

STEP 3:

Determine your market position and set your accompanying rural endowment goal(s).

Who are we now?

There is the story of walking a blindfolded man up to feel an elephant's leg or tail or trunk, and then asking him to describe what an elephant looks like.

If *you* took an hour, and called your neighborhood friends or a few local stakeholders, and asked them, "What do you think our community foundation's role is in the region?" what might they all say? Would they deliver the whole picture of the community foundation's value and multiple services that you know to be the amazing truth, or would each simply be able to describe the "piece of the elephant that they can touch"?

If you *did* conduct such an exercise, how might this information help you develop a rural endowment-building goal and strategy? Well, it would help you understand what your *current* position is in your market, and it could help you think about what you want it to be. Indeed, before you establish a rural endowment-building engine—and actually, to help you build it—you must ascertain both your current "position" with the public as well as your *desired* "market position."

Position is defined as how you are perceived in the minds of your prospects. A positioning statement, by contrast, expresses how you *wish* to be perceived.¹

To assess your current position and determine the market position you wish to hold, your endowment building team must know the existing and desired answers to seven questions:

- Who are we?
- What business are we in?
- Whom (which people, organizations, communities, regions, populations) do we serve? (*These are our "customers."*)
- What are the special needs of our customers that we can address?
- With whom do we compete in serving these customers?
- What makes our products and services different from what our competitors offer?
- What is the unique benefit or value our customers derive from our products and services?

¹The "market position" discussion in this section partially draws from Harry Beckwith's ***Selling the Invisible: A Field Guide to Modern Marketing***, (Warner Books: March 1997) as well as RDP Resource Team member Elizabeth Banwell's adaptation of that material to the work of community foundations through her consulting work with rural-focused community foundations.

In short, you need to know what the reality is before you set a rural endowment building goal. And you must know and convey what you want your position to be before you set and successfully implement that goal.

Why is this so? Well, we can think of a few stories. There are a few multi-county rural community foundations that have sponsored successful regional economic development programs and studies for quite a few years, using resources raised in their central towns. Recently, when they excitedly set out on a campaign to build community affiliates and funds in the out-county areas—a new market position—complete with matching money available, very little happened at first. Why not? No one outside the central town knew about the foundation’s philanthropic services to donors—they all thought it was positioned in the region to do economic development.

Overall, you want to draft a market position statement before setting your rural endowment building goals because:

- It’s the basis and useful companion for all your marketing messages. It contains the core information you *always* want to deliver in *every* medium to influence perceptions of your foundation, and its products and services.
- It will help staff, board and volunteers “get on the same page” when communicating your distinct value to your varying target customers.
- It will help you craft a variety of targeted messages to reach specific rural endowment building goals with different customer target markets.
- It’s a “cheat sheet” of answers to the key questions about your organization that your targeted customers or markets might ask—when you deliver the message specified to your particular marketing goal.
- It requires you to articulate in a concise and brief statement your distinct value to your customers in comparison to others who offer similar services.

CHART 1. TODAY'S TEMPERATURE: WHAT'S OUR CURRENT POSITION?

Question	My answer (or best guess) ...	My reasons for that answer	Two things I wish I knew to better answer the question
Who are we?			
What business are we in right now?			
Whom (which people, organizations, communities, regions, populations) are we serving today? <i>(These are our "customers.")</i>			
What are the special needs of our customers that we currently address?			
With whom do we currently compete in serving these customers with these services?			
What makes our products and services different from what our competitors are offering?			
What, if any, is the unique benefit or value our customers currently derive from our products and services?			

Exercise I. What's our current position?

Try your hand at identifying your current position. As well as you can, make this assessment as brutally honest and realistic an analysis of how your organization's activities and products are currently situated in the community, nonprofit and fundraising landscape.

Here's one way to do it.

- **Fill it out individually.** Using Chart 1, break ground on this step by simply asking your entire staff and board to answer and offer some comments on the seven position questions. Have each person do this by him or herself! (Note you can add a few random donors or stakeholders to this exercise as a “reality check.”)

Of course, each of you can and should use relevant data and findings from *Framework Steps 1 and 2—Know Yourself and Know Your Environment*—to help you answer the questions in the chart!

- **Compare your answers—and discuss!** Then get together and share your charts with each other. (To help save group time, have someone collect the answers in advance and compile a summary.) Together, note any glaring differences, obvious commonalities and gaping holes. Remember, there are NO wrong answers.

A lively conversation is likely to ensue. And that's a good thing. For example, it might be important to learn that your financial officer and program officer disagree on the business you're in or on the unique value of your donor services.

- **Figure out what you don't know.** Use the discussion to develop a limited set of action steps you feel you need (if any) to obtain an even deeper and clearer understanding of your current position.

Indeed, from even this initial simple exercise, you may clearly “see” a need to follow up with more targeted research. For example, you might decide to survey your key stakeholders, convene focus groups or even enlist an outside source to scan your environment and competitors. Remember: Your rural stakeholders' perception *may* differ from your metro stakeholders, so be sure your answers on this chart and any subsequent scan reach into *all* your constituencies.

Again, this exercise is meant to identify *current perceptions* about your position and role in the region—and perceptions *are* what they *are*. You may realize that the majority of folks in your community or region do not know who you are or are not aware that you both grant *and* raise funds. On the other hand, you may find that your prospects have a clear understanding of your donor services but have no knowledge of your community-building mission. Or you may find that rural residents have a different sense of your

services than your urban dwellers. For obvious reasons, it is extremely helpful to know these things before you set a rural endowment-building goal and choose your tactics!

Who do we want to be?

Whatever you learn about your current position will represent the piece of your community foundation's "elephant" that is visible to your customers. You may conclude that this is exactly the part of the elephant you want seen; you'd just like more customers to see it. On the other hand, for a number of endowment-building reasons, you may want to transform the perception of your foundation so that people can see the *entire* elephant, or at least see it from a few more angles. For example, you may want over time to reposition your foundation as *the* leading provider of donor services in your existing—or maybe a larger—service area or, as *the* leader in developing a shared regional community development agenda.

If you have come to some agreement both on your current position and on the desire to change your position, you may now begin to collectively create a *positioning statement*—that is, a statement of how you *want* to be perceived in the region over time.

Remember, your "positioning statement" relates to the primary way you would like your foundation's services to be known to *prospective customers* in your region—including *existing and potential donors or other institutional funders*. It is not a sales pitch, but if you have constructed it thoughtfully and realistically, your positioning statement can be easily channeled into specific messages tailored for particular donor targets (and for other types of customers as well). It can also help your rural endowment-building team narrow down, identify and engage donor targets in ways that allow you to successfully achieve (and finance) your market position.

More to the point, whether you like it or not, your community foundation is *already* positioned one way or another by the outside world, donors, staff. That's what we learned in *Exercise 1*. So *understanding* and then, *taking control* of that positioning is critical if you are to develop an intentional and sustainable rural endowment-building strategy.

An RDP Learning Network observation: Prevailing positions. How do community foundation positions differ? What's the big deal? Don't community foundations all just do the same thing—grow endowments, make grants, and convene leaders in the community? Well, *yes*, but...

Over the last decade, foundations participating in the RDP Learning Network efforts have noted a set of four prevailing *rural* community foundation “positions.” In general, these positions are not pure, rather, they exist as what a particular community foundation chooses to *emphasize* as its role in its rural areas. Thus, a word of caution: Few, if any, foundations are rigidly positioned as one thing to the exclusion of everything else. But, it is just as true that no community foundation can be all things to all people at all times at the same level of quantity and quality—*no matter how hard we try!* Indeed, choices are made daily about our emphases, whether by benign default or strategic intent. How much better to be strategic!

Another note of caution: None of these four generalized positions is valued more highly than another. *Your* community foundation’s best position depends on your unique capacity, experience, circumstances and dreams. Thus, no one position is considered more preferable or ideal than another. And, if well deployed, *any* of the four can fuel an engine for building rural endowments.

These four prevailing positions are defined below in general terms; the matrix that follows the definitions offers more detail on implications of each generalized position for specific aspects of community foundation operations, governance and activities. We offer this to spark your thinking and orient your staff and board to the range of positions community foundations might hold.

■ **Community vitality emphasis.** Community foundations positioned with a community vitality emphasis consider the “community” to be the primary customer for the foundation’s products and services. Building better, stronger, more vital communities in the region *is* the principal business of these community foundations. As such, the grantmaking, convening, donor services and other program work these foundations do with community stakeholders, nonprofits, donors and partners are considered a means to the end of building stronger towns, counties and areas that comprise the region. One unique value these foundations might offer to rural-focused donors is *in-depth* and non-partisan knowledge of rural communities and local players in the region. *See the matrix for more characteristics of this position.*

■ **Nonprofit vitality emphasis.** Community foundations positioned with a nonprofit vitality emphasis consider the nonprofits (individually and/or collectively) in their service area to be the primary customer(s) for the foundation’s products and services. Building a better, stronger, more vital nonprofit community *is* the principal business of these community foundations and is often based upon the notion that a stronger, more stable nonprofit community providing essential quality-of-life services will result in stronger, more vital communities. Besides traditional grants, these foundations may also offer nonprofit technical assistance workshops, events that connect donors with

nonprofit leaders, and join in proposals to external funding sources. One unique value these foundations might offer is expertise on the role and effectiveness of area nonprofits as well as influence over public policy issues that affect nonprofits. *See the matrix for more characteristics of this position.*

■ **Regional vitality emphasis.** Community foundations positioned with a regional vitality emphasis consider their entire service region rather than individual cities, towns, counties or donors to be the primary customers for the foundation's products and services. Building a better, stronger, more vital region *is* the principal business of these community foundations. Most common among community foundations that serve a large rural territory with one or two service or "hub" cities, the regional emphasis emerges from the notion that a stronger, more stable region will result in a whole greater than the sum of its individual towns and cities. As such, these foundations engage in and encourage collaboration and programs focused on addressing regional issues while seeking board members and donors that share a regional vision. One unique value these foundations might offer is expertise in regional community economic development, public policy and leadership. *See the matrix for more characteristics of this position.*

■ **Donor service emphasis.** Community foundations positioned with a donor emphasis consider donors (individually and/or collectively) in their service area to be the primary customer(s) for the foundation's products and services. Providing opportunities and services that satisfy and further engage donors in community philanthropy *is* the principal business of these community foundations. This positioning is often based upon the notion that satisfied and engaged donors will contribute more—and, over time, better targeted—resources to build a stronger, vital region. As such, these foundations continually customize their products and services to meet the needs of donors—from special investment options to one-on-one site visits to customized research on particular topics or nonprofits. The unique value these foundations might offer is high touch donor services matched with community networks and expertise. *See the matrix for more characteristics of this position.*

As noted above, the accompanying matrix delves deeper into each of these prevailing community foundation positions. Upon reviewing it, you may find familiar some of the implications of your foundation's current position. Once again, your foundation's current position likely is not—nor will you choose in the future to be—quite as cut-and-dried as any one of these positions. But as you experiment with altering and refining your foundation's market position in *Exercise 2*, you can use these generalized roles to help you foresee some of the benefits and challenges that might emanate from situating yourself with one (or a blend) of these positions.

RURAL COMMUNITY FOUNDATION PREVAILING POSITIONS

Implications	Position emphasis			
	Community Vitality Emphasis	Nonprofit Vitality Emphasis	Regional Vitality Emphasis	Donor Service Emphasis
Participation	Highly inclusive of people from all walks and stations of life, though not always at a deep level; wide participation and broad understanding of CF's role throughout the community at large	Tends to be inclusive depending on the individuals and agencies represented in the nonprofit community; but tends to favor participation by nonprofit "professionals"—CEOs, staff and sometimes boards of area nonprofits	Tends to be exclusive based on regional focus; participation at the regional level by key leaders, donors and nonprofits whose professions or interests connect them to a whole region, rather than a particular town or area	Tends to be most exclusive; generally, individuals of high wealth or standing in the community— <i>giving</i> is point of entry (though not necessarily establishing a fund)
Fund mix favors	Area Funds , Unrestricted Funds, Community-Restricted Scholarships	Agency Endowments , Designated Funds, Unrestricted Funds, Institution-Tied Scholarships	Regional/Area Funds , Field of Interest Funds, Unrestricted Funds, Regionwide Scholarships	Advised Funds , Designated Funds, Field of Interest Funds, Named Scholarships
Donor mix	Wide range of donors—but generally focused on "all community comers;" besides long-time residents, might appeal to rural newcomers or part-time residents who wish to preserve the qualities of community	Donors of varying wealth but tend to attract donors with commitments to particular causes or specific, existing nonprofits	Tend to attract donors (of varying wealth) that share a commitment to regional prosperity rather than to a single community; might also include newcomers or part-time residents that wish to preserve the qualities of the region	Because of high level of customization, tend to attract higher net worth individual, family and business donors able to establish their own named fund
Convening role	Neutral convener or mediator among community interests; broad convening on issues and community planning; might facilitate meetings or site visits among donors and community leaders and of local financial planners	Nonprofit convener, especially for collaborative learning and ventures, often parallels role of a "nonprofit association," might facilitate donor site visits, convene planned giving and other TA workshops for nonprofit boards/staff	Regional convener; link state and national agency and organization resources with regional leaders, organizations and population; tends to be issue or planning oriented; also convenes regional financial advisors; might lead regional "planned giving" consortium	Convener of donors and philanthropic leaders; examples might include "donor circles," site visits, community leadership meetings, as well as convening financial planners
Program/grantmaking	Focus on local knowledge, organizations and priorities	Focuses on nonprofit development, stability, service delivery, interests and priorities.	Focuses on promoting regional identity and cooperation and leveraging resources into the region—tends to avoid single community projects except as demonstrations	Focuses on grantmaking, leveraging, deal-making, and research customized to address the most prevalent as well as individual donor interests
Grantmaking methods	Participatory, often include local advisory committees but almost always demands program staff to be present and visible in communities	Focused on technical assistance to and developing effective relationships among nonprofit grantees; can sometimes involve peer-review by other nonprofits	Focuses on regionwide priorities, often involves proposal screening by a group of regional leaders—or the foundation's own board	Plays varying roles from providing simple due diligence, to facilitating site visits, to competitive RDPs, to providing research and suggestions to donors
Operating costs	Traditional fee structure does not tend to fully cover community work; a mix of private foundation resources, annual giving and operating endowment helps to meet operating budget	Traditional fee structure comes closer to covering operations; however, private foundation resources, fee for service and annual giving make up the difference	Traditional fee structure may or may not cover regional leadership activities; private foundation resources, partnerships with other regional organizations, and operating endowment make up the difference Traditional	fee structure can cover the donor emphasis depending upon how tightly the CF is able to match its level of service with its pricing; fee for service activities sometimes make up the difference
Board make-up and capacities	Emphasis on members with community involvement and knowledge, and achieving a board that "looks like" the community	Emphasis on members with nonprofit expertise or experience; in some cases, foundation has seats designated for leaders of nonprofits	Emphasis on members with a "regional vision"—rather than representation by or specific knowledge of single communities	Emphasis on members who are gatekeepers to wealthy people, wealthy individuals, and technical (investment, philanthropic, marketing) experts
Development staff capacities	Generalists and populists; grassroots fundraising skills; ability to work with a wide range of donors of varying means and philanthropic awareness; planned giving (esp bequest) skills; also, helps to have grantwriting skills and private foundation contacts	Generalists but with strong experience in planned giving and other giving vehicles that lend themselves to agency endowments (CRTs, bequests, annual appeals); ability to place CF in partnership (rather than competition) with other nonprofit fundraisers and boards	Generalists; grassroots and planned giving experience along with ability to raise funds from public and foundation sources to advance regional approach—regional emphasis brings along more of a "project" or "campaign" mindset in fundraising	Experts in planned giving and stock and land transfers; ability to quickly match CF products to individual donors' stated or unstated desires; comfort with high wealth individuals and families as well as financial planners and attorneys
Program staff capacities	Generalist that can work across many program fields; expansive and diverse knowledge of community issues, strengths and leaders; strong communication skills and objectivity required	Generalist across fields, but with experience in or honed understanding of nonprofit management and development issues; strong communication skills and objectivity required	Generalist that can work across diverse program fields but with specific knowledge of priority regional issues, strengths and leaders; strong communication skills and objectivity required	"Customer Service" disposition; relationship between donor and staff often parallels that of broker/client; staff must have broad knowledge of community and nonprofits to serve in broker role
A message emanating from this position sounds like...	<i>What future are we building for our children? KCDF endowment funds and community grants let communities take control of their development to secure a better quality of life for themselves and the generations to come. (Kenya Community Development Foundation)</i>	<i>The goal of the organizational capacity building grant program is to strengthen the impact of Maine-based non-profit organizations by improving their organizational capacity. (Maine Community Foundation)</i>	<i>To serve as an independent staging ground for residents, individually and in concert, to build social, economic and environmental prosperity in California's North Coast. (Humboldt Area Foundation—CA)</i>	<i>The Foundation enables donors to achieve their charitable goals and give back to their communities. (Foundation for the Tri-State Community—KY/OH/WV)</i>

Think about what you would like to be definitely true—and widely understood—about your foundation five years from now. Answer these questions as if you have succeeded in getting there, and as if it is five years from now!

CHART 2. THE FIVE YEAR FORECAST: WHAT IS OUR DESIRED MARKET POSITION?

Question	What I wish for my community foundation...	My reasons for that answer	Two things that would help us get there...
Who are we?			
What business are we in?			
Whom (which people, organizations, communities, regions, populations) are we serving today? <i>(These are our “customers.”)</i>			
What are the special needs of our customers that we currently address?			
With whom do we currently compete in serving these customers with these services?			
What makes our products and services different from what our competitors are offering?			
What, if any, is the unique benefit or value our customers currently derive from our products and services?			

Exercise 2. What is our desired market position?

Now reconvene your group from *Exercise 1* and try your hand at detailing the market position you *want* to establish in your region.

Here again is one way to do it.

- **Fill it out individually.** Using Chart 2, break ground on this step by simply asking your entire staff and board group to answer and offer some comments on the seven position questions. Have each person do this by him or herself!

In the spirit of brainstorming, there are still no wrong answers. But just envisioning it won't make it so! This time, there is a far greater urgency to ground your "envisioned position" in a few things, including the research you've already conducted in Steps 1 and 2, your assessment of the community foundation's current position, and a realistic sense of how the foundation can most effectively serve the region. In other words, this exercise must not tap only the creative and visionary talents of your staff and board, it should also be reality-based and action oriented, allowing you to apply what you have learned from your past toward making a change for the better—a better organization and a better region.

To help ground yourselves, the second and third columns in this chart will help you begin a case for *why and how* your community foundation would make these specific choices in crafting an effective market position. Above all, keep it real: Just *envisioning* your community foundation as competing toe-to-toe with Fidelity's Charitable Gift Fund in wealthy rural retirement communities doesn't make it realistic or appropriate. But it might be...*make the case!*

- **Compare your answers—and discuss!** Now get together and share your charts with each other. (To help save group time, have someone collect the answers in advance and compile a summary.) Together, note any glaring differences, obvious commonalities and gaping holes.

Once again, a lively conversation is likely to ensue. This is real work, but it can be rewarding! Find the answers that you can agree on first and declare these decided (at least for now)! Then discuss the pros and cons of varying options involved in your dissimilar answers in light of these "shared decisions." You may find it easier to come to agreement doing it this way, or you may find there is something left for you to research before you can complete or agree on your answers.

- **Set some next steps—and a deadline.** If your discussion does not achieve a consensus, develop a limited set of action steps you must undertake to surface the

essential information or input that will address your unanswered questions. Then set a deadline for when you will reconvene to settle on your choices.

- **Craft your answers into a five-position statement that excites you.** Bring your answers together into a several-sentence position statement that articulates your foundation's unique role in the region, focusing most on the market emphases that make sense to you. Hire a professional to help if you don't have the talent in house! Keep your Chart 2 handy as a backdrop. It can help new board and staff members come up to speed and understand your choices. And you can use it as a baseline to test your progress in establishing your position, through donor surveys, one-on-one meetings and community convenings.

READ THIS! Everyone and anyone who works with prospective donors, especially when you are cultivating one-on-one relationships, must be able to articulate in their own words (that is, not by memorizing a brochure) the community foundation's answers to these positioning questions.

While these questions may not be asked *as such*, prospective donors and institutional funders will want this information. Moreover, *you* will want to know that anyone that speaks on behalf of the community foundation is presenting a consistent and accurate endowment-building message, goal and strategy.

What is your rural endowment building goal?

Here's where this all comes together to focus on rural endowment building. Let's say you have set your sights either on maintaining your current or establishing a new market position, and that you have it articulated.

Your community foundation's rural endowment-building goal(s) must align with this position. If not, it is unlikely that you will be successful. Even if you are successful once or with a few donors, it is unlikely that you will grow your effort into a rural endowment-building engine for years to come. Why not? It's because if your goal does not align with the market position you establish, you will not be placing adequate emphasis in your daily activities on services that will bolster and continue to advance your goal.

Exercise 3. What is your rural endowment goal?

So, take your articulated market position, your understanding of its principal emphases (community, nonprofit or regional vitality, donor service) and your underlying detailed specifics from *Chart 2*. Keep in mind *Chart 1* and your current position.

- What kind of rural endowment-building goal(s) would help you move from where you are now toward achieving your desired position? To write just one goal, answer these questions:
- What type of rural-focused endowment fund do we want to build?
- What and type and number of donors do we want to target to build that type of fund?
- How much do we think we can realistically (but bodaciously) raise for that endowment....
- Over what period of time?

Now combine your answers to create you rural-endowment building GOAL:

To build rural endowment and enhance rural vitality, we will raise _____ dollars from _____ donors (number and type) through _____ type/mix of funds over _____ time.

You now have your foundation's "working" goal statement. It is pretty realistic because it represents your knowledge of self, your environment and an understanding of your unique position in the world. As you work through the next few steps in this framework and as you experience a few successes and a few setbacks related to your goal, you will be even better equipped to refine, alter and adapt your goal statement to build an engine for rural endowments.

Of course, you can—and likely will—have more than one rural endowment building goal at a time. But you should go through the remaining Steps 4, 5 and 6 with one goal in mind at a time. So, see if you can take just one, and move on to *Step 4!*