

Lessons From the Process of Creating the Native Governance Center

January 2018



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Abstract

This report documents the development of the Native Governance Center, beginning with the Bush Foundation's work supporting the self-determination of Native Nations, through the emergence of a fully independent, Native-led 501(c)(3) organization in 2015. Included is an analysis of the environment in which the new organization was developed, how we thought about the opportunity at hand, selecting an organizational model, financing considerations, building of leadership, developmental issues, and lessons learned along the way.

Our hope is that by reflecting on our experience, and sharing that with others, we can help make more knowledge and tools available to help others — foundation leaders, intrapreneurs and entrepreneurs in philanthropy, and other actors working to advance social good — who may be interested in pursuing a similar path, do their work better.

Where It Started

In 2009, the Bush Foundation set a Goal for the Decade to support the self-determination of the 23 Native Nations in our region. As we explored this topic, we discovered two groups — one based in Arizona and the other in Massachusetts — engaged in extensive research to understand the factors that contribute to self-determination. The University of Arizona's Native Nations Institute for Leadership, Management, and Policy (NNI) and the Harvard Project on American Indian Economic Development both found that effective tribal governance was an essential factor in sustainable community and economic development.

We realized that investing in efforts to strengthen and improve tribal governance structures, an approach referred to as nation building, could prove an effective strategy to support self-determination in the Native nations we serve. But even before we knew what we would do to achieve our goal, we knew how we wanted to work with the Native nations we serve. We did not want to perpetuate the paternalistic approach that only doomed so many previous philanthropic efforts. We wanted to form true partnerships, working with tribes to identify what they felt was the best way to identify as a nation, organize as a nation, and act as a nation. Said another way, we wanted to support nations as they redesign their governance systems to meet the needs and expectations of their citizens.

However, we soon discovered that programs doing this type of work, in the way we envisioned, did not exist; at least not at scale or in the region. So, we decided to

build our own program in partnership with Native Nations Institute (NNI) and the Harvard Project. We moved fast, dedicating significant budget to the initiative and recruiting Jaime Pinkham (Nez Perce) as our lead executive. By the end of 2009 we made our first nation-building grant and held our first gathering of elected tribal leaders. Shortly after, Jaime hit the road to get out and visit all 23 nations.

As we catapulted into this Native Nation building strategy, the work and program took the following forms:

1. ***The Rebuilders program***: A two-year program for tribal members that focused on learning nation-building tools and skills, and culminated in carrying out an action plan of positive change.
2. ***Education and peer engagement***: Introduced nation building to elected tribal leaders, offered in-depth training regarding nation-building tools and knowledge, engaged tribes in conversations about how to strengthen their tribal governance, as well as inter-tribal leader summits.
3. ***Grants for nation-building activities***: Could involve a single tribe or intergovernmental work between different tribes or U.S. governmental entities at any level.
4. ***Technical assistance and support***: Our program staff assisted tribal members with nation building activities either directly or indirectly by helping to hire consultants or contractors with relevant expertise.

Ours was a patient strategy built on principles of respect for sovereignty and self-determination, working collaboratively with each nation's elected leaders at their own speed and toward their own goals. We believed that our best work would come from a co-discovery with each nation, and that this work would take a generation or more to have the kind of lasting change we wanted to see.

Driving Forces for Change: A Need to do Something Bigger

By 2013 we had moved from start-up to worrying about how to keep up with demand, underscoring the level of commitment and sustained resources our 10-year goal required. We had built relationships with elected leaders, established reputation and trust with most of the Native communities we were working in, and were on our way to having more than 100 alumni of our Native Nations Rebuilders program active in positions of influence throughout our region. We had begun an evaluation effort to find out what had worked, what hadn't and how we might adjust our approach based on what was learned. Our 10-year commitment had in fact required patience and we carried with it an urgency to uphold hard-won trust.

Meanwhile, we were seeing an increase in regional demand for nation-building services, straining our own capacity and that of our key delivery partner, University of Arizona's Native Nations Institute for Leadership,

Management, and Policy. This traction also affirmed our hypothesis: that this work was viewed as important to the long-term health of the Native nations in our region.

“It’s hard to keep a foundation’s attention for generations. We didn’t want the initiative to be vulnerable to changing staff, board and interests. We saw an opportunity to create lasting support and infrastructure outside the foundation, and for the work to really be owned by the Native community.”

**— Jennifer Ford Reedy, President,
Bush Foundation**

With that kind of opportunity in front of us and the half-way mark on our goal for a decade quickly approaching, we paused in 2013 to assemble an effective response to the three key opportunities we saw in front of us:

1. **Longevity:** We were a catalyst for creating nation-building demand, but this work requires an enduring infrastructure to continue beyond our goal for a decade. *How could we best continue the work beyond our 10-year commitment?*
2. **Capacity:** Limited expertise and technical assistance existed within the region to support the nation-building work of the tribes. And as a foundation we are trying to do less, and enable more. *How could we build regional capacity to meet the demand?*
3. **Partnership:** Momentum and interest in this work was growing, which presented an opportunity to bring new resources and partners in to sustain the work. *How could we continue building interest in and support for the work among other funders and partners?*

“This was a pivotal moment because many board members realized that our work in Native nations had evolved into its own being ... it was such a strong answer it almost caught fire and took off and grew to become much more than what the Foundation board thought it might be. It was like we were having to catch up.”

**— Tracey Zephier, Board Member,
Bush Foundation and Board Member,
Native Governance Center**

We quickly realized that these three opportunities really culminated to one possibility: the opportunity to establish something that could live outside of the foundation, with a purpose of building long-term regional capacity to promote, strengthen and support Native nation governance. An effort that would not be limited or constrained by the timelines or focus areas of our foundation, which were bound to change over time, and could yield support from other sources to scale and increase impact. But we had far more questions than answers about what form this work could and should take over the mid- to long-term, and the internal and external forces at play brought very real immediacy to answering them.

Our Response

Getting Organized

“The advisory group was well-chosen; individuals had varied expertise and a good energy was developed. However, it would have been helpful for the group to convene more frequently; momentum is hard to maintain when gathering quarterly.”

**— Donald Day, President, Leech Lake
Tribal College**

By August 2013 we had fully moved from conversation to action. We started by engaging CliftonLarsonAllen (CLA) — a professional services firm with experience helping foundations envision, create, and sustain enterprises, and with working credibly and effectively in Indian country— to partner with and facilitate this work. We chose CLA because they understood our intent, aspirations, and constraints, and they built a process that was consistent with our values and the experience we wanted for those involved.

“The lessons here are about picking your consultant when you have something as sensitive as this was. The importance of values alignment is just that much greater. Make sure you have consultants that have very aligned experiences.”

**— Jennifer Ford Reedy, President,
Bush Foundation**

Together, we organized the work into three phases that reflected the mechanisms for engaging all the people we needed to trust and believe in the work:

- Defining the Opportunity (January — June 2014)
 - Assessing our regional landscape and demand for this work.
 - Looking at trends in Indian country.
 - Applying those findings to consider the focus, scope and reach, service and support delivery structure, and values for our future strategy.
- Selecting the Model and Method (June — October 2014)
 - Looking at how other people went about similar work to learn from their experience.
 - Developing alternatives for what organizational form this could take.
 - Reconciling those options against our stated goals and what we knew was important.
 - Selecting the organizational and service delivery model that made the most sense.
- Building the Business Plan (November 2014 — May 2015)
 - Designing the organization.
 - Outlining a transition timetable.
 - Documenting the plan.
 - Framing the partnership between our foundation and the new organization.

We also formed a five-member advisory group to bring external perspective and voice to the work. With a mix of experience and expertise spanning Native governance, philanthropy-led start-ups, and both regional and national reach, we asked this group to provide:

- ***Insight:*** We encouraged them to identify potential partners, advise on approach and process, suggest possible models to consider, and call out barriers or blind spots.
- ***Architecture and advocacy:*** Some of their experiences and passions positioned them to help think through and design possible options. Others had more interest in serving as a representative for the work, building support and enthusiasm for its direction and potential within their communities. Both were important and welcome.
- ***Connection:*** As we moved along in this project they helped connect us with people, organizations, and ideas that could help improve the odds of a good outcome.

Our board of directors was supportive of this idea, recognizing the limitations inherent to continuing the program in its current structure. They did, however, continuously reinforce that we had already made a 10-year commitment that they fully intended to keep. As we

continued down the planning path, the board became increasingly involved in shaping the idea at key inflection points.

With our team assembled and a flexible plan for how we would approach the work, we jumped in.

“The use of advisory boards was smart and good. Many times what foundations are really doing is giving their executives coverage to make whatever decisions they want. This wasn’t the case here; they actually shared decisions.”

**— Joe Kalt, Board Member,
Native Governance Center**

Defining the Opportunity

Reading the Landscape

CLA spent the first several months focused on surfacing and understanding perceptions of the scale of need and interest in Indian country for this kind of regional entity. In addition to the normal literature review, CLA conducted 45 one-on-one and roundtable interviews with tribal leaders, Native Nation Rebuilders (participants and alumni from our fellowship program), nation-building practitioners and experts, and Bush Foundation staff. They visited eight Native communities and the Native Nations Institute (NNI) as our resource partner, and took part in several of our meetings.

Out of that discovery work we learned that:

- Timing was important. A nation-building narrative and demand was being generated inside tribes and likely to only increase. A convergence of developments in Indian country pointed to emerging foundational elements of an infrastructure for lasting Native nation building.
- Developing future leaders, and supporting those individuals driving change through connectivity, consultants, tools, and other resources would be important.
- Tribal leaders valued Bush Foundation’s relational approach. Diagnosis, close consultation with tribes, and pushing ownership of the work as local as possible, were viewed as important.

- There was no singular consensus viewpoint about what this new entity should do, nor how it should be organized and led.
- It would take some time to get all the things in place for this to be successful, and that the work would be inherently risky, hard to measure, and fragile under even the best of circumstances.

Looking Inside to Learn

These findings complemented a concurrent external evaluation of the initiative, which showed evidence that tribes within our region were beginning to engage their citizens in conversations about governance, that conversations about the role and vision for governance were changing within tribes, and that as a result, tribes were making changes to their governance.

Selecting the Model and Method

Learning from Others Who Had Done This Before

In mid-June 2014 we transitioned into the next phase of work, which focused on setting and refining a strategy, and considering how that strategy could be organized to best create, deliver and sustain value in Native communities based on what we had learned. We were cautious not to jump right to the need for creating a new organization. But there was a gap in literature and resources available to help guide us in spinning this work out of our foundation — there was no playbook, so to speak — so we decided to learn directly from others that had wrestled with the same questions.

We took a preliminary look at a couple dozen potential case studies and selected a handful of organizations to go into more deeply based on several criteria:

1. Their work applied in Indian country or other indigenous settings
2. Geographic comparability
3. Replicable, meaning not overly reliant on a specific set of circumstances
4. Supported by multiple revenue streams
5. Constituent-owned and led
6. Alignment with our strategy or approach

We dug into each organization's information and documents, and interviewed their leadership to further

understand their origins, structure, strategy, and what they had learned from their experience.

Key findings from the case studies included:

- Specificity of mission and programming is important, so the organization doesn't drift or become too opportunistic.
- Shape broad goals for the organization, but let staff figure out how to implement them.
- Providing too much capital up-front may inhibit the organization from being able to raise additional funds down the road.
- We hope that by documenting our own experience here, we are able to help the philanthropic field benefit from what we learned.

“The case studies really helped to not repeat mistakes and to build on what is proven.”

— Wayne L. Ducheneaux II, Executive Director, Native Governance Center

Setting the Strategy and Organizational Model

Over the course of several internal team workshops, we produced a number of organizational models to test with our advisory group. Several prominent themes and suggestions came out of those discussions:

- Start with the assets and activities we've already built.
- Don't ask a new entity to do too much, play too many roles, or take on work that's too far from its mission.
- One often unspoken role our foundation had played was that of a cheerleader, supporting Native citizens to make changes and reassuring them that they are not alone and are on the right path. The result of this work needed to ensure that this role was not discounted or forgotten.
- It would be important to define success and how it will be measured, but not in a way that implies that the new entity has the solution to all nation-building challenges.
- We would need to consider who we would negotiate with in creating this new entity; the nature of our partnership; what the terms and expectations would be; and who would do what.

As we prepared to share our findings and ideas with our Board of Directors, we boiled all we had learned down into a set of key questions we had been exploring and our responses to each. While this exercise didn't seem crucial at the time, in hindsight the process of laying out these key questions and getting clear about our answers to each was an important step. We came back to this set of questions and answers often in the months that ensued.

Question	Response
What activities should this solution include?	We decided that the solution should encompass the current nation-building programming of the Foundation and our key delivery partner, plus build regional talent to consult on nation building solution implementation.
Should the effort be regional or expand to the national scale?	We decided to start regionally, but knowing that the issues, needs and financial resources transcend the region, agreed to remain open to expansion once the entity has gotten established with some success.
Should this effort be structured as an entity or a network?	A growing person-to-person network existed, but we believed that regional infrastructure was still underdeveloped and needed an entity that could help fill the leadership gap, anchor the network, and focus its work and resources.
Should we create a new entity or house this within an existing entity?	We believed that creating a new entity would signal a lasting commitment, with a single mission, enabled to play a true leadership role in the nation building landscape. Housing inside an existing entity had risks of being overshadowed and competing against the host's mission and values.
Should we build in-house expertise or maintain a cadre of consultants?	We felt that building in-house capabilities, coupled with a network of expertise, would create a new kind of career path for people and signal a commitment to build human capital in the region.
Should the Native Nation Rebuilders fellowship program be retained within the Bush Foundation or be moved to the new entity?	As the flagship program of our foundation's Native Nations work, Rebuilders had a strong presence in the market and was a great asset. Though we believed that the Bush Foundation brand was important to maintaining the program's prestige, we ultimately decided that moving the program to the new entity would give it a solid platform upon which to build and grow.

By November 2014, we were ready to ask the board to affirm our recommendation for the creation of a new organization whose purpose would be to build long-term regional assets that promote, strengthen, and support Native nation governance through four primary strategies:

1. Inspire and celebrate Native nation-building in the region.
2. Build the human capital to lead and support tribes in their work.
3. Work side-by-side with tribes to create and implement solutions.
4. Provide a conduit for resources between tribes and funders.

While we had arrived at some answers, we also knew that we still had a number of big questions ahead, including:

- What capitalization will this require and what financial structure makes sense?
- What would the transition look like and how long would it take?

- What would be the ongoing role and relationship of the Bush Foundation with the new organization?
- How should we manage the relationships with our constituents during and after the transition?
- How will our Foundation and the new organization measure success individually and together?

Our Board expressed general agreement with the direction but wanted to understand in more detail how creating a new organization would work. Additionally, the Board recognized that it would be important for its members to be more closely involved in the development of this effort now that it was conceptualized. Members agreed that, at the following meeting in February 2015, the Board would create an ad-hoc committee to advise our staff on key governance-related matters as we develop the final business plan to be shared with the full Board in May 2015. Knowing that our goal was to get the Board more comfortable with our recommendation, and to raise any continuing issues or concerns for the ad-hoc committee to address, we got to work on a more detailed business plan.

“Our board was able to understand the process, make a decision, and move on. The ad hoc committee helped a lot. At any point, even if you think you’ve come to the end of a decision, it’s worth stopping to tease out implications of things you might not have considered. Be very deliberate and disciplined about doing that.”

**— June Noronha, former Senior Manager,
Native Nations, Bush Foundation**

Create, Release, and Reflect

By the fall of 2015, the new organization had been legally created, a Board of Directors was functioning, basic infrastructure was set up, initial seed funding from Bush was granted, and the board was ready to elect its first executive director. Native Governance Center was alive! At its December 2015 board meeting, the Board approved the hiring of Wayne Ducheneaux III as the first NGC executive director.

As the Foundation reflects on the whole story, important themes, lessons learned, and reflections have begun to arise:

- Don’t be afraid to take the risk. This type of work, especially in Indian country, needs fresh ideas, which means taking risk. Be thoughtful, deliberative and engaging. And where necessary, re-work.
- The process wasn’t fast, but in hindsight, we wouldn’t have gone any faster. A thoughtful and methodical process was important to success, as was inclusiveness. If we were to change anything, it might be to make the process even more inclusive throughout.
- Get the expertise that it takes to do it well. It takes time above and beyond what staff have available as part of their regular jobs. Make sure you have outsiders to help you stay honest.
- You can’t do this if people don’t already trust you. A big reason it worked was the really good relationship we’d built. We would’ve expected a lot more cynicism, but people were so willing to believe in this in the spirit we intended. That never could have happened without the years and years of relationship building we’d done.
- Engaging all the people we needed to trust and believe in the work mattered. The advisory group having a real voice mattered. Getting out and sharing with people along the way mattered. Talking to lots and lots of people mattered. And making sure our board was engaged mattered.

- Striking the balance between shaping the effort to still achieve our goals for the decade, while giving the new organization the right amount of autonomy is really hard, and we didn’t get it perfect. Sticking so closely to our paradigm for the work may have been too narrow and created some limitations for NGC.
- Engaging our board in a real and meaningful way throughout was critical. In hindsight, we might have created the ad hoc committee earlier in the process so specific members were more involved in the first phases of identifying the need and considering options for the structure.
- Getting infrastructure up and running for the new organization may be a double-edged sword. While NGC’s staff didn’t have to pick a name or open a checking account the first week on the job, some of the things we contracted to have done for the organization may not have followed the same approach they would have chosen. There is a balance there, and we may have taken it a bit too far.
- Giving too little versus giving too much. Funding structure is tricky, and there may be no perfect answer. There is such thing as giving an organization too much money, and it can impair its ability to raise additional funds. We also know it is critical to not under-resource an effort like this from the start.
- There is ongoing lack of clarity about what NGC does versus what Bush does now and in the future. Some of that stems from a parallel process we were undertaking to plan what was next for the foundation while we were creating NGC. We need to continue working to clarify that message, both internally and externally.
- You have to be prepared not to see immediate results. A short-term plan would be a 10-year plan. Our effort is still in its infancy, even after four years.
- One of the hardest parts was a real anxiety about setting something up that can’t sustain itself. Within philanthropy there have been cases of intellectual dishonesty in spinning things out for their own sake when really it’s just abdication of a foundation’s responsibility. We don’t want to add to that, and still carry that responsibility and concern.

Today, in early-2018, the Native Governance Center is an operational, growing 501(c)(3) organization, headquartered in St. Paul, Minnesota, and working with Native nations across a three-state region. The Bush Foundation continues to partner with and support NGC, along with other efforts in Indian country. Learn more about the work of both organizations at www.nativegov.org and www.bushfoundation.org.

APPENDIX

Building the Business Plan

Between November 2014 and May 2015, we continued our work with CLA and the newly created ad-hoc Board committee to complete the business and transition plan for the new organization and to do the work necessary to create the organization while addressing the Board's key areas of concern, which were:

1. Finding the right organization leadership — both board and executive director.
2. Ensuring that there was sufficient communication and engagement with tribes.
3. Developing risk amelioration strategies for the transition and ongoing relationship between our Foundation and the new organization.

The ad-hoc committee provided interim updates to the Board on each of these topics over the remainder of the planning process.

While the next section will get into the nuts and bolts of creating the organization, many of which unfolded as elements of the plan were still taking form, the business plan framework had emerged by February, and generally included the following:

- Statement of opportunity
- Core strategies and activities
- Leadership
 - Governance
 - Executive director
- Operations
 - Staffing
 - Systems and infrastructure
 - Location
- Finances
 - Projected annual cost structure
 - Capitalization strategy and projected revenues
 - Fundraising assumptions for the new organization
 - Bush Foundation's role in helping fundraise
- Legal
 - Legal structure
 - Public charity requirements
 - Memorandum of understanding and grant agreement

The next section will go more deeply into the various streams of work as we moved from planning to building.

Assembling the Pieces

Starting in February 2015, the staff, consultants, ad-hoc and advisory committees all worked together to put together the pieces of the business plan and begin executing it. The primary focus areas included leadership, finances, legal, communication, and operations.

Leadership: Board and Executive Director

Which first: the board or the executive director?

One of the most debated decisions was whether to hire the executive director first to get the organization up and running more quickly, or bring together a founding board that would then hire its first staff leader. Here are some of the things we considered:

Reasons to recruit the board first:

- Choosing an organization's executive is one of the fundamental responsibilities of a governing board.
- Respecting the board's autonomy to choose its leader was in keeping with our values of sovereignty and self-determination.
- The Foundation could retain some influence on the executive selection by appointing the first five board members, while maintaining some distance by not directly appointing the executive.
- Having a board in place earlier would establish assets and skills that will be helpful during start-up and launch like convening power, knowledge of the political and institutional landscape, and advocacy.
- With a founding board in place sooner, the organization could more quickly start filing for incorporation, nonprofit status, etc.

Reasons to recruit the executive first:

- Would give the leader the opportunity to influence the founding board's composition.
- Provides the Bush Foundation more direct influence over who the executive would be.
- Ability to point to a strong, respected, singular leader could be better-received in Indian country.
- Would help transition the work from our Foundation's staff and provide more continuity for Rebuilders and Indian country at large.
- Our board would be more likely to give the full green light on launching the new organization knowing who the executive would be.

Ultimately, we decided that the best option was to appoint the founding board first, then have a committee comprised of board members and Foundation representation lead the executive search and selection process, and for the newly-formed board to officially hire the first executive. This slowed us down by a few months, but it also allowed the new board to own the hiring of its leader, which we still believe was the right decision.

Governance

We decided to appoint the organization's initial five board members, one of whom also served on our Foundation's board. While some funders might have considered creating an ongoing "reserved seat" on the new organization's board, we felt that a limited lifespan on that initial appointment was more appropriate. We felt strongly that a reserved seat would represent both a perceived and real overreach in the long run.

While the initial board was comprised of five members, we envisioned growing to become a board of seven to nine. That said, board growth and size — along with other governance decisions — would be left to the new board's discretion.

We looked for individuals with the following characteristics when identifying candidates for the founding board:

- Champion for Native nation-building work.
- Credible based on experiences in nation building; have been through the challenges, on-the-ground.
- Deeply respected in Indian country and perceived as impartial.
- Knowledge and experience with governance and how boards work.
- Non-natives must be stratospheric in stature and credibility.
- Fundraising experience.
- Knowledge of and connections in the Native philanthropic landscape.
- Experience serving on the board of a new organization.
- Diversity in age, gender, tribal representation, and functional expertise.

“Work on getting a deep bench for the board right away; take the time to grow the roots of the organization deeply from the beginning.”

**— Tracey Zephier, Board Member,
Bush Foundation and Board Member,
Native Governance Center**

Fortunately, our top five candidates all accepted, and in September 2015 the new board held its first meeting.

Executive director

A five-member search and selection committee, comprised of a mix of our Foundation staff and Board members and board members of the new organization, led the search for an executive director with the support of an external search firm. We conducted an RFP process hoping to hire a native-owned firm, if possible, but that effort surfaced limited options. Instead, we supplemented a trusted search partner with a committee and supporting staff that were either Native or well-connected in Native communities.

The search took about seven months, from hiring the search firm to extending an offer, and included targeted outreach to potential candidates, applicant reviews, phone screens, supplemental information requests, and in-person finalist reviews. The final two candidates also completed supplemental assignments to help the committee understand how each would address initial tasks in the role. Two small lessons we learned from this search: first, that we could have benefitted from finding and integrating a search firm earlier in the process; and second, while we did our best, it's really hard to explain a job that doesn't exist.

Ultimately, the hiring committee recommended a candidate, which the new entity's board approved and hired in December 2015.

Finances

Because we weren't building programming from scratch, and had a good handle on what much of the program activities cost, it was relatively easy to build out a budget for the new organization. Most of the cost was personnel-related, so our Foundation team spent some time debating the appropriate staff size for a fully-scaled organization, and used that information, along with general projections for facilities and infrastructure costs, to estimate the annual operating budgets over the course of five years. At that point we were estimating that the annual operating budget for the organization would ramp up to \$1.4 million by 2018.

The big question was then how the organization's activities would be funded, and how much of that funding would come from our Foundation. We saw our Foundation continuing to be a funder and influencer in nation building, and wanted to be able to publicly say that we would spend at least as much as we had been spending on nation building through 2020 — fulfilling the decade of commitment we originally made. Looking ahead, less of our money would be spent internally on staff and consultants and more of the money would be in the form of grants to the new entity and other organizations. We also worked with our lawyers to understand how we could provide as much early support as possible without undermining its ability to fundraise from others or having the organization run afoul of the IRS public charities test.

Through this work and related discussions we ended up shaping a \$7.5 million investment into the new organization over a five-year period. We were deliberate about how we would structure that investment and articulated several goals to help guide capitalization decisions in a manner that accomplished the following:

“Tease out the implications of your decisions. For foundations, it’s really important because of the foundation power dynamics: we had the money and the resources, so at a certain point, our voice is stronger than anyone else’s. The problem comes afterward, not at the outset — it’s in the sustainability.”

— June Noronha, former Senior Manager, Native Nations, Bush Foundation

1. Financial structure that is enduring in perception and reality.
2. Sufficient scale of the organization’s programs, grants, and the building of its own capacity.
3. Bush Foundation support that would decline as a percent of overall support because of an increasingly broad base of support from other sources.
4. Enable the organization to pass the IRS public support test so that it retains its status as a publicly supported charity.

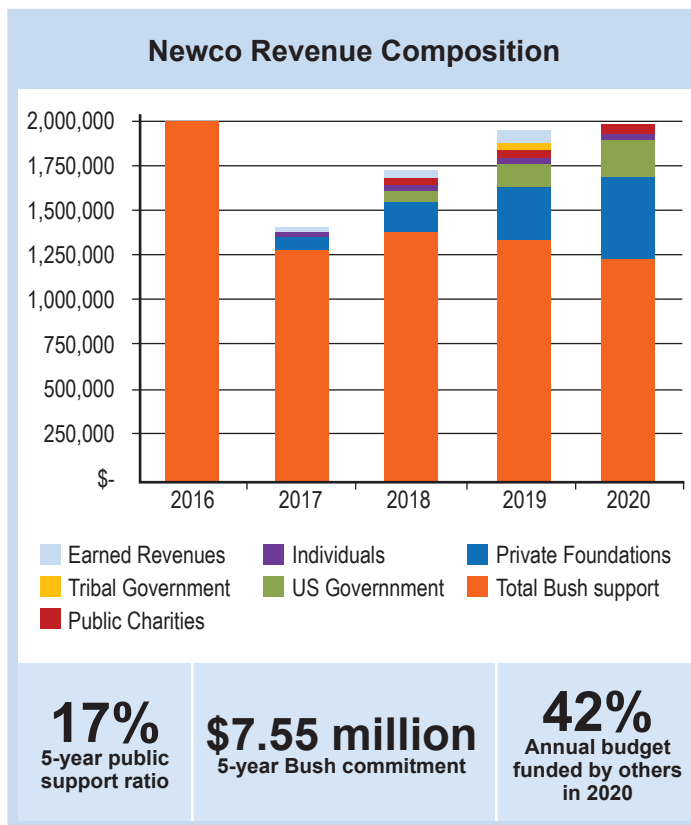
Ultimately, we decided to fund the organization in the following fashion:

- \$1 million in start-up support during the first year to establish working capital, mitigate the risk of underestimating one-time and ongoing operating costs, and seed funding for research and development or pilot projects.
- \$5.5 million in operating support tapering over the five-year period.
- \$1 million in re-granting support increasing over the same period.

We estimated that by the fifth full year of operations (2020), approximately 42 percent of annual revenues would come from other sources including government contracts, earned income, and individual, tribal, and private foundation contributions. The year-to-year specifics underneath this overarching capitalization philosophy and strategy would be codified within any grant agreements with the new organization.

In addition to this funding structure, we also considered two other options:

Bush Foundation — Native Nations Entity Capitalization Plan



1. Endowment: Endow the organization to support its work in perpetuity. This idea required additional operational funding at a decreasing rate, but also required significant fundraising from the start, as most of the capital would be restricted. This option was quickly discarded, as we felt that endowing a new organization would restrict its flexibility and create undue burden on fundraising during startup mode.
2. One-time, significant investment: The second option considered, but also discarded, was to grant the entity the full \$7.55 million at once, when the organization was launched. Though this would have started the organization with a very healthy balance sheet, we worried that it would cause the organization to fall behind on building its donor base, impede fundraising ability because of perception that it has all the money it needs, and minimize the need for an ongoing relationship with the our Foundation.

As mentioned above, the new organization was designed to need other funding sources, effectively starting in its second year from sources including federal, state, and local governments, individuals, tribal governments, and earned revenues.

Fundraising

We recognized that this capitalization structure would present a big fundraising lift for a new organization. An important point of feedback we heard in our research was that Indian country did not need another struggling nonprofit, and that longevity was an important role for Bush Foundation to play in helping place this organization in the field of philanthropy and bringing additional funders into the work. This was particularly important so that the new organization would be perceived as a resource provider and a builder of philanthropic resources instead of being just another competitor for funds.

To this end, we committed to working with the new organization to position it with potential funders in its early years both to support the new organization's own operations and longevity and to develop it into the envisioned conduit for resources between tribes and funders. This included some initial prospect research, supporting a fundraising consultant for the new organization, and our Foundation's CEO connecting and participating in conversations with other funders to raise support for the new entity.

Legal

Timeline: January — April 2015

The Foundation had been working with our attorneys to help guide our Native Nations work, particularly surrounding the nuances of grant making to tribal governments. That made it natural to bring these legal advisors into the mix fairly early into the process. Working with the attorneys, we followed a four-step process to determine the optimal legal structure, though it was admittedly a bit less linear than this in reality.

Step 1: Confirm our goals

- **Entity structure:** We wanted to establish a new, independent nonprofit entity.
- **Bush Foundation influence:** While our Foundation wanted to have some influence on the organization's leadership and strategies, we didn't wish to have explicit governance controls (e.g., a designated board seat) into the future.
- **Financial support:** While we anticipated funding most of the new organization's budget during its startup and initial years, our goal was for the organization to seek out and secure other funding and decrease its reliance on our Foundation over time.

Step 2: Explore potential legal structures

The attorney team compiled a chart of the three best legal structures and requirements for each in the areas of funding, activities, grant making, relationship with our Foundation, and self-dealing concerns. The three options considered were:

- **Public charity:** Most flexible option regarding programming, grant making, and receiving funding from others. Most stringent requirements regarding funding diversity.
- **Educational organization:** Most flexible option regarding funding; most stringent requirements that it have student instruction as the primary activity and maintain a regular curriculum, faculty, and body of students.
- **Private operating foundation:** Effectively a fallback option if the organization could not pass the public support test.

Step 3: Vet options

While the educational organization was most flexible for funding purposes, we couldn't reasonably say that the organization would meet this definition. We decided that a public charity was the best option for flexibility in programming, despite the challenges it may present for funding mix.

Step 4: Determine optional legal structure to pursue

Based on the considerations outlined above, we decided to structure the entity as a 501(c)(3) publicly supported charity. This structure was optimal because it provided:

- The most flexibility and autonomy
- The ability to receive tax-deductible contributions
- The ability to conduct all programming activities under consideration
- The ability (hopefully) to meet the required 10 percent facts and circumstances test

Other legal steps

In addition to determining the legal structure of the organization, we also worked with the attorneys to draft and file the following paperwork to incorporate the entity:

- Articles of incorporation with secretary of state
- Bylaws
- Federal and state tax identification numbers
- Liability and directors and officers insurance
- State attorneys general registration to solicit charitable contributions

Legal agreements between Bush Foundation and new entity

Our Foundation entered into a memorandum of understanding (MOU) with the new organization once the founding board was seated. The timeline for the MOU was at least through the end of the 10-year commitment, which was effectively five years from the launch of the new organization, though it could be continued for longer by agreement of both parties. The MOU included the following components:

- Partnership background and goals
- How the partnership will operate
- Roles and expectations of each party
- Definitions of success
- Grant agreement process
- Legal requirements including termination, conflict of interest, intellectual property, relationship, assignment, and authority.

“Negotiating the accountability measures in the initial grant was awkward, as NGC didn’t have any staff yet. Over time, both sides worked together to adjust expectations, but in hindsight, we might have been more vague or flexible from the start so NGC didn’t have to do things before it was really ready.”

— June Noronha, former Senior Manager, Native Nations, Bush Foundation

In addition to the MOU, the Foundation entered into its first grant agreement with the new organization in October 2015, which was before any staff had been hired at the new entity. Because the new entity had not yet filed for or received its public charity status, this grant was made as an expenditure responsibility (ER) grant.

Though the initial plan (detailed in the capitalization and financing section of the report) called for our first grant to the organization to include a \$1 million balance sheet infusion, we realized that expenditure responsibility grants require reporting by both the grantor and grantee until all funds are expended. Since this balance sheet infusion was intended to be fully spent in the near future, this would tie both organizations to ER reporting for the indefinite future. In light of that, we waited until the new organization had received its IRS determination letter, and then made the balance sheet infusion using a normal grant.

Communications and Engagement with Tribes

As talked about earlier, ensuring that there was sufficient communication and engagement with tribes throughout this work was one of our Board’s primary concerns. We’d spent years building relationships with tribes and felt an urgency to uphold their hard-won trust. To help address this concern, we increased the time, energy, and resources we put toward communications throughout.

At the onset of the project, our communications strategy was to engage individuals closest to our work through interviews, focus groups, and advisory roles, allowing them to provide feedback, help shape the work, and stay connected as it progressed. That was easier to do in the early stages of work, during which we were intensely

“You can’t get complete buy-in. That first round of interviews included people who were not totally on our side.

That was the best possible sort of way that we could elicit input into the work.

As it got narrower, in retrospect we might’ve broadened it a bit. But being part of it and understanding how difficult it was, I don’t know how realistic it was.”

— June Noronha, former Senior Manager, Native Nations, Bush Foundation

seeking out and synthesizing a lot of different perspectives on what we should do. It got harder, and in hindsight, we should have been more intentional about communications when we moved into the later stages of organizational structure and business planning.

In spring 2015 we reached an important and nebulous juncture that lies between planning and creating. We decided to contract with a communications firm that could take on the job of forming a communications strategy and suite of assets that could transfer to the new organization and give it continuity and capacity.

We conducted an RFP for a public relations/communications firm to develop and execute a plan to announce the creation of Native Governance Center (NGC) and create related communications assets. The firm we selected was Native-owned, from the region, and had strong experience doing this type of work.

The communications firm did a number of things to help engage with Tribes and share the appropriate level of messaging publicly:

- Developed an FAQ sheet about the decisions made and timeline for launch.
- Facilitated an inclusive, engaged naming process. This included interviews with staff and board members, focus groups with Rebuilders, and a vetting process with the new board of directors.
- Developed a Native Governance Center brand and related materials.
- Designed and launched the Native Governance Center website.

People and Operations

One of the biggest success factors in this work was the extraordinary commitment on the part our staff leading this work was to get to a good answer regardless of the implications for themselves. Woven throughout this work were hard questions about what would happen to our current Foundation staff that led and supported our

Native nations work. Recognizing the apprehension and concern an unknown future created for our people, we addressed this awkwardness and put financial and other commitments to them in writing. That made a big difference both as an acknowledgement, and because laying out financial commitments released some of the tactical stress about needing to be job hunting for something different while we were trying to make this huge spin-off happen.

We offered transition support, executive coaching, and other services to employees as they navigated the change. One staff member was able to secure a new position at another foundation we often partnered with. We worked with another team member to design a role in which she would stay with our Foundation through the transition and initial startup of the new organization, to also help shape our own strategy working with Native nations going forward.

To help smoothly transition our relationships in Indian country and other communities, we also created a loaned executive role for the Native Governance Center, under which our Native nations vice president spent a year working as an advisor alongside the new organization's executive director. This was designed to support the new organization in its startup, and help ensure a smooth transition for all program participants, partners, and relationships.

Staffing the new organization

Our business planning work sketched out a staffing structure to support the roll-out and growth of the Native Governance Center, knowing that it would and should change as the founding executive builds a team and the organization finds its own path. We estimated that, once up and running at a steady rate, Native Governance Center would require approximately seven fulltime equivalent staff, complemented by limited outsourced functions.

Systems and infrastructure

A joint Bush Foundation/CLA staff team created a plan for and began building out operational infrastructure so that the founding executive director had a baseline of infrastructure, technology and systems in place and could focus on working with the board and building a team. CLA was able to either directly provide or procure and coordinate functional capacity in accounting, human resources, technology, facilities, etc.

Location

Since the organization was initially designed to serve 23 nations sharing the state boundaries of Minnesota, North Dakota, and South Dakota, we evaluated a lot of location options. Ultimately we decided that the Minneapolis-St. Paul metropolitan area was preferable for launching the organization while still encouraging executive director candidates to apply who may (or may want to) live and work elsewhere in the region. Our considerations included:

Pros	Cons
Gives location "profile" of major metropolitan area.	Less proximity to tribes.
Travel hub.	Talent is elsewhere and may not want to move to the Twin Cities.
Unbiased regarding tribal affiliation.	Perceived lack of independence from Bush.
Better flexibility and positioning to grow or go national.	Most expensive space and people.
Easier transition of work from Bush and Native Nations Institute to the new organization.	
Larger talent pool.	

We also considered a fully virtual environment but ruled it out because of the difficulty in building strong organizational culture, the challenges of managing a fully-virtual staff, increased complexity of transitioning existing work, and because a virtual model is not necessarily a cost-saving play. Lastly, the work itself requires a high degree of face-to-face interaction to build understanding, trust and rapport.

One additional benefit of the Minneapolis-St. Paul metropolitan area primary location was the opportunity to co-locate with another local private foundation which does work in Indian country, and who was willing to make available excess office space to Native Governance Center. This was a great opportunity for the new organization to have some separation from our Foundation and to create new relationships with another aligned organization.

Contributors

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