

Message from the President

At the InterCHANGE of Imaginative and Bold

By **Rip Rapson**
President and CEO

In 2016, we marked a decade of continual reorientation at The Kresge Foundation. Over the course of some 80 years since its founding in 1924, Kresge perfected the art and science of challenge grants, a tool to help nonprofit organizations expand their base of individual donors as the final piece of campaigns to construct libraries and college science buildings, art centers and hospitals.

The Kresge brand became iconic. Indeed, we contributed in the most tangible ways to the completion of thousands of building projects of unquestionable importance – in our hometown of Detroit, across America and around the world. But our toolbox was, ultimately, limited to a single instrument, and the increasingly complex and nuanced world of capital fundraising had begun to relegate Kresge's contributions to the margins. Our trustees appropriately began to ask if it wasn't time to reassess our aspirations and adjust our methods.

Going for a Ride

That appetite for a refreshed perspective is captured in a story Elaine Rosen, our board chair, tells about her conversation in 2006 with fellow board member Lee Bollinger. The two were co-chairing the search process for a new Kresge president, which had begun to crystallize the possibilities of a different institutional aspiration. "What would it look like if we took Kresge's endowment out for a ride?" Bollinger asked.

He was not being cavalier about stewarding the resources of one of the nation's largest private philanthropies. He was instead suggesting that ingrained in that stewardship was the imperative to put those resources to their highest and best use – to be imaginative and bold.



Rip Rapson

In so many ways, Elaine and Lee's conversation set the stage for the foundation's next executive. It became an invitation for me, when I joined Kresge later that year, to help the board and staff explore how we might navigate into new waters, all the while respecting an honorable and venerable legacy of grantmaking.

Accelerated Gradualism

We moved deliberately, even slowly, to broaden our construct of capital investment – no longer just focusing on building campaigns, but instead expanding our funding along a spectrum of capital support. Where we had prioritized fundraising prowess, we introduced an emphasis on values – fostering community impact beyond the organization itself, advancing low-income opportunity, promoting environmental sustainability and others. In place of an undifferentiated approach to fields as diverse as health, the arts, education and human services, we sought to understand how philanthropic investment might play different roles in varied topical domains.

We concentrated our grantmaking into six fields: Arts & Culture, Education, Environment, Health, Human Services and Community Development. We assembled staff teams with deep content knowledge around each area. And we began to build out a capacity – which we termed our Social Investment Practice – to supplement our grantmaking with non-grant investments: loans, guarantees, deposits and equity investments.

The changes fundamentally reconceptualized and reconfigured the programmatic side of the house. But it also meant that the rest of the organization had to keep apace. Our investment and finance teams grew in size and complexity. We created teams for human resources, grants management, communications and information technology.

Within five years, we had made a full pivot. To resort to an overused philanthropic shorthand, we had entered the realm of strategic philanthropy – forward-looking, issues-based investments that focus on the root causes of social challenges, proactively employing a full array of tools.

The InterCHANGE

But that turn-of-the-wheel led to yet another. Over the next five years, we not only more sharply defined the nucleus of each of our six program areas, but also immersed ourselves in the complexities of a city struggling as few others had with private sector disinvestment, political dysfunction and economic meltdown.

↓ Initiatives like FreshLo, a collaboration between Kresge's Arts & Culture and Health teams, engage residents in the community development process. At the Little Mekong Market in St. Paul, Minnesota, FreshLo partners used an interactive Lite-Brite-style map to learn more about their community.





↑ One of the nation's oldest commercial districts, New Orleans' Claiborne Corridor was split by the construction of I-10 in the 1960s. Kresge's American Cities Practice is supporting its revival through the Greater New Orleans Foundation, which will create storefronts for small businesses and nonprofits while incorporating open spaces, art installations and demonstrations.

And we increasingly recognized that how we worked in Detroit influenced profoundly how we viewed our work elsewhere – so profoundly, in fact, that we distilled those experiences into what we term the “four fenceposts” of Kresge’s institutional identity. Stated simply: We seek to advance opportunity for low-income people living in America’s cities by applying a cross-disciplinary approach and calling on a full spectrum of capital tools.

In our 2015 annual report, we explored the fourth of those fenceposts – the diverse tools that constitute our Social Investment Practice. In 2016, we widen the aperture to explore the interaction of the fenceposts – what we term the InterCHANGE. It is an attempt to illustrate and elevate examples of the various methods we bring to bear to test, support, facilitate, share and uplift effective approaches to

improving outcomes for people who have been denied full opportunity – whether individually, institutionally or structurally.

At the Core

Despite evolving structures and methods, we have remained committed throughout our history to our founder’s mission: to promote human progress.

As Elaine states in her message, that aspiration has rarely been so challenging as we see widening economic, educational and health disparities between the wealthy and the poor. Deepening structural and generational impediments to economic and social mobility. An ever-narrowing window to prevent unmanageable, irreversible effects of a changing climate. A growing chasm between resource-rich neighborhoods and communities struggling



to stabilize and revitalize. A continuing erosion in our ability to have open, candid and probing discourse about racial justice.

What is reflected here is not the full solution to any one of these challenges. But it does offer a window into the possibilities. Please let us know what you think.

Lasting Legacy

With powerful, mixed emotions, we are saying goodbye to two longtime trustees who brought passion, insight and integrity to their board service over the past 16 years. Irene Hirano Inouye and Lee Bollinger, who both joined the foundation in 2001, have left an indelible mark at every stage – and in every dimension – of the foundation’s evolution to a new orientation.

Each possesses deep intellect and profound decency in equal measure. We would not have traveled this path but for their formative roles. It is impossible to overstate my gratitude – and the gratitude of the entire Kresge family – for their service.

Rip Rapson
President and CEO

↑ People enjoy the waterfront in Oakland, California, where Kresge supports efforts to improve affordable housing and enforce tenants’ rights.