

Highlights of Interview with Rosalie Cates

The following was edited for conciseness and clarity.

[00:00:00] I'm an independent consultant, and I'm affiliated right now with a non-profit consultancy called the Giving Practice, which is actually a project of Philanthropy Northwest. So, I'm a for-profit consultant operating under the umbrella of a nonprofit membership organization for philanthropy.

[00:00:20] Who I serve is foundations. In particular, I help them with their investing strategy because what I know is impact investing, especially community investment, and I help foundations devise new ways to work with their endowment, think differently about whether they can earn impact on endowment dollars, and then do it.

[00:00:39] I think that what's different is that mission is always up front. Many for-profit businesses will take a day and figure out their values and mission, and then they go out and try to earn money again. But when you're in a nonprofit, there's just a consciousness about what's our mission impact, and are we getting it done? What are our values, and are we true to our values? It's really front and center.

[00:01:02] The market is your customers and what they care about. A fitness landscape is the world that they live in. When I think about our customers, I'm always thinking not just who they are and what they care about, but what's the weather in their world? What are the key trends? What are the fads? What big events have recently happened that they're reacting to? It's not just the customer, it's the whole landscape that they're in.

[00:01:25] My clients are foundations. All they do is give grants and manage the money that they're sitting on. In the past, they thought all their mission was located in the grant work, and when they manage their money, that was just a place to maximize profit.

[00:01:43] But voila, over the past 20 years, people have realized that your money working in the market has impact. It might be negative impact. It might be fueling climate change. It might be a positive impact, the new Tesla, some kind of organic farm, something like that. So, people have become more interested. Because they're foundations and their whole raison d'être, however you say that, is to make the world a better place, they realized, "Oh, we can deploy our endowment to do that, too." So, that's a big trend that's going on in their landscape.

[00:02:19] One thing that's really neat about working in a values-based consultancy is when we get together and talk about our practice, we say, "How did that meeting work? Did people build trust?" We know that if the foundation is going to go out on a limb, the people who run it have to trust each other.

[00:02:37] Let's talk about a volunteer board now, and everybody's chosen to be on the board because they're important in some way. But you don't know the other people. Now, the foundation comes to you and says, "Well, we need a new strategy to end poverty in Missoula." Well, are you going to come up with your wildest idea with people you've never even met before, or you don't know very well, and you've never done any work with? That's what most boards are like.

[00:03:05] What we have to do when we come in to work with those boards is build personal trust. That's not talking about your resume, that's like talking about your experiences and what your own

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value is and what you care about before you're going to sign on to a wacky proposition on the part of the foundation, let alone bring one up or try to craft it together.

[00:03:27] So, this business of how you facilitate a meeting, how you host it, how you design it, that's just a big part of our consulting. I think that's actually true for all of us consultants. We're trying to get people to try new things. That involves trust.

[00:03:42] I feel like I've been lucky to work in an environment where we put values right out front. We talk to people about personal relationships, and then the work that we end up getting done, and I'm a kind of a get shit done person, is made more efficient and actually of a better quality because we've built those trust relationships.

[00:04:02] You're going to be more bespoke if you're a small consultant, and you need to match up with the market that'll pay for that, that really wants a bespoke thing. I'm not good at something that requires gathering a lot of data, crunching a bunch of numbers, and then coming up with a quantitative set of proposals for a client to do. They should use somebody who has a little army of people to do stuff like that. But there's a lot of consultants that can be a thought partner because they came out of an industry, and they know the big picture issues in that industry. They also know a bunch of solutions.

[00:04:35] When I initially got done running a community development loan fund, I thought I would consult with other community development loan funds, because I knew a lot about it. I had started one and had a lot of great contacts and a bunch of Excel spreadsheets. Actually, that was not the best market in the world. They were really always pinching the penny, and they didn't really have room to pay consultants.

[00:04:57] But, guess what? I knew a lot about community investing and that foundations wanted to be investors. So, the people that used to give me money turned out to be my clients, because I could help them reproduce that process over and over.

[00:05:11] I didn't know this, but their boards needed to be talked into it. They loved having the real deal in front of them to explain how it worked, and I can speak financial language. Now that's a super helpful thing, because you can talk to an investment committee and use investment committee language to tell them they're not going to lose their money.

[00:05:31] The thing is you got to match what you know how to do with somebody that can pay for. The old me wasn't my client. It was the person that gave money to the old me.