

Laura Kind McKenna and The Patricia Kind Family Foundation: The Race Toward More Impactful Philanthropy

Madeleine Grant 29 November 2015

After 17 years at the helm of the Patricia Kind Family Foundation, Laura Kind McKenna is poised to step down as Managing Trustee, passing the baton to her sister and fellow Trustee, Christina Kind. In a recent interview, I spoke with Laura about her trailblazing strategy and tireless advocacy for mission-aligned investing. While others in philanthropy are talking in circles about accountability and metrics, Laura is calling attention to the real problems: inaction and missed opportunities. She candidly shared with me the challenges that she has faced along her journey, what inspires her work, and how she hopes to shape the philanthropic sector in Philadelphia and beyond.

Trained as a family nurse practitioner with a bachelor of science degree in nursing from American University and a master's degree in nursing from the University of Pennsylvania, Laura Kind McKenna has long been committed to improving the health of her community. She

served for twelve years as a nurse practitioner and director of student health at La Salle University. Then in 1998, with four children at home, she was presented with the unique opportunity to run the operations of The Patricia Kind Family Foundation—her family’s foundation, recently established with a gift from the estates of her grandparents, Hedwig and Arnold Louis van Ameringen, and named for her mother. She was inspired by the new challenge and eagerly assumed the role as Managing Trustee.

Working as a volunteer alongside her mother and her four siblings (fellow Trustees) for 17 years, Laura has learned what it means to be an effective, thoughtful and bold philanthropist. When asked about her proudest achievement, she responds without hesitation: it is the Foundation’s move to mission-aligned investing. Under her leadership, the Patricia Kind Family Foundation has been an early adopter of this new strategy to put 100% of their assets to work for their mission of supporting organizations that help children, adults and seniors obtain basic human needs, including food, shelter, clothing, education, and physical and mental healthcare.

Approximately ten years ago, the Foundation embarked on this journey of mission-aligned investing by placing some of their assets into community development financial institutions, including The Reinvestment Fund, a Philadelphia-based national leader in the financing of neighborhood revitalization. The Patricia Kind Family

Foundation has progressed along the spectrum of mission-aligned investments, now on their way to aligning their entire portfolio with mission related, socially responsible and impactful vehicles in order to increase their impact beyond grantmaking. Some of the portfolio is loosely aligned, including stock funds that have some negative screens, but they have made a number of direct investments as well, including private equity investments in companies and loans to both for-profit and nonprofit social enterprises. This strategy amplifies the social impact of their portfolio and results in a double bottom line.

An early success story for Laura and her colleagues came in the form of a loan to Depaul USA in 2012 for one such social enterprise—Immaculate Cleaning Services. Looking to expand its programming to serve more homeless people, but concerned about its dependence on limited government and foundation funding, Depaul USA explored options to increase its earned income. A program-related investment from the Patricia Kind Family Foundation structured as an interest-free, multi-year loan allowed Depaul USA to purchase a commercial cleaning franchise. The goal of Immaculate Cleaning Services, a for-profit limited liability corporation, was to generate unrestricted income for their programs, with a secondary benefit of employing residents of Depaul USA's transitional housing program.

The resulting partnership was a win-win. By structuring

their support as a loan instead of a grant, the Patricia Kind Family Foundation forced specific business policies onto Depaul USA's management, requiring a biannual update on the activities of the franchise, as well as a basic financial accounting report. The Foundation, in turn, has benefited from the ability to re-grant or re-loan the funds to other worthy ventures as payments are made.

When Laura was recounting her initial approach to this partnership, she stressed that the Foundation assumed very little additional risk by providing a loan for \$37,000 instead of a grant for the same amount. Even in the worst-case scenario, if the company had "gone belly up," it would have been equivalent to a grant that was not particularly successful, a relatively common occurrence for foundations. Since Depaul USA also received funding in the form of grants, Laura was confident that they would stick with the venture and do everything in their power to avoid jeopardizing future funding. Now, three years later, Depaul USA has made every payment back to the Foundation on time, and the Immaculate Cleaning business is generating over \$1,000 in operating revenue for the organization each month. The relationship between funder and grantee is stronger than ever.

The key to success in such partnerships, Laura emphasizes, is to keep things simple on both sides of the equation. If you are a nonprofit looking for an investment—starting a business, seeking a loan, etc.—make sure you have a champion at the prospective funding organization,

whether that is a board member or the managing trustee. You should outline how you have scaled the project in relation to the financial risk, while clearly communicating the projected social return on investment.

On the investors' side of the equation, Laura stresses that funders should not make the process any more difficult than it needs to be. Loan recipients should not have to spend the money that they saved on their low interest loan on legal counsel, nor should they dedicate so much time to onerous reporting requirements that they cannot effectively run their business. The Patricia Kind Family Foundation prides itself on doing the same amount of due diligence with these investments that they would do with grants of the same size and scope. The Foundation wants their money to be spent on the actual services of the nonprofits, not on their requirements.

Those nonprofit services—the programs that help individuals and families who struggle daily with the effects of poverty—inspire Laura to push the sector forward. She acknowledges that her work will likely never be finished given the overwhelming divide between the haves and the have-nots, but she has deep admiration for the nonprofit leaders in our community who are “talking the talk and walking the walk,” — including, among many others, Sister Mary Scullion at Project HOME, Mary Kay Meeks at Face to Face and her colleagues at Catholic Worker Free Clinic in Kensington, where Laura volunteers her own time weekly.

Laura understands the urgency with which the aforementioned organizations must serve the most vulnerable members of our community, and she has become increasingly frustrated with other philanthropic leaders for their inaction. While her fellow Trustees at the Foundation and their financial advisers are now fully committed to the strategy, she claims to have brought them along “kicking and screaming” over the last decade. For others in the sector, she bemoans their continued deliberation on the subject and attendance at dozens of impact investment sessions without putting any money into the space.

Laura’s candor, sense of humor and fierce dedication to her work are readily apparent, even after a brief conversation. “Large and in charge” was her response when asked to describe her leadership style, adding that she moves quickly and is direct, driven and impatient. The current state of healthcare, hunger and homelessness is too dire for prolonged debate and discussion. She acknowledges some potential drawbacks to that leadership style but remains unapologetic in her commitment to using “all the tools in their toolbox”—not treating the Foundation’s portfolio as an investment bank, but rather as a diversified approach to supporting their mission.

Despite her upcoming departure from the Managing Trustee role at the Foundation, it is clear that Laura will stay engaged in this broader conversation. Her call to

action to colleagues when it comes to mission-aligned investing is “just do it.” She hopes to see other funders start by using 5% more of their assets (on top of the required 5% for grantmaking) to further their mission. Just imagine the collective impact if all foundations moved money from their 95% and directly invested in banks, companies or social ventures that were making a difference in their community.

Laura hears from holdouts in the sector that impact or mission-aligned investing should be approached “as a marathon, not a sprint.” Her response is that her fellow philanthropists are doing endless training runs—attending seminars and hosting discussions—rather than pinning on their bibs and just getting started. “Consider this an invitation to the Mission-Aligned Investing Marathon proudly endorsed by The Patricia Kind Family Foundation,” she says. “You can’t run a marathon if you never enter the race.”

About the Author: Madeleine Grant is a graduate student in the Nonprofit Administration Certificate Program of the University of Pennsylvania’s Fels Institute of Government. She has worked in individual and corporate fundraising for the past six years at various arts organizations, including ArtsWave (Cincinnati, Ohio) and the Philadelphia Museum of Art (Philadelphia, Pennsylvania). Ms. Grant received her bachelor’s degree in art history from the University of Pennsylvania, graduating Phi Beta Kappa and summa

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