The *Savvy* CEO

Advice From Those Who Have Been There

Marcia Sharp

COUNCIL *on* FOUNDATIONS

Vision

The Council's vision for the field is of

A vibrant, growing and responsible philanthropic sector that advances the common good.

We see ourselves as part of a broad philanthropic community that will contribute to this vision. We aim to be an important leader in reaching the vision.

Mission

The Council on Foundations provides the opportunity, leadership and tools needed by philanthropic organizations to expand, enhance and sustain their ability to advance the common good.

To carry out this mission, we will be a membership organization with effective and diverse leadership that helps the field be larger, more effective, more responsible and more cooperative.

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By "*philanthropic organizations*," we mean any vehicle that brings people together to enhance the effectiveness, impact and leverage of their philanthropy. This includes private and community foundations, corporate foundations and giving programs, operating foundations and public foundations, as well as emerging giving and grantmaking mechanisms involving collective participation.

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The Council on Foundations was formed to promote responsible and effective philanthropy. The mission requires a commitment to inclusiveness as a fundamental operating principle and calls for an active and ongoing process that affirms human diversity in its many forms, encompassing but not limited to ethnicity, race, gender, sexual orientation, economic circumstance, disability and philosophy. We seek diversity in order to ensure that a range of perspectives, opinions and experiences are recognized and acted upon in achieving the Council's mission. The Council also asks members to make a similar commitment to inclusiveness in order to better enhance their abilities to contribute to the common good of our changing society.

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COUNCIL *on* FOUNDATIONS
1828 L Street, NW, Suite 300
Washington, DC 20036-5168
202/466-6512 • Fax 202/785-3926
www.cof.org

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PREFACE

In the United States today, more than 64,000 private philanthropic foundations play a constructive role in promoting social, cultural, economic, and environmental innovation and in building and sustaining the nonprofit institutions and organizations that benefit society at home and abroad.

The growth of the philanthropic sector has led to greater scrutiny of the effectiveness of private foundations in fulfilling their charitable missions. It has also led to increased attention to the important stewardship role played by private foundation chief executive officers—and boards—in managing foundation programs and assets.

The role of the foundation CEO is pivotal to the success of a foundation's goals. Even at foundations without a staff, the tasks of the CEO do not disappear, but rather are carried out by board members. In this publication, we explore some of the critical issues and challenges foundation CEOs face in their daily work.

This publication grew out of the Council's Senior Advisors Program, which was a pilot program designed to provide executives with practical guidance from experienced peers on critical governance and leadership issues. The Senior Advisors Program was part of the Council's Building Strong and Ethical Foundations: Doing it Right initiative, developed to encourage adherence to high ethical standards in grantmaking. We thank Marcia Sharp for developing and writing the case studies that explore what it means to be a savvy CEO and Joanne Scanlan, the Council's former senior vice president for philanthropic leadership, for making this publication happen.

Steve Gunderson

President and CEO
Council on Foundations

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Introduction

It's often said in the philanthropic world that "giving away money is harder than it looks." And there's an important corollary: Being the successful CEO of a foundation that gives away money is also harder—much harder—than it looks.

Whatever the size of the foundation, the CEO must manage and lead a staff, oversee grantmaking and investments, represent the foundation in the outside world, keep the ethical compass fixed on true north, and maintain the all-important partnership with the board. This is no small act of leadership and balance. Then consider that there's no school to train you to become a foundation CEO. And, once you get there, there is often no real job orientation either.

In *The Savvy CEO* we tap the insights of seven of philanthropy's most seasoned executive leaders, to help frame a set of critical skills for CEOs who aspire to stay—and thrive—in the job. As the short biographies on the following page show, the experience of our advisors spans board, CEO, and staff positions in independent, family, corporate, community, and conversion foundations with staff sizes ranging from two to 150.

Whatever the CEO challenge, our advisors have likely seen it—and lived through it. Join these advisors as they share their advice—for both CEOs and board members—about a series of hypothetical stories drawn from the real lives of foundation CEOs:

- Jennifer: The First 30 Days on the Job
- Bob: Maintaining the Board/CEO Relationship
- Maria: Leading and Managing Change
- Rick: The CEO's Balancing Act
- Donna: Handling a Crisis
- Luke: Bringing up New Leaders
- Elena: Measuring Success

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Advisors to *The Savvy CEO* Project

Philip B. Hallen was president of the Maurice Falk Fund from 1963 until 2000. In recognition of Hallen's service in civil rights and minority affairs, the Philip Hallen Chair in Community Health and Social Justice, an endowed professorship, was created at the University of Pittsburgh's Graduate School of Public Health. Hallen has been a visiting scholar at the National Academy of Sciences and the Harvard Graduate School of Education, and was a founding trustee of Women in Philanthropy, Grantmakers in Film + Electronic Media, the Council on Foundations' Film and Video Festival, and Grantmakers of Western Pennsylvania. He has been a member of more than 20 Council on Foundations committees between 1963 and the present.

Reatha Clark King is the former president and board chair of the General Mills Foundation and currently serves as a senior advisor of the Council of Foundations. From 1988 to 2002 she served as president and executive director of the General Mills Foundation and vice president of General Mills, Inc., and from June 2002 to May 2003 she served as chairperson of the foundation's board of trustees. She joined General Mills after serving 11 years as president of Metropolitan State University in the Twin Cities. Prior to her presidency at Metropolitan State University, King was employed as a professor of chemistry and associate dean at York College of the City University of New York, and as a research chemist with the National Bureau of Standards in Washington, DC. She serves on the boards of Exxon Mobil Corporation, Lenox Group Inc., the National Association of Corporate Directors, the American Occupational Therapy Foundation, VocalEssence, Inc., Clark Atlanta University, and the International Trachoma Initiative in New York City. She is a life trustee of the University of Chicago. King graduated from Clark Atlanta University in Atlanta with a bachelor of science degree in chemistry and mathematics. She earned a master's and a doctorate in chemistry from the University of Chicago and an MBA from Columbia University.

Handy Lindsey Jr. is the executive director of the Cameron Foundation in Petersburg, Virginia. He joined Cameron in 2004, after six years as president and nine years as executive director and treasurer of the Field Foundation in Illinois. Prior to that, he was the assistant director of the Chicago Community Trust. He has been a director and board chairman of the Donors Forum of Chicago and has served on the boards of the Council on Foundations and the Chicago Annenberg Challenge.

Skip Rhodes is a former chair of the Council on Foundations' Board of Directors and currently chairs the Council Board Associates program. For 20 years he was the manager of corporate global community involvement for Chevron. He has been a city councilman and the mayor of Piedmont, California. From 1984 to 1994 he was the director of the Joint Operations Staff for the North Atlantic Treaty Organization. He currently is president of his consulting firm Skip Rhodes & Associates.

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Robin Tryloff is an independent consultant specializing in nonprofit organizational effectiveness and a trustee of the West Point Community Foundation. She has been the president and executive director of the Sara Lee Foundation, executive director of civic affairs for the Sara Lee Corporation, and board chair of the Donors Forum of Chicago. She also served for six years on the Council on Foundations' Board of Directors, during which she led its strategic planning effort. Outside philanthropy, she is a trustee of the Music and Dance Theater of Chicago, and a cofounder of the Jane Addams Legacy Project.

Colburn S. Wilbur is a trustee and former president of the David and Lucile Packard Foundation. He was the CEO of this foundation for 23 years. Prior to that, he served as executive director and CEO of the Sierra Club Foundation. He was a senior fellow at the Council on Foundations (1999–2000), and in 1999 received the Council's Distinguished Grantmaker Award. Wilbur was the interim president and CEO of the Council in 2005. He currently serves on the boards of the David and Lucile Packard Foundation, Colorado College, the Institute for Global Ethics, Planned Parenthood Mar Monte, the NARAL Foundation, and Philanthropic Ventures Foundation, and serves on the advisory boards of the Sierra Club Foundation, the Entrepreneurs Foundation, and the American Land Conservancy. His past board affiliations include the Council on Foundations, the Foundation Center, Northern California Grantmakers, Peninsula Grantmakers, the Global Fund for Women, the Peninsula Conservation Center, and the University of San Francisco Institute for Nonprofit Management. Wilbur received both his undergraduate degree and his MBA from Stanford University.

Eugene R. Wilson is a senior advisor for the Council on Foundations and a member of the Council's Advisory Committee for Executive Programs. He retired as senior vice president of the Ewing Marion Kauffman Foundation in Kansas City, Missouri in 2003. He was president of the ARCO Foundation in Los Angeles for 17 years. Wilson chaired the Contributions Council of the Conference Board and served three terms on the board of Independent Sector. He is a senior fellow and a member of the Advisory Board at the Center for Philanthropy and Public Policy at the University of Southern California, and a senior fellow at the Midwest Center for Nonprofit Leadership at the University of Missouri–Kansas City. On behalf of the ARCO Foundation, he received the Corporate Social Responsibility Award presented by MALDEF, a leading Latino civil rights group. He now consults with foundations.

Writer/editor:

Marcia Sharp is the CEO of Millennium Communications Group in Andover, Massachusetts. She writes frequently on the changing philanthropic landscape, and its implications for foundation leadership. She is a member of the Council for the Nonprofit Sector and Philanthropy Program at the Aspen Institute, serves on the Advisory Board for the Center for Effective Philanthropy, and was a research fellow at the Center on Philanthropy and Public Policy at the University of Southern California.

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Jennifer: The First 30 Days on the Job

"So glad you're here. Handle it. Good bye." Jennifer has been advancing as a senior program officer at a foundation where the CEO has been in place for 20 years. She is now in the running to become president of a smallish (but soon to grow much larger) foundation in her grantmaking area.

Jennifer meets with a few board members over lunch and learns that the outgoing CEO, who is retiring, has been there a long time and is well respected, but also that the board feels "it's time for a change," and is looking for someone who is "a good fit" with what the board now wants. She also learns that the board members are interested in outcomes, and she shares some of her evaluation experience from her current foundation.

Jennifer thinks it's a good conversation, and will probably lead to an invitation to come back and meet the staff and other trustees. Instead she gets the job offer, which—following an exchange of messages and phone calls about salary and benefits—she accepts.

When Jennifer arrives for the first day of work, the board chair is there, as are the three program staff members and the all-purpose administrative assistant. After an exchange of pleasantries and assertions about change and the bigger future impact of the foundation, the chair leaves, and Jennifer realizes that her job interview was the only orientation she is going to get. She goes into her office, sits down, and thinks about what to do in the next month.

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"Miss Durban, is there anything C.E.O.-ish for me to do?"

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Our advisors say that the tale may be a bit exaggerated but it's not too far from what happens in the foundation world. Indeed, they point out, executive transitions in foundations can often be described as the inexperienced meeting the unclear.

In Jennifer's case, they note, we have a CEO who knows foundations, but has never had a management or institution-building job. Other typical scenarios involve the accomplished outsider—the college president, the lawyer, the business leader—who is management-savvy but knows very little about the culture of organized philanthropy. And then there are the boards of newly created foundations, who may be hiring a CEO and launching a foundation with virtually no experience in either grantmaking or in the workings of the broader nonprofit community.

According to our advisors, it is fairly typical for boards to offer very little guidance to new CEOs. One advisor echoes Jennifer's story when she recaps her first day's interaction with the chair: "A quick hello, a desk, a pen, gotta go." Another looks back to day one: "There's no one on the board with any experience whatsoever with philanthropy. So they are absolutely clueless, and expecting everything from me."

As a result, many CEOs like Jennifer are taking the helm without much of a roadmap, and with little clue about what's a priority, how much time there is, where the pitfalls are, and what success might look like.

Our advisors' advice for Jennifer about how to make the most of the next 30 days follows. In the box on page 4 are the advisors' suggestions to Jennifer's board about how the transition might have been more productive and less risky.

Five key touchstones for a successful first 30 days.

1. **Take a deep breath: It's not your fault and there's still time.** Jennifer should not blame herself for not knowing, from that first lunch, where the board wants her to go, and what they mean by "time for a change"—let alone what they mean by "outcomes." She shouldn't pretend—to the board or the staff—that she's got it all figured out. And she shouldn't move too fast. Circumstances seldom require new foundation leaders to send dramatic day-one (or even month-one) signals that "everything is going to be different around here from now on, because here's where we're going." Yes, the advisors say, "philanthropy is…an image-conscious group with CEOs and board members who are…supposed to know everything." But their firm counsel to Jennifer is to buck that stereotype, to signal that while she has a lot of ideas she certainly hasn't come in with a game plan, and to take advantage of the window she has to listen and learn.

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2. **Meet your board members.** Since she's only met three of the 12 members of the board, Jennifer needs to make the rounds—fast. One advisor suggests making appointments, in the first week, to spend one-on-one time with each trustee, in the office or at the trustee's home. She needs to begin to give board members a sense of who she is and what she brings to the job. The other purpose of this first round of talks is for Jennifer to start building her own relationships. Who are these board members? What makes each one tick? How have they been involved? If they have a gripe or an ax to grind, what is it? What do they see as the challenges and opportunities ahead—especially in view of the expected increase in assets?

3. **Reach out to the staff.** Jennifer may or may not need to make changes to or increase the staff. But right now, our advisors say, it is crucial for Jennifer to reach out to her staff members and establish trust. They will be her best source for learning what she needs to know about how the foundation works.

   Jennifer also needs to remember that this is a tough time for staff. They know change is coming. As one advisor says, "They are in a transition and they're nervous and they didn't even get to hire you. They had no control at all." So Jennifer's first job with staff is to send a signal that she values them, is open to their ideas, and has much to learn from them. What's more: They are part of her team in making the changes to come. (One caveat: The advisors caution Jennifer to be aware that she is likely to get conflicting advice from staff—along with some posturing—so she needs to develop ways to filter what she hears.)

4. **Build your own briefing book.** Having done the first round of meetings, Jennifer now has time, say the advisors, to build a deeper understanding of the issues and the environment that she didn't get in that hoped-for "orientation." She should reach out to the board, staff, grantees, and others in the community, asking questions and listening for clues, in a way that lets her answer these kinds of questions: What was the reason for the leadership change at the foundation? What do board members think "a good fit" will feel like? What role has the board played in the foundation? What is the chair's style of leadership and meeting management? What conversations has the board had about the use of the larger body of assets that is coming? What is the state of staff morale? Did either of the in-house program officers want the job she now has? What are the relationships like with current grantees? With declined applicants? How do leaders in the community feel about the foundation?

5. **Start—right now—to cultivate the relationship you want with the chair.** To a person, our advisors say that there is no factor more important to a foundation CEO's tenure, and ability to do the job, than the relationship with the board chair. So Jennifer needs to start "managing up" right away—meeting with the chair, informing the chair of what she's learning in her assessment, asking questions, and forming her impression of what kind of relationship she wants with the chair and

What was your own orientation experience? How will it be for your successor?

What would you do differently now, if your had your first 30 days to do over again?

what she can do to bring it about. And while it's true that building the chair/CEO relationship is a two-way street, our advisors say that the burden is probably on her. ("She's going to have to manage this relationship over time," says one advisor, "The worst thing she can do now is to wait for the chair to call her.")

Summary: The 30-day challenge: Jennifer's wisest course, say the advisors, is to treat the first 30 days as being all about people: the board, the staff, the grantees, and key members of the community. The trick is balance: looking confident from the start, but learning about and valuing what already exists, seeking help, and establishing that people can trust her. If Jennifer can accomplish this balancing act, she's well on her way to a good start.

ADVICE TO BOARDS:

Do you want to give your CEO a deeper introduction than "Good to see you, these are the shoes, step in?" Here are four key steps that could have made Jennifer's first month more productive and potentially less risky:

Why Jennifer? Before Jennifer arrived, the board could have been prepared to share with her their consensus on what they were looking for in a new CEO: what skills and strengths, what kind of temperament, how great an appetite for change.

What's the target? The board has indicated that the foundation will be scaling up when the new assets come into play, that they are interested in outcomes, and that they are looking for changes. They could have set down on paper, or at least organized into the points of an orientation, what exactly they have in mind. They also could have drafted a careful job description that would assist Jennifer in understanding the board's expectations and help the board in evaluating her performance.

What's the timetable? Jennifer nearly panicked on day one. Had she missed something? Was she supposed to have the answers? If she didn't, how much time did she have to get them? The board could have communicated its expectation for the time Jennifer should take to learn the lay of the land and come back to them with an assessment.

What ongoing guidance will the board give? The board could have designated, formally or informally, a transition committee to function as Jennifer's sounding board—to meet with her on day one (or very shortly thereafter), and then either on a scheduled or an as-needed basis for the next few months.

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Bob: Maintaining the Board/CEO Relationship

"**He seemed like such a dynamo...**" Bob was selected as the new CEO of the Omega Foundation after an extensive search, led by the board chair, for a leader to revamp the foundation's entire grantmaking strategy and program. Bob had been a foundation program officer early in his career, then become the CEO of a widely respected environmental advocacy organization. Because Omega's grantmaking focused on environmental and economic development issues, and Bob had both the field knowledge and the leadership characteristics the board was looking for, he seemed like a great candidate.

Bob came in with a full head of steam, quickly launching analyses of past grantmaking patterns, commissioning grantee and community satisfaction studies, and convening meetings of industry experts and community leaders. People were impressed.

Before his third board meeting, Bob met with the chair to go over a dramatic set of changes he was ready to introduce in the meeting—new grantmaking priorities and guidelines and even a much more streamlined intake and grantee management process. The board meeting seemed to go well, although only eight of the 12 members attended.

Meetings four and five—by which Bob had been on the job for over a year, and the chair was nearly through his term as well—came and went, with more and more elements of Bob's vision of change moving from idea to implementation. Bob was feeling good, although he wished more of the board members would pay more attention to what was happening.

Two weeks ahead of meeting six, just as the board book was being finalized, the chair called Bob and asked to have lunch. He told Bob to prepare for some tough news: the board was not happy with the foundation's new direction or with his leadership.

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"This one's a classic," says one of the advisors. "Juicy," says another. And juicy it is. Omega's board had turned to a high-energy CEO with a proven track record, deep technical expertise, current knowledge of the policy advocacy field, and acknowledged leadership skills, to take them where they thought they wanted to go.

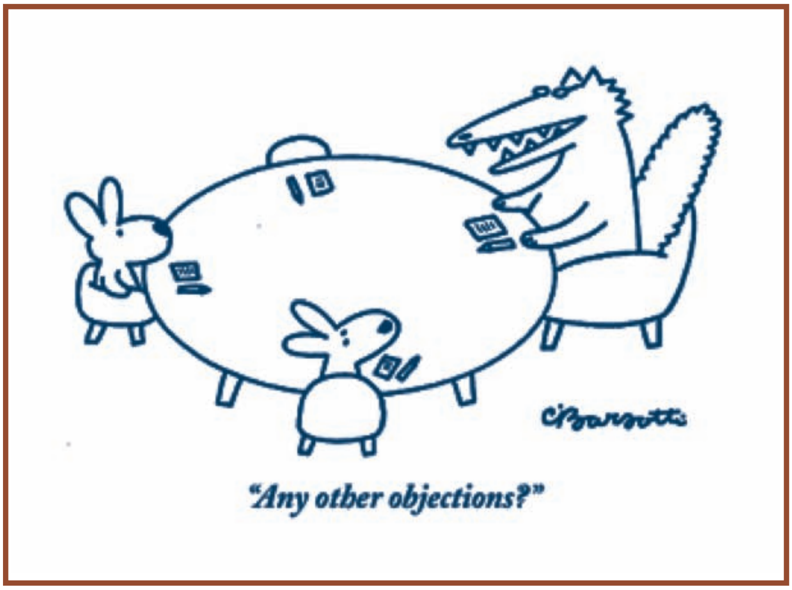
The advisors say they're seeing this situation frequently. Foundations, seeking more change and greater impact, are more and more likely to reach for different types of leaders than they might have in years past. They often hand these new leaders—intentionally or not—an amazing amount of latitude to reorient the enterprise.

In Bob's case, the advisors point out, he's formed a bond with the chair, who also chaired the search committee, and he felt affirmed in his thinking from the outset. So as far as Bob could see, all the signals were that he and the board saw eye-to-eye on where the foundation could go and how to get there. After all, everyone was impressed with his ideas, beginning with the meetings early in the search and on throughout the board meetings.

But the unstated part of Bob's job, the advisors make clear, is to know how to bring the board along with him. For this task Bob and others like him are often unprepared. Instead of the leader who leads, *and listens*, the pattern becomes "the leader leads, and the board listens"—or, after a time, doesn't.

At some point, there's a precipitating incident (in this case probably the impending departure of the chair). The board dynamic changes, and the action-oriented CEO loses allure and support. Most often, say the advisors, these situations are "career-ending" for the CEO. In this case, a chastened Bob survives.

We asked the advisors for their thoughts about where Bob went wrong and what he needs to do now.



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Where Bob went wrong

In a nutshell, says one advisor, Bob got out ahead of his blockers.

He didn't stop to read the culture. Omega presented Bob with a very different situation than he'd experienced in his advocacy organization. There, if Bob had a well-thought-out idea, and could fund it, he didn't have to do a whole lot to "work it through the board". At Omega, Bob needed to study the board dynamic, learn how the chair played his role, and

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figure out the roles and power bases of other key players. He needed to learn how, and on what timetable, big ideas moved through the board. The point, say the advisors, is that even if Bob was brought in to change the culture, he needed to understand it first.

Are there times you have "gotten ahead of your blockers?" What happened?

Who at your foundation is responsible for making the CEO/ board relationship work?

He was much too independent of the board—and too dependent on the chair. Bob connected with several of Omega's key stakeholder groups in his early months—the grantees and key leaders in the community and in the fields where the foundation was active. But he hardly touched the board. Bob and the chair hit it off at the time of the search, and Bob became far too dependent on that relationship, say the advisors. He didn't really know, and didn't take the time to find out, where individual board members stood on changing the strategy and grant program. Without knowing who had good creative ideas, or strong reservations, he had no way of knowing how to frame his ideas and pick his allies. More generally, he didn't know his people: "When I came in," says one advisor, "I spent enough time with the board members so that I knew who each of them was as a person. And each of them had a good sense of who I was as their manager."

He made it all about Bob. As our advisors see it, whatever emerged was Bob's plan. Whatever mandate the board gave to their new and hard-charging CEO, the board needed to own the new strategy and plan for Omega that emerged. Bob didn't give that a chance to happen. Bob shaped his vision and fed it back to the board. He could have brought various pieces of the plan through committees, suggest the advisors, and given the committees options to shape those pieces and present to the larger board. Without doing that, or something like it, Bob didn't have anyone on the board passionately fighting for the changes he proposed.

He ignored all the signals. Bob mistook silence for approval, and acquiescence for engagement, say the advisors. A meeting attended by only two-thirds of the board should have been a signal to Bob that the members weren't engaged and that he needed to draw them in. Where Bob described the board members as "not paying enough attention" the advisors saw clear danger signs in low attendance, little participation in meetings, board members never lingering to chat after meetings, and almost no evidence of "What do you think about this?" conversations with board members. As one advisor neatly put it, "One of the things that I found measured people's involvement was their involvement."

So Bob the dynamo nearly flunked Governance 101 for CEOs. But he's still on the job. The advisor team has recommendations for what he should do now:

FOR THE BOARD:

Bob's not the only one who made some mistakes, say the advisors. What could the board have done differently? Four big things:

Define roles. The board should have made it clear to Bob at the outset what part they wanted to play in Omega's transformation. Bob seems to have thought they were "along for the ride." They saw it differently—but didn't say so.

Be a match for Bob. The board should have asked themselves, ahead of time, what it would take to be a good board to an activist and issue-expert CEO like Bob. Bob was a big change from their "program officer par excellence" previous CEO. But the board didn't consciously change gears—and perhaps didn't know how to.

Give an early warning. This was really the chair's responsibility. The signals Bob ignored should have been apparent to the chair as well.

Offer help on process. Bob didn't know how to move things through the board in a way that involved and engaged them and turned his ideas into everyone's ideas. The chair and the committee chairs could have helped with that.

What Bob should do now

Listen to the board. The number one priority, say the advisors, is to talk to every member of the board, individually, before the next meeting. Bob needs to acknowledge that he's heard what they're telling him and ask for some candid input from each of them. How would they critique his role, since arriving? What has excited them about the directions he is suggesting? Where are they concerned? How can he communicate better with them, in and between meetings?

Listen to the chair. Bob needs to go to the current chair, and ask for a "full, candid, and frank" conversation. He needs to learn from the chair where he went wrong, and why the chair did not/could not provide an earlier heads-up about Bob's loss of support. He should ask for the chair's help and guidance in putting together a plan that captures Bob's ideas—*and* has the support and encouragement of every board member. If the new chair is known by this time, they need to include that person.

Maintain communication. Bob needs to keep the new pattern of connection going—meeting regularly with members of the board, as a group and individually, testing ideas and options ("What would you think if the foundation were to…?"), and moving things through committees, so that by the time a board book is done for a meeting, it's the product of significant work and thinking, by lots of people on Bob's staff and also on the board.

Bob was fully confident of his vision and his ability to make things happen. But what Bob had to learn was that it is boards who *allow* CEOs to make things happen. The give and take required to make boards comfortable with this "allowing" is a subtle, but huge, part of the CEO's job, say the advisors. Boards may hold all the traditional powers—hiring, firing, setting policy—but the burden of making the board/CEO relationship work nevertheless falls most heavily on the CEO.

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Maria: Leading and Managing Change

"**If my sister had ever imagined…"** The Arbor Foundation occupies a large lot in its mid-sized city, with a grove of trees and a nice perennial garden adjacent to its building. The donor, who bequeathed the property to the foundation at her death, had always expressed the hope that the garden would be maintained in perpetuity, but she didn't include this sentiment in any of the foundation's organizing documents or in her will.

Maria is Arbor's relatively new executive director. She was born in the community, which is not as grand as it was in the donor's childhood, and her appointment is reflective of the foundation's gradual journey toward a commitment to serve its neighborhood.

The foundation is growing out of its space in the old house, and plans to renovate the building. In response to Maria's leadership, the board is also considering adding a wing to be used for community meetings. The wing will mean elimination of most of the garden. It also symbolizes, for Maria, the foundation's emerging strategic plan.

The deliberation process has been difficult for both Maria and the board, dividing new members from an older group, for whom "the garden" seems to be a symbol of a more gracious time in the life of both the neighborhood and the foundation. This division extends beyond Arbor's neighborhood, to the wider metropolitan area, since the donor was a generous and widely admired woman.

At a board meeting, the discussion becomes very emotional when the donor's sister and two other members of the board assert that the building plan is "a deliberate and de facto breach of donor intent" to support a "troubling and unpleasant direction". They say they feel compelled to resign from the board. The chair, trying to calm things down, suggests they revisit the subject in the next meeting.

Maria, shaken, wonders what to do next.

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In this story our advisors see some of the most basic challenges in the early tenure of a CEO who is brought in to "fast forward" a foundation into the present—or, in more organizational terms, "to lead and manage change."

For a variety of reasons, say the advisors, boards arrive at a conscious decision to make their foundations "different" and more relevant to current circumstances and needs. This is what Arbor's trustees did in selecting Maria, who came from the neighborhood and has community development experience, to replace the longtime founding director. But making this choice still leaves open the possibility, the advisors point out, that some or even most individual board members will not have any well-defined sense of what "different" might mean—especially for something as emotionally central to them as the garden and the legacy of their sister and colleague.

Carefully chosen new leaders like Maria, on the other hand, may see the way forward as quite clear—so clear, in fact, say our advisors, that they easily fall victim to their own clarity. They may be certain of what their own life experience tells them, unable to "hear" either dissent or the merits of options different than their own. Too ready to brush off donor intent as part of what needs to go, they can end up with quite a mess on their hands.

Here's what the advisors suggest to Maria:

First, acting with her board chair, Maria is going to need to make a judgment call. The advisors concur with the chair on the wisdom of suspending the conversation in the last meeting. Now, they say, Maria and the chair should take advantage of the time they bought, and do a level-headed assessment of where they are and how they see the opposition. How fixed in position are the three (as opposed to having their feathers ruffled)? Is there likely any more board support that hasn't surfaced yet for the opposition's point of view? Are there any options not yet considered to save the garden? (The advisors think there are.) How much support will the opposition have in the neighborhood, and in the broader community?

Then Maria and the chair either need to put the building plan on hold—and make that step known, to both the board and broader community—or they need to keep going forward but with some serious mid-course corrections in process.

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Making that call will significantly inform what happens next. Then, Maria—still working closely with her chair—should focus on several things quickly, and more or less all at once:

Damage control. The most urgent need is with the sister and the two other dissenting board members. The best course, the advisors feel, is individual meetings. (Maria and the chair can decide ahead of time whether they both should participate, or just the chair.) It's possible, says one advisor, "that the donor's sister has voiced discontent all along about the direction and the decision to build the new wing, and has never gotten a good or respectful response." The legitimacy of their dissenting position must be acknowledged, even if there is not majority agreement with it. When that's been done, it may be possible to restore relations—or it may be time to graciously accept the resignations and move on. Maria needs also to pay some attention to her staff, letting them know what has happened and what course of action she is pursuing. She should ask for their support, and let them know not to expect much attention from her in the near future.

More respect for donor intent. Maria needs to show she takes this seriously. Donor intent is a hugely emotional issue at foundations, say the advisors, especially for members of the donor's family. Even for those not related to the donor, there is a deep and important principle at stake, which doesn't totally disappear even when the foundation does not appear to be legally bound to save the garden. It's probably too late for Maria to do what she should have done at the outset (listen carefully to the surviving sister and others on the board with whom the sister is close, seek out others in the community who knew the donor, and try to learn about the donor's interests and her views on the changing nature of her neighborhood). But she still may be able to engage the board in a thoughtful conversation about how they think the donor herself might have

BOARD CHAIR AND CEO: PARTNERS IN CHANGE

Maria was called to the Arbor Foundation as a change agent. She and the board chair were comfortable with each other, and the chair fully supported the directions she proposed. But because of who Maria was, the chair—and most of the rest of the board—were too ready to assume that she had all the skills and answers she needed. To bring her ideas to a grounded conclusion that all could support, Maria needed the balance and perspective of her board, and, in particular, the vigorous and steady-handed leadership of her chair.

Maria most needed her board chair, as a "partner in change," to help her:

- understand the legacy issues
- master the process and timetable of board deliberation
- map out the yeas and nays
- give full consideration to other options
- second-guess her own apparent belief that she knew what the community wanted and needed

responded to the challenges and opportunities facing Arbor in its strategic planning process.

More input from the community. Either there hasn't been enough listening, fact finding, and involvement with the broader community, or the results haven't come into the board conversations. Maria needs to marshal more information about the use of the garden and about the need and interest in the community for the kind of facility she is proposing. Did the donor intend the garden to be visited? Is it visited? By whom, and what's the pattern of usage? Where else in the neighborhood are there parks and open space? Does the community think there are better uses of the space than constructing a building on it? How is the garden viewed by the city/neighborhood leaders—do they see a building on that site as better for community life than a garden? Is the garden possibly a key factor in their sense of community revitalization? How intense is the need for meeting space? What kind of space is needed, and where?

Have you ever been blindsided by a symbol like the garden? What happened?

How do you see the donor intent issues in the Arbor Foundation story?

Better options. "It doesn't sound to me as if all the options have been considered yet," says one advisor. "It's as though they are saying 'either we need to build a building on this garden…or we have to stay locked in the past.'" In fact, the advisors see Maria and the majority members of the board as perhaps too committed to doing away with the garden, to "prove" to the community that the foundation understands change and is ready to do what it takes. What about buying an adjacent building, say the advisors? Or finding a different building elsewhere in the neighborhood? In general, say the advisors, a CEO in this circumstance is well advised to present options to her board, not single solutions.

A defensive eye. Our advisors caution Maria that she should be prepared to answer questions from the media about the donor's intent with respect to the garden. It is not unusual, they say, for board members to talk to the media if they feel particularly passionate about an issue, especially if they believe that their concerns are not receiving a fair hearing from other board members and the executive director. Although some foundation policies may contain a provision that requires board members to maintain the confidentiality of boardroom discussions, this is unlikely to be a deterrent if board members feel (rightly or wrongly) that their only option is to contact the media.

Maria had a vision of change for the Arbor Foundation. But she let the issue become the garden itself instead of the expanded role of the foundation. Now, with her blinders taken off, a better assessment of the lay of the land, some resolution of the dissident trustee issues, and some options in her back pocket, Maria is ready, say the advisors, to re-launch a deliberative change process that can move toward resolution with minimal casualties.

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Rick: The CEO's Balancing Act

"**I just don't see what we're getting."** Rick has been CEO of Upper Valley Community Foundation (UVCF) for about five years. His annual performance review is coming up shortly. One of the items on his mind—and he imagines on some board members' minds as well—is his involvement outside the foundation. Several years ago, when he was relatively new and devoting all his attention to strengthening the grants program and staff capacity, the board thought he was too invisible in the larger community, and told him so.

Since then, the staff has gotten bigger and he's become more confident that the internal issues are under control. So he's taken on quite a few external responsibilities. He's in his state's Leadership 2020 cohort for civic, business, nonprofit, and government leaders. He's joined the symphony board, and the board of his regional association of grantmakers. He chairs the local economic development action task force, and coaches his son's soccer team. He's on the board of a national association based in his state that deals with health care. He also speaks fairly often to the Kiwanis club, the Rotary club, the chamber of commerce, and so on.

Some of the board members are really happy with this transformation. However, a significant few aren't sure the foundation is getting enough return on all his outside time. Rick is struggling, too, with too much on his plate and no clear sense of his own compass.

He knows this is going to be a major part of his review. He thinks that he is where he is because of the earlier board feedback. What's the right balance? And how does Rick prepare for the conversation?

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The advisors begin emphatically. They don't see any real question about whether Rick needs to be visible and active in his community and beyond. Of course he does. It has become commonplace to talk about how foundation CEOs need to "manage up" as well as "manage down." In the same way, our advisors say, foundation CEOs need to become expert at "leading out" as well as "leading in." They note that foundations, and especially community foundations, function in a very rich and heavily populated ecosystem of philanthropic giving and public problem solving. They say it usually falls to the CEO to keep the foundation's connections with the rest of the system vibrant, by serving on local boards and commissions, taking leadership positions with policy, issue-based, and philanthropy infrastructure organizations, speaking at conferences, convening meetings, and so on.

But if external leadership is a given of Rick's job, that doesn't mean it's easy, say the advisors, for Rick to find the "right balance"—i.e., determine what he should be doing outside the foundation, how much he should do it, and with what kind of benefit. For any CEO, the answer to these questions is a calculus that comes from consideration of many variables: the mission, values, and current priorities of the foundation; the type of foundation and the field in which it operates; where the foundation is in its life cycle; what the strengths and interests of the CEO are; and—often most crucially—how the board sees it all.

To help unpack Rick's particular situation, our advisors have to ask Rick some questions:

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What are his current commitments and how did he acquire them? The advisors expect that Rick's list of commitments grew without conscious direction on his part. Some of them appear left over from his last job. Some are probably things he agreed to because he was energetically recruited. There may be some he took on because they were important to a board member. Some, like the soccer team, are personal. The advisors urge Rick to "add it up by the numbers"—the number of meetings, the time spent in meetings, the prep time, the days away from the office. The result may be surprising and sobering, even to Rick.

How does the time spent line up with current priorities? Guessing a bit about what's going on with Rick and at UVCF, the advisors suggest he think about his "leading out" in relation to some broad foundation objectives. They suggest these: building the identity of UVCF among new populations and new donors; contributing to Rick's professional development; helping to strengthen public understanding of philanthropy; building the endowment; reaching potential new partners. Sorting his outside commitments into these categories will help him calibrate what he does, and also help the board see his leadership in relation to UVCF's work as a whole.

What is Rick's process for transferring the value from himself to others? Rick's learning all sorts of things that could help the foundation strengthen its programs internally. He's getting exposure that could help UVCF reach out more effectively. What he is learning could also elevate the board dialogue in important ways. But the advisors suspect that all this new knowledge is bottled up in Rick. They want to see some "transfer mechanisms" so others can learn too, and they want them to be deliberate, not haphazard. If Rick is learning how to talk to and work with "new kinds of folks" who aren't usually part of the UVCF loop, how is that knowledge getting to the program officers and the development staff? If Rick's work with the regional association of grantmakers and Leadership 2020 is suggesting some significant changes in the way external partners in the state are viewing foundations, how is that knowledge influencing the board's agenda?

What are his rules? Foundation CEOs look like great grabs for all kinds of civic and other organizations. This means the opportunities to get involved can come flying in. So Rick needs to make some rules for himself. One advisor says his rule was that he chose "only those things that involved either leadership in the field of philanthropy or leadership to the city." For another, it was a very simple rule: "on their time, about the foundation…on my time, about the things that make me who I am." Another rule might be, "commitments to organizations with regular out of town meetings need to be very directly related to top priorities on UVCF's 'learn and do this year' list."

Turning to Rick's second plea—help with handling the review—the advisors urge him to stay calm and non-defensive. He certainly shouldn't push back with "first you told me that…now you're telling me this." If possible, he should talk to the chair of the review committee and/or the board chair ahead of time, and try to learn more about what is on peoples' minds, and why, and whether and how the equation may have changed over the past couple of years.

Where does your board stand on the CEO's leadership role, in the community and in philanthropy?

What's your formula for balancing leading in and leading out? Has it changed over the years?

They counsel Rick to do a lot of hard listening. ("Too far from his board on this one. Why has he waited for his review?") So he needs to ask overtly for the board's advice: What kind of affiliations do they think are most important for him? What sort of tolerance do they have for things that are essentially "about Rick"? How do they tie the returns, and potential returns, from the Leadership 2020 and the economic development work, to UVCF's strategy and aspirations?

Finally, the advisors strongly suggest that Rick use the review to launch a discussion to create, with the board, what they call Rick's new plan for leading out. Rick's new plan must be anchored in the mission of UVCF, which is to serve the people and communities of the Upper Valley. There must be broad comfort with the areas where he's going to spend the most time, and the ways those relate to the work of UVCF. There must be a regular process for Rick to convey his knowledge to the staff members who need it. There must be time on the agenda, in every board meeting, for Rick to bring the board up to date on key external activities and indicators. He and the chair must agree to raise the issue of external involvements at least twice a year. And the measures for accomplishment must be developed jointly by Rick and the board

Good working comfort on this issue of the CEO's external role, say the advisors, is very much about transparency and clarity of expectations. If Rick and his board can develop a comfortable and continuous way to explore the issue of "leading out," they will be well on the way to resolving two critical challenges any foundation faces: What connection do we want to have with our community? And how do we want to spend the precious resource of leadership time?

Five key elements of Rick's new plan.

Both Rick and his board may breathe easier about his "leading out" if they can see how his external activities are:

Anchored in the mission of UVCF.

Focused on a few top priorities for UVCF in the next two to three years.

Connected to UVCF as a whole, with some defined process for sharing Rick's knowledge and contacts with staff and board, as appropriate.

Measured in ways that Rick and the board understand and agree on.

Fine-tuned in continuous conversation between the board chair and Rick.

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Donna: Handling a Crisis

"**There's something going on over in Turkey."** The Horizons Foundation supports intercultural experiences for teens and young adults, in part by providing scholarship funds to a coalition of organizations that create learning experiences for young people. Through one program Horizons supports, students of many faiths travel in a group to destinations in the former Soviet Union, Turkey, and Greece.

One afternoon, the local television station picks up a story on the Internet saying that something has occurred somewhere in Turkey involving students who are on a trip underwritten by Horizons. It looks as though the students, and their van, are being held. Religious extremism seems to be a part of the story.

The station can't reach Donna, Horizons' CEO. Somebody at the station knows who Horizons' board president is, so they call him. He says as far as he knows the foundation doesn't have any programs or people in Turkey, and that the foundation certainly does not put people in danger. Meanwhile, Donna's public information officer returns the call intended for Donna and says he hasn't heard about this incident. Yes, he acknowledges there are students over there, but he believes they left that part of Turkey two days ago.

The TV station runs a news flash that something has happened and that the foundation is "unable to confirm" whether the students are there or not.

After a long night, morning comes. No one yet knows what has really happened. The word "terror" is being used. Everyone wants to know why the foundation has put young people at risk without adequate safeguards. Donna, the board president, and the public information officer are all fielding calls from the media, the families, the coalition organizations, and local religious leaders.

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Farfetched? Not at all, say the advisors. The risks involved in a summer exchange program are all too real. And should something happen, today's technology offers the potential for a great variety of actors to seize the story and relay it around the world—cobbling together fragments that create false impressions (in this case, that Horizons is the sponsor of the trip), and pushing the panic buttons before anyone knows what has really happened.

So Horizons—apparently without a crisis communications plan or process, and burdened by a board chair who our advisors say has forgotten everything he should have learned in media training—is very poorly equipped to respond. Donna is left, in the words of one advisor, "trying to outrun a moving train that is a little bit ahead of her…and accelerating."

Donna and Horizons are not alone, say our advisors. Few foundations have thought through the risks of programs like the one supported by Horizons. Fewer still have developed a plan for "What if…?" And while incidents like the Horizons hijacking may, thankfully, be rare, there are many other crises in the lives of foundations. One of our advisors has had a board chair die in a plane crash; another has had to meet protestors of a controversial grant in the presence of an armed security

"We ought to consider taking Freedley off crisis management."

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guard. And then there are the accidents, the bomb threats, the precipitous drops in assets, the occasional malfeasances of personnel, the fires, the earthquakes, and the hurricanes.

All of these situations trigger the need to think and act fast, to be transparent and forthcoming, and to speak with one voice and one message. Yet, as our advisors see it, foundations tend by temperament not to attach high value to others' need to know. They tend not to turn things around on a timetable that corresponds to today's news cycle. They often don't have a coordinated set of messages. And they can easily think of themselves as insulated—one step removed from whatever may happen in the field.

The specifics of Donna's story are sketchy. The crisis may be all over in a few hours if the worst fears prove unfounded—or this may be the beginning of a long and agonizing time. The grantee organization may or may not be on top of what is happening. So our On-Point advisors respond with some broad guidelines for Donna and Horizons on what is needed in the next 24 hours, and reserve their most ardent advice for what Horizons needs to do to benefit from the lessons of this incident.

CEO in charge. Donna needs to take control of the situation from the Horizons perspective right away—show the board, the staff, and the outside world that she's on top of this. She should coordinate quickly with the board chair and the public information officer (delicately, but firmly, shutting down the chair as a public commentator) and make it clear to the

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public information officer that, given the gravity of what may occur, she will speak for the foundation.

Board fully informed. She should contact the members of the board, even before she has had the chance to piece all the events and facts together. She should use phone or e-mail to let them know what has occurred and what the foundation's role is, and make it clear that she is personally handling this one. She should let them know what she is doing to obtain more information and to help build a responsible response strategy. She should let them know that they will hear back from her as more becomes known, then convey these same messages to the rest of the staff as soon as the office opens.

Well-defined role in the larger response. Donna should contact the grantee organization to learn the details Horizons apparently doesn't have—who is the tour organizer, who are the tour operators, what other parties are involved, etc. Then she should do whatever she can to be sure there is a clear, shared understanding of how each of these organizations is going to handle communications, who is the contact for each organization, and who is the overall lead spokesperson to the media, the families, and the public for all aspects of the story.

Clear statement from Horizons. The foundation's name is the one that is in the news. So, as a part of the larger crisis management process, Donna should make a statement about what has occurred, who the various sponsoring and organizing parties, including Horizons, are, what is known, what is being done to learn more, and what the communications channels are. Donna should also convey Horizons' acute concern for all involved, and connect the risks and rewards of international and intercultural travel to Horizons' mission and values.

Horizons at the ready. Once the above steps are taken, Donna needs to make sure that Horizons is prepared to handle its own communications. Because the first news stories put Horizons in the lead, the foundation will be at the center of the story for as long as it lasts. Calls will come in to Horizons from media, government agencies, families, and other foundations. Donna needs to see that capable staff are quickly selected and oriented to respond to all calls and queries, according to message and plan, and that they keep her fully informed about what is going on.

Depending on how the situation develops, Donna needs to prepare for the possibility that parents of the students involved may seek compensation from the foundation. Foundations are generally NOT liable for harms that result from their grants, but injured parties can—and do—sue. Donna should discuss the legal aspects of the situation with the foundation's counsel and insurance provider.

That's all day one. The advisors' main advice for Donna is for the future: How to make sure Horizons never again has ill-informed people making up the crisis management plan as they go.

First, and easiest, get in place the basics of Media Training 101: Who speaks for the foundation? What is the process for handling a reporter's call when I don't know the answer to the questions the reporter is asking? What is the timetable in which I must return a reporter's call? What is the emergency plan for reaching the CEO when she is traveling?

For the long term, the advisors urge Donna, and every foundation, to develop a risk and crisis management plan. Key elements of their advice: Think through carefully where the foundation is vulnerable to risk and crisis—from externally triggered accidents and incidents to internal mistakes or malfeasance. Go through the

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What are the major areas of risk for your foundation?

Has your foundation had a true crisis? If so, how did you, and the board, handle it? Did the experience produce some "lessons learned" about risk and crisis?

painstaking process of asking, for all possible events: How can we minimize risk or help contain it? And how do we respond when a crisis occurs? Determine who is responsible, on the staff, for assessing risk on an ongoing basis, and what training may be needed for staff to respond appropriately. Translate this into a plan and policy that goes to the board for their discussion and approval. (See the box to the right.)

The advisors are both firm and passionate in saying that the aim in a well-run foundation is not to avoid risk. To do so, they say, would be to default on the potential to do good that foundation assets represent. No foundation, in today's world, is insulated from risk and from the harm that comes when risks turn into crises. Therefore, no foundation can operate responsibly without a plan for analyzing, minimizing, and responding to risk.

LESSONS LEARNED

- Questions Horizons' board and senior staff might have asked about understanding and managing the risks of Horizons' grantmaking:
- How do our mission and program expose us to risk, and how do we think about the risk/reward trade-off?
- How do we define our roles and responsibilities in situations where we provide funds for scholarships or other programs, but are not the program sponsor?
- What level of experience does the foundation expect from a grantee organization in order to qualify for foundation grants to support international travel?
- What evidence of our partners' capacities in risk prevention and management should we require?
- What information do we need to have on hand about the sponsors, participants, operators, etc. of any overseas experience we help to support?
- What should we have ready in a "crisis response toolbox"? The advisors suggest including a statement that ties Horizons' mission and values to the risks and rewards of international exchange for young people and an outline of the procedure Horizons follows in selecting and approving grantees who sponsor overseas travel for young people.
- In the event of an incident, who speaks for the foundation, and how does that person access the information needed?
- Have we discussed our grantmaking with our legal counsel, an insurance agent, and others who help us assess risk? Are these advisors comfortable with our procedures?

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Luke: Bringing up New Leaders

"He could go anywhere." About a year ago, Luke, who is the CEO of the Delta Foundation, hired an excellent new program officer. Luke had to go out on a limb to get Kim—first making the extra effort to find minority candidates, and then indicating his preference for Kim even though others would have made a different choice.

By now it's clear to all that Kim is really good. Luke tests him and challenges him in lots of ways—making him the foundation representative to a regional funding collaborative, having Kim shadow Luke at meetings of a task force that Luke chairs, giving him face time in front of the board, and making him the program officer for a cluster of key grants. Luke tries to be a good coach, engaging Kim in conversations over lunch about what he's seeing and learning. He even reminds himself, when Kim seems a bit off-base to him, that Kim reflects differences of age and culture that are probably important to the foundation.

It's all going wonderfully, it seems—but Luke is torn. It's clear that Kim could rise at Delta. But in a foundation of Delta's size, there's not really anywhere to go. Pretty soon Kim is going to get restless, and Luke doesn't want to lose him—or lose the return on all the time he's invested in Kim. He thinks maybe he should slow down the mentoring process—but then he hates himself for thinking that. And then there's the slight resentment he's beginning to feel from the two other junior staff, who aren't getting the time and attention that Kim is.

At this point, Luke is really confused about what his responsibilities are—to himself, to the foundation, to Kim, to the field, and to the other staff.

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Our advisors identified strongly with this story. They have all been Luke. Several have been Kim. As leaders in philanthropy, they have all been involved with fieldwide efforts to identify and nurture emerging leaders in foundations. So they see Luke's tale as presenting a real—and often deeply felt—dilemma for a foundation CEO. One pinpointed the feeling for the group: "Finding new, young leaders is one of the most important things I do—but I can look back and see my own reluctance to mentor someone to the point where they might leave."

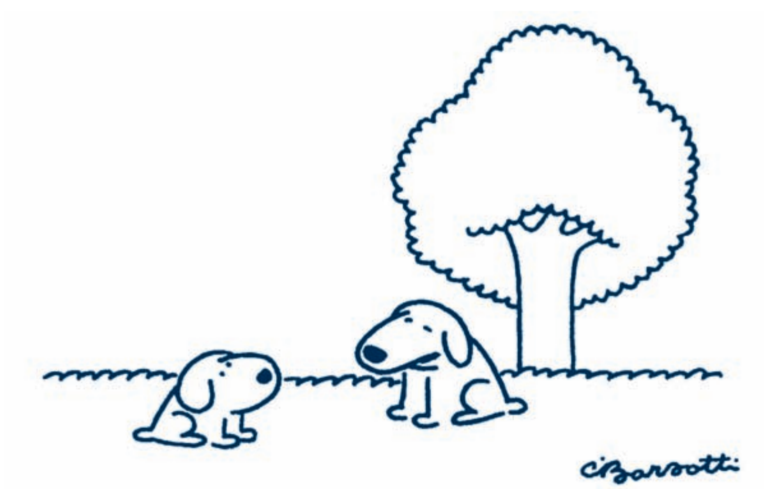
In discussing Luke's tale, the advisors portray the foundation field as searching for ways to find and train the individuals who can lead the increasing complex organizations that foundations have become. They also see a field deeply in need of diversity in staffing at all levels and especially at the most senior, as foundations seek to align their staffs more fully with the communities they serve. So the quest for both excellence and equality of opportunity drives foundation leaders to seek out the best.

But, say our advisors, the CEOs who are successful on the recruitment end too often feel they have their hands tied when it comes to the long-term development of talent. "We'd like to fast-track the best and the brightest," says one, "but how can you fast-track someone when you have a staff of four?" And even in the large foundations with staffs of dozens, career ladders can be weak or nonexistent. Sometimes there are term limit policies for program officers. All of this can put a severe constraint on the possibility of bringing a rising star up through the organization.

So most often, if you are Kim, to grow "up" is to grow "out"—to move on to another foundation or even to another field. If you are Luke, you are left with lots of time spent and a vacancy to fill—because the Alpha foundation across town, with assets twice those of Delta and a correspondingly larger staff, has seen Kim at work in the funding collaborative, and is ready to make him an offer.

Our advisors respond to Luke's feelings of conflict and confusion about responsibility as follows:

They applaud Luke for a number of the things he has done—seeing him in many ways as "a model mentor." First, they say, he stuck his neck out to find and hire Kim. Beyond that, he's given Kim invaluable "opportunities to perform"—what one advisor remembers from his own experience as



"My advice is to learn all the tricks you can while you're young."

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"the constant piling on of major responsibility" through which he grew and learned what it was that his mentor knew. Luke has respected Kim's youth, and Kim's cultural differences, as being advantages, not deficits. He's arranged a "program" that gives Kim very broad exposure and learning opportunities—inside the foundation and out in the community. He takes him to lunch, to provide the opportunity for reflection and conversation. He's even given Kim the chance to gain a working understanding of organizational development and governance issues that pertain to the board.

But they have some advice as well.

The advisors counsel Luke to "stop worrying about losing Kim to some other employer." Kim's young, he's talented, he's ambitious, and he's been well coached. He will almost certainly need to leave Delta—but, notes one advisor, "it's better to have the Kims for too short a time than the opposite kind for a long time." The advisors think Luke will be able to extend the time of Kim's stay—as he probably already has—by continuing to expose him to opportunities to contribute, and lead, in the wider community and in the broader field. Increasing his compensation might help, too. But at some point Kim will leave, and Luke would be wise to view his investment as a gift to the next employer and to the field, and as an experience-

DEVELOPING YOUNG LEADERS: FOUR POINTS OF OPPORTUNITY:

In looking at their own experience as well as Luke's, our advisors identified four distinct tactics they have found successful in providing growth opportunities for all staff and particular incentives and learning opportunities for those with star potential:

- **Opportunities to shadow:** Take an employee or intern to meetings outside the foundation where you play a leadership role, to experience first-hand how the housing board or the economic development commission you chair works, and how you as a leader earn and wield influence.
- **Opportunities to perform:** "Throw people in"—shallow water for some, deeper for the high-potential players. You might offer a big portfolio to manage, request a major presentation for the board, or assign the lead role in the investigation of a possible new grant program.
- **Opportunities to reflect:** Take staff members to lunch, or take advantage of times when you travel together, to kick around ideas about what they are experiencing, what they've seen you do, what they've tried that did or didn't work, and what questions they have.
- **Opportunities for teachable moments:** In the course of the day—during a staff meeting, say, or on a site visit—seize the teachable moments when they occur, and stop the flow of conversation or action to point out something that has just happened or what someone has just said. Start a conversation about why what happened was important, or how it could have happened differently.

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building opportunity for Luke himself and for the Delta Foundation.

They strongly advise Luke not to reserve all his mentoring for Kim. "Luke's got to spread it around—he's got to match his investment in Kim's growth with investments in other staff as well," says one advisor who has spent significant time on this issue, "unless he wants to have a real staff morale issue on his hands." Perhaps Luke doesn't need, he adds, to make the same time investment, or provide the same external opportunities. But he does need to do enough to make sure he doesn't appear to be "lopsided" in his relationships with staff.

The advisor team has another concern about the emphasis on Kim: "A lot of this mentoring conversation is about leaders," says one, "but that's not the whole conversation. Everybody's got to have a chance to grow." Working with just the Kims will leave a lot of good human potential on the slow track—as one advisor noted when he told the story of the talented administrative assistant in his foundation who never went beyond that job title but over many years and with modest encouragement came to be regarded as the ever more capable glue that held the office together.

How would you rate your foundation on talent identification and professional development?

What have been your most successful strategies to bring about greater diversity in your foundation?

Finally, the advisors urge Luke to think creatively about how to capitalize on his very successful investment in Kim. Whether Kim goes or stays—or, when he goes, the advisors say—Luke is not left with an empty basket. Luke has learned a lot through Kim about successful mentoring techniques that he can apply to the other staff members. He's had a real success with diversity, and could use the positive experience with Kim as a starting point for further initiatives—in staff development, in the grant program, in a conversation with the board. He has extended the reputation of Delta and its approach to philanthropy in Delta's own community—especially, but not only, among minority populations, and perhaps more widely in the field. And last, but hardly least, the advisors say, Luke has grown his own political stock, through his initial courage and risk-taking in hiring Kim, and through the excellence of the results.

For Luke and others, identifying and nurturing future leaders comes from a passion to provide both opportunity and excellence, in the foundations they run and in the field as a whole. The near certainty of seeing the young leaders who have been protégés move on can bring on moments of ambivalence among those who play the role of Luke. But, as our advisors remind us, giving up the well-trained player is just something that "goes with the territory" of being a committed foundation leader.

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Elena: Measuring Success

"What do you folks think you're going to accomplish with all that money?" Elena has just been named to head—in reality, build—a new foundation created by a bequest from a wealthy industrialist's widow. When the estate clears, Willow Trust will have $500 million in assets, and the donor has specified that the work of the trust should be focused on the major mid-continent city where the industrialist's fortune was made. Elena is coming from the presidency—which she assumed at a very young age—of a small liberal arts college where she was the first female president.

Elena and her board—many of whom are also new to philanthropy—are wrestling with funding focus, grant guidelines, board committee structure, and selecting counsel for investment management. Elena, of course, is also hiring staff.

In all this busyness, Elena realizes that the whole question of the success and impact of the trust lies ahead of her. Since her appointment, she's read a lot of articles—many forwarded to her by members of her board—about foundation measures, performance, strategic philanthropy, and outcome evaluation. Feeling somewhat confused and daunted, she realizes that the measures of success will be more elusive than the increases in endowment, class sizes, and test scores that earned her a good reputation during her tenure at the college.

A longtime fan of making provocative notes to herself, Elena takes three sheets from her new Willow Trust notepads, and writes one question on each sheet:

- How should I think about measuring success?
- Who should be involved?
- How soon do I need to start?

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The advisors say the question about how to measure foundation success is "the toughest one of all." "I've struggled and struggled mightily," says one, "and I'm still not sure what makes sense."

Another adds, "I often ask myself how much and how often should we have been looking at the measurable outcomes of grants? And how much should we have taken satisfaction, and felt success, from the knowledge that we were working with highly functioning, successful organizations, doing good work in areas that lined up squarely with our mission?"

Still another took a long look back, and reflected on the need to balance measures of grantmaking success with some other measures—like the building of a sustainable, ethical, and caring culture within the foundation. "As you grow older," said this advisor, "you realize how you've emphasized the wrong things in judging success."

Here are the advisors' recommendations to Elena as she thinks about starting off on the right foot in the brand new Willow Trust.

First things first. The advisors understand why Elena might be thinking about measuring success right now, but they urge her to "put first things first"—and to back off, especially on the "measures" part of her question. Elena's got so much to do: hire a staff, build a functioning organization, and work with the board on the fundamentals of mission, vision, and focus areas. And there's so much she doesn't know yet—especially about what's going on and what's needed in the community—that they strongly advise her not to get all tangled up with this new board in a conversation about evaluation theories and measures. The advisors think a more appropriate question to begin asking now is "What do we collectively think success for Willow Trust would look and feel like?" This will begin to flesh out and focus the board's and Elena's thinking on "What kind of a player, with what sorts of values, do we want to be?"

The voice of the community. Elena should also be doing a lot of asking, listening, and learning outside the foundation, our advisors say. What are the histories and traditions of the various population groups in the community? How do people see the needs and opportunities in this community? What about the family—the relatives of the donor—are they active in the community, and what are their views? What's the language of the Willow Trust charter? Is there a history of collaborative civic action and leadership in the community? What about other foundations—what do their giving patterns and priorities look like? The aim here is to come to an understanding of what success for Willow Trust might look like from the vantage point of all these stakeholders.

An open mind and a broad perspective. The advisors suggest to Elena that she start by asking herself how she wants to deal with measuring success over time, and not look for quick answers. "She's just not going to have a fully formed point of view to share with the board next week or next month," they say. They urge her to read and learn about various approaches to evaluation, as she has already begun to do, and to engage leaders in the community, from operating nonprofits and other foundations, as well as leading thinkers from the foundation field nationally. Armed with all the resulting insights, she can begin to consciously develop her own approach.

They counsel her that most of the prevailing advice and wisdom is oriented toward the outcomes measurement/grantmaking side of the foundation success question, and urge her also to "remember the intangibles." "I would hope," says one advisor, "that one of her goals will be to develop an organizational framework that's not just about grantmaking, but also has

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embedded in it the conditions for the good and sustainable success of her enterprise." The advisor identified among these conditions a strong and cohesive staff, shared values among board and staff, ethical principles, a culture of respect and innovation, and a commitment to diversity.

A fully engaged board and staff. The advisors emphasize that Elena does not walk alone on the question of success and how to measure it. She should make all aspects of this work a shared undertaking, working with board and staff as appropriate. The advisors note that it's very easy (and all too common) for boards and CEOs to disagree—sometimes for years—on what can and should be valued and measured.

They suggest that bringing the results of her early "soundings" in the community back to a board meeting can be a good way to start to develop a shared understanding of how the trust might think about success. And then, as her thinking evolves, she needs to move forward with the board, taking the time to arrive at a solid and shared view of measurement that has a realistic chance of success. ("If the board is really going to hold out for metrics," notes one seasoned advisor, "then Willow Trust has got to focus on something that really can be measured.")

The staff needs to be involved as well. Elena should have the same kinds of conversations with her staff that she has with the board—about her developing view of success for Willow Trust, and how that gets reflected in what's valued, what's measured, and what the trust will hold itself accountable for.

Performing to meet many standards. Finally, the advisors suggest that Elena heed well the answer to a question she didn't put on her notepads: "Who gets to judge success?" The answer, they say, is "Everyone." Elena needs to keep in mind that the success of Willow Trust will be assessed, in different ways, by board members, staff, grantees, the community, the media, and Elena's peers and colleagues in the field. These judgments will certainly be influenced by the direct impact that Willow Trust's grantmaking has on its community. But they will also be formed by some other factors that Elena needs to pay attention to. She should ask

What have been the key struggles, for you and your board, with evaluation?

How will you want the success of your stewardship measured?

herself: How do people—staff, grantees, community leaders, teachers in the schools—experience the foundation? As an employer? A partner in problem-solving? A provider of space for meetings? A clear voice in times of turbulence? She should also ask: How clearly is Willow Trust able to articulate to the community what it is trying to do, what it expects to accomplish, and what—with others—it has in fact accomplished?

So, say the advisors, Elena at the brand new Willow Trust has time to develop the answer to her question "How should I think about success?" They urge her to take that time. Then, if she listens broadly to stakeholder voices, moves carefully to develop an approach to measurement that lines up with the aspirations and work of the foundation, makes sure that the approach is hammered out with the board to the point of a clear and shared understanding—*and* has her eyes wide open to the fact that measuring "success" is a calculus involving many factors—then she'll be making a wise start in one of philanthropy's toughest arenas.

WHAT REALLY MATTERS? THE ADVISORS LOOK BACK.

In a roundtable conversation on measuring success, moderator Marcia Sharp asked the advisors, "What are the two or three key points on which you would like to have the stewardship of your foundations measured?"

Phil Hallen: "Absolute connection with the community we serve…complete mutuality in every grant negotiation."

Handy Lindsey: "The accessibility of the foundation…its transparency in all practices…its effectiveness in building capacity in nonprofit organizations."

Robin Tryloff: "Have we stayed true to our mission? Were we a well-regarded member of the philanthropic community? Were we a good steward of community resources?"

Gene Wilson: "Were we focused? Were we accessible? Were we accountable?"

Skip Rhodes: "Have we added to the reputation of our company? Have we met a real community need? What kind of marks did the external community give us for what we did?"

Cole Wilbur: "Are people better off, in the areas where we are working? Have the people we're working with learned how to do something better? Have we, and the people we worked with, reflected the values and ethics that are important to the field?"

Reatha King: "Did we build capacity in communities for sustainable change? Did we improve communications between the broader public and the internal corporate community? Did we improve diversity in every way?"

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The Savvy CEO

Advice from Those Who Have Been There

Marcia Sharp

Running a foundation requires many different skills. Whatever the size of a foundation, its CEO must manage and lead the staff, oversee grantmaking programs and investments, wrestle with questions of impact and effectiveness, represent the foundation externally, keep the ethical compass fixed on true north, and maintain the all-important partnership with the board. This is no small feat—the job requires leadership and balance. And, because there is no school for new and up-and-coming CEOs, it requires the ability to learn on the job.

The Savvy CEO can jump start that process. Tapping the deep experience of seven of philanthropy's most seasoned leaders, it offers a series of case studies that show where things can go wrong—and how to right them. With its wry and wise advice, *The Savvy CEO* offers a balanced resource to help boards and CEOs identify and tackle some of the toughest issues they may need to address together.

COUNCIL *on* FOUNDATIONS

1828 L Street, NW, Suite 300
Washington, DC 20036-5168
202/466-6512 • Fax 202/785-3926
www.cof.org

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