



Remarks of Gregory W. Powell, Trustee  
Harold Alfond Foundation

**2003 CVO/CEO Conference of the YMCA Alliance of Maine**

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Thank you for the introduction, Ken, and thank you, Mike, for inviting me here today and thanks to you all.

“Leaving a Legacy Through Collaboration.” What a topic! You should all know that I didn’t pick the name for this speech. So to get myself up to speed and knowing what a smart group of people were going to be here, I figured I’d better check out the definition of words like “legacy,” and “collaboration.” Well, what I found kind of surprised me. The American Heritage Dictionary defined “legacy” as anything handed down by an ancestor or predecessor. I guess we can all agree the concept of legacy is leaving our communities a better place than the way we found them, but the definition of “collaborate” was the one that threw me for a loop. It seems like the word “collaboration” is used all the time now in reference to philanthropy and non-profit work. But according to the American Heritage Dictionary, collaborate means, and I quote, “to cooperate treasonably, as with an enemy occupying one’s country.”

Now, for those of you who have engaged in any non-profit collaborations, you know that collaboration in philanthropy today isn’t supposed to be “treasonable,” or “work with the enemy.” But at the same time, it sure feels like that sometimes.

So in the interest of providing some helpful thoughts for all of you as leaders of your YMCA’s and leaders in your communities, let’s start by defining “collaboration” in a positive way.

In non-profit circles, collaboration should mean “working with others as partners to help our fellow man.” The distinctive part of collaboration is the part about “working with others as partners.” For collaboration to be successful, those partners can’t be seen as “enemies.” Rather, as teammates picked for an all-star game. In short, collaboration requires forging new alliances, establishing common ground, and working with state agencies, local government, or other non-profits -- all to achieve a superior result.

Today, collaboration in the non-profit sector holds special promise. Our state faces a budget deficit of nearly \$1 Billion. The tax base of local governments is severely strained in many communities because of job layoffs and industry decline. Municipal budgets are being cut. Likewise, the budgets and donor base of non-profit organizations themselves are facing substantial economic challenges. Against this background, opportunities to collaborate may be more available than ever. Indeed, collaboration may become essential.

Now that we have agreed that collaboration shouldn't be viewed as treasonous or treachery, and suggested it may even be important in our current fiscal state, I would like to describe the Alfond Foundation's experience with collaboration in the City of Waterville. For decades, Mr. Alfond has used basic principles of collaboration in his philanthropy. Challenge matching grants are his trademark and the essence of matching challenges is teamwork, partnership and wide community involvement. But in the City of Waterville, he pushed the envelope, and so I am going to focus on that project in my remarks. After we talk about Waterville, I hope to describe seven lessons or methods of operating that either helped our collaborative project in Waterville or would have helped the project if we had been smart enough to follow them at the time.

My thoughts on this require a disclaimer. All of you here have special and unique perspectives on your communities, your YMCA organizations, your donors, and the children and families you serve. So at the end of the day, my thoughts and views and those of the Alfond Foundation are the perspective of an outsider. Each community has to find its own way. The Alfond Foundation's experience with collaboration and what we have learned from those experiences are something that I am glad to share with you. But in the end, you are the experts.

**The Waterville Collaboration.** Harold Alfond is the founder of Dexter Shoe Company and was a resident of Waterville, Maine for many years. He funded Maine's first private foundation in the 1950's. He will be 89 years old this May, and during his lifetime, by our best count, has now given away over \$100 million to charities and educational institutions of all kinds. With that kind of living legacy, Mr. Alfond tends to get on every charity's "hit list" to raise money and that was true in 1996.

In early 1996, Mr. Alfond received three separate requests for funding from three youth recreation organizations in Waterville: The YMCA, the Boys & Girls Club, and the Waterville Parks & Recreation Department. First, the Waterville YMCA facility was in bad shape. It was out of compliance with ADA requirements, in need of substantial repairs to its air conditioning and heating systems, had debt in excess of \$400,000, and had not had a major capital campaign in years. Likewise, the City of Waterville itself badly needed money to repair, if not replace, its outdoor swimming pool, which had been a great asset to the young people of Waterville for decades. Finally, the Waterville Boys and Girls Club had an outdated, very old facility. It had just completed a successful capital campaign in response to a challenge grant of Mr. Alfond, but the facility was so old, renovating it seemed to be a waste of money, so more money was needed if a new building was to be built.

In assessing the situation, several factors were important and not unlike those many communities are facing today. First, all three organizations were serving important recreational needs of young people and families. Second, the Waterville community, indeed the Central Maine area as a whole, was suffering economically because of cutbacks in the paper industry and other businesses. Third, as a result of these economic constraints, it was hard to imagine how

charitable dollars could be raised for each of these three projects, as worthy as each one was. As Mr. Alfond would put it, thinking about a simultaneous city tax hike on top of two competing capital campaigns between the YMCA and the Boys Club, “they’ll kill each other!” Nobody will succeed. And so, against this background, a combination YMCA/Boys Club and municipal pool were built through “collaboration.”

On October 16, 1996, Mr. Alfond assembled a group of community leaders at the Good Will-Hinckley School outside Skowhegan, Maine. At that meeting, he delivered a letter addressed to the mayor, the CEO of the Waterville YMCA, and the Executive Director of the Boys and Girls Club. He offered the community leaders a challenge. That challenge was to build the best youth recreation center in the country -- a center that, and I quote, “would provide facilities for the great missions and work of each of your agencies under one roof.” Basic terms and conditions for this collaboration between three separate entities -- the YMCA, the Boys Club, and the Town Parks & Recreation Department -- were laid out. And Mr. Alfond promised \$3 for every dollar the three agencies raised toward the project, working together as a team.

Because this was a “collaboration,” these conditions included the requirement that the Boys and Girls Club, YMCA, and City work together on the “fundraising, construction, and development of a single youth recreation facility which would be the new home of the Boys Club, YMCA, and City pool operations.” The effort would be led by a joint committee or Board -- not unlike the conference committees that exist between the House of Representatives and the Senate, or the alliance committees you have for Y’s across the state. To preserve endowment funds of the Boys Club and the YMCA, it was made clear that both organizations should be maintained and that they should retain their board of directors and compliance with all national requirements. However, operational management for the Boys Club and YMCA was to be delegated to a new non-profit agency centralizing management to save costs and avoid overlap in effort.

Mr. Alfond’s challenge was accepted by the community and, at the end of the day, after a lot of hard work, infighting, turf battles, and maybe even a little “cooperation with the enemy” eight million dollars was raised, a new outdoor pool was built, and a new state of the art indoor recreation facility of over 60,000 square feet was built, with two pools, multiple basketball courts, game rooms, kitchen, and other facilities. In short, under the same roof, the Y and Boys Club teamed up for the benefit of the town and area citizens. The Center now serves over 6,000 kids and hundreds of area families. Our Secretary of State, Colin Powell, visited the center three years ago and called it “the best youth center in the country.”

So that is the example of collaboration I wanted to share with you this afternoon. One that Mr. Alfond is especially proud of, but one that didn’t come easily -- and even had its “treacherous” moments.

In the time remaining, let me summarize some of the key lessons and principals that we learned in our Waterville collaboration. These principals are not exhaustive, but I have seven for you to consider:

1. Craft a Mission Statement that is Approved by all Collaborating Parties and Use It.  
Articulating the mission up front in a way that satisfies all parties is critical to the success of any collaboration. As the project moves forward and hits potholes in the road, the team

needs to stay unified. Reminding the team of its Mission will help you through the turf battles and other challenges.

2. Build a Great Board of Directors. One of our weak spots in the Waterville collaboration project was the Board. In an effort to keep each of the three organizations happy, the Board was required to have representatives from each agency. However, as it turned out, many of these Board members were not familiar with the process of decision-making and lacked experience to handle the extra challenges of a collaboration. In a collaboration especially, Board members must be committed to the Mission, have prior board experience, the ability to think creatively and outside the box, time to spend, financial experience, and above all, access to money for the organization. There is an old saying about the key job of non-profit board members, some will say the three G's of the job, and it applies to all non-profit Boards. A board member must:

Give, Get, or Get off!

In short, each and every Board Member must contribute financially. An organization loses its credibility if it is out asking the public for money, when it has Board members who haven't seen fit to contribute. The Board should also have several members who have a strong background in finances. This means someone from the accounting industry, and someone from investments.

3. Select an outstanding CEO. The selection of a motivated, driven, talented Executive Director or CEO for a YMCA or other non-profit organization is critical. I can't underestimate the importance of this, but I won't spend a lot of time on it because I know you are all great CEO's here in this room, so that issue is moot. I will say that in the Waterville project, Mr. Alfond and I knew we had the right man when Ken Walsh was selected to be the leader of the collaboration project. It was an obvious choice for us based on an experience we had with him in New York City. In 1995, Ken, Harold and I were all at the New York Waldorf Astoria attending the National Football Foundation dinner, at which Mr. Alfond was to receive the Gold Medal award. Here we were in the lobby of the greatest hotel in the world. Ken was dressed to the nines in a tuxedo with Harold and I nearby. Up to Ken comes the most gorgeous woman you have ever seen and she walked straight up to him. She says: "I've been watching you from across the lobby and I think you're very handsome. I'll do anything for you." Ken looked nervously over at Mr. Alfond and replied, "Please make a donation to the Waterville Youth Center."

That's all it took for Mr. Alfond and I to know that we had the right man as the CEO of the Waterville project.

4. Raise Cash, Not Pledges. A central component of Mr. Alfond's philanthropy over the years has been to require partners and shared commitment by the community in every charitable project. Using basic business common sense, he has always wanted everyone to have "skin in the game." Just think about it. If you had a choice of investing in two businesses, which business would you choose? The business where all partners had invested cash, or a business where you were putting up cash, but the other partners weren't. Clearly, you ensure best efforts and long-term commitment from every member of the team when each member of the team has a personal stake in the project. Something to lose if success is not achieved. For similar reasons, pledges to make payments down the road, while important, are not nearly as helpful as cash up front. Pledges can be broken. Pledge payments can be delayed. On the

other hand, cash is indispensable to paying bills and expenses of a project, and the more you have it, the less likely you are to need debt.

5. Avoid Debt. A collaboration effort and non-profits in general should avoid debt at all costs. Incurring debt to fund a project or to even cover ongoing operations is a very bad idea. Non-profit debt is like gaining weight: it's easy to do and hard to get rid of. In our experience, it's almost impossible to mount a successful campaign to reduce debt.
6. Find a Key Donor to Contribute by Way of a Challenge Match. Since the 1950's, the matching grant idea has been used by Mr. Alfond repeatedly. As I mentioned, the most basic form of collaboration in the non-profit world is the matching challenge. As a successful businessman, Mr. Alfond has always felt comfortable applying business principles to charitable giving to leverage up his returns. The challenge match is an excellent example of this. Raising money is never easy, and I've always thought one of the hardest things to do is to explain to a donor why they must give now, instead of later. With the challenge match, you have the perfect reason. For us to get paid our match, we need your contribution now.

Another great advantage of the challenge match is its ability to bring in new donors and expand the reach of your organization to more members of the community. The match also serves as an incentive, because donors know that each one of their dollars will result in at least another dollar being donated to the charity, thus enhancing the impact of their participation.

7. Take Advantage of your Partners' Unique Strengths. Special Opportunities Arise When Dealing with Municipalities or State Agencies as Partners in your Collaboration Effort. Thinking creatively can take advantage of these special attributes. For example, in the Waterville project, while the Town of Waterville was not financially able to contribute cash to the building which would house the new Boys Club and YMCA, it was able to contribute land. Today, the Alfond Youth Center in Waterville sits on land donated by the Town of Waterville under a 100-year lease for the grand cost of \$1. As another example, most municipalities and some state agencies have the capacity to bond, or issue debt security, to finance public projects. Again, in the Waterville project, the Town of Waterville included the pool reconstruction as a part of a bond issue, and contributed an additional \$2 Million to the overall project because of this capacity. And so, a seventh suggestion is to remember that governmental partners in a collaboration effort have different resources than you do and these can be tapped to advance your Mission.

In sum, from our Waterville collaboration project, at least seven guiding principles emerged which may help you in your communities: craft a mission statement that is approved by all collaborating parties and use it; build a strong Board of Directors; select an outstanding CEO; raise cash, not pledges; find a donor who will match contributions to the project; avoid debt; and tap into the special resources of governmental partners.

I hope we will have time for a few questions, but let me wrap things up here with a personal observation and vote of thanks to each of you. The true meaning of collaboration in philanthropy should have no relationship to treachery or working with enemies. To the contrary, collaboration at its best reflects the effort of countless individuals in a community working as a team toward a common goal, to help others in need. We live in a dangerous and precarious time. With the threat of terrorism, war lurking on the horizon and our economy in a slump, it would be

easy to focus on all that is wrong in the world and ignore our communities. As an individual who has had the privilege to work with people like yourselves, dedicated as you are to the nurturing of young people and families, thanks, and congratulations are in order to each and every one of you.

When you think about the work of organizations like the YMCA, we see images of families and children. Last spring, I visited the Waterville Youth Recreation Center and spotted a 7 year old boy sitting alone in the lunch room, his feet with untied sneakers not touching the ground. I wondered where he came from and what his parents and home life were like. But in that moment, I saw a child (America's future, Mr. Alfond likes to say) munching on a sandwich, a look of contentment on his face expressing a full stomach, and the confidence that he was in a place for those few after school hours where he was safe and where a swim, basketball, and some adults who truly care for him were in his future. That youngster and others like him is what your work is all about, and the good that comes from your work is the essence of leaving the world a better place -- leaving a legacy.

In the months after September 11, 2001, I heard a priest at St. Joseph's College answer a question that focused on the overwhelming evil we all saw in those burning towers. The question was: where was God, where was God's goodness, on the morning of September 11? The priest's answer was that God was in the firemen, the policemen, the ambulance drivers, the nurses, and millions of Americans across the country who lent their efforts, or said prayers to help their fellow human beings. Well, every day, God and human goodness is in the countless numbers of volunteers and professionals like yourselves. You may not be famous, but your work for children and families, your efforts to nurture people like that little boy in untied sneakers, is what building a legacy is all about. On behalf of the Alfond Foundation, and as a citizen, I thank you for your great work and for the time you have allowed me to be with you this afternoon.