PASSAGES ISSUE BRIEF

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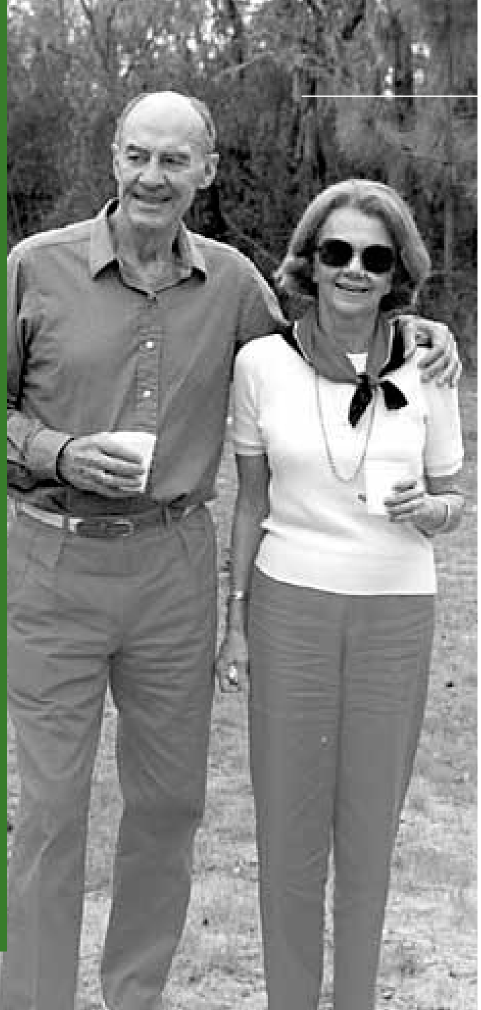
EXPLORING KEY ISSUES IN FAMILY GIVING



NATIONAL CENTER FOR FAMILY PHILANTHROPY

The Power of Urgency: The Eckerd Family Foundation's Limited Life Approach

This Passages Issue Brief chronicles the experiences of the Eckerd Family Foundation, which operated in Tampa, Florida from 1998 to 2012. Organized from its inception as a limited life foundation, the Eckerd Family Foundation took a bold and strategic approach to using its assets to create significant change on issues affecting young people, including juvenile justice, foster care, and education. The board and staff of the foundation were eager to share their story to assist other families interested in the limited life approach, as well as any funder looking to spend down its assets or be more strategic with its giving.

In This Issue:

NATIONAL CENTER FAMILY PHILANTHROPY

About the Founders: Jack and Ruth Eckerd

Jack Eckerd, leader of Eckerd Drug Stores, and his wife Ruth established the Eckerd Family Foundation in June 1998 with clear ideas for what they wanted it to accomplish.

- *They wanted the foundation to focus on results*—Jack was a legendary businessman and entrepreneur, and he wanted his family's philanthropy to reflect a business-minded approach in its strategies and mission. He wanted the foundation to think big, strive for clear and immediate results, and find new ways to tackle long and enduring challenges.
- *Jack and Ruth also wanted the foundation to serve as a resource and forum for bringing his family—and especially his children—together.* Each had been married previously and there were children from each marriage. Their marriage yielded two more children. As parents, they were committed to bring the family together for a shared and noble purpose.
- *Finally, they wanted to ensure that the foundation did not become a burden for their family.* They recognized the hard work required to thoughtfully govern a foundation. They also recognized the reality that each of their children and grandchildren would have busy lives of their own, and personal philanthropic interests of their own.

With this third goal in mind, Jack and Ruth instructed the founding board to plan on spending out the foundation within 10 years of his death.

Despite this clear beginning, the Eckerd family faced a variety of important questions in the approximately 15-year lifespan of the foundation. Among them:

- What does a family foundation do when its founder and driving force unexpectedly loses the capacity to participate due to death or illness?
- How does a geographically dispersed, philosophically diverse, blended family come together to find a common mission and a common purpose?
- What is the connection between personal giving and shared family philanthropy, and how can one inform and inspire the other?
- What are the advantages and disadvantages of a limited life approach, both for the community of grantees served by a family foundation, and for the family board members themselves?
- How does a limited life foundation find a mission and focus, and develop a grantmaking strategy that can be carried out on that predefined schedule?

This *Passages Issue Brief* provides a short history of how the Eckerd Family Foundation board and staff explored these and related questions, highlighting lessons learned and mistakes made along the way. While it is not possible to capture the complete impact of the Eckerd Family Foundation on the communities and families it served, this report provides highlights of the foundation's deep and lasting legacy and achievements, and features the voice of the family members and other individuals who were most closely engaged in this important work. An expanded version of this paper, including a longer look at the Eckerd Family Foundation's history, governance, and grantmaking approach and results, is available at www.ncfp.org or by contacting the National Center at 202.293.3424.

ABOUT THIS PAPER

This paper represents the latest in the National Center's series of publications, guides, and webinars on the topic of limited life foundations and the processing of spending out. Featured NCFP guides on this topic include *The Irwin Sweeney Miller Foundation: A Study In Spend Down* and *Alternatives to Perpetuity: A Conversation Every Foundation Should Have*. See the end of this paper for a list of additional resources on this topic, and visit the Knowledge Center at www.ncfp.org to view our Special Focus Area on this topic.

PART I: CHOOSING A GRANTMAKING STRATEGY

Shortly after its founding, the Eckerd board and staff went through a detailed planning process, utilizing outside consultation to create a five-year strategic plan identifying basic goals, areas of interest, and a variety of other logistical issues. All of the Eckerd's seven children chose to participate, although their interest levels varied.

The board eventually coalesced around a mission to "provide leadership and support for innovative educational, preventative, therapeutic and rehabilitative programs for children, youth, and their families," and the Eckerd Family Foundation officially launched in June 1998. Over time, the foundation would narrow its focus to three core issues: youth failing in the traditional education system, youth aging out of foster care, and youth involved in the juvenile justice system.

"Ultimately the board decided that we were going to take on some important issues. And that meant that staff would have to be trusted to take a leadership role in identifying and bringing to the board opportunities for investment," notes Joe Clark, long-time president of the foundation and son-in-law of the founders.

"Mr. and Mrs. Eckerd were very clear that they didn't want board members to have carte blanche to push their interests. We came up with a number of very effective ways to balance individual trustee's interests with the overall grant making goals."

Setting the geographic focus of the foundation was one of the thorny issues tackled early to enable the foundation to have the impact they sought. There was immediate recognition that given the roots of the Eckerd Drug chain in Florida, it would be important to have a strong commitment to the state. However, one of the things all board members agreed upon was "that good ideas would not be bounded by geography" and activities related to their mission in Delaware and North Carolina (where family members lived) would continue to be considered to ensure fairness, and the ongoing engagement of board members.

One approach they adopted to manage and support this engagement was discretionary grants. These grants allowed the geographically dispersed family members to engage personally in a portion of the grantmaking by directing targeted grants to programs of interest that weren't reflected in the foundation's core grantmaking or geographic focus. These grants still had to support the overall mission, and based on the staff's recommendation these grants should not be under $10,000 due to the staff time required to vet all discretionary grant requests.

ADDITIONAL INFORMATION ON DISCRETIONARY GRANTS

The Eckerd Family Foundation's use of discretionary grants is not uncommon among family foundations of all shapes and sizes. NCFP has developed two *Passages Issue Briefs* on both the advantages and potential complications of discretionary grants, including *Discretionary Grants: Engaging Family… or Pandora's Box?* and *Discretionary Grants: Encouraging Participation… or Dividing Families?* Visit the National Center's Knowledge Center at www.ncfp.org to view our Special Focus Area on this topic.

Reaffirming Priorities and Grantmaking Philosophy

At the end of their five-year plan, the board brought in a second consultant to help "examine and reaffirm our priorities, reconsider our timeline, and tweak the rules that we had operated under," says Joe. Through this process, the board focused more deeply on the differences between charitable giving and leveraged philanthropy and began to recognize and develop grantmaking strategies that reflected the importance of systems reform and advocacy.

Three central tenets emerged to guide the Eckerd Family Foundation's grantmaking philosophy:

- **Wherever possible, partner and engage with government, advocates, and other outside private philanthropic partners to bring about systemic change.** "We knew that we could not achieve any kind of long-term impact and sustainable change just by funding a good program," explains Jane Soltis, who joined the foundation as vice president in August 2001. "Our strategies had to include advocacy, and they had to include changing people's thinking about a practice or legislation, or spotlighting an issue or problem. We knew that if we really did want to make a difference, it wasn't going to be through funding a program. It was going to be through us figuring out how to bring our arsenal of influence into the mix of what we were doing. So we were out there joining affinity groups and joining like groups of people who were focused on the same issues, whether it was in the community that we were in, or if it was up in our state capital. That was just part of the deal if we wanted to really get to where we were supposed to get to. ”

- **Invest in building the capacity of organizations to become sustainable.** “That was a message that we gave from day one,” explains Jane. “We were not going to do annual funding for any organization. We would do start-ups, we would enhance programs and we would make capacity building grants.”
- **Use data as the driving force behind all future decisions.** “What I liked most about the approach that Eckerd took was that they really studied the data,” says Maggie Osborn, who worked as a consultant for the foundation and also served as vice president of the Florida Philanthropic Network. “They asked themselves, ‘Where can we, with our limited size and access and focus, have the most impact?’ And so they would use a demonstration model, but they did it in terms of system change. So, they focused on things that they could embed back into the system in the state of Florida; things that would have a long-term impact on the outcomes for at-risk youth. ”

THE POWER OF URGENCY: TIPS FOR INVESTING IN YOUTH DEVELOPMENT

As a limited life foundation, the Eckerd Family Foundation was constantly on the lookout for high leverage strategies for achieving impact in the populations it served—primarily at-risk youth. In a May 2008 interview for Family Funder Spotlight, Joe Clark shared several key tips for investing in youth development that are valuable for any funder operating on a limited time span, including:

- **Do your groundwork to figure out what works** to improve outcomes for kids. Find other communities or agencies that are doing it, and build on it or replicate it. Don’t re-invent the wheel.
- **Invest in programs that focus on Positive Youth Development.** It is demonstrated to make a difference for youth.
- **Youth are part of the solution and not part of the problem.** Involve them in improving the systems that serve them.
- **Invest in advocacy**—we’ve successfully changed Florida Statutes to expand program funding and Medicaid eligibility for youth who have aged out of foster care.
- **Determine how to measure progress** in a way that is easy to understand. Proof that strategies are working is powerful!
- **Invest in leaders.** Effective leaders have really made the difference in this work. You can have a great program, but if you don’t have great leadership, it can go nowhere.
- **Talk to funders** who are working in the field; join the youth Transition funders group.
- **Develop relationships** in order to build public-private partnerships—you can help public agencies figure out how to do things better for the children.

*Reprinted with permission from “**The Eckerd Family Foundation: Helping Foster Care Youth Succeed in School, Work, and Life**,” from Family Funder Spotlight, Family Funders Network, Volume 9, May 2008.*

Measuring Success: The Impact, Influence, and Leverage Model

Data is at the center of the Eckerd Family Foundation's work, for the foundation's grantees as well as for the foundation itself. While the foundation was founded by a legendary businessman and had several savvy business executives on its board, it took some time for the board to realize that a careful and diligent process for measuring success was just as important to a philanthropy as it was to a business—and that creating mechanisms for achieving this goal was sometimes a much more difficult task.

The staff and board met with several outside advisors to help them develop a plan for measuring and tracking impact, and were particularly influenced by a conversation with a program officer from the Annie E. Casey Foundation, who shared the Casey Foundation's "impact, influence, and leverage" evaluation model. This model focuses on the specific outcomes that the funder seeks to achieve for individuals and families, and, more importantly, on the changes in community norms, policies, regulations, and environment.

"We stole it from Casey," admits Jane. "We defined it for our board and made it very clear to all potential grantees that evaluating their progress in this framework was expected of them."

Joe elaborates, "Most of the time it's easy to understand a program offering direct services—you make a site visit; you see the program; you understand the outcomes. It can be more difficult to work on a larger scale; there is less "hands on" and it is often difficult to appreciate how meetings, investing in advocacy, and organizational capacity can lead to the passage of a law or change a regulation or practice that results in permanent systemic change and much greater impact than any single program."

"The [Impact, Influence, Leverage] construct really helped us," continues Jane. "I can remember, after the first year of looking at all of our investments and all of our activities through this lens—not just our grants, but how we were spending our time, and the technical assistance that we were providing to support our grantees—we could look over a year's period of time and actually even look over the 15-year-period of time through this lens. It helped us, and it helped our board to be able to tell the story of what we were doing. And it helped to capture some of the other activities and investments that were not so program-specific in a way that I think made a huge difference. "

> *"One goal of our grantmaking was to add some lasting value to our grantees so that when the time came to walk away they would be stronger in an enduring way. I think we did that."*
>
> *—Joe Clark, president and son-in-law*

Adds Joe, "These plain stated understandable metrics helped everyone better understand how our everyday activities were related to and promoted our grant making goals. They added a context by which the value of the particular activity became more apparent and thus better appreciated as an important strategy. It answered questions like—why did we host this meeting? Why did we hire a consultant to draft model legislation? Why did we pay for this research or study? Linking our grant related activities budget directly to what's different in terms of impact, influence and leverage enabled board members to participate more fully in discussions about our broad goals for systemic change and apply that learning to local community interests as well. We found these measures to be workable and easily understood. "

For an in-depth description of the Eckerd Family Foundation's use of the "Impact, Influence, and Leverage Model," contact NCFP at 202.293.3424 for a copy of the longer version of this history.

Recognizing the Value of Measurement

"I think the recognition that we had to have outcomes measurement came with time," says board member Jim Swann. "I don't think we started off knowing that. We started off with wonderful projects that we all believed in, and anecdotally, we knew they were doing a great job, either from visiting the programs, or just an inherent trust that they were going to do a good job. "

Jim continues, "But when you're spending a lot of money, that's not a very good way of doing business. So we realized over time that we had to get stronger at having some kinds of measurements, especially if our goal was for a specific program to be picked up by government. "

Staff also recognized that they had an important role for communicating the power of measurement—both for the board and for their grantees. This required both figuring how best to measure selected programs, as well as determining which metrics were most important to the board and when and how they applied.

"What we really liked was to have somebody come to the table who had some evidential basis for success before coming to us," adds board member Nancy Nichols. "I think staff helped us come to an understanding about how important measurement was. There are a lot of people that want you to give them something. So, you have to kind of separate the wheat from the chaff a little bit. And you want to support those programs that you hope will have the greatest chance of success. "

Perhaps the most important measure of success for the board was *replicability*—the potential of a given program to be expanded and brought to scale. "Most of the good work that's done is not replicable," suggests Jim. "Many of these programs are led by some kind of loving, caring adult, and it sort of depends on that person for its success, and it's very hard to replicate that. But you need to search for ones that are, because obviously you can have a much greater impact if you can help a struggling organization, and it does become replicable. "

Additional Advantages to Data and Measurement

Board, staff, and outside observers cited several additional advantages to the Eckerd Family Foundation's dedication to outcomes measurement:

- ***Data helps to understand success or failure quickly.*** "I think we all came to realize that we had to have measurement strategies in place, because we couldn't spend all our time going back and looking at how people were doing," says Jim. "We had to have reports that could be read and that could help you understand your success or your failure and not have to spend hours trying to decide how well you had done with a particular grant. "

- ***Data informs future grantmaking.*** Maggie contends that this is one of the Eckerd Family Foundation's biggest contributions to the field: "They've made a real effort to share their knowledge, and the data, and the information with the field, and that's huge."

- ***Data is essential for leveraging additional public and private investment.*** "If you were looking for government funding to be a big part of the solution, you had to be able to demonstrate that you were bringing something to the table that was going to really do some real good," explains Jim. "And you had to be able to show it was going to do some real good at an effective price. "

At the same time, board members and staff struggled with the realization that as a limited life foundation they were operating on a very fast timeline. The issues they had chosen to focus on did not always have quick fixes, and an important part of their role was to provide the "tough love" their grantees needed to find ways to be sustainable for the long haul.

> *"We knew that we could not achieve any kind of long-term impact and sustainable change just by funding a good program."*
>
> *—Jane Soltis, vice president*

Staff members Joe and Jane explain that while immediate solutions were rarely available for the areas they were addressing, their message from day one had been that they would look for innovative programs and start-ups with new ideas rather than as a provider of annual funding. "That was part of the family's strategic process. We would support innovative approaches, but we should not ever be seen as a source for long-term, annual support," says Jane. "As we matured, we spent more and more time communicating with potential grantees about the central importance of sustainability. Our board got very savvy at asking the question, 'When we stop funding this after one or two years, how are they going to sustain it going forward?'

"That message was always out there from day one with every potential grantee, and we reinforced that through the way we made grants. We also reinforced it by providing capacity-building technical assistance funds to both potential and existing grantees around grant writing or board development, or other kinds of capacity-building needs that we identified in conversations with them."

PART II: MANAGING THE SPEND DOWN PROCESS

The Eckerd Family Foundation was set up as a limited life foundation. The foundation followed several policies—written and unwritten—over the first decade of the organization that reflected this initial decision. The board was not particularly concerned about the five percent payout requirement, and in many years went far beyond this legally mandated minimum.

In December 2009, the board and staff of the foundation held their first official meeting to begin discussions on how to go about the process of winding down the foundation. "We reaffirmed the timeframe with the board and began talking with them about the decisions they would have to make as we started this process," says Jane Soltis. "We provided them with a document that asked, 'What would you like the foundation's legacy to be? What do you want to leave behind?' We also talked about our ongoing priorities, and some of the tasks that we would have to attend to, and that was the beginning. "

Adds Joe Clark: "We started off the meeting by explaining that there were essentially four decisions the board could make about how to spend down the foundation. They could distribute all of the money directly to grantees; they could grant it to a family advised fund within a community foundation; they could distribute it to individual family foundations; or they could establish an escrow account with another non-profit organization."

In some cases, the staff and board members worked to connect grantees with other foundations that could continue to provide financial support. And they began to face the finality of the foundation's closure.

Joe explains, "One goal of our grantmaking was to add some lasting value to our grantees so that when the time came to walk away they would be stronger in an enduring way. I think we did that. "

OTHER VEHICLES FOR ECKERD PHILANTHROPY AND THE MILLION DOLLAR CHALLENGE

While the Eckerd Family Foundation is the focus of this report, the Eckerd family had a multi-pronged approach to giving, and they continue to be involved in a variety of philanthropic vehicles. Eckerd family members have invested a substantial amount of time, resources, and expertise in establishing Eckerd Youth Alternatives (EYA), which sponsors a variety of therapeutic programs for at- risk youth. Since it's founding in 1968, EYA has served more than 150,000 at-risk youth and their families, offering a full continuum of life-changing behavioral health and child welfare services across five states.

Jack and Ruth were heavily involved in the maturation and growth of Florida Presbyterian College, which now bears the Eckerd name. The Ruth Eckerd Hall was also named as a result of their gifts and many family members are still involved with it today. The Eckerds were avid volunteers and Mrs. Eckerd was a lifetime volunteer for Meals on Wheels. They also made "under the radar" individual contributions of approximately $3 million per year to numerous Tampa Bay charities.

Jack believed strongly in applying sound business principles to his philanthropic endeavors. He wanted to invest in things that would allow people to help themselves. "My dad was very business-like when he gave to a charity," says daughter Nancy Nichols. "When he started the camps for children, it was an investment to him, because when you help a child, that charity money goes far into the future.'"

Million Dollar Challenge

The Eckerd's desire to share the joy of giving with their children was matched by Jack's interest in making sure that everyone in the family "had skin in the game." On a family vacation in the early 1980s, more than a decade before the establishment of the Eckerd Family Foundation, Jack announced that he would be providing a creative matching program to help every family member start their own family foundation. Now known as the "Million Dollar Challenge," Jack and Ruth offered to fund a foundation for each of their seven children up to $1 million, payable over 10 years. And because each child's financial circumstances were different, Jack developed a matching formula that fairly enabled everyone to reach this goal. Some donations into the foundations were matched 5 to 1, others 10 or 100 to 1.

"Dad never did anything that didn't involve a game or challenge. He never handed us anything. So, I guess he was saying, he was willing to put up if we were willing to put up," recalls Nancy.

As it turned out, all seven children took advantage of the match and created their own individual family foundations. Today, these vehicles are engaging the next generation of the family and in many cases these separate family funds are carrying on the Eckerd tradition of investing in children and youth.

For a complete description of Jack Eckerd's Million Dollar Challenge, including the exact formula he used to determine the matching contribution for each family member, contact NCFP at 202.293.3424.

Managing the Process

Following the December 2009 meeting, staff regularly updated the planning document they had prepared— first in word, and later as an excel spreadsheet—to assist in communicating with the board about where they were in the process. Appropriately titled the "Master Closing Plan and Timeline," the plan included a detailed list of action items in the areas of human resources, communications, grants and cash management, accounting, legal, and operational closure tasks, with responsibilities for each task assigned to staff, board members, outside consultants, and "staff with board direction."

> *"At the end of the day, my family is the most important thing. But your community is the next most important thing—it surrounds your family, it surrounds your business. If you can make your community a better place, then I think you're making your life better, so that's what I am going to keep doing."*
>
> *—Jim Swann, board member and son*

"We started the process by serving up a menu of discrete decisions, and at each meeting, we would say, okay, we need to address this issue and this issue. Thanks to regular and precise communication with the board, we were able to assemble and group various decision points of the spend down plan into very manageable pieces. Each step was important but nothing became overwhelming," explains Joe.

Accompanying the master plan was a more detailed plan for human resources, which helped the board understand clearly the ongoing role that staff members were playing. "The human resources timeline illustrated and made very clear to the board that, while we're not making grants and we're not going out there doing that kind of work any more, we really did still have a lot of tasks and activities related to the closing that we had to complete," explains Jane.

As they began to implement the items on their tracking list, Joe and Jane also read all of the resource materials available about spending out a foundation, with regular and repeated reference to *Closing a Foundation: The Lucille P. Markey Charitable Trust*, a report from the Council on Foundations on the spend down process at the Lucille Markey Charitable Trust. They also talked with several individuals who had been directly involved in a spend down process—one of whom cautioned that it had been an "absolute nightmare. "

"When we heard one individual state that it took two years longer than anybody thought it would, it just made my stomach churn," says Joe. "I thought, that's the last thing we need, and we're not going to let that happen. So perhaps we over-planned a bit, but we were ready. "

"Every time the board asked a question, Jane was able to refer to our timeline and checklist," he adds. "And you need to start talking early on about how to operationalize the process, and not say, 'this will all work out in the end.' Because there are details that you're going to overlook."

The board and staff worked to reach the planned ending in March 2013, and as they got closer to that date Joe and Jane realized that there would have to be a "last call" for new ideas from board members.

"And so at our fall meeting in 2011, we offered the opportunity for board members to consider whether there were any other projects or issues—related to our focus areas—that they would like to pursue. In sum, this would be a last chance to pursue some new opportunity, because for the next two years we would not be taking on anything new," explains Joe. "And then as a group we agreed on the five or six areas on which we needed to concentrate during our final year in order to bring our work to conclusion. That was our plan and we stuck to it. "

For a copy of the Eckerd Family Foundation's "Master Closing Plan and Timeline," contact NCFP at 202.293.3424 for a copy of the longer version of this history.

Wrapping Up: Bringing in Outside Assistance

As the spend down process picked up pace, staff at the foundation realized the need for expert guidance to ensure that decisions were made in an appropriate and legal manner. "We talked with our existing law firm early on and told them about our plans and asked them how do we go about that?" explains Jane. "Because this doesn't happen all the time. "

> *"There are two types of leadership: leadership by compliance vs. leadership by commitment. Leading by commitment is a leader that creates and sustains a shared vision and motivates others to contribute to that shared vision. Granddad was a great leader by commitment. He understood commitment was self-sustaining. He expressed the values and behavior that represented the foundation and he never forced anyone to be involved."*
>
> *—Charlie Hart, grandson*

To help with the process, staff sent a letter to a select group of well qualified law firms in their region who had experience in this area telling them about their plans for spending out the foundation and asking each firm to identify the key tasks required and estimate the cost of their assistance. "We wanted to make sure that the resources we had were adequate," explains Joe, "and we didn't assume that the firm we had used for regular day-to-day business had the same expertise and experience that would be required when we were actually closing the foundation. And we wanted to be sure that our law firm could work hand-in-hand with our accounting firm. "

According to Jane and Joe, the Eckerd Family Foundation budgeted approximately $25,000 in outside legal fees to help with the spend down process during the final year of the foundation's existence, and Joe estimates that "we'll be significantly under that. "

Spending Down: Getting to Zero

Jane and Joe reference the fact that the law also provides a significant incentive for careful planning and a thoughtful approach to payout. "When you go out of business, if you have any assets left there is essentially a 100% tax," explains Joe. "So what you really have to do is figure out some way to not only estimate your expenses, but to prepay them whenever possible, and then to come up with a way to handle any mistakes you might make along the way."

One thing that made their final calculations easier to manage was the existence of the individual family foundations that had been set up for each of the Eckerds' seven children. (See the "*Million Dollar Challenge*," above). These ongoing philanthropic vehicles provided the foundation with "a natural way to continue to support things in communities that had been started by the foundation," says Joe. "These individual family foundations existed years before the big foundation, and the whole purpose of the big foundation was to do things that the little ones couldn't—to consider the big picture and bigger issues in the field. It's funny how it kind of balanced out at the end, in that the remaining money from the big foundation could be used to continue to support projects of interest that had been supported by the individual directors in their own communities. "

In June 2012, the foundation held its final board meeting and awarded its final grants.

Communicating with Grantees

Both Joe and Jane reference the challenge of communicating the plans to spend down the foundation to many grantees, despite repeated and clear messages from the staff.

"One of the challenges we had was managing the expectations of our grantees and the community," explains Joe. "Despite our efforts to communicate our plans clearly, many felt that the foundation would be issuing a series of very big checks for capital and endowments. We received many unsolicited proposals despite our guidelines and announcements to the contrary. Fortunately I think we were able to handle all inquiries in a respectful but appropriate manner. "

Jane agrees: "The message was always out there from day one with every potential grantee. We reinforced that through the way we made grants and we also reinforced it by providing capacity-building technical assistance funds to potential grantees or grantees around grant writing or board development or other kinds of capacity-building needs that we identified with them in their organization. "

Board member Nancy Nichols suggests that there is some degree of human nature in this. "I'm not sure that people were willing to connect with the loss of EFF as a long-time funding partner. They think that they're going to be the ones that, somehow, we were going to continue to support. And I don't know that there's any way to do this, other than being very honest about it."

PART III: ADVANTAGES AND DISADVANTAGES OF THE SPEND DOWN APPROACH

While every giving family is unique and their particular approach to spending-down will yield varying results, there are some aspects of the Eckerd Family Foundation's experience that are instructive for all families seeking to realize greater impact.

The Eckerd's approach to grantmaking reflects their founder's willingness to take risks to achieve ambitious goals, combined with the sense of urgency that accompanies a limited life foundation.

Interviews with the Eckerd family and staff, and analysis of the foundation's grantmaking strategies, suggest a variety of advantages gained from their spend down approach:

- **Focused Engagement: Having an end date enhances both focus and family member commitment.** With a limited time horizon, several family members specifically maintain that they felt more engaged in the work of the foundation. "It lets you know there's an end of the game," says board member Nancy Nichols. "It kept my energy level up. I read everything and listened at every meeting because I knew there was going to be an end of it. "

  Others mentioned the idea that having a finish line in sight helped sustain their personal commitment despite the heavy levels of work and attention involved. "It's a time commitment to read about organizations. It's a time commitment to look into people that deserve and have need; and it's also an emotional commitment," says Charlie Hart, a grandson of the founders. "We can't help everyone, no matter how hard we try. The way that it was set up to spend down was something that I was happy to be engaged in. If it was set up to be around forever, to be passed down from the children to the grandchildren to the great-grandchildren, then it would have been perceived as a burden."

- **Commitment to Donor Intent: Limiting the life of a foundation keeps the focus on the donor's interests.** While Jack Eckerd was

LESSONS LEARNED ON SPENDING OUT FROM THE ECKERD FAMILY FOUNDATION EXAMPLE

When considering a spend down approach, family foundation donors and board members should reflect on the many lessons drawn from the Eckerd experience:

- **Buy-in from all members of the board is critical.** Board members must agree on the mission, vision and timeline at the beginning, and recommit throughout the process.
- **Working together as a family to make an impact through philanthropy will have its ups and downs.** Board members cited the value of tolerance, respecting other's opinions and patience in the process.
- **Operating the foundation like a business facilitates a successful spend-down approach.**
- **Outside expertise and consultation can be transformative.** The Eckerd Family Foundation utilized consultants at two distinct points in the foundation's development to create consensus around a vision and approach for realizing results..
- **Staff is a critical factor in the success or failure of a spend-down approach.** While staff are always a vital component to organization success, when a foundation is spending down, staffing becomes even more important. "The closer you get to the end date, if you don't have the right people, they're going to be looking someplace else," suggests Jim Swann.
- **Nothing takes the place of personal involvement.** Over and over again, board members of the Eckerd Family Foundation mention the value of their personal engagement in the work of the foundation.
- **Leadership involves risk.** "Mistakes are okay, because you make mistakes when you are out front," says Jim Swann. "You never make mistakes when you follow and just do what everybody else did that you're sure is going to work."
- **Asset size is relevant (but relative)—a strategic approach with ambitious goals requires resources.** Over the course of its 15 years, the Eckerd Family Foundation made grants and conducted grant-related activities of more than $65 million in support of its many initiatives, particularly foster care and juvenile justice.
- **Collaborations between local funders and national foundations can yield value for everyone and move the work forward.** The Eckerd Family Foundation collaborated extensively throughout its history with national funders such as the Jim Casey Youth Opportunities Initiative, the JEHT Foundation, the Annie E. Casey Foundation, and the Lumina Foundation. "When we worked with the Lumina Foundation, it was a win for us and a win for them," says Joe Clark. "We became a trusted contact in Florida, where they were looking for a point of entry. "
- **You can't communicate enough with grantees and nonprofits.** The Eckerd Family Foundation was very clear in its communication materials and interactions with grantees and nonprofits. Yet many still did not seem to understand (or accept) the foundation's time horizon, even with the final grant round. "I don't think people are

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Lessons Learned, continued from page 12

willing to connect with the fact that there will be an end," says Board Member Nancy Nichols. "I don't know that there's any way, other than being very honest about it. "

- **A spend down approach has implications for the types of organizations you should choose as partners.** While there can be great value in working with universities and academic institutions, Eckerd staff and board members caution that the academic culture may not be best accustomed to complying with an aggressive timeframe and expectations for work that could "nimbly be put into action."

- **A spend down approach has implications for the type of change you seek to create.** Eckerd Foundation leaders quickly learned that neighborhood-level change requires the engagement of community members, and requires long-term relationship building and resource commitments that their timeline could not accommodate. "We learned these neighborhoods, while very much in need, do not easily change. They require conscientious, consistent, intentional leadership from their own community and must be willing to hold themselves accountable," says Jane in an internal Historical Summary prepare for the board in June 2012. "If the leadership and work is left to 'outsiders'—however well intended—it probably will not work. "

- **While a shortened timeline often leads to investments in strong, visionary nonprofit leaders, investments should be made with attention to several key factors.** In particular, the Foundation recommends recognizing that:

  · Visionary leaders have strong operational implementers behind them.

  · Good intentions do not equal results.

  · When visionary leaders who are often organizational founders request funding, it is important to identify and verify the existence of strong fiscal controls in the organization.

  · Visionary leaders must be taught that measurement and data are necessary and that *the plural of anecdote is not data.*

incapacitated by a major stroke shortly after the founding of the foundation, his values, philosophies, and perspectives were both well documented and well understood by his family. With this knowledge clear in their minds, family members were unanimous in their verdict that the limited life approach was a good fit for the donor's intent.

"He was aware of how some other large foundations had wandered away from the basic intent of the donor," suggests Joe Clark. "While he and Mrs. Eckerd were very clear that they wanted the foundation to reflect the interests of the family, they wanted it to be in a particular context and they did not want the focus to change dramatically over time. Nor did they want to impose a lifelong burden on the extended family. After all, if you can't accomplish two or three major goals in 15 years what advantage will perpetuity add?"

Board member Jim Swann agrees: "He did not want his foundation, over time, to become something totally different than what he would have wanted the money used for.

- **Risk: An increased willingness to take risks in order to achieve desired impact:** Perhaps the clearest benefit of the Eckerd Family Foundation's approach was an intense focus on impact, which was shared by every board and staff member, and reflected in their strategies and grantmaking.

"You are forced to plan specifically and to stick to your plan," states Joe. "There's not a free pass. You don't get to say, well, we didn't get to that this year, but that's okay, we'll just roll it over to next year. Time is always running out. "

As the foundation deepened its work reforming the juvenile justice and foster care systems, family members also became more comfortable with taking risks, including significant support for advocacy efforts. "Because we wanted to make a change, and we wanted it to be long-term and sustainable, we knew that we could not be successful by just funding a good program; it had to include advocacy," says Jane Soltis.

- **Collaboration: Limited life foundations clearly recognize the need to partner early and often to meet their goals—and to encourage their grantees to do the same.** With a short time horizon and ambitious goals, the Eckerd Family Foundation was a model for funder and nonprofit collaboration. This collaboration was essential to the foundation both for achieving it's grantmaking vision during its existence, but also for ensuring that this vision would be carried forward following the life of the foundation.

Vicki Sokolik, director at Starting Right, Now, a long-time grantee of the foundation, adds that this focus on collaboration extended to the foundation's support for collaboration by its grantees. "Sometimes the most important part of a funder's support has nothing at all to do with their own financial contribution. By connecting us with other organizations and funders, we were able to not only grow our program in capacity but also learn from others their best practices to help us build stability and sustainability. It also allowed us to partner on some aspects of our program so that we were not reinventing a wheel if someone was already doing good work in that field."

While everyone interviewed reports strong support for the limited life approach, many also acknowledge at least two important disadvantages of this decision:

- **Continuity of the Work/Long-term Impact:** Most importantly, family members and staff recognize that the work they have started might not be continued or completed and that there remain many important issues and programs they wish they could address.

Second Generation members of the Eckerd Family Foundation, along with their spouses.

"My aunts and uncles and mother and staff developed so much expertise, so many contacts, such a record, and then all of that is then dispersed," says Jake Short, grandson of the founders. "The human capital aspect of the spend-down is sometimes overlooked."

Maggie Osborn adds that the departure of the Eckerd Family Foundation from this work will be difficult for the at risk populations it supported. "I worry about the light going off of these populations. I don't worry about some of the things that Eckerd has done having incredible and long-lasting change, but I do worry that they've been such a key supporter for these populations and these issues and a strong voice across the state and I worry about who's going to continue to magnify those issues."

- **Loss of Vehicle for Family Participation/Succeeding Generations:** With the closing of the foundation, the Eckerd family also acknowledges the absence of a vehicle for future shared family participation. "In a small way, I think people thought it was the end of an opportunity for us to work together as a family, which we are very much used to doing," states Jake. "We've come together very consistently over the years for all sorts of reasons but this was one of the most important reasons. So I think there are some questions about what will follow. "

CONCLUSION

Sometime in 2014, the Eckerd Family Foundation will officially close its doors, ending more than fifteen years of sustained commitment to young people. The foundation's legacy will live on for many years to come for a variety of reasons, and in a variety of ways:

- The foundation has served as the focal point for the blended Eckerd family, enhancing the lives of the Eckerd family members who participated in its work, either directly as board members, or as observers and supporters, and providing them with shared memories and a shared and life-long dedication to at-risk youth.
- The foundation has influenced countless other philanthropic families and funders through its participation in a variety of funder networks and statewide advocacy groups, including the Florida Philanthropy network, the youth Transitions funders group, the campaign for youth Justice, and the Quality Parenting Initiative, among many others.
- The foundation has positively and directly transformed the lives of tens of thousands of families and at-risk youth in the regions they supported, most notably Florida, Delaware, and North Carolina.

Finally, the foundation has served as powerful force for learning and exploration for the family members involved "We learned how to work with family members—how to deal with the baggage and work through it," says board member Rosemary Lassiter, daughter of the founders. "We learned how to accept differences and understand why people feel that way. These are lessons for life."

ADDITIONAL RESOURCES ON LIMITED LIFE FOUNDATIONS AND SPENDING OUT

- Buhl, Alice, 2013. "The Irwin Sweeney Miller Foundation: A Study In Spend Down." Washington, DC: National Center for Family Philanthropy.
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- Ostrower, Francie, 2009. *Limited Life Foundations: Motivations, Experiences, and Strategies*,. Washington, DC: Center on Nonprofits and Philanthropy, The Urban Institute.
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- Renz, Loren and Wolcheck, David, 2009. *Perpetuity or Limited Lifespan: How Do Family Foundations Decide: Intentions, Practices, and Attitudes*. New York, NY: Foundation Center.
- Stone, Deanne, 2005. *Alternatives to Perpetuity: A Conversation Every Foundation Should Have*. Washington, DC: National Center for Family Philanthropy.

For additional information, please visit the National Center's Special Focus Area on this topic at www.ncfp.org or the Duke Center for Philanthropy & Civil Society's special Project on Spend-Down at the AVI CHAI Foundation and The Atlantic Philanthropies.

About the Author

This paper was developed by NCFP staff members Jason Born, Lauren Hasey, and Kathy Whelpley, with the guidance and support of Eckerd Family Foundation staff members Joseph Clark and Jane Soltis.

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The National Center for Family Philanthropy is the only national nonprofit dedicated exclusively to families who give and those that work with them. NCFP provides the research, expertise, and networking opportunities necessary to inspire our national network of giving families every step of the way on their philanthropic journey. Families learn how to transform their values into effective giving that makes a positive and enduring impact on the communities they serve. *Together, we make great things happen.*

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