

Community Foundations in the 21st Century: Leading a Culture of Civic Engagement

Thank you. I have long admired Monica Patten and her terrific staff. CFC is such a remarkable association. I understand you have 150 members and yet you are still less than 15 years old. I read your Annual Report with great interest, for so much of what you are doing here in Canada is relevant to Silicon Valley. The Calgary Foundation's fine work with immigrants, comes to mind, it is so entrepreneurial and collaborative. America too is wrestling with immigrant issues and Silicon Valley is one of the most diverse regions in America with more than 30% of our population of 2 million born outside the U.S.

Over 100 years ago Henry James wrote, "it is a complex fate to be an American". Our vast sprawling country south of your border is so full of contrasts. For example, we are a generous people, 82% give to charity, 59% regularly volunteer, but interestingly those least able to help others (lower income) give most generously. Sixty percent of Americans are regular churchgoers, yet 63% report that they regularly swear in public. And while 59% of all Americans can name all 3 Stooges, fully 83% are unable to name all 3 branches of our national government.

Henry James was right.

In the brief time I have with you today I will talk about three things. First, I will discuss what I call a "culture of civic engagement", what that is, and why I believe that creating and

sustaining such a culture is becoming a key responsibility for community foundations in our two countries in the 21st century.

Second, I will enumerate several strategies, “success factors” I sometimes call them, which may help you accelerate the development of a culture of civic engagement in your region. I will illustrate my points with brief examples from my foundation, while recognizing no two foundations are the same.

Third, and finally, I want to extend an invitation for you to tap into an entirely new philanthropic market in Canada and America, that of the burgeoning ranks of second home owners.

A. Let’s talk first about creating a culture of civic engagement.

In such a culture all sectors of society are at the table, there is access to decision makers, and there is a collaborative and entrepreneurial spirit driving those in your region to take on big issues, not waiting for government to lead the way but rather to research, convene, and create paths down which a sustained government presence can then unfold. Like an artist or scientist, you can help your region begin to see the world in a new ways.

Why is the culture of your region so important?

Consider this analogy: the steam engine was invented in the early 19th century and it transformed society, powering our ships and trains and the factories of the industrial revolution. Yet the power of steam had been known for thousands of years; archeologists have reported finding steam powered toys in ancient Greece, and, even earlier, the Egyptians used steam to swing their massive temple doors. But I would argue that as there then was not a culture of innovation, of entrepreneurship, or a creative market based enterprise economy, the world waited over two thousand years until

such a culture emerged in a young democracy called America and the steam engine was born.

You're probably thinking 'what's that got to do with me?' Well, I would suggest that by concentrating your foundation on its non-grantmaking role – to convene, connect, collaborate across sectors – you too can create a culture which will transform your region in ways that far exceed simply the distribution of grants. As I like to say, you can crack the atom of community participation and unleash its power, not to create steam engines but new and sustainable engines of social change.

Here's one example from Silicon Valley to make the point:

In America all commercial banks are required by the Federal Reserve System to loan money in blighted neighborhoods, they call them "red-lined" areas. Usually they lose money doing so. In my region we have twenty different commercial banks. 10 years ago I realized that they had the money, but we had the knowledge of, and connection to, neighborhood leaders, local neighborhood associations, and good NGO's working on small business development and low-income housing in our very poorest communities.

So with help from a prominent banker on my Board, and an energetic Stanford Business School intern, one summer a decade ago we convened the banks and, very long story short, we helped them create "Lenders for Community Development," a for-profit consortium, incubated in our offices, and now spun out on its own. A small initial \$3 million shared loan pool today has grown to more than \$30 million, and LCD now pumps out thousands of dollars annually in corporate loans and grants into our most impoverished areas. The banks like it; by sharing risk they

actually make a modest return. The NGO's and community have a permanent new financial partner, and my foundation has gained new donors, more resources, and is creating greater local impact.

Most importantly there was a seismic (oops, maybe should not use that word tied to California) shift in Silicon Valley culture. It is now not okay for banks to be stingy, and widespread corporate social responsibility is the norm not the exception. Neighborhood NGOs and low-income housing developers are partners with financial institutions – not simply pleading grantees – actively planning local revitalization, job training, and local investment with the banks. The change is profound. Two banks opened branches in neighborhoods which had never had a bank, only check cashing services. Moreover we made sure there was a public policy piece as local government, always at our table, considers tax incentives and other long term (and more massive) responses. It began with the community foundation and with a regional cultural shift from isolated sectors to shared values and vision.

B. So now lets move on to consider how new cultures are created.

For perhaps you represent a small, marginally funded foundation, feeling like a tiny boat on a vast sea of need, so how to begin? By the way I know that feeling. When I began at my foundation in 1988 I had two and a half staff, barely \$7 million in assets, one computer, an outdated unreliable accounting system, no visibility, and barely enough operating money to run in the black each year.

But there are answers, activities I call “success factors,” things you might consider doing to accelerate the creation of

a culture of civic engagement in your region. I will suggest four.

1. The first is research. Good, simple, understandable research which holds a mirror up to your community – both the nonprofit and the donor community. Research which will:
 - i. Make your foundation the go-to place for donors and the media.
 - ii. Inform and add urgency to the diverse constituents you convene to problem solve.
 - iii. Significantly raise your local visibility.

Two quick examples: First, when the corrupt Enron Corporation caused an unprecedented energy crisis during a burning hot California summer four years ago, we e-mail surveyed (today you can use Survey Monkey) our data base of local NGO's, found which had been hardest hit – childcare centers, senior citizens day centers – presented the facts and data to the media at a press conference, and to our donors, and quickly raised a significant “energy retrofit” grants program to immediately alleviate the worst situations. All in six weeks.

Another example: Eight years ago we helped a broad based coalition of sectors to research and then disseminate a “Children’s Report Card” giving a grade to the health, safety, education, and economic status of our children. When we found, among other things, that 25% of our children, in one of California’s richest regions, lived below the poverty line, we convened NGO's, government, and private sector participants to create strategies of their own design to “raise the grade”

of certain agreed-upon priorities, starting with child health care.

For example, our rate of childhood immunization then was the lowest in the state. Not because we did not have funds but mainly because our immigrant populations, apprehensive about any government contact, avoided participating. It was our donors who came up with the idea of involving schools and churches and clergy—who were trusted—to join in, creating “immunization Sundays” for parishioners, and together with grassroots neighborhood associations, helped raise the region to the highest immunization rate. We helped forge a collaborative, rather than fragmented, approach. Out of the Report Card has come a new child advocacy NGO called “Kids in Common”. We eventually turned over this periodic report card research function to it as we went on to other things.

By the way, this and other research was funded externally, often conducted with university partners, and frankly did more to build recognition of my foundation as an important civic leader than almost anything else in our early years.

2. A second opportunity to build a culture of philanthropy is to enable your donors to be not simply the passive purses for what you think is most important to fund, but rather to enable them to be the architects of change. Bring them to the table early on. Ask what they think should be done. Donors are smart and have good ideas, listen to them. If you have private foundations nearby, invite their program staff to join too. Surprisingly, in America this collegial connection is often overlooked.

Beyond welcoming donors, also consider institutionalizing sustained and active donor participation. Donors want to be connected with each other, to leverage their giving with others, meet those with similar interests, trade ideas, and create networks. Seven years ago we created a structure to do just that. SV2, the Silicon Valley Social Venture Fund, is like a charitable giving circle. Donors contribute from \$2,500 to \$25,000 into a pool each year and then meet with, and work with, other donors – and foundation staff – to research, decide upon, and award two large grants each year. Today we have nearly 200 members (we call them “partners”) and we’ve given away over \$2 million. SV2 donors meet in a peer-based, stimulating environment, learn from us, and each other, and in the process develop enormous generosity. Now donor circles are springing up all across America. 10 years ago there was just one, in Seattle.

3. My third success factor is to think in different terms about evaluation and assessment. Now in America our foundations are near obsessive about measuring outcomes. But what is really important to measure? What differences are you really making? And how do you know? Here I urge you to find new evaluative measures to assess your work. The community change, the culture of engagement you create over time is organic, takes time, involves others, and success may not be measured in simple numeric terms. Often in our work what’s easiest to measure – by quantitative means – is least important. Albert Einstein put the challenge this way: Often what’s countable does not really count, and much of what really counts is not countable.

Keep focused on the “so what” question, and go beyond simply how many persons are served. Instead, devise important indicators of civic engagement, changed attitudes, greater participation, consensus among diverse constituencies, and evidence of increased social justice. In other words, think about measuring means—the process—as well as the ends—the product.

Don’t depend on logic models, outputs, inputs, and client counts. Rather, keep an eye out for the great idea, for urgent civic needs, for innovation, for the uncommon leader.

As an aside, I sometimes wonder whether Dr. Martin Luther King could get a grant from a large private foundation in America today. He did in 1964, and without a single logic model; with, instead, a relentless commitment to a new era of civil rights using the newly-sharpened tools of advocacy, protest, boycotts, and civil disobedience. Could he get a grant for this work today? I wonder.

4. My fourth success factor, not surprisingly, is collaboration amongst yourselves. I do not have to belabor this point. CFC is the best example. Your local impact is enhanced by the nationwide sharing of good ideas and projects which make a difference, whether its Grand Bend’s service club partnership or Victoria’s creative facilities funding.

C. Finally, I’ll conclude today by inviting you to join a few of us American foundations in the exploration of a new market and new opportunities for community foundations among second homeowners.

I do not have time to go into great depth, but consider these 3 facts:

1. In the U.S. 8% of the 12 million households of those aged 65-74 own a second home (some are in Canada too, I bet). That's 1 million households.
2. These owners are better educated, far wealthier, more active, and, preliminary research tells us, four times more generous than others with their same demographics.
3. Community foundations, as far as we can tell, currently have very few of these potential donors working with them. Our market share is low.

Why is this? One reason, I believe, is our own obsession with the size of our foundation assets, for that in turn of course translates to our operating fee revenue. Our fields' whole incentive system in the U.S. is therefore based upon who has the asset, and not, as it should be, on how do we best serve our donors. Some American community foundations, unbelievably, will not allow donors to move their advised funds to another foundation. Others pretend there are no other community foundations in other regions. I believe this approach will not succeed in the 21st Century. While community foundations should serve a geographic region, they must also serve the donors in that region, and many donors are not sitting at home or limiting their charitable strategies solely to local opportunities.

A few of us have set out to change this asset driven behavior. For example, I've invited the CEO from the Hawaii community foundation to come to Silicon Valley where we together will urge my donors with houses in Hawaii (and his donors from my region I haven't yet met!) to consider charitable opportunities in both regions. I hope others of my

colleagues will follow suit but it is an uphill climb against our singular priority of keeping assets under management. Right now there are more than a few of us in our field who believe that there will be more assets for all if donors see us working together. And donors will be less likely to use a commercial gift fund like Fidelity which is portable and also has lower fees and where donor-advised funds can easily be passed on to children who by then may be living anywhere. Will we succeed in this shift of attitude? Hard to predict.

Yogi Berra once said “Predictions are difficult, especially about the future.”

But if you want to join this discussion, check with the Council on Foundations in Washington, for there will be a 2-day pre-conference session at the Fall Conference for Community Foundations in Boston in September. I think it may be the beginning of a new way of working and may be as significant a moment for our field as when, in the mid-1990s, community foundations in America began to realize that donors are – or should be – primary customers, as surely as are our communities and our NGOs.

Well, I am over time and will conclude simply by saying you all work in the best jobs in the world. You are the changemakers, you can inspire others and can transform your region with a culture of generosity. So keep at it.

And most of all, never ever lose the passion for what you do.

The great 19th Century American abolitionist Wendell Phillips, after a particularly impassioned and fiery speech public speech, was told by a reporter that while he was speaking he seemed to actually be on fire. He replied “I am on fire, because I have mountains of ice to melt.”

I hope my comments today will help add fuel to your own fires.

I wish you well in your journey ahead, and I now welcome questions. Thank you.

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