STRATEGIC TIME HORIZONS IN PHILANTHROPY

Strategy in Action

ROCKEFELLER PHILANTHROPY ADVISORS
PHILANTHROPY ROADMAP

STRATEGIC TIME HORIZONS IN PHILANTHROPY

Strategy in Action

This publication is part of a two-volume donor guide that updates and expands upon an earlier Rockefeller Philanthropy Advisors (RPA) publication, *Selecting a Time Horizon*. Volume one, titled *Strategic Time Horizons in Philanthropy: Key Trends and Considerations*, explores practical steps for selecting a strategic time horizon that aligns with your philanthropic goals and vision. Volume two (this publication), provides guidance on how to implement a chosen strategic time horizon. Both publications feature excerpts from case studies of foundations around the world. The full versions of the case studies are compiled in a third companion publication, *In Their Own Words: Foundation Stories and Perspectives on Time-Limited Philanthropy*.

We hope that both established and emerging funders will find these three publications beneficial in their pursuit of thoughtful and effective philanthropy.

We are grateful to The Atlantic Philanthropies for their support and contributions to this work.

Contents

Introduction

Choosing a time horizon can be difficult, and implementing the selected approach can be even more complex. Building on volume one, *Strategic Time Horizons in Philanthropy: Key Trends and Considerations*, this publication provides practical steps and insights for funders that are implementing a chosen time horizon. For philanthropic organizations that favor the in-perpetuity model, periodic review and reevaluation of strategic goals and vision, as well as whether this model still provides the best way of effecting desired change should be a standard practice. To that end, this guide provides a detailed review of cornerstone components that should be included in this regular review process. For philanthropies that have decided on a time-limited model, this publication outlines guidance for each stage of the journey. Also featured in this guide are examples from funders that have implemented strategic time horizon decisions.

Whether adhering to one model or switching to a new spending timeframe for a program or an entire organization, the first step is to analyze and plan an approach based on a particular set of considerations for your philanthropy. Going through these considerations requires a strategic and operational reassessment and adjustment period, as detailed below.

Implementing an In-Perpetuity Approach

Despite the growing popularity of time-limited approaches, the in-perpetuity philanthropic model remains the most popular, and, in many cases, is adopted as the default option. However, increasingly, philanthropists are intentionally choosing it as a strategy that will allow them to more effectively deliver on their missions. And there is a growing recognition that in perpetuity does not equate to a static model. Still, even if careful analysis led to an adoption of this time horizon, it is vital to periodically revisit the decision to ensure that the in-perpetuity approach continues to align with the philanthropy's objectives and needs. This applies not only to the general organizational model, but also to specific programs within a foundation. Components of this regular review of the time horizon choice should include:

- **Long-term strategic and operational planning.** A multi year strategy should be in place with set times for reevaluation of progress, typically every five to ten years. This is an opportunity to revisit bylaws, reformulate theories of change, and take stock of progress to date.
- **Endowment management**. If necessary, restructure the endowment to maximize long-term resource availability. This restructuring might include new outsourced investment management, ways to align investments with the organization's mission, or discussion of innovative financial structures.
- **Internal structures, talent, and staffing.** Review the organizational chart, skillsets, and decision-making levels to ensure that the size, talent, expertise, and internal dynamics align fully with long-term vision and approach.
- **Programming.** Prioritize issue areas and developing programs in ways that make sense for an in-perpetuity timeframe. Periodically reconsider the theory of change and how to address shifting needs, norms, approaches, and priorities in the chosen field while retaining an in-perpetuity strategic arc.
- **Partnerships and community-level engagement.** Delivering programs on a large scale often requires building extensive partnerships. As an in-perpetuity operation, does the organization or program add unique value to collaborative action in order to optimize collective impact? It is also important to consider ways of effectively incorporating the insights of communities in order to support effective change.

Source: Ford Foundation

FORD FOUNDATION: SPENDING UP, NOT DOWN, TO ADVANCE LONG-TERM SYSTEMS CHANGE

The Ford Foundation's principled approach to in perpetuity, paired with an intentional mission to maximize its impact and resources to achieve meaningful change, underline the foundation's thoughtful and strategic methods to its time horizon model. According to Ford, accelerating spending is key to achieving long-term social change, especially in times of crisis. The Ford Foundation already pays above the required 5 percent payout, and as Hillary Pennington, Ford's Executive Vice President of Programs, stated, "the Ford Foundation's board sets our spending policy and we typically spend more than the 5 percent minimum requirement, even when you don't take the social bond into account." This strategic flexibility with spending and time allows the Ford Foundation to contribute to transformative, systemic impact.

This commitment has necessitated frequent long- and short-term planning meetings with the foundation's board. The Ford Foundation operates on 10-year strategic plans with a review-and-refresh discussion around the four-year mark. It also holds regular conversations about societal change, the foundation's role, and its intended impact. "We've been accused of being in too many program areas and too many places in the world, and we've personally questioned if we are spread too thin to have the kind of impact we seek, even with our relatively rich resources," Pennington shared. "So this has caused us to have a lot of conversations about our principles, beliefs, and how change happens. When you look to our history, it becomes clear how we've been able to adapt through different eras from 50-60 years ago, in places like Egypt and China, and how the foundation has become a kind of home base for people that are trying to make their society better generationally." Embracing new funding models, such as social bonds and Project Wanda exemplify philanthropic approaches that allow an in-perpetuity funder to embrace innovation, as well as increase its responsiveness and agility.

Reasons for Adopting an In-Perpetuity Time Horizon

Our research revealed a number of key reasons for adopting the in-perpetuity model. Chief among these was:

- Creating long-term impact over multiple generations.
- Engaging future generations of the founder's family in philanthropy activity.
- Honoring donor intent.
- Matching the demands of the organization's structure and mission.
- Experiencing an increase in financial resources in future years.

- **Developing internal knowledge.** Implement a system for collecting and sharing lessons learned from the field to build knowledge and improve impact over time.

This review and analysis can result in findings that can reaffirm or bring to light questions about the in-perpetuity model as the best strategic fit for the organization's vision and goals.

Time-Limited Journey: Practical Steps and Phases

For time-limited philanthropies—whether the exact endpoint is known or not—the key to success is crafting a strategic approach for each life stage. While not all stages will be applicable to the entire spectrum of limited-life philanthropies, depending on the planned lifespan, they can include:

1. **Preparation.** Formulating an overarching spend-down strategy, plan, and vision when the limited-life model is first selected.
2. **Midpoint.** Reviewing progress, reassessing plans, and adjusting timelines when approximately halfway through the planned timeframe.
3. **Imminent spend down.** Starting to firm up preparations for winding down approximately five to ten years prior to the closing date.
4. **Final call.** Implementing the final phase of spend-down plans to ensure continuity and an orderly process, beginning anywhere from two to five years prior to the end date.
5. **Post-closing.** Taking steps to ensure the preservation of legacy and knowledge, once the operations have closed.

These stages are explored in detail below.

> "The process of being a spend-down philanthropy really focuses the mind, and...enabled us to move to a different way of grantmaking...Ultimately, the spend-out approach acted as the impetus [for] incredible impact and a lasting legacy of action."

SARAH RIDLEY

FORMER EXECUTIVE DIRECTOR, TUBNEY CHARITABLE TRUST

Preparation

Philanthropic organizations that adopt a time-limited model will have gotten there from one of two paths: they transitioned from an in-perpetuity to a time-limited model, or they were established as a spend-down philanthropy from the onset. In either scenario, leadership should take the following steps in implementing the limited-life approach.

- **Review and assess founding documents to ensure alignment with time-limited approach.** Reviewing these documents ensures that the decision to spend down aligns with the organization's founding parameters, including donor intent. If the decision is in conflict with these parameters, leadership should explore the possibilities of drafting new documents, choosing to spend down specific programs instead of the entire organization, or establishing a new time-limited philanthropic vehicle. For philanthropic organizations seeking to codify their strategic time horizon at the point of founding, it is crucial for the guiding documents to clearly articulate intent, values and principles, as well as vision and timelines. These organizations should also weigh outlining in the founding documents other considerations related to strategic time horizons, including commitment to a particular field or geography, decision-making authority, and rules, as well as any events that would permit a shift in the time horizon.
- **Articulate a strategic vision that includes the reason for the chosen approach.** This vision should encompass not only the philanthropy's general mission, but also the rationale for advancing this mission via a time-limited vehicle. This should also include a contingency plan for any potential roadblocks or socio-political system shifts, such as a sudden economic recession that may abruptly increase demand for the organization's contributions.

Source: Edward W. Hazen Foundation

EDWARD W. HAZEN FOUNDATION: THE URGENCY OF ACTING NOW TO EMPOWER A JUST AND SUSTAINABLE FUTURE

The Edward W. Hazen Foundation initiated discussions about potentially spending down in 2017, and it took two years to reach consensus around the decision. Hazen was a small but established foundation that spent decades working at the grassroots community level to support youth organizing and movements via small grants. The grassroots approach greatly contributed to building, enabling, and growing momentum around youth-led activism and initiatives. It also sparked a new sense of empowerment, energy, and opportunity around the country, and led to the rise of some of the most significant social justice movements in United States history, largely led by young people of color.

However, once Donald Trump came to power in 2016, and introduced what Hazen saw as regressive government policies, organizing to fight injustice, white supremacy, and structural racism gained an infinitely greater sense of urgency. "We were seeing some of the most frightening kinds of pushback, real threats to individuals in real time, and a dangerous backlash to powerful organizing," President Lori Bezahler said. "And young people made the urgency and the tone of the public conversation very clear. They brought it forward in such a moving way that we couldn't look away." Inspired by this, the foundation doubled down on exploring the spend-down option by sending out surveys, holding focus groups, getting buy-in and information from communities, working with a range of movement theorists, and discussing and engaging in scenario planning internally. Through this process of collective inquiry and feedback, the foundation came to the conclusion that "we are living in a unique and exigent moment and something has to be done to address it now," Bezahler said.

- **Determine a spend-down trigger (if needed) or ending timeframe.** Whether it is a predetermined date, a specific event, or a fixed number of years after a trigger event, the organization needs a point in time around which to anchor its strategic plan. While some organizations may face uncertainties that prevent setting firm criteria, an envisioned spend-down date is a limited-life organization's north star, providing the momentum needed to reach its goals within a specified period of time.
- **Communicate the decision internally across all levels.** For organizations that transition from an in-perpetuity model to one that is time limited, best practices call for full transparency with staff about the future and revised goals of the organization. When to communicate the choice to spend down internally is ultimately up to the philanthropy's leadership. However, once a decision to spend down has been made, leadership should convey that decision as quickly as possible. The organization should build sufficient time into its plan to support staff, who may need to find alternative employment. Of course, if the time-limited organization was established as such from inception, this arrangement should be clear to any individuals interviewing for staff positions.
- **Develop goals within the chosen timeframe.** It is important to home in on the core issue areas on which the organization will focus in its remaining time. These decisions give the organization a better defined framework for achieving and determining progress.
- **Adjust scope as needed.** The organization's programmatic focus should be compatible with any newly designed timelines. Establishing a timeline may require narrowing areas of focus to fewer key programs that will allow the philanthropy to maximize its impact.
- **Review the existing portfolio of grantees.** For organizations transitioning to a spend-down model, it is particularly important to align the grantee portfolio with the new strategic vision and

scope. By beginning with an evaluation of the current portfolio, organizations spending down can assess where and to whom money has gone in the past, if it has been optimally used, and most importantly, if it fits with the new strategic vision and scope. During this phase, the Compton Foundation worked to prioritize grantees and maximize impact along various streams of work, focusing on “depth versus breadth.” As Ellen Freidman, the Executive Director of Compton explained, the foundation cut the number of grantees in half to go deeper with fewer grantees, rather than trying to keep everyone in the portfolio with diluted, smaller amounts of money.

- **Review long-term budget estimates with particular attention to often overlooked costs.** It is important to review budgets to ensure that the organization can cover operational costs required to prepare grantees and internal staff for the philanthropy’s eventual closure, as well as the next steps (e.g., finding support from other foundations). This may include developing a system for asset management to ensure that there are sufficient (but not exorbitant) funds remaining within a year of closing.
- **Develop strategic operating plans and roadmaps for family engagement.** Leadership should work to achieve alignment across all levels of the organization and thoughtfully guide it along each stage of the spend down. It is important to develop a multilayered plan that takes into consideration all the major and minute details required to carry the organization from preparation to the final stage. For multigenerational philanthropies, a limited time horizon does not necessarily prevent next generation involvement (especially if the end date is distant or uncertain), but ending programs does limit opportunities to engage if there are no alternatives. As a result, those who desire both to set a time limit on their philanthropic spending and to encourage next generation involvement in their philanthropic legacy may want to plan alternative routes of engagement. To accomplish this, some donors choose to seed new foundations for subsequent generations of the family.

RALPH C. WILSON, JR. FOUNDATION: TAKING THE TIME TO DEVELOP A STRATEGIC AND TACTICAL ROADMAP

In its early years, the Ralph C. Wilson, Jr. Foundation continued to develop its strategy and focus. Three years after its launch and opportunistic grantmaking within its interest areas, the foundation crystallized a strategic and tactical roadmap that embraced four unique stages of the foundation's limited life that would define its work from its early stages to closing:

- Phase 1: Piloting and Experimentation
- Phase 2: Refining and Scaling Successful Programs
- Phase 3: Building Policy and Reinforcing Capacity
- Phase 4: Exiting and Ensuring Legacy

Each phase involves a set of conditions and benchmarks for grantees and staff. For example, in the first (and current) phase, the foundation's activities resemble traditional grantmaking. As the foundation moves into the second scaling phase, it will double down on its work with cohorts and grantees, which might include exiting relationships with some grantees and partners. The third and fourth phases will ensure the continuity and longevity of the foundation's investments for years to come, and solidify its meaningful legacy. To help with that, the foundation has built an evolving Theory of Investment (TOI) in each programmatic area, ensuring programming adjustments as the foundation ages that will lead to positive impact for future generations. As David Egner, President and CEO of Ralph C. Wilson, Jr. Foundation said, "The exit and legacy is about creating positive impact and gracefully walking away while making sure our work continues after our exit."

Special Considerations for Foundations Switching from an In-Perpetuity to Time-Limited Approach

- ☐ Review charter/by laws
- ☐ Seek/achieve alignment around the idea among the board/family
- ☐ Develop a strategic vision/ framework
- ☐ Choose a spend-down date
- ☐ Communicate the decision internally and externally, and continue to do so regularly
- ☐ Analyze budget and financial projections
- ☐ Adjust areas of focus
- ☐ Review the portfolio of grantees ensuring alignment with focus areas
- ☐ Develop a strategic roadmap for the entire spend-down journey
- ☐ Formulate a monitoring and evaluation framework with key milestones
- ☐ Consider staffing needs and find effective ways to retain or transition staff

- **Think through short- and medium-term staffing needs.** It may be necessary to design an incentive plan to keep staff members involved and engaged in the organization through each stage of the spend down, especially when they know that their time at the organization is finite. In addition to possible adjustments to compensation and benefits, this plan could include resources for staff education, training, and development to help prepare them for reentering the job market.
- **Create a plan for engaging the board and trustees.** A governing body should be at the helm even when the timeline reaches its end. To ensure that this team is in place, it may be necessary to change board member roles from traditional quarterly approvals to deeper engagement on specific issues.
- **Formulate a monitoring and evaluation framework to track programmatic goals.** Transitioning to a time-limited approach has the potential to create an increased sense of urgency around demonstrating impact. A robust monitoring and evaluation framework with key performance indicators can help to provide evidence that the philanthropy is achieving impact as planned under new conditions.
- **Communicate the decision externally.** Depending on how influential a philanthropy is, a decision to spend down can have broad implications for the field in which it works. The organization should be transparent with external stakeholders about its timeframe, motivation, and plans to cease operations. Communicating externally is particularly important if there is a shift in programmatic focus, as it will alert the broader community about new opportunities and potential partnerships.

THE QUEEN ELIZABETH DIAMOND JUBILEE TRUST: STRATEGIC PLANNING TO ENSURE SUSTAINABLE IMPACT AFTER THE DOORS CLOSE

In June 2012, the Queen Elizabeth Diamond Jubilee Trust appointed Astrid Bonfield as its Chief Executive. Bonfield leveraged her extensive experience to spearhead a nearly two-year strategic planning process. That plan adjusted the Trust's life span from five to seven years to allow for more time to hire staff, fundraise, develop an operating plan, design programs, and formulate an exit strategy. As Bonfield shared, "You can have significant impact in a period of five years, but you need a little longer to make sustainable systems change."

From the start, the Trust increased awareness of its core issues and promoted high-level political action—all with the goal of long-term sustainability. As Bonfield shared, the organization always kept one question in mind: "When we exit, who is going to continue the work?" Sensitive to countries' individual contexts, the Trust not only supported government strategies, but also plugged into national health systems to ensure sustainability of any initiative or policy implemented locally. For example, the Trust supported the integration of governmental eye care for people with diabetes the health systems of the Caribbean, India, and Pakistan. Especially because the United Nations' Sustainable Development Goals did not include eye health, the Trust sought to create coalitions that would lobby The Commonwealth's Heads of Government to make a commitment to eye health. Now, these countries have agreed to advance eye health.

The Trust could not have achieved such results in its limited timeframe if it had not carefully designed an operating plan that dictated the importance of partnerships and advocacy and the steps required to scale initiatives at the national and global levels—before any action was taken. As Bonfield shared, "We put so much energy into the front end, especially around how we built trust and relationships with other actors in our field."

Spend-Down Scenarios

In general, time-limited foundations can have a defined end date, a dependent end date, or an undefined end date. For example, in 2002, the founder of The Atlantic Philanthropies, Chuck Feeney, and the board of directors made the decision to spend the foundation's entire endowment and commit all grant-related funds by the end of 2016. Although the initial end date was later shifted to 2020, the deadline itself was always clearly defined and communicated, and the strategy was shifted accordingly.

The sudden death of the founder(s) may trigger adoption of the time-limited model. In this case, the board is often in charge of deciding on whether to make this transition, as well as the length of the spend down period, especially when the organization's charter does not dictate terms for the foundation's future. Board members may rely on their prior relationship with the founder(s) in order to surmise donor intent. For instance, when the founders of the Stegley Foundation suddenly died, their children decided to operate the newly created foundation as a limited-life philanthropy, in accordance with their understanding of the parents' wishes.

Conditional philanthropic lifespans are based on a non-specific timeframe for spending down. Philanthropies with conditional end dates have a clear intention to spend down, but rather than having a known endpoint, the occurrence of a particular event will serve as the trigger that starts the countdown. For example, the Bill and Melinda Gates Foundation has a mandate to close within 20 years after the founders' deaths. While it is impossible to know when the 20 year clock will start, the end date (assuming the intent is respected) is a set time after that trigger event.

Philanthropies with undefined end dates intend to spend down, but have no particular timeline or set of conditions in place. The founders of the Raikes Foundation, for example, intend to spend down but have not yet decided on a date because they are unsure if their children will want to get involved.

Midpoint

The midpoint stage refers to the halfway mark between the beginning and end of the planned spend-down process. Organizations often use this stage to figure out what is working, what is not, and how to adjust their approach in order to reach pre-specified spend-down goals within the identified timeframe. During this stage, foundations should reevaluate, reassess, and review where they stand relative to initial plans and goals, and consider whether those goals (or timelines) need to change.

- **Refer to the existing evaluation framework.** The monitoring and evaluation framework composed during the preceding preparation phase is a valuable tool for tracking results and determining whether these results are on target with the initial plan.
- **Discuss progress.** This is an opportunity to update internal personnel on progress made, challenges faced, pitfalls avoided, and new opportunities for impact, as well as any changes to the strategic plan.
- **Decide whether to extend, contract, or leave unchanged the spend-down timeline.** Depending on the philanthropy's progress, it may be advisable to either shorten or lengthen the envisioned spend-down timeframe. Alternatively, there may be no need to change the window if things are going according to plan. Regardless, a philanthropy's leadership should build a degree of flexibility into their planning in order to accommodate unforeseen circumstances.
- **Communicate any changes to grantees and partners.** It is imperative that philanthropies be transparent with both internal and external stakeholders. Grantees need to know about any changes that influence their current condition and future sustainability. Partners and collaborators should also be aware of any decisions or developments that will impact them or the broader field.

THE STEGLEY FOUNDATION: USING THE REGULAR REVIEW OF PROGRESS AS A TOOL FOR REFLECTION AND AMPLIFYING IMPACT

Every 10 years, the Stegley Foundation conducted a review of its progress and a reset of its work plan to ensure it stayed on track toward reaching its goals. Given the focus on impact dictated by its short lifespan, the Stegley Foundation also developed a distinctive approach to evaluating its goals by engaging external experts and representatives of the communities served. As part of this effort, the foundation brought together people from relevant sectors to discuss core issues, how they had been addressed, and how to better respond to them in the future.

Within its final five years, the foundation underwent a concerted strategic process to end its activities and exit the field constructively and responsibly. "It was a most creative time. We had to respond with new strategies, think smarter, act harder," Sarah Stegley, Trustee, explained. In 1996, the trustees launched a major organizational review to ensure the foundation was making the greatest impact possible with the remaining funds, leaving something substantial behind, and developing a plan for closing down the foundation in a way that "best honored the intentions of its founders, yet met the trustees' views on social needs."

They solicited expertise from outside their walls, including via questionnaires from fellow philanthropic trusts, community organizations, activists, and think tanks. These partners helped the foundation reflect on its strengths, weaknesses, and how it could create real change with its remaining dollars. The Stegley Foundation also engaged an independent evaluator who helped it strategize and develop action plans based on this input. As a result of these efforts, the foundation identified six funding areas and required all supported projects to have an advocacy or social action emphasis and a strategy on how it would impact public policy. The ultimate outcome of this process was that, in its final years, the Stegley Foundation funded fewer, bigger, longer-term projects. It also became more strategic about where it directed the money, and it focused on convening people, organizations, and partners.

Imminent Spend Down

The imminent spend down stage begins approximately five to 10 years from the determined end date, contingent of course on the overall spend-down timeline of the foundation. Depending on the design of the spend down, this stage may involve the distribution of multi year grants, development of partnerships, and the placement of “big bets” intended to catalyze major, lasting change. Philanthropic operations may be ramping up during this phase, and important details can get lost in this fervor. The aim for most organizations during this stage is to effect change in the short term, while also realizing the long-term impacts of current investments before closing down. The process entails the following steps:

- **Develop task teams.** These teams focus on particular parts of the spend-down process, including staff support, knowledge management, budgeting, and other priorities.
- **Encourage sustainability.** This is essentially the last opportunity a philanthropy has to safeguard its grantees’ sustainability by helping them find other sources of support.
- **Increase focus on policy reform.** By driving systemic change through policy reform, a philanthropy can generate impact that outlives the organization itself.
- **Take risks.** Use the urgency of the spend down as momentum to make “big bets” locally, nationally, and/or globally to maximize impact. There are often fewer financial and operational restrictions during this period, and the resulting freedom can help propel high risk/high reward decisions.

Source: The Whitman Institute

THE WHITMAN INSTITUTE: COLLABORATING WITH LIKE-MINDED FUNDERS TO PROMOTE CHANGE

The decision to spend down did not spark any changes to the foundation's grantmaking or its highly regarded annual retreats for grantees and funders. The Whitman Institute (TWI) began distributing multiyear and annual unrestricted grants to better meet community needs over time, continuing to fund its multi-issue portfolio, including civic and community engagement, leadership development, human rights, movement building, and media and journalism. In 2020, TWI launched the Trust-Based Philanthropy Project, a five-year collaborative funder initiative, to address the inherent power imbalances between foundations and nonprofits.

- **Engage partners that will continue your work.** One of the best ways to ensure that a philanthropy's work continues after it closes its doors is to work with diverse partners committed to carrying the work into the future. The final spend-down stage is a great opportunity to reinforce external relationships to make sure that partners are well equipped for post-exit impact. Additionally, partners may be able to alleviate some of the potential negative effects of the philanthropy's departure by dedicating additional resources and technical assistance to sustain and advance the work.


Source: S.D. Bechtel, Jr. Foundation

S.D. BECHTEL, JR. FOUNDATION: DRIVEN BY AN URGENCY TO ACT

The S. D. Bechtel, Jr. Foundation's spend-down process has been continuously driven by at least three pressing concerns:

1. The issues it aimed to solve.
2. The realization that all the money should be spent.
3. The preparation of the grantees and the fields supported for the foundation's departure.

The final years were marked by a sense of urgency and a desire to seize all possible windows of opportunity in the time remaining.

One of the more significant examples of this push involved California's water crisis. The S. D. Bechtel, Jr. Foundation saw the 2011–15 drought in California as an opportunity to double down and get more involved in one of two core areas of its environment program: water. Since the foundation was in spend-down mode, it had the latitude to take a big risk and put significant resources toward this one issue. As a result, the foundation began to focus more on research, public policy, and partnership-building to promote systems-wide change to the state's water infrastructure. The foundation's funds helped lead to the Sustainable Groundwater Management Act of 2014, legislation based on the extensive work of multiple grantees like the Water Foundation, The Nature Conservancy, and Stanford University. The foundation's support also ensured the sustainability of the Water Foundation, a field leader.

Final Call

Final call describes the closing stage of the spend-down process, usually just a few years (two to five) from the end date. In this stage, the focus often turns internal and five key strands of an organization's legacy and impact need special attention: (1) staff; (2) grantees; (3) partnerships; (4) knowledge; and (5) administration.

- **Concentrate on staff needs.** Staff is responsible for implementing every aspect of the spend down from the beginning to this point, and often they remain involved beyond the formal end date. In recognition of this contribution, it is critical to provide support for their transition to new employment. Most foundations provide a range of benefits and other professional support to facilitate a smooth transition. This can include early pension payouts or sponsoring fellowships with other organizations.
- **Communicate regularly with grantees.** Regular communication with grantees is necessary to update them on the spend-down process, potentially offering resources, connections, and advice to ease their eventual transition. Many organizations will introduce grantees to likeminded funders, suggest modifications to programming to increase competitiveness for future funding, and support strategic planning. Some of the most valuable types of support take the form of unrestricted and/or organizational capacity funding (e.g., overhead funding), and committing to multi year disbursements to sustain grantees through the near-term future.
- **Forge partnerships.** A philanthropy going through a spend-down process can amplify its impact and legacy from partnering with organizations that are already working in its focus areas, or that are interested in getting involved in these areas prior to the philanthropy's exit.

AVI CHAI FOUNDATION: HAPPY AND WELL-TAKEN CARE OF STAFF ARE KEY TO SPEND-DOWN SUCCESS

As a core aspect of its time-limited philanthropic strategy, AVI CHAI Foundation took an intentional approach to staff recruitment, development, and retention. The foundation believed deeply that a happy staff would be key to its spend-down success. According to Executive Director of AVI CHAI North America, Yossi Prager, four factors contributed to AVI CHAI's success with attracting and retaining staff: (1) the people the foundation chose to hire; (2) a feeling of partnership among trustees, management, and staff; (3) evolving roles even within the same jobs; and (4) work-life flexibility. As a result, the shortest tenure of any staff member was seven to eight years. In hiring decisions, diversity of background was a crucial consideration. This led the founder, Zalman Bernstein, to hire Prager out of a law firm and shaped hiring in subsequent years. Hiring practices also recognized the need for staff to complement rather than duplicate the expertise of grantees.

Staff members were considered full partners in work and decision-making: Every staffer attended the board meetings and was encouraged to question and even contradict the trustees. Furthermore, the governance system created by Zalman Bernstein at the outset partnered a trustee and staff member on every grant program, giving individual staff members a direct working relationship with trustees. Although the trustees remained the ultimate decision makers, an inclusive and fair environment allowed the staff to work together.

AVI CHAI's human-centered approach and focus on a happy staff came into sharper focus during the spend-down journey. As part of its retention strategy from early on, the foundation introduced a multi-tiered plan for compensation, professional training and development opportunities, and future career opportunities that allowed staff to feel comfortable and supported in a job they knew would end within a specific timeframe. This included financial support for staff members pursuing academic degrees, certificates, and training that would help their careers after AVI CHAI.

Additionally, the foundation set up a pension plan for staffers who had been with the organization for 18 or more years. These staff members would continue receiving roughly 20 to 25 percent of their salary from AVI CHAI after the foundation closed its doors. As AVI CHAI approached its final years, its leaders wanted to give their staff the freedom to leave the foundation before it closed, especially in light of an uncertain job market and the possibility that staff members would have to compete with one another for jobs. Notably, no employee left AVI CHAI during its final two years, and the foundation benefited immensely from retaining a dedicated staff.

- **Create and curate knowledge.** The last several years are often dedicated to curating the organization's spend-down experience, capturing knowledge about the process and cementing the organization's legacy. The Atlantic Philanthropies has been a pioneer in this space. As described by Chris Oechsli, President and CEO, Atlantic has been committed to "exploring how to capture and share our and our grantees' extensive and varied experience in ways that productively inform and influence others. Compiling and telling compelling stories about this work are critical to maximizing desired results and impact."
- **Complete the administrative closeout.** While all the substantive work continues, it is easy to forget to plan for closing out all the administrative details, such as completing final payments, ending any leases or contracts, moving out of offices, and archiving key documents (board minutes, webpages, etc.). Completing this process may require hiring a consultant to address any potential issues that may arise after the philanthropy closes its doors and staff have moved on.

Source: The Thurgood Marshall Institute

LEGAL DEFENSE AND EDUCATIONAL FUND AND THE THURGOOD MARSHALL INSTITUTE: THE IMPORTANCE OF FUNDERS SUPPORTING GRANTEES IN SEEKING TRANSFORMATIVE CHANGE

The Atlantic Philanthropies' relationship with Legal Defense and Educational Fund began in 2010, when the foundation was one of the early funders in the field of criminal justice. While Atlantic was always clear that its philanthropic timeframe was finite, when Sherrilyn Ifill became LDF President and Director-Counsel in 2013, she aimed to engage with funders like the Atlantic as "intellectual and justice partners," as Ifill shared. This approach allowed for open and transparent conversations about what was going well, what gaps existed, what opportunities allowed for better reaching their shared goals, and how to best leverage diverse funding models and approaches.

When Ifill became President of LDF, she revived an idea, developed 15 to 20 years earlier, to boost and highlight the educational part of the LDF's mission. Christopher Oechsli, President and CEO of The Atlantic Philanthropies, became impassioned about the idea and asked LDF to put together a proposal for the program, which ultimately would become known as the Thurgood Marshall Institute. However, as Atlantic was on course to spend down its assets in seven years, LDF faced a complex task of creating a program with an intended long horizon but without the guarantee of long-term funding. According to Ifill, "I said I wasn't going to start down this path unless I knew that the Institute program could run for three years. I felt sure I would be able to find other money once it was up and running, but I couldn't stand something up like that and pull people in unless I knew that they would be around for a while." The Atlantic Philanthropies met this challenge by providing LDF with a $5 million GOAL (global opportunity and leverage) grant to establish the Thurgood Marshall Institute, a research and strategic communications think tank at LDF that would fulfill its mission to both litigate and educate in the pursuit of racial justice and equality. GOAL grants were reserved for organizations that had a proven and effective record of addressing some of the underlying themes of Atlantic's programs. This finite, short-term funding was also intended to provide Ifill and other LDF leaders with a reasonable runway to attract sustainable long-term funding for the Institute.

Post-Closing

The last stage of the spend-down process is all about preserving the organization's learnings and legacy to spread knowledge throughout the philanthropic sector and help build the field. As more foundations become time limited, lessons on ideal models and best practices are critical for assisting other organizations considering this route.

As the philanthropy closes its doors, leadership should keep the following priorities in mind:

- Commit to preserving knowledge.
- Consider developing a book or article about the spend-down process, including the organization's missteps as well as its achievements.
- Consider hiring a consultant to collect lessons and write about what occurred throughout the organization's lifespan.
- Reflect on ways to help maintain legacy, such as archiving the organization's website for five to ten years or developing a knowledge piece and storing it on a third-party site.

Skills Needed for Switching to a Time-Limited Model

The process of switching to a time-limited model called for extra capacity and skillsets in several areas, including:

- Executive-level sunset management.
- Strategic grantmaking experts for limited-life program areas.
- Legal, accounting, and investment specialists.
- Human resources and communications.

THE ATLANTIC PHILANTHROPIES: THE FINAL COUNTDOWN, COMMUNICATIONS, CLARITY OF MISSION, AND ENGAGEMENT WITH STAFF

Atlantic's final board meeting was held on June 1, 2020, and all residual assets were approved for final disbursement and application to operating costs to completion. Final dissolution actions were scheduled for September 2020. In this period, eight staff will remain in NYC and two in Bermuda. However, Atlantic's impact and legacy will extend well beyond this final phase.

Cultivating a culture of learning and curated knowledge was essential throughout Atlantic's life, and key for ensuring that the Atlantic Fellows programs would remain dynamic and effective. To share its experience with the broader field, Atlantic developed a series of publications related to different aspects of its journey, dubbed Atlantic Insights. These writings addressed such topics as advocacy in philanthropy, working with governments, operating a limited life organization, and supporting strategic litigation. The foundation also committed to maintaining an active website and archives at Cornell University to allow the next generations of social change leaders and philanthropists, to benefit from Atlantic's experience with the limited-life model. Annual reports on the web site also tracked Atlantic's final years towards conclusion of its mission.

In its final phase, Atlantic has been motivated by two main factors: clarity of mission and clear communications and intentional engagement with staff. As Oechsli stated, "The single most important thing is having clarity about what you are seeking to achieve with your final investments; understanding what you stand for, and what you are seeking to have impact on."

Key Takeaways for All Time Horizons

Regardless of which time horizon is selected, philanthropies should keep in mind the following principles to ensure ongoing alignment between the organizations goals and its time horizon model.

Institute an annual comprehensive planning process to set priorities, spending timelines, programmatic scope, and required resources.

Reevaluate your selected time horizon regularly to track progress, make necessary adjustments, and respond to changing opportunities and challenges.

Home in on legacy to crystallize what the philanthropy wants to leave behind to better guide decision makers as they work to fulfill a founder's vision.

Play well with others given that collaboration can be central to lasting impact throughout all phases of a philanthropys lifecycle.

Communicate deeply with grantees to engender trust, leverage expertise, and engage in collaborative decision-making. For time-limited organizations or programs, it is vital to be open about anticipated timelines and exit plans.

Provide ongoing deep and broad support to grantees and pay special attention to unrestricted support or finding other funding sources when your philanthropy is spending down.

Learn, apply, and externalize lessons from both successes and failures to aid in building a robust body of knowledge for the philanthropic sector.

Summary Checklist for Time-Limited Philanthropies

Preparation

- ☐ Review and assess founding documents to ensure alignment with time-limited approach
- ☐ Articulate a strategic vision that includes the reason for the chosen approach
- ☐ Determine a spend-down trigger (if needed) or ending timeframe
- ☐ Communicate the decision internally across all levels
- ☐ Develop goals within the chosen timeframe
- ☐ Adjust scope as needed
- ☐ Review the existing portfolio of grantees
- ☐ Review long-term budget estimates with particular attention to often overlooked costs
- ☐ Develop strategic and operating plans and roadmaps
- ☐ Think through short- and medium-term staffing needs
- ☐ Create a plan for engaging the board and trustees
- ☐ Formulate a monitoring and evaluation framework to track programmatic goals
- ☐ Communicate the decision externally

Midpoint

- ☐ Refer to the existing evaluation framework
- ☐ Discuss progress
- ☐ Decide whether to extend, contract, or leave unchanged the spend-down timeline
- ☐ Communicate any changes to grantees and partner

Imminent Spend Down

- ☐ Develop task teams
- ☐ Encourage sustainability
- ☐ Increase focus on policy reform
- ☐ Take risks
- ☐ Engage partners that will continue your work

Final Call

- ☐ Concentrate on staff needs
- ☐ Communicate regularly with grantees
- ☐ Forge partnerships
- ☐ Create and curate knowledge
- ☐ Complete the administrative closeout

Post-Closing

- ☐ Commit to preserving knowledge
- ☐ Consider developing a book or article about the spend-down process
- ☐ Consider hiring a consultant to collect lessons
- ☐ Reflect on ways to help maintain legacy

ROCKEFELLER PHILANTHROPY ADVISORS

Rockefeller Philanthropy Advisors (RPA) is a nonprofit organization that currently advises on and manages more than $400 million in annual giving by individuals, families, corporations and foundations. Continuing the Rockefeller family's legacy of thoughtful, effective philanthropy, RPA remains at the forefront of philanthropic growth and innovation, with a diverse team of experienced grantmakers with significant depth of knowledge across the spectrum of issue areas. Founded in 2002, RPA has grown into one of the world's largest philanthropic service organizations and has facilitated more than $3 billion in grantmaking to more than 70 countries. RPA also serves as a fiscal sponsor for more than 90 projects, providing governance, management and operational infrastructure to support their charitable purposes. For more information, please visit www.rockpa.org.

Rockefeller
Philanthropy
Advisors