

## LETTER FROM THE PRESIDENT

RIP RAPSON



IT'S HARD NOT TO BE IMPATIENT. We wrote in last year's annual report about our aspirations to change trajectory—toward more flexible, innovative, strategic grantmaking. And Elaine Rosen's letter that begins this report eloquently sets out some of the very substantial progress we've made.

Indeed, we have made progress. Real, tangible, and important progress. And yet, when you have a sense of where you want to go and how you want to get there, progress somehow seems inadequate. The needs are too pressing, the opportunities too large, not to work at the leading edge of an institution's potential.

This annual report suggests, nonetheless, that we find ourselves right where we are supposed to be: in the early stages—but clearly not at the beginning—of a multi-year transformation to become philanthropic partners of the first order. In alliance with worthy nonprofit organizations, we are laying down the building blocks that will position The Kresge Foundation to contribute in measurable and enduring ways to improving the life opportunities of society's most vulnerable individuals.

The values criteria we introduced in 2007 recognize that an institution like ours cannot content itself to remain seemingly neutral about the intractable problems and heartbreaking dislocation caused by poverty and our country's ever-widening economic divide, the deterioration of once-great cities and bucolic rural areas, the failing health of the planet we call home. We instead need to have a point of view—about what

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is important, about who is positioned to make a dent, about how our foundation can add value to the mix.

We are evolving our thinking about all three.

#### **ASKING WHAT IS IMPORTANT — CONCENTRATING OUR ENERGIES**

We recognize that multiple dimensions of community life contribute to individual opportunity, family stability, and community vitality. We continue to fund education, the arts, human services, community development, and other community building blocks. But we have set on a course of diving deeper into issues of climate change, community health, and urban revitalization, particularly in Detroit. A word about each.

There is perhaps no better example of the shifts precipitated by our values criteria than the foundation's emerging emphasis on community-based health. Less institutionally focused, less capital-driven, the health program will be centered on the intersection of the physical, social, and economic determinants of positive, and negative, health outcomes at the community level.

The seeds of our environment program were sown many years ago with the creation of our Green Building Initiative, a program that promoted environmentally sustainable construction of non-profit facilities by underwriting integrated planning. It was a toe into the water of the climate change imperative that has become one of the defining challenges of the 21st century. We intend to explore three aspects of that challenge: reducing greenhouse-gas emissions in the built environment; accelerating the adoption of renewable energy technologies, with a primary interest in the Midwestern United States; and helping society adapt to the anticipated, negative impacts of climate change.

For as long as there has been a Kresge Foundation, there has been a philanthropic commitment to Detroit. It is a great American city, one that through the sweat of its collective brow, gave birth to the nation's middle class. It was here that Sebastian S. Kresge established his first five-and-dime store. Using the challenge grant approach as its pivot, Kresge historically emphasized strengthening Detroit's civic institutions and public gathering spaces. We have broadened that emphasis to encompass a

five-part strategic framework: revitalizing the downtown, recalibrating the regional economy, stabilizing neighborhoods, enhancing the natural environment, and promoting a robust arts and culture ecosystem.

### **EVALUATING ORGANIZATIONAL SUSTAINABILITY — EXPANDING OUR TOOLBOX**

We have begun to evaluate organizations through a different lens, asking how their project of the moment fits into their long-term plan for sustainability. This requires that we evaluate more carefully the organization's needs in light of its stage of development. It may need a facilities grant in order to catapult to its next stage of development, but it may instead, or also, need support for more preliminary business planning, for growth, or for post-building activities. That in turn implicates a suite of questions relatively new to Kresge—questions about programmatic innovation, leadership development, operational resiliency, and financial well-being.

### **ASSESSING OUR ADDED VALUE — PLACING OUR GRANTMAKING INTO CONTEXT**

We have started to ask more systematically how our support adds value—to an organization, to a field of work, to a place. We cannot afford the luxury of parachuting into a capital campaign solely through the reference point of the grantee's campaign request. We instead have to think contextually—how does this

campaign contribute to a broader set of community interests, strengthen a field, promote innovation, or connect other important values beyond the project itself? We also have to think about matching the nature of our support with the nature of the project's needs—does it suggest growth capital, operating support, program support, early-stage capital, program-related investments, or some other form of assistance?

This annual report suggests the extent to which these three considerations have begun to take form over the last year. As far as we have come, we are in mid-course. We earnestly welcome your observations, suggestions, and critiques about how we are doing. Tempering our impatience with your insights will help propel us forward with even greater intention and energy.

Many thanks.

A handwritten signature in dark ink, appearing to read 'Rip Rapson', with a large, stylized loop at the top.

RIP RAPSON, PRESIDENT