

The Legacy Fund of the System Dynamics Society

Charter Statement—October 1, 2017

Background and Purpose. The System Dynamics Society has embraced the formation of a “Legacy Fund”. The core concept of the Legacy Fund is to *grow the field of system dynamics through special projects that supplement the normal operations of the Society*. The Legacy Fund was established as a designated account of the Society by vote of the Policy Council in July 2017 and was formally launched at the Society’s annual banquet. The rapid first round of pledged donations from over 20 individual “founder donors” amounted to well over \$100,000. Shortly thereafter, President Len Malczynski appointed a team headed by Ken Cooper working with Warren Farr and David Andersen to clarify and articulate in one place issues relating to governance, goals, and modus operandi of the Fund.

Governance. The Society’s Administrative Committee has recommended that the best way to govern the Legacy Fund would be to establish a separate entity, something like “The System Dynamics Development Foundation”, to provide a more flexible platform for Fund activities. This entity would be a separate 501(c)(3) organization with a well-structured board of directors and understood set of relationships to the System Dynamics Society. To do this will take some time (12 to 24 months) and in the interim, a Legacy Fund Team has been established to manage the fund (see interim governance statement below).

Goals of the Fund. One of the first efforts of the Legacy Fund Team has been to set explicit goals and priorities to find new ways to grow the field through use of the Legacy Fund. The team has reviewed the excellent thought pieces of recent years presenting dozens of widely varying ideas and recommendations with special attention to the top priorities listed in the Society’s existing strategy document. While acknowledging that there are many approaches that could be taken, and that initial goals may shift and expand over time, the Team set an initial three-fold focus for the Legacy Fund:

- 1. Grow client demand for “real-world” applications of system dynamics.**
- 2. Grow new subject domains in use by clients of system dynamics work.**
- 3. Increase public recognition of successful real-world applications.**

How the Fund Will Achieve Its Goals. The Legacy Fund Team believes these goals reinforce one another, and will help drive new opportunities for current and aspiring SD practitioners. In support of the goals, the Team plans to launch a series of high visibility competitions and challenges to focus energy in our community on new domains of work that have commercial potential. They hope to leverage limited resources within the Legacy Fund with external support to achieve larger competition and challenge monetary awards. Details of specific projects of the Fund will be widely disseminated to all members of the Society, indeed to broader audiences outside the Society.

Legacy Funding: The Legacy Fund Team is responsible for raising its own funds. All funds raised for the Legacy Fund will be accounted for in a separate account specially designated for this purpose by the Policy Council. The Legacy Fund Team’s goal is to spend available (cash in the bank) funds in pursuit of

its goals. The Legacy Fund Team may not spend pledged, not yet collected funds, nor can it incur any form of debt in excess of available cash funds. If the Legacy Fund incurs expenses on these fund-raising efforts, it will bear these costs directly and not create a burden on the Society's other resources.

The System Dynamics Society recognizes the immense range of potential opportunity for system dynamics in the world. The Legacy Fund aims to enhance achieving that potential. The Fund will achieve the goals set forth in this Charter with lean, timely execution that encourages innovative and practical new ideas and bold, even inspiring, initiatives.

You may email the Legacy Fund Team at thelegacyfund@systemdynamics.org.

Appendix: Interim Governance, Scope and Funding of the Legacy Fund

Interim Governance. Until such time as a more permanent governance structure is in place, the Fund will be governed according to the following principles. The fund is governed solely by the “*Legacy Fund Team*” as appointed by the President of the Society with renewable five-year terms. When a more permanent governance structure is in place, this Team, the goals of the Fund, its programs, and the remaining balance in the Legacy Fund will transfer to the new governance structure. Between now and that time, this team is responsible for setting both long term and annual goals for the fund, making specific fund expenditure decisions, and driving the overall direction for the Fund including designing and implementing new structures to support the fund’s mission (such as setting up advisory boards or creating a separate foundation). The Legacy Fund Team reports out both to the donors of the fund and to the Society’s Policy Council on all major activities and decisions. The Vice President for Finance is responsible for reporting on fund activities as part of the annual financial report of the Society. As a designated account of the Society, the Fund is subject to the same rules and audits as all other funds of the SDS. The currently appointed Legacy Fund Team is Ken Cooper (team leader), Warren Farr, and David Andersen.

Interim Scope of the Funds Activities and Funding. During the next 12 to 24 months, the Legacy Fund Team will work with the System Dynamics Society to create a more permanent governance structure (see above). During this period, the substantive focus of the Team will be on (1) creating and launching a System Dynamics Grand Challenge around the treatment and cure of cancer (see attachment), and (2) mounting a competition within the Society to identify additional exciting new domains for commercial applications of system dynamics. During this interim period, the Legacy Fund Team will conform to its stated Legacy Funding procedures:

“The Team’s goal is to spend available (cash in the bank) funds in pursuit of its goals. The Legacy Fund Team may not spend pledged, not yet collected funds, nor can it incur any form of debt in excess of available cash funds.”

For 2017 the Legacy Team is authorized to spend up to \$10,000. For 2018 the Legacy Team is authorized to spend up to \$100,000, subject to receipt of sufficient donations to support that expenditure, for its proposed projects. The Legacy Team will solicit review of its plans for these projects with the Administrative Committee, including the timing and size of planned prize awards. A plan for 2019, necessary if a new governance structure is not yet in place, will be submitted to the Policy Council no later than November 1, 2018.