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# STRATEGIC PLAN

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Approved October 16, 2008

Northwest Area Foundation Board of Directors

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## Our Commitment

The Northwest Area Foundation is committed to the well-being of the people that make up its eight-state region.<sup>1</sup> For the past decade we have focused our resources on poverty reduction. In the years to come, we will continue to direct our resources toward reducing poverty. However, to honor our commitment to achieve the greatest good and fulfill the promise of philanthropy, we will go about our work differently.

## Why We Are Changing

In 1997, the Foundation embarked on a bold new experiment – focusing on a single, poverty-reduction mission and using an approach that engaged entire communities through newly created organizations. We have learned much from both the successes and failures of that experience.

Our community grantees – who have remained committed, persistent and patient during the course of our “learning by doing” – have taught us that we can provide crucial support to their efforts, but that we should not provide direction; that given changing circumstances, unique contexts and new knowledge, flexibility and adaptability are essential; and that the right kind of leadership and a critical level of organizational capacity are key to achieving desired results.

Through civic engagement and community organizing, people acknowledge and act on their power to make a difference and engage in public dialogue. We have learned that this plays a vital role in finding solutions that address real issues facing people living in poverty, and also generates widespread public support. Grantees and many other organizations have shown us that solutions exist and are being implemented. Research has proved that the ability to build assets and wealth moves people out of poverty. We have come to appreciate how essential improving public policy is to creating systemic, sustainable change. And finally, we have learned that our limited resources are insufficient to combat poverty in our region if we go it alone; it is imperative that we work in concert with peer funders and other organizations that share our goals.

Since October 2006, the Foundation’s board and staff have been engaged in strategic planning. During that time we have not only unearthed and considered the lessons from our current grantmaking, but also listened to the advice of others who understand our region, the nature of poverty and solutions to it. These key stakeholders include people living in poverty, community-based organizations (including our current grantees), the philanthropic and business communities, governmental and educational institutions, nonprofit and grassroots leaders, public policy experts and poverty-reduction coalitions.

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<sup>1</sup> Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Washington, and Oregon

## Northwest Area Foundation

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A year later, in October 2007, the board approved a strategic framework that represented a major shift in the Foundation's approach to grantmaking. Developing and implementing our own initiatives will no longer be our primary approach. Instead, our major focus will be to support the work of proven or promising organizations and change agents – those who have demonstrated success and those who are on the cutting edge and poised to do innovative work.

We also have examined the current and future trends for our economy, society and public policies. During the past decade the broader context has changed. Perhaps now more than ever, Northwest Area Foundation and other philanthropic organizations have a critical role to play in supporting organizations and communities in creating prosperity for people living in poverty. From 1996 to 1997, the Northwest Area Foundation re-examined its approach and impact in light of a major governmental shift: the devolution of authority from the federal to the state and local levels. Now we see other major shifts, including the globalization of the economy (which is decreasing economic growth at home) and the retirement of the baby boom generation (which is decreasing the number of people in the workforce and tightening the labor market). For many people in our country, the cost of living is getting higher and the quality of life is declining.

Since 1999, poverty rates in the region have increased back to 1989 levels. Today, 2.3 million people live at or below the federal poverty threshold. However, the federal poverty line does not accurately reflect the true extent of poverty in the region. Using 200 percent of the federal poverty level as the measure of poverty (for which there is growing consensus), we find close to 6 million people in the Northwest Area Foundation's region live in poverty. Poverty is highest among young people, and among Native Americans, African Americans and Latinos. The continued marginalization of people based on differences in culture, language, history, political systems and political status is a serious concern that calls for innovative approaches that address this pattern of disparity.

Despite and because of the country's economic travails, demographic changes and growing poverty, new opportunities exist to maximize the philanthropic sector's benefit to the public good. It is our responsibility to re-examine what we are doing in light of these changing conditions. We also are honoring our past approach to giving, which called for an assessment after 10 years of what we have learned and for the creation of a new, improved direction.

**W**e know that we are at an extraordinary crossroads. Several key conditions have come together to create an historic opportunity to reduce poverty in our region:

**Challenging labor markets in all eight states** that result from an aging population mean that corporations and governments have a reason to invest in poor and underskilled workers.

**Strong political will exists to reduce poverty**, as evidenced by state and national legislative coalitions that have pledged to meet this goal.

A greater understanding on the part of poverty-reduction forces that poverty arises from multiple causes has led to **more integrated, comprehensive poverty-reduction programs**.

**Combining two traditionally distinct interventions** – income and support programs on the one hand, and the means to increase savings and assets on the other – has had a demonstrable impact on reducing poverty.

**The emergence of new growth sectors in the economy**, such as alternative energy production, can provide high-wage jobs to people in poverty when the right education and training opportunities are put in place.

Our key stakeholders have told us they benefit from the non-grantmaking roles the Foundation has played and they advised us to expand our role as knowledge broker, convener and collaborator. By providing research, facilitating meetings and sharing what works, the Foundation has focused public attention on the nature of poverty in the region. This work has also helped to frame the issue of poverty in ways that build political will and showcase promising or proven models and practices.

We believe that by building on this record of accomplishment while focusing on proven or promising organizations and partnering with other funders, our new direction will yield the highest impact to reduce poverty and achieve sustainable prosperity.

## How We Are Changing

The *theory of change* driving our new approach is:

*If we*

Draw on the wisdom and experience of others;

Use our resources to support, collaborate with, and build on the work of proven or promising change agents including organizations, public officials, communities and other foundations who are committed to addressing systemic causes of poverty;

Commit our resources wisely to create assets and build wealth among low-income people, impact public policy and build leadership capacity for this work in low-income communities; and

Adapt our approach as we learn from our experiences

*Then we* will contribute to the sustainable reduction of poverty in our eight-state region.

## Our Mission

Our new mission reflects our continued commitment to reducing poverty and also draws from our experience that the Foundation's strength is supporting the work of others. We have also learned that poverty will not be reduced unless it is replaced with sustainable prosperity. The two are inextricably linked – one does not happen without the other.

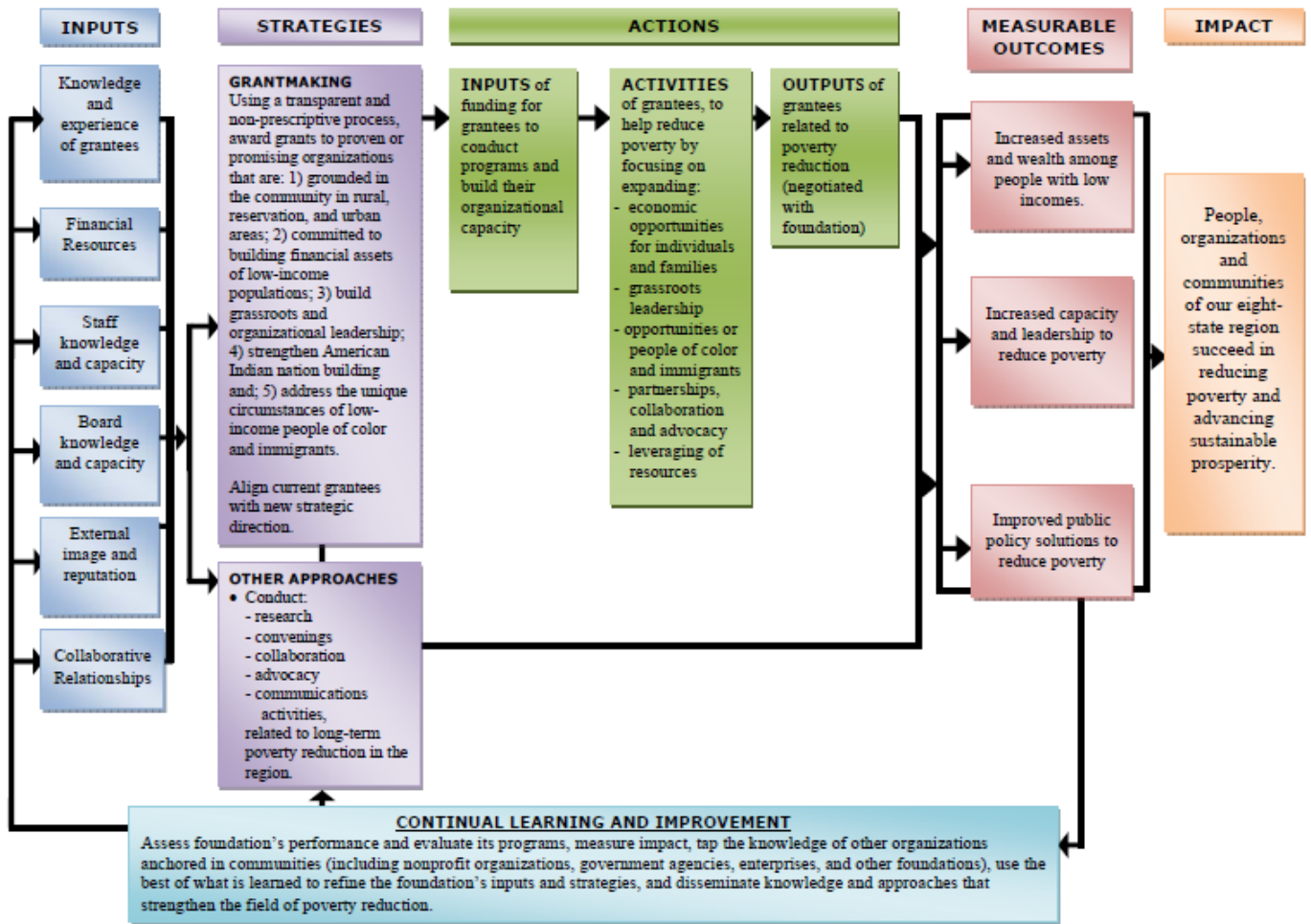
Therefore:

**The mission of the Northwest Area Foundation is to support efforts by the people, organizations and communities of our eight-state region to reduce poverty and achieve sustainable prosperity.**

## Our Logic Model

We have developed a logic model for the Foundation’s new strategic direction that maps out visually the connections between the types of grantee activities we will support and the types of outcomes we aspire to achieve. The logic model is a systematic approach that guides what resources are to be used, where and how they can be applied and what effects they can realistically have in the short and long terms. In addition, it helps create a framework for assessing our performance and evaluating our work.

LOGIC MODEL FOR NORTHWEST AREA FOUNDATION



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The logic model describes the long-term impact and outcomes and explains the strategies and resources needed to achieve those ends. We define the key terms as follows:

- **Inputs:** all the resources necessary for supporting the Foundation's program
- **Strategies:** the specific activities and programs that serve a particular target population
- **Actions:** activities accomplished by grantees
- **Outcomes:** the short- and longer-term effects of strategies on organizations and communities
- **Impact:** the long-term and aggregate effect of sustained efforts on the overall target population

### *Our Three Outcomes*

We will focus our resources in three major areas that have shown promise and produced results for those living in poverty. These areas build on the Foundation's strengths and seize the unique opportunity that society has to make significant and permanent progress in reducing poverty. The outcomes we will focus on for our region are:

- Increased assets and wealth among people with low incomes.
- Increased capacity and leadership to reduce poverty.
- Improved public policy solutions to reduce poverty.

### *Outcome 1: Increased assets and wealth among people with low incomes.*

#### Strategies:

#### **1. Build financial assets of low-income populations.**

- Support organizations that improve personal finances through financial literacy and education.
- Support efforts that increase access to existing asset-building programs (Earned Income Tax Credit, Individual Development Account, home ownership, etc.).

#### **2. Expand access to economic opportunities.**

- Support sectoral workforce development targeting growth industries.
- Support community-driven development of assets that generate revenue.
- Support social entrepreneurship activities that build microenterprise, enterprises that provide social benefits and earned income opportunities for nonprofit organizations focused on poverty reduction.
- Leverage our resources to increase program- and mission-related investments (PRIs and MRIs).

### *Outcome 2: Increased capacity and leadership to reduce poverty.*

#### Strategies:

#### **1. Work with others to strengthen and develop grassroots and organizational leadership.**

- Work with other funders to increase the leadership skills of low-income people through training, seminars and other capacity-building efforts.
- Strengthen the collaboration between organizations and grassroots groups to organize and influence the renewal of their communities.

**2. Expand organizational capacity to increase assets and wealth and influence public policy locally and in the region.**

- Expand the existing capacity of proven or promising organizations to increase assets and wealth and influence policy.
- Support umbrella organizations that provide technical assistance and build organizational capacity in our region.
- Support building organizational capacity in American Indian urban and reservation communities.

***Outcome 3: Improved public policy solutions to reduce poverty.***

Strategies:

**1. Work with others to support public policy research, awareness and advocacy to increase assets and wealth.**

- Increase state efforts to end poverty and build sustainable prosperity by convening public policy organizations, community leaders, government officials and funders and assisting them in achieving effective strategies.
- Work with national efforts and learn from them to successfully promote poverty reduction and sustainable prosperity efforts in our eight states.

**2. Support and strengthen American Indian urban and reservation communities and their ability to influence public policy.**

- Support improved Tribal governance and nation-building efforts.
- Support policy changes that strengthen infrastructure in American Indian urban and reservation communities.

### How We Will Do Our Work

In the future, we will take a responsive approach to grantmaking that uses an application process with clear guidelines to find and support the work of proven or promising organizations. In addition, the Foundation will seek out grantees to implement initiatives that align with the strategic plan. The Foundation will consider, on a case-by-case basis, providing grantees with both program and operating support, as well as short-term (1-3 years), longer-term and renewable grants. We realize that programs will only be successful if they are carried out effectively, and grantees often need to build capacity in order to take on new programs or expand existing programs.

We will focus more attention on collaborating with funders and others to leverage our limited resources, rather than going it alone. Taking advantage of our position as a regional funder, the Foundation will seek out and support the best opportunities across our eight states. In addition to making grants, we will conduct research and host meetings and forums to further our outcomes. We will actively learn from others and from what we do and will share that new knowledge.

Our grantmaking will continue to focus on comprehensive approaches that address the multiple dimensions of poverty. We will continue to address the unique circumstances of American Indians, people of color and immigrants, who have remained disproportionately low income and disconnected from social and economic opportunities.

Over the next two to three years, existing commitments to current grantees will limit our ability to mobilize resources in pursuit of the outcomes of our new strategic plan. During this transition period, the Foundation will take a fresh look at the accomplishments and potential of our current grantees in light of our determination to support proven or promising organizations. In communities where the Foundation entered into long-term relationships, we are likely to maintain projected funding levels where proven or promising grantees are doing high-impact work that aligns with the new strategic plan. In other cases, we will honor our legal and ethical obligations while remaining alert to opportunities to support other proven or promising organizations and change agents in those communities.

### *Our Allocation of Resources*

The Foundation is committed both to the effective management and the effective allocation of its resources. We will allocate our resources to assure that we comply with the mandated payout level for private foundations that is required by the Internal Revenue Service. At the same time, the Foundation will manage its investment portfolio to achieve financial returns that will retain the purchasing power of the organization to assure its existence in perpetuity. Our mission-related investments (MRIs), which seek social as well as financial returns, complement our grantmaking by growing and retaining socially responsible businesses in our region that have limited access to capital.

The Foundation will continue to invest in rural, urban and reservation communities in our eight states. We realize that the largest number of people in poverty live in urban areas; however, the highest poverty rates are in rural and especially reservation areas, which also have less access to philanthropic resources. Our allocation of resources will be flexible. We will take advantage of strategic opportunities as they emerge and we will invest where there is the greatest likelihood of sustainable change – whether in urban, reservation or rural areas.

Our allocation of resources among our three outcomes – increased assets and wealth, increased capacity and leadership, and improved public policy solutions – will also be flexible in order to respond to strategic opportunities as they emerge.

### **How We Will Evaluate Our Work**

The Foundation will evaluate success based on the results achieved by our grantees, knowing that our impact depends on their work. We will ensure that the initiatives we support include measurable outcomes and that capacity exists to track and report on those outcomes, which may mean dedicating targeted grant and in-kind resources to build evaluation capacity among grantees. We will also improve our effectiveness as a funder through the Center for Effective Philanthropy's Grantee Perception Report surveys, the results of which will be published on the Northwest Area Foundation website and shared through other venues as appropriate.

Although the Foundation will focus on specific grantee outcomes to assess progress, we will also assess the results of all of our investments – including partnership development, collaboration and convening – by qualitative and quantitative measures for each outcome. Effectiveness measures will be tailored to the specific activities undertaken by grantees and

the Foundation. This will enable measuring such outcomes as individual and family self-sufficiency; community economic vitality; capacity of civic leaders; involvement in shaping state, local and federal policy; and ability of American Indian nations to attract public and private resources.

To ensure our ability to evaluate and learn, we will develop a learning and evaluation framework that includes: (1) the interim and long-term outcome measures that will enable us to regularly assess our progress; (2) other means through which we will assess our approach and progress; (3) how information will be gathered, analyzed, and reported; (4) how we will incorporate what we learn from evaluation to improve our effectiveness, and (5) how we will share our new knowledge, improvements, successes and failures with our stakeholders.

To remain flexible and adaptable, we will review our strategic plan every two years, assessing strategies, outcomes, and potential new opportunities and changing conditions. We expect to make midcourse corrections based on new knowledge and will share both successes and failures.

### **What Current and Future Grantees Can Expect**

As our grantmaking expands over the coming period, we will communicate clearly about the Foundation's activities, current plans, and opportunities for funding, as well as special initiatives in which the Foundation may engage. We commit to current and potential grantees that the Foundation's representatives will:

- Be approachable, responsive and fair.
- Communicate expectations and provide feedback clearly, consistently and respectfully.
- Streamline reporting systems to place the least burden possible on grantees.
- Be knowledgeable and informed regarding our areas of funding and the communities we serve, as well as sensitive to the unique context and cultures of those communities.
- Establish clear goals, then measure and provide feedback on performance.

We also commit to advancing knowledge among our grantees and across the field of poverty reduction through sharing what we are learning.

## Our Guiding Values

Our work will be shaped by the *guiding values* of our institution:

**Making a Positive Difference:** We are focused on one thing – supporting workable, effective and long-term solutions to reduce poverty in a sustainable way in our region.

**Engagement:** We are committed to mutual engagement and embrace the full participation and diverse perspectives of others to create stronger, more adaptable and more resilient communities and partners.

**Accountability:** We establish clear long-term goals, regularly measure our performance, and openly report, discuss and learn from our results.

**Learning:** We are passionate learners, actively sharing and incorporating the knowledge we have gained, and constantly working to improve on our ability to achieve our mission.

**Integrity:** We are steadfast stewards of the Foundation’s many assets and we demonstrate our high level of integrity in both our words and our actions, among ourselves and with others.

**Respect:** We honor the dignity and worth of all people, striving for humility and acting with thoughtfulness.

### Our Vision for the Region

Motivating us in our endeavors is the vision of a future in which the well-being of the people living in our eight states is as well-known and admired as the inspiring landscapes of the region.

We see a region:

Where diversity is valued and nurtured in rural, urban and American Indian reservation communities.

Known for its highly skilled, well-educated population, its living-wage jobs, its innovative public policies and its healthy, vibrant communities.

Characterized by thriving local economies within thriving natural ecosystems.

Where creative entrepreneurship is valued in both for-profit and nonprofit enterprises, and where both investment capital and social capital are steadily expanding.

Whose strong public institutions, business community, and nonprofit sector collaborate to address pressing needs and help build pathways to prosperity for all residents.

Whose people are organized and empowered to lift their voices and actively shape the civic, social, political and economic life of their communities.

**W**e see a region whose rich culture of engagement and opportunity makes its eight states prized places to visit, to invest and to live and where all residents have a fair chance to live free of poverty.

