

## **Partnering to Build Organizations**

*A panel discussion about the importance of established grantmakers and new philanthropists collaborating together, featuring Mario Morino, chairman of VPP, and Julie L. Rogers, president of the Eugene and Agnes E. Meyer Foundation and a board member of VPP at the Grantmakers for Effective Organizations conference, March 6, 2002. James E. Canales, vice president and corporate secretary of The James Irvine Foundation in San Francisco moderated the discussion.*

CANALES: ...Julie Rogers has been President of The Eugene and Agnes E. Meyer Foundation since 1986. The Foundation, for those of you who do not know it, awards approximately \$6 million a year to nonprofit organizations in the National Capital region, and in particular the foundation maintains a nonprofit sector advancement fund which provides grants to grantees, direct grants to grantees for organization effectiveness purposes, and also works to strengthen the infrastructure of nonprofits in the region. Julie has been a leader in Washington philanthropy, having served as the founding chair of Washington Grantmakers, as well as the founding chair of the Washington AIDS Partnership, and I should also note that Julie has been a resident of the Washington region now for over 30 years and during that time has served, obviously, on a number of nonprofit and civic boards.

Mario Morino is chairman of Venture Philanthropy Partners and the Morino Institute. Venture Philanthropy Partners is one of the largest venture philanthropy funds in the country. The idea is to work toward a goal of some 10 to 14 nonprofit organizations in their portfolio, where they would effectively deploy approximately \$35 million in investment capital. VPP currently has three large-scale, long-term partnerships working with organizations that are focused on the educational and developmental needs of children in this region. Mario came to this work after a very successful 30-year career in the information technology industry, and since he, quote, retired 9 years ago from that work, he has devoted himself tirelessly and with great energy and enthusiasm to his work in philanthropy, and we will be hearing more about that later. We are extremely fortunate to have these two distinguished leaders from this region with us tonight to share some of their perspectives on philanthropy, on effectiveness, and on the basic landscape in which we do our work. Let's dive in, and let me be provocative. (Laughter.)

My colleague Mike Bailin -- and I don't know if Mike is here. I saw him earlier. There he is -- Mike, who is the president of the Edna McConnell Clark Foundation, one of the wonderful things, among the many wonderful things that Mike has done at the foundation is to commission two pieces that I would recommend to you. One, the one I am holding before me is called, "In Other Words, a Plea for Plain-Speaking in Foundations" -- and if you have not seen this wonderful piece, and then the next one that just came out, actually a couple of months ago -- I know that they are both on Mike's web site, and he would be pleased to have you see them. Let me read you a very brief excerpt from this book: Hunting down all the strange locutions that creep under the wallpaper of modern organizational theory would be a task far beyond the scope of this essay. We instead aim our fumigants specifically at capacity, because it has thrived most spectacularly in the

groves of philanthropy, pastures in which, evidently, the world has no natural predators and so can multiply at will. (Laughter.) (Applause.)

Having said that, I'm going to ask my friends up here on the dais to help us understand this term capacity, and I'm going to start with Julie, asking her to spend a few minutes talking about what capacity building means to you, to your foundation, and if you can really ground it in something tangible that would be helpful, not just telling us what it means, but how you apply it in your work, and then Mario, get ready, because you are next.

ROGERS: Okay. Well, I think that the Meyer Foundation and many of our colleagues in this region see what we're really about is betting on the best nonprofit leaders in this region, and finding ways to support the work in which it might have prayer of being sustainable, and so for us, capacity-building is a long tradition. We have been around for almost 60 years, and it is not a program, it is not an initiative, it is not a strategy for us, it is really organic and central to who we are and the way we do our work. All of my very talented staff base their process on a very profound respect for nonprofit leaders, for the work that they're trying to accomplish, and for all of what it really takes every day, day in and day out, trying to meet payroll and working with people in the community, so we have specific programs. When Meyer turned 50 in 1994, we wanted to give back to the community in a serious way. MaryAnn Holohean joined us, I am so pleased to say, from the Fund for the City of New York, and we created some specific programs, so we do have a grant program for capacity to help people find consultants to help fix things like financial management and board development. We have a very interesting cash flow loan program that gives folks up to \$75,000 with about a 2-day turn-around if they can't meet payroll but they have a receivable, and more recently we have a circuit rider in technology who goes out to select the grantees and is really an on-the-ground practitioner, and I think it's not the programs per se, but it's the way in which they all work together so that almost every interaction we have with the grantees build on each other.

So, for example, we have a wonderful little agency in Northern Virginia called the Center for Multicultural Human Services, which we are very happy to say VPP is also investing in, and this little agency does mental health and standard therapeutic work in 27 languages to recent immigrants throughout Metropolitan Washington, many of them seeking asylum are from war-torn countries, and it's a great little agency, but when they first came to us we gave program support, general support, and then they started appearing for cash flow loans. They appeared early and often -- for cash flow loans, and we have a very, very regular process. I mean, we help people do the cash flow statements so that we can figure out whether to lend, and it became clear that this agency had trouble with financial management, it had trouble with its billing systems, it needed definite work with its board to get the board to a level where it could get to the next level, so over the course of about 8 years, with different people using different tools, the agency really now is a very solid agency so that Venture Philanthropy Partners, which has very high standards, was willing to take a look at it and to think about the possibility of very serious, deep venture investment.

MORINO: I think Julie gave a perfect setup. Capacity building to me was a term I didn't understand coming from the world I came from, because we never used it. We simply talked about building organizations, and I think as a term of art I would hope to see it disappear at some point in time some time, and when we think about it, we should be building strong organizations over time. When you say that, I would offer a perspective that I think may be different, maybe not. I think MaryAnn and Julie have been here, but I think the general body has not. There are certain fundamentals of an organization that if they're not right, it doesn't matter what else you do. I came from an IT background. Let me give you some perspective, and here's an example. I think, by the way, it holds -- if anything can be truthful, this is one that's truthful. Technology is always viewed to have this great phenomenal impact on people, and the reality is, it doesn't. What you find is, when technology is introduced into an organization, there are what I call a few virtuosos, and it is probably like a bell curve, that are able to take it and make it do things that you couldn't possibly imagine for the goodness of the organization. Then there is this bell curve in the middle, all of us in the middle that are able to take it and incrementally use it, and it takes us 10, 15, 20 years to gather its true impact. Then on the other end of the spectrum there are 2 or 3 percent of the virtuosos that are never comparable, 2 or 3 cent that are klutzes. (Laughter.)

MORINO: And what technology does for them, it makes them screw up things faster. (Laughter.)

MORINO: And then you understand this model, which really does apply, by the way, because you realize that in capacity building if you haven't affected the number one thing, the management and leadership of the organization, nothing else really matters. You're rearranging the deckchairs on the Titanic after that. If you haven't been able to help the organization sharpen their understanding of vision and outcomes, then they're ill-focused. Drucker focused very hard on this in the 1980's. The recent work McKinsey did said the same exact point, I think the work that Clark [the Edna McConnell Clark Foundation] has done on the same issue, the importance of sharpened focus on outcomes. The nonprofit world also is, you know better than I, is that if you don't have sustainable fund development, you don't exist, so to not get into an organization and from day one work on how you will build a highly professional fund development capacity that will ensure an all-in-one revenue stream for this organization again is one of the fundamental premises of building a strong organization. And finally I would add maybe something a little different, is helping management -- and by the way, this is what I did for 30 years in the commercial world, and it is really difficult -- helping management understand how to manage the outcomes, and not outcomes for the funders, but outcomes that you manage to as an organization inherently in the metrics you use to manage your organization, not for anybody else, but for yourself, because once you do that, you understand that process, you will by definition hold yourself accountable very well to all your stakeholders. To me, those basically are four premises that is where all capacity building should start, and if those don't get solved, I would argue the rest of the stuff actually has very incremental or, in fact, counterproductive results.

Now, I'm not taking away from the fact that marketing and communications are not important, and IT is not important, but I have lived too many days where people think IT solves problems. It doesn't. People and managers and leaders solve problems, organizations solve problems, not technology, so if you haven't gotten the top part right in capacity building, the bottom part never functions well. And so the top part is very strategic, and then the bottom part is the operational or tactical piece, so I think capacity building starts with very core premises, and all the work I would encourage you to do and others to do -- and I know that Julie and MaryAnn looked at this issue -- you have to start at the top of the organization, and once you can solve those problems, then you can deal with strengthening the organization from that point, whether it's funding, whether it's advisors, whether it's just how they recruit talent, to give them great strength to do several things. One is to get them in a position to capitalize on opportunities that they will see as they grow and get stronger, and two, to get them ready when a shock comes that no one expects, the Government funding that drops, the given that goes down, they've got more sustenance, more strength, they can survive that impact and go on. That is what I think we can do as capacity- building in the nonprofit sector.

CANALES: I'm struck, listening to your response, that much has been made about the difference between established philanthropy, Meyer Foundation, youth philanthropy, Venture Philanthropy Partners, and what I'm wondering is, you've each heard one other talk about this issue, is this, indeed, one of these places where really the world converged quite nicely, or are there some places where you are separable from one another, as you think about capacity?

MORINO: Well, I think if we're pretty honest -- and Julie can laugh at this one. She will appreciate this. I think too many of us in new space acted prematurely, and I'll put myself up on the line first. There's a lot that the new people need to learn from the people who have been doing this for a lot of years. We have gained a great appreciation from MaryAnn's work in the region, and Julie's work in terms of what Meyer has done, others, Terri [Freeman]'s work in community foundation planning -- I'm just speaking regionally and honoring them here. On the other hand, the newness tends to always bring innovation, not just the fact that historical perspective is not right or wrong. I think the new and old actually was too real. To be honest with you, it was too real. I thought it was one of the more metered ones, but I'll tell you, I've made mistakes. If you look at our work in 1999, it was too strident. It was far too strident. We weren't respectful enough of what was already in place. I can't say that any more honestly than I've said it, and I'll tell you, we were one of the more humble ones coming from that space. (Laughter.) Most of the people are absolute jerks. I'm going to -- (Laughter.)

Okay, I'm going to just tell you, and the problem is -- and I'm going to tell you what happened. The dot com phenomena allowed a sense of success, a false sense of success to take place in this country that wasn't right to begin with. I mean, people who couldn't manage their way out of a paper bag were having financial success, and therefore thought they had the keys to all the success of the world. That wasn't us, by the way. I always built our VP model on what I call pre-1994 model, and today, anybody who came into this field on the technology side in the business side from 1996 on, you know what they

have to do? They have to unlearn a whole bunch of mistakes, and it starts with arrogance. So I believe that new and old are much closer than we ever imagined, and it's much more symbiotic, as we're beginning to show. It just took us some time to get over the stupidity. (Laughter.) (Applause.)

ROGERS: Mario is a magnificent partner, and I think what's unusual, or one thing that's unusual is that even in those early stages, where they were saying potato, we were saying potato, he really reached out and forged partnerships with many of us in the room that we are now building -- I think that Venture Philanthropy Partners will succeed beautifully in part because we are now capitalizing on the learning of those who have gone before, but it does definitely have the potential to go deep, and in this funding community, none of us have a whole lot of money. So the thought that, as is happening, some of our best and brightest grantees are now receiving from VPP quarter of a million planning grants to do very serious business planning, and then eventually multiyear -- think of it as maybe \$2 million over 4 years. We don't have that kind of money, so the combination of our learning and what we knew and their incredibly bright and magnificently collaborative staff are really making this great. Terri and I are both on the board, which I think is probably also unusual in venture philanthropy. It makes it possible for us to say directly to the donor, this is a great group, or this is an issue in our community. Maybe you're not aware of it, but this is an issue. I do think that venture philanthropy cares differently and a lot about taking things to scale, and I was reminded by my friend Ruth McCambridge that we also care about scale in our foundations, but it's different. We can't think about ramping a program up from 500 kids to 2,000 kids. It's just not something that we have the luxury of thinking about.

But I wanted to place VPP and Mario's work and leadership in a little bit of context, too, if I could. As MaryAnn said, the Washington funding community is very sophisticated. We have been working together in deep ways since the early part of the AIDS epidemic. We work together deeply and collaboratively on community development. We worked hard in 1998 to convince American philanthropy that this was a city in which you could safely invest -- we're still working on that one -- and we have a mantra that says if we don't have a tool, we make it, so we realized that none of our nonprofits could get help with technology, and together several of us created Trabian Shorters' Technology Works For Good, a whole piece of infrastructure that works on technology. We figured out together that many of our favorite grantees were mounting capital campaigns, and the campaigns would get to a certain level and then they would stall completely, so with the incredible leadership of Clara Miller, who I know is here some place -- I can't find her, though -- and Ornamenta Newsome at LISC, we have a whole new collaborative structure between LISC and the nonprofit finance funds that helps give everything from early technical assistance to low interest financing to small community based groups that are trying to work on their facilities. And into this what we would describe, I would say, as a river, like lots of streams flowing into the river, you now have the incredible energy of Mario and all of the people that Mario brings to this work, because the true magic of Mario is that he is -- I've been rereading *The Tipping Point* since it came out in paperback, and the tipping point requires connectors, mavens, and sales persons, salesmen, and Mario is all of those things, bringing peers of his to the table with their

money and with their hearts and their passions to try and figure out how they can make a difference.

CANALES: Let's -- oh, please.

MORINO: I would like to give you an example where we've all worked on something -- I'm going to embarrass, I know, Diane to no end. There's an organization here that is a software firm that had a remarkable launch and sort of a successful firm after the meltdown, something that's called webMethods. webMethods, if I'm not mistaken, broke the NASDAQ record on the day of a public offer and still survives, by the way, with a healthy business in, again it's called the enterprise software arena, where I came from. But I think what's amazing is to watch the convergence of Julie's work at the Meyer Foundation, and our involvement, and actually the work of webMethods themselves as a company. Diane Tollefson is the head of the foundation. But what happened in that is really, we actually -- we knew the founders of webMethods way back in our other business, the technology field, and you know, we knew when they got started and we were dumb enough not to invest in them, but nonetheless -- we could have bought half of Virginia had we done that, but we always watched and admired Philip [Merrick] and Caren [DeWitt], the founders, and when they got ready to actually create a foundation they came to us and we talked, and we got some advice. It was good that we got some interchange.

But what also happened since -- and they also reached out to Julie. Julie gave them a lot of direction in terms of what it meant to be a foundation, and more importantly, how to engage in this community, so what you saw taking place was two entirely different groups now working with a new group, and candidly -- and I know I've said this several times in the last few weeks, webMethods, from what is called one of these new economy, high tech industries, they're anything but dead space, because they come in and they leave digital divide issues behind, they couldn't care less, which I agree with totally, and they function on fundamental issues in the community space, and they're marshalling their employee base, they're using their resources, and they're partnering with people like Julie, the WRAG organization here in the region, ourselves -- they're actually an investor in VPP -- but you see an entirely different makeup, and it's a result of what people would call the new world all coming together to work with new opportunities, and I think that's a great example.

CANALES: Let's now connect this discussion with what we all heard earlier today from Katherine Fulton, and thank you, Katherine, for that wonderful presentation, provocative presentation. Let's talk about the big picture. Let's pull the lens back, and Mario, let me start with you, and you've written recently about the confluence of September 11, the recession, growing unemployment, and all of the challenges that we are facing today in our society, and its impact on the nonprofit sector. Why don't you take a few minutes, if you could, to talk about what you're seeing from your approach in that context, and I guess specifically what it means for those of us in this room today.

MORINO: Well, before I answer that, let me try to give you some context of what I view in terms of our discussion, and also explain my basis of ignorance at the same time. I'm a special partner of an industrial firm that's actually the largest private investor in technology in the world, and I have the benefit of hearing all that intelligence in G-2 and world issues that come into our flow, plus we're really centered in the business community in Washington, DC, which actually is an enormous nexus of intelligence, plus the benefit of having the access to people like Julie and others here, and Michael Bailin, Ed Skloot, and others, Ralph Smith of the Annie E. Casey Foundation in terms of the nonprofit space, and then hopefully some pragmatic common sense. I think what lies ahead is very, potentially very dire. There's a tremendous opportunity, I would say, but in the same respect if we don't step back and understand it, without regard to what has been recently published, I think giving patterns have been changed, and I say that for a different reason, because I'm talking to the givers. I don't like research papers. And I think givers are not over the Red Cross issue. They're not over United Way issues. They're not over a whole bunch of issues that surround 9/11. They're much more skeptical, and we don't know where that fallout is going to come.

Now, I don't think what we should do is confuse moving money into foundations and donor-advised accounts with giving. That's the trap, because there's more money warehoused today than we could shake a stick at doesn't mean it's being deployed, so I think we could very confusingly see the big giving numbers, because that money is not being given. That money is simply being moved, and tax deductions are being taken. Now, you assume that there couldn't be any risk at all in the giving process. The bigger risk, by far, is the government funding streams, whether they're federal, state, or municipal. A close friend of ours, and one of the cofounders of Venture Philanthropy Partners, is Mark Warner, who is now the Governor of Virginia, and Mark, to his credit, has come in, and we're in a mess in Virginia. The estimate that we got this morning was over a \$3.5 billion deficit in the state of Virginia. I can think of state after state where the scene is exactly the same, exactly the same. At the federal level, at Brookings an estimate was made that it may be as much as a \$50 billion a year cost just for homeland security in the next 5 to 6 years.

You take what we might spend on fiscal policy changes, on foreign policy investments, that we may be forced to do without the bill for enormous military expenditures, guess what gets hit, folks, social sector funding. So if that's the case, I would argue that we have a major rallying cry in front of us, because I'm not sure, if we go out 5 or 10 years, we're understanding the depth of this issue. I say that with no inherent understanding, or base of background. I'm just looking at logical factors, that look at where money flows and how it flows, and forget how much money is being said as giving. I'm saying it's not being deployed, and philanthropic money is a drop in the bucket of the federal dollar. So I believe we have an impending crisis, we should be researching it, and we should be arming our public policymakers, our philanthropic friends and corporate leaders in this country to understand the issues we face for families and children in the United States.

CANALES: Julie, your reactions. (Applause.)

ROGERS: I really agree, and I think one of the things that brings us to, which is an interesting conversation we're having internally, because we have mostly supported nonprofits and made it profitable for them to deliver service. We have mostly not been an advocacy funder, and I think in these circumstances you have to rethink deeply and profoundly which groups in your area or in the country have the capacity, to build the capacity of those groups to do the budget and fiscal analysis to get themselves in front of legislators to make the case, just as we all know how invisible the nonprofit sector is really to business and government. And in the state of Virginia, also where I live, it's all playing out, but you know, people want roads and people want education and want the public schools to have enough room for their burgeoning population. They do not care about mental health services or about all the immigrants that have come to live in our region, and so I have advocacy on my mind.

CANALES: Good. (Applause.)

ROGERS: I think part of this, the good news, if there is any in this environment, is that there's so much left that has been created that did not get lost in the dot com bubble universe. Robert says I can use the number of \$43 trillion as the median number for what might change hands in the transfer of wealth in the next 30 years, and I really think we all have a challenge out in the field to be much smarter about how we go after that money and figure out how we're going to get it created, get it channeled into the public benefit, and spent, so I think it's really a responsibility of funders to take what we currently do and expand it a lot so that we spend a lot more of our time with emerging (sound break) for example, Regional Association of Grantmakers. We have lots of formal foundations that have joined that are climbing out and have already told us that when one person dies they're going to be huge. The Association of Small Foundations, which happens to be based here -- I don't know if anybody's here from it -- has more members than the Council on Foundations. Foundation in a Box is a brilliant little tool, or it will be. I'm behind.

But I think the whole notion of a private foundation which somehow has certain amounts of money that it invests wisely, that it spends, that it thinks about, it spends time writing white papers for its board, it's all about looking in and doing hopefully well a little piece of work, and I think we have to turn that envelope inside out and push out the boundaries, and I said the other day at ePhilanthropy Conference, blow out the windows, because we are sitting on more up to the minute knowledge about the communities that we serve, up to the minute knowledge about nonprofits that do or do not have the ability to ramp up or out a program or do something differently, and the donors that I have the privilege of getting to know in large part because Mario has them for dinner, they want to give, so why are we only writing our little writeups that we write for our board? At our retreat last year, a board member said to me, who else reads these writeups, these are great, and we said, oh well, you know, we write them for an audience of 10 people, so you know, what good is that all about? The other question that came up at the board retreat was, how could Meyer market its judgment? If what we do is good, and we know how to lead to effective investments on the ground, then how do we like, tell people about it? So I really think that the field has got to challenge itself to reach way out. The work that's going on

through the Forum of Regional Associations of Grantmakers in different parts around the country is good. It is hard work. I know from my colleagues in Boston and my colleagues here in Washington that it's a lot of hard work to all of a sudden go get to know professional advisors. You know, I don't have one. I don't sit at supper with those people, but that's where we have to go, so --

MORINO: Can I answer that? Let me give you an example, just to pick up on Julie's point -- and I know what Caren and Andrew said. Let me give you an example of one model, and I'm going to tell you it's one of a series we see on the commercial side of our lives. I won't name the firm. The firm that it insists it will succeed -- we don't think it will succeed as best as it thinks, so that's why we not investing, but what they're going to do is commodify the creation of foundations. They've totally refined all the legal steps like a cookie cutter to create a foundation, and they're going to sell it to the financial institutions, and by the way, two of the financial institutions have already bought it, so that when you go in to a financial planner as a giver and you go in to talk to them, they'll just have a checkmark on a list -- I don't agree with this, by the way, but let's talk -- do you want to create a foundation, yes. Check it off, you're foundation is created, end of the ball game. No community foundation involvement, no fidelity charity or gift fund involvement, no traditional foundation involvement, and they can do it. They can make grants, they can do whatever they want. Everything is taken care of, totally commodified sponsor. Now, I just want to tell you, two financial service segments are going to be settling this this year. That's one of a whole series of models that we see public, at least one a month. The point that Julie has made, the point that we've seen at the community foundations, there is great value with regional knowledge. Giving at the end of the day is local, it's not national. It's not international. Some people will say that, but ultimate giving is in your backyard, and you sell the knowledge -- when I say sell the knowledge, not commercially, but to market knowledge that exists in existing organizations, the community, the sense of purpose about your backyard is absolutely critical, and should be call to arms to all of you.

CANALES: Let's move to another subject. The theme of this conference is building for impact. It's about effectiveness, organizational effectiveness, and I think that when most of us in this room talk about the subject of effectiveness, we focus on the effectiveness of the nonprofits we support. I'd like to turn the mirror inward for a moment and have each of you make some observations about philanthropic effectiveness, foundation effectiveness. What should we be doing differently, how should we be thinking about this? I'm particularly interested in your perspective, given the donors that you work with and the ways in which they look at the question of effectiveness. Why don't we start with you, Julie?

ROGERS: I have three. One is that I think that we have to be much smarter about how we adopt technology for the maximum efficiency of our staff and for our ability to get our messages out. I also think if we were -- Mario ramped us up with technology a lot in the last 2 years, and I have a very different understanding of what it takes and what it costs for the nonprofits that I support because of what we've been through. Another thing is, I think if we're going to say that knowledge is a key asset that we have, we have to --

and I really like, if you haven't read Lucy Bernholtz's work on knowledge foundation. Then you've got to really work hard internally to figure out, how do you reconfigure the way you do the work so that that knowledge asset is freed up and made available. I think it's different from the way we just compartmentalize, program officer A does mental health, program officer B does art. I think you have to create more of a learning community internally, and I don't think that that's simple. Finally I would say, I don't know how many people were at the E Philanthropy Conference where Ted Leonsis did the keynote at lunch, and he really chastised the sector and stated his -- Ted Leonsis is a very wealthy guy, an AOL player, who in this region owns lots of hockey teams, and he transformed the hockey teams because he's a marketing genius and a great human being. He's also a donor in VPP. He has his own family foundation. He's a serious player in this region, and what he said at E Philanthropy was that he was -- he and his peers were so disappointed that nonprofits couldn't articulate the metric in a way that he could understand, and that if they could do it in a way that he could follow it and agree that that was the way to get the measurements, then he and his peers would be willing to invest so much more, and I think that goes to foundations as well. I mean, I think truly we at the Meyer Foundation, we're small, basically. We're midsize. We have not given a lot of thought to how do we know that we made a difference.

MORINO: I'd like to build on what Julie has already said. By the way, tell the owners themselves about Michael Jordan here, by the way.

ROGERS: All right.

MORINO: Big issue here. Big issue. I think the first thing is, I'd use the term, strategy, and I don't mean it in a loose term, but just foundations today, or funders in general -- some are already there, by the way -- but can be much more strategic in the giving process, less necessarily reacting to the grant applications, and I'm not saying post grant applications, but much more strategic to where you will have the greatest influence and can have your greatest impact to help the community, and I think that's process. That's not an easy one, and in fact many organizations today may not necessarily have the culture to do that, because we're used to being very reactive, and it's not wrong, it's just as a reactive form of grant, an applications grant funding base, so the strategy in terms of where you get the greatest leverage and help the community the greatest, or rather your audience the greatest I think is very key, and that requires -- causes reflection and step-back and thought, I think of a higher nature than maybe is the rule out there.

Two, a governor -- Julie has gone back to communication. We've seen this. Ted Leonsis, by the way, lives his life this way. It's called, talking to your marketplace, and I don't mean that in a business jaded concept. I mean, that's the same thing as talking to your governorships. To give you an example, this morning we had a meeting of the advisors to our families in Venture Philanthropy Partners. What was interesting is, the woman who works for Ted Leonsis was the only one at the table who had already brought together all the grant recipients to talk to one another, which she assured me is Ted Leonsis' philosophy in motion. We believe talking in the grounds in the community is critical. Get first-hand intelligence. Find out what's happening. Richard Murphy out of New York

City -- many of you know Richard, who is with the AED here in DC, has a wonderful project going on, for example, and is calibrating -- they're actually going to youth and asking youth what services they use in the community. You know what they're finding? They're not relying at all on what's being funded. That's going into the field. That's talking to parents and children who receive things today. So I think the next thing is greater communication, more outreach, more direct listening to what's going on in the community.

The third, and this is a tough one, is skills. I'll talk about stages, and I go back to my other life, you know. Let me give you a hard example. For those of you who are sports fans, I would have loved to have been a shortstop for the Cleveland Indians. I'm too slow, I can't hit a curve ball, and I can't throw from deep in the hole, so I can't be shortstop. We have to realize that when we start an organization we need different skills for different stages of working with grant recipients. There's a certain skill and a good skill that goes into the selection of the grant applications. That does not mean that program officer has the skills to help that organization who wants the grant application to get it. You may have a level of engagement that is one year off advisory level that requires one level of skills, but then you might want someone we'll call high engagement, where you might need actual direct managerial background, you might need a background in real high- scale strategic planning, a whole series of skills, so I would challenge you to think more in terms of stepping back to look at how, where you fund the various grant levels you have, have you aligned the skills of your program officers or your portfolio managers, however you describe that role, to align with the grant process that you're now fulfilling? I think the skills-matched need is a critical issue that foundations have to now face more stringently than in the past. Those are the three areas I would focus on.

CANALES: Thank you, Mario. Ladies and gentlemen, as Jim Lehrer would say, we're going to have to end it there -- (Laughter.)

CANALES: -- but I would ask you to please join me in thanking Mario and Julie for a very thoughtful conversation. (Applause.) (End)