changing community conditions. Such metrics are complex.

There are costs to community leadership.

It is time & resource intensive. Convening, facilitating and staffing programs requires meeting time and the associated administrative responsibilities. Leadership often involves running initiatives. CFs reported increased staff and a re-allocation of time. This inherently increases administrative costs.

There are people shifts. Leadership involves new skills. This may involve not only training and learning, but sometimes people transitions. As one CEO explained, I had to learn “how to bring people into a room and set the table to you know help them have a conversation... (M1)”. Board changes were also inevitable; “I had to learn to change how I help the board focus on the issues (M2).” Organizational needs shifted from stewardship to entrepreneurship and representation.

Leadership is “risky”. New roles (and shifting resources) may be misunderstood in the community and involve the organization in controversial issues. Leadership investment challenges the status quo in any community: **“Leadership is taking a position knowing you might offend. We are not neutral on child abuse; we are not neutral on discrimination or inequities in our society. New leadership is having opinions and being able to disagree with our friends (M2).”**

Leadership requires aligning the internal business model with impact. Leadership requires new ways of thinking about community and organizational sustainability. “...every three to four years...we conduct a cost revenue study...to make sure our business model is aligned with our theory of change (N1).”

The return to community leadership is often difficult to evaluate. The outcomes of changing community conditions may be far into the future and hard to measure.

Community leadership creates value.



Attracting
new capital

In many communities, leadership attracts new investment from donors, eliciting “..what can I do to help?” In other communities, growth has come from leveraging external grants.



Incubate and release

Leadership has led to new initiatives, that have previously been unaddressed. While launched from the cf, some projects are then absorbed by other organizations or become new nonprofits.



Measurable impact

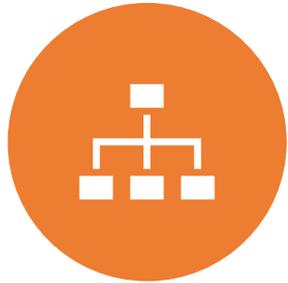
Leadership targets resources on changing long term conditions, rather than symptoms.



Place making

Leadership builds a sense of place through encouraging collective response to issues and through tangible projects that connect people to place.

Leadership isn't for every organization



Leadership requires using organizational , social, political capital . Board and staff should understand their organizational processes and effective systems should be in place to manage resources. In addition, community leadership requires that the organizational leaders not only understand the community ecosystem, but already have a position in this ecosystem. Leadership requires that the organization “have a seat” at the decision-making table or be perceived as someone “bringing others to the table.” And the willingness to use it!



Leadership is time, labor, and resource intensive as complex relationships are developed , coordinated, and supported. Leadership is not a 9-5 Monday-Friday job. CEOs must have access to discretionary resources to support new initiatives.



Leadership is a mindset shift that requires taking difficult positions on important issues. While leadership involves honest convening, it is not neutral and involves risk taking.



Other anchor institutions may be assuming the leadership role. In such cases, being a charitable “bank” or grant maker may still fill an important role in many communities. While some organizations may assume a key role on an issue, community leadership is an ongoing role.

Although change is not linear, our interviews suggest that these organizational ingredients are critical for spearheading community change.

Readiness checklist

- ✓ Growing board awareness of the need to change.
- ✓ Organizational experience leading “test” projects, increasing visibility in community.
- ✓ A board that champions new roles in the community
 - ✓ Willing to take risks for and on behalf of the organization.
 - ✓ Represents diversity of community interests and institutions (i.e.,: local government, higher education, health care industry, local entrepreneurs, banking and legal)
- ✓ A CEO who has the capacity and is empowered to facilitate change.
- ✓ Established fund-raising base.
- ✓ Administrative procedures and awareness of organizational revenue structure.
 - ✓ Capacity to pursue diversified and unrestricted revenue sources.
- ✓ Specialized staffing that provides administrative and financial support, **program support for community initiatives**, fundraising and other donor services, and **communications support** for new roles in the community.
- ✓ Legitimacy in the community and invitations to take part in cross sector discussions.

The myths of community leadership

1. Dependent upon a charismatic leadership.
 - Executive leadership is only one piece. The move to community leadership is board empowered and donor and community driven.
2. Requires ample unrestricted, financial resources.
 - Many community leaders are heavily dependent upon donor advised funds. While unrestricted dollars are a bonus, leadership is about financial flexibility and leverage. Projects may begin with no identified financial resources.
3. Leadership is driven by outside consultants.
 - When organizations used consultants, consultants facilitated early strategic discussions or periodic organizational development. New ways of thinking and practice were more often shaped by site visits to other communities and exposure to thought leaders in fields largely outside of the community foundation world.
4. Is limited to changing the community foundation.
 - Community leadership inherently involves changing the mindset of the community to focus on systems and processes as the root causes of social conditions. Community leaders build cultures of practice that extend beyond their own office.
5. Community leadership is an end state.
 - Community leadership is a ongoing process that is not linear. It has no clear beginning and no end date. The process moves forward, moves back, stalls and then advances. Leadership is ongoing.



Limitations of case study research

This study is not meant to predict the conditions under which organizations can successfully engage in community leadership. Instead, this study is designed to understand the processes by which organizations move to a different model of community philanthropy.

This study relies on the perceptions of leaders of past events. Our study focuses on six organizations that are already down the path of leadership. For all organizations, there is not a clear moment when that journey began. It was often not the result of a single decision to be “something different.” As a result, leaders’ memories of past events may be shaped by later events. This was not a historical account and we did not analyze historical organizational reports of these transitions.

Our study does not include the full population of community leaders, whose stories may be different. This study takes place in six organizations that are identified by others as being community leaders. However, the commonality of experiences gives us confidence in sharing our results.

Our study may not be able to speak to the experiences of the largest community foundations or to the experiences of community foundations located in rural places. We spoke to six community foundations in small-mid sized cities. Additional field work is needed to understand these contexts.

Methods

- Organizations were selected based on expert recommendations of community foundations that were successfully engaging in community leadership.
- Data was collected from phone/video interviews with leaders from six community foundations in 3 states (6 CEOs, 1 program officer and 2 board members).
 - We used a semi-structured interview guide and asked each participant to fill in a timeline of the events leading up to “community leadership.”
 - On average, each interview was 60 minutes long. The interviews were recorded and transcribed for accuracy.
- We supplemented interview data with a review of the organizations’ websites and 990 reports.
- The organizations ranged in assets size from under \$25 million - \$400 million (2015).

Asset range at start of
CL:

2 \$100-\$175M

2 \$40-50M

2 < \$25 M

Asset range in 2015:

2 \$100-\$400M

3 \$50-\$75M

1 < \$ 25 M

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