Your Expectations?

Share with me...

Who you are?
Where you are from?
1 thing you hope to learn?
Today’s Presentation

A. Community Development Philanthropy
B. Your Transfer of Wealth Opportunity
C. Our 5-Point Strategy

This presentation is based on a May 2012 workshop held at MSU in Bozeman.
Research & Resources

Let’s Dream a Bit!

Budget cutting and too few resources seem like a plague challenging the very future of our community. But, let’s dream a bit!

Assume you’re successful in increasing community philanthropy and that beginning next year, you have $X available annually for strategic grant making – how would you invest these funds?
Our Community’s Capacity

A starting point for embracing community development philanthropy is to explore our capacity to support desired and necessary strategic investments in community economic development. Let’s begin by having you reflect on some key questions:

- As a community, do we take the time to vision and dream?
- Have we translated our dreams into a long-range development plan?
- Is there adequate funding available to realize these dreams?
- Does the foundation have strategically focused field of interest funds that support the community’s vision and plan?
Community Development Philanthropy

Rick Foster formerly with the Kellogg Foundation and now MSU advanced the idea of Community Development Philanthropy. CDP has three core elements:

1 – Intentional marriage of community development investments funded by philanthropy.

2 – Foundation supported community visioning and planning to identify those investments central to the community’s future.

3 – The creation of field of interest, organization and community endowments to support these investments.
Power of Locally Controlled Assets

A community-led approach that creates locally controlled assets and invests them to strengthen rural places. It builds a community’s ability to shape a better future and promote the well-being of all community members. It unites the tools of community, economic and resource development, engaging all people to come together with their ideas, strategies, talents, and giving.

Source: Rural Development Philanthropy Collaborative
South Wood County Wisconsin

• 2000-2004 – 40% Employment Decline
• Cranberries & Loss of a Paper Mill
• CPI or Community Progress Initiative
• Heart of Wisconsin Business & Economic Alliance / 3-Year Initiative
• Community Foundation of South Wood County
• Progress Funds in 7 Communities
• Resource Network of 3,500 Individuals
• 30 Businesses Created or Diversified
• $2 million Workforce Development Fund
• 322 Jobs Saved or Created
The TOW Opportunity

Over the next 20 years, a remarkable $15.4 trillion could be passed from one generation to the next across America.

Montana:

- 2010 Net Worth = $52.2 Billion
- 10-Year TOW = $6.2 Billion
- 5% Capture Goal = $310 Million
- 5% Annual Payout = $15.5 Million

50-Year TOW Opportunity = $123 Billion!
American Wealth - The Long View

Figure 1 - U.S. Household Current Net Worth, 1945-1990

Source: Board of Governors of the Federal Reserve System, Statistical Releases, Flow of Funds - Z1 and Center for Rural Entrepreneurship December 2010
American Wealth - Current Period

Figure 2 - Assets, Liabilities & Net Worth, 1990-2010 Q1

Source: Board of Governors of the Federal Reserve System, Statistical Releases, Flow of Funds - Z.1
Montana’s TOW Studies

WEALTH IN MONTANA
Final Technical Report

November 2006

Montana
Transfer of Wealth Update
Technical Findings Report
for the
Montana Community Foundation

by the
Center for Rural Entrepreneurship
Rural Policy Research Institute
March 2012
Gallatin County & Bozeman

2010 Net Worth = $6.1 Billion
10-Year TOW = $1.3 Billion
5% Capture Goal = $64 Million
5% Annual Payout = $3.2 Million

50-Year TOW = $16.4 Billion
Eastern Plains - Carter County

2010 Net Worth = $34 Million
10-Year TOW = $8.1 Million
5% Capture Goal = $410,000
5% Annual Payout = $20,000

50-Year TOW = $56.2 Million
Mountains – Ravalli County

2010 Net Worth = $2.3 Billion
10-Year TOW = $545 Million
5% Capture Goal = $27 Million
5% Annual Payout = $1.4 Million

50-Year TOW = $5.2 Billion
Donor Opportunity Areas

Thrifty Retirees
Closely-Held Family Business Owners
Professionals
Farmers & Ranchers
Energy & Mineral Royalty Holders
Part-Time Residents
Former Residents
Private Timber Lot Owners
Entrepreneurs
# Donor Lifecycle

<table>
<thead>
<tr>
<th>Profile Group</th>
<th>Donor Attributes</th>
<th>Giveback Potential</th>
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<tbody>
<tr>
<td><strong>Getting Started</strong></td>
<td>Young Adults&lt;br&gt;Often with Young Families&lt;br&gt;Early Career &amp; Lower Earnings&lt;br&gt;Spending Exceeds Income – Debt&lt;br&gt;There are Limited Wealth Assets</td>
<td>Limited Capacity&lt;br&gt;Lots of Needs&lt;br&gt;Personal Value Framing Period&lt;br&gt;Giveback&lt;br&gt;Ethnic Formation&lt;br&gt;Focus on Career &amp; Family&lt;br&gt;Community Affinity Development</td>
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<td><strong>Mid-Career</strong></td>
<td>35 to 50 Year Olds&lt;br&gt;They have Older Children&lt;br&gt;Mid-Career&lt;br&gt;Spending &amp; Income Balancing&lt;br&gt;There are Growing Rooted Assets</td>
<td>Limited to Modest Giveback Capacity&lt;br&gt;Giveback Patterns are Rooting&lt;br&gt;Paying for Kids College &amp; Planning for Retirement Competing with Charity&lt;br&gt;They Need Financial Planning Help</td>
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<tr>
<td><strong>Later-Career</strong></td>
<td>50 to 65 Year Olds&lt;br&gt;Peak Career&lt;br&gt;Peak Earnings&lt;br&gt;Peak Asset Accumulation&lt;br&gt;Have Peer Who are Giving</td>
<td>Open to Thinking About Giveback&lt;br&gt;Likely Doing Annual Giving&lt;br&gt;Likely Doing Capital Campaign Giving&lt;br&gt;Open to Legacy Giving Planning&lt;br&gt;Motivated by Peer Behavior</td>
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<td><strong>Early Retirement</strong></td>
<td>65 to 74 Year Olds&lt;br&gt;Peak Wealth&lt;br&gt;New Earnings are Flat Lining&lt;br&gt;Concern Over Enough for Retirement&lt;br&gt;Motivated to Giveback</td>
<td>Maximum Giveback Capacity&lt;br&gt;Active Legacy Orientation&lt;br&gt;Planned Giving Can Help Work through Competing Interests of Kids, Retirement and Health Care&lt;br&gt;Peers Really Drive Giveback Attitude</td>
</tr>
<tr>
<td><strong>Late Retirement</strong></td>
<td>75+&lt;br&gt;Assets are Being Spent Down&lt;br&gt;Earnings are Really Eroded&lt;br&gt;Having Enough Money is a Concern&lt;br&gt;Becoming More Conservative</td>
<td>Very Strong Legacy Orientation&lt;br&gt;Eroded Giveback Capacity&lt;br&gt;But Giveback Capacity Remains&lt;br&gt;Planned Giving is Key&lt;br&gt;Heirs’ Engagement is Helpful</td>
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TOW & Give Back

How TOW is Being Used?

Opportunity Awareness
- Amount of Wealth
- Kinds of Wealth
- Sources of Wealth

Wealth in Poor Places
- There is Wealth
- Potential for Give Back
- Asset Based Development

Threat - Call to Action
- Depopulation
- Outmigration
- Timing of Wealth Transfer

Donor Targeting
- High Net Worth Households
- Types of Wealth
- Messaging Strategies
Opportunity to Action & Impact

Redwood Coast, California
Tupelo, Mississippi
Barry County, Michigan
Rawlins County, Kansas
Foundation for Appalachian Ohio
Holt County, Nebraska
The Center’s 5-Point Process

1. Community Engagement
2. Understanding the TOW Opportunity
3. Priorities: Case Statement Development
4. Donor Identification and Development
5. Strategic Grant Making
Strategic Grant Making

How can supporting community-rooted entrepreneurs enable greater economic fairness, diversity, resilience and prosperity, and new cycles of community wealth creation?

The E To E Connection!
Old Wealth Creating Wealth

Renewal is important to every community. Communities must continuously reinvent themselves if they are to be vital and prosperous.

Increasing community giveback through the TOW opportunity can create community controlled funds that can provide the new capital to create and support renewal initiatives.
Creating Wealth through Enterprise Development

Figure 26 - Creating Wealth through Enterprise Development

- **Education Training**
  - Post secondary
  - Technical
  - Entrepreneurship

- **Networks Collaborative Systems**
  - Peer support
  - Coaching
  - “No wrong door” systems

- **Individual Assets**
  - Personal attributes
  - Financial resources
  - Family support

- **Support for Innovation**
  - Creativity
  - Incubation
  - Mentoring

- **Wealth**
  - Financial assets that can be reinvested to build both individual and community wealth

- **Supportive Culture**
  - Investment
  - Community support
  - Supportive policies
  - Recognition

Opportunity → Enterprise
Entrepreneurs as Donors and New Wealth Creators

Figure 27 - Average U.S. Net Worth by Work Status

The Rising Importance of Entrepreneurs

As Thomas L. Friedman noted in a 2011 editorial, “what is most striking when you talk to employers today is how many of them have used the pressure of the recession to become even more productive by deploying more automation technologies, software, outsourcing, robotics – anything they can use to make better products with reduced head count and health care and pension liabilities. That is not going to change.”

Source: The New York Times
Nurturing an Entrepreneurial Community

- Grow an entrepreneurial development system
- Engage successful entrepreneurs
- Create opportunities for youth engagement and entrepreneurship
- Build community foundations and field of interest funds
Remember the Civic & Social Entrepreneurs

When we think of entrepreneurs we typically envision for-profit focused ventures. But entrepreneurship is increasingly important in our growing civic and non-profit worlds.

A key role community foundations can plan is supporting entrepreneurial development within our civic and non-profit sectors.
Question & Discussion

Questions?
Take Aways?
Insights?

Please use the chat function to share your questions, take aways and insights.
Additional Assistance

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Don Macke – don@e2mail.org

Center E Newsletters…

Energizing Entrepreneurs
Youth
Community Development Philanthropy
Entrepreneurial Communities