

Guiding Principles: Suggested Implementation Approaches

Introduction

In November 2003, the Council of Michigan Foundations (CMF) Board of Trustees adopted seven Guiding Principles as a condition of membership effective April 1, 2004. The Guiding Principles address the question often asked by the public – What do foundations stand for?

The Board recognizes that there are different ways to implement each of the Guiding Principles and asked CMF to share with members the suggestions found in the following pages. These can be adopted or adapted to best suit your organization.

If you would like other suggestions or have approaches to share, please contact Barbara Dryer, Information Specialist at bdryer@cmif.org or 616.842.7080.

Guiding Principle 1

Adhere to the highest standards of ethical behavior in all foundation actions.

Suggested Implementation Approaches

1. Adopt a code of ethics, by committing to:
 - Act honestly, truthfully, consistently and with integrity and independence in all transactions and dealings;
 - Avoid conflicts of interest and the inappropriate handling of actual or apparent conflicts of interest in relationships;
 - Treat grantees fairly and treat every individual with dignity and respect, regardless of such factors as race, religion, height, weight, gender identity and sexual preference;
 - Treat employees with respect, fairness and good faith and provide conditions of employment that safeguard their rights and welfare;
 - Act responsibly toward the communities in which the foundation works and for the benefit of the communities the foundation serves;
 - Be responsible, transparent, and accountable for all actions taken in the public's interest;
 - Improve the accountability, transparency, ethical conduct and effectiveness of the grantmaking field; and
 - Work to improve the understanding of philanthropy, its appropriate application and potential consequences.

Guiding Principle 2

Honor donor(s) intent.

Suggested Implementation Approaches

1. Provide all trustees with copies of the documents creating the foundation/fund and any other written correspondence, which details the donor's goals and expectations for the foundation.
2. Have donor(s) talk with the board about their goals and expectations and their purpose in creating the charitable foundation – ideally videotaping the conversation for future reference and generations.
3. State the donor's intent in every annual report and other appropriate foundation publications.
4. If our changing society makes following the donor's specific instructions impractical, find related alternative grantmaking goals that reasonably honor the donor's intent.

Guiding Principle 3

Have an identifiable active governing board – a decision-making body that sets and regularly reviews policies on: governance, including conflict of interest; grantmaking; finance and administration, including audit; and communications.

Suggested Implementation Approaches

1. Qualifications to consider for board members include:
 - Agreeability with the stated purposes of the Foundation/Donor;
 - Willingness to participate actively;
 - Policy, programmatic and fiscal experience;
 - Commitment to the integrity of the grantmaking process;
 - Reputation for fairness and equality;
 - Philosophy, gender, race, ethnicity and socio-economic status; and
 - Willingness to become informed.
2. Orient new board members to their responsibilities by sharing the three duties of care, loyalty, and obedience, as well as copies of bylaws and other organizational documents, adopted policies, examples of grants and communication tools such as annual reports.
3. If trustee compensation is provided, consider the appropriateness of fees in relation to responsibilities, time commitment and the federal guidelines for public charities on intermediate sanctions and rebuttal presumption.
4. Administrative expenses for effective grantmaking should be based on regional and national surveys and not be excessive or disproportionate to the amounts spent directly for grants and technical assistance to grantees.
5. Adopt a conflict of interest policy to ensure that personal interests of board members and staff do not conflict with the foundation's mission and purpose may include:
 - Disclosure of organizational affiliations with grantees, potential grantees or other constituents or vendors with whom the foundation does business;
 - Procedures for decision-making when a board member or employee has a real or perceived conflict of interest; and
 - Policies on acceptance of honorariums from a grantee or a potential grantee.
6. Adopt mechanisms, such as grant agreement letters, required progress reports, and evaluation tools to assess progress in achieving grantmaking objectives.
7. Establish a process for the regular review of the board's performance as a body and of each trustee individually.

Guiding Principle 4

Be accessible by having basic grantmaking information readily available regarding funding priorities and application requirements.

Suggested Implementation Approaches

1. Select and publicize the name and contact information for the foundation's primary contact person.
2. Provide a full and clear description of the foundation's grantmaking priorities through a print or electronic brochure that should include:
 - Mission and goals;
 - Program interests, funding priorities and any restrictions on what is supported;
 - Geographic limitations;
 - Preferred format for applications;
 - Application deadlines and the process for acknowledging receipt of requests;
 - Dates and process for notifying applicants of a decision;
 - A list of grants made in the previous year;
 - Policies and practices for multi-year funding; and
 - Average size and range of grants made.
3. Produce an annual report with format, detail and dissemination appropriate to the size and complexity of the foundation, including:
 - Names of board members;
 - Names and titles of officers;
 - Listing of staff;
 - Grants for the fiscal year;
 - Grantmaking priorities and application process;
 - Summary of audited financial information; and
 - Contact information for the foundation.
4. Make information available to the Foundation Center and CMF, in order that the grantmaker's goals and priorities may be published in appropriate public foundation directories.

Guiding Principle 5

Build constructive relationships based on mutual respect, candor, confidentiality and understanding with the public, applicants, grantees and donors.

Suggested Implementation Approaches

1. Share with the public the grantmaking priorities of the foundation and respond promptly to all requests for information.
2. Use a postcard or email message to promptly acknowledge receipt of a proposal.
3. Send a timely denial letter to those applicants that are unsuccessful and where appropriate, indicate a willingness to discuss with the applicant why the proposal has been turned down.
4. Include in the grant award letter payment procedures, reporting requirements and the nature of any monitoring that will take place.
5. Inform grantees when their pictures or products will be featured in a foundation publication, website or other communication tool.
6. Advise grantees, applicants and the public, within a reasonable period of time, on significant changes in grantmaking priorities or procedures.

Guiding Principle 6

Strive to include the perspectives, opinions and experiences of the broadest possible cross-section of people to inform the foundation through its grantmaking, through the composition of its board, committees, staff and advisors/consultants and through its business practices.

Suggested Implementation Approaches

1. Consider the demographics of the geographic area served when nominating board members, hiring staff and selecting consultants to ensure broad representation.
2. Adopt a policy to support minority- and women-owned vendors and vendors that have hiring and training practices that aid under-represented groups.
3. Invite grantees and other community representatives to help with a periodic review of grantmaking priorities.
4. Appoint youth grantmakers ages 16 and 17 as voting board members, now being done by community foundations since the 1998 passage of Public Act 444 in Michigan.

Guiding Principle 7

Support continuous learning on the part of trustees, staff and grantees.

Suggested Implementation Approaches

1. Invite grantees to share lessons learned from projects at a foundation board meeting.
2. Have trustees and staff participate in site visits to grantees and current or potential applicants.
3. Invite grantmaker colleagues to participate in board/staff retreats or learning exchanges.
4. Participate in local or regional geographic meetings of grantmakers to exchange ideas and hear from informed speakers.
5. Encourage trustees and staff to annually participate in one grantmaking educational conference or internet based training.
6. Join organized support groups, such as your regional association of grantmakers (CMF), Council on Foundations, Independent Sector, Philanthropy Roundtable, National Network of Grantmakers, and one of the many affinity groups of grantmakers dealing with issues of interest to the foundation's grantmaking.