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The Path to Community Leadership

In partnership with the Indiana Philanthropy Alliance

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The findings, conclusions, and recommendations expressed in this report are the product of research conducted by the author(s) and do not represent the views of either The Lilly Family School of Philanthropy or Indiana University.

Introduction

Since 2005, community foundations across the country have been encouraged to respond to changes in their local communities by taking on new roles—roles that encourage community foundations to be “leaders” on community issues. This project explores the process by which six community foundations moved down the path to community leadership. The community foundations we studied are in three states and range in size from less than \$20 million in assets to \$400 million in assets. While these organizations are not the largest community foundations in the country, they are well established. Through interviews with organizational leaders, we learned that each path to community leadership is unique and builds upon local resources and capacities.

While some readers may want to know the determinants of leadership, our report does not and cannot test causal relationships. Instead, we describe community leadership not as a destination, but as journey. This journey involves ongoing organizational change and systems development in response to the unique community context.

Despite the uniqueness of each journey, there are similarities in how leaders mobilized their organizations and communities. In this report, we highlight those common themes.

Community Leadership: Defined

Community leadership is doing the work of the community foundation in ways that:

- Change community conditions for all: Leadership identifies the “...greatest need in the community” (K2) and seeks to find solutions and investments “... in our community to really make a healthier more vibrant outcome for all of the people and all of our residents” (N2). These solutions advance change in the social and economic structures of local communities.
- By bringing community resources together: Leadership is not just building an endowment and making a grant. Leaders believe that “our partners have the answers...wisdom is among us and we're trying to draw it out of them and be that catalyst so that they'll act on it together” (K1). This involves strengthening the community's capacity to learn, decide, and act, serving as an “honest broker of solutions” (N1).

Community leadership is not:

- **Being a charitable trust**
- **Neutral convening**
- **A false dichotomy between being donor focused
or community focused**
- **Making a grant**

“The community foundation is a catalyzing force that organization creates a better future for all by addressing the community's most critical or persistent challenges, inclusively uniting people, institutions and resources, and producing significant, widely shared and lasting results”

- *Framework for Community Leadership by a Community Foundation 2008*

Leadership: a process of being and doing

Community leadership is not just a management style nor a new strategic plan. Community leadership is a way of being and thinking about the work of the community foundation. Community leadership is doing work in a way that mobilizes and energizes the work of others in the community. Leadership is less about regulating other partners and more about facilitating. While all community foundations seek to make their communities a better place by growing philanthropy, community leadership seeks to change community conditions for all.

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Leadership brings community resources together. Leadership is not just building an endowment and making a grant. Leaders believe that “our partners have the answers...wisdom is among us and we’re trying to draw it out of them and be that catalyst so that they’ll act on it together” (K1). This involves strengthening the community’s capacity to learn, decide, and act, serving as an “honest broker of solutions” (N1).

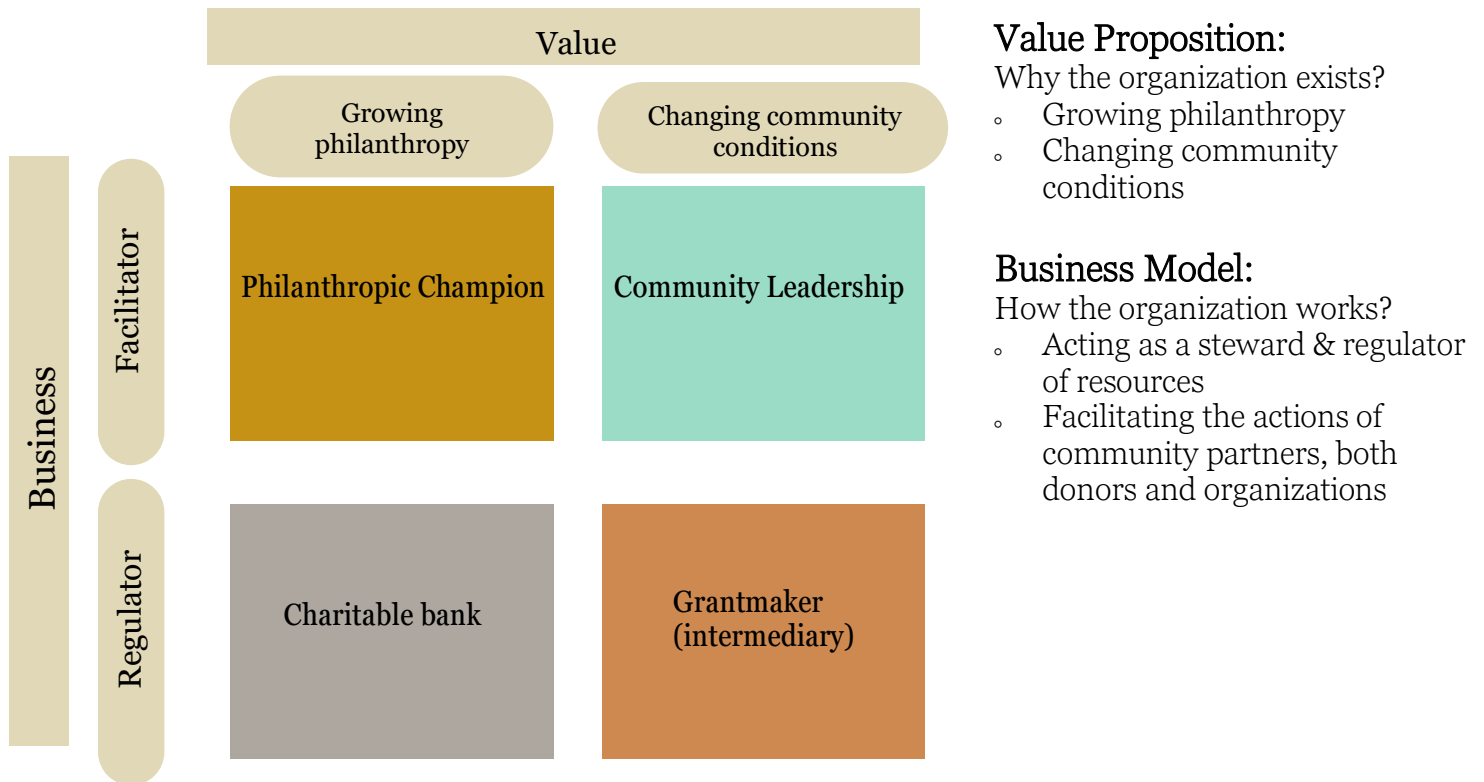


Figure 1: A model of community leadership

Starting down the leadership path

While the community foundation field has emphasized the importance of moving towards community leadership for the past decade, we find that the path to leadership is locally driven and emerges from organizational desires for something new and different. The decision to become a community leader is not directed or driven by funders or consultants outside of the community.

Board and donor leadership drive new practices

- ◆ **Community leadership begins with strong organizational leadership.** Community leadership is dependent upon visionary board leadership and strong executive leadership. Often the process begins when Board members question their role in the community, feel the need to do more for their community or hear calls from their donors to be something different. These messages might include a sense that “This Community Foundation is not living up to what it was...” “...you’ve given away a lot of money, but you haven’t really made any change and we think that what’s the community foundation should be - looking for solutions. (K2)” “...we had a great reputation in the community by those who knew us but that was not very many people. The general perceptions of us was that we were just a place for wealthy individuals (K2).”

Strategic conversations are community based

- ◆ **While leaders may bring in consultants to help facilitate conversations, community leadership is driven by listening to stakeholders.** “...we needed to really look around in our community, deeply listen to the needs the community (N1).” “...started asking the community what their vision for the community was...We had this online platform for people to share their ideas...where we had voices from 3 different generations talking about where maybe our community was headed, what was needed from it (k1).” “...we did focus groups and focus with public voting — you know every conceivable way though. It opened our eyes to looking for opportunity and allowing our constituents to set our path (M2).” Future strategy emerged from these inclusive conversations.

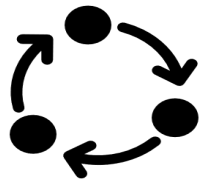
Leadership is the next state of organization development

- ◆ **Community leadership advances as a next stage in organizational development.** The transition to community leadership requires having effective business and governance systems in place and having a respected voice in the community. Leadership followed making sure that the organization was a good steward of community resources, honoring donor intent, and being fiscally responsible for its own resources. In 5/6 of the organizations, community leadership began after a new CEO was given a mandate to do “things differently.” This was the next logical phase in the organization’s development, but could only begin, after “getting the house in order”.
- ◆ **Leadership builds on existing competencies.** While we describe leadership as an ideal type in Figure 1, leadership builds on existing competencies. Leaders are also good stewards of community resources and effective grant makers and fund raisers.

Leadership: an iterative process

Consistent with other studies of organizational change, we find that the path to leadership is an iterative process that emerges from ongoing efforts to strengthen the organization and its community and exposure to diverse conceptual models of organization and community change. **Ongoing board, staff, and organizational development.**

While boards may be out in front of early community leadership efforts, board and staff development is an ongoing process. “We’ve managed to create a board that is really bold and...that’s a partnership so our board has to be part of this leadership body (N2).” This often involves rewriting bylaws, rethinking governance, strategic recruitment, and ongoing education opportunities. This is time and resource intensive and not always



straightforward. Changing roles in the community also involves changing organizational values and practices. “Using a collaboration lens and an equity lens made us look at our own practices. Starting with grant making because that’s easy. And now we’re right now in the middle of really looking at our own board development practices and policies with our values lens (M1).” This also included ongoing staff training on how to facilitate community conversations.

Exposure to new world views

Early organizational thinking about community leadership was influenced by field thought leaders, such as the Council on Foundations, CFLeads, and regional association of grant makers. However, our interviews suggest that local practice was not driven by national community foundation thought leaders, even for those organizations that had participated in CFLeads peer learning experiences. Instead, local practice was greatly influenced by exposure to a variety of **new ways of thinking and diverse experiences**, including interaction with and site visits to other communities, participation in workshops, and peer learning. These new models were not specific to community foundations, and were critical in changing mindsets, not just practices. This changing mindset involved not only changes in how the organization was governed, but also in how board and staff thought about community systems. Often new ideas were explored (and shared) with other community partners. Learning was not isolated in the organization.

Change is not linear: there were advances, stalls, and step backs. There was no master plan to be a leader.

“...gosh, I really miscalculated here...I can’t be in front of my board on this. I’ve got to bring people along, so we embarked on a long process that educated our board...(M2)”

Community leadership: thinking about community as ecosystems

Community leadership embraces community wide thinking about systems change. Community foundations themselves are part of that system and the leadership process pushes them to examine how their own internal processes contribute to community issues. **“...ah ha moment...we are the barriers to people being successful in our community it’s our very own systems and policies and procedures and the like and so that is a shift of thinking...” (M1)** Community leadership facilitates other members of the community to understand their role in the community ecosystem and leads them to a new way of thinking about the community.

For the community foundation, leadership is about moving away from thinking about “content areas” and understanding the interconnections that drive change in community conditions. It requires that “we’re not just a grant maker, we’re knowledgeable, context expert (N2).” It pushes community foundations to “go upstream and address the systems so that we ameliorate the symptoms (N1).” Leadership involves understanding the root causes of community issues and looks at the relationships between institutions and structures and community outcomes.

Community leadership is not just about changing the internal culture of the community foundation. Leadership enables community partners to build a shared community culture of practice around systems change. “We’ve learned over the course of the last few years to leverage that learning to help nonprofits actually operate differently...we’ve been learning together...this is really changing the culture of the community (M1).”

Community leadership: new skill sets and new relationships

Community leadership is a new way of working, which implies new skills sets and new relationships. Grant making meets the needs of the community through the vision and action of local grantees. In contrast, leadership investment changes the community by investing diverse capitals for impact.

Convening, Facilitating Leading, Building. “And then we asked them what role should we be considering playing in advancing those solutions ...the number one role they said is ‘convene, facilitate, and lead because we don't get to sit in rooms like this to have conversations like this’ (n1).” While grant making remains important, facilitation and convening is the heart of community leadership. However, community leaders often find themselves building initiatives and staffing them until they are ready to be turned over to the community. “I spend at least half of my time on the front end of launching a new initiative working with my peers (N1).”

Mobilizing Donors “... it [earlier work of the cf] was just a very traditional. I mean we literally sat here and waited for people to come to us (K2).” This traditional model encouraged passive donor relationships. Fundraising for leadership involves engaging donors with the issues that are important to community change.

Being transparent and inclusive in not only internal processes (making sure that internal policies and practices align with the organizational values), but also in grant making to underrepresented groups and inclusive community conversations. In some communities, greater transparency was sometimes symbolized by the move to a new open office space. “The space they created was really very open, it's very modern. We came out of this whole Victorian home which was very stodgy very kind of old model. (N2). “

Leveraging Diverse Capitals. Asset count is the traditional measure of success; however, in leadership, “our financial capital is just one way that we can make an impact on an issue that we care about. And oftentimes it's the least of them because we still have a very limited unrestricted grant dollars (K1).” Leaders draw upon their reputational, social, moral, Intellectual capital to drive change in their communities. Increasingly leaders seek alternative sources of funding, including grants from other funders and utilizing their own endowments for impact investing. New initiatives may begin with no financial resources. Many leveraged government grants.

Supporting community capacity. This new work inherently involves re-allocating resources to make a greater impact. This may involve moving away from small grants to many organizations to supporting targeted community initiatives –such as large scale cross sectoral economic development projects. The movement away from broad nonprofit funding can be buffered by capacity building initiatives for local organizations, the establishment of emergency funds, and more responsive grant making processes.

Measuring the drivers of impact. Community foundations have long measured success by asset growth and fund returns. Leadership moves past measuring asset growth to internal measures of the drivers of community impact and collective measures of changing community conditions. Such metrics are complex. “...whereas before we would say what population will you be working with? ...Now we’re asking more specifically, ‘How are you using this aggregated data to understand who is the farthest behind? How are you engaging those people in understanding the solutions? (M1).”



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Community leadership: not without costs

The path to community leadership incurs financial, social, and political costs as community foundations change their internal structure and build new relationships in response to new roles.

New work is time & resource intensive.

Convening, facilitating, and staffing programs requires meeting time and the associated administrative responsibilities.

Leadership often involves running initiatives. CFs reported increased staff and a re-allocation of time. This inherently increases administrative costs.

Leadership is risky.

New roles (and shifting resources) may be misunderstood in the community and involve the organization in controversial issues. Leadership investment challenges the status quo in any community:

“Leadership is taking a position knowing you might offend. We are not neutral on child abuse; we are not neutral on discrimination or inequities in our society.

New leadership is having opinions and being able to disagree with our friends (M2).”

New work leads to people shifts.

Leadership involves new skills. This may involve not only training and learning, but sometimes people transition. As one CEO explained, I had to learn “how to bring people into a room and set the table to you know help them have a conversation... (M1)”.

Board changes were also inevitable; “I had to learn to change how I help the board focus on the issues (M2).”

Organizational needs shifted from stewardship to entrepreneurship and representation.

Leadership requires aligning internal business model with impact.

Leadership requires new ways of thinking about community and organizational sustainability. “...every three to four years...we conduct a cost revenue study...to make sure our business model is aligned with our theory of change (N1).”

Evaluating the return to community leadership is difficult.

The outcomes of changing community conditions may be far into the future, hard to measure, and often not easily agreed upon. This requires patience and the use of political capital.

Community leadership: creates value

While there are costs to leadership, community leadership creates value for the community foundation and the community.

Attracts new capital

In many communities, leadership attracts new investment from donors, eliciting “...what can I do to help?” In other communities, growth has come from leveraging external grants from other foundations and government.

New programming

Leadership has led to new initiatives, that have previously been unaddressed. While launched from the community foundation, some projects are then absorbed by other organizations or become new nonprofits. The community foundation incubates and releases.

Creates impact

Leadership targets resources on changing long term conditions, rather than funding nonprofits to address symptoms.

Place making

Leadership builds a sense of place through encouraging collective response to issues and through tangible projects that connect people to place.

Community Leadership: not for every organization

While there have been many field level efforts to encourage community leadership, leadership is not for every community foundation. Not every organization has the resources, capacity, or community support to play a leadership role.

Leadership requires using organizational, social, and political capital.

Board and staff should understand their organizational processes and effective systems should be in place to manage resources. In addition, community leadership requires that the organizational leaders not only understand the community ecosystem, but already have a position in this ecosystem. Leadership requires that the organization “have a seat” at the decision-making table or be perceived as someone “bringing others to the table.” And the willingness to use it!

Leadership is time, labor, and resource intensive as complex relationships are developed, coordinated, and supported. Leadership is not a 9-5 Monday-Friday job. CEOs must have access to discretionary resources to support new initiatives.

Leadership is a mindset shift that requires taking difficult positions on important issues. While leadership involves honest convening, it is not neutral and involves risk taking. Not every board or executive leadership team is willing to take such risks.

Other anchor institutions may be assuming the leadership role. In such cases, being a charitable “bank” or grant maker may still fill an important role in many communities. While some organizations may assume a key role on an issue, community leadership is an ongoing role.

Gauging Organizational Readiness

Although change is not a straight path, our interviews suggest that there are some elements that are essential for spearheading organization and community change.

- ✓ **Growing board awareness of the need to change.** The push for change trickles in from the community and key donors. Board members need to listen and hear those quiet calls. This requires that the board be in tune with changes in the community and donor base.
- ✓ **Organizational experience leading “test” projects.** Change is often improvised. Organizations move into leadership by taking on small, new projects in the community. These “test” projects often increase visibility in community.
- ✓ **A board that champions new roles in the community.**
 - The board must be willing to take risks for and on behalf of the organization
 - The board must represent the diversity of community experience, interest, and institutions (i.e.: local government, higher education, health care industry, local entrepreneurs, banking and legal)
- ✓ **A CEO who has the capacity and is empowered to facilitate change.** Leadership requires that a CEO be able to lead the organization and community to something new. This requires bylaws, policies, and group processes that provide such flexibility.
- ✓ **The community foundation must have an established fund-raising base.** The growth of assets and a committed donor base allows the organization to shift focus from asset development to community development. Unrestricted assets provide flexibility.
- ✓ **Awareness of organizational revenue structure. Community foundations have unique revenue structures.** Leadership requires that community foundations understand the costs and benefits of existing revenue structures and have the capacity to pursue diversified and unrestricted revenue sources.
- ✓ **Specialized staffing that provides administrative and financial support, program support for community initiatives, fundraising and other donor services, and communications support for new roles in the community.**
- ✓ **Legitimacy in the community and invitations to take part in cross sector discussions.**

Community Leadership: myths

Our conversations dispelled many assumptions that we held about organizational change and the path to community leadership.

1. Change is solely dependent upon a charismatic leadership.
 - Executive leadership is only one piece. The move to community leadership is board empowered and donor and community driven. While in some communities, the path to leadership began with a new CEO, the new CEO was not the reason for change. They reflected the organizations' commitment to "something new."
2. Community leadership requires ample unrestricted, financial resources.
 - Many community leaders are heavily dependent upon donor advised funds. While unrestricted dollars are a bonus, leadership is about financial flexibility and leverage. Projects may begin with no identified financial resources.
3. Leadership is driven by outside consultants.
 - When organizations used consultants, consultants facilitated early strategic discussions or periodic organizational development. New ways of thinking and practice often emerged from site visits to other communities and exposure to thought leaders in fields largely outside of the community foundation world.
4. Change Is limited to changing the community foundation.
 - Change begins with changes in organizational practices. However, community leadership inherently involves changing the mindset of the community to focus on systems and processes at the root causes of social conditions. Community leaders build cultures of practice that extend beyond their own office.
5. Community leadership is an end state.
 - Community leadership is an ongoing process that is not linear. It has no clear beginning and no end date. The process moves forward, moves back, stalls, and then advances. Leadership is ongoing.

The move to community leadership is board empowered and donor and community driven.

Methods

- Organizations were selected based on expert recommendations of community foundations that were successfully engaging in community leadership.
- Data was collected from phone/video interviews with leaders from six community foundations in 3 states (6 CEOs, 1 program officer and 2 board members).
 - We used a semi-structured interview guide and asked each participant to fill in a timeline of the events leading up to “community leadership.”
 - On average, each interview was 60 minutes long. The interviews were recorded and transcribed for accuracy.
- We supplemented interview data with a review of the organizations’ websites and 990 reports.
- The organizations ranged in assets size from under \$25 million - \$400 million (2015).

Asset range at start of CL

Number of organizations	Asset range
2	\$100-\$175M
2	\$40-\$50M
2	<\$25M

Asset range in 2015

Number of organizations	Asset range
2	\$100-\$400M
3	\$50-\$75M
1	<\$25M

Limitations of case study research

This study is not meant to predict the conditions under which organizations can successfully engage in community leadership. Instead, this study is designed to understand the processes by which organizations move to a different model of community philanthropy.

This study relies on the perceptions of leaders of past events. Our study focuses on six organizations that are already down the path of leadership. For all organizations, there is not a clear moment when that journey began. It was often not the result of a single decision to be “something different.” As a result, leaders’ memories of past events may be shaped by later events. This was not a historical account and we did not analyze historical organizational reports of these transitions.

Our study does not include the full population of community leaders, whose stories may be different. This study takes place in six organizations that are identified by others as being community leaders. However, the commonality of experiences gives us confidence in sharing our results.

Our study may not be able to speak to the experiences of the largest community foundations or to the experiences of community foundations located in rural places. We spoke to six community foundations in small-mid sized cities. Additional field work is needed to understand these contexts.

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