

GOOD GOVERNANCE  
MAKES FOR GOOD GRANTS  
(AND SENSE)  
FOR THE GRANT SEEKER AND GRANT MAKER

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National Center for Nonprofit Boards  
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David A. Odahowski, Esq.  
President and Chief Executive Officer

Edyth Bush Charitable Foundation, Inc.  
199 E. Welbourne Avenue  
Winter Park, Florida 32789  
1-888-647-4322 phone  
1-407-647-7716 fax  
[dodahowski@edythbush.org](mailto:dodahowski@edythbush.org)

“Many nonprofits now have what is still the exception in business - a functioning board. They also have something even rarer: a CEO who is clearly accountable to the board and whose performance is reviewed annually by a board committee. And they have what is rarer still: a board whose performance is reviewed annually against preset performance objectives.”

*Peter F. Drucker*

“Good Governance and a weak proposal will succeed, where a strong proposal and weak governance will fail”

*David A. Odahowski*

This presentation was delivered before a plenary session of the National Center for Nonprofit Boards at their 1999 National Leadership Forum in Washington, DC on November 16, 1999

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Orlando

26 years ago, Orlando, Florida, was a sleepy little citrus processing town — it was a short stop-over from the orange groves to your breakfast table!

Today, Orlando, Florida, is host to the WORLD, with 40 million visitors annually. Orlando is the #1 destination in the United States.

The grandmothers and grandfathers of nonprofit organization in Orlando, and in Florida, are less than 50 years old — most of the nonprofits are less than 20 years old.

In the past 10 years, Orlando's United Way grew from an 8 million dollar campaign to almost 20 million.

4 years ago we did not have a community foundation, today we do, and it's at 30 million!

United Arts, our federated campaign for the arts raised 6 million dollars last year — a 20% increase!

Two years ago we built a 50 million dollar debt free Science Center — and three months ago it required a 1.6 million dollar bailout, just to keep the doors open! — my point is, not everything is magical in the Magic Kingdom. It is often said Orlando is a young Los Angeles or Atlanta.

The Edyth Bush Charitable Foundation, moved to Orlando 26 years ago. We moved from a place that did not invent philanthropy — but they surely did perfect it! Minnesota!

And you know what they say about Minnesota — Minnesota! Where all the nonprofits are strong, all the foundations are good looking and all the charitable contributions are above average! They know about good governance and grantmaking.

We are an 87 million dollar grantmaking foundation, but our colleagues often say — you know why everybody thinks you're a 250 million dollar foundation? — because you guys act that way!

We practice “philanthropy beyond check writing”. We believe that the grantmaking process must possess value beyond the dollar amount. Our average grant is \$100,000.

My contribution to this panel can be summed up as the following:

GOOD GOVERNANCE MAKES FOR GOOD GRANTS (AND SENSE)  
FOR THE GRANTSEEKER AND THE GRANT MAKER!

I have prepared some materials for you to take home and use. I’ve included my *Top Ten Governance Grants to Give or Receive* — just in time for the holiday season.

It’s a handy little reminder for your favorite foundation or corporation, if they’re having a hard time coming up with a holiday gift giving idea for your agency.

Good governance can be a deal maker or a deal breaker! Good governance is not easy; its important stuff. Good governance gives nonprofits (and foundations) the courage to do the right thing for your client’s community and the confidence to negotiate for resources.

If you only remember one thing I say today — Good Governance and a weak proposal will succeed, where a strong proposal and weak governance will fail.

Our grant evaluation process emphasizes good governance, management and stewardship for the grantmaker and grantseeker.

We Field Review or site visit each proposal that goes to the board. **MORE FOUNDATIONS SHOULD!** We require the Board Chair, Treasurer, CEO, Program Staff and Bookkeeper of the agency to be present. It’s a 3 to 4 hour investment of time, talent and resources.

Our governance and management review is a candid and free-wheeling discussion. We examine:

- The Role of the Board
- Board Committees/Attendance
- Board Diversity (someone may want to ask us about our New Philanthropy for the Millennium Grant), skill sets, and conflicts of interest
- Candid financial reporting and accountability
- Long range plans
- Donor lists for the current year and past 3 years
- Fundraising goals and how people are compensated for fundraising
- Endowment building/Bequest policy
- We look for line items such as “Board Member Contributions”, Training & Education”

There are no right or wrong answers, there is only room for improvement by the grantmaker and

grantseeker. We hold ourselves out as having high standards, and other funders tell me that our grants act as an endorsement or seal of approval.

We have always believed that capacity building grants in fundraising, management or governance is a high impact grant. The article I site in my bibliography from the current issue of the Harvard Business Review, entitled: *Philanthropy's New Agenda: Creating Value*, makes the point that capacity building grants can increase the overall effectiveness of a nonprofit by a multiple of 50x or 100x the amount of the grant! That article is going to be discussed across the nonprofit sector!

And there is no better place to invest money than in building the governance capacity of a nonprofit. Without good governance,

- fundraising campaigns fails
- there are no additional resources for social entrepreneurship, marketing, long range planning ...
- (no capacity building)!
- and without good governance, a 50 million dollar science center fails.

We can't afford a 50 million dollar nonprofit failure in Orlando — nor can any community — even Minnesota!

After 26 years of working on governance at a retail level — nonprofit by nonprofit, we decided to do some *group buying* of services.

For the past nine years we have been purchasing the services of consultants to impact groups of nonprofits. We've brought down

- Susan Stevens & Associates
- The Wilder Foundation Services & Training
- The National Center for Social Entrepreneurship
- The National Center on Nonprofit Boards
- Support Centers of America
- Foundation Center
- Grantsmanship Center and others.

These large groups' educational offering impacted many more nonprofits that we could work with in our grant process; it also proved up the demand for services, nonprofits need or desire.

After toiling in the vineyards of philanthropy for 26 years, we're putting our money where our heart, mind and mouth is!

We've invested 750,000 dollars to establish a Center for Philanthropy and Nonprofit Leadership Center, at Rollins College in Winter Park, Florida. We hope to promote and encourage other

Florida foundations and national foundations to help with the Center — no one funder can do it alone. GOVERNANCE IS TOO IMPORTANT! The Philanthropy Center will be housed in the Crummer Graduate School of Business. The Philanthropy Center will provide ...

- services and education to nonprofits
  - Executive education
  - Professional continued education
  - Conferences, seminars and institutes
  - Networking programs
  - Collaboration
  - Policy studies
  
- services and education to donors
  - Foundations
  - Corporations
  - Individuals
  - Entrepreneurs
  
- Important nonprofit sector
  - Meetings
  - Exchanges
  
- To advance the state of knowledge and practice in the nonprofit sector!

And there is no better place to come to than Orlando, Florida — especially in December, January, February! Let me conclude then with my main idea:

GOOD GOVERNANCE MAKES FOR GOOD GRANTS (AND SENSE)  
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Top Ten Governance Grants  
to Give or Receive

1. Funding for long range or strategic planning and implementation.
2. Funding for Board of Directors evaluation using the National Center for Nonprofit Boards self-assessment tool and implementation of recommendations.
3. Funding for CEO evaluation using the National Center for Nonprofit Boards CEO assessment tool and implementation of recommendations
4. Funding for full time support staff person for CEO and Board of Directors.
5. Funding for Board of Directors exchange from like-kind institutions.
6. Funding for local Board of Directors Chairman's Roundtable.
7. Funding for Board of Directors/CEO training and education budget, including attendance at National Center for Nonprofit Boards workshops, seminars, and training.
8. Funding for local Executive Director/CEO roundtable.
9. A challenge grant specifically involving the Board of Directors in the fundraising process for one of the nonprofits goals, in its strategic plan.
10. Funding for new CEO search, including travel, relocation, salary, and benefits adjustments.

“Never doubt that a small group of committed citizens can change the world. Indeed, it is the only thing that ever has.”

*Margaret Mead*

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