COMMUNICATING AT A DISTANCE

owadays it is relatively rare to find family members who all live in the same community where the foundation funds. If present trends continue, those foundations are likely to be even more rare in the future. Most family foundations are already dealing with the challenges of communicating at a distance, and they have found a friend in technology. It brings together family members living around the country at little cost or inconvenience. It enables them to transmit printed information quickly and to receive updated news of the foundation and grantees with a click of the computer keyboard. And it allows them to stay in touch as often—or more often—than they would if they lived in the same town.

What technology can never do is substitute for face-to-face communication. It is one thing to take care of routine business by conference call or e-mail. It is quite another thing to confront some of the sticky emotions that geographic dispersion can trigger. Decisions about major issues—how and where grant monies will be allocated or whether or not the foundation’s mission and guidelines should be amended to accommodate the needs and interests of far-flung family members—are rarely purely organizational matters in family foundations. Rather, they touch on family members’ feelings about themselves and their sensitivity to how they are regarded by other family members. The heart of communication is good listening. To listen well requires more than hearing words. It involves observing individuals, facial expressions and body language and being sensitive to the group’s dynamic. Those aspects of communication are muted or lost without personal contact.
Chapter Four looks at how geographically dispersed family foundations are adapting to communicating at a distance in three areas:

- Arranging board meetings
- Keeping trustees informed
- Screening grantseekers

ARRANGING BOARD MEETINGS

It is not uncommon for family foundations to pay the expenses trustees incur to attend board meetings. When the board is large and trustees live far apart, however, bringing everyone together can be costly and making arrangements time-consuming. While larger family foundations are more often able to afford to prepare and conduct quarterly board meetings, smaller foundations usually limit the number of board meetings to one or two a year, and some bring the whole board together on alternate years only.

To cut costs, the Laird Norton Endowment Foundation schedules its meetings on weekends. By staying over on a Saturday night, trustees are eligible for reduced fares. The weekend meetings also are more convenient for trustees who have full-time careers and cannot miss work. One family foundation board from Florida, however, voted down weekend board meetings. The third-generation trustees of the board, who all have children under age five, either would have had to arrange for childcare at home or take the children with them. In fact, getting everyone together proved so difficult that the board decided to hold allocation meetings by conference calls. Trustees are invited to attend the annual board meeting in Sarasota, Florida, where the foundation is headquartered, but they are not required to come. In the four years that one family member has been a trustee, she remembers the whole board meeting only once and that was for a retreat. "It's not an ideal situation," she admits, "but with eight trustees spread across the states, we've had to learn to work around the geographic barriers."

This foundation is not alone. For more and more family foundations, conference calls are the order of the day. With a large board of 12 family members to transport, the Mustard Seed Foundation controls expenses by restricting formal meetings to once a year. "It wasn't only the money," says Eileen Bakke. "It was people's schedules. It's hard to get together when everyone works and some have
small kids." The foundation used to discuss grant proposals at its annual meet-
ing and strategic planning and philosophical issues on conference calls. In recent
years, it reversed the pattern. Now the board finds it more efficient to hold their
allocations meetings by phone and save their face-to-face meetings for exploring
"big picture" issues.

The Mustard Seed Foundation has six funding cycles a year, and it conducts all
its business by conference call. Every six weeks, the staff sends out notebooks
filled with 25 to 40 proposals for the board members to read before the meet-
ings. The conference calls are held on Sunday nights, the most convenient time
slot for their members. They spend three hours going through each proposal.
"The conference call format works amazingly well," says Eileen, "but board
members must be well prepared or they can't follow the conversations.
Occasionally the conversation gets chaotic because we can't see one another and
a few people may start talking at the same time but, overall, it works smoothly
and we get our work done." Holding meetings by conference call did not appeal
to the junior board. The cousins, who range in age from 12 to 18 and who live
in different regions, are more comfortable with computers and prefer to hold
meetings on the Internet.

Controlling expenses that come with geographic dispersion is more difficult for
small foundations like the Holley Foundation. Its 12 trustees live in nine states.
They get together twice a year in Detroit to conduct foundation business, so meet-
ing expenses receive regular scrutiny. The foundation's small size eliminates such
options as hiring staff or paying for trustees to make site visits to different states.
The board's plan to use an outside consultant and hold one or two retreats over the
next two years will temporarily increase expenses. A major issue on the agenda is
geographic dispersion. "We all agreed that the retreats are critical and worth the
extra cost," says Barbara Frank, the foundation's president. "We have major deci-
sions to make about the future of the foundation, and we can't do it alone."

KEEPING TRUSTEES INFORMED

Advancing technology has been a boon to geographically dispersed family foun-
dations. In fact, many families would find it difficult to function without it.
While answering machines and fax machines allow families to share and exchange
information, more and more trustees are turning to the e-mail, web sites, and
instant messaging to communicate among themselves and with grantseekers.
Patrick de Freitas, president of the Laird Norton Endowment Foundation in Seattle, remembers how much time he used to spend duplicating packets to mail to his nine-member board. Now, e-mail is his principal means of transmitting information. He sends reports about the foundation’s activities and assets, and shares his ideas on everything from board development to the purpose of philanthropy.

When de Freitas added a scanner, he tapped into another means of managing information. The foundation office receives dozens of magazines each month on topics related to its funding area, sustainable forestry. In the past, the magazines collected dust before being discarded, now de Freitas culls the most relevant articles, scans them into his computer, and forwards them to the whole board simply by striking one key on his computer. “My job is to keep the board members informed,” says de Freitas. “What they do with the information once they get it I can’t say. But I don’t worry about overloading them with information because all they have to do is delete what they don’t want to read.”

The Horizon Foundation in Ipswich, Massachusetts holds family meetings three times a year. In between, Sandy Buck still finds that the telephone is the best way to keep family board members and grantseekers informed. But he also knows that if his family’s young foundation is to create a public presence, it must have a presence on the Internet. To bring the foundation up to speed technologically, Buck set two goals for 1999: to create a homepage for the foundation and to help his parents become computer literate. Like many other members of the younger generation, Buck is nudging his parents into cyberspace to ensure they stay current on foundation business.

When the Horizon Foundation posts its homepage, it will have plenty of company. Family foundations increasingly use web sites to provide grantseekers and members of the public (including other foundations) with information about their mission and guidelines, listings of previous grantees, and forms for applying for grants—information that trustees and staff used to have to mail out or recite over the phone.

The technologically sophisticated Beveridge Foundation created a web site (www.beveridge.org) that guides grantseekers through a series of screens to determine whether they fit the foundation’s guidelines. Every proposal must have a board member to serve as its sponsor, and grantseekers who are eligible fill out a preliminary grant proposal on the web site, which is automatically forwarded to the trustee in the grantseeker’s geographic area. The trustee logs onto
the web site, reviews the preliminary grant proposal and indicates on the web site whether the grantseeker should receive the formal grant proposal package to submit and whether the trustee will serve as an advisor or sponsor.

If no trustee thinks the formal grant proposal package should be provided the grantseeker or agrees to serve as either an advisor or sponsor, the foundation office is notified automatically by e-mail by the web site and the grantseeker is subsequently advised by e-mail of the decision. If one trustee agrees to serve as either an advisor or sponsor, the formal grant proposal package is mailed to the grantseeker. Later, the advisor/sponsor will conduct an on-site evaluation of the grantseeker, usually with the president/executive director of the foundation, and will report the results at the next board meeting along with any recommendations.

Besides communicating regularly by e-mail, the Beveridge board also uses a “chat” software called Instant Messenger (only one of several such programs). Before board members can chat with one another, they must all download the program onto their computers. Once the software is in place, board members have only to log online to receive messages. The receiver is alerted to an incoming message by an audible signal, and the message appears in a small window in the corner of the computer screen. The receiver types a response to the sender who then answers, allowing the two to trade “live” messages at the keyboard.

Between e-mail and Instant Messenger, Philip Caswell, the foundation’s president, says he communicates with one or more trustees every day and sometimes several times a day. The foundation also has a private web site to which board members may gain access with a user name and password known only to them. Caswell uses the private web site to keep board members informed about the foundation’s internal affairs. Every Friday he posts a revised list of rejected proposals, and every month an update on foundation assets. “The web site is fun,” says Caswell. “Board members like checking in to see what’s happening, and they log on regularly.”

SCREENING GRANTSEEKERS

The geographically dispersed families profiled for this monograph varied greatly in the processes they used to fund grantseekers. They ran the gamut from limiting screening to a review of proposals and some telephone calls to meeting in person with every grantee. Sending board members on site visits to different parts of the country is expensive, and every dollar spent on travel and lodging is
a dollar not available for grants. At the same time, site visits can be both educational and rewarding for trustees, and can make them better board members for the long term. Geographically dispersed boards have to decide how they want to spend their money. Do they send trustees on site visits around the country or do they limit trustees to site visits in their own communities? For some foundations it is a strictly financial decision. For others, such as the Needmor Fund, it is a philosophical decision that goes to the heart of their beliefs about the purposes of their grantmaking.

The Needmor Fund’s eight board members live in seven different states. The foundation gives nationally, and board members participate in some of the site visits. Because of the foundation’s policy of making site visits to organizations before it awards grants, it established a significant budget for travel expenses. “Our goal is not just to get money into the community,” says Molly Stranahan, a family trustee, “but to give grants to the most effective groups. We don’t know who they are until we visit them because a lot of groups look different in person than they do on paper.” Site visit expenses average about $400 on grants averaging $20,000 in the national pool, an amount that might trouble some grantmakers. Stranahan, however, justifies the expenditure, “We consider the money spent a good investment and part of our education as grantmakers. Seeing the groups up close helps us make better decisions and be better resources for the groups we meet.”

Sending trustees on site visits to other regions is beyond the budgets of small geographically dispersed foundations. When these foundations have no paid staff, trustees must act as program officers—identifying, researching, and selecting nonprofit organizations in their areas. As a result, trustees may have firsthand knowledge of the organizations in their communities but they have to rely on their fellow board members for information about organizations in other communities where the foundation funds. The value of those reports varies, depending on the trustees’ knowledge of the community and program areas, the thoroughness of their research, and whether they know what to look for when doing site visits. It is this realm—maintaining uniform and high grantmaking standards—that can be most problematic for geographically dispersed foundations.

To ensure that trustees have some familiarity with one another's communities, The Leighty Foundation often rotates board meetings among the three states where trustees live. The trustee hosting the meeting sets up site visits with a select group of grantees and, time permitting, organizes gatherings at which
grantees and out-of-state trustees can get to know one another. The Stocker Foundation also alternates locations of its board meetings, which gave Jane Norton, the former executive director and daughter of the founders, a chance to meet with grantees in other cities. Norton arrived a few days before the meetings to do site visits, either alone or with the trustee living in that town.

While many trustees lament that they cannot do more site visits, others feel that they could learn almost as much about organizations outside their area by gathering information from a combination of sources: researching websites, calling grantseekers for additional information, and checking with funders and organizations in the communities where the grantseekers are located. Good sources of information include the local United Way, regional associations of grantmakers (RAGs), and local foundations. In fact, one longtime trustee said that he had stopped doing site visits altogether. "I discovered that I can find out more about an organization by talking to the program officers at the local community foundation than I can in a one-hour site visit. Usually, they've visited the organization several times and can tap into extensive networks in the community to get inside information about the organizations." The trustee was quick to add that he doesn't advocate doing away with site visits. "It's always important to meet the people running the organization and to see the programs in action, but I'm not sure how much site visits really reveal about the organization."

In general, the trustees interviewed for this monograph believed that their screening processes gave the board adequate information to evaluate grantseekers in different locations. This was especially true for the trustees of The Leighty Foundation, who had worked together for many years and trusted one another's judgments. "We use a standard application form that we worked hard to develop and that gives all the information we need to review proposals," says Jane Leighty Justis. "After working together for 10 years, we know how one another thinks and the kind of research we do." While Justis admits that she will never know as much about environmental issues in Alaska as her brother and sister-in-law do, she is confident of her ability to evaluate proposals and to ask the right questions.

Trustees of geographically dispersed family foundations sometimes feel that, by funding in many communities, their grantmaking can lose its focus and its punch. Some worry that their foundations are diluting the impact of their grantmaking. Others complain that the discussions at their allocation meetings have become perfunctory because only the person making the presentation has any
familiarity with the organization under review. Says one trustee, “It's hard to get excited about an organization you'll never see. After a while, the reports all start to sound alike. Everyone sits there and pretends to be interested. We listen politely, ask a few predictable questions, and then move on to the next proposal. I can't remember when a proposal was voted down; in fact, I don't think it ever happened.”

Perfunctory allocation discussions are not limited to geographically dispersed boards. Many boards find themselves going through the motions of reporting and voting on grant proposals. Allocating funds is the trustees’ most important task, and one that has far-reaching consequences for the organizations seeking funds and the populations they serve.

Two trustees who spoke off the record described more serious concerns: incidents of possible self-dealing and conflict of interest that occurred because of the difficulty of monitoring the grantmaking choices of family members living far away. In the case of possible self-dealing, the members of “branch A” questioned the legality of the grants recommended by an individual in “branch B”. The two family branches disagreed over the seriousness of the charges. “Branch B” dismissed the individual’s activities as harmless while “branch A” worried about the legal repercussions of those grants and their responsibilities as board members. The dispute led to a falling out along branch lines and, eventually, to a division of the foundation into two separate entities.

In the possible conflict-of-interest case, one family member was found to be recommending grants to organizations that he felt would boost his standing in the community and, in turn, promote his business. The experience led the board to write a code of conduct that all board members were required to uphold or risk dismissal from the board. Fortunately, incidents of actual self-dealing and conflict of interest are rare and by no means exclusively a problem of geographically dispersed family foundations. They do, however, illustrate the extra burden on trustees in geographically dispersed foundations to establish strict grantmaking standards and keep apprised of what one another is doing in the communities where the foundation funds.