



October 24, 2008

Friends,

As a nation and as funders, we find ourselves in uncharted territory. The fundamentals of our economic and political lives are shifting beneath our feet. In the months ahead, much of the work that philanthropy and the nonprofit sector have accomplished could start to unravel due to forces outside of our control.

But, there's plenty of reason for hope. Following a decade of record-breaking, boundary-spanning philanthropic efforts, bigger dollars and more people are engaged in philanthropy than ever before. By showing bold, effective leadership at a time of such global uncertainty, we could tap latent interest and entice others to join us in this collaborative effort to improve lives.

At times like this, members of the GEO community will be looked to for leadership. No other single community brings together such a concentration of innovators and leading thinkers in philanthropy as GEO.

In a few short weeks, we will release a national study of staffed foundations in the US. We compared you—GEO members collectively—to other respondents. **The difference is striking.** Members of the GEO community are far more likely to engage in a host of sophisticated grantmaking behaviors that both you and those you fund believe to be critical to effectiveness.

This makes your decisions about how to proceed in the midst of the economic crisis all the more important. Not only will your choices have a direct effect on those you exist to serve, they will also inform the stances that colleague foundations take.

We've heard from many of you that you are already starting to revise your plans for 2009 and build contingencies to better anticipate what may come. You're feeling a tension between the multiyear commitments you have already made and the near-term needs that are emerging as a result of the failing economy. You're wondering what this recession will do to your ability to accomplish what you hope to over the long term. These are all valid concerns.

The previous recession, which was worsened by the events of September 11, 2001, provided some experiences and lessons upon which we can draw. Some of the instincts that you acted on then apply here as well.

Recognizing that the issues and causes that philanthropy supports are among the most exposed to the volatility we are currently experiencing, **we encourage you to show the steady leadership that our communities need most.** It might feel risky or counterintuitive, but we'd like to suggest that you consider the following:

- **Hold steady.** No one knows where the current crisis will lead, so consider holding your grants budget steady for 2009 at 2008 rates. Nonprofits, unlike foundations, have no financial cushion to ride out times like these. A decision to hold steady will provide a small degree of breathing room as nonprofits themselves adjust. This may mean that you pay out more than five percent, but such a decision displays a real commitment to the nonprofits on the front lines.
- **Consider the no-cost changes you can make** that will give your grantees added latitude to weather the storm. For instance, think about releasing restrictions on current grants so that grantees can better react to a changing environment. Several grantmakers quickly made this adjustment after September 11 and Hurricane Katrina. Not only did it enable nonprofits to react to the changed circumstances, it also generated a great deal of goodwill.
- **Consider providing more flexible dollars or access to credit.** For grants in 2009 and beyond, operating support may make a great deal of sense given how rapidly the landscape is changing. The projects or programs that nonprofits might propose could quickly become outmoded or obsolete by policies of the new White House or changes in the economic climate. Additionally, stop-gap measures like cash flow loans and access to credit may be just what a particular group needs to continue its important work.
- **Stick to what works.** The kinds of investments that the GEO community values and supports may be vulnerable in the coming weeks and months—higher dollar commitments that are made for multiple years; support for leadership; efforts to focus on learning and improved performance. Yet, these are the exact kinds of investments that matter most now. Nonprofit leaders will assume a great burden to respond creatively to the financial crisis. Your investments can help sustain them in this challenging time.
- **Engage your key stakeholders** to get a clear picture of what they are experiencing. And, ask them what else you can do to help.

In addition to these demonstrations of leadership, we ask you for one more thing. At times of crisis there is no better asset than the relationships and reservoirs of trust inherent to communities like GEO. We ask you to play a role in making the most of the talent, ingenuity and intellect inherent to this network of grantmakers.

GEO will be convening a few listening sessions for groups of similar foundations to help you share the insights and questions that will guide your work now. We'd also encourage you to use the GEO listserv (geolist@news.geofunders.org) to share the questions you are considering, what you're trying and what you're learning so that each of us can make better, more informed decisions.

Thanks once again for your leadership and, as always, I look forward to hearing how things look in your corner of the world.

All the best,
Kathleen Enright