



The Center for Family Philanthropy
A Program of the Community Foundation for Greater Atlanta

Case Study for the Excellence in Family Philanthropy Initiative
September 2006

DRAFT

(9/19/06)

Introduction

This case study briefly documents the development of The Community Foundation for Greater Atlanta's Center for Family Philanthropy. It was created as part of the *Excellence in Family Philanthropy Initiative*, a peer-driven and collaborative effort of 19 community foundations to share and develop good practices for working with family philanthropies. Along with several other case studies, it was crafted for the purpose of sharing the experiences and lessons learned from community foundations which have worked proactively to improve and expand the work they do with philanthropic families. The content is drawn primarily from a group interview conducted on September 8, 2006 with the Foundation's President, Alicia Philipp, the Center's Director, Audrey Jacobs, and Philanthropic Advisor Barrett Coker. It also includes information garnered from the website and from a 2003 interview with then Center Director Christine Hunt (2003-2006).

The success of the Community Foundation for Greater Atlanta's Center for Family Philanthropy has attracted widespread attention in the community foundation field. Many foundations wonder whether they can emulate or adapt the model and realize similar results. We hope that this case study, while certainly not a comprehensive documentation or analysis of the Center, will provide readers with insight into the potential applicability of the model – in parts or as a whole - for other foundations.

Decision to Form Center was Part of a Shift to a more Donor-Centered Mission and Strategy

In 1999, the Foundation engaged (*pro bono*) the Boston Consulting Group (BCG) to conduct a major study of the Foundation's strategic strengths, limitations, capacity and potential. The study was enormously enlightening to Foundation staff and board and precipitated major shifts in strategy, mission and management. A key finding of the study was that the Foundation was spending the vast majority of its effort and expenses on discretionary grant work while donor advised funds - primarily funded by families - comprised 90% of its assets. Another key finding was that The Foundation needed to set a minimum fund size of \$250,000 to support the extensive customized services above and beyond standard donor services.

In 1999 the Foundation changed its mission to more clearly focus on the needs of donors, upgraded its technology and finance systems, reorganized the staff and wrote new job descriptions for every staff member, each of which included some reference to their impact on donors. As a young city, Atlanta's philanthropy was built by active donors who required personalized service. And meeting those donors' needs better would translate into a greater impact on the region. The Community Foundation embraced a fundamental philosophical shift to focus more on donor service and recognized that "everyone in The Community Foundation was working for donors." The Center for Family Philanthropy was a natural outgrowth of this shift.

Of course, Foundation staff knew they had a lot of family clients and they had responded to many family requests, primarily for information about grantmaking and specific community organizations. Approximately half of the Foundation Board members were donors themselves and thus, the BCG study results resonated with their experiences. In 2001 the Foundation started a learning program for children and grandchildren of donors, age 8-18 called Planet Philanthropy, which was fairly popular.

Launching the Center Started with Current Clients and Expanded Outward

The Center was officially launched in January, 2000 and made available to donors who had \$250,000 or more invested in the Foundation. Invitations were also extended to private foundations with a donor advised fund of \$250,000, as well as to donors with planned gifts to the Foundation of \$1 million or more. The Foundation offered enhanced services to these donors at no additional charge beyond the standard asset-based fees. The initial goals were to better serve existing family funds so that (1) they found their philanthropy more fulfilling and consequently would invest more money into philanthropy and (2) next generation members of these families were better prepared to become community and philanthropic leaders.

The Foundation made a "soft launch" of the Center to current qualifying donors, including a letter, a simple fold-over brochure, and a survey with reply form, including the opportunity to sign-up for Planet Philanthropy. Many of these donors had contributed to the BCG study through interviews, surveys or focus groups, so they were "prepared" to respond to the new services. Donors submitted many written responses, indicating that the Center was of interest to them. *For example, one donor wrote the following handwritten note:*

"Andrea, although I am not a big donor—I would love to be involved with this—esp. with the kids. I have two teens....Great program!" Another donor wrote the following, "What an interesting and valuable concept you are launching."

Donors started using the services and Foundation staff responded to their needs. Requests continued to focus on information about community needs and organizations, but families also began to ask for family meetings, donor training, and strategy development. In 2000, there were very few resource organizations or materials to help the Foundation in its work with families. So staff invested resources in creating and modifying materials and approaches that were carefully tailored to meet the needs of their donors.

About a year and a half after the soft launch, the Foundation initiated a more public campaign to promote the Center and, most important of all, began to market its services to professional advisors. Marketing effects included the design and implementation of a logo, letterhead and other collateral materials. Staff began incorporating a discussion of the Center into all its meetings, programs and trainings with advisors, which then and now reach about 600 financial advisors per year.

Managing the Center is a Virtual Activity

The first Center Director, Andrea Montag (2000-2003), served as a half-time marketing/ half-time donor services professional for the Foundation. She moved full time into donor relations as the Director of the Center and took responsibility for identifying and developing the services they would provide, as well as identifying expert resources. Andrea reported to Bryan Clontz, Vice President of Philanthropic Services (previously Vice President of Advancement) who was the driving force at The Community Foundation behind more donor-focused services and family philanthropy. In 2003, Christine Hunt became the Center's second director. Christine worked with two philanthropic advisors and reported to Jeremy Arkin, Vice President.

The Center is currently directed by Audrey Jacobs, who reports to Rob Smulian, Vice President of Philanthropic Services. Both Audrey and Rob joined the Foundation in August 2006. Reporting to Audrey are two Philanthropic Advisors (PA) and one Associate Philanthropic Advisor (APA). All five staff members spend some, but not all, of their time working with qualifying Center families. Philanthropic Services staff work closely with and draw extensively on program staff in the provision of services to Center families. Barrett Coker, one of the PA's, reports that she works with about 250 donors, approximately 50-75 of whom are in the Center. She estimates that about 100 of the donors she works with are actively engaged in the Foundation throughout the year. At any given time, she believes that about 25 families are deeply involved in their philanthropy. Erin Drury, our second PA, reports similar data and family involvement. Audrey Jacobs, Center Director, also, maintains a portfolio of Center families.

President Alicia Philipp says the Foundation continues to adjust and modify the organizational structures to optimize the connection between PA's, donors and program staff expertise. They are currently moving to a system of teams, consisting of a program staff, donor services staff and finance staff member for all donor clients. In addition to providing a deeper connection and more continuity to donors, this will help the community foundation do a better job of tracking their costs to serve donors. A time tracking system will also be implemented.

Foundation staff emphasized that the Center is "virtual" And exists as part of Philanthropic Services. There is no physical location for the Center, but donors who elect to receive the services have a Center experience.

Donor Benefits/Experience

When donors set up a fund of any size at the Foundation, they are assigned a PA. The PA invites them to an orientation where they learn how the fund works and receive a donor handbook. The PA tells all donors about the Center and assesses their interest in its services, which include, according to the program brochure, the following:

❖ *Planning:*

- Philanthropic strategy sessions
- Philanthropic letter of intent;
- Family philanthropy meeting
- Endowment strategy
- Planned giving

❖ *Implementation:*

- Donor relations officer as liaison, helper and coach
- Program staff providing customized research and recommendations
- Site visits to organizations of interest

- ❖ *Accountability:*
 - Annual family meetings
 - End of grant reports
 - Investment and spending reports
 - Quarterly statements
- ❖ *Education:*
 - Experts in fields of interest
 - Group seminars
 - Training ground for children

Staff members report that every Center client starts at a different place and has a different set of needs, so services are always customized. “It’s not like you can come in with a box and give it to them – presto!” Some donors say they are not interested in the Center services today, but may be interested later, perhaps after their kids get through college. During their annual check-in with donors (this is done for every Foundation client, not just Center members), Foundation staff will ask these folks whether anything has changed and if they would like to use the services.

Over the years, the staff has also developed a number of their own tools and materials to use with donors and have accessed the resources developed elsewhere, such as FP Online, a service of the National Center for Family Philanthropy. They have also begun to implement some structured staff training, including how to establish realistic expectations with donors.

You Can’t Argue with the Results – Fund Size, Payout and Matching Grants

Foundation President Alicia Philipp reports that since the Center was formed, the average size of a new donor advised fund has risen from \$150,000 to \$650,000. Recently, Foundation staff members have noticed that several long time donors are increasing the size of their funds and expressing interest in the Center services. Of the \$123 million in new assets coming to the Foundation in 2005, 73% went into existing funds. The number of new funds coming to the Foundation has stayed about the same, at 50/year. In 2003, the Foundation worked with about 500-550 families, 90 of which qualified for Center services. As of 2006 the Foundation works with 650 families, 150 of which qualify for Center services.

A second very positive trend reported by the Foundation has been more actively engaged donors, as measured by the amount of dollars granted through the funds. In 2004, flow through from donor advised funds was \$38 million and total gifts received was \$83 million. In 2005, donors made \$50 million in grants.

Finally, donors are increasingly funding organizations that have been recommended by Foundation staff. In 2006, the Foundation established a goal of \$1.25 million of what they call “matching dollars” (grants to organizations they recommend). By June, which was the middle of their fiscal year, the Foundation had already surpassed this goal and are currently at \$2.8 million. Moreover, many of these grants support organizations that the Foundation funds through its discretionary grants program resulting in leveraged gifts for nonprofits meeting a critical community need.

Whether all these positive results can be attributed in whole or in part to the establishment of the Center for Family Philanthropy cannot be irrefutably proven. However, Foundation staff recognize that (1) the establishment of the Center has been a major factor in attracting new and larger donors, (2) the Center has motivated existing clients to grow their funds, and (2) that the Center’s services have increased donor engagement and matching grants.

Advice to Others

After learning about the remarkable success of The Community Foundation of Greater Atlanta's Center for Family Philanthropy, it would be tempting for just about every community foundation to adopt this model. Alicia Philipp sends a strong caution to the field. "You better read and take the *Making the Commitment to Family Philanthropy Management Tool* piece (written by Bryan Clontz for the National Center for Family Philanthropy) first. If you decide you are committed, have the resources, have the policies and procedures in place, then you will be able to launch a really good family philanthropy effort. But if you don't, think twice. This is not the panacea for everyone." It can be a difficult philosophical transition for staff, so it is essential they are included in the process and embrace the new approach.

Alicia also acknowledges that not every community can use or support such high end services. The Atlanta metropolitan area is a complex community, with many social needs and a rich supply of nonprofit organizations, where it could take months for a new donor to get the lay of the land. With the Community Foundation's 50 years of experience in grantmaking, they have a solid knowledge and experience base. Even more important, Atlanta is large, vibrant and growing with a high proportion of first generation wealth developers, who are accustomed to and expect a high level of personal service in all aspects of their lives, especially financial ones. "We talk about ourselves as the private banker for your philanthropy" asserts Alicia. And for Atlanta, and its growing philanthropic community, their formula has worked very well indeed.