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areas it has concentrated on in the past, such as early childhood development, the environment and government accountability.

Instead, it will fund three broad program areas that cut across social issues, including those it has funded in the past. They are: ensuring the well-being of children, youth and families; bridging racial and class differences; and strengthening communities' human and natural resources over the long-term.

"We have a particular interest in seeing impact in areas where poverty prevails and race divides," says Gayle Williams Dorman, who became the foundation's executive director last year.

In handing out grants in each of the three new program areas, the foundation will look for strategies that pull together people and organizations in communities in the South.

Specifically, funds will be directed to "strengthen the capacity" of organizations working in the three program areas. Funds also will be targeted at

communities in which organizations are working together to solve social problems in ways that involve community residents and develop community leaders.

The changes in funding strategy, which will be fine-tuned in focus-group discussions this fall, are not likely to affect how much the foundation awards in grants each year. Last year, the Babcock foundation made grants totaling roughly \$3 million.

The foundation, which suspended its grantmaking this year while it examined its priorities, has not yet decided on the grantmaking process and schedule it will use when it resumes its funding in the spring. Grant guidelines will be spelled out in the foundation's 1994 annual report, to be distributed early next year.

While the foundation hopes to better channel its resources, Dorman says the new program areas are true to its history.

"What we did was take a broad look at how social change takes place, the role of philanthropy and the present and emerging pressing issues in the Southeast," she says. "And then we also looked at the finest traditions of the Babcock Foundation."

**SCRAP**

CONTINUED FROM PAGE 3

what this stuff costs when you want to go buy it in the store. We could get much more money for this.' Then you stop yourself, and say, 'Wait a minute. We could, but then we're not serving our community.' And it's a constant balancing act."

Hoffman says that as executive director, she is caught between the board's desire to maintain the nonprofit mission of the Scrap Exchange and the day-to-day reality of making sure the organization is running smoothly.

The board "would like us to function and meet the need in the community," she says. "They would like us to be self-sufficient and/or have support, but how we do that is up to me."

"We really are faced with two strings pulling at us. Because if you go too far in either direction, you're not serving your mission or the organization. You're not serving the organization if you go under."

Nearly one-third of operating revenues for the Scrap Exchange come from store receipts. The remainder comes from fundraising.

With only two full-time staff members, Hoffman does most of the grantwriting, marketing and soliciting of contributions.

The staff is "schizophrenically pursuing grants and contributions in our spare time, which we don't have, and marketing our services and goods as though we were a bottom line business," she says.

Joe Appleton, co-founder of the Scrap Exchange and its board president, says continuing to provide programming and arts materials at a low cost will require the board to become more involved in raising money.

"It's been a conscious decision from the beginning not to do a lot of that, but grantmaking will peak at some point and we will have to do active fundraising," he says.

In reaching the point at which good intentions run head on into economic realities, the Scrap Exchange is not alone, says Marilyn Hartman, head of Duke University's Continuing Education Program in Nonprofit Management.

Many nonprofits find it difficult to keep financially afloat, she says, because many people who start nonprofits don't have the training

in business that is necessary to run organizations successfully.

"These are people who have Masters in Doing Good," she says. "They avoid courses in business like the plague, because they're anathema to them. But now they realize that they need to know business."

Maggie McGlynn, who heads nonprofit management consultant McGlynn Associates in Carrboro, says that business training and financial know-how won't necessarily bring success on their own. The real tension, she says, often is between a board and staff of a nonprofit that should have distinct responsibilities to the organization.

"A good executive director is going to do whatever is within reason to meet the budget," she says. "That's a responsibility they have. The board, in turn, should be aware of the fact if the executive director is going afield. That's what their role is: To make sure that the whole plan is being met."

McGlynn advises nonprofits to devise a long-range plan. That plan should spell out how to ensure financial stability without losing sight of the organization's mission. It also should define the respective roles and responsibilities of the board and staff.

What's more, she says, a key task for the organization will be to maintain open communication between the executive director and the board.

A plan helps to set a direction for the organization, and helps focus people on specific goals, she says, while communication is central to keeping the goals of the organization in sight.

"If an organization hasn't gone through a period of planning, they can get overwhelmed. The issue of fundraising is so big and scary that it's easier to avoid it."

While the Scrap Exchange is well aware of the challenges it faces, Hoffman and the board still are wrestling with how to strike that elusive balance between fulfilling and financing its mission.

And as with most nonprofits, mission remains the ultimate concern.

Says Appleton, the board president: "If we cannot continue to do teacher and children workshops, and the other things we do, for cost, and to make it affordable and accessible to the public, we should not exist."



Pat Hoffman

**W**

hat we did was take a broad look at how social change takes place, the role of philanthropy and the present and emerging pressing issues in the Southeast. And then we also looked at the finest traditions of the Babcock Foundation.

**GAYLE WILLIAMS DORMAN**

*Executive Director  
Mary Reynolds Babcock Foundation*

The new strategy was based on a number of factors, Dorman says, including "the foundation's traditions of being willing to take risks with people who were trying to improve their own lives and their communities, and the foundation's bedrock commitment to democracy and justice and compassion."

The strategy of funding collaborative, community-based efforts to tackle interconnected social problems stems from the twin realizations that the problems facing the South are

complex and can best be solved by strengthening local resources, Dorman says.

"The pressing issues of the time are not categorical issues. They are issues that are cross-cutting. They just require a broader and more inclusive way of understanding what the dynamics of the issues are and therefore what the possible solutions are."

In addition to holding focus groups, the foundation also will be talking to other major funders about how to support more collaborative efforts in the region.

The foundation's goal, Dorman says, is to "support and spur the development of greater capacity in the South for building just and caring communities."

Accomplishing that goal will mean facing some tough hurdles. The biggest, she says, are poverty and racism.

But the nonprofit sector also poses barriers, she says, including "the difficult and entrenched nature of so many of the problems" facing communities and "turfism among all of us in the sector... and the barrier of being caught in ways of doing business that perpetuate themselves."

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