



## **A Community Foundation Engages its Board and Steps into the Future A Case Study in Progress**

Case study of the Greater Des Moines Community Foundation's 2006 strategic planning process

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*U.S. community foundations have entered a pivotal new era. The generation ahead, from 2005-2025, will be marked by dynamic change within and around community philanthropy. Every individual community foundation - and the field as a whole - will face new choices. The path ahead is full of promise. Unfortunately, that promise will not be easily realized.*

- On the Brink of New Promise – the Future of U.S. Community Foundations  
– Bernholz, Fulton, Kasper

The Greater Des Moines Community Foundation (GDMCF) decided to embark on a strategic planning process in late 2005, just as it was celebrating the achievement of a major milestone - reaching an asset base of \$100 million – and right on the heels of the release of the seminal and provocative report cited above. Staff and board alike were energized by their successes, optimistic about the future, but of mixed opinions about which of many strategies to prioritize going forward.

This brief case study documents the planning process that the GDMCF undertook, identifies some of the challenges and opportunities that arose along the way and highlights the shifts that the foundation made in its articulated strategy as well as some unintended benefits accrued as a result of the process. At the writing of this case, the new strategy is in its earliest implementation stage; thus many of the lessons to be learned are yet to come.

## Background

The GDMCF was founded in 1969, hired its first full time staff in 1992 when it had \$4 million in assets, and by the time its current President Johnny Danos came on board at the end of 1998, had built an asset base of \$19 million. The foundation's 1999 strategic plan declared a goal of \$80 million in assets by 2004. The Foundation exceeded this goal through a multifaceted growth strategy including the acquisition of new donor advised funds, assumption of more nonprofit endowments, including the United Way, and other designated funds. GDMCF had many other achievements to be proud of by 2005, including increased visibility in the community, a powerful and well-connected Board of Directors, leadership on securing Endow Iowa tax credit legislation, development of the Iowa Community Affiliate Network, and a very lean and productive staff who were increasingly facilitating strategic grantmaking and nonprofit capacity building programs. Like many young community foundations which were built from the bottom up, the GDMCF had total assets approaching \$100 million, but had a small endowment of \$8.3 million and planned giving pipeline, as well as limited discretionary funds for grantmaking of \$725,000.

In 2005, Des Moines itself was a city of many stories. Like its peer cities, it had become victim to the loss of corporate headquarters, and had suffered population attrition to neighboring suburbs and, especially among young people, to the coasts and larger cities. Yet it was also undergoing a wonderful physical renaissance. The Greater Des Moines Partnership (the Chamber of Commerce), major corporate funders and the public and philanthropic sectors had initiated a large number of major building and public works projects aimed at improving the quality of life in Des Moines and making downtown an enticing place to live, work and visit. Gray's Lake, the Public Library, children's museum and Riverwalk were just a few of the new attractions. It felt like Des Moines was on a roll. Yet another tale could be told on the other of the tracks, where new immigrant communities were growing in size and struggling to make ends meet. Homelessness and the lack of affordable housing were on the rise. And there was growing unease that an education system that had been the pride of the city for many years was on the decline.

The time was ripe for the GDMCF to engage in a strategic planning process. Coincidentally, the Annie E. Casey Foundation, a major national funder, had chosen Des Moines in 2000 to be one of its 10 Making Connection sites. As part of the Casey Foundation's effort to build social and human capital in this city, and sustain their work, Senior Associate Ira Barbell had determined that it was critical to strengthen the community's philanthropic base. Ira had engaged the GDMCF as a facilitator for a number of convening's among the philanthropic community so when the notion of undertaking a strategic planning process was raised, the Casey Foundation offered to subsidize it by providing the support of consultants from The Philanthropic Initiative (TPI).

## Process

GDMCF President Johnny Danos wanted a process that not only helped to provide the organization with some direction for the next 5 years, but engaged and educated the full board more deeply in the foundation. “The Board has been very supportive, but I didn’t think we had enough board and donor involvement. This was really about deepening their participation and having them take on more ownership about what we wanted to do for the community.” Board member Kyle Krause affirmed these goals and went on to say in our interview, “There were clearly different levels of knowledge among board members about the organization. And Board meetings tended to be action oriented and not focused on strategic issues. I was hoping that the process would help board members better understand the organization and define where we wanted to be in the next phase.”

*Strategic Planning Task Force* – Key to the process was the appointment of a board level planning task force. (Initially, there was some resistance to the language of “strategic planning” fearing that it meant a long, laborious process. Board members preferred the idea of a “critical issues discussion” or just planning.) Five board members were asked to serve, including a mix of seasoned and new board members. New board member Allison Fleming was pleased to be asked to serve on the task force, “I looked at it as a way to get more involved and when you’re involved, you become more committed and become a better spokesperson.” This group initially interviewed TPI to determine whether to take advantage of the Casey Foundation offer and, throughout the planning process, they provided feedback and guidance to the consultant. They also reached out to other board members to encourage them to attend meetings. “They gave the discussion a backbone and created an environment where peers were talking to peers” noted Danos.

Because the Board was skeptical about conducting a full-blown strategic planning effort, TPI recommended that the process take place in 2 phases. The first phase would involve phone interviews with all foundation board and staff, and interviews with a small and influential group of external stakeholders. Once the board had a chance to hear a report on this phase of the research, they could decide whether to conduct additional external interviews.

*Discovery Phase* - The consultants conducted interviews with nearly all of the current and Emeritus board members (27) and staff and consultants (7) over a 2 month time period. Interview questions were aimed at soliciting opinions about past foundation priorities, strengths and limitations; identification of critical community issues and the foundation’s potential stake in these issues; and invention of a 2011 vision for the GDMCF and possible strategies to reach that vision. The interview process itself provided the consultant and task force with a chance to learn about the perspectives, interests and concerns of board and staff, and gave board members - especially those who were less engaged - with an opportunity to learn more about the foundation’s capabilities and accomplishments.

The planning process was also used as opportunity to further educate the Board about trends in the community foundation field and to inspire them to use this information to

think expansively about the GDMCF's future. A major study on the future of U.S. Community Foundations, On the Brink of New Promise,<sup>1</sup> had just been released in September 2005 – and the thrust of its message was that community foundations will continue to face more and more competition and that their survival will depend on their ability to adapt and become community leaders. The full Board received an Executive Summary of this report early in the planning process and TPI reviewed its findings and recommendations on several occasions.

At the conclusion of Phase 1, TPI presented a synthesis of the findings from interviews with board, staff and the small sample (5) of external stakeholders which included business, media and political leaders. The internal discovery produced a fairly consistent view of foundation strengths and the roles and contributions it had made to the community over recent years. The three major contributions identified by this group reflected a common theme of trust: serving as an intermediary on public/private partnerships; serving as a trusted and neutral convener around a variety of community issues and needs; and building the trust of donors.

However, opinions were more varied when it came to foundation limitations, critical issues facing Des Moines and the roles the GDMCF might play going forward. Most internal stakeholders acknowledged that the major weaknesses were the limited understanding of the foundation in the community and the need to fundraise beyond the usual suspects. There were mixed views at this stage in the process on such topics as whether staff size was too small, whether the Board was sufficiently diverse, and whether and how to promote next generation philanthropy. Suggested roles going forward by a selection (but certainly not all) of board and staff members included serving as convener and catalyst for problem solving; promoter and educator of new and emerging donors; and as catalyst or resource for a “big picture” perspective on critical issues in the community.

Board and staff were mildly discouraged, although certainly not surprised, by the initial external stakeholder research which highlighted the foundation's major limitations as size (too small to make much of an impact) and lack of visibility (“The Community Foundation is a well-kept secret. For those who don't know Johnny Danos well, the Community Foundation is not well understood.” “When folks in Des Moines think about a grand vision for the future, the community foundation doesn't factor in yet.”). However, Board and staff were encouraged by the external stakeholders' wide-ranging suggestions for the foundation's potential roles going forward. “The cross section of interviews was helpful because it brought to light the differences in board and community perspective and those came into play in setting strategy” noted Kristi Knous, Vice President of Donor Relations and Programs.

The task force recommended, and the Board agreed, to authorize TPI to reach out to a broader group of external stakeholders, including donors, community leaders, more political and business leaders and others. The goals of Phase 2 research were not only to gather more information from additional community leaders, but also to use the research

process to educate and engage them more deeply into the foundation. Ultimately, TPI conducted 18 external interviews.

This expanded research with community leaders provided a clearer and more expanded picture of the outside perspective of the foundation's strengths, limitations and opportunities. The strengths cited by this group included their respect for the foundation's board and staff, and the roles played by the foundation as grantmaker, collaborator/convenor, philanthropy promoter and leader. The one key area for improvement that emerged was increasing awareness of the Foundation, which could partly be enhanced through growth. Most important, the outside stakeholders gave permission, indeed encouraged the Foundation to do the following going forward: highlight and inform the community on important issues; continue to convene and facilitate groups; continue to partner with other sectors to make things happen; and make strategic grants.

*Planning Retreat* - In June 2006, approximately 6 months into the planning process, board and staff attended a half day facilitated retreat. To remind attendees of the context in which the foundation operated and the sweeping trends coursing through the field, the consultant reviewed highlights from the Brink of New Promise. To ensure a shared understanding of the capacities, issues and range of opportunities going forward for the GDMCF, TPI reviewed the stakeholder interview findings and shared a foundation SWOT analysis (strengths, weaknesses, opportunities and strengths). Participants discussed and amended the analysis at length. Then in small groups and in plenary, the Board created a bold vision statement, describing what the foundation would have achieved and how it would operate by the year 2011. Finally, based on a discussion of what it would take to achieve this vision, board and staff proposed minor revisions to the foundation mission. Committees were charged with developing proposed goals and strategies to achieve the mission and the Board agreed to come back together in the fall to approve the full plan.

*Committee Work* – The SWOT analysis provided a useful framework for the committees charged with developing specific goals and strategies. The Grantmaking Committee (Board members only – no community members were invited) generated goals for a category of activities called “Community Priorities.” The Marketing & Development Committee tackled goals for “Marketing, Development and Philanthropy Promotion” activities. And the Executive committee addressed the areas of “Board and Staff Development.” On one day in early September, all three committees met separately with staff and TPI to brainstorm and prioritize their respective goals and strategies. These meetings were very well attended and extraordinarily successful in producing a coherent, ambitious and grounded set of strategies. The Task Force, staff and consultants synthesized, organized and eliminated duplication in the recommendations and produced a document for the full Board to approve.

*Approval Meeting* – The final meeting took place the first week of October, about 10 months after the launch of the process. Again, attendance and energy were high and the Board approved, with minor edits, the planning document.

## Outcomes

The plan that was approved contained some significant shifts in emphasis for the foundation and the planning process itself far exceeded Danos' expectations for deepening board engagement.

One of the most ambitious strategic shifts was the decision to have the Foundation serve as a catalyst for a community-wide visioning and planning process. Foundation staff had increasingly been asked by public and community leaders to serve as "honest broker," or facilitator on a number of projects threatened by political and territorial tensions. Examples included GDMCF's role in helping the community form an umbrella group for arts organizations, as well as facilitate the planning and funding process for the development of a major recreational facility called Gray's Lake. Perhaps because the board learned more about how valued this role was in the community; perhaps because the external interviews illuminated the need for some organization (and no one else seemed to have the credibility, trust and breadth of scope – aside from United Way which is focused on human services) to play the community-wide convening role; perhaps because the Board was inspired by the recommendations in The Brink of New Promise report; or perhaps because of the convergence of all of these, the decision seemed, while daunting, to be the right one.

"I was, frankly, surprised that the Board was willing to go out on a limb like that, that what they decided was achievable, was so much higher than ever before. I suppose the process gave them a fuller perspective of what we've achieved and could do. They got a taste of the power of the thing and it was contagious" commented Danos.

The plan was also extremely ambitious in its growth goals, targeting a quadrupling of assets to \$400 million by 2011. "The most important or surprising goal in the marketing and development area was the decision to go for \$400 million," said board member Krause, "but I think it is very attainable. There's a tremendous amount of momentum, which is amazing given how little the community knows about the foundation."

While both of the above decisions grew directly out of the visioning exercise of the full Board retreat, other important, if less dramatic, shifts emerged from the committee work on goals and strategies. One of these was the decision to strengthen the foundation's donor services area. An ongoing debate among board members was the relative importance of pursuing discretionary – unrestricted endowment - gifts now vs. cultivating donors through donor advised funds and eventually inspiring them to make discretionary gifts. In the end, both strategies were retained in the plan (a \$50 million goal for unrestricted endowment was specified), but the Marketing and Development Committee's goals specifically included very targeted "harvesting" strategies such as conducting one-on-one visits with at least the top 20 individual donors on an annual basis, as well as finding a number of methods for reaching out to existing donors to inform them of foundation resources and successes.

One surprising outcome, from Danos' point of view, was the recommendation to expand the foundation staff. Where previously he had experienced considerable pressure from some members of the Board to keep staffing levels lean, as a result of the committee work, the Board asked Foundation President Danos to develop a staffing plan for the next 3 years that explored the possibility of adding capacity in the areas of accounting, grantmaking, donor relations, communications and development. This recommendation was driven largely by the newer board members, who presumably, were less attached to the "way it has been," particularly attentive to the benchmarking data that showed that the foundation had lower staff levels than its peers, and realistic about the need to invest resources to enable the GDMCF to achieve its very ambitious goals. "I continue to be concerned about the stress on the staff with regard to the sheer volume of work," said Board member Fleming. "When I attended the Council on Foundation's conference this fall, I was wowed by how few staff members our foundation has compared to others. I really like the concept that Johnny (Danos) uses to think about staffing for the future, not the past."

Another outcome from the committee work included a decision to formalize the board nomination and development process, which had previously been handled by one very committed Board member. An ad-hoc nominating and board development committee, overseen by the Executive Committee has been formed, which will not only increase the reach of the Foundation, but also provide more board members with an opportunity for engagement.

Everyone interviewed for this case identified deepened board engagement as the most significant, and to some degree unexpected in its success, outcome of the planning process. In addition to phone interviews, over 80% of board members attended and contributed to 3 major meetings devoted to the planning process, and generated excellent ideas and enthusiasm in committee brainstorming sessions. "The Board was very engaged" noted Krause. "When you threaten people with a half day retreat for a not-for-profit, the reaction could be 'let me just write the check.' But it wasn't and we had really good participation. As we communicate our vision, it is important that the Board understands it thoroughly. We will reap enormous benefits from that going forward." For newer Board members, the strategic planning process provided an incredibly valuable opportunity to orient them to the foundation and to contribute right away. Even seasoned board members learned a great deal more about the foundation than many of them had ever understood. "It was worth it just for that" said Danos.

## Going Forward

Foundation staff and committees are currently in the process of creating and implementing specific action plans to achieve the ambitious goals laid out in the plan. "The main challenge will be getting it all done" observed Danos, "and that will require us to maintain Board interest and involvement and keep exposing them to all the possibilities."

Task Force members say they will continue to push for the Board to think at a strategic level and to keep the plan in front of them on a regular basis. One practice that the foundation is considering implementing is a Board level annual review of the plan and progress update. Staff is also seeking to find various ways to keep educating Board members about the context in which the foundation works, critical issues and ideas in the field of community philanthropy, and about the activities, challenges and successes of GDMCF itself.

Danos says “The real success will play out over the next 5 years.” Undoubtedly, this is true when it comes to realizing the aspirational vision of the plan. It could also be said that change is usually an incremental process and that the GDMCF has already achieved some success simply by embarking on the process.

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<sup>i</sup> Bernholz, L; Fulton, K; and Kasper, G; On the Brink of New Promise – The Future of U.S. Community Foundations; published by Blueprint Research & Design, Inc. and the Monitor Institute, and funded by the Charles Stewart Mott Foundation and the Ford Foundation; 2005