INTERVIEW WITH PETER CHRIST – MAY 22, 2012

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 Peter Christ on May 22, 2012. Conducted by Kathryn Agard, primary author and interviewer for *Our State of Generosity*. Recorded via telephone. 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.

Kathy Agard (KA): This is Susan Harrison and Kathy Agard interviewing Pete Christ on May 22nd about Our State of Generosity. What we are going to do Pete, I am going to have Susan introduce herself and I am going to take about the first 40 minutes and talk about issues. We want to do a little profile about you personally, and so Susan is going to talk with you about that. I'll let her introduce herself so you kind of know her voice.

Susan Harrison Wolffis (SHW): Good morning Pete, how are you?

Peter Christ (PC): Good Susan, how are you?

(SHW): Good. Am I talking loudly enough?

(PC): You are coming through just fine.

(SHW): I am looking forward to finding out a little bit more about you, so I will try really hard not to talk and butt into Kathy asking questions.

(KA): But we are really terrible. We are like an old married couple.

(PC): Well, we will get along just fine.

(SHW): It comes from knowing each other for 40 years and singing second soprano with each other in high school.

(PC): Oh, really? Wonderful.

(KA): Then Susan became this highly acclaimed [00:01:00] reporter and I went on into the nonprofit world and we have circled back to each other for this project. I talked a little bit about this early on, about the project. What we are doing is we are both getting the documents (the board books and those kinds of things) from MNA, CMF, the Commission, and the Johnson Center; and then we are talking with people. What we will be developing is a web platform with the idea that we can share lessons learned and why Michigan is so unique, we think. Did Robin send you an interview outline?

(PC): Yes. She did.

(KA): What we decided is to organize our thinking under these five big themes. Originally we were going to do a history, you know, "*this happened in 1950, and this happened in 1960,*" but our advisory committee wanted to use these themes. So I am just going to ask you to talk, Pete, about some of these things and your reflections. What we really want to get at [00:02:00] is the kind of how and why that can be shared with other people in other places.

Why don't we start talking? You have got so much to share because you have been inside of this. Yet you have been in the business world before coming to it, so you really have a lot you can share with us. Why don't you talk a little bit about what you see as leadership and how it works? If you think it has been effective, why it has been effective? And what you think we could share with other places about this whole idea of why Michigan is different?

(PC): Let me start with, I don't think there is any question in my mind about why Michigan is different and just a huge part of that is the Council of Michigan Foundations. Without the Council, I think we would not be a lot different [from other states]. I think the Council's emphasis on community foundations and the really strong [00:03:00] support for that activity by visionaries like Russ Mawby – and the strong support from Kellogg Foundation and Kresge – have just made it possible.

I reflect back on my experience when I first came into the community foundation world, and had I not had the opportunity to talk with you and have your counsel… The learning curve was just huge and steep (just in learning a new vocabulary, and politics of nonprofits, and other issues), so having somebody to talk to, having somebody that could point me in the right direction, to get questions, and a sympathetic ear to listen, I think were all important. I think that spirit of the Council on Foundations and its support for community foundations has made all the difference in the world.

With that and going on to the leadership, and especially when it [00:04:00] comes to the place where I've seen it most – and it reflects in other areas – is in the affiliate role. When the Council of Michigan Foundations and when the Youth Challenge Grant came from Kellogg, and the decision was to have every community have access to the challenge money, what that did was two things. Number one, there was a great deal of activities – everybody has got to have a community foundation, everybody wants their share of the Kellogg 35 million dollars. We saw some growth of affiliates during that period. The ones that…

The two models of leadership that I have seen in community foundations are significantly different. One is a philosophy of the lead [00:05:00] foundation, if the lead foundation had a philosophy of empowerment, and really forgetting the economics of whether it was going to pay for itself or not. The view was to try to help affiliates become real servants in their community and to empower them to do that. Those community foundations and affiliates have thrived for the most part; I think they have done well. The other end of that spectrum was where the leadership style was one of control – the preoccupation with *we can't have the affiliates doing something that might damage the image of the lead foundation by making a mistake* or what have you – and therefore the philosophy that watched affiliates very carefully. It was, *okay we will do this because we have to meet the requirements of the Kellogg grant and so we have to have the affiliates to cover the territory, but if we had our choice, we would just as soon not [00:06:00] have them.* So that was a huge difference in terms of the affiliate growth and health.

(KA): Pete, that is really good. Can you go a little deeper with what, either the behaviors that were empowering, or in the places where it worked, where did that leadership come from? Was it a philosophy from the board of the lead foundation, or was it the CEO?

(PC): I think it was probably more heavily influenced by the CEO. The board certainly had an impact (because without the board's approval the empowerment philosophy would not have been successful), but the thought process about whether this was the right thing to do really emanated largely from the CEO, in my opinion. [00:07:00]

(KA): One of the things I am interested in is talking about, at the time there was a lot of controversy about whether small communities could have community foundations and whether they had enough leadership ability, and that sort of thing, and you have been out in the field doing the same TLC for people. Can you tell me a little bit about what you have found?

(PC): Yes. There are several things that I have found, but one of them was the view of how large do you have to be to be an effective community foundation. There are some myths that have existed in the past. And so I found it to be more of an attitude of – some is historical, some is stuff we inherited along the way – "What is an effective community foundation?" What I find is different communities, [00:08:00] the question of *why are we in business*, and some of the hurdles we have run into at various times was, *why are we here?* And the mixed blessings of the Kellogg Foundation. Many times before the Kellogg grant, community foundations largely came into existence one of two ways. Either the municipality established something and called it a community foundation, but the philosophy was to serve the governmental unit, not to serve the community – or at least that is the practical fallout that came from it.

The other was when you had a – your phrase, Kathy – "clump of zealots," who thought, "We ought to have a community foundation," because they had seen some someplace else. Battle Creek saw Kalamazoo and other places and they are saying, *ah, we should have something like that*. So they start with a general idea, not a lot of specific information of how do we do this and where do we go? [00:09:00] Then what I discovered was when the Kellogg grant came along, a bunch of people created community foundations; but when the grant money ran out, they had never gone through the process of, *why do we want a community foundation?* Their whole reason for organizing was to get their share of the Kellogg matching money. When the matching money was no longer there, they had not gone through the process of, *why do we need a community foundation, or why do we want one?* Those that got around to figuring that out moved on. Those that didn't, continue to struggle with the basic question of *why do we exist and what is it we are trying to accomplish.*

So going back to Peter Drucker's five basic questions that the nonprofits should ask themselves: what is their business; who is their customer; what do their customers value; how are we doing delivering that value; and what do we need do to change to bring them into alignment, [00:10:00] or to bring ourselves closer into alignment to our customers? One that leads to is: who is our customer?

In Calhoun County – you'll remember this Kathy – we had two or three things that happened. The first was we had struggled for years suggesting that Calhoun County probably ought to have one community foundation. The problem was that both Marshall and Albion had been organized (or Albion was organized before Battle Creek, Marshall had its own unique view of itself). All our discussions over years, there wasn't really interest in becoming a single community foundation. So when the Kellogg grant came along, the question that was put to us was, "Okay, we need to serve the rest of the county, we have got the north part of the county covered, but what about the Tekonsha, Athens, and Homer?" The first inclination was "Oh, well that's easy, [00:11:00] we can serve the entire county by just dividing the county north/south and Battle Creek gets Athens, and Marshall gets Tekonsha, and Albion gets Homer."

For some reason, the question that came to mind was, "Well that may work, but it is not the only model." If we really are going to try to help these communities, maybe we ought to give them a choice, because none of the other three had territorial ambitions to expand their territory. They were saying, "We need to do this because that is what the grant requires." So we made it, I think, a strategic decision that said, "Why don't we give the three communities the choice of where they would like to affiliate?" So that was

a beginning of a process that says, if we are really trying to help them and empower them, shouldn't we listen first to them, instead of telling them how they are going to do it? Why don't we talk to them about the options that are available? The consequence was that Battle Creek, [00:12:00] because of its size and because of the staff and its experience, was probably in a better position to provide the help and services that the affiliates needed. So Homer and Athens decided to affiliate with Battle Creek after interviewing each of the three.

Then the issue was, what were the reasons for the parochial? Why did people not want to be affiliates, why the huge cry for independence? Part of that was there was a big… There were people in the field who were advocating the absolute absence, "What you really want to become is you want to become independent." Well, why do I want to become independent? As we analyzed it, and said the essential issues that independence gives them is: 1) we want to know that the money we have raised for our community will be used in our community; [00:13:00] and 2) we want to be the ones who make the decisions on how that money will be used. The issue was you don't need to be an independent community foundation to be able to do that. What you need is a lead foundation that allows you to do those two things from a policy standpoint, and says okay.

That was great with the people who were part of the structure and actually involved as board members, or volunteer staff, but we still had the practical problem of you can't educate all the people in the community. So the problem was if they want to make contributions, even if we tell them the money is going to be used in Homer, are they going to write a check and send it to the Battle Creek Community Foundation, with the Battle Creek Community Foundation as where the check is being written to? The reality was no, that is a problem. So we said okay, [00:14:00] it is not a problem that is insurmountable. You can write a check to the Athens Community Foundation, and the Homer or Athens, they all have the same materials. There was a little legal byline at the bottom that had to be a disclosure at the back of any brochure or bottom of it, an affiliate of the Battle Creek Community Foundation. That took care of the legal aspect of it, but we set up mechanisms that allowed people to send their checks, made them payable to that affiliate. We had processes in place where, those then, you know, it took us a little extra work.

People in Homer – and this was started in, I think, the early 1990's – they are larger than some of our independent foundations; I think, over 2 million dollars of assets. Still small in the total realm, but they thrive. When you go down there, the attitude is they have a community foundation, it has a board, they meet, it has committees, they behave [00:15:00] in every way like an independent community foundation, except they don't have to worry about all the funds (are still component funds of the Battle Creek Community Foundation). So they get the benefits of the investment results, they get the benefits of the systems that are in place, they were able to use FIMS (which they wouldn't have been able to afford as a small community foundation). They have thrived because we basically said, "Here is how you function" and the question was, "If we get big enough can we be independent?" The reality is, "Of course you can. You know we have no desire to keep you under thumb forever."

(KA): Take that scenario, which is a great example, and take it up to the state level. If Kellogg had behaved differently, or if CMF had behaved differently, would it have made a difference in your ability to problem solve on the ground? [00:16:00]

(PC): I think there is no question. If there had been more help in the view and number one, let's dispel a couple of things. The first one is, *here are the two things that I really want as a local community, the money stays here, and we decide how it is going to be used.* If I can provide those two things, then… So if I go back to the example of Homer and Athens, the issue was you can become independent anytime you want to, why would you want to? So I took this from my business career (when I was in the life insurance business) and I am saying, I want to manage this operation in a way that I have a bunch of independent sales people (they were under contract with me), but my philosophy was I want to manage this in a way that you are good enough and successful enough that if you ever wanted to walk out the door and set up an operation across the street and be totally independent that you can do that; [00:17:00] then I want to manage the operation in a way that says you never want to make that decision.

But it is not one of coercion or a penalty, it is one of this is the best of both worlds. Probably the best example was the Upper Peninsula… We had some circuit riders, and one of the messages was you really want to be independent, you have to be independent, that is the objective, and that is where you go. Well the problem was the size of the communities, and the length of time that it would take to accumulate sufficient assets to be able to provide all the things that they should be able to do (in terms of service to donors and service to community). The communities just were not of a size where that was a reasonable expectation. Once they become independent, the idea of giving up that independence and then becoming an affiliate was a huge uphill battle. [00:18:00] Now we did get some of that accomplished in the U.P., but there were still a few areas that did not want to give up that independence – for a lot of reasons that had nothing to do with community foundations, just parochial views within those communities. So those are examples.

We have another community foundation where the affiliates really wanted to grow and become thriving – I am going to omit the name. The view was of the lead foundation was all checks will come to the lead foundation, all mailings that go from the lead foundation would go to every donor in the affiliate community. The affiliate had no [00:19:00] authority to do much of anything; but the desire was there, the people were there, and the willingness to work, but it was clear it happened that the lead foundation simply had no interest in growing it. It was kind of a nuisance, and they provided help and assistance, but they really didn't want to spend the energy. They didn't want to empower them, they wanted to control them, and make sure they stayed out of trouble. That one just kind of languished for a while, and so it was the other extreme.

(KA): Let me steer you in another direction, just because I am conscious of our time. You were really involved in developing FIMS in the community, and the community foundation computer system. One of the things that I was impressed about when that happened, was that a number of the bigger community foundations already had made decisions and actually invested some money in their own computer systems, but they sacrificed that for the greater [00:20:00] goal of going onto a common system and also

saw the advantage of going to Kellogg together as a system, rather than individuals. Would you talk a little bit about that? The process of self-sacrifice might be too big a word, but the process of understanding that you are part of a greater whole – I think we need to have someone talk about.

(PC): I think that process is a good example, because what it was was mutual benefit. The reality that we faced was even though many of the larger community foundations had invested a lot of money, none of them were satisfied with the systems that they were using. The only thing that appeared to be available on a national basis was the system out in California – I am trying to remember it, it was something "star." At any rate, there really just were no big satisfactory [00:21:00] solutions. Larger community foundations kept pouring the money in and still were not happy, so the reality was they knew they needed help. They needed help from probably from the large privates, either Kellogg or Kresge or something. The dilemma that was faced was they weren't going to get that kind of assistance as long as everybody came on their own. This was a real fortunate strategy from the Kellogg Foundation's view and CMF because it was, "We can probably get you help, but we are only going to help you if everybody gets to play. We are not interested in helping individual community foundations; so if you really come up with a solution for us, or a recommendation, we will be happy to take a look at it."

So again, based on independence, the initial starting [00:22:00] point was each of the large community foundations simply said, "Oh, we are so unique and we do things so differently there is no way that we can get a single system that is going to meet all of our needs." So that was the starting point and the view was that, *here is the dilemma, we can't get help unless we do it together, and we don't think we can do it together because we are so unique that we are not going to find a system that meets all of our needs.* So the starting point of discussion almost was, "This can't be done." So our next process in the issue was we had to first change the mindset. We started with a question that said, "Given that we have a huge challenge ahead of us and there is a good possibility that we may not be successful, let's start with the questions: if we could do this, would it be a good thing, and would it be mutually beneficial?" The uniform [00:23:00] response to that question was, "Oh yes, if we could it would be great, but we don't think we can."

Then the next part of the process was the people who needed to be involved (in evaluating and determining whether a system would meet their internal needs) were a second line of management. They were the ones who had knowledge of the systems they were using, knew what they were trying to do, how they were trying to do it. So that group met, but they didn't have the authority to make a decision. Each CEO reserved the right to decide whether they would move ahead or not, and while they looked heavily to their second line management for direction, they reserved the right to say, "I'm not going to do this until you can satisfy me that it will meet our needs." So when we started the discussions, the charge that we put [00:24:00] down and the charge that the taskforce had was, "We will meet until we reached one of three conclusions: one, there is no existing system that will meet our needs, whether there is, or there is not." If there is not an existing system, then the second questions is could we economically have a system developed that would meet all of our needs? If the answer to that is yes, then that becomes the next best solution. The last conclusion was we will continue to meet until we reach an impasse which makes it

where it becomes very obvious that there is no way that we can meet the needs of the large and small community foundations with one system.

Everybody entered into the discussion initially. Several, I think, thought, *we will go through the process; we don't expect anything to come out of it.* But we never reached the impasse. We never reached the point where we couldn't get to the next stage. [00:25:00] As we interviewed companies, and service providers, and what have you, we finally found a little one that had a system that was developed for their own use out of Connecticut. They had one customer – either one or two customers beside themselves – but it had 90 percent of what we were looking for. It had been designed by an employee of the community foundation who designed the system to meet the needs of the community foundation, rather than a software provider who was trying to develop another product for different constituents. And that is the way the whole FIMS process started. The end result was that at one point, I think, almost 80 percent of all of Michigan signed on. Then at one point, I think they had 70 percent or 80 percent of the numbers and [inaudible] assets of systems in the country.

(KA): So Pete, that process could have broken down at any point. You have CEOs who have a lot of independence, and [00:26:00] a lot of experience, strong ideas, a lot of people with great leadership skills. So what do you think caused the group to be able to come to consensus? What was happening that caused it not to all fall apart into a war, or people to walk away?

(PC): I think there were two or three things that… CMF, and you specifically, but CMF's approach was, "We are willing to support and help with this process so you don't have to do this all alone, we will provide you with some of the logistical support, and we will help you with the meeting process." [00:27:00] The second thing was clearly the people who had to be satisfied that the system was going to be okay were the finance people, and the second line of command in the community foundation that had the highly qualified staff. They had to be part of the decision process, but none of the CEOs wanted to relinquish the authority. So the other piece was you had to have, there was a decision by CMF to have at least one CEO as the lead in that process and fortunately one who could communicate with, and understand the issues that were going to be presented by the technical people. So what we were able to do is we were listening constantly. We were asking the questions, we looked at the obstacles, and then was, "Is there a solution?" Well yes, there is, or there could be. We didn't tell anybody "This is the best we can do, we have to now take it or leave it;" we never reached that point. What we did do is we discovered that there were two or three things that were not in the system initially, but we had a vendor who had [00:28:00] a can-do attitude of saying, "We could do that; it will take us a little while."

One of the issues we had to deal with scholarships, and there wasn't a good scholarship model. So the question was, "Okay, so while that is being built, will this take care of most of the rest of our issues?" The key was there was no hammer on anybody saying you have to come to a solution. One of the solutions is that you can choose to walk away from the table, but the overview was we will not walk away from the table until we have determined that there is a problem that cannot be resolved. And when we reached that point, and we are all in agreement that it can't be resolved, then we dissolve this situation. And we never reached that point.

(KA): Great, I have about four minutes of my time with you…

(SHW): I am willing to relinquish… [00:29:00] The themes questions are just brilliant. Pete my part in this is getting, fleshing out your resume, fleshing out your bio, getting your personal. If you are willing to let me give you a one-on-one phone call and do that, then I want Kathy to have all the time in the world to finish this up, and we can steal some minutes. I would like to ask one question, that I think dovetails from my point of things. I come from a very competitive business and it appears to me, the maturity of self-esteem and egos is just an amazing property to have in all of this. Where does that confidence come that everybody has a voice around the table? Where did you learn that professionally and personally? That's the only question I would ask and then you can have the rest of the time.

(PC): This is, I don't want to be simplistic on this, but for me it became [00:30:00]
part of a nurturing primarily from my mother as a child. It was, "People are important, they are all important, you treat people with respect and what have you." So a lot of it came from there. Ultimately it is part of a religious outlook and belief. I tend not to wear my religion on my sleeve, but the view was *well, what do you believe, and how do you live your life according to those beliefs?* It was one of, *everybody deserves to be respected*, and one of the best ways to show that respect is to listen, and to be able to hear people, and to meet them where they are. And so that is where I started.

The other piece I learned in the life insurance business. I learned a number of skills at how to [00:31:00] do that more effectively, how to be a better listener, and how to teach other people to be able to do some of those things. I struggled with a lot of things… I took courses in world religions, and what have you, and what I finally came down to and it was kind of an epiphany. I was sitting in church, I must have been 30 years old, and I had heard it over, and over, and over again. But the minister basically said, "When Jesus was being questioned, what is the greatest commandment? Love your god with all your heart, and all your mind, and all your strength, and all your soul. And the second like it is, love your fellow man." I kind of figured you can't do one without the other. And so all of it has been – I may make mistakes in how I approach it, but the reality is win/win has always been a better philosophy for me [00:32:00] than win/lose. So whenever possible it's, how do we both come out of this engagement in a better position than we would have been individually?

[added response: In addition, I was greatly influenced by my Chris Christ. He had been a wonderful mentor and was a great model as a 'servant leader'.]

(KA): As you think about your peers during this period at Kellogg, and Kresge, and CMF, and MNA, would you say that something akin to the same quality exists in most of the people you interact with?

(PC): I think clearly, many of them, that is where they are. They really are trying to do something. You still have some egos, and you still have some other items, and it's who's right and who's wrong. So the short answer is yes, I find that predominately, people want to do good work. Sometimes having the skills to do that, and having, and being reminded [00:33:00] on occasion… I am going to digress for just a

minute, but one of our problems is with our schools, in my opinion, we have got a state and philosophies that are all based on trying to create a competitive model. For a number of reasons, in spite of all the best efforts to create competitive environments, we have not resolved the issues that are essential to make progress in our educational system. We have got an example locally where we have worked for probably 20 years. The community foundation was an integral part of creating a collaborative body of all our local educators (and they are doing great work right now); but the view was in spite of what everybody else is trying to do to us, we are going to collaborate and we will do the best we can with the hands we are dealt – But that is another whole story.

I would like to touch on one other thing, Kathy, and this came largely from your introducing us to the life [00:34:00] cycles. I have kind of taken that a little bit further – especially with some of the smaller community foundations – in indicating that part of the challenge when we start a nonprofit, or start a small community foundation, we have no staff, and it is all volunteers initially; until Kellogg grant says you have to have a half-time staff person, but for a lot of places they didn't have any staff. So one of the challenges we have is that when they start, the board members are doing staff work, they are doing board work, they are doing volunteer work, and they don't distinguish between which hat they are wearing at which time. Then you get to the other extreme, and you get to the Kellogg Foundation – as an example, not a community foundation – but essentially there it is very clear. The board does only board work; they do vision, mission strategy, and evaluation of the CEO, and they don't do all the rest of the stuff [00:35:00] that board members do wearing their other hats. So the question is how do you tell the difference, and who is really in charge?

So one of the things that I have been doing more recently is saying, okay, let's sort out what does the board really do, and what does the staff do? Let's identify what's board work, and what is staff work. Because what was happening in a lot of cases, in smaller community foundations particularly, [they] continued to do everything they were doing when they first got started. An overwhelming part of the board time was spent on operation oversight – even when they had staff that was competent to handle all the operations and didn't need as detailed oversight as possible, they kept doing it. So there was no time at their meetings, or what have you, to do the things that boards really ought to be doing because they were so focused on continuing to do all the operational stuff and operational [00:36:00] oversight.

Part of what we did was simply saying, let's sort out what is really board work and what is staff work, and how do you tell the difference. It is a very simple issue. If you could pay somebody to do it, it is probably staff work. If you have the money and could pay them, if you can't delegate it to staff, or if you can't hire somebody to do it for you, it is probably board work, because you can't delegate the ultimate approvals, and the legislative oversight, and the other issues. So it has resonated with several people as they are sorting out, how do we negotiate the life cycle changes? One of the first ones is distinguish between them. And I am going to give you a little help with how you do that, because it is hard to change hats when you are in the middle of a meeting. Why don't you put your board work on one color paper and the staff work on a different color paper, so everybody knows what work you are doing when you are in a meeting?

(KA): That's really clever.

(PC): [00:37:00] Let's focus on having the board do the board work, and what that does is opens up a whole field. Board members don't have to be the only members, if you have a staff committee; staff committee should report to the Executive Director. If it is the board committee, the board committee reports to the Chair. Board members can serve on staff committees, board members can serve on board committees, but you have a whole host of opportunity to recruit people who are not board members to work on your staff committees, and it is a way of getting the staff work done because you can't afford to pay for it.

The other dimension of it is getting people off the issue of, getting away from *we are a grantmaking organization*, to *we are here for community impact*. How do you create community impact? Even a small community foundation can create an impact if that is what they are trying to do and if they are focused on *how do we do that* [00:38:00], and the impact is based on listening to the community, and hearing what the issues and concerns are, and then saying we may not be able to resolve it all, but we can do something. If we can't do it all, who else cares about the issue, and how do we bring people together so that community is thriving, not just the community foundation is thriving? I have got two or three examples where that has been done. What we talk about is, how do you make things better in the community, and who can help you do that, and remember that your resources are not just money. The resources of a community foundation are the money, the people, the knowledge, and the relationships; and if you use all of those assets your ability to impact community is hugely increased, as compared with if you limit your thinking only to your assets are your money.

(KA): I love this and [00:39:00] my follow up question is one of the things that has happened historically, and I know you have done this as well, is that people in Michigan wear lots of different hats. So I am contracting with Kyle to do work for MNA when I was at the Johnson Center, at the same time I was on his board, and at the same time he was on my advisory committee, and at the same time Rob is on both, and he is a partner to all of us, so can you talk a little bit about… And I have always been impressed that people have handled those multiple roles fairly well. Can you talk a little bit, maybe from your own experience because I know you've done this, about – I don't know if it's compartmentalizing, or quite what happens – this issue of building networks, at the same time as not overstepping the role you have at the moment. Kellogg did that well; their program officers always were on the boards, and then you turned around and they were the people you asked to request to. All of a sudden Joel would become tough and I would think, [00:40:00] *wait a minute, you were my buddy two minutes ago.*

(PC): I think part of the issue is it was getting by, *why did I invite this person to be a member of my board?* If I invited him to be a member of my board because I thought it was going to give me an in when I got to the grant request phase, then I am doomed from the beginning. The reality is what I need is this person can give me insights, they can ask us questions; I am not looking for any special treatment from them, but I am looking for the best that I can get from them. Recognizing that the conflict of interest situation always needs to be there, or recognition of the possibility, but I think there is enough sensitivity to it. What you do is, if I start again with the basic differences between the frameworks in which nonprofits and [00:41:00] foundations work, if I start with the least effective, in my opinion, is the

working in isolation. We are just doing our own thing and if we bump into somebody, so be it, but we are not going to lose focus on why we are here and what we are doing.

Then you move into the networking stage which was: it would be nice to talk to other people, but the whole philosophy is when I walk out of that transaction is, you give me something, I will give you something, and it's kind of, we will each benefit. We may be working on the same issue, but we don't have a construct for how we are doing that, or whether we are even working on the same part of the problem. The third stage then moves to the cooperation, which was saying, okay, we've still developed our own thoughts, our own plans there may be some similarities to them, but we will cooperate. Typically that will be on an issue basis, or a specific [00:42:00] activity, and when that activity is over the cooperation may, or may not occur again. Then the last one is the truly collaborative environment where we get together at the beginning of the process to understand what the big picture is, and what each of our relative parts are in the big picture, and we have a common framework. The end objective is not the success of the organization, but the success of the work that we are trying to do.

So it is the setting of the stage. The one place where that really can happen and almost has to happen is, if you don't have board leadership on that issue, you at least have to have board buy-in that collaboration is a desirable objective. The reason is because staff tends to get rewarded for [00:43:00] doing the things they want them to do, and punished for things they don't want them to do. If the board has not made a conscious decision that collaboration is a core value of the way we function, it is very difficult for a CEO to make that happen. The benefits of the collaborative view when all organizations who are involved are recognized for their contribution. Also, the end result really does provide for an improved condition, then you do that. But the collaboration piece has to be nurtured, encouraged, rewarded, and held as an organizational and community value in order to get the maximum mileage from it.

(KA): We have about seven minutes; I am going to see if there is anything else Susan want to do here. But another question that I would ask, we are looking at MNA, CMF, and the Commission, and the Johnson Center, and you have been around during the development of all of them. Could you comment a little bit about [00:44:00] – maybe we would call it the ecology – the overall infrastructure in Michigan as opposed to other places that you have seen (I know you have talked with community foundation people in other parts of the country,) or the various roles, kind of how those pieces function together?

(PC): Well, I can do the best that I can obviously. I think in my view, the large private foundations who have seen the value of community foundations (like Kellogg, and Kresge, and Mott) have made it possible. It varies depending on who is the program officer, and what are they trying to do, and what are they charged with, and what have you; but during the periods when they have taken an empowering view [00:45:00] with CMF to do your work, and come to us help us understand what you are doing. When they haven't had an agenda for the community foundation, but have been receptive to listening, then it takes people in CMF – and the attitude that was created initially, and has been nurtured, and continues to be there, CMF is collaboration. That is where it is.

Then looking at the other pieces is there are… The other entities that are out there to help nonprofits and to help community foundations, and other foundations, still tend to work somewhat in isolation. They may be cooperating to some extent. I am not sure, I have seen a lot of evidence of where they have [00:46:00] really determined that we could get a better overall result if we had a true collaborative vision of how these various pieces come together. All the pieces are there, and I think we are still doing a whole lot better than a number of other states are doing, and a number of other regions, but I think we can do better.

(KA): In the last few minutes we have, one of Jim McHale's hopes was that we would share how-to's, wisdom, and lessons learned. As you look at your experience in the state and all that has happened, if you were talking with somebody from Brazil – I am sure you have talked already to people from Europe, and probably the Asian nations – about what has happened in Michigan, what advice would you share with a foundation or a group of leaders from another country about how to begin to replicate the best of what is happening in Michigan?

(PC): [00:47:00] I think part of what I would say is it is the listening. A huge part of it is the listening process. It is asking the right questions, it is valuing, I think… You remember we went through a period of time when the favorite question when we got together at the annual CMF conferences, the first question everybody asked was, what are your assets? The issue was we started changing the mindset when we started saying, who cares in essence, or what are you doing with your assets – rather than how much. The view again comes [00:48:00] to what are you trying to do, and the key is how do you empower people, how do you empower communities?

So if I were starting with a single overall concept that says 'what we are trying to do is to empower, and not to control,' you do that in different ways, and different places (depending on the structure, and the government structure, and the economics and everything else). But the overall view is unless you are about empowerment, you are probably not going to reach the full potential of what you are trying to do.

(KA): Great. Can you think of any major disaster areas that ought to be avoided, or places where – we probably have a couple minutes here – where you thought things didn't work?

(PC): Well I think the issue is… sure… [00:49:00] the learning experiences, yeah… We tried some things that didn't work. Was it a bad idea, or was it just a bad solution? One of the keys is, just because it doesn't work the first time around doesn't mean it is a bad idea, or a bad concept, we obviously got the wrong place. One of the best examples of that was again, with the Council of Michigan Foundations and when the community foundations were looking at the whole concept of how do we do the marketing, how do we do joint marketing, how do we become better known? We interviewed two or three different large organizations who were huge in marketing and over a period of a number of months, and none of them fit the bill. [00:50:00]

We really finally were successful when we had a marketing organization that says, "We don't have any recommendations for you. We have to find out who you are and what you do before we can do anything

with you." This was the Williams Group, they were the first group that said, "We know marketing, we don't know community foundations, you have got to teach us about community foundations and then we can teach you about how to apply what we know about marketing to your field." We had at least three false starts before we finally hit on the Williams Group. The approach that they then took was, okay, we are here to help you but we can't help you until we understand your business. The others all started with, *we know everything there is to know about marketing, let us tell you about what you ought to be doing,* and they still didn't understand us.

(KA): Why didn't we quit?

(PC): We didn't quit because it was too important an issue. We are simply saying we haven't found the right solution, but we believe there is a solution. [00:51:00] Our task is to keep looking until we find the right one and the concept is if we do it long enough, and there really is not a solution out there, then maybe we ought to give up. But the reality is we learned as we went along. So part of the challenge for us is we shouldn't have to keep learning that same lesson. We ought to be able to learn that once and think next time we want to accomplish something like this, what are the key guidelines we need to keep in mind as we attempt additional collaborative work?

(KA): I want to be respectful of your time, but is there anything else you wanted to make sure to say that we haven't pursued?

(PC): The work is great. Can I give you an anecdote? This whole concept of 'what are you trying to accomplish,' and one of the things that in some of the smaller communities they are going to say. So what are the most important issues [00:52:00] in the community, what are the people talking about around the coffee tables, and what have you. Then the next question is: if those are the most important issues in the community, what are you doing about them? And the answer was for the most part, in many of them, was nothing.

So part of what we did was in one place, in Leelanau Township Community Foundation up in Northport, and we did this – I went and first visited with them in 2005 and we went through that process. One of the things that really stood out, and they only had a few hundred thousand dollars in assets at that time, but they had a couple of wise board members (one of who is now deceased but who really had his ear to the ground in terms of the community). There were two issues they were facing. One of them was their downtown [00:53:00] waterfront area and their business community, and the key to it was they didn't have a sewer system in the community. That was the big issue, and so they were working on creating a sewer system. It was going to have to be a ballot issue because there was going to be a bonded indebtedness, and so they were going through the process.

So the question was, what are you doing about it, and the response was nothing. So again, asking the right questions was, okay, so if this is so important, and if it is the key to your business development, is there any chance it won't pass? And he answers, oh yes. So why might it not pass? Well because there are people in the community that it is going to be a real hardship, they are not going to be able to afford the

assessments, and they have friends, and their friends are not going to want to see them experience the hardship. Even though the friends can afford it, they don't want [00:54:00] to put their neighbors in a position where they have to sell their property because they can't afford to pay an assessment.

Okay, are there any other obstacles? No, that is the biggest one; that is it. So what could you do about that? Well, I am not sure. I said, well, maybe you could talk with the township, and maybe you could help create a fund that was designed to provide, pay the assessments for hardship cases, now you the community foundation don't have to decide if they are hardship or not, the township should be able to do that. What about creating a fund that you guys would be willing to accept the money and provide it to the township, the township uses it to help pay the assessments for the hardship cases? Well can we do that? Of course, the answer is. Of course you can do that, you don't have an endowment to do that, but you could raise the funds, and hold them and what have you. [00:55:00]

The long and short is they did it; they had huge numbers of donors who they never knew they existed before, that all of a sudden came forward. The project was successful, but it was an example of they then started to focus on – instead of looking at how many grants can we make with the amount of money we have or what can we really do because of our limited resources – how can we help make some other things happen? Now they didn't have enough endowment, but all of a sudden they were getting people who were – It was a non-endowed fund, but it was making an impact. Last year they got a million dollar anonymous gift.

(KA): Oh my God, for them that is fabulous.

(PC): So they went from a couple hundred thousand in assets to 1.2 million.

(SHW): In how many years, would you say?

(PC): They celebrated their 65th anniversary two years ago.

(KA): But they hadn't raised that level of money… [00:56:00]

(PC): Their assets lingered around $100,000 to $200,000. In 2005 when I was there they had about $140,000 in assets. They are playing like they had money because they are talking to the right people, and bringing them forward. So they are getting some responses, and all of a sudden, they are still in the early stages, but they are focused on – They are light years ahead of a number of smaller community foundations because their focus is on "what can we do?" While endowments are important, they are not the only thing and they are not the only tool in your quiver.

(KA): You know what it brings to mind Pete is the – [00:57:00] did you go to the first youth camp when the YAC-ers [Youth Advisory Council members] were up at the spring, whatever that place is, where they had to do the simulation all day long?

(PC): No I didn't, but I heard about it.

(KA): One of the things that impresses me as you were talking about it is the fact that I certainly have, and you certainly have, encouraged them to go beyond self-imposed limits. That there was this thought, oh can we do that? And reminding yourself that it is a free country and you can do it, unless you can't.

Dottie always encouraged me that way, which was… If someone would say, "We need a book on this," I'd say, "Well I can't write it". Why not? Because I would self-impose the limit that I shouldn't be the one to write it, it should be someone in New York, or Chicago, or someplace. I do think that there is this nurturing of overcoming self-imposed [00:58:00] brackets that says I can't go beyond this space, and you did that with them. There was no reason legally why they couldn't do it, but they just didn't think they could.

(PC): I will give you another item. This is some of the prevailing wisdom out there as an example. As you know, community foundations really started as distribution organizations. It wasn't until the 1960's, 1969, when we had to start raising money. We grew up in an environment and we tended to tell people, and I heard it over and over again, was "Make a lot of grants to a lot of people, a lot of organizations, and make sure you get pictures in the media when you are presenting the checks because that is the way you get a lot of exposure." And to an extent it was true. You probably get your name around, but the side effect of that is you get known as an organization that makes small grants that don't make much difference in the overall picture. [00:59:00]

In general when I ask people how many new donors do you think you got as a result of your grantmaking philosophy of spreading the money out to as many organizations as you can, and what do you think are the reactions to it? Almost nobody says that helped us raise any endowment money. When we look at the impact that those grants are having, regardless of the size, is far more important than the publicity you may get; and you want the publicity for the impact, not for the delivery of the check. And boy does that change the mindset all of a sudden. Am I better to make, if I have $10,000, am I better off making $2,500 grants, or am I perhaps better off making two $5,000 grants in places that really make a difference?

(KA): Great, [01:00:00] well you know you and I could go….

(PC): Oh yeah we could go on, and on, and on.