



# Opportunities for Leadership:

## Meeting Community Information Needs 2011

**Community Foundation of New Jersey**

September 2011

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# How a Foundation Went from Arms-Length to Hands-On

## Shining a Spotlight on New Jersey

In July 2008, New Jersey's largest newspaper, The Star-Ledger in Newark, announced that it was forcing the early retirement of more than 25 percent of its staff to avoid selling the paper. Many of the 150 staff members who accepted the buyouts were respected, experienced journalists. At the Statehouse in Trenton, the press corps had collapsed over the previous decade from 50 to just 20. As the Community Foundation of New Jersey's CEO Hans Dekker recalls, "They got rid of the education, environment and healthcare beats – issues that we cared about because they're important to the health of our communities."

The Community Foundation of New Jersey (CFNJ) board believed that the state's residents were lacking information about the state's most important public policy issues, and opportunities to engage on local decision-making. As then-foundation board member Ingrid Reed explained, "Communities really did not have access to information that would help them to understand the problems that they were facing and the solutions that they might craft. [We] needed some way for people to understand what was happening in Trenton and connect that to issues that affected their lives."

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*Ingrid Reed, Former Board Member  
Community Foundation of New Jersey*

In response to this challenge, the foundation made a program-related loan in the fall of 2009 to a small team of journalists who were proposing to start NJ Spotlight, a new online investigative news service focused on state policy issues. The foundation ultimately established a partnership with the group, becoming the site's most significant investor and playing a founding role in the start-up and development of the enterprise. In the process, the community foundation shifted its role from that of a traditional grant-maker to a proactive partner and community leader addressing the community information and news challenges of the state of New Jersey.

## Rolling Up Their Sleeves

The Community Foundation of New Jersey is located in Morristown, near Newark and the greater New York City metropolitan area. It is also little more than an hour's drive north of the state capital, Trenton, and the greater Philadelphia metro area.

This mid-sized foundation had managed several donor-advised funds directed toward an array of community issues, including education and youth, health and social services. In a typical year, the foundation awarded less than \$1 million in unrestricted grants. Its CEO Hans Dekker joined the

Foundation in 2003 and described its role in the community as, “a bit behind the scenes. We like to think of ourselves as the mortar and the nonprofits that we fund as the bricks.” Before 2009, CFNJ had not made grants to any media projects.

**“Our board was very passionate about this work. They realized that if we don’t fill this void, no one will.”**

*Hans Dekker, CEO  
The Community Foundation of New Jersey*

When The Star-Ledger announced its extensive staff cuts in 2008, the foundation recognized the move as symptomatic of the larger trend in mainstream media and predicted that few (if any) institutions could effectively step in and provide new

platforms for in-depth journalism. CFNJ board members supported a proposal to fund NJ Spotlight as a first step in addressing the rising news and information challenge in their community. They agreed. “Our board was very passionate about this work. They realized that if we don’t fill this void, no one will,” said Dekker.

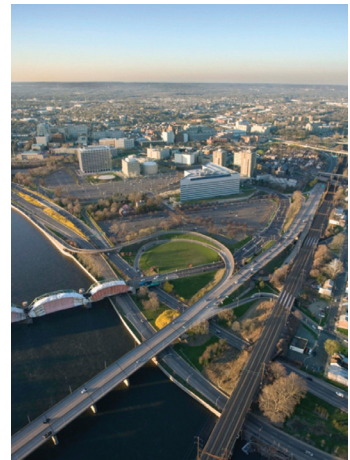
The foundation and the NJ Spotlight team moved quickly to apply for a Knight Community Information Challenge grant. The project won the award, and they began to put the pieces in place. Although this was a new venture, they had a few insights on how to do this. Board member Ingrid Reed had run the Eagleton Institute of Politics at Rutgers and was very knowledgeable about the media landscape in New Jersey and activities in the Statehouse. And Hans Dekker was known as a smart, patient and persistent leader who also understood the policy arena. With this expertise, the foundation adopted a more hands-on role – much like a venture capitalist, but in a community information context – and this has put the foundation on the path of philanthropic leadership.

## Taking an Active Role in Community Information Leadership

When two respected reporters who had taken The Star-Ledger’s buyout, John Mooney and Dusty McNichol, approached Dekker with an interesting idea for a new online news service focused on state policy issues, opportunity turned into action. Dekker and the foundation board saw a chance to invest in an entrepreneurial venture – with all of the associated responsibility and risks. They were encouraged to take the leap in part by the potential to leverage the John S. and James L. Knight Foundation’s influence and funding through the Community Information Challenge.

NJ Spotlight founding editor John Mooney was not your typical nonprofit leader. He would be the first to say that he knew nothing about running a nonprofit before he launched NJ Spotlight. He knew a lot, however, about education in New Jersey. According to key people in the state, he was recognized as a credible, trustworthy reporter. “I got to know John when he was still at The Star-Ledger. He struck me as knowledgeable about education and not just looking for the sound bite; he’d ask questions indicating he knew more than the superficial issues,” says Mila Jasey, State Assembly member for the 27th District. Likewise, Mooney’s friend and NJ Spotlight colleague, Tom Johnson, had extensive experience reporting on energy and the environment in a state with some of the country’s most aggressive policy incentives to promote clean tech and solar businesses. Their credibility was essential to launching NJ Spotlight.

Importantly, the foundation – and Dekker in particular – pushed the NJ Spotlight team to come up with a thoroughly vetted business plan, and the foundation funded the planning process before underwriting the website launch. The foundation’s support allowed Mooney to hire Lee Keough, who had served as a successful managing editor of a long-lived online magazine. They, in turn, hired Kevin Harold, an experienced magazine publishing executive who had managed business development and understood how to attract ongoing sources of earned revenue. “Having the right people with a level of trust, we were able to hit the ground running. Starting from scratch with a new reporter would have been really difficult,” says Mooney. This start-up idea had become a serious venture led by an online news dream team.



On May 5, 2010, NJ Spotlight launched its website with Mooney and Johnson reporting from Trenton. With a live product to show to other potential investors, the community foundation and NJ Spotlight started to attract additional funding and grow their audience. The William Penn Foundation and The Geraldine R. Dodge Foundation committed to supporting the enterprise. Kevin Harold started developing the site’s earned revenue streams, contacting corporate sponsors and advertisers. NJ Spotlight enlisted a host of media partners, including WHYY, Philly.com and even The Star-Ledger, which agreed to distribute Spotlight articles to their audiences. To reach the broader community offline, they also launched a revenue-generating series of in-person roundtables hosted in towns across the state on issues such as education and energy, enlisting well-known panelists representing different sides of the issues.

Since NJ Spotlight’s launch, CFNJ has learned that taking a leadership role in investing in information is a very different experience from more traditional grant making. It also turns out that, for CFNJ, investing significantly in NJ Spotlight didn’t mean exerting editorial control. Dekker confesses that the foundation didn’t have a clear understanding of this at first. “We had to learn about the firewall between editorial concerns and the business side. We view our job as setting the general direction on which policy issues should get covered. But we are disciplined about staying out of what gets covered day-to-day.” NJ Spotlight has also been transparent about its sources of funding and maintains that clarity with prospective funders.

## How Foundation Leadership Supports Community Information

CFNJ believes its support of NJ Spotlight is consistent with the foundation’s overall strategy and mission. Just as Dekker described the foundation as the mortar for community nonprofits, he also says that journalism and civic engagement are “the mortar that holds up communities and democracy.” At the same time, this community information project reflects a distinct change in the way the foundation does business and a shift in the role of information in supporting the foundation’s leadership through the following activities:

- Catalyzing new sources of information through hands-on engagement
- Mobilizing resources of other place-based funders to support information

## ***Catalyzing new sources of information through hands-on engagement***

The foundation made a decision early on that this relationship would be more than just writing a check.

*“This has not been an ‘arms-length,’ type of grant. We took an ownership stake in this project. If it breaks, it will be on our watch,” says Dekker.*

Ingrid Reed joined NJ Spotlight’s board. The foundation’s financial investment was structured as a program-related loan. If it turns out that NJ Spotlight succeeds in attracting sustainable sources of funding, the foundation will get its money back. As Mooney says, “We all own it together, which is wonderful.”

Even as they committed to Mooney’s and his colleagues’ experiment, they knew it would be a challenge to successfully launch an alternative business model in a failing industry. “We wanted to think about this in a venture capital way – and to think about sustainability at the very beginning,” says Reed.

The need to achieve financial sustainability has been quite real. The CFNJ board set the expectation that their investment in seeding the start-up of NJ Spotlight would not last forever. Kevin Harold, NJ Spotlight’s publisher, who has 30 years of experience in the publishing industry, described the community foundation as a venture capitalist in the traditional model of business. “In a sense, they’re fronting the start-up money. Their motives are different, but the functionality is pretty much the same. I suspect it’s a much different role for the foundation,” says Harold. “It’s been a learning curve for both of us – in crafting a new business model.” The NJ Spotlight team reports quarterly to the foundation’s board, just as they would if they were at a for-profit newspaper with traditional investors. “They want to hear sustainability, period,” Hans Dekker says of his board.

## ***Mobilizing resources of other place-based funders to support information***

Because their investment involves a significant amount of the foundation’s resources, “we’ve attracted significant partners, and we would like it to succeed,” says Dekker. “We’re worried about sustainability in a way that we wouldn’t be with a smaller grant relationship.” CFNJ’s own commitment of seed funding, in combination with Dekker’s credibility as a respected executive director and collaborator, has made it easy for other funders to say yes. The first major outside support came from the Knight Community Information Challenge. The foundation has since attracted additional funding from The Geraldine R. Dodge Foundation, William Penn Foundation and a host of event sponsors and ad buyers. They were able to do so because, by addressing core issues at the policy level in the Statehouse, NJ Spotlight made its success highly relevant to every foundation leader. The community foundation and other philanthropic supporters could hardly argue that these issues are not of importance to their constituents as well. The NJ Spotlight staff and the foundation are placing bets that other foundations and corporations will start to put their support behind continued coverage of specific beats.

## Lessons in Leadership: Transformation in New Jersey

Disseminating community information is an important step in influencing state policy. NJ Spotlight was quick to move in this direction. According to William Penn Foundation's Shawn McCaney, "Within the first week of opening their doors, NJ Spotlight exposed New Jersey's largest utility company for nonpayment of millions in mandatory societal benefits charges, reaching back more than a decade, resulting in key legislators calling for the state's attorney general to investigate. That was a pretty good signal that NJ Spotlight would be a new and influential voice for New Jersey media." Elected officials, school board members, government administrators and interest groups such as the League of Women Voters and the New Jersey Education Association are their most frequent readers, and their numbers are growing monthly as word spreads about NJ Spotlight's reporting.

More than a year in to the enterprise, the community foundation is excited about the unique role NJ Spotlight plays in New Jersey's media landscape. Leaders such as Mila Jasey believe in its value. "I hope the Spotlight has a future. It's filling a void," she said. "There's a real interest out there. People really do want to understand issues. And there are not a lot of places to go for that kind of in-depth information." Particularly for audience members who are interested in specific beats, NJ Spotlight has become a credible go-to source.

Other New Jersey media have taken notice as well. In addition to its existing partnerships, NJ Spotlight has entered into formal content-sharing agreements with some of the largest public media organizations in the region, if not the country. They include WNYC Public Radio and WNET Television, both of which have signed deals to take over public media in New Jersey.

**"This is a sea change in the way our nation is providing its journalism."**

*John Mooney, Founding Editor  
NJ Spotlight*

While NJ Spotlight is successfully increasing the availability of news on New Jersey state policy, doing so in a sustainable way is still challenging. John Mooney believes attaining that goal is going to need patient capital. "It's going to take a few years. And hopefully the window (of funding) will stay open long enough to do that." Hans Dekker agrees, "This is a sea change in the way our nation is providing its journalism. To think that three years of seed funding, and the market will have righted itself and this effort will be sustainable, I'm not sure that's realistic."

Through their experience with NJ Spotlight, the Community Foundation of New Jersey has been transformed from grant-maker to community information leader. Reflecting on the community foundation's role to date, Ingrid Reed said, "You need to have a vision. You need to be clear that you probably can't do it all. You've got to figure out how to partner and trust them. But you still have to hold them accountable and find other revenue sources. We've worked very hard to do that on the journalism side and the support side."

Investing in community information has also had ancillary benefits for other foundation investors. William Penn Foundation, for example, cares about environmental issues that affect the southern New Jersey region and believes media grant making is a great way to see impact. As McCaney explained, "The nice thing about our media work from a grant-maker's perspective is that we can see what they're reporting every day. It's not like traditional grant making, where your grantees go off and do their work and report back to you six or twelve months later."

More broadly, NJ Spotlight supporters at The Geraldine R. Dodge Foundation observe that foundations have an important role to play at this moment of transition in the journalism industry. CEO Chris Daggett says, “Foundations are able to take risks that others in our society often can’t financially afford. Given the state of media in New Jersey, it’s important to do.” In order to ensure civic engagement and the success of democracy, foundations should consider the relationship between their work and the media. “We need to do everything we can to ensure robust media not only in New Jersey, but also nationwide.” And even as information providers are caught in a moment of transition for community information and media, foundation leaders can feel assured that they have made important contributions in catalyzing new sources of information so that communities can be more informed.

## Community Foundation of New Jersey

**Asset Size:**

\$230 million

**Demographic Reach:**

More than 8 million residents in the state of New Jersey

**KCIC Award:**

\$352,000 in 2009

**Website:**

NJSpotlight.com

**Project Description:**

NJ Spotlight is an online news service providing insight and information on issues critical to New Jersey, with the aim of informing and engaging the state’s communities and businesses. The Spotlight is a nonpartisan, independent, policy-centered and community-minded source, offering in-depth reporting on education, energy, health and other key issues affecting the state’s residents. In addition to its online reporting, NJ Spotlight also hosts and moderates live, in-person roundtables focused on timely topics facing the state of New Jersey. They are open to all residents. Past roundtables have focused on education reform and the role of charter schools, energy and the environment, and healthcare reform.

**Growth in average monthly unique visitors to NJSpotlight.com, June 2010 – June 2011:**

Nearly 300 percent, from 12,000 unique monthly visitors to 37,000

## Next Steps

To learn more about how your foundation can get involved in addressing your community's information needs and how to strengthen your community leadership role, consider taking the following actions:

- Learn about how other foundations have used information to play a leadership role in their community by reading *Opportunities for Foundation Leadership* (published February 2011). [www.informationneeds.org/leadership](http://www.informationneeds.org/leadership)
- Identify your community's information needs with Knight Foundation's *Information Toolkit*, built in partnership with the Monitor Institute and with research support from The Pew Research Center's Internet and American Life Project, which provides a step-by-step process to investigate the information health of your community. [www.infotoolkit.org](http://www.infotoolkit.org)
- Take action on one or a few of the *Journalism and Media Grant Making: Five Things You Need to Know, Five Ways to Get Started*. <http://www.knightfoundation.org/blogs/knightblog/2011/2/14/journalism-and-media-grant-making-ideas-to-help-you-get-started/>
- Talk to your board and community partners about how your foundation can use information to play a more effective leadership role to address a community need.
- Contact a foundation that has engaged in a community information initiative by looking at projects happening across the country on the InformationNeeds.org website.

## About FSG

FSG is a nonprofit consulting firm specializing in strategy, evaluation and research, founded in 2000 as Foundation Strategy Group and celebrating a decade of global social impact. Today, FSG works across sectors in every region of the globe – partnering with foundations, corporations, nonprofits and governments to develop more effective solutions to the world's most challenging issues. FSG brings together leaders who are hungry to exchange information, elevate learning and to create collective impact in discovering better ways to solve the world's most difficult social problems.

In the field of evaluation and performance measurement, FSG has significant client and thought leadership experience. FSG's approach focuses on the use of evaluation as a management tool to improve decision making and increase social impact. It uses traditional as well as innovative data-collection approaches to determine the effects and impacts an organization's efforts have produced over time – always with the purpose of informing and improving strategy and program implementation.

FSG's Strategic Learning and Evaluation Center offers several evaluation related services, which include designing and implementing developmental, formative and summative evaluations, building organization wide evaluation systems, building staff and grantee evaluation capacity, facilitating organizational learning processes and building the field through the development of tools, resources and research to support innovative evaluation practices.

For more information, visit [fsg.org](http://fsg.org)



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