



Similar and Different

Five Key Shifts from Hospital Foundation Board to Private Foundation Board

The sale of a nonprofit hospital or health plan to a for-profit company can yield a great deal of change for a community, including the creation of a new, independent foundation created from the proceeds of the sale. In many cases, these new entities represent a significant new source of community wealth — and where assumptions may be that the actions of the new foundation may be closely tied to the clinical work of the hospital and the philanthropic efforts of the former hospital or health plan, the reality is often vastly different. Likewise, board members who previously served on the hospital foundation and are now on the board of the new, independent foundation may find themselves falling back on old practices and assumptions, when in fact their new reality demands some different skills and ways of thinking.

Let's take a quick look at what stays the same for transitioning board members and what can (and should) be different.

What's the Same?

As an independent foundation board member, you are still working for a charitable purpose. You are still with a 501(c)(3) organization, although it's likely moved (or is in the process of moving) from public charity status to private foundation status. Your legal and fiduciary requirements as a board member of a 501(c)(3) remain the same. Your goal is still to improve lives and provide stewardship for the charitable funds held by your organization.

In other words, the essential spirit of your work remains the same. However, what you do and how you go about it are now vastly different.

Five Major Points of Difference

- 1. The shift from fund-raising to funds distribution.** As a private foundation board member, you are likely no longer in the fund-raising business. This is usually a huge relief to board members, who appreciate the financial stability for operating funds that a large endowment can provide. Instead, you can focus exclusively on the joy of providing grants and making a difference in the community. But with this new role comes new responsibility, as well as the agony of making tough choices between worthy applicants and having to say "no" when you'd prefer to say "yes."
- 2. The shift from competitive to cooperative.** As a board member of your hospital or health plan, you helped make the organization as competitive as possible — for patients, for members, for medical professionals, for funders and donors. Although you may have worked in partnership with others, the need to put your hospital forward was always there. However, in philanthropy there is very little competition. Instead of considering your great ideas to be closely held secrets, you'll want to share them and network widely with others to learn. A foundation that identifies effective ways to increase the quality of preschool education is not going to withhold that information from another foundation. It will want to share it with others so that they too can improve preschools in their communities. I recommend joining several funder networks, such as your regional association of grantmakers, Grantmakers in Health or other associations where foundations like yours congregate, so that you can both learn and share.



Similar and Different, continued

- 3. The shift in power.** As a hospital foundation trustee, you likely worked in close relationship with hospital leadership, whose wishes and direction weighed heavily into your planning and decisions. As an independent funder, you now hold a great deal of power simply because of the assets you represent and your ability to decide how they are deployed. Despite your best and most sincere efforts to connect humbly, your grantees, potential grantees and community will always be aware of that imbalance of power. Never forget that it exists, and that it's up to you to mitigate it as much as possible.
- 4. The shift to ongoing learning.** In the musical *Fiddler on the Roof*, there is a song lyric that says, "When you're rich, they think you really know." It can be easy to make the assumption that since you have been put in charge, you must have some knowledge worth using — and indeed that is likely the case. But what you know now as a new private foundation board member is only the very tip of the iceberg in terms of the knowledge you'll need to truly understand your community's needs, the funding structures that might address them, the ways in which your investments (internal and external) might advance your mission and what it takes to do your work effectively. In addition to joining the groups I mentioned above, consider embracing the idea of being a learning organization. You'll never have all the answers, but you'll get much further if you admit that and actively engage in learning together with your community.
- 5. The shift to community-focused critical thinking.** While you may have worn your critical thinking cap as a board member of a hospital or its operating foundation, you'll need to broaden your range as a community grantmaker. Whereas your focus may have been primarily on the operation of a single entity (the hospital or the hospital's foundation) and its benefit to the community, now you're faced with a much broader opportunity to deliver impact. Within your new purview you must think critically about whether the ways you plan to serve the community are effective, strategic, lasting, collaborative or even legal. (Sometimes great ideas have legal or regulatory sticking points you'll need to understand fully before proceeding.) In addition to analyzing how your new foundation operates, you'll also have to ponder a wide range of community needs, circumstances, challenges and opportunities that go well beyond the parameters of a hospital foundation. Complacency is not an option.

As you embark on your new adventure as a private foundation board member, I'm sure you will encounter many more differences in the way you must think, learn and lead. Luckily, a growing number of resources can help you. Check out organizations such as Exponent Philanthropy, BoardSource, Grantmakers in Health and Learn Philanthropy. And, of course, don't hesitate to contact me if you have a question or challenge you'd like to discuss. I'm happy to help, because when you lead your foundation well, everyone benefits.

Want to learn more about effective foundation boards? Browse a range of board-related topics at putnam-consulting.com.

© 2016 Kris Putnam-Walkerly. All rights reserved. Permission granted to excerpt or reprint with attribution. Kris Putnam-Walkerly, MSW, is president of Putnam Consulting Group, Inc., a national philanthropy consulting firm. She is also the author of the *Philanthropy 411* blog. She can be reached at 800-598-2102 or kris@putnam-consulting.com. Her website is <http://putnam-consulting.com>.