

Improving Effectiveness and Internal Practices

Heidi Williamson, Vice President for Grantmaking and Communication
Berks County Community Foundation

Debra Joy Pérez, Interim Assistant Vice President, Research and Evaluation
Robert Wood Johnson Foundation

January 17, 2012 ~ 2:00-3:30 pm, ET

erving the public good by promoting and enhancing responsible and effective grantmaking
COUNCIL on FOUNDATIONS

Welcome



Ericka Plater Turner
Managing Director, Professional Development
Council on Foundations
Moderator

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Agenda

- Introductions
- Learn About You
- Impact Study of Grantee Budget Reductions
- Adjusting Business Models
- Discussion

Feel free to submit a question at any time. Use the "Q&A" panel on the right navigation bar. Type your question, select "All Panelists" and click "Send."

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WebEx Tips

- To expand or collapse a panel, toggle the arrow (▶) or (▼).
- All phone lines are **on mute**.
- Questions? On the Q&A Panel, type your question, select **"All Panelists,"** click **"Send."**
- This webinar is being recorded for internal use only.

Feel free to submit a question at any time. Use the "Q&A" panel on the right navigation bar. Type your question, select "All Panelists" and click "Send."

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Speakers



Debra Joy Pérez
Interim Assistant Vice President, Research and Evaluation
Robert Wood Johnson Foundation



Heidi Williamson
Vice President for Grantmaking and Communication
Berks County Community Foundation

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Poll Questions


1. What kind of organization are you representing on this webinar?

Use the "Polling" panel on the right navigation bar to respond to the poll. Select your answer and hit the "submit" button.

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Robert Wood Johnson Foundation

Grantee Budget Reductions: An Impact Study



Debra Joy Pérez
Interim Assistant Vice President, Research and Evaluation
Robert Wood Johnson Foundation


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Purpose

- Analyze 2009 grantee budget reductions process
- Learn
- Improve Foundation's future performance




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Poll Questions

1. Did you experience a reduction in your funding since 2009?
2. Have you assessed the impact of the reduction on your grantees?



Use the "Polling" panel on the right navigation bar to respond to the poll. Select your answer and hit the "submit" button.

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Study Questions

- Impact on RWJF's
 - Reputation
 - Grantees
 - Management & Budget
- 2003 vs 2009

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Data Collection

- Sources:
 1. Documents, emails, reports
 2. Interviews - 21 program staff
 3. Survey - all RWJF's active 2009 grantees
- Information collected between April and September, 2010

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Survey Response Rates

- Grantee rate 51% (910/ 1,796)
 - 164 grantees reported budget reductions
- Average on-line survey response rate – 30%

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Grantee Demographics

- 164 grantees reported reductions:
 - Grantees for 12 years or more
 - Budgets above \$10 million
 - Human Capital team
 - Policy think-tanks, membership/professional organizations, "other"



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Grantee Demographics

- Less likely to report reductions:
 - Budgets less than \$1 million
 - Recent grantees (3 years or less)
 - Community-based organizations



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Timeline

Fall 08	Stock market declines
Dec 08	RWJF endowment declines to \$7B from \$10B in early 2008
Jan 09	New budget year
Feb 09	Executive deliberations
Mar 09	Executive and Board Preparation
Apr 09	Board approves \$100M grantee budget reductions
May 09	President informs staff and grantees of upcoming budget reductions & Guidelines are developed for Teams, information on grantee cash balances prepared Teams produce lists of recommended reductions



Feel free to submit a question at any time. Use the "Q&A" panel on the right navigation bar. Type your question, select "All Panelists" and click "Send."

Timeline Continued...

Jun 09	Senior leadership reviews recommendations, develops talking points for staff New York Times and Chronicle of Philanthropy publish articles on RWJF
Jul 09	Staff discuss talking points and responsibilities Second President letter to the field Calls made to grantees
Aug 09	Grantees submit revised budgets and reductions are finalized
Sept 09	President's third letter to the field
Oct 09	Grantee budget reductions implemented

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Findings – Overall

- General opinion – process very well managed
- Grantees (87%): reductions could *not* have been avoided
- Most grantees process was fair

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Findings - Overall

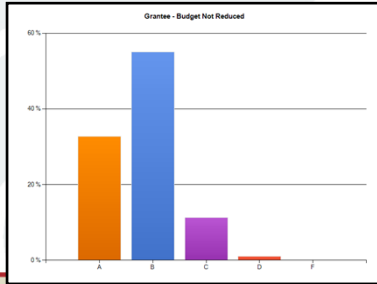
- Grantees (70%) had budget cuts from other funders
- RWJF compared to other donors:
 - More positive
 - Transparent
 - Better communications

"RWJF's process was better. Communications was clearer and more respectful."

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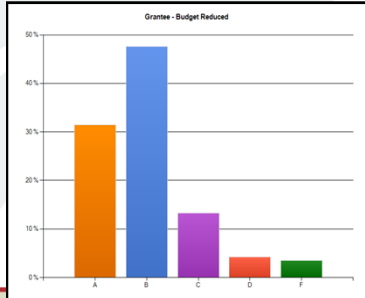
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Grantees (Not Reduced) Grade Entire 2009 Reductions Process



Feel free to submit a question at any time. Use the "Q&A" panel on the right navigation bar. Type your question, select "All Panelists" and click "Send."

Grantees (Reduced) Grade Entire 2009 Reductions Process



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Findings - Communications

- Grantees rated Communications positively:
 - Sensitive
 - Ample
 - Timely
 - Clear
 - Effective

"There was a lot of honest communication, which helped our program continue to meet its goals."

- Most highly rated: President's availability and consistent communication



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Findings - Communications

- Not as positive:
 - Planning took longer than grantee negotiations
 - Teams - different approaches; not shared
 - Communications lag – April to July:

"Calls were coming in and staff had to say 'we don't know.'"



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Findings - Management

- Many strong points:
 - Teamwork
 - Senior management guidance:
 - Reductions target (\$100M)
 - Principles
 - Timeline
 - Deliverables
 - Consistent guidelines provided to all teams



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Findings - Management

- Not as positive:
 - Rationale for recommendations accepted mixed
 - Final decisions across programs - lack of transparency
 - Some inaccurate data for staff decisions



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Findings - Work with Grantees

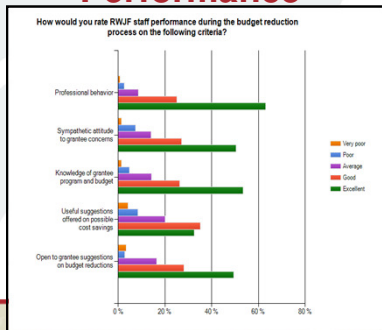
- Grantees: high rating to staff

"RWJF in general, and our project officer and grants administrator in particular, provided timely and reliable information. We felt supported."



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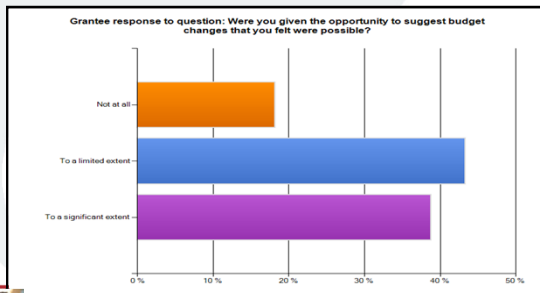
Grantees Rate RWJF Staff Performance



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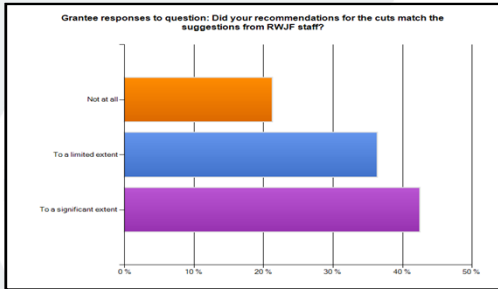
Findings - Work with Grantees

- Grantees were able to suggest budget changes



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▪ **Staff was responsive to grantee budget suggestions**



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Impact - Grantees

- Nearly half achieved grant goals to significant extent.
- Reduced programmed activities to a limited (65%) or significant extent (21%).



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Impact – RWJF Reputation

	Grantee reduced (%)	Grantee not reduced (%)
Negative	9	3
Slight negative	22	22
No effect	60	67
Slightly positive	4	7
Positive	5	1



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Impact - RWJF Budget and Management

- Final reductions: 73 (3%) grantees, 81(47%) authorizations
- 81% Funds recovered from authorizations
- \$100M goal met
- Positive process outcomes

"We realized we could streamline and still do the work."



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Comparing 2003 and 2009

2003	2009
• Infrequent messages	• More frequent messages
• Uncoordinated communication	• Centralized communications
• Unclear criteria	• Clear criteria
• Imprecise rationale	• Explicit rationale
• Inadequate financial systems	• Improved financial systems
• "Lone ranger" approach	• Collaborative approach



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Conclusions

- Foundation assets preserved
 - Target reductions achieved
 - Inventory stopped growing
- Grantees had input, achieved priorities
- Foundation's reputation & values intact
- Reduction process worked very well



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Ideas for Improvement

1. Financial budgeting to manage upsides and downsides
2. React earlier
3. Improve accuracy of grantee data
4. Share experiences across internal teams
5. Consider impact of travel cuts on relationships
6. Connect reductions to performance



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Midway Check-in Questions



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Change is ~~Hard~~ Good:

How Berks County Community Foundation Adjusted Its Business Model for a New Era



Heidi Williamson
Vice President for Grantmaking and Communication
Berks County Community Foundation

Poll Questions

1. Do you work for a community foundation?
2. Do you work with community foundations (i.e. partner with a local community foundation as a grantee or on projects)?



Use the "Polling" panel on the right navigation bar to respond to the poll. Select your answer and hit the "submit" button.

Overview

- About Berks County Community Foundation
- Our Traditional Business Model
- The Challenge
- The Work
- The New Business Model
- Implementation



Feel free to submit a question at any time. Use the "Q&A" panel on the right navigation bar. Type your question, select "All Panelists" and click "Send."

About the Foundation

- Staff of seven
- Low turnover
- Teamwork
- Contact info at www.bccf.org



Heidi Williamson



Franki Aitken



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About the Foundation



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Traditional Business Model

- \$10,000 Minimum Fund Size
- No minimum fee
- At start up raised operating dollars from the community
- Later turned to undesignated grants
- Sought outside grant funding for Leadership Projects

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Poll Questions

1. Are you looking at your business model?
2. If so, what stage are you in?

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The Challenge



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First Steps

- Temporary fee increase
- Confirm board direction
- Strategic planning

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The Work


- Study existing data
- Study our efficiency
- Look at the competition

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The Conclusions

- \$50,000 minimum fund size
- Fees needed to be reconfigured



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The New Business Model


- Institute a minimum fee based on a fund value of \$50,000

Type of Fund	Old Annual	Temp. Annual %	New Annual %	Minimum Fee
Designated	0.40	0.46	0.45	\$225
Scholarship*	2.00	2.30	1.75 & 2.00	\$875 & \$1,000
Donor Advised	1.15	1.32	1.25	\$575
Field of Interest	1.15	1.32	1.50	\$750
Undesignated	1.15	1.32	1.50	\$750

* School selected and committee selected, respectively




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The New Business Model

- Institute a minimum fee based on a fund value of \$50,000
- Institute a program fee for field of interest funds that require additional program work
- No longer rely on outside funding
- No longer subsidize administration of smaller funds
- Use undesignated funds for leadership projects
- Partner with local foundations on leadership projects



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Implementation

- Of 267 endowed funds ...
 - 184 funds (69%) fell under the \$50,000 mark
- These 184 funds represented 7.5% of the overall value of the foundation's endowed funds

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Options for Smaller Funds

- Grow the fund
- Consolidate the fund
- Spend down the fund
- Change the fund type

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Back to the Board



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Communicate the Changes

- Update the published fee schedule and other materials, including our website
- Inform fundholders about new fee schedule
- Check to see if smaller fundholders plan to grow the fund
- Take action



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What We Learned

- Not for the faint of heart
- Be sensitive to donors
- Reeducate advisors
- Finish the process and move on



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Questions



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A PHILANTHROPIC LEADERSHIP PIPELINE EXPANSION PROGRAM

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Early submissions due February 20. All submissions due before March 21.

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What's Next?

- **Give feedback:** Fill out evaluation now or by email.
- **Review and share:** Today's webinar recording will be e-mailed to you.
- **Register:**
 - Family Philanthropy Conference ~ February 13-15, Miami, FL
 - Improving Internal Practices in Philanthropy Webinar ~ February 21, 2-3:30 pm ET
 - Foundations on the Hill (FOTH) ~ March 21-22, Washington, DC
 - 2012 Annual Conference ~ April 29-May 1, Los Angeles, CA
- Visit www.cof.org/education to learn about other professional development opportunities hosted by the Council.

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