



“As a strategic philanthropy, we aim to advance specific objectives. We have a more complete tool set to view issues broadly, to take measured risk and to advance opportunity for low-income and vulnerable people.”

Photo by Douglas Schaible

## Letter From the Chairwoman

Reviewing strategy, tightening the message, stress-testing relevance — this is what dynamic organizations do. They take stock of their enterprises to assess what is working, what isn't, what to keep and what to change. It's a natural step in the constant evolution and growth of organizations and, to my mind, a hallmark of the best of them.

In 2012, we at The Kresge Foundation took stock of our grantmaking investments. We looked at our programs and asked: Are they supporting our broad mission to promote human progress? Are our strategies focused laser-like on problems that, if ameliorated, will give greater numbers of individuals the opportunities necessary to lead self-determined lives? In short, would Mr. Kresge be proud enough?

As you can imagine, we identified areas for improvement and applied ourselves to them. That is, after all, what good organizations must do. In the process, we adjusted the scope of our work, deciding to concentrate our efforts in cities — where majorities of low-income people live — in order to heighten the impact of our work.

Overall, I am pleased to say the essential threads of our enterprise are strong — unifying our mission with our staff and programs, the national circumstance, our partners, the locales in which we work and, ultimately, the intended recipients.

### Supply and demand

As part of our taking stock, I spent time thinking about supply and demand.

In the private sector — where I come from — there is a somewhat predictable relationship between supply and demand. Some economic theory subscribes to the notion that there should be an honest equilibrium between the two.

While this can be endlessly debated, there is an intriguing point I want to make: The natural forces at work when demand increases in the private sector are not, by nature, available when demand increases in the not-for-profit sector.

At Kresge, the shrinking supply of monetary resources available to many of the not-for-profit sectors we support has become top of mind. We, and other large philanthropic institutions, find ourselves in a new place.

Few times in American history have philanthropic dollars been more necessary to the national welfare. Few times has private philanthropy seen such gaps in public/government support for the needs of the least fortunate. Yet even the seemingly vast landscape of private philanthropy cannot fill the public-sector pullback.

One answer is that philanthropy must leverage its reach and effectiveness.

We have come to rely on two approaches that are now embedded in our Kresge fabric. First, there is power in collective philanthropic action directed toward a shared goal. We have found and nurtured great partners to do so. Partnering with other foundations to award grants for operating or project support often can make all the difference to an organization working on the front lines to improve access to health care, for example.

Second, there is power in leveraging a combination of tools — grants with loans, or a loan with a linked deposit, or a guaranty that enables another partner to invest or a nonprofit to qualify for a loan in its own right. Through our Social Investment Practice, we are broadening our abilities in this arena.

This fledgling endeavor began a few years ago and hit its stride in 2012. Social investing has expanded how we think about what we do with our money. It enables us to put more of our endowment to work.

As a strategic philanthropy, we aim to advance specific objectives. We have a more complete tool set to view issues broadly, to take measured risk and to advance opportunity for low-income and vulnerable people. We have set a high bar. We manage our resources with a steady hand. Accountability and transparency are musts and givens.

Taking stock has enabled us to clarify our aims and elevate our ambitions. We at Kresge are deeply committed to helping equalize opportunity and making access more fair. In this way, we hope to improve the quality of life of those who struggle and, collectively, strengthen the nation's economic mainstream.

We are guided in these endeavors by a board of trustees who bring accomplished lives and generous, decent values to their task, and by staff members who tirelessly and proudly carry out our best interpretation of what our founder, Sebastian Kresge, set us on the course to do.

I invite you to read on and learn more about our progress to date.

**Elaine D. Rosen**

Chairwoman — The Kresge Foundation