



Dear Colleagues and Friends:

After more than 30 years of steady growth, the Arizona Community Foundation is at an exciting crossroads. Buoyed by a growing recognition of the power of philanthropy to bring real change, community foundations are well poised to steward the philanthropic investments of an increasingly engaged and aware population. And yet a crowded marketplace of both nonprofit and private giving options presents unique challenges and a wide range of new opportunities.

For these reasons, business planning becomes even more important in our next 30 years than it was in the past. First, this planning enables us to ensure our business model meets current conditions and is sustainable, so that our efforts today continue to bear fruit for generations to come. Secondly, this planning helps us establish our distinctiveness in an increasingly competitive environment in order to affect positive change in Arizona. Thus, the plan looks both inward at our own needs and aspirations, and outward at opportunities for impact and growth.

To inform the development of this plan, we engaged a cross-section of more than 200 Arizonans to provide input on our past, present and future. A steering committee of 29 leaders from across Arizona, representing philanthropy, law, finance, business and nonprofits, guided the plan's development based on this community feedback.

An effective business plan must be laser-focused, identifying targeted priorities rather than addressing all of the Community Foundation's needs and activities. Much of the work we have done in the past will continue, but we believe the priorities and improvements identified here will make the greatest difference in strengthening the Arizona Community Foundation now and in the future, and will dramatically enhance our impact.

I hope you enjoy and find inspiration reading about our plans. Please be in touch with us to learn more, to discuss your philanthropy or to share your ideas for our community.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Seleznow', with a long horizontal flourish extending to the right.

Steven G. Seleznow

President & Chief Executive Officer



INTRODUCTION

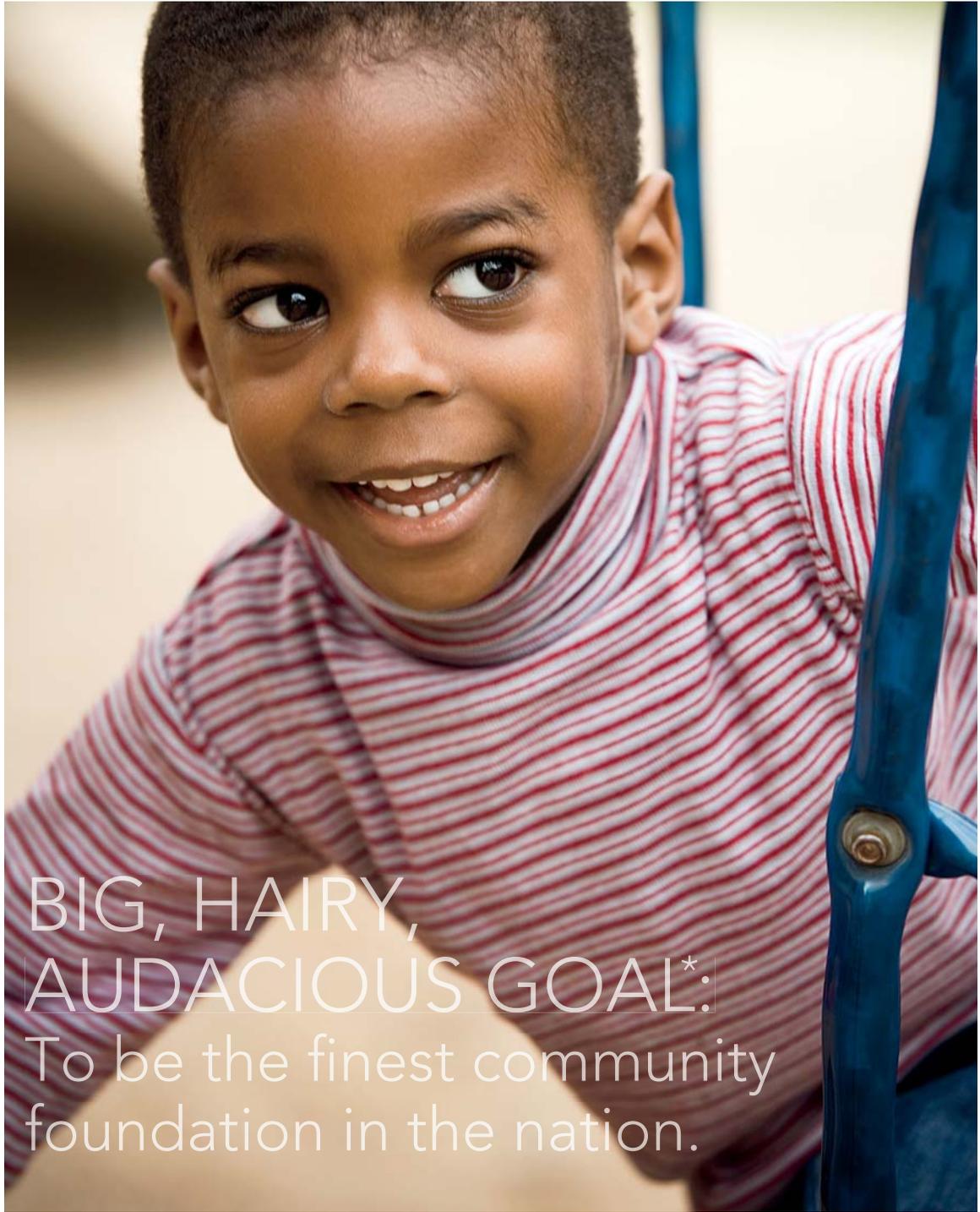
NEARLY 100 YEARS AFTER THE FIRST community foundation’s founding in Cleveland, the modern-day community foundation is experiencing an exciting evolution. Once focused almost entirely on managing funds and distributing grant checks, today’s community foundations are respected community leaders, trusted philanthropic advisors, and powerful change agents across a wide range of issue areas.

While this evolution puts community foundations in a strong leadership position, advances public will and adds value for donors seeking impact, it also presents significant challenges in generating adequate revenue to both support today’s operational needs and sustain the foundation over the long term.

A report on the changing business model of community foundations produced by CF Insights, entitled *Fueling Impact: A Fresh Look at Business Model Innovation and New Revenue Sources*, emphasizes that “the traditional asset-based fee structure provides many benefits, but was not designed to support the range of philanthropic offerings provided today, or the extensive community leadership work taken on by virtually all community foundations.”

In order for the Arizona Community Foundation to expand and enhance its philanthropic services in an increasingly competitive environment and affect change in our communities, a new business model is required—one that generates a mix of revenue both from asset-based fees and other sources, sharpens the foundation’s focus and provides for a sustainable staffing structure.

This business plan identifies how the Arizona Community Foundation and its affiliates will rise to the challenge of being the first and best choice of donors, Arizona’s focal point for philanthropy, and a financially sound, sustainable organization able to serve Arizona today, tomorrow and forever.



BIG, HAIRY,
AUDACIOUS GOAL*:
To be the finest community
foundation in the nation.

*As defined in a 1996 article by James Collins and Jerry Porras entitled Building Your Company's Vision

STRATEGIC PRIORITIES

TO ACHIEVE THIS GOAL, this plan identifies the strategic priorities that will strengthen our capacity to serve all of our stakeholders. We recognize that each priority impacts the next, creating a cycle that advances our mission:





MISSION:

Lead, serve and collaborate to mobilize enduring philanthropy for a better Arizona.

VALUES

EXCEPTIONAL SERVICE. We serve and amaze our clients, nurturing lifelong relationships that span generations.

STEWARDSHIP. We safeguard donor intent in perpetuity, ensuring the resources entrusted to us are protected and invested in positive, sustainable outcomes for our communities.

INTEGRITY. We earn the trust of those we serve by operating ethically and transparently, honoring our commitments, and showing courtesy and respect in all aspects of our work.

INNOVATION. We demonstrate and welcome creativity, resourcefulness and ingenuity. We invite and encourage new ideas, pioneering practices and inventive methods for achieving community good.

NIMBLENESS. We are flexible, responsive, open to creative strategies and unusual requests, and able to take prompt action.

INCLUSION. Our strength is found in our differences. We believe diverse voices, engagement and participation are essential to building and sustaining thriving communities.

COLLABORATION. We believe in the transformative power of partnerships around shared passions and objectives. We encourage and celebrate teamwork, pooling of resources, open communication and trust.

A close-up, high-resolution photograph of a young boy's face, focusing on his eyes and nose. He is wearing black-rimmed glasses. The background is a soft, out-of-focus green, suggesting an outdoor setting. The lighting is natural and soft, highlighting the texture of his skin and the details of his eyes.

KEY BUSINESS DRIVERS:

Donor Services & Engagement

New Markets & Business Development

System Improvements

Communication & Brand Amplification

Community Leadership & Impact

Talent & Organizational Development



• DONOR SERVICES & ENGAGEMENT

We see our donors as community leaders seeking a social return on their investment. To serve our communities well, we must serve our donors and their aspirations well. Foremost in our work is preserving each donor's connection to their philanthropy. It is that connection that drives real change.

To enhance and engage donors and provide the best philanthropic services, we will:

- Combine separate Advancement (*development*), Programs (*grantmaking and initiatives*) and Affiliates (*regional offices*) departments into a unified, statewide Philanthropic Services team, with professional Philanthropic Advisors offering sophisticated giving and granting opportunities and high-quality philanthropic advice to donors.
- Create and implement a Relationship Management system that places every donor in the hands of a dedicated, skilled, proactive, professional staff member.
- Enhance donor educational offerings to increase learning, encourage collaboration and foster networking.
- Grow ACF's grantmaking and increase repeat giving to established funds by re-engaging and incentivizing inactive donor advisors.
- Better inform fund-holders about their fund activity, the impact of their grantmaking and the Foundation's financial position and investment performance.

MEASURING SUCCESS

enhanced donor satisfaction reported in surveys and staff interaction / growth in charitable assets held at ACF / growth in grantmaking from donor advised funds / greater participation in donor education events / increased donor-initiated engagement, communication and interaction





New philanthropists are following the lead of entrepreneurial major donors by studying issues and causes in order to make informed investments. In short, they wish to make not just a donation, but a difference. It is incumbent upon us to reach out to new markets with the tools that will facilitate this type of outcomes-based philanthropy. In addition, in order to sustain our quality programs and services, we must develop new areas of business and provide new services that produce revenue to support our work.

To reach and engage new markets and develop new sources of business revenue, we will:

- Build a \$100 million administrative endowment by 2021 to fund operations and offer philanthropic services for donors at the lowest possible cost.
- Provide a range of fee-based services to assist private foundations, nonprofits, grantmakers and corporations in their grantmaking and generate new revenue, including developing the Center for Business Philanthropy.
- Provide differentiated and creative social investment and funding options to suit the entrepreneurial donor, including program- and mission-related investments, bridge-loan funds, venture funds and philanthro-capitalist funds.
- Offer low-entry point giving options for new and younger donors to grow a fund over time.
- Retool scholarship offerings to invite new and more donors and applicants, streamline processes, reduce costs and generate additional revenue.
- Expand and deepen existing relationships and build new relationships with financial institutions to grow this referral source.

MEASURING SUCCESS

increased revenue from new sources / donor participation in new investment opportunities / growth in new and young donors creating named funds / growth in number and size of scholarship funds / growth in corporate philanthropy / increased scholarship award applications / referral source expansion



3 • SYSTEM IMPROVEMENTS

In order to provide our stakeholders with quality service, timely assistance and the kind of thoughtful, Arizona-based guidance that the Arizona Community Foundation provides, we must ensure our internal systems, technological capabilities and business processes meet 21st Century standards, are well-managed and effective in supporting our strategic priorities.

To ensure our systems and services meet the needs of our many stakeholders, we will:

- Refine our fee structure and develop new non-asset-based sources of revenue.
- Develop and implement a comprehensive technology plan to upgrade current systems, automate manual processes and provide a simple, easy and effective platform to facilitate donor giving, granting and final reporting.
- Refine the affiliate system to ensure sustainability, efficiency and effectiveness in growing philanthropy statewide.
- Streamline statewide grant processes to enhance strategic investments and maximize resources required for grant cycle administration.
- Plan for indirect costs in all foundation, government and corporate partnerships and grant agreements.

MEASURING SUCCESS



implementation of new fee structure / development and marketing of new partner services / growth in non-metropolitan giving / grant dollars issued through more efficient processes / attainment of grant funding with provisions for indirect costs / operating expenses less than annual revenue



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• COMMUNICATION & BRAND AMPLIFICATION

Community foundations tend to be a community's best-kept secret. It is time for the Arizona Community Foundation to emerge and lead as Arizona's focal point for philanthropy. We will create a culture of philanthropy in our state to inspire collaboration, leverage resources and better capitalize on the time, talent and treasure that will enhance the quality of life here.

To amplify public awareness, understanding and engagement with the Arizona Community Foundation, we will:

- Develop and implement a statewide awareness campaign and ultimately, a major mixed-media marketing campaign to educate the public about endowments and structured philanthropy, help nonprofits build organizational funds and increase lifetime and planned endowment gifts.
- Utilize social media effectively to expand our visibility and generate additional funding through targeted campaigns and appeals.
- Increase our visibility statewide through a speakers' bureau, board and task force representation, presence at major events and increased strategic partnerships.
- Report our impact, achievements and ways to get involved to the broader community on a regular basis.

MEASURING SUCCESS

funding secured for campaign implementation / enhanced awareness and brand recognition as measured through pre- and post-campaign surveys / implementation of social media strategy / growth in online community / increased requests for speakers / increase in requests to partner and assume leadership roles on key issues



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• COMMUNITY LEADERSHIP & IMPACT

Along with our donors, we seek high impact and measurable results. We want to achieve a “social return” on the grants and investments we make, and we need to see that return, measure it and understand it in real terms. Outcomes-based thinking requires us to focus on the human and systemic results of an investment—not only providing funds to an organization or program.

To serve as a leader on important issues and achieve greater impact through our investments, we will:

- Develop and promote sophisticated giving portfolios and strategically identified co-investment opportunities.
- Pursue a focused, nonpartisan public policy agenda identifying and developing two to three high-need areas of primary interest to our donors.
- Unite our Board of Directors and affiliate advisory board members across Arizona to strengthen this network of philanthropic leaders.
- Implement an evaluation protocol for potential initiatives to determine feasibility, impact, risk and community benefit.



MEASURING SUCCESS

enhanced donor engagement around new grantmaking and investment opportunities / development and engagement of stakeholders with policy agenda / greater connectivity between governing board and regional advisory boards / well-managed initiatives creating positive outcomes





An important step in being a great business is getting the “right people on the bus and in the right seats.” Since ours is a highly personal business, the knowledge, skills and professionalism of our staff are of utmost importance in achieving all of the objectives outlined in this plan.

To ensure we attract, retain and develop top talent to achieve our strategic objectives, we will:

- Standardize operating procedures and application of best practices across the statewide organization.
- Implement a centralized issues reporting, tracking and resolution system to better serve donors.
- Realign and refocus the staff to support our mission and goals, balancing workload and staffing levels to ensure high productivity, efficiency and world-class customer service.
- Grow the talent and performance of the staff through a well-defined performance appraisal system, incorporation of core values into job requirements, higher expectations, coaching and professional development, and performance-based compensation.
- Improve our physical office space for greater integration, enhanced teamwork and higher productivity.

MEASURING SUCCESS

increased donor satisfaction regarding customer service / completion of staff realignment / implementation of new performance management system / relocation of offices and improved teamwork among staff / successful recruitment and retention of staff



ORGANIZATIONAL STRUCTURE

TO BETTER SERVE OUR ARRAY of clients and foster easy access to our professional staff, we have streamlined our structure from six distinct departments to three overlapping business units. We have collapsed similar divisions, rebalanced workloads and rearranged our management to achieve an efficient, productive operation.

