



## INTERVIEW WITH DUANE TARNACKI – OCTOBER 10, 2011

*Our State of Generosity*, a project of the Dorothy A. Johnson Center for Philanthropy (JCP) at Grand Valley State University (GVSU), in partnership with the Council of Michigan Foundations (CMF), Michigan Nonprofit Association (MNA), Michigan Community Service Commission (MCSC), and GVSU Libraries' Special Collections & University Archives present:

An interview with Duane Tarnacki on October 10, 2011. Conducted by Kathryn Agard, primary author and interviewer for *Our State of Generosity* and Susan Harrison Wolffis, consultant. Recorded during the Council of Michigan Foundations' Annual Conference in Kalamazoo, Michigan. This interview is part of a series in the project, *Our State of Generosity* (OSoG). OSoG is a partnership of scholars, practitioners, and funders from four institutions – the Johnson Center; CMF; MNA; and MCSC – that collectively form the backbone of the state's philanthropic, voluntary, and nonprofit infrastructure. OSoG's mission is to capture, preserve, analyze, and share the developments, achievements, and experience that, over a period of 40 years, made Michigan a State of Generosity.

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Abridged: The following interview has been edited to assist readability. Extraneous verbal pauses and informal personal conversation not related to the topic of Michigan philanthropy have been deleted. Footnotes to the transcript have been added clarifying any factual errors in the memory of the person interviewed.

Text of the interview questions are as asked. Individuals interviewed have had the opportunity to add or edit their answers in order to provide their most accurate answers to the questions. For these reasons, the edited transcript may not exactly reflect the recorded interview.

[Personal conversation removed]

**Kathy Agard (KA):** [00:04:00] Tell me about your role with CMF and what you have been doing with the philanthropy of Michigan. How did you start?

**Duane Tarnacki (DT):** I think it started when I was a young associate at, what was then, Clark, Klein and Beaumont and is now Clark Hill. I was doing a lot of hospital reorganization work, nonprofit hospital work, and Leonard Smith was at our firm, later became full-time President of the Skillman Foundation, but he was practicing law at that time and he was representing CMF. He said that Dottie wanted a book, *How to Establish a Foundation in Michigan*. So Leonard said, "She wants me to write a book, which means you are going to write the book." So that is how I got involved originally, having [00:05:00] done

that hospital reorg work, I pretty much learned the exempt organizations field and that made it pretty easy to write that handbook. The first one we did was kind of a loose-leaf booklet and then it grew and evolved over time and I think it is in its fourth or fifth edition now and CMF is still selling copies and we have been doing updates and so forth. Having written the book, and I always say no matter how good or how bad it makes you the expert, so that was really what kicked off my involvement with CMF and doing a lot of private foundation and community foundation work.

(KA): So you were sitting with the CMF board a lot. Why do things work in Michigan the way that they do? [00:06:00]

(DT): I think manufacturing makes Michigan work; that was the motto that the Michigan Manufacturers Association had for a long time. We have historically such a strong manufacturing base, which meant that we had a lot of wealth that was created by manufacturing and a lot of talented people and that converted over to philanthropy. I think the CEOs and founders of these manufacturing organizations were interested in philanthropy and they devoted their own time and energy to foundations or local charities. So I really think it derives from the people [00:07:00] like W.K. Kellogg and Henry Ford and the Dodge Brothers and all the great industry titans who devoted their own resources after they became successful to philanthropy.

(KA): You've put together a lot of private foundations and had opportunity to work with families and individual donors that are at that level. Can you pinpoint why they decide to be philanthropic rather than building a yacht with the gold faucets and going around the Caribbean. What do you hear from them?

(DT): I think the one thing that has come through is that they want to give back to the community. They feel that their financial success is drawn from the community and it is usually local charity, too. They are not interested in doing national things; [00:08:00] they want to keep it in the local community. They really feel like they are giving back for the success that they have enjoyed. That is a common theme.

(KA): What do they worry about with their foundations?

(DT): They mostly worry about the next generation and the third generation. It is really when you get to the third generation that these foundations start to splinter. That is the generation that seems to spread out around the country and they don't have that local involvement. So they really worry about the dynamic of keeping the philanthropy local but at the same time insuring that there is going to be family control. We have had this talk with a number of foundations. You really can't have it both ways. You have to decide: Is it donor intent, [00:09:00] which means letting loose on family control and getting more local leader involvement in the family foundation or do you really want to keep family control which means the likelihood that the foundation may splinter and split up or else broaden its scope beyond the local community. Those are the choices that the first and second generations have to make and it is very, very difficult.

(KA): You were involved in helping to define community foundations for the Michigan Tax Credit. Can you tell me that story? Trying to get our arms around what a [00:10:00] Community Foundation was as



opposed to a civic foundation or as opposed to the affiliated structures so that it would work for the taxpayers.

(DT): Well the Community Foundations came up with this great idea, in fact, it was here in Kalamazoo, wasn't it Jack Hopkins who came up with the idea of having a credit for gifts to Community Foundations. We all knew what Community Foundations were because it was a pretty well-defined group within CMF, but a lot of other people in the state liked the idea and decided they were going to set up Community Foundations, in name, but not really structured the way that we considered Community Foundations. So we had some local municipal foundations created that called themselves Community Foundations and then we learned that we had to really fine-tune the definition and [00:11:00] focus more on endowment. That is really what Community Foundations do, is build endowment for the community so we put that into the definition. We did a number of other things to really fine tune the definition so that it was clear that our conception of what a Community Foundations was, was reflected properly in the statute.

(KA): Do you think it has been successful.

(DT): I think so. I think so. So many more people know about Community Foundations now and have a better understanding of what they are because of that tax credit. This is the last year and a lot of us are sad about that. But we are going to put the push on to get the word out and look at it as a last hurrah to introduce more people to the credit and to Community Foundations.

(KA): You must have been early in your career at the start of the [00:12:00] Community Foundation for Southeastern Michigan? How involved were you in the development of that?

(DT): Not really...

(KA): Can you talk a little about how important CMFs role has been or what CMFs role has been in helping to set public policy for foundations?

(DT): Well Dottie Johnson was a very dynamic leader of CMF and she was very high profile and was very comfortable talking to legislators and governors and elected officials. [00:13:00] She didn't treat it as if she were lobbying. It was just getting to know people and making sure that they understood the great work that foundations, both private foundations and community foundations, were doing in the state. I think that kind of set the tone for CMF because Rob Collier has followed in her footsteps. He is one of the most effective spokespersons that we have, not just in Michigan but on the national scene. He is very active with the Council on Foundations and he is a real strong leader in Washington for our foundations. Rob does it the same way that Dottie did it. People don't think of Rob as a lobbyist and he would kill me if he heard me use that word but he is very effective in telling the story of [00:14:00] Community Foundations.

(KA): If you were to depict what has been successful leadership, how would you describe it?



(DT): I think they have been very successful in getting great volunteer leadership and good boards. As I said earlier, a lot of times when manufacturing is involved, you will get high profile CEOs and really well-qualified high level executives to come from these organizations and serve on the board. To their credit, they feel that community involvement is very important, has a value [00:15:00] for their respective companies. They are not afraid to roll up their sleeves and get involved. That raises the bar and that makes staff work harder and be a little more astute at what is going on with the organizations. I think it just trickles down from there. We have always had great volunteer leadership in Michigan.

(KA): You and I have both seen conflict erupt sometimes at CMF board meetings. Tell me about how this group, at this level of leadership, handles honest disagreements where they have very different points of view? [00:16:00]

(DT): I think respect was always part of the equation and they would respectfully disagree with one another even though they were disagreeing vehemently, but at the end of the day everybody remained friends and it wasn't such a strong disagreement that they didn't get along.

(KA): MCFYP. How did you get involved with the Michigan Community Foundation's Youth Project? Did Leonard get you involved? Did we just call you up? [00:17:00]

(DT): I think Dottie called me up and said, "We have got this grant from Kellogg and Kellogg wants to bring philanthropy through Community Foundations all across the state of Michigan, even the U.P. So get ready because you and Kathy are going on the road." The first thing we did after I had written the book, *Establishing a Charitable foundation in Michigan*, Mariam Noland, Leonard Smith and I went on the road all around the state to promote creation of foundations and Community Foundations. The next step was the Youth Project where Kellogg Foundation made funds available to Community Foundations to create these youth advisory committees and we got to know [00:18:00] lots of folks in lots of little towns, including the U.P., all around the state. It was always great because they were community leaders who were involved in the community foundations, so you would always meet really nice, helpful people. That is the great thing about my own law practice is working with nonprofits and foundations, it is always people that have good hearts and it sure beats litigation, I can tell you that.

(KA): What did you learn from the Youth Group?

(DT): I think when we introduced the concept of getting young people involved in philanthropy that was something that really took off. People at Community Foundations really understood how important [00:19:00] it was to introduce that concept to young people, and it has been a great success.

(KA): Learning to Give...

(DT): Learning to Give put together a curriculum or hundreds of curricula, around philanthropy through the involvement of teachers most importantly, who got involved and helped write the curricula. That has taken off just incredibly. The teachers love teaching philanthropy and the students eat it up. My own sister-in-law is a principal and I told her about Learning to Give and she checked it out on the web site



and she said this is [00:20:00] the greatest thing. She was really tickled that she found that web site and could introduce it in her school.

(KA): Were you involved in the Commission or MNA?

(DT): Not really

(KA): If you were to give advice to an attorney in Brazil who was invited to be on the board of regional association of grant makers and was trying to build something similar to what we have in Michigan. What advice would you give to another organization in order to be successful? What makes CMF work?

[00:21:00] And the infrastructure in Michigan.

(DT): I think I am going to repeat myself. It is really the great volunteer leadership that we have at the board level that raises the expectations.

Susan Harrison Wolffis (SHW): [00:20:00] Talk a little bit about yourself, why you chose this path, what some of your early lessons in philanthropy were that would direct you into the nonprofit world when you could have gone into litigation.

(DT): I went to the University of Michigan to get my undergrad degree and I decided to go to Notre Dame Law School and I also got my MBA at Notre Dame and those are two really different institutions. [00:23:00] Michigan is very large and it can be very liberal. Notre Dame is small and not so liberal. Part of the Notre Dame experience was teaching the ethics of the law. That is an important part of the curriculum there and it kind of ties in with the whole nonprofit sector, at least in my mind. So I had a certain comfort level when I started doing nonprofit work, when I started my practice at Clark Klein, so it felt like a natural evolution to me. The thing that I learned about working with nonprofits is that people all across the spectrum in the nonprofit world want to cooperate and help one another. You just don't see that in the business world [00:24:00] because people are very confidential about what is going on at their companies and they are concerned that they might give a competitive advantage to somebody else if they shared some secrets or some better way of doing things. That is just not how the nonprofit world works, so that is very refreshing and appealing. Kathy knows that you can call anybody at a nonprofit and all they want to do is help. It is a great thing about the nonprofit sector.

(SHW): What in the ethics class resonated with you?

(DT): I think it was more the whole issue of values [00:25:00] and giving back that we learned about. The concern with lawyers, of course, if always doing the clients bidding and not stepping back and looking at the bigger picture and understanding what the right thing to do is and that was emphasized a bit at Notre Dame. So it was a great background for working in the nonprofit sector.

(SHW): How has this work changed you as a human being or how has it affected you? What lessons have you learned about yourself?



(DT): At a family level, my involvement [00:26:00] with different nonprofits has been a good lesson for our kids. They see that we are involved in lots of different activities and want to give back to the community, so I think that has made an impression on them, they understand that, which is probably not true for a lot of the kids they go to school with.

(SHW): Was that how you were brought up as a kid?

(DT): Most of what we did revolved around the parish that we lived in. We all went to Catholic school and that is where most of the involvement was with charity. [00:27:00]

(SHW): Start at home. I was really interested in what you had to say about the third generation in family foundations because the first person we spoke with was Ranny Riecker and that is really in her heart right now, the next generation taking over that do not live in Midland. It made me really think about something I hadn't thought about.

(DT): It is hard when you are in a smaller town like Midland, Battle Creek and Kalamazoo because the likelihood that the next generation is going to move is stronger than if you are in a larger urban area, so that makes it even more difficult. The irony is, often the family is even closer to the community because it is a small town. [00:28:00] So it makes it particularly poignant, I think.

(SHW): What haven't we asked you that you wanted to talk about this remarkable movement in Michigan that other states don't seem to have?

[00:29:00] [Large pause] [00:30:00]

(DT): The one thing that comes to mind is the fact that we have had a depressed economy in Michigan for some years now and that has put a lot of pressure on the Foundations Community because they are expected to do more. Because the economy is depressed the state and local government have fewer resources available to them so they look to the nonprofit community to do more and it is just a vicious circle, with really no end in sight. That has had a really significant impact on the nonprofit sector in our state. [00:31:00]

(SHW): Both in how nonprofits are being run and in the donations?

(DT): Yes, I think they feel the pressure. There is an intensity now that wasn't there, necessarily, years ago. Trying always to do more with less and you get into that vicious cycle where government expects more, the state and local governments expect more. The nonprofits have fewer resources and they are spread more thin than they have been in the past and the people who do the funding have fewer resources available to them, too. I think it is probably more challenging today than it has been in a very, very long time.

(SHW): Anything else [00:32:00] that you have always wanted the chance to say...



(DT): Probably the story that Kathy told me when she talked about how when she didn't like to fly. She said, "You think about these planes and how big and how heavy they are and they are loaded with people and with luggage, and it just doesn't make common sense that that thing is going to get off the ground. There is only one reason that planes do fly. It is because everybody who is on the plane believes." Well, we are that way in the community foundation world, too. Everybody believes and that's the reason community foundations have been a great success, because we all believe.

