



## **Final Report of the OICF Sustainability Task Force**

The Sustainability Task Force was established in July 2011 by OICF President Diane Berreth to organize and follow up on some of the long-term financial viability issues raised at the 2011 Board Retreat.

In our first report, we identified what we believe to be five inter-related keys to sustaining and extending OICF's contributions to the Orcas Island community:

1. Enhance Revenue Models for Long-Term Financial Health
2. Focus Our Efforts; Set Priorities
3. Assume a Proactive Leadership Role
4. Define Measurable Goals and Develop Impact Assessment Tools
5. Identify and Communicate Effectively With Our Stakeholders

Based on the encouraging and helpful responses we received from the OICF Board and staff, we address this final report to **specific suggestions for Board, committee, and staff actions** to move forward in each of these key areas.

### Enhance Revenue Models for Long-Term Financial Health

The general notion here is that OICF's long-term financial health will be strengthened through expansion of our existing revenue sources and diversification to include new sources that are consistent with our mission. Principal loci for short-term actions in this crucial area are the new Investment Committee, the Finance Committee, and a revamped and re-invigorated Development Committee:

- a. We know that the Investment Committee is moving forward with its search for OICF fund management options to replace The Seattle Foundation (TSF). We hope that this search will be fruitful, and that a suitable fund manager will be found---one which provides integrity and high quality fiscal services combined with management fees that are lower than the 1% currently charged by TSF. The Investment Committee might pursue an outcome which allows OICF to assess an annual administrative charge on the principal and/or payouts from all funds while reducing overall fee burden to our donor stakeholders. This administrative fee could become an ongoing, although fluctuating, source of operational revenue, even if it proves advisable to dedicate a portion of that revenue to additional OICF fiscal administration capacity.

In this context, we are aware that during initial deliberations about seeking options to TSF for fund management, discussions were held with the community foundations of

adjacent regions, e.g., the San Juan Community Foundation (SJCF). It is possible that fund management expenses might be further reduced through seeking some sort of cooperative arrangement with one or more of these foundations, and we believe it would be fruitful for **the Board to continue those discussions**.

- b. Anecdotal data on OICF's operating expenses suggest that some types of transactions, e.g., processing a check to tap a donor's Advised Fund, have significant administrative costs which are not recovered through fees. **The Finance Committee should undertake an analytical study of the actual costs and cost recoveries associated with all of OICF's fiscal operations**, leading to a set of Board recommendations for fee structures which align recoveries with Foundation priorities.
- c. In our initial report, we noted the importance of the Community Cornerstones and the Partners in Philanthropy programs and the Annual Appeal in generating revenues and augmenting our grants. **The Development Committee should undertake a special study to identify ways to enhance all three of these programs**, stressing outreach to new sectors of the Orcas community, especially the summer resident population and perhaps even summer visitors. A theme of new outreach efforts might be the emerging role of OICF in focusing effort and funding on areas of highest need, as documented in our recently-completed needs assessment.<sup>1</sup>

In view of its key role in revenue enhancement, **the Board should consider expanding and revamping the Development Committee**, with an active Chair who can devote considerable time and effort to its work. In addition, a substantial portion of the effort of the Executive Director should be redirected to development-related work.

Additional staff capacity will definitely be needed in order to move forward in these key areas, and **we urge the Executive Director to develop plans for these additional resources and the Board to provide necessary funding**.

#### Focus Our Efforts, Set Priorities

At one level, action under this topic falls within the purview of the Grants Committee, and we are aware of current discussions aimed at coming up with Focus Area Investments within the annual grant program. **We applaud these discussions and encourage the Board to support the initiative**. At present, the most pressing need may be a way of identifying highest need areas, using methods that are both transparent and objective and that have high face validity to our stakeholders. If any additional resources can be obtained soon to surmount this hurdle, it could accelerate progress.

At the next level, it might be useful for the **Executive Committee and Executive Director to set aside some time to review the current list of all services provided by OICF**, making judgments as to whether there are any that should be enhanced, incorporated into other services, or simply dropped because they are inefficient or lack stakeholders.

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<sup>1</sup> See Appendix A for some options.

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At a higher level, and as discussed further in the next paragraphs, **the Board needs to discuss and come to consensus about the desirability of continuing and perhaps accelerating OICF's current evolution into a central coordinating, convening, catalytic leadership role among our stakeholders in the nonprofit community.**

#### Assume a Proactive Leadership Role

We believe OICF is already moving in this direction, as exemplified by the Gates Foundation grant and more recently by the community-wide needs assessment and the report of the Grants Committee. And we seem to be exceptionally well positioned, by virtue of the skills of our current staff and the appreciation that the community has expressed for our initial efforts. There is recent and convincing data to suggest that community foundations which assume a proactive role achieve not only enhanced positive outcomes but also become more successful at fundraising. **The full Board, perhaps led by the Executive Committee, needs to consider how to accelerate this movement.** It might prove useful to convene another Board retreat, perhaps bringing in the entire Board family (members, active alumni trustees, alumni), focused solely on this issue, to ensure that all implications have been fully vetted, and that there is consensus on how best to move forward.

As noted in our initial report, as the Foundation's role continues to evolve, it is likely that our organizational structure and staffing may need to change as well. For example, as it became more involved in leading the creation of a new Medical Center, the SJCF found it necessary to change its committee structure and add staff with specific skills.

#### Define Measurable Goals and Develop Impact Assessment Tools

Interestingly, this is a topic which drew much attention several decades ago, and whose time appears to have come again. The time lapse may be because the need for clear measurement of outcomes is easy to grasp, but not as easy to implement in practice. Nevertheless, much technical assistance and many resources are available to assist OICF in making progress. **We recommend that the Board appoint an ad hoc task force to take on an outcome assessment project,** perhaps beginning with the current list of OICF services and the preliminary thoughts about intended benefits which have already been articulated. This task force might be well served by hiring an expert "evaluation" consultant.

Once goals and assessment tools have been developed, these should be migrated to become a permanent part of OICF operations, grant-making, and reporting to stakeholders. Recently published research has shown that community foundations which routinely obtain and share data with donors on the outcomes of their work experience more satisfied, and forthcoming, donors.

#### Identify and Communicate Effectively With Our Stakeholders

As noted in our initial report, a key to effective (and therefore sustainable) organizations is an understanding of their stakeholders...those whose personal interests are in some way connected to the interests of the organization. It is important for OICF to not only know who its stakeholders are, but also to be able to understand their needs, interests, and expectations of OICF.

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And further, to know how to communicate effectively with each stakeholder group, either collectively or as individuals.

We have already noted the need for us to obtain stakeholder input in identifying highest need areas for the Focus Area Investments (grants) program. **In connection with this effort, if the Board decides to move it forward, the staff should prepare a list of the current OICF stakeholders and how we communicate with each.** If it is possible to obtain some incremental external resources for surveying the Orcas Island Community, this work could become a part of that project, especially for stakeholders that are likely to be difficult to group and contact, for example the Island's needy and underserved. Success in this endeavor could lead to other positive spinoffs, for example, Stakeholder Advisory Groups which could provide timely input to OICF on emerging issues.

The second part of this key area is stakeholder communications. It probably does not need to be said, but as a reminder: successful community foundations do not bury their light under a bush, they let it shine. This is so important for sustainability that **the Board should consider appointing a standing Communications Committee of Trustees and alumni whose primary purpose would be to assist the staff in packaging and transmitting information about the good work of OICF and especially our upward trajectory in terms of funding and promoting responsibility, and our contributions to the community.** Special consideration should be given to enhancing our electronic communications capabilities, including the use of e-mail and social networking sites and other evolving internet-based tools.

#### Establish Sustainability Goals and Measure Progress

To the above five key areas, we now add a sixth, which is for **the Board to establish specific goals for our Sustainability efforts, and measure progress toward their attainment.** At the most basic level, these goals can be as simple as "consider and, if appropriate, act upon each of the Board, committee, and staff recommendations that are highlighted in blue in this report." Within a year after the Board's receipt of the report, we should be able to demonstrate explicitly that we've either rejected or are implementing or have implemented each one. To facilitate this process, we have summarized our recommendations in Appendix B, along with a suggested timeline for initiation and completion of each action.

Respectfully submitted

Sustainability Task Force

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**Appendix A**  
**Detail on Development Suggestions**

1. The Community Cornerstones (CC)

Review and revamp the program to include (but not be limited to) definition of parameters, solicitation protocols, administration protocols, and stewardship methodologies. Nothing is more important than doing this superbly, as this will be our primary operational revenue source for the future.

Goals (members/dollars): CYE 2012 60/\$ 125,000; CYE 2013 70/\$ 150,000; CYE 2014 85/\$ 200,000; CYE 2015 100/\$ 250,000

2. Annual Solicitation (AS)

Review/revise and coordinate AS program with CC and PIP programs.

Goals: A 10% annual increase in contributions

3. Partners in Philanthropy (PIP)

Coordinate with CC and Focus Area Investments programs for integration.

Goals: A 10% annual increase in targeted donations

4. Endow Orcas (a separate OICF initiative):

Continue Endow Orcas as an OICF-sponsored community wide effort focused on endowment building through legacy giving.

Goals for Legacy Circle membership (members): CYE 2012 (20); CYE 2013 (50); CYE 2014 (75); CYE 2015 (100).

