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"New Breed" Advisors

SEPTEMBER/OCTOBER 2001

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NEWS & COMMENTARY



CENTERED GRANTMAKING

**Seven Principles for Balance
in the Grantor/Grantee
Relationship**

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Community Foundations and Grants to Non-Charities

Jane C. Nober, special counsel, Council on Foundations

Community foundations can support the charitable activities of non-charities. But there are a few guidelines to follow

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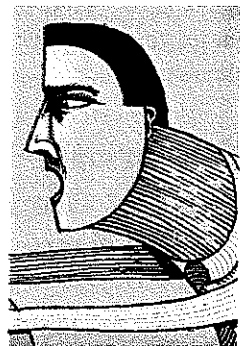
The "New Breed" and the Mega-Bucks

Roger M. Williams, freelance writer

New types of philanthropic advisory services aimed at forming private foundations have sprouted, enticed by the intergenerational transfer of wealth. And, as with anything new and unproven, it's buyer beware. Here's a look at the field now.

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The Seven Principles of Firmly Centered Grantmakers

Lee Draper, president, Draper Consulting Group

From their first day on the job, grantmakers can be pulled by the privileges of their position to become aloof or patronizing to grantseekers. Experienced grantmakers say this can best be avoided by having strong personal values that are sustained by formal programs in the foundation. Here are seven ways.

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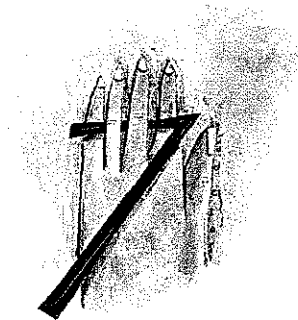
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THE SEVEN
PRINCIPLES
OF

FIRMLY CENTERED

Grantmakers can be swept away by the tide in the pool of "big money" they step into the first day on the job as grantmakers. Here are

It's regrettably all too common for grantmaking staff and trustees to become aloof, demanding and patronizing to nonprofits applying for funding. "Grantmaker's hubris disease" is a hazard of the job. It's understandable; funders are continually subject to compliments, wooing, freebies, special invitations and bombardment by funding solicitations—behavior that can promote an inflated sense of self-worth and self-centeredness.

Many grantmakers, however, continually challenge themselves to overcome such temptations and propensities. Inspired by the premise of Stephen Covey's 1989 book, *Seven Habits of Highly Effective People: Powerful Lessons in Personal Change*, following are seven salient values and methods of grantmakers who have established respectful and effective relationships with nonprofit staff.

The seven core principles emerged from interviews with experienced grantmakers holding a variety of positions at foundations of varying size and type. Though they have different styles, each described a process of constant vigilance. Their discipline is rooted in deeply held personal and institutional values, and sustained by formal and informal mechanisms in their workplaces.

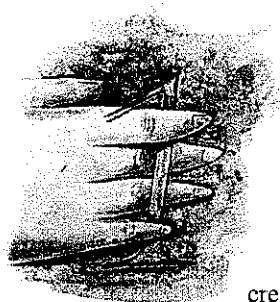
some ideas on how to remain centered and be respectful partners with grantees.

BY LEE DRAPER

ILLUSTRATIONS BY MARC MONGEAU

GRANTMAKERS





EMBODY HUMILITY

Grantmakers Are in Service to Nonprofit Organizations.

Almost everyone we spoke to identified the central importance of humility. “Grantmakers need to be humble above all else,” says Marjorie Fine, executive director of the Unitarian Universalist Veatch Program at Shelter Rock.

One of the easiest ways to sustain humility is to recognize that grantmakers are dependent. Without the creativity, knowledge and programming of nonprofits, grantmakers would not be able to pursue their missions.

Grantmakers can begin to embody a spirit of service by understanding the status dynamic created by money. In a speech at the 1981 Council on Foundations Annual Conference, eminent psychiatrist and grantseeker Roy Menninger remarked, “Having money to give away and the power to decide to whom to give it is intoxicating, and foundations can be irritating examples of the ‘narcissism of the righteous’.... We all need to be aware of some of the darker sides of human views of money and of giving and receiving, if we are to keep from exploiting the power position of the donor or the dependent position of the seeker.”

Anne Etheridge, director of the Peter Norton Family Foundation, sees this “darker side” first hand. “A fellow director of a family foundation once told me that (access to wealth) was like Chinese water torture—a constant dripping of excess,” she says. The amount of money allocated in foundation grants and administration can be staggering when compared to the majority of Americans’ expenditures. “It’s very difficult to find employees who aren’t affected and don’t start to feel ‘entitled,’” Etheridge says. She grounds herself and her staff in the knowledge that they are in service to the donor family and nonprofit community. “I have to constantly remind myself that it’s not *my* money.”

A spirit of humility can also be formally reinforced in the workplace. Eugene Wilson, senior vice president at the Ewing Marion Kauffman Foundation, makes values a central part of staff training. Everyone who works for him is assigned to read Alan Pifer’s *Speaking Out—30 Years of Foundation Work*, which examines the special privileges of grantmakers and how to develop balanced relationships with nonprofit leaders.

At the Flintridge Foundation, Managing Director Jaylene Moseley monitors staff performance. “If I see evidence of the position going to a program officer’s head, I call the individual in for a one-on-one discussion of his or her role in service to the community. The foundation has written guidelines for staff conduct with constituents that I use to reinforce a commitment to respectful behavior.”

The C.E. & S. Foundation works to overcome the unequal power relationship from the beginning, with every gesture. As one example, the arrangement of office space is designed to enhance cooperation and sharing. “We use round tables. I have made it a practice never to talk to a potential partner across my desk,” says Executive Director Bruce Maza. •

ENGAGE WITH EMPATHY

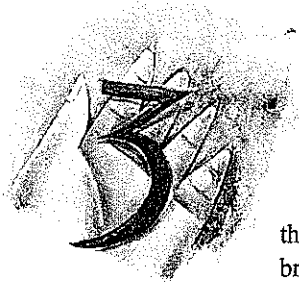
Develop a Perspective of Standing in the Nonprofit’s Shoes.



Empathizing with grantees involves developing a deeper appreciation for their work. The C.E. & S. Foundation tries to gain “an intimate understanding of the challenges, goals and exhilarations of the people serving our partner organizations. Failure to know these things indicates a lack of respect on our part,” says Maza.

It’s not only important to see nonprofits in action, say seasoned grantmakers, but also to take opportunities to engage in the work itself, to feel what it’s like to be in the nonprofit’s shoes in service delivery. “One of our board members spent a week volunteering in an inner-city classroom. His recommendation is that every other trustee and program officer spend at least a week in one of the nonprofits with which they work,” says Kauffman’s Wilson.

Some grantmakers are able to empathize with those seeking support because they have been in the applicant’s shoes. They try to retain a vivid memory of what it was like to be responsible for raising much-needed funds, and so, to be respectful of those across the table. Wilson encourages Kauffman foundation staff to draw on their experiences before they started working on the opposite side of the table. “The best grantmaker is a fundraiser from the nonprofit world who was bloodied by a bad foundation experience and vows not to become like that funder,” he says. •



ASK QUESTIONS AND LISTEN WITH AN OPEN MIND **Listening Requires Both Willingness and Ability.**

Most interviewees noted the necessity of asking questions to stimulate two-way communication and encourage nonprofits to share their perspectives, needs and opinions. Encouragement of dialogue shows that grantmakers are actually concerned with and interested in the experience and resources that nonprofits bring to the table. Dialogue also enables grantmakers to be responsive to current needs and opportunities.

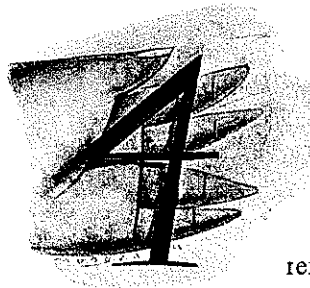
The California Wellness Foundation Program Director Fran Jemmott hosts periodic breakfasts with community-based leaders to learn more about issues and trends from their perspectives. She also asks, 'What is the word on the street about the foundation?' so she can address problems at an early stage.

Richard Atlas, founder and trustee of the Atlas Family Foundation, tries to foster open dialogue from the outset by asking questions of each person he meets at nonprofits. "When we go to an agency, we ask its staff members, How did you get here? Everyone in the room gets an opportunity to respond, from the executive director to the secretary. Then I tell staffers something about myself. We use this approach because if we don't connect as people, the other stuff doesn't matter."

Seasoned grantmakers agree that careful listening without jumping to conclusions is essential to the development of centered, honorable relationships. "Usually, honest and respectful communication will help in working through strained relations with constituents. I've found that making assumptions about another person's intent results in misunderstandings. It's important to ask questions to learn what is really going on," says Moseley.

Grantmakers must be willing to truly listen and resist tendencies to offer strong advice that stifles communication and erodes mutual respect. Says Larry Kressley, executive director of the Public Welfare Foundation, "One of the things grantmakers need to guard against is the assumption that we know what's best for organizations, when the real task is to support work developed by the organizations themselves. Stand back and take a hard look to make sure it's not your own ideas and strategies that you are interested in funding."

Adds David and Lucile Packard Foundation Trustee Cole Wilbur, even when solutions may appear straightforward, grantmakers need to be conscious of their distance from the challenges in the field. "Think about how you share information and advice—knowing how to ask questions is very important. Don't say: 'This is what you ought to do,' but rather, 'Have you ever thought about...?'" •



BE MISSION AND VALUES DRIVEN **They Serve as an Inner Rudder for Behavior.**

Centered grantmaking institutions often draft mission and values statements to reflect the importance placed on the relationships they have with nonprofits (see, "Codes for

Centered Relationships" page 37, for models). Values and philosophy statements, in particular, provide an opportunity to express how grantmakers will behave and operate. As such, they should not merely be documents to be read, but rather, policies to be used routinely to guide behavior and decisionmaking.

Such statements are used in hiring staff. Identifying a history of similar commitments and philosophy should be a central focus in the selection process. Says Eugene and Agnes E. Meyer Foundation President and CEO Julie Rogers, "Be conscious of hiring program officers who share the foundation's core values and have worked in community-based organizations." Marjorie Fine examines the way that individuals have implemented their values in their careers. In the job interview, she asks applicants to respond to scenarios to see how they might handle relationships with nonprofits, specifically looking for qualities such as respect, humility and candor.

But it's not enough to hire people who embody the grantmaker's values. Regular reiteration of mission and values at an institutional level is also important.

Mission and values must be a regular measuring stick for self-assessment. This discipline of self-reflection is crucial because "foundations are endowed institutions that neither have to produce a product for a market nor provide a service to a client. There is no natural feedback loop to indicate whether we are doing a good job. Therefore, we must constantly find internal motivation to strive to be responsive and effective," says Cole Wilbur.

The Flintridge Foundation's Moseley says its "new board and staff members must participate in an all-day orientation session that's rooted in the foundation's mission-vision-values and philosophy statements. The first item on each board meeting docket is the mission-vision-values document, and the board weighs its decisions against these documents." •

WHAT'S IN A NAME?

Most often, agencies that apply for funding are called *grantseekers*. But is this the best term? Nonprofits are usually called by a shortened version of their name by the users of their services: For example, *the museum*, *the clinic* or *the center*—terms that denote their function and role in community life

The term *grantseekers* defines them by the singular activity that takes place within the fundraising context and reduces the identification of their role to asking for funds. Some funders aim for language that reflects commitment to a peer relationship rather than a hierarchy of givers and receivers. Here are some alternatives:

Partner. “The term *partner* stems from the time the Kauffman foundation converted from an operating foundation to a grantmaking foundation, and we were discussing ways to clarify how much relationships matter,” says Eugene Wilson, vice president of the Ewing Marion Kauffman Foundation.

At the C.E. & S. Foundation, Executive Director Bruce Maza says, “At first contact, we use the term *applicant*. Immediately after, we say *potential partner* or just *partner*.”

Client/Teammate. “Grantmakers have money, nonprofits do the work, and we both have a passion to have an impact in the community. It is important to remember that they could do their work without us—there are other funders—but that we could not do our work without them. Those who are applying for funding are called *clients* and those we are supporting are *teammates*,” says Richard Atlas, founder and trustee of the Atlas Family Foundation.

Constituent. “We don’t use the term *grantee*; it sounds like a legal relationship. We use the term *constituent*. It keeps us aware of those we serve,” says Flintridge Foundation Managing Director Jaylene Moseley.

Organization. “*Organizations whose work we support* is respectful and collegial. *Grantee* sounds like it’s money from the King of England, and our field tends to be a little too royal to begin with,” says Public Welfare Foundation Executive Director Larry Kressley.

“*Community-based nonprofit organizations or nonprofit partners* are terms I prefer. I personally don’t like the name *grantee*. . . . It indicates that the foundation is the prime mover and the nonprofits are only the recipients,” says Julie Rogers, president and CEO of the Eugene and Agnes E. Meyer Foundation.

Margarita Ramirez, senior program officer at the Liberty Hill Foundation, says: “We recently had a technical assistance provider come into the foundation who kept referring to *agencies*. The organizations we work with are not agents; they are grassroots groups doing important work. We refer to them as *community organizations* or *community-based organizations* because this relates conceptually and philosophically to how we do our funding.”

—L.D.



BUILD GOODWILL AND TRUST Cultivate Both in Internal and External Relationships.

“We must remind ourselves that good relationships lead to better grants. Relationships characterized by trust and goodwill create an environment where nonprofits feel comfortable approaching the foundation with problems. And nonprofits should feel comfortable talking to grantmakers about weaknesses,” says Wilbur.

Building and maintaining relationships requires an investment over time. And that starts with funders’ openness about grantmaking practices. The California Wellness Foundation’s Jemmott notes that trust is developed by creating a “transparent foundation where funding policies and decisions, methods and style of work are revealed and made understandable. Staff is open and receptive, and biases are set aside as much as possible.” The foundation’s executive vice president and program officers have recently begun inviting community representatives regularly to the foundation’s offices. “They don’t have to be grantees. We give them a tour, show them our files and computer systems, and explain our programs and procedures. We try to break down the mystique,” says Jemmott.

Two other suggestions for building good relations are making site visits and general support grants. Boone Foundation President George Boone believes that frequent site visits without a specific purpose can keep a grantmaker up-to-date and “provide opportunities to see where we can be of additional assistance.”

Providing general support grants, Fine says, “sends the message that you believe in the organization. In order to create trusting relationships, you have to respect the leadership and capabilities of the people to whom you’re giving the money.”

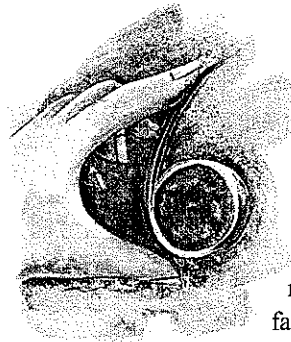
Almost all of the interviewees mentioned the importance of taking phone calls and returning missed calls promptly. Such actions express respect and the importance of the exchange, they said.

But building goodwill among constituents begins with creating respectful and open relationships among the internal staff team. It starts with the foundation’s own leadership. “I remind myself that my commitment, attitude and behavior will be reflected in the commitment, attitude and behavior of my coworkers. I feel the responsibility of this role and put forth my most sincere effort to be thoughtful, ethical, flexible

and conscientious within the staff team," says Moseley

Wilbur agrees: "The CEO leads the way in being ethical and respectful of others. At the Packard foundation, we make sure that everyone on staff feels their opinion really counts. It is important for leaders to treat staff as they would want the staff to treat grantees."

Teamwork engenders trust. Venture County Community Foundation President Kate McLean says, "We think of the staff as a team and consciously work to sustain a sense of teamwork. The staff works to be each other's checks and balances. The foundation's open, nonhierarchical environment promotes a sense of overall goodwill that welcomes community engagement." •



BE ACCOUNTABLE Grantmakers Share Responsibility For Outcomes and Effectiveness.

Grantmakers who form good relationships with nonprofits share a sense of responsibility for accomplishments and failures. Funders regularly evaluate themselves and strive to maximize their effectiveness. They also use a variety of strategies to monitor their performance to remain accountable to the nonprofits they serve.

Some funders work directly with recipient organizations to develop shared goals for grants. At the Kauffman foundation, nonprofit partners are engaged with program officers in developing mutual objectives for projects.

C.E. & S. Foundation staff and their nonprofit colleagues work together at the *beginning* of the process to decide upon the "criteria, metrics and language that will describe success at the end of a partnership," says Maza. Working together to achieve mutually agreed upon goals and engage in coordinated evaluation keep both nonprofits and grantmakers accountable to one other.

In foundations, the annual performance review is an opportunity to assess each staff member's ability to serve nonprofits effectively and in line with the grantmaker's mission and values. "At the Kauffman foundation, each staff member has a professional development plan tied to the outcomes of the foundation's strategic plan. These include specific performance expectations related to their responsiveness and accessibility to nonprofits. And everyone has a plan—from the most junior staff to the president," says Wilson.

Some grantmakers provide formal mentoring and supervision on an ongoing basis that hold staff accountable to standards and support their growth. For the most part, grantmaking is learned on the job and there need to be vehicles to help supervisors monitor how staff members interact with nonprofits. The Meyer foundation's Rogers emphasizes the importance of occasionally going on site visits or sitting in on office visits with a program officer and providing constructive input afterward on his or her conduct and effectiveness.

The Packard foundation conducts an anonymous survey every two years of all who have applied for grants. An outside firm conducts the survey, which asks questions about Packard's style, approach, fairness and even about specific individuals with whom the applicant/grantee came into contact. Results are compared to those of two and four years past. All staff members discuss the findings and develop improvements.

The Unitarian Universalist Veatch Program has another approach. "Last year we asked an outside group to conduct an evaluation of our grantmaking practices. It wasn't to see if 'we made a difference,' but rather more of a 'peer review' of ethical and effective practices," says Fine.

Ultimately, it's not only about the award of a grant or not, but how the grantmaker's staff and trustees conduct themselves. Nonprofit leaders have received funding from grantmakers that treated them with disrespect and abused their authority. On the other hand, they have been declined and sustain respect for the funder. In the latter case, they feel that they were heard and treated with dignity. They understand the rationale of having their request declined, and are left with a sense of mutual goodwill. •

RESOURCES FOR REFLECTION

The following works stimulate reflection on the complexities of grantee/grantor relationships and underscore what a privilege it can be to be of service to others:

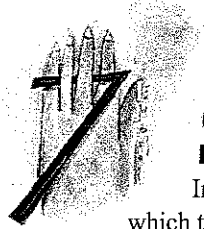
Menninger, Roy W. *Foundation Work May Be Hazardous To Your Health: Some Occupational Dangers of Grantmaking (and Granteeceiving)*. Topeka, KS: The Menninger Foundation, 1981.

Pifer, Alan. *Speaking Out: Reflections on Thirty Years of Foundation Work*. Washington, DC: Council on Foundations, 1984.

Shaw, Aileen. *Preserving the Public Trust: A Study of Exemplary Practices in Grantmaking*. (Funded by the Aspen Institute Nonprofit Sector Research Fund.) San Diego, CA: National Network of Grantmakers, 1997.

Kibbe, Barbara S., Setterberg, Fred, and Wilbur, Colburn S. *Grantmaking Basics: A Field Guide for Funders*. (Funded by The David and Lucile Packard Foundation.) Washington, DC: Council on Foundations, 1999.

—L.D.



SUSTAIN A FUNDAMENTAL COMMITMENT TO LEARNING Learn From Those Doing the Work

In addition to active listening, centered grantmakers view nonprofits with which they interact as teachers, experts and resources. “We invite nonprofit leaders to teach us so that we can learn from their experiences and adjust our programs accordingly. We receive as much as we give,” says the C.E. & S. Foundation’s Maza. The California Wellness Foundation’s Jemmott agrees. “Nonprofit leaders have more to teach about than just their particular organization or program. I learn so much about policy and advocacy right from community-based organizations. The foundation has to have dialogue where the community can set the record straight,” she says.

The Public Welfare Foundation invites peer foundations to join them regularly for “Fundings Briefings” where community organizations share their perspectives and update funders with information on pressing issues and trends.

The Liberty Hill Foundation has a variety of strategies for keeping their board, donors and staff aware of community issues. It hosts a “State of the City” forum twice a year, which brings together activists and representatives of community organizations that have received support to discuss issues. “We also have regular bus tours to take board [members] and donors to meet the community organizations they have funded, so that they can have first-hand experiences and learn from the leaders themselves,” says Senior Program Officer Margarita Ramirez.

The Boone Family Foundation also hosts bus trips to several agencies that they’ve funded. They invite other nonprofit leaders, other grantmakers and individual philanthropists, scholars and policymakers. Says George Boone, “We provide lots of chances for two-way exchange. We learn from everyone, gathering input and suggestions from everyone on the bus. They are exposed to important things happening in the community, and the nonprofits we fund receive exposure and additional resources. It opens everyone to new ideas. If you are not learning, you are dead.” •

Experienced grantmakers agree that one can only begin to embody a spirit of service by understanding the status dynamic created by money.

The Discipline

Alan Pifer summarized it well: “If... [grantmakers] have a genuine humility, are conscious of their own limitations, are aware that money does not confer wisdom, are humane, intellectually alive and curious people—men and women who above all else are eager to learn from others—the foundation they serve will probably be a good one.”

Of course, it is easier said than done. The discipline of centered grantmaking stems from the combination of personal and institutional values reinforced by implementation of specific methods and regular self-reflection. It is a constantly evolving process, informed by input and suggestions from those served. And one must always be mindful, for the disease of hubris is virulent and quietly subversive. ■

Lee Draper, Ph.D., is president of Draper Consulting Group. Since 1990 the firm has provided services to grantmakers and nonprofits in planning, management, governance, and board and staff development (www.drapergroup.com)

THE INTERVIEWEES

Richard Atlas, Founder and Trustee, Atlas Family Foundation

George Boone, Founder and President, Boone Family Foundation

Anne Etheridge, Director, Peter Norton Family Foundation

Marjorie Fine, Executive Director, Unitarian Universalist Veatch Program at Shelter Rock

Fran Jemmott, Program Director, The California Wellness Foundation

Larry Kressley, Executive Director, The Public Welfare Foundation

Bruce Maza, Executive Director, C.E. & S. Foundation

Kate McLean, President, Ventura County Community Foundation

Jaylene Moseley, Managing Director, Flintridge Foundation

Margarita Ramirez, Senior Program Officer, Liberty Hill Foundation

Julie Rogers, President and CEO, Eugene and Agnes E. Meyer Foundation

Colburn Wilbur, Trustee, David & Lucile Packard Foundation

Eugene Wilson, Senior Vice President, Strategic Programs and Planning, Ewing Marion Kauffman Foundation

Codes for Centered Relationships

Grantmakers often develop formal codes to support trustees and staff in sustaining respectful relationships with nonprofits. One of the most common is a values and philosophy statement that describes how the grantmaker will conduct its work. Those codes complement the mission statement and guide board and staff attitudes and behaviors externally. Here is a selection:

Values of the Ewing Marion Kauffman Foundation

"If you treat others the way you'd like to be treated, you'll be able to accomplish so much more, and at the same time, be happier." —Ewing Marion Kauffman

As associates of the Ewing Marion Kauffman Foundation, we believe our effectiveness is based on our values for relationships, results and renewal. We accept our responsibilities as leaders and each strive to:

Relationships

- Treat others as we want to be treated, with humility, dignity, respect and honesty
- Work inclusively and collaboratively with others

Results

- Be committed to excellence in achieving results
- Be creative and take responsible risks

Renewal

- Pursue lifelong learning through personal and professional development
- Seek balance with career and personal life

Unitarian Universalist Veatch Program at Shelter Rock: Principles of Unitarian Universalism

- A belief in the inherent worth and dignity of every person
- Justice, equity and compassion in human relations
- Acceptance of one another and encouragement of spiritual growth
- A free and responsible search for truth and meaning
- The right of conscience and the use of the democratic process
- The goal of community with peace, liberty and justice for all
- Respect for the interdependent web of all existence of which we are a part

Core Beliefs of the Boone Foundation

- We believe that we can be most effective by supporting "grass roots" programs whose leaders are passionate. Much of our work is focused on searching for outstanding teachers, mentors and others who touch the lives of young people.
- We also believe that people have the capacity to help themselves and the best we can do is provide opportunities for them.
- When exceptional leaders work with people who want to improve their lives, good things often happen.

The C.E. & S. Foundation's Six Kinds of Knowledge

The foundation strives to discover the potential for partnership and to build productive relationships. These relationships should involve continuous learning and teaching by both the foundation and the partner organizations.

When it investigates the potential for a productive partnership, the foundation uses this protocol for the "process of discovery." The goal is to achieve six kinds of knowledge:

1. **Self-knowledge.** What is the foundation willing and able to bring to this partnership? The answer should address not only money, but also time, energy, experience and advocacy.
2. **Knowledge of Applicant.** We gather as much knowledge as we can through honest, welcoming conversation. We seek to discover detailed information about the planning and the process necessary to achieve the organization's mission.
3. **Knowledge of Environment.** We learn about the whole environment in which the potential partner works. A failure to understand the organization's place in its field can greatly reduce the effectiveness of grant-making.
4. **Knowledge of Process.** How does the organization accomplish its work on a day-to-day basis?
5. **Knowledge of Outcomes.** At the beginning of the discovery process, we agree upon metrics, criteria and language that will describe success. By what criteria can they and we make judgments?
6. **Knowledge of other potential partners.** Can we assist our partner organizations in identifying other funders who share similar mission statements? Is the foundation willing to be an advocate to other funders?

—L. D.