The Community Foundation of Frederick County

Strategic Planning Report and Recommendations

June 2, 2015
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I. STRATEGIC PLANNING PROCESS

The strategic planning process for the Community Foundation of Frederick County included the following steps:

- Review of The Community Foundation of Frederick County’s previous strategic plan
- Review of 5-year “lookback” data
- Phone interviews with management/key board members between February 9-13, 2015
- Phone interviews of 28 key constituents between March 6-23, 2015
- Review of staff prepared SWOT analysis
- Online survey of Board of Trustees on strategic plan related issues conducted from March 29-April 8.
- Online survey of Board of Trustees on the Community Foundation’s “Ideal Donor” conducted from April 28-May 5, 2015.
- Board retreat conducted April 24 & May 8, 2015.

The following report is based on our work throughout the entirety of the process.

II. THE FOUNDATION TODAY

The Community Foundation of Frederick County will celebrate its 30th anniversary in 2016 and has exceeded $100-million in assets. Long thought of as a place to go to facilitate giving – particularly for scholarship funds – the Community Foundation has been working to raise its profile as a “recognized catalyst” and strategic grantmaker in the community. While the Community Foundation was engaged in some of this work previously, its last strategic planning process in 2012 helped formalize this shift.

In our experience, many community foundations of this age and size attempt to follow a similar path and trajectory, but that doesn’t mean this transition is an easy one to navigate. On the contrary, because community foundations operate at the intersection of their history, vision and the history they are making each day, pivoting in this manner can cause significant challenges even for successful foundations like this one.

The Perception of The Community Foundation’s Primary Role

It is clear that the community foundation is still in the very early stages of a shift in perception by its key constituents. It received very high ratings in our interviews, especially as the “focal point to receive, manage and distribute money in a responsible manner.” When asked to name the first thing that came to mind when they thought of the community foundation, most interviewees thought of it as being a facility for giving, particularly for scholarships and for those who want to give smaller dollar amounts. Some interviewees liked the idea of the Community Foundation identifying and acting on community needs in the long-term, but this wasn’t seen by most as its primary role.
today. There was also some hesitation expressed by a small minority of our interviewees that the Community Foundation should be careful not to make donors feel that giving to its identified priorities is more important than what the donor believes needs to be done.

In thinking about the Community Foundation’s current and long-term role, board members recognized this shift, but also the importance of the Community Foundation maintaining its primary role of “matching donors with critical community needs.”

As for the Community Foundation’s strategic grantmaking, it appears to be working in areas of critical need for the community as affordable housing was frequently mentioned as being the most critical community need by interviewees. However, most did not know whether the Community Foundation was playing a role on the issue (It is. Housing is one of the Community Foundation’s three areas of focus for its strategic grants).

The staff of the Community Foundation is seen as another strength. President & CEO Betsy Day was often heralded as a nonprofit leader, while its staff was frequently praised for being responsive and open to new ideas and suggestions for improvement.

**The Impact of Growth/Community Leadership on Organizational Capacity**

Growth – both in the size of the Community Foundation’s assets and the scope of its work – will be a continual challenge for the organization moving forward (as it is for most community foundations). The good news is we have seen little to indicate that things are “falling through the cracks” with donors. However, the Community Foundation’s large volume of grants does create a challenge for it to have the time to do significant grantee evaluation or follow-up.

While this area bears watching, we are not suggesting further scrutiny of staff as a solution. Instead, it’s likely time for the Community Foundation to make further choices about its work. For example, the Community Foundation’s action plan contains over 30 steps/tactics identified in three major areas of work – donor initiatives, strategic grantmaking, and its business model. While this is laudable (and ambitious), it is also likely too diffuse to be effective in the long-term. Having clarity of focus is a key ingredient for success for every growing community foundation. It not only helps lessen the capacity burden in the short-term, but also provides a roadmap for how to build capacity long-term.

The Community Foundation seeks to be an organization that provides accountability for donor dollars in the community and ethical stewardship of the funds in its care. In the Board survey, protecting this reputation was seen as being almost as important to the Community Foundation’s success as growing assets and its ability to impact the community. This is a high standard to live up to and one to which every community foundation should attempt to fulfill. However, the Community Foundation will have to take care not to create an expectation for grantee accountability that its capacity prevents it from reaching.

Community foundations, at their core, are a relationship-based business. As this
foundation continues to grow, it will also be challenged to make sure it has the time needed for the “care and feeding” of its donors and the professional advisors who recommend them. Creating systems and processes that help it deal with its large volume of work is important, but these should not detract from the “personal touch” it has been known for since its inception. For example, the scholarship program was once done by hand with copies made and sorted for each fund. Volunteers would take the packets and make their recommendations accordingly. Today, the sheer volume of that work (246 funds, over 400 awards annually) means that the process must be automated. As one interviewee said, “As a volunteer it’s beautiful, but as a donor, it’s sad.”

**The Issue of Succession**
We did hear limited feedback on the issue of succession from those we interviewed, but the issue seems to be based mainly on Betsy Day’s length of tenure as CEO of the Community Foundation. Interviewees want to make sure they continue to receive the same high quality service and support they have come to expect from the organization in the future.

Regardless of whether there is a successor to the CEO on staff currently, staff appear to have the experience and capability needed to keep the Community Foundation running during a short-term period of transition. In fact, the Community Foundation has already addressed this issue with its emergency transition plan.

Trying to plan today for the CEO transition in the long-term is especially challenging. Many community foundations of this size and age have staff that are increasingly specialized in their work, making it difficult to determine whether someone has the skills necessary to become the next CEO. We have also seen cases where designating someone as the “CEO in waiting” (either an internal candidate or someone hired from the outside) can undermine the authority of the current CEO.

In our view, the best planning community foundations can do is to identify the steps it will take to hire the new CEO and then base that hiring on what is needed by the organization at that point in time. In addition, it is important to make sure the organization’s institutional memory is preserved through good written documentation and by sharing key donor relationships with more than one person. This ensures that the departure of any long time staff member – whether the CEO or someone else – does not cause a temporary scramble for information or lapse in relationships.
III. Business Landscape

At the board retreat on April 24, 2015, the Board of Trustees discussed a number of issues related to the business landscape that should be kept in mind as the organization moves forward:

- The way the Community Foundation defines success/impact.
- Maintaining the Community Foundation’s reputation and the trust of the community, including the positive connections enjoyed with many donors.
- Frederick County is undergoing significant change and evolution. Several factors were noted by the Board as impacting the community:
  - An aging population with many recent retirees who may want information about charitable giving;
  - The transfer of wealth and the perception that the “next generation” may not value creating a “legacy” in the same way that the current generation does.
  - The number of new residents moving into the community;
  - Changes in health care delivery for the uninsured in Maryland;
  - Transition of local government leadership and funding.
- Educating both professional advisors and potential donors about community needs and the Community Foundation’s role as a knowledgeable resource. The needs assessment in particular was mentioned as a tool in this area. There was discussion of possibly expanding the needs assessment to include other “needs” in the community.
- Providing leadership and convening in the nonprofit sector. There are many small nonprofits in the community, and more leadership is needed in subject matter areas, like homelessness.

Consultant’s notes: The above list provides a great overview of the Board’s view of the foundation and the community it serves. It may be worth reviewing this list on an ongoing basis to determine if any major shifts have occurred in the community or the organization that might dictate further changes in strategy.
IV. Vision

In 2020, the Community Foundation of Frederick County will:

- Be a responsive, nimble, donor focused organization that exists as a partner/resource for grantees, donors and the community;
- Be an organization that proactively uses its leadership, knowledge and resources to make a measurable difference in the community’s quality of life;
- Have a high level of trust as good stewards; and,
- Be financially strong, stable and cost effective.

Consultant’s comments: On the second day of the retreat, there were two comments made relative to potential changes the board should consider to the above statement, which was developed on the first day of the retreat:

- Either take “donor focused” out, or focus on community, or just take out the word donor from the first bullet point.
- Don’t move away from caring about donor to focus on community, this would be a mistake, but the organization should have a more balanced approach between the two.

This vision appears to align well with the graphic that was shared with the board at the retreat (see Figure 1 below). It’s important to keep in mind that this type of shift (from the black or green oval to the red oval) is not an easy one to make. It takes diligence, discipline and a commitment to move away from “transactional” or fiscal agent activities toward more “transformational” activities with donors and in the community. For context, the notes from the vision discussion are attached later in this document. The board should review, make any changes and approve the above vision statement.

*Figure 1 – What is our primary role today and in 10 years?*

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1 Black oval represents the board’s view of The Community Foundation’s primary role today, the red oval is the board’s view of the primary role in 10 years, while the green oval is Ekstrom Alley Clontz & Associates’ view of the organization today.
Ekstrom Alley Clontz & Associates shared two additional graphics with the board during the second day of the retreat May 8. These two “word clouds” provide additional context for the vision statement developed above. The first “cloud” is based on the vision discussion conducted by the board during the first day of the retreat April 24 (Figure 2), while the second is based on the constituent interviews conducted by Ekstrom Alley Clontz & Associates earlier in the process (Figure 3).

**Figure 2 - April 24 Vision Discussion Word Cloud**

![April 24 Vision Discussion Word Cloud](image)

**Figure 3 - Constituent Interviews Word Cloud**

![Constituent Interviews Word Cloud](image)

**Consultant's comments:** Either or both of these graphics could be used by The Community Foundation to help describe the broad scope of its work in the community.

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2 A “word cloud” is an image composed of words used in a particular text or subject, in which the size of each word indicates its frequency or importance.
V. Contradictions

The strategy and actions The Community Foundation of Frederick County chooses to undertake lay out the pathway to move forward and achieve its vision. To be effective, these must also take into account current organizational characteristics that may resist forward movement. At the same time, strategy should take into account strengths and advantages, inherent or otherwise, that can be leveraged. The Board identified the following contradictions that should be kept in mind as the Community Foundation moves forward:

Potential Roadblocks:
- Having enough time for 1-on-1 strategic conversations with donors.
- Need for continued streamlining of scholarship work.
- Awareness/education about the Community Foundation in the community. The need to have clear communication:
  - On goals/messages
  - For various audiences, including professional advisors
  - Through various media/channels
  - To describe the connection between donors and grantees

Strengths/Advantages to Build on:
- Trust, reputation - structure/integrity/management of our funds, including strong internal systems.
- Financial stability of organization.
- We are following the strategic plan.
- Solid leadership among board, staff, volunteers

Consultant’s Comments: Many of the potential roadblocks could become strengths if the Community Foundation can successfully address them. For example, the continued streamlining of the scholarship work can help free up time for the 1-on-1 strategic conversations with donors. These conversations should also help the foundation refine its messages more clearly.

VI. Ideal Donor

To reach its vision, The Community Foundation of Frederick County will need to focus its development efforts on attracting its “ideal” donor. This issue was discussed on the second day of the retreat and was preceded with a survey to the Board of Trustees. In that survey, board members identified the following as potential targets:

- Preferred asset mix annually - $10-million in Donor Advised Funds & $5-million in Flexible Funds
• The ideal fund - $1-million endowed Donor Advised Fund or a $1.5-million non-endowed Donor Advised Fund
• Ideal Donor – A $1-million gift from one donor, or 4 donors giving $250,000
• Ideal donor mix – 50% High Net Worth ($3-million+ in net worth)/25% Medium Net Worth ($1-million-$3-million in net worth)/25% Low Net Worth (below $1-million in net worth)

The Board described the “ideal” donor as follows:

• Gift of $1-million or more creating a Donor Advised Fund
• Age 60-65 & up
• Living
• Someone who is open to a conversation about Community Foundation identified needs.
• Someone who cares deeply about Frederick or is intensely interested in Frederick County.
• Married, with no or few children, possibly single
• Have a life/taxable event, for example: selling business
• Charitable intent is not yet well defined.
• Net Worth - $7-10M
• Worth may be: inherited from sale of land/business, business owner, entrepreneurs, retired teachers.
• How to contact: Patent attorneys/intellectual property attorneys, Broker/financial advisor, CPA, Estate planning attorneys, Corporate/business attorneys, real estate agents, current donors.

Consultant Comments: For every community foundation, the three most important referral sources for new funds are professional advisors, current donors and the foundation’s own board. The board should be actively engaged in identifying and making contact with those donors and professional advisors who fit the profile described above. Identifying your “A-list” advisors – those that either have been, or are most likely to, recommend that their clients who are “ideal donors” use the Foundation – is particularly important, especially if you wish to get more donors who fit this profile.
VII. Strategic Directions/Next Steps

To reach its vision, the Foundation will pursue the following strategic directions:

**SD 1 – Increase our capacity to serve.**

Next Step 1 - Look for opportunities to create impact and efficiency using technology.

**Responsibility:** ?, Staff member (to coordinate/carry out the work)
 ?, Board of Directors (for Board accountability)

**Deadline:** By June 30, 2016

**Measurement:** Implementation of new technology.
 Donor satisfaction measurements.

**Consultant’s Comments:** There were several additional comments made related to this particular item. It is hoped that the technology would do the following:

- Take into account the impact on existing recipients of information.
- Improve outreach/connectivity for new donors.
- Maintain the Foundation’s reputation for integrity.

This is an important item for The Community Foundation’s long-term capacity, but implementing new technology is a very time consuming process that won’t immediately pay dividends in increased efficiencies. It’s important to think through why it is needed, who will be using it and how to ensure that the right product is purchased and implemented. This is also the time that many community foundations find that their existing data will need to be reviewed and cleaned up before moving to any new system.

Next Step 2 - Actively approach potential ideal donors.

**Responsibility:** ?, Staff Member (to coordinate/carry out the work)
 ?, Board Member (for Board accountability)

**Deadline:** December 31, 2015

**Measurement:** Initial 12-15 ideal donors and professional advisors identified, with at least 50% of these being HNW.
 Initial contacts made and information gathered.

**Consultant’s Comments:** The Community Foundation must be able to attract and retain its ideal donors if it is to reach its vision. Not only will these contacts build key relationships for the foundation, they may also help inform the kinds of issues the foundation wishes to address in the community in the future. Finding a way to incorporate the vision(s) of your donors into your work creates a partnership that benefits the donor, the foundation and the community. It has the added benefit of creating donors who are “raving fans” of the Community Foundation. This approach can create the best marketing and sales force that money can’t buy.
While staff can do the initial legwork by combing through the foundation’s database to identify these donors, the board should be actively engaged in this work as well. For example, with current donors who fit the profile, board members can call and say thank you and find out what these donors would like to see the foundation do. It’s a good idea to incorporate some mechanism for reporting on these conversations and discussing potential implications for the foundation into future board meetings.

SD 2 – Lead for impact.

Next Step 1 - Create an ongoing process for identifying and prioritizing community needs.

Responsibility: ? Staff Member (to coordinate/carry out the work) 
?, Board Member (for Board accountability)
Deadline: December 31, 2016
Measurement: Initial process developed and needs chosen
Ongoing process conducted
Impact measurements as defined below

Consultant’s comments: This has the potential to be a tremendously time consuming piece of work for the foundation, but it’s important to take the time necessary to do it right. This isn’t just about creating the process, but how you go about doing it. This a unique opportunity to engage donors, potential donors, partners, potential strategic partners and other community leaders. Board members also talked about the importance of further defining what the foundation’s leadership role will be (i.e., grantmaker, convener, etc.), how it would respond to urgent requests for funding and how to improve the current needs assessment to cover more of the community.

Next Step 2 - Define impact measurements.

Responsibility: ? Staff Member (to coordinate/carry out the work) 
?, Board Member (for Board accountability)
Deadline: December 31, 2016
Measurement: Initial measurements developed and implemented

Consultant’s comments: Determining how to measure impact is an issue that challenges every grantmaker. Even the conversation about how to define what impact is and what the foundation will pay attention to is a difficult one to come to conclusion on. It may be easier to think about this issue in the context of the next step listed above to give it some grounding in reality. Beyond the foundation’s major strategic initiatives, it’s important to also think about how to define impact for the other components of its work. For example, the foundation has many designated funds that provide operating support for nonprofits. The foundation should think about how to capture why this matters in both objective (the numbers) and subjective terms (the stories). There was some discussion that a new committee (or committees) might be needed to address both of these two items.
SD 3– Tell our story.

Next Step 1 - Develop discussion points to use with donors.

Responsibility: ?, Staff (to coordinate/carry out the work)
                   ?, Board (for Board accountability)
Deadline: December 31, 2016
Measurement: New messages developed, implemented.

Consultant’s Comments: The board discussed the need for the foundation to develop new messages that could communicate its vision. These messages could be used by board members so that they can better convey the foundation’s direction. The messages could also be used to redefine/revise the foundation’s marketing literature. The messages would need to include ideas on how to talk with donors about flexible fund options (rather than talking to them about creating “unrestricted” funds) and move from being “order takers” to working with donors to uncover and unleash their passions.
VIII. Strategic Plan At a Glance

The Community Foundation Board of Trustees met on July 24, 2015 and approved the following, which includes some revisions.

Vision:

In 2020, the Community Foundation of Frederick County will:

- Be a responsive, nimble organization that exists as a partner/resource for grantees, donors and the community;
- Be an organization that proactively provides leadership, knowledge and resources to make a measurable difference in the community’s quality of life;
- Have a high level of trust as good stewards; and,
- Be financially strong, stable and cost effective.

The Ideal Donor:

To reach its vision, The Community Foundation of Frederick County will need to focus its development efforts on attracting its “ideal” donor.

- Gift of $1-million or more creating an Unrestricted or Field of Interest Fund
- Age 60-65 and up
- Living
- Someone who is open to a conversation about Community Foundation identified needs
- Someone who cares deeply about Frederick County or is intensely interested in Frederick County
- Married, with no or few children, possibly single
- Have a life/taxable event, for example: selling business
- Charitable intent is not yet well defined
- Net Worth - $7-10M
- Worth may be: inherited from sale of land/business, business owner, entrepreneurs, retired teachers.

Strategic Directions (SD)/Next Steps (NS)

SD 1 – Increase our capacity to serve.

NS 1 - Look for opportunities to create impact and efficiency using technology.

Responsibility: Champion: Neil Fay
Staff: Gail Fitzgerald  
Deadline: June 30, 2016  
Measurement: Implementation of new technology. Donor satisfaction measurements

**NS 2 - Actively approach potential ideal donors.**

**Responsibility:** Champion: Tod Salisbury  
Staff: Betsy Day  
Deadline: December 31, 2015  
Measurement: Initial 12-15 ideal donors and professional advisors identified, with at least 50% of these being HNW. Initial contacts made and information gathered.

**SD 2 – Lead for impact.**

**NS 1 - Create an ongoing process for identifying and prioritizing community needs.**

**Responsibility:** Champion: Barb Walker  
Staff: Betsy Day  
Deadline: December 31, 2016  
Measurement: Initial process developed and needs chosen. Ongoing process conducted. Impact measurements as defined below.

**Next Step 2 - Define impact measurements.**

**Responsibility:** Champion: Barb Walker  
Staff: Betsy Day  
Deadline: December 31, 2016  
Measurement: Initial measurements developed and implemented.

**SD 3– Tell our story.**

**NS1 - Develop discussion points to use with donors.**

**Responsibility:** Champion: Stacey Collins  
Staff: Joyce Summers  
Deadline: December 31, 2016  
Measurement: New messages developed, implemented.