

MARY REYNOLDS BABCOCK FOUNDATION

reflection, discovery, adaptation



A LOOK INSIDE OUR 2004 PLANNING PROCESS

JULY 2005

“We will stand firm with the Foundation’s core values.”

INTRODUCTION

DURING 2004, THE MARY REYNOLDS BABCOCK FOUNDATION TOOK AN IN-DEPTH LOOK AT ITS PLACE AMONG THE PEOPLE AND LANDSCAPE OF THE SOUTHEASTERN UNITED STATES. We did this at a key time in the Foundation’s history—the 50th year since its founding and a decade since the Foundation adopted a strategic mission to address poverty and racism in the Southeastern U.S. by investing in grassroots leadership development in low-wealth communities and organizational development for a wide range of nonprofits that work on issues related to poverty and racism. We also invested in community coalitions that bridge race and economic fault lines and in enterprise and asset development.

We wanted to give appropriate time and thought to reviewing our past decade of work and planning for the future. So, during four, two-day sessions throughout 2004, the board and staff gathered to evaluate MRBF and consider how our work might evolve. The purpose was to check in on how we are doing with the work we set out to do, to see what has worked well (or hasn’t), to look beyond ourselves and be open to new information and ideas, and to use the collective wisdom of our current partners and ourselves to plan for the future.

As we met in February, June, September and December, a politically charged national election year unfolded around us, bringing issues of economy, culture, and civic engagement to center stage. With the national debate about our country’s future direction as a backdrop, our discussions about the Foundation’s role in the Southeastern U.S.—and about the South’s role in the larger world—seemed ever more valuable.

The result? We still stand comfortably firm with the Foundation’s core values. This Foundation cares about people and places in the South. We believe in the power of people to change their own lives and their communities. So, while we’ve sharpened our focus, our aim remains the same—to support those who work together across differences to lift people and places out of poverty.

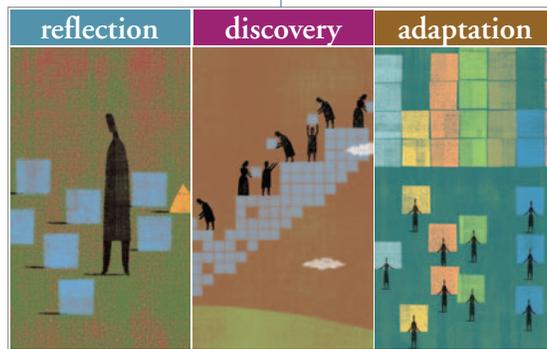
The Foundation’s programs and strategies shift somewhat in the workplan devised in 2004—we want to strengthen our commitment to supporting organizational networks to achieve greater impact, and to including youth and recent immigrant communities. We are taking steps to invest more of the Foundation’s financial assets within Southeastern communities and in enterprises that match our mission. We continue to evolve, as does the South.

The decisions made in 2004 are not a major revamping, but a refinement and progression of the Foundation’s ongoing mission. Please let us know what you think, and how we’re doing. We are a learning foundation—always looking for new connections, new partners and, of course, promising ideas.

Sincerely,

Nat Irvin, *Board President 2004*

Gayle Williams, *Executive Director*



THE PROCESS

The emphasis was on reflecting, learning, exploring new ideas, and expanding thinking.

TWO YEARS BEFORE THE 2004 YEAR-LONG REVIEW BEGAN, EXECUTIVE DIRECTOR GAYLE WILLIAMS WAS DOING A PERIODIC ROUND OF INTERVIEWS WITH EACH MEMBER OF THE BOARD, when several Directors mentioned that the time was right for evaluation and deeper thinking about the Foundation's work. She brought the matter to the attention of the full board, and Directors decided to pursue a year-long review process, the second in-depth look pursued by MRBF in the past decade.

The last review was in 1994. With a new generation of family members in board leadership roles and a new executive director, the Babcock Foundation halted grantmaking for one year as it held quarterly learning and planning meetings. The purpose then was to create a strategic plan for grantmaking. In 1994, the board reviewed the Foundation's history and wrote a mission and vision statement. The Foundation organized its grantmaking into several related programs—all aimed at reducing racism and poverty in the Southeast, with special attention to involving low-wealth people and bridging differences. The goal was to help build “just and caring” communities.

For the 2004 effort, the board committed itself to extra meeting time and outlined broad topics for the meetings. A planning committee of board and staff members created a similar framework as they had undertaken 10 years earlier. Quarterly, two-day meetings were planned and professional facilitators were hired as needed. The staff began research for pre-meeting materials, and the planning committee and facilitators created meeting agendas.

The overriding goal was to ensure that each member of the board and staff would have the chance to reflect on the Foundation's history and philosophical underpinnings, and that everyone could review new research and ideas together—

with ongoing opportunities for input and decision-making. A mix of small-group and large-group discussions would be used to make sure all voices were heard. Stretching the meeting dates over the course of a year was purposeful, giving time for reflection and for gathering any additional information that might be needed. The idea was for the entire group to develop a plan together, so that everyone would have the understanding and buy-in to carry the plan forward.

Unlike a decade earlier, in 2004, the Foundation did not stop its grantmaking to focus on the year of review. The board usually meets three times per year. During 2004 it met quarterly and asked staff to continue the regular grant schedule. To help ease the additional workload, the annual Gathering

of grantee partners was postponed until early 2005, and a writer was hired to record the minutes of each meeting so staff could participate more fully in the process.



The commitment by the board was strong. With few exceptions, the entire board participated in all meetings. Every meeting began with music and included sharing of personal stories (a director or staff member would be asked to share an important memory or anecdote from their personal history that connected to the Babcock Foundation's mission and values). All meetings included the sharing of meals together, where informal discussions continued. The emphasis was on reflecting, learning, exploring new ideas, and expanding thinking. Decision-making was accomplished by consensus. The process was devised for openness and teamwork, fitting with the culture and longstanding practices of the Foundation.

(The Foundation board is a mix of Babcock family members, along with professionals and grassroots leaders with diverse talents, backgrounds and connections throughout the Southeastern United States. Eight of the 14 members were also part of the year-long review in 1994.)



THE FOLLOWING IS A SUMMARY OF THE MEETING TOPICS AND ACCOMPLISHMENTS.

FEBRUARY 13-14, 2004

Chapel Hill, NC

Moderator: Pam Wilson

Participants reviewed a timeline of the 50-year history of the Foundation and made suggestions for information to be added. Each member described how, when and why they became involved with the Foundation and described some of their key experiences. Directors read aloud Babcock's mission statement and discussed its meaning, along with the core values of the Foundation. Suggestions for possible changes in the mission statement were recorded, and the core values reaffirmed.

Using comprehensive reports provided by Foundation staff (a combination of data and individual interviews with grantees), Directors discussed the progress of the Foundation's investments in the five grantmaking programs developed since 1994—Organizational Development, Grassroots Leadership Development, Community Problem Solving, Enterprise and Asset Development, and Regional Capacity Building. Directors asked questions of staff and talked about the key lessons that had been learned. The board looked at lessons across the five program areas and noted the increased impact on people's lives and on communities when grantees and the Foundation made strategic connections across the program areas and when networks of grassroots and larger organizations worked together on shared goals. The board also noted the critical role of public policy in advancing social and economic justice. (*See Reflections on a Decade of Building Just and Caring Communities, available at www.mrbf.org, for a summary of lessons and reflections.*)

Meeting facilitator Pam Wilson provided a primer on measuring outcomes and doing outcomes-based planning. For the advance reading for the June meeting, Directors asked that staff provide articles and books about societal and economic conditions in the South, including forecasts for the future.

June 11-12, 2004

Greensboro, NC

Moderators: Katherine Fulton and Alice Buhl

An extensive notebook of readings was compiled by facilitator Katherine Fulton and her colleagues at The Monitor Institute and Global Business Network and mailed to each Director prior to this meeting. Dubbed "Reckoning with the Future," the notebook included articles—written by futurists, philosophers, economists, nonprofit leaders, journalists and others—dealing with broad social, technological, economic, environmental and political issues. Also included were excerpts from Babcock Foundation commissioned interviews with nine thinkers on diverse topics—Liany Elba Arroyo, Jack Boger, J. Alfred Broaddus, Jr., Deepak Bhargava, John Hood, Charles Kimball, Darla Moore, Ivan Kohar Parra and Richard Riley. Results of the Foundation's 2004 survey of 70 grantee organizations and philanthropic colleagues also were included. (*The survey asked about pressing issues in the South, most promising approaches to these issues, and thoughts on the roles for the Foundation.*)

The purpose for all of these readings was to broaden thinking and to provide background about the context in which the Foundation operates and will do so in the future. The articles and interviews were divided into four broad categories:

Race, Ethnicity and Culture

The Changing South

The Evolution of U.S. Philanthropy

Emerging Possibilities for Capacity Building

At the meeting, Directors shared their reactions to these readings, first by jotting down striking ideas and information they had learned, then by discussing their insights about the future. In small groups, Directors talked further about the "givens" and uncertainties of the future, the opportunities and challenges ahead. The whole group discussed the implications of future conditions for the Babcock Foundation, and each Director was asked to write or draw and then present a vision for the Foundation's future work. The visions were compared, and the emerging possible approaches were

recorded. In small groups, potential strategies were discussed and devised.

Emerging themes included: the importance of networks; finding philanthropic partners and other resources to influence change on a broader scale; learning more about mission-related investing; working with new technologies; better understanding and including new demographic populations; finding ways to deal with new economic and marketplace issues (decline of agriculture and textile-based economies), and encouraging greater civic participation among young people in the South.

October 22-23, 2004

Chapel Hill, NC

Moderator: Alice Buhl

Prior to the October meeting, the board and staff honed the ideas discussed to date. Using the strategies and ideas developed at the June meeting, the staff wrote a dozen possible scenarios/plans of action that the Foundation could follow over the next 5-10 years, including the operational changes that would be needed, and offering rough figures for how grantmaking could be organized. The scenarios were mailed to the board in late summer so they could “try on” each possible path and determine which, if any, would be the preferred direction for the Foundation. With input from all Directors, the planning committee and staff then narrowed those to four scenarios to be more fully discussed at the October meeting.

Directors began by discussing the proposed goals, strategies and assumptions of each scenario. The discussion quickly centered around one scenario, which emphasized:

- focusing on moving people and places out of poverty
- funding organizations that are part of larger networks (for large-scale impact on communities, policy, and institutional practices)
- investing a portion of the Foundation’s financial assets in enterprises that directly benefit low-wealth communities
- including young people in Babcock Foundation leadership and support of youth leadership development among grantee partners

- supporting grantees with specific strategies for bridging race, ethnic, economic and political divides
- encouraging other institutions to make similar investments.

Throughout the meeting, this primary scenario was reviewed and discussed in small groups and among the whole group. The goal of helping people and communities build assets in order to move out of poverty appealed to the Directors’ interest in using the Babcock Foundation’s resources to help people improve their lives in tangible ways. This more focused mission grew from their desire to concentrate the

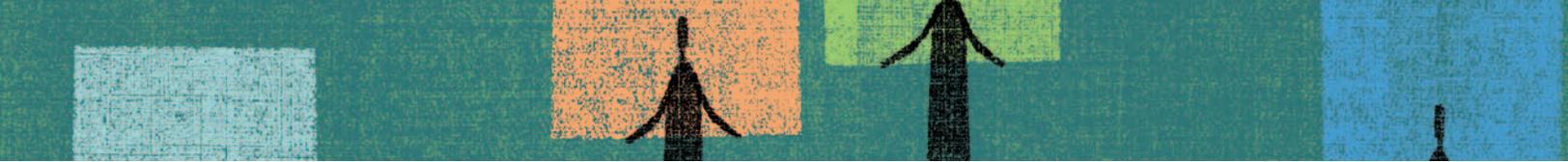


Foundation’s resources more sharply in order to achieve greater impact. Two sub-themes had run through the board’s discussion and were incorporated into the new plan of work: the power of networks to accomplish larger-scale impact and the necessity of investing in the next generation of leadership for social and economic justice work in the Southeast.

The board agreed that bridging race, ethnicity, economic and political divides was as important in 2004 as it was in 1994, and also wanted to use what the board and staff had learned about building the capacity of individuals and organizations.

Using flipcharts and notes from these discussions, the scenario was further defined and consensus was reached on points of question. The group also discussed and began to make decisions about associated changes to grant guidelines, workplans and budgets. The board charged the staff with further developing these plans for a December board meeting.

Directors also discussed mission-related investing at this meeting. *(This investment strategy was first mentioned at the June meeting, and Directors had asked for more information.)* The strategy is one used by the F.B. Heron Foundation and others to place at least a portion of the foundation’s financial assets in direct economic investments that advance the foundation’s mission (such as investing in companies that provide



jobs in low-wealth communities). Members of the Babcock Investment Committee and staff met with Luther Ragin from the F.B. Heron Foundation to learn more about this strategy, and shared what they learned with the full board. Members said they would like to include this type of issue-specific learning at future board meetings.

December 3-4, 2004

Durham, NC

Moderator: Alice Buhl

The final meeting of the year was spent getting final input on the proposed plan and making decisions on some of the finer details. Directors once again worked as a whole group and in small groups—often using flipcharts to record, review and affirm ideas together. Conversation about how people and places move out of poverty generated diverse opinions among Directors. By the second day, Directors approved the ideas and general language of the draft mission, beliefs about how people and places move out of poverty, and a general plan for the Foundation’s work for 2005 to 2010. Directors gave the staff direction for revising the public documents to announce the revised mission and goals.

A timeline was devised for the internal implementation and public roll-out of the new grantmaking priorities, with first grants to be awarded in October 2005. Directors would use 2005 to recruit new board members, and any staff changes associated with the new plan would be deferred for one year. Directors asked that options for assessing outcomes of the new grant priorities be presented at the February board meeting. They also voted to create a board-driven “Learning Committee” to plan a schedule of ongoing, issue-specific discussions at board meetings—such as inviting an expert to share information about poverty in the South, or about successful programs for encouraging civic participation among young people.

At the close of this final meeting of the year of research, analysis and decision-making, all members gave a standing applause and enjoyed a round of celebratory toasts.

February 11-12, 2005

Durham, NC

Officially, the 2004 planning year was over, but the first board meeting of 2005 concentrated on moving from planning to implementation.

With a new board chair and absent two long-time board members whose terms ended at the close of 2004, the board began its search for new board members. It agreed on the most critical gaps in the current board’s experience and on perspectives that new members could bring. It set in motion a process to find new board members by asking a broad network of the Foundation’s grantees and colleagues to suggest a pool of candidates from which the board will select new Directors.

The board Learning Committee had worked with the staff to plan a learning session with Luther Ragin from the F.B. Heron Foundation on mission-related investing. The board approved the committee recommendation to focus learning at the next meeting (June 2005) on the conditions causing poverty and pathways out of poverty; and to focus learning at the October 2005 meeting on youth leadership development.

A board member with expertise in participatory evaluation led the board through a discussion of outcomes for the new plan of work, based on outcomes drafted by the staff. The board gave direction to the staff for revisions, and agreed to review plans for monitoring outcomes at the June 2005 meeting.

Using materials drafted by the staff, the board approved a communications plan for announcing the Foundation’s new work, new grant application guidelines, a new investment policy, and next steps for considering special initiatives related to youth leadership development.

With a sense of excitement and forward movement on the new plan of work, the board committed itself to continued learning as the Foundation rolls out this new phase of its work. It anticipates mid-course corrections or refinements over the coming years as the Foundation and its partners reflect on unfolding lessons and impact.

“Our mission is to help people and places to move out of poverty and achieve greater social and economic justice.”

THE FUTURE

THROUGH THIS YEAR OF REFLECTION, LEARNING AND DELIBERATION, the question guiding our thinking was, “What is most essential for the Mary Reynolds Babcock Foundation to do, given our human and financial resources and the changing context within which we work?” In the end, the board reaffirmed the Foundation’s historic commitment to social and economic justice in the Southeastern United States and focused on helping people and places move out of poverty.

Our revised mission and belief statements and our new workplan incorporate lessons learned over the past decade, especially lessons about grassroots leadership development, organizational development, bridging race and class, and networking to achieve greater impact. We decided to focus the Foundation’s modest resources squarely on building human and community assets, while understanding that the routes out of poverty are a complex mix of choices by individuals, collective action by groups of people and organizations, and social and political structures and conditions.



NEW MISSION

THE MISSION OF THE MARY REYNOLDS BABCOCK FOUNDATION is to help people and places to move out of poverty and achieve greater social and economic justice. We support organizations and networks that work across race, ethnic, economic and political differences to make possible a brighter future for all.

NEW PLAN OF WORK

BEGINNING IN 2005, AS PART OF OUR RENEWED COMMITMENT to Building Just and Caring Communities, the Babcock Foundation will:

- **Encourage connections.** Invest in local, state and regional organizations and networks with track records of working with low-wealth people and communities to build assets and move out of poverty.
- **Support youth.** Invest in developing the next generations of leaders for grassroots organizations and key institutions dedicated to social and economic justice in the Southeast.
- **Make mission-related investments.** Gradually move some of the Foundation’s financial assets into investments that directly contribute to economic development in low-wealth communities.
- **Strengthen organizations.** Invest as needed in organizational development for the organizations we support.
- **Share knowledge.** Promote learning and collaboration among grantees.
- **Widen the support.** Seek to engage new donors and philanthropic allies (from inside and outside of the region) in joint ventures to transform low-wealth communities in the Southeastern U.S.

For more specific information on the Foundation’s work, please visit our website, www.mrbf.org.

ADDENDA

MRBF BOARD AND STAFF LISTS

MRBF TIMELINE: 1953 TO 2004

REFLECTIONS ON A DECADE OF BUILDING JUST AND CARING COMMUNITIES

BIBLIOGRAPHY OF FUTURIST ARTICLES

MRBF BOARD OF DIRECTORS-2004

President: Nathaniel Irvin II
Winston-Salem, North Carolina

Vice President: Carol P. Zippert
Eutaw, Alabama

Secretary: Victoria Creed
Knoxville, Tennessee

Treasurer: Laura L. Mountcastle
Dearborn, Michigan

Bruce M. Babcock
Winston-Salem, North Carolina

David Dodson
Durham, NC

Wayne Flynt
Auburn, Alabama

Otis S. Johnson
Savannah, Georgia

Wendy S. Johnson
Flint, Michigan

Barbara B. Millhouse
New York, New York

Katharine B. Mountcastle
New Canaan, Connecticut

Katharine R. Mountcastle
Alexandria, Virginia

Kenneth Mountcastle III
Alexandria, Virginia

Mary Mountcastle
Durham, North Carolina

MRBF STAFF

Leigh Ann Adams
Executive Assistant

Olita Alexander
Systems and Administration Director

William Buster
Program Officer

Sandra Mikush
Assistant Director

Danette Peters
Bookkeeper/Grants Manager

Cynthia Stivender
Program Administrative Assistant

Gladys Washington
Senior Program Officer

Najar Washington
Receptionist

Gayle Williams
Executive Director

MARY REYNOLDS BABCOCK FOUNDATION TIMELINE

	1953	1956	1963	1966	1967	1968	1969	1970	1971	1973	1974 >
Presidents	Mary Reynolds Babcock creates Foundation in her will MRBF is incorporated Charles Babcock, President				Charles Babcock dies Mary Mountcastle, President				Jay Babcock, President		
Total Grants	\$7,000 grants	\$627,300 grants		\$1,253,400 grants						\$2,837,190 grants	\$884,833 grants
When Directors Joined the Board	Barbara Millhouse Katie Mountcastle					Bruce Babcock	Zachary Smith			Rich Preyer	
Program Focus Over the Years		2/3 awarded in North Carolina	Funded the North Carolina Fund	No more bricks and mortar	No more 'individual efforts,' except in Winston-Salem De-emphasize medical grants. Funded Southern Regional council for its Voter Education Project Funded Johnson C. Smith University through 1975			Funded some para-psychology research			Planning: State-level government accountability; early adolescence focus

MARY REYNOLDS BABCOCK FOUNDATION TIMELINE ~ continued

	> 1978	1980	1981	1984	1985	1986	1987	1989	1990	1991	1992 >
Presidents	Ken Mountcastle, President				Rich Preyer, President				Bill Rogers, President		
Total Grants			\$2,480,863 grants		\$3,521,405 grants			\$3,573,071 grants	\$4,999,242 grants		
When Directors Joined the Board			Mary Mountcastle	Laura Mountcastle	Kenneth Mountcastle III	Katharine R. Mountcastle Bill Rogers	Reynolds Lassiter			David Dobson	
Program Focus Over the Years		Dropped exception for 'individual community efforts' in Winston-Salem; increased emphasis on environment and grassroots groups	Added national government accountability and youth employment as focus areas					Early childhood added as a focus area Focus area committees established			Reaffirmed grantmaking guidelines including: focus on Southeast, exclusion of individual community efforts, no exceptions for Winston-Salem

MARY REYNOLDS BABCOCK FOUNDATION TIMELINE ~ continued

	> 1993	1994	1995	1996	1997	1998	2000	2001	2002	2003	2004
Presidents			David Dobson, President		Mary Mountcastle, President			Otis Johnson, President		Nat Irwin, President	
Total Grants		\$2,651,794 grants				\$3,941,230 grants	\$4,777,611 grants	\$5,563,225 grants		\$5,624,294 grants	
When Directors Joined the Board	Wynndham Robertson			Otis Johnson Carol Zippert	Akosua Barthwell Evans Nat Irwin	Sybil J. Hampton		Betsy Babcock dies; Foundation receives bequest of \$20 million (received in 2002)	Vicki Creed Wayne Flynt Wendy Johnson		
Program Focus Over the Years		Planning: 'Building Just and Caring Communities' adopted	First Organizational Development grants	First Community Problem Solving grants		First Grassroots Leadership Development State Policy, Community Foundation and Learning Initiative grants Action taken after mid-course review: Shift from OD program to infusing OD into all grants; advocate for more funders to support OD; explore enterprise and asset development as a program strategy; start Small Grants program for grassroots organizations	First Enterprise and Asset Development and Grassroots Organizations grants				Reflection and Planning: Moving People and Places Out of Poverty program adopted

BIBLIOGRAPHY OF FUTURIST ARTICLES

America's Fortunes, Atlantic Monthly, January/February 2004, Editors of Atlanta Monthly Journal.

Are We Still a Middle Class Nation?, Atlantic Monthly, January/February 2004, Editors of Atlantic Monthly.

Axis of Ideology: Conservative Foundations and Public Policy, National Committee for Responsive Philanthropy, March 2004, Jeff Krehely, Meaghan House, and Emily Kernan.

Black Wealth, White Wealth: An Issue for the South, Southern Growth Policies Board, 2002, Scott Doran with Elaine Rideout Fisher.

Bobby Jindal's Rise, Wall Street Journal, October 2003, John Fund.

Concerning a Missing Elephant, The ABN Report, 1999, Donald Michael.

Economic Change in the South, State of the South 2000, MDC, Inc.

Fundamental Characteristics of Successful Collaborative Network Model, Fannie Mae Foundation, Gary Mulhair.

Future Shock, Fortune Magazine, April 4, 2004, Peter Schwartz.

Hispanics Speak of Success and Loss: Using English Opens Doors but Losing Spanish Shuts Others, American Statement, March 2003, Juan Castillo.

Household Wealth Distribution, The Century Foundation Policy Take No. 1, November 2001.

Invented Here: Transforming the Southern Economy, Southern Growth Policies Board, 2001.

Islam in America, July 2003, Foreign Policy Research Institute WATCH ON THE WEST, Volume 4, Number 4, Philip Jenkins.

It's CLASS, stupid!, Salon Magazine, November 10, 1997, Richard Rodriguez.

Lawrence Community Works: Using the Power of Networks to Restore a City, The Barr Foundation, March 2004, Peter Plastrik, Madeline Taylor.

Looking Backwards from the Year 2096, Philosophy and Social Hope, Chapter 18, 1996, Richard Rorty.

Making Change: How to Build Adaptive Capacity, The Nonprofit Quarterly, Winter 2003, Volume 10, Issue 4, Carl Sussman.

Mongrel America, Atlantic Monthly, December 2003, Gregory Rodriguez.

Network Power for Philanthropy and Non-Profits, The Barr Foundation, February 2004, Peter Plastrik, Madeline Taylor.

Reinventing the Wheel, Southern Growth Policies Board, 2003.

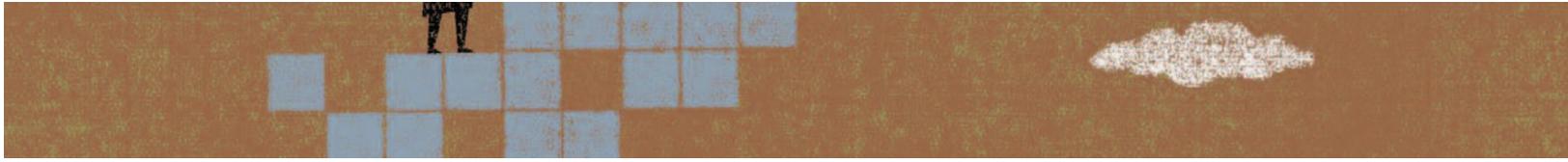
Rosa Parks vs. Outkast: The Great Generation Divide, Miami Herald, December 2003, Leonard Pitts, Jr.

Searching for Uncommon Common Ground, 2002, W.W. Norton and Company, Publisher, Angela Glover Blackwell, Stewart Kwoh, Manuel Pastor.

Southeastern Foundation Statistics, Southeastern Council of Foundations, 2002.

Taking Democracy to Scale: Creating a Town Hall Meeting for the 21st Century, National Civic Review, Vol. 91, No. 4, Winter 2002, Carolyn Lukensmeyer, Steve Brigham.

That's Obama-With a 'b', Newhouse News Service, 2004, Jonathan Tilove.



The Effectiveness Trap, Stanford Social Innovation Review, Winter 2003, Jan Masoaka.

The Mercedes and the Magnolia: Preparing the Southern Workforce for the Next Economy, Southern Growth Policies Board, 2002.

The Millennials: Understanding the Next Great U.S. Generation, Global Business Network, April 2004, Interview with William Strauss.

The Newest New South, April 28, 2004, Mary Reynolds Babcock Foundation, Ferrel Guillory.

The Quiet Revolution in Non-Profit Capacity Support, Open Society Institute, Jonathan Peizer.

The Radical Center, 2002, Anchor, Publisher, Ted Halstead and Michael Lind

21st Century Foundations, Hewlett Foundation, Jed Emerson.

21st Century Philanthropy, Global Business Network, June 2003, Katherine Fulton, Andrew Blau.

What's Next: The New Challenges for Business, excerpt from What's Next, 2002, John Wiley & Sons, Publisher, Eamonn Kelly, Peter Leyden.