



consulting

Scan of Regional Associations of Grantmakers' Principles & Practices

A report prepared for the
Forum of Regional Associations of Grantmakers

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Key Findings

Key findings on the current state of regional associations' (RAs) development, adoption and promotion of guiding principles and recommended practices for grantmakers:

- **Current RA principles.** As of April 2005, nine of the 30 regional associations of grantmakers (RAs) have developed and approved guiding principles (and sometimes recommended practices) for grantmakers, mostly within the last year, and at least two other RAs plan to do so before the end of 2005.
- **Common elements in principles.** Five elements are common to all nine sets of RA principles: maintaining respectful and constructive relationships with various stakeholder groups; providing information and being accessible and responsive; adhering to ethical behavior; reflecting diversity; and serving the public good/public trust. Four additional elements are common to most principles, and five elements are common to some or just one set of principles.
- **Condition of membership.** Four of the nine RAs that have developed guiding principles require subscription to the principles as a condition of membership, while subscription to the principles is voluntary for the other five organizations.
- **Process and region matter.** All RAs with principles stress that the process of developing the principles is just as important, if not more so, than the end result, and that there are many benefits to having principles that have been developed by funders in the region.
- **Challenge of diversity.** Most RAs found that the issue of diversity generated more discussion and debate than any other issue during the process of developing principles, but all current RA principles address the issue of diversity in some manner.
- **Challenge of keeping principles alive.** Most RAs that have developed principles and practices grapple with how to engage grantmakers in committing to the principles and implementing the practices on an ongoing basis. Several RAs are interested in exploring how to advance to the next stages of the "Public Trust Continuum," including development of a self-assessment tool and a peer review process with some type of "seal of approval" or other public recognition.
- **Barriers to developing principles.** Most RAs that have not yet developed guiding principles are committed to doing so, and say the key barrier is a lack of time and capacity.
- **Forum assistance.** Ideas for Forum assistance to help RAs develop and adopt principles include providing and/or funding: speakers on the benefits of principles; learnings from other RAs; a recommended process for developing principles; a self-assessment tool/annual checklist; marketing/communications boilerplates; and brokered technical assistance for grantmakers.

Introduction

This report summarizes the results of a scan of the current state of regional associations' (RAs) development, adoption and promotion of guiding principles and recommended practices for grantmakers.

As of April 2005, nine of the 30 RAs have developed and formally approved guiding principles (and sometimes recommended practices) for grantmakers:

- Arizona Grantmakers Forum (AGF), Phoenix, AZ.
- Council of Michigan Foundations (CMF), Grand Haven, MI.
- Delaware Valley Grantmakers (DVG), Philadelphia, PA.
- Donors Forum of Chicago (DFC), Chicago, IL.
- Metropolitan Association for Philanthropy (MAP), St. Louis, MO.
- Minnesota Council on Foundations (MCF), Minneapolis, MN.
- Ohio Grantmakers Forum (OGF), Columbus, OH.
- Southeastern Council of Foundations (SECF), Atlanta, GA.
- Southern California Grantmakers (SCG), Los Angeles, CA.

At least two other RAs — Grantmakers of Western Pennsylvania and New York Regional Association of Grantmakers — are in the process of developing principles and expect to approve them before the end of 2005. And the New Mexico Association of Grantmakers has identified a set of four values for the organization.

This report is based on a detailed analysis of current RA principles and practices, as well as on phone interviews with representatives from eight RAs that have developed principles, two RAs that are in the process of developing principles, and seven RAs that have not yet developed principles.

This report has been developed to provide background information to the Forum of Regional Associations of Grantmakers and its Effectiveness and Accountability Task Force, and to serve as an information resource for RAs.

Comparison of Regional Association Principles for Grantmakers

Table 1 provides a comparison of the key elements in all nine sets of principles developed to date by regional associations of grantmakers (see Introduction on page 3), the principles recommended by the Forum of Regional Associations of Grantmakers and the principles developed by the Council on Foundations (COF). A description of each element in Table 1 starts on page 5.

Table 1: Comparison of Regional Association Principles for Grantmakers

	MCF (Minn.)	CMF (Mich.)	AGF (Ariz.)	MAP (St. Louis)	DVG (Phila.)	SCG (S. Calif.)	OGF (Ohio)	SECF (SE U.S.)	DFC (Ill.) ¹	COF	Forum
Elements Common to <u>All</u> RA Principles											
1. Maintain respectful & constructive relationships	X	X	X	X	X	X	X	X	X ²	X	X
2. Provide information/be accessible & responsive	X	X	X	X	X	X	X	X	X	X	X
3. Adhere to ethical behavior	X	X	X	X	X	X	X	X	X	X	X
4. Reflect diversity	X	X	X	X	X	X	X	X	X	X	X
5. Serve public good/public trust	X ³	X ³	X ³	X ³	X	X ³	X ³	X	X	X ³	
Elements Common to <u>Most</u> RA Principles											
6. Fulfill fiduciary & legal responsibilities	X		X	X	X	X	X	X	X	X	
7. Have clear & purposeful grantmaking	X		X	X	X	X		X	X	X	
8. Review & evaluate	X	X	X	X	X	X			X	X	
9. Honor intent of donors/founders		X		X	X	X	X	X		X	
Elements Common to <u>Some</u> RA Principles											
10. Commit to excellence/effectiveness				X	X	X ³			X ³		
11. Have identifiable, active governing body		X			X		X		X	X	X
12. Support learning		X				X	X			X	
Elements in <u>One</u> RA's Principles											
13. Ethical fund solicitation									X		
14. Address change							X			X	

Notes:

¹ DFC's principles apply to both grantmakers and grantseeking nonprofits.

² Constructive relationships addressed in DFC's practices rather than as a principle.

³ In preamble of principles, not the principles themselves.

Elements Common to All RA Principles

1. Maintain respectful and constructive relationships. All the RA principles focus to some extent on grantmakers maintaining constructive and respectful relationships with their key stakeholders.

The principles vary in terms of the stakeholder groups they address. Nearly all of the RA principles focus on grantmakers' relationships with two stakeholder groups: grantseekers/grant applicants (mentioned in eight of the nine sets of principles) and grantees (mentioned in seven of the nine sets of principles). Four sets of principles also focus on relationships with donors and the general public, while one set of principles adds information seekers, colleague organizations and the government.

All nine sets of principles focus on grantmakers maintaining relationships with stakeholders based on "respect" or "mutual respect." In addition, seven sets of principles emphasize relationships based on "confidentiality," five principles include an additional focus on relationships based on "candor" and/or "understanding," and two principles mention "fairness" as being important to grantmakers' relationships. One set of principles also defines constructive grantmaker relationships as being based on "humility," "integrity" and "openness."

2. Provide information/be accessible and responsive. All RA principles describe the importance of funders making basic grantmaking information readily available to their constituents. Many principles identify specific types of information that grantmakers should provide, with the most common information (mentioned in six of the nine sets of principles) being about grantmakers' programs/program interests, funding priorities and application requirements.

Five of the nine sets of principles mention the need for grantmakers to be "responsive" in terms of responding to requests for information, while two sets of principles also mention the need for grantmakers to be responsive to requests for meetings. Several sets of principles describe the need for grantmakers to provide information as part of a more general principle of being "accessible."

3. Adhere to ethical behavior. All RA principles address in some way the need for grantmakers to be ethical. Seven RAs use nearly identical language to describe grantmakers' commitment to adhere to/strive for the "highest standards of ethical behavior." For the other two RAs, one describes the need for a governing body to "act at all times in an ethical manner" and the other describes the need for foundation trustees and staff to regularly discuss the "ethical issues that affect their work."

Related to ethics, six of the nine sets of RA principles include a specific reference to the need for grantmakers to maintain appropriate policies and practices around conflicts of interest.

4. Reflect diversity. All RA principles address grantmakers' responsibilities around issues of diversity and inclusiveness, although they do this in several different ways. Seven of the nine sets of principles address the issue of reflecting diversity in an organization's grantmaking, five principles specify reflecting diversity in the composition of an organization's board, and four principles also address reflecting diversity in the composition of staff/advisors.

Six of the nine RAs actually use the words “diversity” or “diverse” in their principles, and three of these six organizations use the term “cultural diversity.” Three RAs do not use the word “diversity” in their principles but still address the issue by stressing the importance of grantmakers respecting and including a wide range of perspectives, insights, opinions and experiences (consistent with language in the Forum’s recommended principles).

5. Serve public good/public trust. All RA principles include a statement about grantmakers’ commitment to serve the “public good” and/or to sustain the “public trust.” However, only three RAs address this concept as a principle, while the other six RAs address it in the preamble to their principles. Delaware Valley Grantmakers’ principles include the most direct statement about *public trust* (“We are committed to . . . an understanding that public trust in performance of our work is the bedrock of our legitimacy”). The Southeastern Council of Foundations’ principles include the most direct statement about the *public good* (“we will strive to serve the public good”).

Elements Common to Most RA Principles

6. Fulfill fiduciary and legal responsibilities. Eight of the nine sets of RA principles address grantmakers’ fiduciary and legal responsibilities.

All eight principles stress the need for grantmakers to “fulfill” or “meet” their fiduciary responsibilities, and five principles also mention the need for grantmakers to be “aware of” or “know about” their fiduciary responsibilities. Two principles frame fiduciary responsibilities under the concept of “stewardship” and one RA encourages grantmakers to meet the “highest level” of fiduciary responsibility.

On the legal side, all eight principles refer to the need for grantmakers to “fulfill” or “comply with” their legal responsibilities, and six principles also mention the need for grantmakers to be “aware of” or “know about” their legal responsibilities. Most RAs refer to compliance with “legal responsibilities” while a few refer to compliance with “laws and regulations.”

7. Have clear and purposeful grantmaking. Seven of the nine sets of RA principles include language that, in one way or another, commits grantmakers to be clear and purposeful in their work — to have a clarity of purpose. Four of the seven RAs include principles that place primary emphasis on *clarity*, stressing the need for grantmakers to be “clear” about their decision-making processes, guidelines, mission and/or goals. The other three RAs place primary emphasis on *purpose*, stressing the need for funders to be “thoughtful and purposeful about their grantmaking.”

8. Review and evaluate. Eight of the nine sets of RA principles address the need for grantmakers to periodically review and evaluate the organization and its work. Six of these eight RAs mention the need for a regular review and evaluation of a grantmaker’s mission and policies, sometimes as a part of a principle addressing the need for an identifiable and active governing body (see No. 11 on page 7). Four RAs encourage a regular review and evaluation of an organization’s funding priorities and practices.

9. Honor intent of donors/founders. Six of the nine sets of RA principles address the importance of grantmaking that “honors,” “reflects,” “is faithful to” or “consistent with” the intent of the donor. Two of these RAs also mention the need to consider the intent of the “founders” or the “founding mandates.”

Elements Common to Some RA Principles

10. Commit to excellence/effectiveness. Two RAs (Delaware Valley Grantmakers and Metropolitan Association for Philanthropy) have principles that touch on a grantmaker’s commitment to excellence or effectiveness, and MAP is the only RA to specifically mention a commitment to “strengthening” and “expanding” philanthropy as a principle. Two other RAs (Southern California Grantmakers and Donors Forum of Chicago) address this concept in the preamble to their principles.

11. Have identifiable, active governing body. Four of the nine sets of RA principles emphasize the need for a grantmaker to have an identifiable and active governing body (board, committee or other decision-making body), consistent with language in the Forum’s recommended principles.

12. Support learning. Three of the nine sets of RA principles address, in varying ways, the need for grantmakers to be learning organizations. The Ohio Grantmakers Forum and the Council of Michigan Foundations address this issue most directly with a principle to “support continuous learning by trustees, staff and grantees.” One of the Southern California Grantmakers’ principles includes a reference to “sharing knowledge and best practices” in order to ensure informed and responsible giving. The Council on Foundations’ principles address the need for adequate staff/board training, but specifically related to training on legal issues.

Elements in One RA’s Principles

13. Ethical fund solicitation. Donors Forum of Chicago is the only RA to include a principle that addresses the appropriate and ethical solicitation of funds. Since DFC is the only RA whose principles apply to both grantmakers and grantseeking nonprofits, it is not surprising that it is the only organization to address fund solicitation in its principles (although this principle could apply to community/public foundations that are within the scope of other RAs’ principles).

14. Address change. The Ohio Grantmakers Forum is the only RA with a principle referencing a commitment to address changing social conditions, as part of its principle to honor donor intent (see No. 9 above). This concept is also addressed in the national Council on Foundations’ principles.

Table 2: Characteristics of RA Principles & Practices

	MCF (Minn.)	CMF (Mich.)	AGF (Ariz.)	MAP (St. Louis)	DVG (Phila.)	SCG (S. Calif.)	OGF (Ohio)	SECF (SE U.S.)	DFC (Ill.)
Month/year approved	6/1996	11/2003	11/2003	5/2004	9/2004	9/2004	9/2004	1/2005	2/2005
Number of guiding principles	8	7	8	8	8	4	8	6	10
Set of accompanying practices?	Y	Y	N	N	N	N	Y ¹	N	Y
Practices by grantmaker type?	Y	N	N	N	N	N	Y ¹	N	N
Condition of membership?	Y	Y	N	N	N	N	Y	N	Y ²

Notes:

¹ OGF is currently developing recommended practices by grantmaker type, to be completed by the end of 2005.

² Currently all DFC members are required to subscribe to the national Council on Foundations' Recommend Principles and Practices for Effective Grantmaking as a condition of membership. To date DFC does not require grantmakers to subscribe to the Illinois Nonprofit Principles and Best Practices as a condition of membership.

Key Learnings

RAs that have gone through the process of developing, approving and promoting guiding principles and recommended practices report the following key learnings from the process:

Developing & Approving Principles

- **Process is important.** Most RAs report that the process they went through to develop the principles was just as important, if not more important, than the end result. The process tends to be a useful learning opportunity for grantmakers and RA staff, helps engage RA members in understanding the need for principles and practices, and facilitates grantmakers' buy-in of the final principles and practices. On the other hand, a few RAs caution that too much process could drag out the development of principles and practices beyond a reasonable timeframe.
- **Region matters.** Funders are more likely to accept and become engaged in principles and practices that have been developed by peers in their region (rather than by a national group or an RA in another region). Region-focused principles and practices can also generate greater interest among some of an RA's key external stakeholders, particularly legislators and media representatives.
- **Engaging grantmakers is important.** When developing principles and practices, it is important to offer grantmakers multiple opportunities to provide input to the process. This allows grantmakers to take more ownership of the principles and practices and will yield a better end result (see step 3 on page 13 for more on this topic).
- **Involve all grantmaker types.** When developing principles and practices, it is important that the process involves representatives of all major types of grantmakers (corporate, family, independent, community/public), since some principles and practices may affect different types of grantmakers in different ways or may not be relevant to all grantmaker types. Include representatives of each grantmaker type on the task force or committee developing the principles, and take steps to hear from all grantmaker types when soliciting input from members.
- **Practices are important.** Those RAs that have developed recommended practices/implementation approaches for each principle (see Table 2 on page 8) believe that the practices are critical to the success of the principles. The guiding principles tend to be fairly general statements that everyone can agree to, but the practices help make the principles relevant for grantmakers by illustrating practical ways for them to carry out the spirit of the principles in their day-to-day work. The Minnesota Council on Foundations has developed separate sets of practices for the four major grantmaker types, and it has found that this segmentation has further enhanced the usefulness and relevancy of the principles for its members. Ohio Grantmakers Forum is currently in the process of developing similar sets of practices by grantmaker type.
- **Use bubble-up vs. top-down approach.** Allow the need for principles and practices to bubble up from the RA membership rather than to be initiated by RA staff. This will facilitate members' participation in the process and their acceptance of the end result. For example, several RAs planted the seeds for developing principles and practices by first inviting some experts to speak at programs and/or facilitate dialogues on accountability and principles, which led to members asking the RA to take leadership on the issue.

- **Avoid “wordsmithing by committee.”** Several RAs assigned a subgroup of its principles task force to be responsible for writing the draft(s) of the principles and practices, in order to expedite the process and save minimize the time commitment of the full task force. When the full task force writes the principles and practices, the activity can result in “wordsmithing by committee” that can become quite time-intensive.
- **Be proactive, not defensive.** When developing principles and practices, don’t position them as a defensive action due to abuses of a few foundations, but rather as a positive and proactive stance for the field.

Promoting Principles

- **It takes time to roll out.** Many RAs have learned that it takes more time than they expected to roll out the principles and practices in their region and to engage grantmakers in subscribing to the principles — It doesn’t happen overnight. This is particularly true if adherence to the principles is a condition of RA membership. For example, the Minnesota Council on Foundations requires that each member’s board signs off on the principles each year. Since many foundation boards only meet once a year, after unveiling its principles MCF allowed two years for its members to subscribe to them for the first time.
- **In promoting principles, a carrot works better than a stick.** When trying to engage grantmakers with principles and practices, several RAs have learned that encouragement strategies work better than threatening strategies. For example, grantmakers don’t respond well when told they must adhere to the principles and practices in order to avoid further scrutiny from legislators, media and the public and/or to avoid additional laws and regulations. Grantmakers are more likely to become engaged if the principles are positioned as a useful tool that can help increase the effectiveness of their grantmaking or if the principles are promoted as simply “the right thing to do.”
- **A useful tool for new foundations.** Some RAs have discovered that newly formed foundations find the principles and practices to be a useful tool in providing guidance on the right way to set up and operate their foundation from day one. So in some cases the principles and practices might become an effective membership recruiting tool.
- **Principles can be open to interpretation.** RAs should be willing to show some flexibility in helping grantmakers work with the principles, since the language in the principles can often be open to different interpretations. This can be particularly true if subscription to the principles is a requirement of RA membership. For example, Ohio Grantmakers Forum received an inquiry from a member who wanted to know what OGF meant by the word “active” in the principle that requires grantmakers to have an “active governing board.” The word “active” can mean different things to different people, and OGF responded that the member needed to decide for itself how to interpret “active” given the foundation’s specific structure and circumstances. Having a set of recommended practices can also help funders to interpret and understand each principle.

Key Challenges

RAs that have gone through the process of developing and approving guiding principles and recommended practices report the following key challenges from the process:

- **Diversity.** Most RAs found that the issue of diversity generated more discussion and debate than any other issue during the process. (But as noted on page 5, all current RA principles address the issue of diversity in some form.) Family foundations tend to express the greatest concerns about principles that address diversity, in part due to the fact that it is difficult for most family foundation boards to represent strong ethnic/racial diversity. RAs have addressed such concerns in several ways: by including qualifying language in the principles to note that foundations must strive for diversity “within the limits of their charters”; by noting in the principles that grantmakers can strive for diversity not just with their boards and staffs but also with their advisors and consultants and through their grantmaking; and by writing the principles to include a broad definition of “diversity” that goes beyond racial/ethnic composition to also include a diversity of perspectives, insights, opinions and experiences. Two RAs made an intentional decision to address the spirit of diversity in their principles without using the word “diversity,” since they felt that the word can sometimes trigger emotions and reactions that can distract from the issue and goals being addressed.
- **Ethical investing.** Two RAs report that the issue of socially responsible/ethical investing generated a fair amount of discussion and debate during the principles development process. Many funders felt that telling them how they should invest their money went too far, and in the end that argument carried the debate. Both RAs ended up not including the issue in their principles.
- **Continuous learning.** Ohio Grantmakers Forum is one of three RAs to include a principle focused on a commitment to continuous learning (see Table 1 on page 4), and it found that this issue generated more discussion than most other issues during the principles development process. Some committee members felt that this principle went too far in terms of prescribing learning for grantmakers, but a larger number of members believed that a commitment to continuous learning is what sets OGF members apart from other funders and that learning is a central function for OGF.
- **Engaging funders that don’t accept unsolicited proposals.** Many RA principles and practices focus in part on grantmakers’ dealings with grantseeking nonprofits. But these aspects of the principles and practices don’t hold much relevancy for the many foundations (primarily smaller and non-staffed foundations) that don’t accept unsolicited grant proposals and thus are not engaged in the grantmaker-grantseeker dynamic. RAs may need to develop different sets of practices or different promotion strategies to engage this group of funders.
- **Engaging non-members.** All RAs currently focus most of their efforts on encouraging the adoption and adherence to the principles among their membership, and struggle with ways to extend these efforts to non-members — who as a group are perhaps most in need of guidance on ethics and standards for philanthropy. RAs have some tools at their disposal to encourage their members to adopt and adhere to the principles, but don’t have any effective “carrots” to encourage non-member grantmakers to participate. RAs may want to work together to develop strategies for non-member outreach. As one example, in 2005 the Minnesota Council on Foundations plans to reach out to non-members by conducting a series of seminars around the state, in conjunction with the Minnesota Attorney General’s Office, to cover both foundation law and grantmaker ethics.

Engaging Grantmakers in Principles & Practices

Most RAs that have developed guiding principles and recommended practices grapple with how to engage grantmakers in committing to the principles and implementing the practices on an ongoing basis. The biggest concern is that grantmakers will subscribe to the principles once and then forget about them. In the philanthropy field, there are currently no motivators — accreditation requirements, government regulations, etc. — that require grantmakers to subscribe to principles and engage in best practices to implement those principles.

Principles and practices can be used in the middle stages of a nine-stage continuum of oversight and regulation for ensuring that grantmakers uphold the public trust (see Table 3 below). Five of the nine RAs that have developed principles are in Stage 3 of this “Public Trust Continuum,” where adherence to the principles is strictly voluntary. The other four RAs are in Stage 4 of the continuum, requiring subscription to the principles as a condition of membership in their association (see Table 2 on page 8).

The Minnesota Council on Foundations has been requiring subscription to its principles as a condition of membership longer than any other RA (since 1998). MCF requires its members to subscribe to its principles every year when they renew their MCF membership, and is a strong believer in this strategy as a way to “give more teeth” to the principles. The biggest fear of most RAs about this strategy is that it will lead to a loss of members, but MCF has not had this experience. MCF knows of just one organization that dropped its membership rather than subscribe to the principles, and knows of perhaps one or two other foundations that did not join MCF due in part to the principles requirement. MCF’s overall membership ranks have increased steadily since its principles were introduced in 1996.

MCF and a few other RAs have had some initial discussions about advancing to the next stages of the “Public Trust Continuum.” Some RAs are interested in the possible development of a self-assessment tool that a grantmaker can use (on a voluntary basis) to help determine how well it is meeting the principles and engaging in best practices to implement the principles (Stage 5). Some RAs are also interested in exploring a move to the next stage in the continuum (Stage 6), where a funder participates in a peer review of its organization against the principles and practices and perhaps receives some type of “seal of approval” or other public recognition if it passes the review.

Table 3: A Continuum for Upholding the Public Trust of Grantmakers

		← Use Principles & Practices →						
Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7	Stage 8	Stage 9
Abide by current laws	Provide education on legal issues & best practices	Voluntary adherence to principles & practices	Subscribe to principles as condition of RA membership	Self-assessment	Peer review & recognition	Oversight by the field	Congress creates new laws	Increased government regulation & oversight



Lower Oversight & Regulation
Higher Oversight & Regulation

(Source: Minnesota Council on Foundations)

Principles & Practices Development Process

The processes that have been used by RAs to develop their guiding principles and practices have tended to have the following key steps and characteristics in common:

Step 1: Form a committee or task force.

An RA typically forms a principles committee or task force to help guide the development of its principles and practices. In most cases this group is comprised primarily if not entirely by grantmakers that are RA members, including RA board members, and some RAs have included nonprofit, community and/or government leaders in the group (Donors Forum of Chicago's task force included the head of the Illinois Attorney General Charitable Trust Bureau). Most RAs take great pains to ensure that the members of the principles committee are sufficiently diverse in terms of including both staff and board members and representing the various sizes, types and geographic locations of grantmakers in the region. The size of this group has varied from RA to RA, from a low of six members to a high of 29 members.

The composition of this group can play a key role in the effectiveness of the process and in how well the principles and practices are accepted by grantmakers in the region, and most RAs try to be strategic in forming the group. For example, the Council of Michigan Foundations intentionally placed on its principles committee several grantmakers who are well-known critics of any type of intervention or regulation. By the end of the process, these committee members were some of the most vocal supporters of CMF's principles, which helped increase acceptance of the principles by other grantmakers in the region.

At the start of the process most RAs have provided committee members with background materials on principles and practices, including samples from other organizations, relevant articles and other reading materials.

Step 2: Research and create principles and practices draft.

RA staff work with the committee, or a subgroup of the committee, to create an initial principles and practices draft. This step typically involves reviewing existing grantmaker principles and practices from other RAs, the Council on Foundations, Independent Sector and other groups as appropriate. The full principles committee then reviews the draft and makes appropriate changes, perhaps going through one or several draft iterations over a series of meetings.

At this step some RAs have done additional background research to inform the process. For example, the Minnesota Council on Foundations conducted focus group meetings with nonprofit representatives to hear their suggestions for improving the grantmaker-grantseeker relationship.

Step 3: Solicit feedback and input.

After developing a good working draft of the principles and practices, the principles committee solicits feedback on the draft from its key stakeholders — primarily RA members. As noted on page 9, many RAs have found it important to offer grantmakers multiple opportunities to provide input to the process. This allows funders to take more ownership of the principles and practices and can help yield a better end result.

The most successful methods for soliciting feedback from grantmakers on draft principles and practices tend to be in-person opportunities where they can interact with others, such as through small group discussions at an RA conference or annual meeting; listening sessions in a community (Donors Forum of Chicago held listening sessions in five Illinois communities for separate groups of grantmaking staff members, trustees and nonprofits); or small task forces formed to address a specific aspect of the principles and practices (the Minnesota Council on Foundations formed four small work groups to provide input to its practices for the four major grantmaker types). Less successful methods tend to be non-interactive ones that ask grantmakers to comment on draft principles and practices printed in a member newsletter or posted on an RA's website.

Some RAs have hired consultants to help them with Steps 2 & 3 of the process, to help facilitate feedback sessions and to work with RA staff to develop and refine drafts of the principles and practices.

RAs have varied in terms of the type and number of opportunities they have offered members and other stakeholders to comment on the draft principles and practices. Some offered one or two opportunities for input, while others offered more than ten different opportunities.

Step 4: Finalize principles and practices.

The principles committee reviews all the input it has received on the draft principles and practices and develops a final draft.

Step 5: Board approval.

The principles committee presents the final draft of the principles and practices to the RA board for approval. The board may make some final changes to the principles and practices or approve them as is. When approving the principles and practices, the board also determines how it plans to use them within the Public Trust Continuum (see page 12). A key decision is whether or not the principles and practices should be a condition of RA membership (sometimes this issue is decided by the board and/or the principles committee at the start of the process). The board may also want to discuss whether it would like to explore using the principles and practices as part of a self-assessment or peer review process.

Step 6: Roll out principles and practices.

The RA develops and implements a communications strategy to unveil the principles and practices to its members and other key stakeholders, particularly nonprofits and the local media. The RA should offer several opportunities for its members to learn about the principles and practices, including through member newsletters, programs, the website, etc. If the RA plans to make adherence to the principles a condition of membership, it may want to consider holding one-on-one meetings with at least its largest members.

Members of the RA's board and principles committee are usually involved in the roll-out process. Grantmakers will tend to become much more engaged in the principles and practices if the roll-out communications come from their grantmaking peers rather than RA staff.

Step 7: Ongoing promotion and engagement.

RAs agree that developing principles and practices is an easy task compared with the ongoing challenge of engaging grantmakers to instill the principles and practices into their day-to-day work — so that the principle and practices don't just sit on the shelf collecting dust. The Minnesota Council on Foundations has had the most experience in this area, and has learned some strategies and tactics that work:

- **Provide framed principles.** After a grantmaker informs MCF that it has subscribed to the principles for the first time, MCF sends the grantmaker a framed, high-quality poster of the principles. Most funders hang the framed poster in their office lobby, and it has become an important symbol that adherence to the principles is something to display visibly and with pride.
- **Offer suggestions for displaying the principles.** In addition to the framed principles, MCF has offered its members a list of other suggestions for promoting their subscription to the principles, such as by listing the principles on their website (or linking to MCF's website) and printing them in their annual report. Many MCF members have implemented these suggestions.
- **Incorporate principles into communications and programs.** MCF continually incorporates its principles and practices into its communications and programming, to keep the principles and practices in front of its members and demonstrate their relevancy to members' grantmaking work. For example, in late 2003 MCF used its member newsletter to begin publishing a "What Every Grantmaker Should Know" series of in-depth articles that weave together federal and state foundation law and MCF's principles and practices to help grantmakers understand both their legal and ethical obligations as responsible grantmakers.
- **Promoting principles in the media.** MCF has implemented an ongoing media strategy to include key messages around the principles and practices in local news stories and to focus op-ed pieces on the principles, in part to help increase visibility of the principles among Minnesota grantmakers.
- **Provide online principles and practices resources.** MCF created a special page on its website for resources related to its principles and practices.
- **Require annual subscription.** MCF requires subscription to its principles as a condition of membership, and requires its members to re-subscribe to its principles every year when they renew their membership. This ensures that the principles are in front of each MCF member at least once a year.

In Illinois, the Donors Forum of Chicago has enlisted the help of the Illinois Attorney General to promote its principles and practices. Although the AG's Office cannot risk its objectivity by endorsing the principles and practices, the Attorney General's Charitable Advisory Council has recommended DFC's principles and practices as a guide for governance, management and legal compliance for Illinois nonprofits, and provides a link to the principles and practices from the AG website.

Length of Time

The length of time required to go through the entire process of developing and rolling out guiding principles and practices has ranged from a few months to 16 months among the RAs that have completed the process to date.

Barriers & Forum Assistance

RAs face some common barriers to developing principles and practices and have several ideas for how the Forum can assist them with this effort, according to interviews with representatives of seven of the approximately 20 RAs that have not yet developed principles and practices:

Barriers

Most of the RAs interviewed share a belief in the importance of developing guiding principles for their organizations and share a commitment to making this happen. They identified one or more of the following key reasons why they have not yet developed principles:

- **Lack of time and capacity.** Most RAs noted that despite their commitment to develop principles, other projects and issues have taken greater priority and they have not had the time and capacity to address this issue. Several RAs said that the issue of principles has been on their radar and agenda for several years, but it keeps getting pushed to the back burner as they address issues of greater urgency or strategic importance.
- **Lack of urgency and awareness.** Some RAs' boards and/or members have been slow to become aware of the importance of principles and to develop a sense of urgency about the issue. This lack of awareness and urgency tends to be more of a factor with RAs whose membership includes a larger proportion of smaller, unstaffed foundations, which tend to be more content with the status quo, and/or with RAs that are located in states where the Attorney General is not focused on the issue.
- **Lack of interest.** One RA said it was unlikely to develop guiding principles because foundations in its region tend to be very independent-minded and the organization has a long history of "not telling people what to do." This RA is interested in demonstrating best practices for grantmakers but does not want to appear to be prescribing what grantmakers should do.

Forum Assistance

RAs identified several types of assistance from the Forum that would be helpful to them in developing principles and practices:

- **Speakers on principles.** Identify and fund a good, respected speaker(s) from outside the region (from an RA and/or from a grantmaking organization) to speak to an RA's members about the importance of developing principles and the benefits to the RA and its members. This can help an RA set the stage for developing its own principles, and provide some objective outside assistance to take some of the "heat" off an RA's CEO in pushing the issue. This strategy has been successful for several RAs that have already developed principles. The Forum can help identify the speaker(s), develop the program format and provide funding to cover travel expenses and speaker fees.
- **Principles examples.** All RAs would like to have easy access to copies of all the principles that have been developed to date by other RAs, to review and use as a starting point for their development process.

- **Recommended process.** Document a recommended process that RAs can follow to develop principles and practices.
- **Learnings from other RAs.** Document the key learnings from other RAs that have gone through the process of developing principles, including:
 - What works and doesn't work.
 - Key challenges.
 - The impact on membership of requiring subscription to principles as a condition of membership.
 - How to handle non-compliance/enforcement. For example, how do RAs plan to deal with grantmakers that have subscribed to an RA's principles but have been found to violate one or more of those principles. What type of enforcement role does the RA play? Are there sanctions involved?
 - How to promote the principles to grantmakers and other stakeholder groups.
- **Marketing/communications boilerplates.** Provide samples of language and tools to help an RA promote and communicate the principles to its members as well as to various external stakeholders (community, legislators, media, nonprofits). It would be helpful to have examples of how to communicate and promote the principles to external stakeholders using language that is short, simple, easy to understand, and targeted to each stakeholder group.
- **Self-assessment tool.** Provide a self-assessment tool or checklist that RAs can offer to their members to help a grantmaker determine how well it is meeting the principles and engaging in best practices to implement the principles (see the "Engaging Grantmakers in Principles & Practices" section on page 12). For smaller foundations, a simple annual checklist could be particularly helpful without being too onerous. An RA could provide the checklist to its members each year, along with information on how to receive discounted technical assistance (see "brokered technical assistance" below).
- **Brokered technical assistance.** The Forum could broker discounted technical assistance that RAs could offer to their members to answer grantmakers' basic legal and ethical questions. Many smaller foundations rely on advisors who are not always knowledgeable or up-to-date on these issues. The brokered service would give foundations easy access to reliable, qualified assistance at a reasonable rate.

Appendix I: Current RA Principles & Practices

Web addresses to download the principles and practices that have been developed and approved by regional associations of grantmakers as of April 2005:

- Arizona Grantmakers Forum (AGF), Phoenix, AZ:
www.arizonagrantmakersforum.org/principles.asp
- Council of Michigan Foundations (CMF), Grand Haven, MI:
www.cmif.org/About_Principles.htm
- Delaware Valley Grantmakers (DVG), Philadelphia, PA:
www.dvg.org/news_media/Guiding%20Principles%20FINAL%20w%20Logo.pdf
- Donors Forum of Chicago (DFC), Chicago, IL:
www.donorsforum.org/publictrust/principles.html
- Metropolitan Association for Philanthropy (MAP), St. Louis, MO:
www.mapstl.org/documents/MAPPrinciples-approved5-04.doc
- Minnesota Council on Foundations (MCF), Minneapolis, MN:
www.mcf.org/mcf/about/principle.htm
- Ohio Grantmakers Forum (OGF), Columbus, OH:
www.ohiograntmakers.org/page5330.cfm
- Southeastern Council of Foundations (SECF), Atlanta, GA:
www.givingforum.org/cgi-bin/doc_rep/public/file.pl/3342/secf.statement.of.principles.1.20.05.doc
- Southern California Grantmakers (SCG), Los Angeles, CA:
www.socalgrantmakers.org/About+SCG/Vision+Mission+Values+Principles/default.aspx

Links to these principles and practices can also be found on the website of the Forum of Regional Associations of Grantmakers at: www.givingforum.org/policy/rasandpublicpolicy.html



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