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A New Domain for Place-Rooted Foundations: Economic Development Philanthropy

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Keywords: Rural philanthropy, rural economic development, economic prosperity, community prosperity, social entrepreneur, system actor, place-rooted foundation

Key Points

- This article suggests that economic development philanthropy is a new domain for place-rooted foundations, and highlights the important system-actor role that these foundations can and are playing to advance economic development that produces better outcomes for families and communities.
- Economic development philanthropy requires foundations to play integrating or missing roles to advance regional economic development – that they act to fill gaps that other organizations and agencies in the community or region are not addressing. To ensure that a foundation is playing this value-added role requires identifying what others are doing and the outcomes they are seeking or achieving – thereby clarifying the gaps and leverage points in the system.
- This article also offers some initial insights into what it will take to build a movement of place-rooted foundations embracing social entrepreneurship to advance an economy that works well for all, and encourages continued discussion of the role that place-rooted foundations can play in that movement.

Introduction

Most place-rooted foundations¹ want to see their investments lead to a stronger set of outcomes for their communities. Foundations too often find themselves repeatedly dealing with the symptoms or products of an economy that is not working well for all – hunger, homelessness, lack of basic skills, schools without books and computers – which show up as collateral damage to people, businesses, and communities. Some foundations want to address deeper root causes. They see how their local economy can create a better set of outcomes, and they have begun to act on it. Others lack the will to lead the way toward transformational change, or use only a few of the tools and practices they could apply to the task. This reflective practice article suggests a new domain for place-rooted foundations – economic development philanthropy – and highlights the important system-actor role that these foundations can and are playing to advance economic development that produces better outcomes for families and communities.

The reflections shared in this article come from the collective field experience of the Aspen Institute Community Strategies Group (CSG) and the Center for Rural Entrepreneurship.

¹We define place-rooted foundations as those with a mission to improve a particular community or place in which they are located, often holding assets developed by and from the community for this purpose, and often governed by boards and advisors representative of the community. This definition could also apply, in some cases, to other organizations, such as a United Way.
These two organizations have formed a strategic partnership to advance the practice of economic development philanthropy described in this article. Since 1993, CSG has immersed itself in what it takes for community foundations to use and strengthen their leadership, strategic, and financial assets to take on tough and critical issues in their communities, and to stretch their reach into underserved areas and populations. The CSG has worked one-on-one with dozens of community foundations; facilitated multiple multiyear, multifoundation peer-learning clusters; created, with CFLeads and the National Task Force on Community Leadership, the Framework for Community Leadership by a Community Foundation (CFLeads & Aspen Institute, 2013); managed the peer-exchange of the 40-foundation national Social Capital Community Benchmark Initiative; conducted the original research documenting the dramatic growth of community foundation geographic affiliates; and led scores of foundation workshops and retreats. Likewise, the Center for Rural Entrepreneurship has more than two decades of experience working with and learning from community foundations, beginning with the establishment in 1993 of the Nebraska Community Foundation by a group of leaders including the center’s co-founder, Don Macke, and continuing with the rural-focused Transfer of Wealth opportunity analysis that the center has now completed for about 60 percent of U.S. counties. The center has worked with a wide range of community foundations to help them design and implement affiliate and community engagement strategies as well as with foundations and their economic development partners to tap into community-based philanthropy as a way to create locally controlled development resources for the future.

**Economic Development Toward What End?**

The commonly perceived goals of economic development are articulated as more jobs, more tax revenue, “growth,” and profit for shareholders. Taken alone, these goals are not enough to ensure that more people on the economic margins are doing better, and that the resulting economy has the resilience, creativity, and resources to endure and help even more to prosper.

Economic development that achieves these “prosperity outcomes” contributes to what we need.
A workforce development crisis has emerged – a mismatch between many jobs that are available and the skills that job seekers have. Too few people are prepared for the high-skill jobs that do exist. For many teetering on the economic margins, a lack of basic skills and limited access to services like reliable transportation or dependent care makes it difficult to land and hold entry-level jobs. define as a prosperous economy. Today, a confluence of factors creates an urgency to transform economic development practice towards these ends. The leading factors are:

1. Growing inequality. The shares of income and wealth held by the top 3 percent of American families have reached historic highs (Bricker, et al., 2014). The wealth gap in particular has widened significantly in the years since the Great Recession. Living standards are stagnant or declining for more than half of American families despite some economic growth (Meltzer, Steven, & Langley, 2013). This growing gap means that those at the bottom are neither benefiting from nor afforded enough opportunity to contribute to the current economy.

2. A new economic reality. The Great Recession and ensuing recovery, along with global economic restructuring, have exposed fundamental weaknesses in a U.S. economy that is struggling to create enough “good” jobs. A workforce development crisis has emerged – a mismatch between many jobs that are available and the skills that job seekers have. Too few people are prepared for the high-skill jobs that do exist. For many teetering on the economic margins, a lack of basic skills and limited access to services like reliable transportation or dependent care makes it difficult to land and hold entry-level jobs. Real median earnings are lower than they were 40 years ago, especially for those with less education and fewer skills (Meltzer, et al., 2013).

3. Resources for the future. The planet’s capacity to handle the impacts of economic development defined solely in terms of financial returns is hitting real and increasingly obvious limits. The U.N. Secretary-General’s High-Level Panel on Global Sustainability (2012) argues that “integrating environmental and social issues into economic decisions is vital to success” (p. 12). This raises a pressing need for effective leadership to design and measure the outcomes of economic development in terms of bottom lines that ensure sufficient and healthy natural and human resources that will allow future economies and generations to thrive.

4. Overinvestment in the leading development strategy. For decades, attraction of a major factory or business headquarters – an automobile plant, high-tech call center, or food-processing facility – through the use of public subsidies has been viewed as the best way to bring jobs and economic opportunities into a community. The evidence, however, does not support this overreliance on industrial recruitment as a primary strategy. Data show that “the vast majority of jobs are created by businesses that start up or are already present in a state – not by the relocation or branching into a state by out-of-state firms” (Mazerov & Leachman, 2016, p. 1). Community prosperity requires a strong community ecosystem that enables private and social entrepreneurs to turn ideas into enterprises that create private and social value.
5. **Regional self-reliance.** Increasingly, economic development is the responsibility of communities and regions. In response to diminished state and federal leadership and funding, communities and their regions must consider how best to connect their existing assets to real market opportunities, and to do so in ways that decrease their dependence and increase their resilience. That means being able to bring more of their underutilized assets into productive use and requires more fully engaging all residents, regardless of income or background, as active participants in co-creating an economy that works for all.

**New Domain for Place-Rooted Foundations**

Redesigning economic development to (1) build wealth, broadly defined as multiple forms of capital; (2) advance livelihoods in ways that also intentionally reduce some inequality; and (3) keep wealth rooted in place requires a local actor who understands the economy as a system and sees how action on one part of the system (e.g., support for sector development) has ripple effects on the other parts (e.g., workforce development and who gets the jobs). These system actors need to focus beyond the one part of the system most visible from their vantage point. According to Senge, Hamilton, and Kania (2015), these system actors need to help build a shared understanding of complex problems. This enables collaborating organizations to jointly develop solutions not evident to any of them individually and to work together for the health of the whole system rather than just pursue symptomatic fixes to individual pieces. (Senge, et al., 2015, p. 28)

This is the type of leadership that “social entrepreneurs” most often provide.

Social entrepreneurs, according to Martin and Osberg (2015), follow a predictable pattern in tackling issues related to community change: they understand the system, envision a new future, build a model for change, and scale the solution. They also bring an enhanced ability to build bridges and forge collaboration across sectors, stakeholders, and geographies by articulating value propositions for the individual actors in the system, identifying gaps that prevent the system from working most effectively and achieving desired outcomes, and leveraging resources to address the most critical gaps. The deeper analysis and accompanying entrepreneurial behavior work together to identify local assets, including those that are not being fully utilized, and to connect those assets to market opportunities that exist both within and outside the local community and region.

Among regional institutions that could hold the vision of a prosperous economy for all, place-rooted foundations – community, regional, family, health-conversion, or private – are ideally situated to take on the role of social entrepreneur or system actor. Most have in their mission a focus on building the livelihoods of low-income people – which means that more than most economic development actors, they care that development efforts are measured by that bottom line.
focus on building the livelihoods of low-income people – which means that more than most economic development actors, they care that development efforts are measured by that bottom line. These foundations naturally hold a long-term perspective on and commitment to their regions. Many cross numerous political jurisdictions and may be one of the few institutions that span a region’s “system” and can bring it together. They know many of the actors and are often comfortable working in blurred-line spaces between multiple partners. Close to the ground, they see the intricate connections among people, place, and business, and how they affect one another. They are well positioned to support asset-based, entrepreneurial development efforts that often offer the most promise for economically marginalized neighborhoods, populations, smaller communities, or regions. In short, these place-rooted philanthropic institutions are in a unique position to become social entrepreneurs working to “do economic development differently.”

Foundation partners also bring a more diverse set of tools and resources to this role than do other community and economic development organizations. In addition to grant dollars, place-rooted foundations bring convening and relationship power – the ability to connect with and bring together people across racial, geographic, political, power, class, profession, sector, and other divides. Foundations are in a position to bring unbiased research and analysis to community conversations, and to engage residents in analyzing the local economy and designing strategies to achieve prosperity goals. When needed, foundation leaders provide coordinating “backbone” to a collaborative, or they can assume an advocacy role to ensure that policy advances and does not hinder a fuller range of economic development outcomes. Foundations can engage donors in advancing innovative or proven approaches to economic development, and they can use their fund-building skills to help build financial capital pools that can be invested to create ongoing community prosperity. And they can directly invest in local enterprise and placemaking from their own portfolio.

Beyond some notable early adopters, there is growing energy among place-rooted foundations to direct their resources toward advancing an economy that works well for all families, businesses, and communities. One step toward this new strategy has been the growing number of place-rooted community foundations, since the publication of On the Brink of New Promise (Bernholz, Fulton, & Kasper, 2005), committed to “community leadership” – that is, foundations seeking to pursue the greatest opportunities and address the most critical challenges in their communities and regions. More recently, there is evidence that some foundations are applying their community leadership energy toward economic development – what we call “economic development philanthropy.” Directing the foundation’s energy and resources toward improving economic outcomes is viewed as a way to address root causes rather than repeatedly treating the symptoms of a desultory economy.

As one example that illustrates this change in thinking and action, consider the Fremont Area Community Foundation in rural Michigan. After a concentrated and ambitious effort to eliminate hunger in its Newaygo County base several years ago, foundation leaders realized that they had statistically eliminated hunger with their range of supported services. Still, some people remained hungry, and the conditions that made them hungry had not changed. Foundation leaders pivoted from simply treating the hunger “symptom” to focusing on “curing and preventing the disease” through strategies to develop the local economy and build assets for those families.

A two-day convening in 2015, Advancing Economic Success, organized by the Aspen Institute Community Strategies Group and the Center for Rural Entrepreneurship, highlighted 21 stories of foundations and other partner organizations taking the lead on strategies to improve family, business, and community economic success. A New Anchor Mission for a New Century (Kelly & Duncan, 2014) described the work of 30 community foundations and new roles they are

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3 To learn more about this convening and these foundation stories, see www.advancingcdp.org.
playing in their communities and regions. Many of these examples demonstrate how well-considered foundation action is bringing underutilized assets – land, people, and buildings – into productive use while addressing conditions that contribute to inequality.

As our team works across the country with place-rooted foundations, we see more and more foundations that want to use their resources to improve economic outcomes in their communities and regions. But many are not sure what their best role might be. They need a way to assess the opportunities, highlight the gaps, and identify the key intervention points that they are best suited to address and leverage. They need to see themselves as social entrepreneurs and embrace the new domain of economic development philanthropy. This requires a framework for action that is, we have learned, often about asking the right questions.

**Economic Development Philanthropy Action Framework**

Practicing economic development philanthropy – acting as a social entrepreneur – requires a set of specific steps or decision points. Like many frameworks, these steps appear linear but are, in fact, most likely to be iterative and integrative. Decisions made at one point may force reconsideration of past decisions and thereby create an opportunity for course corrections and strategy adjustments. With this caveat, this section outlines the key steps in an economic development philanthropy action framework organized around a set of critical questions for the foundation. (See Table 1.)

**Is There a Commitment to Practice Economic Development Philanthropy?**

Economic development philanthropy is practiced when a place-rooted philanthropic organization mobilizes its full range of assets to achieve the broader set of economic development outcomes that result in a more prosperous region. The critical first step in this action framework is making the commitment to this practice. While the initial energy and leadership may come from a committed staff member, a decision to change the way the foundation thinks and acts requires broad and deep support from the board and from the community. It requires an examination of the organization’s mission to understand its connection to economic prosperity and, if needed, a restatement of the mission and values to encompass an expanded goal.

The Incourage Community Foundation (formerly the Community Foundation of Greater South Wood County) exemplifies this commitment. Located in a region in Wisconsin that suffered dramatic job loss and leadership transition due to changes in the paper and other local industries, Incourage’s board and staff committed to realize “a community that works well for all people” (Incourage Community Foundation, 2016, para. 3). That commitment shows up daily in Incourage’s intensive engagement of residents to drive its work, and in its valiant and consistent efforts to be publicly transparent about its mission and values as it works to nurture adaptive resident leaders who will both demand and create a more collaborative economic development culture.

**How Is the Economy Working for Families, Businesses, and the Community?**

With the commitment in place, the foundation must really understand the local community or region, with a specific focus on the outcomes the local economy and development approaches
are – and are not – producing. This analysis can reveal outcomes or conditions that are not contributing to broadly shared prosperity: high labor-force participation rates coupled with high and persistent poverty, for example, might translate into large numbers of working poor in the community. At the same time, the analysis can lift up unrealized opportunities to make changes in the system to generate stronger outcomes – entrepreneurial ventures in an emergent sector, for example, that could be expanded through coordination and stronger connections to market demand. The purpose of this assessment is to identify issues within the current economic system, and the outcomes it produces, that merit deeper analysis and investigation.

The Greater New Orleans Foundation is playing a key role in the economic revitalization of its region. Significant public and private investment in New Orleans’ BioDistrict is spurring new economic opportunities, including a new health
center and Veterans Affairs hospital. A critical question, however, is whether these new investments are generating opportunities for all residents. The foundation, along with other partners, saw an opportunity to ensure that low- and middle-skill job seekers and incumbent workers were connected to these new economic drivers through employer-driven workforce development. A respected convener, the foundation serves as the hub for New Orleans Works (NOW), a collaborative partnership focused on connecting those in need of new or better jobs with jobs created by an expanding health care sector. NOW works to engage employers to understand their needs; link employers with training partners, primarily community colleges, to design customized training programs; and connect employers with community partners to provide outreach to job seekers and ensure that wraparound services (e.g., financial planning, tax assistance) are available. While NOW is changing lives – the medical assistant program alone graduated 70 trained workers in its first year, all of whom continued to be employed one year later – the foundation continues to question whether the outcomes produced are enough. Right now, most of NOW’s participants are women, yet New Orleans has about 30,000 unemployed men. The next challenge for the foundation is to extend the benefits of NOW to this significant population.

What Is Really Preventing the Economy From Producing Stronger Outcomes for All?
A foundation is now poised for deeper analysis of the system issues and consideration of the root causes that are keeping the economy from generating broadly shared prosperity. For example, high rates of working poor may be due to the prevalence of low-wage jobs in a sector that has become less competitive in the face of global competition. High rates of long-term unemployment may be traced to a skills mismatch between the jobs that exist in the local economy and unemployed residents. High rates of absenteeism – and less competitive businesses, as a result – may stem from lower-income employees with no financial cushion facing a series of ongoing “small” crises brought on by unreliable private transportation options or dependent care, or a relative’s urgent health condition.

This system analysis helps the foundation identify opportunities for action that must be further explored with intentional and committed resident engagement. The process of resident engagement ensures that those most affected by the failures of economic development have an opportunity to weigh in on both the barriers and the solutions. It is an essential design element and a critically important way in which this economic development philanthropy framework is applied by place-rooted foundations.

Pennies from Heaven, a family foundation in Mason County, Michigan, learned by talking with employers that they were having difficulty finding and keeping good employees, with negative impacts on productivity and turnover. At the same time, the foundation’s engagements with residents who were or could be those workers helped the foundation better understand the barriers workers faced. Adapting a model used in other Michigan communities and in Vermont, the foundation helped establish the Lakeshore Employer Resource Network of Mason County. Training for employers helps them understand that absenteeism, for example, may be the result of unreliable transportation, inadequate child or elder care, or other family emergencies that could be addressed through stronger links between the workplace and service providers. The employers now jointly fund circuit-riding coaches who provide assistance to workers in the workplace. Coaches help workers navigate government services and systems, create financial goals and plans, and even connect them to short-term loans to handle financial emergencies. The program has produced a win-win return on employers’ investment in just two years through reduced turnover, lower health care costs, and higher productivity – as workers are more financially stable and staying on the job.

Where Can Action Trigger Stronger Development Outcomes?
Economic development philanthropy requires that foundations play integrating or missing roles
Economic development philanthropy requires that foundations play integrating or missing roles to advance regional economic development; they act to fill gaps that other organizations and agencies in the community or region are not addressing or do not have the capacity to address. To ensure that the foundation is playing this value-added role requires mapping the landscape and learning who is already working on the issues identified.

A nearby region, served by the Southwest Initiative Foundation (SWIF), is largely agricultural and the future of its economy is intimately tied to the future of that sector. As is the case in much of the nation, however, the region’s farmers are aging and often forced to sell their primary asset – farmland – to retire comfortably. Often, that farmland is sold to outsiders, and the loss of locally owned farmland and the opportunity for a new generation of farmers to expand the sector created a gap that the foundation sought to fill. The SWIF developed the Keep It Growing farmland-giving program to keep land
locally owned and in production and to offer young farm families a start, while offering charitable benefits and income opportunities to the land donors and producing rental income that the foundation uses to do even more good. Through analysis and engagement with the community, the SWIF identified the right gap in the right sector as the target for their action.

What Strategy Makes the Most Sense for the Foundation?

Place-rooted foundations bring a wide range of assets to the work of economic development. In some cases, they are uniquely positioned to convene other partners and facilitate collaboration to address a particular challenge or opportunity. Foundations are also positioned to help a community make a controversial issue less so, as the Napa Valley Community Foundation did with the issue of immigration. After commissioning research that demonstrated the significant positive economic impact of local immigrants on the region’s economy, the foundation’s board identified a particular strategy that would help it take a next step toward building a stronger economy for the region and the immigrant families. It organized the One Napa Valley Initiative, which is helping scores of legal permanent residents to become citizens – a transition that correlates with higher family income, higher educational attainment for the immigrants’ children, and more active engagement in community affairs.

In northeast Mississippi, the Create Foundation regularly heard from area business leaders about the difficulty of finding local people equipped to fill available jobs. Foundation leaders also saw the connection between a lack of educational attainment and low family incomes in its 17-county region. Create began partnering with each of its county affiliates to engage businesses, community colleges, planning and development districts, and other foundations and units of local government to address this gap with a tuition guarantee program. The program pays the difference between available financial aid and the cost of tuition for every student who graduates from a county high school and pursues a two-year degree at a community college in the region. From 2000 to 2012, the share of the region’s population with at least some college education increased from 38 percent to 47 percent. And, as expected, income is following suit, increasing by over 50 percent during the same period. The foundation and its collaborative partners are now working to erase the low educational expectations in the local culture. Starting in grade school, they are working to help all local children believe that they can go to college through this program and that exciting local career paths await them.

What Organizational Development Is Needed to Practice Economic Development Philanthropy?

Any new initiative or strategic direction for a foundation requires skill building and organizational development. Economic development philanthropy is no exception. It requires deeper resident engagement, especially with those on the economic margins, in identifying barriers and solutions. And it requires better understanding of how to deploy all the tools available to a place-rooted foundation, including different ways of grantmaking, endowment building from all classes of donors, impact investing, advocacy, convening, operating programs from the foundation, affiliate development, and research and measurement.
Among the potential foundation tools meriting recent buzz is how a foundation’s portfolio-investment policy does or does not advance community prosperity outcomes. Incourage Community Foundation has more than taken this to heart—it passed what is likely the boldest portfolio-investment policy to date in its ongoing effort to devote 100 percent of foundation’s resources to creating a community that works well for all people.

The Vermont Community Foundation has been intentionally deploying a wider range of its assets to build the food sector as an employer and economic development base in the state while increasing access to healthy foods. In 2012, the foundation launched the Food & Farm Initiative, a five-year campaign working at the nexus of hunger, health, and the state’s agricultural tradition. Through research, partnerships, grants, and investments, the initiative aims to empower all Vermonters—regardless of where they live or what they earn—to feed their families with nutritious local food, and to do so in a way that sustains local farmers and builds healthy communities. In just two and a half years, the foundation has invested $1 million through grants to collaborative projects, convened grantees to build a community of learning and elevate the local food conversation across the state, identified stronger partnerships between food security and local food organizations, increased organizational capacity among its related grantees, and leveraged investment in projects that help build the state’s agricultural sector. The economic impact showed: From 2009 to 2013, food-system employment increased by 7.2 percent and the number of food-system establishments increased by 5.9 percent.

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From Energy to Movement
As we reflect on the emergent energy around economic development philanthropy, we ask ourselves what it will take to build a movement of place-rooted foundations embracing social entrepreneurship to advance an economy that works well for all. We offer these initial insights and encourage continued discussion and dialogue
around the role that place-rooted foundations can play in supporting development that contributes to prosperity for all in their communities and regions.

- **Story sharing.** Peer exchange is a powerful tool to help foundations explore innovations and new practices. We have seen early practitioners of economic development philanthropy, some highlighted here, provide inspiration and a sense of what is possible to colleagues in live peer-exchange settings. Capturing and sharing these stories more broadly and in settings dedicated to economic development philanthropy could build understanding and momentum for foundations to engage actively in economic development. As part of that story capture, we need deeper analysis of what is working (or not), why, and where the practice can be improved.

- **Deeper understanding of economic development.** “We don’t do economic development.” This not uncommon statement is heard because most foundations do not view economic development as core to their mission or role in the community. In general, that stems from the too-narrow view of economic development and its outcomes. It fails to notice the breadth of strategies that economic development really encompasses, and how the foundation can fill holes in the system that no one can or will fill. In particular, we need to better articulate the continuum of investments needed to create a more prosperous community that reduces inequality – moving from meeting basic needs (e.g., food, clothing, shelter, and social services) to strategies that advance family economic success (e.g., education, asset building, dependent care, transportation, and skill development) and that advance business/regional economic success (e.g., entrepreneurship, market research, business assistance, sector convening, and access to the right kinds of capital). These investments are mutually supportive and create opportunities for foundations to match their assets with the most appropriate opportunities for action.

- **Understanding the full range of foundation tools.** “We cannot do economic development.” This repeated refrain suggests the need for foundation staff and boards to better understand the tools at their disposal. For example, even though the West Central Initiative requested and received an IRS ruling more than two decades ago that it can conduct business lending as a charitable activity in certain circumstances (and has shared it widely), the fact that foundations can lend to businesses is still news to many. The field is similarly in an emergent state of understanding on impact investing and collective-action initiatives – which can be done in many ways, but must be done with care. There is a pressing need to identify the full range of foundation tools that can be applied to economic development philanthropy, articulate the rationale for using these tools, and then share that information more broadly with the field.

- **Skill building for foundation staff and partners.** The practice of economic development philanthropy places a premium on such skills as system thinking and analysis, resident engagement, adaptive leadership, collaborative project planning and implementation, and measurement across multiple bottom lines. It moves the relationship between grantees, other organizations, and the foundation toward one of partnership.
skills as system thinking and analysis, resident engagement, adaptive leadership, collaborative project planning and implementation, and measurement across multiple bottom lines. It moves the relationship between grantees, other organizations, and the foundation toward one of partnership. And it requires a commitment to acting on articulated values that connect directly to building an economy that works for all. For many foundation staff and partners, these skills need further development and/or refinement. The creation of skill-building opportunities and peer-learning networks is a requirement for building a broader movement or community of practice.

- **Bridge building.** In most places, a local foundation is unlikely to be the only organization with an interest in community or economic development. However, the place-rooted foundation may be the only organization acting in economic development with a mission mandate to achieve a prosperous economy for all. It is incumbent upon these foundations, with their long-term view that includes a clear focus on improving livelihoods for all, to build bridges to traditional economic development organizations, traditional community and family service organizations, and residents themselves. These bridges and the relationships they support will serve to create a deeper, shared analysis of what stands in the way of achieving more broadly shared prosperity and a stronger commitment to working collaboratively to achieve a stronger, more equitable set of outcomes by doing economic development differently.

- **Managing risk and expectations.** It will take a change in thinking for many place-rooted foundations to step into the role of social entrepreneur. And they must make a truly long-term commitment to the type of system change that this work requires. There is risk involved – as with many entrepreneurs, the possibility of failure is real. At the same time, economic development as it is practiced in most communities today often “fails” even when it does not focus on creating more broadly shared prosperity. Accepting this role requires a new type of fiduciary responsibility. Foundations need ways to both identify the risks inherent in this work and mitigate or share that risk through collaboration and partnerships.

  - **Extending an invitation to national philanthropic partners.** Place-rooted foundations represent important partners for national philanthropic organizations that share a commitment to achieving more equitable and sustainable outcomes from economic development. Effective place-rooted foundations can offer valuable guidance to national and regional entities about what works, and what might be needed to scale impact from a community to a regional or national level. At the same time, national foundations can support peer-exchange and tool development, and supply long-term investment resources (e.g., mission- or program-related investments) that could enable more place-rooted foundations to make the organizational changes needed to deepen their economic development philanthropy practice.

The economy is producing too few opportunities for people of color, immigrants, young people, people isolated in neglected neighborhoods or rural communities, or those without the skills to compete in today’s economy. This is not a call for place-rooted foundations to replace economic development agencies; rather, it is a call for them to take their place in economic development. We want to open the potential for foundations to wield more fully their unique range of assets and tools to change the culture of how economic development proceeds in a community, and to help define a new set of economic outcomes that reflect an economy that works better for all. This is a courageous path where foundations can increasingly find their voice and take leadership for the good of the community – and the foundation. As Randy Maiers, president and chief executive officer of the Community Foundation of St. Clair County (Michigan),
which is fully embracing its “prosperity” mission, recently reflected, “[It is] … hard to calculate the spinoff impact to our foundation when people can tangibly see us making a difference on projects no one else was brave enough to try” (Maiers, 2015).

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