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Front Matter

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THE **Foundation** Review[®]



Exit Strategies

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The Foundation Review is the first peer-reviewed journal of philanthropy, written by and for foundation staff and boards and those who work with them implementing programs. Each quarterly issue of *The Foundation Review* provides peer-reviewed reports about the field of philanthropy, including reports by foundations on their own work.

Our mission: To share evaluation results, tools, and knowledge about the philanthropic sector in order to improve the practice of grantmaking, yielding greater impact and innovation.

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editorial

Dear Readers,

Since 2010, there has been a significant shift toward creating foundations that have a defined endpoint. According to one estimate,¹ about 19 percent of family foundations established between 2010 and 2014 plan to spend out their endowments, compared to only 3 percent of those created before 1970. The U.S.'s biggest foundation is a limited-life foundation — the Gates Foundation is set to close 20 years after the death of the donors.

Limited-life (also known as sun-setting, or spend-down) foundations have some things in common with perpetual foundations that are exiting a line of work. Beginning in the late 1990's with the rise of strategic philanthropy, many perpetual foundations began funding time-limited strategic initiatives. The Skillman Foundation in Detroit, for example, funded the "Good Neighborhoods" initiative for more than ten years, ending in 2016.



Teri Behrens

Both of these situations — ending the foundation or ending a line of work — create a specific set of challenges. What is the best way to exit and leave in place strong organizations, networks, and fields that can continue to achieve positive results for their communities? How do you preserve the knowledge and intellectual assets of the foundation? How do you manage foundation staff in the context of a spend-down or ending support for the line of work they are passionate about? How does the foundation ensure that the organizations in which they have invested will continue to honor the intent of the funding? How do you create partnerships with other funders, including government?

As new foundations are choosing to limit their lifespans and perpetual foundations continue to fund work in targeted, limited-time initiatives, their effectiveness at addressing these and other questions has a significant impact on the nonprofit landscape. It requires that, more than ever, nonprofits think of philanthropy as seed capital rather than on-going support. It requires that exiting foundations are extra diligent about mission alignment. It requires greater collaboration among funders. It requires creative approaches to human resources.

¹"Trends in Family Philanthropy." *National Center for Family Philanthropy* 11/02/2015.

Fred Smith (2016) shared a compelling metaphor for what ideally happens when a foundation ends its grantmaking:

If I knew I was setting an end date, I would call it dissolution — but not in the way that term is normally used... When salt dissolves, it is absorbed and assimilated into the body... It becomes an integral part of the body, and long after we consume it, the effects remain...

That is how I see the most important work of a foundation. If we do our work right, we will do more than invest in a community or make financial gifts that evaporate when we are no longer there. Rather, we dissolve and the things that are truly lasting — our values, our way of seeing opportunities, our relationships, our non-financial contributions — become a lasting part of the community in which we live (para. 4–6).

The S. D. Bechtel, Jr. Foundation, Atlantic Philanthropies, and the David and Lucile Packard Foundation have co-sponsored this special issue of *The Foundation Review* on Exit Strategies to expand what we know about how to achieve that lasting impact.

Gienapp, Reisman, Shorr, and Arbreton describe the findings from a time-bound initiative of the Hewlett Foundation on nuclear security and how learning from that initiative has influenced how they think about exiting other fields of work.

Foundations have often proposed that their role is to pilot interventions, with government funding then taking over support for successful approaches. **Knox and Quirk** share the experience of exiting work in Northern Ireland and partnering with government as the exit strategy.

While many foundations now appreciate the importance of bringing evaluation in at the beginning of an initiative, thinking about how to conduct evaluations at the end of an initiative poses its own challenges. **Beadnell, Djang, Vanslyke, Masters, and Anderson** conducted a “sunset evaluation” and share some of their methodologies.

Kibbe draws on interviews of grantmakers and grantees to identify areas in which foundations can improve their exit practices, offering a summary of advice from both perspectives.

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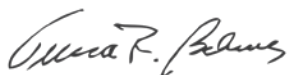
As part of exiting out of the Building Health Communities initiative, the California Endowment commissioned a research project to identify effective exit practices. **Yu, Jhawar, and Berman** report on the results of this national scan.

Halverstadt and Kerman share the emerging hypotheses of two foundations, The Atlantic Philanthropies and the S. D. Bechtel, Jr. Foundation — each four years from sunset — about the opportunities and challenges for evaluation in the limited-life context.

The issue includes an interview with **Marie Columbo**, director for strategic evaluation and learning at the Skillman Foundation, about the unique challenges of exiting place-based work.

We conclude with personal reflections from **Debra Joy Perez** about the role of relationships in exiting.

We hope these articles inspire our readers to plan their exits to be both graceful and impactful.



Teresa R. Behrens, Ph.D.

Editor in Chief, *The Foundation Review*

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Dorothy A. Johnson Center for Philanthropy at Grand Valley State University

Reference

SMITH, F. (2016, June 21). For Sunsetting Foundations, a Limited Life but a Perpetual Contribution. [Blog post]. Retrieved from <http://effectivephilanthropy.org/for-sunsetting-foundations-a-limited-life-but-a-perpetual-contribution>.

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