

COMMUNITY FOUNDATIONS AS CAPACITY BUILDERS

A REPORT ON PHILANTHROPY NORTHWEST'S
2010 GRANTS TO COMMUNITY FOUNDATIONS



INTRODUCTION

Community foundations play important and distinct roles in supporting healthy communities. They are able to address local challenges by engaging stakeholders, employing local assets, and marshaling resources. They can also play a significant role in building the capacity¹ of nonprofit organizations in their area.

In 2010, Philanthropy Northwest launched our Community Foundation Initiative²—an ongoing effort to support and strengthen the network of community foundations in Washington state. The Community Foundation Initiative was made possible thanks to generous support from the Bill & Melinda Gates Foundation.

As part of the initiative, we made grants to nine Washington community foundations in 2010 to help them build the capacity of nonprofit organizations in their communities. The nine grants were modest, ranging from \$13,000 to \$25,000. Each community foundation designed a unique strategy for building community and supporting nonprofit capacity that was locally and culturally relevant to its area. Projects included programs to address recruitment and training for nonprofit boards, support for collaborations among nonprofits, and professional development for nonprofit staff.

The grant program confirmed a finding from our *Nonprofit Ecosystem Report*: that there is indeed a strong need for capacity building services—especially in rural areas—and community foundations are well-positioned to offer those services. Working closely with the nine grantee community foundations, Philanthropy Northwest built stronger relationships with and gained a deeper understanding of community foundations and the important role they play in serving their local communities. This report shares the lessons Philanthropy Northwest and participating community foundations have learned.

WHAT WE LEARNED

1

Community foundations are well positioned to understand their communities' distinct needs.

This initiative confirmed the *Nonprofit Ecosystem Report* observation that not all places are the same. It reinforced our belief that foundations are most successful when they take the time to understand the communities in which they're working. Before designing a capacity building program, each community foundation conducted a community assessment to gather feedback from local nonprofits about the help their community needed.

“That activity forced us to think critically about what would be best for our community,” observed Lawson Knight, executive director of the Blue Mountain Community Foundation.

He added, “Another local funder had already invested in a launch of our local Nonprofit Learning Center, our community's most significant gap. We believed an additional opportunity was the introduction of emerging leaders into nonprofit board roles. Assessing our service area—using the report's model—led us to our project.”

¹ We define capacity building as “any service that enhances the organization's (or group of organizations') internal effectiveness at achieving its mission sustainably—in other words, services which strengthen the foundation or ‘engine’ of the organization, not its specific programs.”

² The Community Foundation Initiative allowed us to build on our findings from the 2009 report *An Assessment of Capacity Building in Washington State*; the report is also referred to as the *Nonprofit Ecosystem Report*. www.philanthropynw.org/nonprofit_ecosystem



2

A capacity building role can increase a community foundation's visibility in the community.

Community foundations found that when they focused on how they might help local nonprofits build their capacity, they naturally built stronger relationships with them. The corollary was that the participating nonprofits increased their appreciation for the role and services of community foundations. Several community foundations said that the initiative increased their visibility and leadership among nonprofits. The Greater Everett Community Foundation added that stronger relationships in turn enabled it to better serve its own donors and to make more informed grants.

3

Nonprofits built stronger networks and relationships as a result of capacity building activities.

When the community foundations convened local nonprofits in response to the initiative, nonprofits formed informal networks and identified new opportunities to work together. This outcome supports Philanthropy Northwest's *Nonprofit Ecosystem Report* central thesis that each community is essentially a system of interconnected institutions, and getting the parts working together creates a better "whole."

Community Foundation of North Central Washington executive director Beth Stipe noted, "The most exciting thing for us was watching this group of cohorts from very different communities building friendships. The group created its own listserv to share homework, documents, and advice. A year later, they still stay in touch." The Greater Tacoma Community Foundation focused its efforts on helping local nonprofits think about collaboration, holding six community dialogues. At least two formal collaborative efforts in Pierce County are the direct result of these community dialogues.

4

Nearly all community foundations committed to continuing capacity building work.

Small grants encouraged community foundations to act in new ways. For some community foundations, it meant they were asking different questions, establishing new relationships, and taking on a new role in the community. The grants also contributed to a longer-term commitment to capacity building activities—eight community foundations will continue to support capacity building activities in their communities.

Orcas Island Community Foundation executive director Hilary Canty explains, "We refocused on community needs in collaboration with both nonprofits and donors. This is a major shift from supporting the nonprofits as individual programs. The result has been wiser use of resources, better support of our community, and recognition from donors who understand this approach is worthy of their philanthropic investment."

WHAT WE LEARNED

5

Capacity building work creates opportunities for community foundations to partner with peer civic organizations.

Four foundations expanded their services, shared costs, and attracted greater participation because they worked in partnership with other peer civic organizations. The most common partner organizations were local United Way chapters, community colleges, civic groups, management support organizations, and other funders.

Whatcom Community Foundation president and CEO Mauri Ingram worked in partnership with the Association of Fundraising Professionals-Washington Chapter (AFP-Washington) to offer a series of educational luncheons. She explained, “Working with AFP-Washington allowed us to benefit from the extensive skills and experience of their membership and their organizational infrastructure. The need in our area is so great that attendance at our programs exceeded those in Seattle, where the offerings are abundant.”

6

Building nonprofit capacity takes leadership, money, and time.

Because community foundations take on a vast array of activities—from fundraising to grantmaking to donor engagement—staff are often spread thin. Nor are nonprofits in a position to cover the costs of this work. What this means is that without support from donors, community foundations are unlikely to take on this work. One community foundation director put it this way: “I don’t think that the thin-margin, lean community foundation staffing model can be underestimated when taking on new program activities like capacity building.”

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Community foundation boards of directors must be engaged in this work if it is to succeed.

Most foundation leaders said that engaging their boards was critical to their success. By talking directly to boards about the initiative, several leaders were able to begin critical conversations about the role of their community foundation in the community. The board of directors of the Community Foundation of South Puget Sound was so excited about the results of its participation in the initiative that it has already committed another \$10,000 to support a wide range of capacity building activities for its local nonprofits.

For more information on Philanthropy Northwest’s work with community foundations or to view the *Nonprofit Ecosystem Report*, please visit www.philanthropynw.org or call (206) 443-8430.

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