

Challenges Facing Private Foundations and the Next Generation of Philanthropy: Geographic Dispersion

There is little question that our world – our governments, economies, cultures, and even our families – is more connected today than it has been at any point in history. As Thomas Friedman described this development in the New York Times, “What happened over the last years is that there was a massive investment in technology, especially in the bubble era, when hundreds of millions of dollars were invested in putting broadband connectivity around the world . . . they created a platform where intellectual work, intellectual capital, could be delivered from anywhere . . . and this gave a whole new degree of freedom to the way we do work¹.”

This increased level of connection, which has the ability to not only increase our familiarity with places and people geographically far away, but also our mobility between those places, directly affects the governance and grantmaking of private foundations. Decisions are generally made by a collection of directors, trustees and advisors. It is more likely today that these decision makers are geographically dispersed, with different perspectives and interests. A Pew Research Center survey finds “that most Americans have moved to a new community at least once in their lives²” and, according to the National Center for Family Philanthropy, “40 percent (of foundation board members) say younger family members have moved away from the foundation’s geographic location³.”

Given the impact of these changes, it is often helpful for a donor to specify a foundation’s programmatic and geographic focus. However, in those circumstances when a donor does not specify such priorities, the foundation’s board must often work to define them. As it relates to geography, donors are giving less direction than they have in the past. “According to the National Center for Family Philanthropy, only about 40 percent of foundations created since 2010 focus their giving on geography, while geography is a focus for 80 percent of foundations created before 1970⁴.”

For private foundation boards dealing with geographic dispersion, it is important to answer critical questions prior to awarding grants and establishing a strategy:

Did the donor direct the foundation board to restrict grantmaking to a specific geographic area?

Does the foundation prefer to focus on providing community support by programmatic area (for example, prioritizing the issue of homelessness or early childhood education)?

Or, does the foundation turn its attention to a specific geographic area – perhaps where the wealth was created – and is less concerned with specific program areas?

If the foundation is a family foundation, is family engagement a priority? If so, some level of flexibility in grantmaking will likely prove helpful to encompass the wide-ranging interests of family members.

Once a foundation’s grantmaking priorities regarding a geographic focus area are established, the increasing geographic dispersion of foundation board members presents a set of challenges to the governance of the foundation.

First, the foundation must work to maintain focus on its mission and grantmaking impact, particularly if there is a specific, defined geographic focus in a place other than where

many board members live. When board members’ lives are centered in differing locations, often too are their giving interests. Secondly, foundations must work to ensure active communication and engagement from board members when in-person interaction is increasingly difficult or rare. Finally, for family foundations, geographic dispersion of family members often makes maintaining a family legacy more complex.

Case Studies: Foundations with a defined geographic focus

- **The A Foundation** focuses its grantmaking on a rural community in the Southeast. The geographic focus was not directed by the donor, but was rather a board decision based on where the donor's wealth was accumulated. Half of the board members live in that community and the other half do not. The A Foundation meets bi-annually *in the location of geographic focus* and follows each meeting with a grantee site visit to help board members, particularly those who live away, to remain engaged in the Foundation's work. Board members also often seek counsel from longtime grantees who are trusted leaders in the community.
- An independent foundation, **The B Foundation** makes grants that are restricted by the donor not only by area of need but also geographically to a particular state. The board faced a challenge in recent years when two valued members moved out of state. After thoughtful discussion, the board asked both members to remain involved due to their valuable contributions and have begun inviting grantees to present at meetings for the out-of-state board members who cannot regularly attend site visits. The B Foundation also periodically hosts an event to convene both grantees and other interested parties in an effort to build and maintain connections.
- **The C Foundation** is a large, family foundation several generations removed from the donor. While much of the Foundation's grantmaking supports the rural area where the family and its wealth originated based on a Board decision, a small percentage of grants are given outside of that geographic focus to organizations of interest to board members. The C Foundation holds two meetings per year. To maintain connectivity to the geographic focus area, one meeting per year is held there. To foster family member engagement, the location of the second meeting changes each year, rotating among hometowns of board members who live outside of the focus area.
- Unlike The A Foundation, The B Foundation, and The C Foundation, **The D Foundation**, a smaller, independent foundation, requires that any board member live in the metropolitan area of the its geographic focus. If a board member moves away or otherwise wishes to no longer be involved, he or she has the ability to name a successor board member, pending approval from the rest of the board.

Case Studies: Foundations with no defined geographic focus area

- **The E Foundation** is a large, family foundation. The Foundation's mission statement incorporates language to allow the Foundation to give where family (board) members live and express interest, so long as the grant purpose fulfills the charitable aspect of the mission statement. Additionally, meeting participation by board members and personal involvement, both financially and with their time, is preferred when the board considers grant applications. The geographic flexibility of this arrangement provides for a high level of engagement by family members, but the restrictions ensure the Foundation remains focused on its mission.
- Navigating an internationally dispersed family and very little direction from the donor, **The F Foundation** incorporates both a Senior and Junior Board to balance the individually-directed grantmaking of the older generation with the wishes of the younger generation to engage in a more collective grantmaking strategy. Separating the boards also minimizes the effects of the geographic dispersion, as the Junior Board is more adept at utilizing technology to maintain communication throughout the year. The Foundation holds an in person meeting once per year at a differing location with a focus on grantee presentations, to connect all board members to the work of the Foundation, and fostering connections among family members.
- An independent foundation, **The G Foundation** is guided by the governing document of the Foundation to direct a high percentage of its grantmaking toward a specific program area, with no mention of geography. The board meets twice per year, once at a grantee or potential grantee's location to incorporate an in-depth day-long site visit to the meeting agenda. Other grantees also make presentations at the meeting by teleconference or video phone. The second meeting each year is held at a location central to most board members and focuses on government and investment-related issues.

Best Practices to Address the Challenges of Geographic Dispersion

Challenge: Focus on the Mission	Challenge: Engagement and Communication	Challenge: Family Connectivity
Lean on community-based leaders as advisors (whether they serve on the foundation board as voting members or in an advisory-only capacity) to better understand community needs	Site visits, either in person or by phone/video, to connect board members with the importance of the work of the foundation	Host family meetings in rotating locations, perhaps with a social component to encourage a focus on family legacy
Convene grantee gatherings to amplify the work of the foundation's grantmaking programs	Utilize technology: meeting scheduling tools, phone/video conferencing, document sharing, website board portals	Establish flexible grantmaking guidelines to allow for individual interests and passions
Encourage board members to "champion" grant requests and make presentations on behalf of those organizations	Incorporate a matching grants program, if appropriate, to engage dispersed board members	Keep family/board members up-to-date on status of grantee work in between meetings
Utilize a community foundation for small percentage of giving if no board member is familiar with the geographic area	Consider sub-committees or boards: for example, Senior and Junior, or Investments, Governance, and Grantmaking	Utilize regional foundation associations for continuing education to be shared at future meeting

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² As of December 31, 2017

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¹ Thomas L. Friedman. "It's a Flat World, After All." The New York Times Magazine. April 3, 2005.

² Paul Taylor, Project Director. "American Mobility: Who Moves? Who Stays Put? Where's Home?" Pew Research Center. December 29, 2008.

³ Virginia M. Esposito, Editor. "Splendid Legacy: Creating and Re-Creating Your Family Foundation." National Center for Family Philanthropy. 2017.

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