

The Worldwide Movement of Community Foundations
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It is an honor to be with you today, in beautiful city of Florianopolis. It is in addition a personal honor and joy to be the guest of ICom, an institution that, though new and small, is taking leadership for all of the country of Brazil.

But first, I would like to begin a discussion of the worldwide movement of community foundations by asking you to travel back in time with me.

The year is 1914, and the place is Cleveland, Ohio, USA. John D. Rockefeller, Founder of Standard Oil and the Rockefeller Foundation, has just become vexed with the taxing authorities of the State of Ohio, and in retaliation has decided to move his family, his business, and his philanthropy to New York City.

He offers his long-time friend, banker, and attorney, Frederick Goff, the chance to move to New York with him. But Goff is a life-long Clevelander, and he knows that Rockefeller's departure will be devastating to his hometown. Goff decides to stay in Cleveland, to see if he can help the city recover. Goff reasons that if he can create a vehicle through which many people of some means, but not necessarily Rockefeller-level means, could contribute something of permanence to their communities, knowing that their gifts would be well managed and carefully distributed for the community's benefit, then perhaps he can help Cleveland fill the gap left by Rockefeller's departure. Thus the Cleveland Foundation, the United States' first community foundation, was born.

The epilogue to this story is the best part. Because today the Cleveland Foundation, whose assets have grown to over \$1 billion, gives out more in Cleveland than the Rockefeller Foundation does in all of the United States.

I tell this story not to highlight US philanthropic traditions, but just the opposite: The story is important because it illustrates the worldwide promise of community philanthropy. Not every country, not every community, has a Rockefeller. But every community has a Frederic Goff—a committed leader deeply rooted in the soil of his home, visionary, hopeful, and willing to sacrifice his own self-interest for the good of the whole. And, more important, I believe that the philanthropic impulse, if defined as the desire to give back to one's community or to help those less fortunate than oneself, no matter what ones' means, is also universal. Finally, the truth that is so aptly conveyed by this story and that is the defining core of community philanthropy-- the truth that the combined power of many is greater than the force of one--is also a universal. It is, I believe, the reason that the community foundation has struck such a powerful chord worldwide.

Now I want you to time travel with me again. Fast-forward to 1983, Durham, North Carolina. A respected research scientist, George Hitchings, calls together a group

of the community's leading citizens. Durham, he says, needs a new institution called a "community foundation," a vehicle through which many people from the community can together address its needs and opportunities. He offered \$1000 to get it started. Three weeks later, the new Board of the new Community Foundation had tripled its assets to a whopping \$3000, and hired a totally unqualified young woman as CEO, the only person they could find who was foolish enough to take a job with an organization that had only \$3000 in assets. The Triangle Community Foundation was born. And on June 30 of last year, when I stepped down from that CEO position to devote full time to promoting community foundations internationally, those assets had grown to \$100 million and-more important-grants of over \$10 million annually in our community.

Just one more jump in time, and I promise after this to stay in the present. In 2004?, a distinguished member of Brazilian civil society became a Synergos Senior Fellow, and traveled to Capetown South Africa to meet with forty other Senior Fellows from around the world. They laughed and learned together, and at the end of five days each was asked to make a commitment. Lucia Dellagnelo's was to build a Community Foundation in Florianopolis. And as you see, she has done it. Though new and small, this Foundation is one of the most promising in all of Latin America. And it is not just me saying this;this Foundation has already garnered one of the most distinguished awards for new Community Foundations, a grant from the new Global Fund for Community Foundations, which is backed by some of the most prestigious institutions in the world, including the Ford, Avina, and Kellogg Foundations.

The explosion of Community Foundations throughout the world is truly astonishing to me. When I began in the community foundation field in 1983, the "field" consisted of fewer than 300 community foundations, exclusively in the United States and Canada. Today, only 22 years later, there are nearly 1200 community foundations in forty-six countries on every continent except Antarctica. Some have been consciously crafted after the North American model but others, in places as diverse as Bombay and Bulawayo, have sprung from traditions that pre-date by centuries the establishment of the first formal community foundation in Cleveland in 1914.

The emergence of community foundations as a worldwide phenomenon has been concurrent, not coincidentally, with a number of global trends. The first is the emergence of democracy and civil society in formerly authoritarian states. Community foundations are the democratization of philanthropy, putting philanthropy within the reach of every citizen. The second trend is the de-centralization of governance and decision-making from central authorities to local units. The third trend is the re-direction of formerly public sector responsibilities to private companies and non-governmental organizations. Community foundations feed upon these trends--civic participation, localization and privatization--and give them their highest and best expression. They provide the capacity for every citizen, those of substantial and modest means alike, to participate voluntarily in the betterment of their community. And in fact, the unique genius of a community foundation is that it is not only part of civil society, but a builder of civil society. The structure works across geographic and cultural divides because it is fundamentally rooted

in the philanthropic impulse that is universally imbedded in the human spirit and in every world cultural and religious tradition.

Let me share a quick story. In 1996, I served as an Eisenhower Fellow in Bulgaria, helping to start the first community foundation in that country. When I arrived, I was quickly told that a few corporations, and perhaps some wealthy families, might be convinced to give—but that encouraging social investment among the average citizens was foolish. After all, there was no tradition of social investment, no tax or legal structure to support giving, and private citizen action had been systematically stifled for four decades, creating total physical and psychological dependence on government. Average annual personal income was about \$50 U.S. dollars per month. Ninety percent of the country's banks had failed, the private economy was in shambles, and what remained was dominated by the mafia. The government was still dominated by the ex-Communists, and was also in chaos. NGOs were either unknown or distrusted. In an atmosphere in which people were deeply concerned about their own survival, how could they be expected to think of others?

About three weeks into my stay, my host foundation received an urgent appeal. The country's orphans were facing the winter with virtually no food and no clothing. The local foundation was asked to broadcast the need and collect donations. They did as they were asked—putting a few notices in local newspapers and putting the word out on a friendly radio station. But they didn't expect much response.

Two weeks later, I was seated at my desk and overheard heard the Executive Director talking excitedly on the phone. Of course, I couldn't understand a word of the conversation, but I knew from his tone that something exciting was happening. After a few minutes, he walked into my office, took a deep breath, and said quietly, "It's going to take two trucks to deliver all the food and clothes that have been given for the orphans." And so, in even the most hostile of circumstances, the charitable spirit prevailed, proving once again that philanthropy is a universal language.

In the past eleven years, I have had the opportunity to see first hand and to learn from the emerging experiences of community foundations in twenty one countries around the globe. Each experience has deepened my belief in the universality of the philanthropic impulse, however it may be expressed in a particular cultural setting. Moreover, I can personally attest to the adaptability of the community foundation model to build upon that impulse in a wide variety of circumstances, and the potential for the model to build a locally-rooted philanthropic capacity.

Although its exact form may differ from culture to culture, (and from community to community, even in the countries where it is most developed), all community foundations share three vital characteristics:

A community foundation is **governed by an active and engaged board broadly representative of the area it serves.** Within the field of grantmaking foundations, this broad, representative board is a unique characteristic, since most private, corporate, and

family foundations are governed by the donors who created them. The governance of the community foundation embodies the principle that people within a community are best able to judge and address the needs and opportunities of their own community. The foundation's leadership encompasses and embraces all the sectors—public, private, and NGO within its locality, *but is dominated by none of them*. Community foundations derive their legitimacy from the credibility, neutrality, and diversity of their leadership. In this manner, the community foundation in its own makeup and functioning models the ideal of democratic society. Moreover, because it is rooted in local leadership, it is a strong springboard for community-driven development and for sustained impact.

Second, community foundations **are strategic grantmakers and bold community leaders**. Here I must set out an important distinction. Generally, community foundations do not directly run programs, but rather enable the programs of other NGO's by making grants and by educating donors and the community on need. In their grantmaking, community foundations are driven by breadth of local expertise and a long-term, strategic perspective. The community foundation monitors community needs opportunities in a variety of areas, including:

- Arts and culture
- Education
- Environment
- Health
- Human services
- Recreation

They gather information and track the many local NGO's and programs working for the community. Based on this information, they can make grants and direct resources to the most appropriate areas. They stay alert to emerging issues and foster giving and volunteerism in our community, often serving as a catalyst, bringing groups of people together to work on solutions to community problems. . It is these features that makes the model most potent to address the most deeply-rooted community issues.

And finally Community Foundations serve **to attract and mobilize private resources for the long-term benefit of the community**. It is this area where I wish to take a few extra minutes for discussion. Notice that I did not use the words fundraising or asset development. One does not give money to a community foundation, but through it. The community foundation is not a recipient, but an agent of social investment. Most NGO's typically approach potential donors and say, "give to our cause." But because of its broad mission and its broad networks and knowledge of the community, only the community foundation can approach a potential donor and say, "what is your cause, and how can we help you achieve it?" The community foundation exists to identify the needs and opportunities of the community, and engage and educate donors in addressing those various needs. Let me tell you three stories about this.

Every community has a Mr. X: someone who is known to be very wealthy but never gives. Mr. X had built and sold a very lucrative business, fairly early in my career

with the Triangle Community Foundation, Mr. X's name came up on the list of people on whom I should make a call. Well, everyone advised me not to bother—that he never gave to anyone and in fact had been known to have been stingy in his business career and mean to people who called on him asking for gifts. I saw this as a challenge. So I went to call on Mr. X, and asked him my questions: What do you care about in this community? What would you like to see preserved? What would you like to see changed? I will not share the entire conversation, but just tell you that at the end of the conversation Mr. X literally took out his checkbook and wrote a check on the spot for \$100,000.

A second story. There is a woman in our community who is quite wealthy, who inherited a great deal of wealth. She had been involved with the community foundation from the very early on, and had served on the Board and even been Board Chairman. But I had never had this conversation with her until a couple of years ago. Before I went to meet with her, I knew that she had given mostly to her church and a few social services organizations. So I very much expected when I asked her the question that she would say that she cared about children or the poor or something like that. Well, she completely surprised me. She said, "Shannon, I have a dream. When I was in my early 40's, my husband left me with five small children. And I had no idea how to manage the money. It had always been done by my husband, and by my father before him. I didn't even know how to balance a checkbook. My dream is that no child will graduate from the high schools in North Carolina without some basic knowledge of financial management." So I said well, I don't know exactly how we will manage this, but let us give it a try. And we did. We made a challenge grant to the North Carolina legislature, which controls the curriculum for the public schools. And we said that if they would pass a bill mandated financial management as part of the required curriculum, we would pay for the first demonstration sites for testing this curriculum. They passed the bill, and today financial management is part of the 10th grade curriculum for every student. And I know that this works. Because you see I am the parent of a teenager, and last year I was driving the carpool of the 10th grade students, and they were all complaining. Finally I asked what it was they were complaining about, and my son said, "Oh, we have this stupid assignment that requires us to develop a personal budget." Victory!

In the past two months, I have heard the leaders of two diverse community foundations—one in Stuttgart and one in Bangkok, describe the role of their foundations as "dream weavers." We take the highest dreams and aspirations of the people in our communities, both donors and recipients, and turn them into reality.

Because of its broad and long-term vision, the community foundation can and should rise above the philanthropic fray to become the creator of a philanthropic culture in its community. In fact, many community foundations have taken it as part of their missions to educate their communities on philanthropy. At the Triangle Community Foundation, we see one of our primary responsibilities as bringing new resources into philanthropy. In fact, our mission statement reads, "to expand private philanthropy in the Triangle area of North Carolina." We initiated a program called The Catalyst Project to promote all forms of philanthropy—family and corporate foundations as well as funds in

the CF—and to triple the philanthropic base of our community within 20 years. Within 5 years, we had already doubled it. We also expand social investment by engaging donors to become strategic and effective social investors. We see donors as one of our most valuable assets, and ask them to bring to the table not only their money but their networks, their life experiences and their passions. To this, we add our knowledge of the community and our knowledge of the practice of grantmaking. And we begin to help them understand the needs of our community and how they can thoughtfully make a difference on the issues they care about. Now, because we are more than 20 years old, we are also working with their children and grandchildren, in more than 500 individual philanthropic funds. And so I believe that if the CF went away tomorrow (which it won't, let me assure you!) our greatest legacy would not be the many community projects we supported or initiated or even the thousands of citizens whose lives have been made richer because of those projects, but rather the army of more than 500 community philanthropists who would carry on beyond us in the betterment of our community.

I want to share some thoughts with you about the ways in which this philosophy of donor engagement or donor education can impact the kind of work that you do. First and most obvious, of course, is that the more people who are engaged in philanthropy, the more philanthropic funds there are to support a variety of causes. But more subtle and more important is the impact on the kind of causes they support. It is a form of fundraising, but it is not directly asking people to give to our cause. Instead, we first educate and then ask for gifts

I am going to try to quickly go through just one example of where we have engaged donors and taken their philanthropy to a higher level.

The wealthiest man in North Carolina owns the world's largest privately held software company. It's called SAS and it does knowledge management and database management. Virtually every large company in the world uses this software in their management operations. When I met with him, I asked this gentleman what causes he most cared about in the community. He answered rather gruffly, "Well, our company gives to education." So I asked the question a different way, and another way, and finally after I asked the question about 7 or 8 times the floodgates broke down and he started to talk. "I think the schools do a good job, but then the children go home to these terrible homes and their parents don't care about education and they watch TV all afternoon. And we have all these company employees who I would like to have volunteering in the schools, and we have these fine universities-why aren't they involved?" And so I asked him to give me two weeks and let me come back to him with a project that would meet his concerns. And so, with this gentleman's money, we built a community learning center in a public housing community. It is called the SAS Community Learning Center at Kentwood. And the pre-school children go there during the day for pre-school activities to get them ready for school. And after school—I have seen the school-aged children streaming in with their backpacks, and they have fun activities and help with their homework and caring adults who know and care whether they are there. And in the evening the adults get basic education and computer education. The company gave all the computers and software, and company volunteers provide much of the manpower.

And yes, the universities send interns and are conducting research projects at the site. Now the company is building a second learning center because the first one has been outgrown.

Thus I want to suggest that the best “fundraising” we can do, the highest use of our resources, is to partner with others, to engage with them, to raise their consciousness, to add them to the fellowship of the committed, so that maybe we can create a world in which social justice is not the cry of the few but the cry of the majority and a world in which that cry is no longer needed.

Finally, I want to share with you again my sense of privilege for being here as a guest of ICOM. In the years ahead, community foundations worldwide will have untold impact on each of their individual communities as resources and brain power are applied through this vehicle to local challenges. They may very well transform countries, as millions of citizens of both substantial and modest means become empowered through community social investment to create positive change. And they will, undoubtedly, reverberate throughout the world, as the energies and resources of new leaders are added to the rich mix of skills being applied worldwide to the difficult issues that face our world. It is an opportunity whose time has come, and I look forward to observing and learning from the innovation and impact that will come as the community foundation concept takes hold in the rich soil of Brazil.

Thank you.