Playing Matchmaker for Grantmakers

By helping to forge unusual (and some might say unlikely) partnerships, the Council of Michigan Foundations is finding new ways to strengthen the philanthropic sector in its home state and beyond.

By Andy Goodman

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In most states these days, land use is an issue commanding significant attention from both government officials and foundation leaders. Proposals to preserve wetlands, restrict sprawl, and revitalize urban centers are typical of those competing for public and private dollars at a time when many budgets are being cut. In such a highly pressurized environment, it would not be unusual for state officials and foundation officers to maintain a more-than-arm’s-length relationship, even in the face of common interests. Chalk it up to philosophical differences, poor communications, or just a lack of information about what the other side is doing—it often seems easier and faster to go it alone.

Michigan, however, is not like most states. In March 2003, Governor Jennifer Granholm announced a new position on her staff: “foundation liaison,” a person expressly charged with fostering cooperation between state government and the philanthropic sector. Karen Aldridge-Eason, who had experience in both sectors, took the job in April 2003, and one of her first priorities was land use. Aldridge-Eason helped ensure that each sector knew what the other was up to. When a report was produced over the summer featuring more than 100 recommendations for tackling a wide spectrum of land use problems, several foundations were already primed to step in with funding.

Michigan also distinguishes itself from other states in the level of cooperation among its community foundations. Since 1998, small groups of community foundation directors have been meeting regularly in regional “Team Ups” to network, share costs, and achieve economies of scale that are possible only through collaboration. The Southwest Regional Team Up, to cite just one example, brings together over a dozen community foundations with assets ranging from $4 million to $235 million. With such pronounced differences in funding capacity, staff size, and (by definition) geographically defined priorities, these funders have plenty of reasons to go their own ways. Nevertheless, they have successfully cooperated on collective marketing efforts, joint trainings of board and staff, and many other projects, and the regular meetings continue.

The common element in both these stories of innovative partnership is the Council of Michigan Foundations. Launched in 1972 (see Snapshot sidebar), CMF has grown into the largest regional association of grantmakers in the U.S. Nearly 400 independent foundations with combined assets exceeding $20 billion currently operate under its umbrella. When you talk to CEO Rob Collier, President Emeritus Dorothy Johnson, or other board and staff members, though, you won’t hear about such numbers unless you ask for them. Instead, they will talk with great passion about the powerful partnerships they have helped create, even when it appeared unlikely such partnerships could ever truly take hold.
Connecting Foundations and State Government

“We have a 30-year tradition of working with state government,” said Collier, reflecting on a history that reached new heights in 2003 with the creation of the full-time liaison position. But Collier was quick to add that the relationship has always been a bit tenuous. “There is still a perception on the part of many philanthropists that you want to stay away from government as much as you can,” he noted. “Working with government can be very time-consuming, and some folks in foundations think, Why bother? We can do this faster ourselves.”

David Egner, president of the Hudson-Webber Foundation (and a prime mover behind the placement of a liaison), echoed this sentiment. “Some foundations are concerned that working with government is a form of lobbying or inappropriately mixes diametrically opposed philosophies of how we should deal with community issues,” he said. When Jennifer Granholm was elected governor in 2002, however, she inherited a $950-million deficit, and foundation leaders had two good reasons to move beyond familiar comfort zones. “We took one look at a new governor coming in and the state’s financial condition,” said Collier, “and several CMF members agreed it would be useful to have somebody in the governor’s cabinet.”

This realization probably provoked a feeling of déjà vu for Egner. Roughly a decade earlier, Dennis Archer was elected mayor of Detroit, and he inherited a similar set of financial problems as he took office. Egner’s predecessor at Hudson-Webber approached Archer with the idea of establishing a foundation liaison within the mayor’s office to ensure more cooperation between the new administration and the philanthropic sector. Archer liked the idea and promptly gave David Smydra the job, along with three assignments: make sure local foundations knew what various city

Snapshot: Council of Michigan Foundations

The Council of Michigan Foundations was born out of crisis. During congressional hearings held in 1969, Texas Representative Dwight Pattman proposed a new law that would force all foundations to spend down their assets over a 20-year period. Facing forced extinction, representatives of Kellogg, Kresge, Mott, and other foundations convened a meeting in Michigan to formulate a response. The steering committee of foundation leaders that emerged would be the first incarnation of the Council of Michigan Foundations. CMF was formally incorporated in 1975, with Dorothy Johnson as president.

The Council on Foundations, CMF, and other regional associations ultimately fought off Pattman’s proposal and even bolstered the sustainability of foundations nationwide by helping to pass the Tax Act of 1976, which reduced a foundation’s required annual payout to 5 percent. Since then, CMF has remained active in government relations at the federal level, lobbying on behalf of grantmakers throughout the year and taking a large contingent of members to Washington every year to visit Michigan’s entire delegation through an initiative known as “Foundations on the Hill.”

CMF has also recorded numerous victories in its ongoing efforts to broaden and strengthen philanthropy in its home state of Michigan, notching several firsts for any state in the U.S., including:

- offering individuals and businesses who make gifts to community foundations a tax credit
- setting standards for the operation of community foundations
- establishing a formal connection between the philanthropic sector and state government through the creation of a fulltime foundation liaison in the governor’s office

CMF is an international leader in engaging youth in philanthropy. The Michigan Community Foundations’ Youth Project, which CMF helped launch in the late 1980s, has led to the creation of more than 80 endowed youth-supervised funds based at community foundations statewide. “We cannot take the charitable impulse for granted,” said Rob Collier. These community foundation Youth Advisory Committees directly engage 1,500 students in philanthropic giving each year. High school students are now engaged in philanthropy in programs covering 32 states and 8 countries, most recently in South Korea according to the database CMF maintains with other resources on www.youthgrantmakers.org.
departments were working on, help government better understand what private funds it can attract, and (in your spare time) look for federal grants that could bring new monies to the Motor City. “The amount of information flowing both ways increased substantially,” said Egner in praising Smydra’s performance. “It was clear that we had an audience with the mayor when needed and vice versa.” Quarterly reports, filed by Smydra, showed total grant dollars increasing—another sign that the position was making a difference.

Not only did Egner have a model to work from, he also had a history with the incoming governor. When Granholm was Michigan’s attorney general, she asked Egner to help launch a program called Mentor Michigan. Hudson-Webber came through with funding, and from such happy moments are future meetings born. Egner got his audience with the new governor—“two or three minutes,” by his account, but enough to present the idea of a foundation liaison and elicit interest. “And she said she’d be even more interested if we could find a way to fund it for the first couple of years,” Egner added.

Working with David Campbell of the McGregor Fund, Egner secured additional commitments from the Mott, Kellogg, Kresge, and Skillman foundations to cover the position for two and a half years. It was enough to begin a job search that led in fairly short order to Karen Aldridge-Eason. Previously a program director for the Mott Foundation, Aldridge-Eason had also worked as director of the Office of Health and Human Services for the Michigan Department of Management and Budget. In February 2003, she met with Granholm, and the new governor quickly recognized a uniquely qualified candidate. “About 20 minutes into the meeting,” Aldridge-Eason recalled, “she stuck out her hand and said, ‘When can you start?’”

One year later, Aldridge-Eason and the people she serves agree that it’s still too soon to say how much of a difference her position is making, but early indications are positive. As noted above, cooperation between the sectors around the issue of land use is clearly on the rise. Aldridge-Eason has brokered meetings with Egner, Dan Mulhern (Governor Granholm’s husband), and several foundations to explore how Mulhern’s pet program, Mentor Michigan, can attract the level of foundation funding necessary to support 10,000 mentors for youth across the state.

Rob Collier is pleased with the streamlining effect the position has already had. “Instead of hearing from 45 different agencies and staff people, we hear from one office now on what the governor’s priorities are,” he said. Dave Egner is impressed with the way Aldridge-Eason is managing expectations on both sides of the partnership. “Government wants us to step up,” he said, “but we can’t fill in all the holes left over by budget cuts. On the other side, philanthropy isn’t always as patient as it should be, so Karen has to manage those expectations as well.” So far, Egner concluded, she is successfully serving two masters, adding, “Her position is far more art than science.”

For Aldridge-Eason, the most promising indicator thus far is an intangible: honesty. “Foun-
Foundation staff and state officials are both willing to talk to me candidly," she said. "That's the thing I'm most proud of." And as long as they keep talking, the prospects for future collaborations remain strong.

Connect Community Foundations with One Another

In the early 1980s, there were no community foundations in Michigan’s upper peninsula. Dorothy Johnson, then president of CMF, decided to visit the region to explore ways to fill this void. "I remember that trip well," she said with a chuckle, "because the heat in the plane went off and we were convinced we'd be frozen by the time we got there." Johnson met with local leaders and proposed establishing an Upper Peninsula Community Foundation to serve the entire region. "They were all very courteous," she recalled of the people in the meeting. "But they wanted a Marquette Community Foundation and forget everybody else."

Several factors combine to make this kind of provincialism almost inevitable. Most community foundations are set up to facilitate philanthropy expressly designed to serve a given city or county. Convincing these foundations to work with others outside their borders, even when potential partners are only scant miles away, can be extremely difficult. Size is another factor. With $235 million in assets, the Kalamazoo Community Foundation is among the largest in the state. "We didn't collaborate much because our needs are different than many of the smaller community foundations," said Gloria Royal, vice president of marketing communications. At the other extreme, Barry Community Foundation has assets of only $6 million and a full-time staff of two. Collaboration may be desirable, but it doesn't happen because, as executive director Bonnie Ballinger noted, "You get caught up in what you need to do on an everyday basis, especially when you're in a small shop."

At the same time, community foundations have equally compelling reasons to cooperate. Donnell Mersereau, director of community foundations for CMF, cited one region that was particularly fertile territory for collaboration. "Southwest Michigan has nine large and small foundations that are all being served by essentially the same group of professional advisors," she said. These advisers—accountants, estate planners, attorneys, insurance agents, and others—help residents in this part of Michigan connect with community foundations that can assist them with their philanthropy. The advisers, consequently, are an important audience for the foundations and a prime target for marketing efforts. "But you don't want them receiving pamphlets from nine different foundations," Mersereau explained. It's confusing for the advisers and a duplication of effort for the foundations. A joint marketing effort, she suggested, would save money and make more sense for all concerned.

Such possibilities were too good for CMF to ignore. Using a challenge grant from the Kellogg Foundation, CMF convened a conference of community foundation executives in 1998 to propose a plan that would systematize collaboration among the foundations. Regional “Team Ups” would encourage community foundations in close proximity to meet on a regular basis and explore ways to share knowledge, achieve economies of scale, and enjoy whatever other benefits emerged from consistent networking.

As Mersereau hoped, the Southwest Regional Team Up went to work on a joint marketing campaign, producing print advertisements and brochures that carried the names of all the community foundations in the region. "We produced marketing pieces that my foundation could never have afforded to produce," recalled Colleen Knight, executive director of the Branch County Community Foundation (assets:
$4 million). “Those gave us more credibility with our current donors and potential donors,” she said. Brenda Hunt, CEO of Battle Creek Community Foundation, saw a payoff for the larger players as well: “This was the very beginning of having a real collegial sense among the community foundations.”

And the collaborations have expanded beyond marketing. Pamela Jones Davidson is a nationally recognized speaker on the subject of planned giving. “There isn’t one of us who could afford her on our own,” said Hunt. “Not for five full days in the region.” With funding from all the members of the Southwest Regional Team Up, however, the foundations were able to bring in Davidson for exactly that period of time, ensuring that staff from every member organization could benefit from Davidson’s training.

Regional Team Ups may soon be appearing in other states. “As a result of the lessons learned in Michigan,” said Collier, “we have been invited to assist community foundations in Maryland, Iowa, South Carolina, and elsewhere.” And it is fitting, in a way, that other states should be looking to Michigan for guidance. When it comes to enhancing the effectiveness of foundations, the state shaped like an oven mitt appears to have the firmest grip on the task. ✆
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