



Strategic Planning Update #2

A BRIEF RECAP

Over the past five months we have been seeking input from donors, community leaders and nonprofit executives by conducting individual interviews and holding numerous focus groups all over the state. As a result, we have developed a strategy for the VCF that proposes to:

- Increase the effectiveness of Vermont philanthropy by making community knowledge more accessible to donors and nonprofits; and
- Raise awareness about the value and impact of giving statewide in order to stimulate new philanthropy and create a supportive environment for the growth of philanthropy here in Vermont.

In addition, we learned that we need to balance our need for a revenue model that is cost-effective and sustainable with donors' needs for:

- High quality and personalized services from the VCF
- Choice about financially supporting new activities that we would undertake and about the longevity of their fund at the VCF
- Not adding to the overall “fundraising noise” in Vermont, and
- A reduction in competition with the fundraising efforts of other nonprofits.

We believe the following plan accomplishes these goals.

WHAT NEW ACTIVITIES WILL THE VCF TAKE ON IN THE NEW STRATEGY?

- **Build community knowledge**

We will implement new regionally-focused programs, grantmaking efforts, gatherings and research that turn local understanding of unmet need into useful information for donors and grantees. The components of this knowledge-building include:

- *“Understanding Vermont”* – a project that matches regional perceptions of need with previously collected data that further informs those perceptions. Understanding Vermont would include information-sharing meetings with community advisors (perhaps the VCF Members) in each region and gathering data from existing studies on Vermont need. Then, we would summarize this information and make it available to donors in a

variety of venues, including regional forums, regional giving circles, and other events that bring together donors and other community leaders to discuss the information gathered by the project and exchange ideas about how to give most effectively.

- An online searchable catalog that centralizes statewide data on Vermont nonprofits from multiple databases currently in existence. The online catalog would provide current funding needs and opportunities for donors and Foundation staff, and could include important due-diligence information on each nonprofit.
- **Raise awareness of Vermont-focused philanthropy**
 - Track, publish and publicize ongoing and changing trends in Vermont-focused philanthropy by producing the *Study of Vermont-Focused Philanthropy*.
 - Inform networks of financial advisors about philanthropy in Vermont and the services of the VCF.
 - Increase the visibility of high-impact Vermont giving by using radio, newspapers and other venues to “tell the story” of Vermont philanthropy.
- **In our grantmaking programs and nonprofit support services, prioritize efforts that increase the capacity of grantees and other nonprofits to achieve their goals**
 - Provide nonprofits with grants and capacity-building initiatives, agency endowment management and agency planned giving services to help them build leadership, management acumen, and financial sustainability.
- **In addition to maintaining all of our current services, we will improve our use of technology to deliver enhanced, personalized services as well as continue to focus on increased administrative efficiencies.**
 - Increase regional presence of VCF staff with whom donors can discuss their philanthropic goals.
 - Improve technologies that inform giving and grant-seeking, and make these activities easier and more efficient.
 - Enhance internal efficiencies that streamline and hold our administrative expenses to the industry standard for a community foundation of our size.

WHAT ARE THE CHARACTERISTICS OF THE REVENUE MODEL?

The new revenue model combines a standard supporting fee from funds to cover core VCF operating expenses with a voluntary contribution to a new fund created to support the new activities of our strategy. It has two components:

Supporting Fee

- Responding to donor feedback confirming our belief that funds should pay their own way and that fees from those funds should cover the core operating expenses of the VCF, we will increase our supporting fee to 2% for all funds, except agency endowments, which will remain at .80% . (Currently, supporting fees average about 1%.) The supporting fee will be tiered down for large funds. The revenue from the supporting fee will be sufficient to cover all current VCF operations:
 - fund administration and management
 - asset development
 - communications and marketing
 - services to donors and nonprofits
 - advised fund gift and grant processing
 - supporting Foundation management
 - staffing for discretionary grantmaking through the VCF Community Fund

Philanthropic Leadership Fund

- To support new activities that help donors and grantees achieve greater impact, the VCF will establish the new “Philanthropic Leadership Fund”. Donors who wish to support the VCF’s new activities will have the option to voluntarily devote 1%-2% of their VCF fund annually to this new fund.
 - Over the next 18 months, we will seek initial funding of \$500K from a small group of core VCF supporters and donors to cover the staged start-up costs of the new initiatives for the first two years.
 - Ongoing support will be solicited from existing funds at the VCF.
 - There will be no annual appeal; donors can opt-in or opt-out by checking a box on their annual fund statement. Donors will be able to opt-in or out at any time. This approach responds to donors’ desires for choice and transparency.
 - New activities will only come online when we have built sufficient funding to undertake them. This is a market-driven approach to supporting our new direction.
 - This approach allows the VCF to free up over \$200,000 in discretionary dollars for grantmaking and other charitable activities. And, the VCF will no longer need to conduct its traditional end-of-year fundraising appeal.

WHAT DOES THE VCF HOPE TO ACHIEVE WITH THIS NEW STRATEGY?

If we are able to fund and implement our new activities, we believe we will achieve the following:

- **Community Impact:**
 - The amount of Vermont-focused philanthropy in each region of the state would increase.
 - Donors and nonprofits would utilize the advice, resources, information and opportunities that we make available to them. Our hope is that donors would report that these resources have increased the impact of their giving.
 - VCF discretionary grantmaking would result in more measurable positive outcomes for the nonprofit sector and would be informed by the exchange and acquisition of new knowledge about community need.

- **Increased Awareness and Understanding of Vermont-Focused Philanthropy**
 - Donors, nonprofit leaders and other community leaders would have access to information about the trends, role, impact and potential for Vermont-focused charitable giving.
 - Visibility and utilization of the VCF would increase in all regions of the state.
 - Networks of professional financial advisors would be better informed and equipped to recommend charitable options for clients.
 - National and local legislative and regulatory environments would encourage philanthropic giving.

- **Administrative Freedom and Satisfaction**
 - Donors would feel that giving through the VCF is easy, enjoyable, effective and personalized.
 - Donors would have easy access to information about documented need in Vermont and in their communities and could easily direct their grantmaking to make a difference.
 - VCF would continue to streamline processes to increase administrative efficiencies.

- **Donor and Nonprofit Confidence**
 - Donors would have increased confidence that their charitable investments in communities made through the VCF are delivering a valuable social return
 - Nonprofit organizations and other grantees would have increased capacity to achieve their missions with excellence and efficiency.

- Vermonters, other foundations and state funding agencies would be better informed about the trends, roles, gaps and upside opportunities facing Vermont-focused philanthropy.
- Confidence in the VCF's ability to understand and effectively respond to community need would increase.

OVER WHAT TIMEFRAME DO WE EXPECT TO SEE THESE OUTCOMES?

- We will scale and pace our new activities to the amount of money we can raise for their implementation, above and beyond the current core VCF operating expenses.
- We anticipate that the *Understanding Vermont* program, donor events, and the *Study of Vermont-Focused Philanthropy* would start during 2007; the Online Catalog of Vermont Nonprofits project would start during 2008.
- Donor support for - and utilization of - activities will be tracked quarterly. This will be one indicator of success.
- We believe that a within three to five years we will start to see trends in community impact that will help us understand how well this approach is working.

NEXT STEPS

- We will communicate to you in many ways over the next six months before implementation on January 1, 2007.
 - You will get one more general “Strategic Update” next month (You can see last month’s Strategic Update, as well as a Powerpoint presentation on the findings of our interviews online at www.vermontcf.org/news-and-pubs.html).
 - We will be reaching out to all fundholders by phone and mail to talk about these changes and how they affect individual funds. In the meantime, if you have questions feel free to call or write me at bbyrnes@vermontcf.org.