

# Foundation Chief Executives as Artful Jugglers



by  
**Fay Twersky**



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Fay Twersky is Director of the Effective Philanthropy Group at the William and Flora Hewlett Foundation. In that capacity, she oversees five functions including cross-foundation strategy support, evaluation and organization learning as well as grantmaking in support of organizational effectiveness and a strong philanthropic sector. Before joining the Hewlett Foundation, Twersky spent a year in Jerusalem advising Yad Hanadiv (the Rothschild Family Foundation) on issues of strategy, organization and measurement.

Twersky served for four years as a Director and member of the leadership team of the Bill & Melinda Gates Foundation, designing and developing their Impact Planning & Improvement division. She was also a founding principal of BTW – Informing Change, a strategic consulting firm.

Twersky has authored numerous articles and reports, contributing to the *Stanford Social Innovation Review*, *Chronicle of Philanthropy*, and *Alliance Magazine*. Most recently she was principal author of “Listening to Those Who Matter Most, the Beneficiaries,” *Measurement and Evaluation in Israel’s Third Sector* and *A Guide to Actionable Measurement*. Twersky is currently a member of the board of directors for the UBS Optimus Foundation based in Zurich, Switzerland and the Center for Effective Philanthropy. She holds two bachelor’s degrees in Rhetoric and Middle Eastern Studies from the University of California, Berkeley, and a master’s degree in City Planning from the Massachusetts Institute of Technology.

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I want to especially thank Thomas Beech, Jill Blair, Paul Brest, Phil Buchanan, Jim Canales, Chris DeVita, Charles Edelsberg, Larry Kramer, Patty Stonesifer, Melinda Tuan, Ariel Weiss and Kathleen Yazbak for their comments on earlier versions of this paper. I owe a special thanks to the many other CEOs I interviewed as part of the research. Melinda Tuan conducted a valuable literature review on leadership, both in the social sector and in the business world. And, Michael Slind edited an abbreviated version of this article for publication in the *Stanford Social Innovation Review*, and some of his smart edits made their way into this full paper.<sup>1</sup>

<sup>1</sup> The abbreviated version can be found in the Summer 2014 edition of the *Stanford Social Innovation Review* and online at [www.ssireview.org](http://www.ssireview.org).

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This paper is based on Fay Twersky’s independent data analyses, and she is solely responsible for its content. This report does not necessarily reflect the individual views of the Center for Effective Philanthropy, its funders, or advisers, or others listed throughout this report.



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## LETTER FROM PHIL BUCHANAN

Dear Colleague,

I am pleased to share this report from Fay Twersky, Director of the Effective Philanthropy Group at the William and Flora Hewlett Foundation. Fay presented her insights from her many interviews with foundation CEOs at CEP's May 2013 conference in Detroit. We received numerous requests for more information about what Fay learned about the unique challenge of being a foundation CEO—so we are pleased to be able to help Fay get these findings in the hands of foundation boards, CEOs, and aspiring CEOs.

Fay's piece lays out what makes being a foundation CEO uniquely challenging and she is able to quote—sometimes by name, sometimes not—CEOs discussing these challenges in startlingly forthright terms. The result is a piece that should be read by every new CEO, ever foundation executive that aspires to be a CEO, and every foundation board member charged with hiring and assessing the performance of a CEO. Even veteran foundation CEOs will learn from the insights of their peers, and from Fay's thoughtful and nuanced reflection on what works—and what doesn't.

CEP seeks to give foundation leaders what they need to make their foundations more effective. Fay's piece is very much in that spirit. Fay has been a longtime close colleague of CEP's and currently serves as a member of our Board of Directors and as an executive at the Hewlett Foundation, which is one of CEP's longstanding funders. Her piece represents the first of an occasional series of papers CEP will publish by authors outside our organization. While the views represented in those pieces are those of the authors, the topics covered will be in alignment with CEP's aim to help foundations improve their performance.

I can think of no more fitting debut than this insightful paper from Fay.

Thank you.

Yours sincerely,



Phil Buchanan  
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Hundreds of thousands of books have been written about business leadership, with new titles coming out each year. There is a growing literature about what it takes to build and lead high-performing nonprofit organizations, and a trove of research and writing exists on military and political leadership.<sup>1</sup> Precious little has been written, however, about what it takes to successfully lead a philanthropic organization.

While a number of good books about philanthropy have been published lately, each touches only lightly on the subject of leadership, and none focus much attention on the role of the CEO.<sup>2</sup> A recent National Center for Family Philanthropy report about the role of the CEO in a family foundation context makes an important descriptive contribution to the field, but there is room for more research and insight into what it takes to be a successful foundation CEO.<sup>3</sup>

In the past two decades, the number of foundations in the United States alone has more than tripled, rising from about 32,000 foundations in 1990 to approximately 115,000 today.<sup>4</sup> Given the proliferation of foundations, and the hundreds of billions of dollars in assets that foundations control, it is essential to ask: What makes foundation CEOs successful? What makes them fail?

These are deceptively challenging questions to answer. In the for-profit sector, many standardized metrics allow the comparative performance of companies and CEOs to be gauged. In contrast, there are few metrics to use to consistently analyze overall foundation performance. There is no common unit of measurement by which to compare results in, say, youth development, to conservation. Nor is it typically possible to draw a definitive causal link between what a foundation funded and results on the ground.<sup>5</sup>

## APPROACH TO THE RESEARCH

I set out to understand what makes foundation CEOs successful by interviewing a sample of CEOs and those who work with them. In individual interviews, I began with three simple questions: “As a foundation CEO, what were or have been your greatest 1) accomplishments, 2) failures, and 3) lessons?” In exploring each of these questions, I unearthed fascinating stories, some heroic and some cautionary. Almost everyone was eager to talk, to share different dimensions of their experiences and their hard-learned lessons.



<sup>1</sup> David Stid and Jeffrey Bradach, “How Visionary Nonprofits Leaders Are Learning to Enhance Management Capabilities,” *Strategy & Leadership* 37, no. 1 (2009): 35–40.

<sup>2</sup> Some of the best examples include Paul Brest and Hal Harvey, *Money Well Spent: A Strategic Plan for Smart Philanthropy* (New York: Bloomberg Press, 2008); Thomas J. Tierney and Joel L. Fleishman, *Give Smart: Philanthropy that Gets Results* (New York: Public Affairs, 2011).

<sup>3</sup> “The Family Foundation CEO: Crafting Consensus out of Complexity,” *National Center for Family Philanthropy* (February 2012), <http://www.ncfp.org/bookstore/ceo-research-crafting-consensus-out-of-complexity>.

<sup>4</sup> “Foundation Directory Online,” Foundation Center, February 2014, <https://fconline.foundationcenter.org>.

<sup>5</sup> See <http://www.effectivephilanthropy.org/wp-content/uploads/2014/01/FoundationPerformanceAssessment.pdf> for elaboration of the issues related to performance measurement in foundations.

This research included current and retired CEOs from more than 45 different philanthropies: 18 in-depth interviews with individual CEOs with five or more years of experience in the post and group discussions with another 30. The CEOs represented a variety of institutions, including mostly independent and family foundations, which was my primary focus, but also six CEOs from community and corporate foundations to test some of the ideas. They included representatives from very small foundations, to among the very largest, (ranging in asset size from less than \$20m in to \$35b) involved with diverse areas of giving both domestically and globally. The inquiry was rounded out with more than 20 interviews with thought leaders in the sector, including foundation board members, other foundation staff, experts in executive talent-recruiting for foundations, and senior consultants/advisors to foundations. Confidentiality was granted for all of the interviews, and I received permission for all quotations included in this paper.

As part of this research, I also reviewed the relevant literature on foundation leadership and the literature on leadership in other sectors for insights on what it takes to be a successful leader in different contexts.<sup>6</sup>

## THREE ESSENTIAL ELEMENTS OF THE FOUNDATION CEO ROLE

Fundamentally, these findings called into question the adage, “If you’ve seen one foundation, you have seen one foundation.” Threaded through the interview data, stories, and experiences, key patterns emerged that seem to define the foundation CEO role. These themes were consistent across foundation type and regardless of a leader’s self-concept.<sup>7</sup> While there were unique features to each leader and organization, the CEOs’ responses regarding their own successes, failures, and lessons clustered around three essential elements of the foundation CEO’s role:

**Engaging the Board**

**Cultivating a Healthy Organization**

**Achieving Impact**

My research led me to conclude that successful CEOs at foundations of all sizes tend to be artful jugglers<sup>8</sup>—people who can pursue multiple high-pressure goals at once. They are able to tend to their board of directors, to manage their organization internally, and to drive their foundation to make an impact externally. By their own reckoning, few CEOs are equally successful in all three domains.

<sup>6</sup> Special thanks to Melinda Tuan for her extensive literature review on leadership.

<sup>7</sup> CEOs variously described themselves in the following ways: 1) as custodial leaders, taking care of a basically well-formulated organization; 2) as thought leaders, speaking, writing, and influencing dialogue and practice in a field; 3) as guides on a kind of spiritual journey; and 4) as transformational leaders, pursuing results in new ways, often entrepreneurial and intended to be disruptive.

<sup>8</sup> I recently learned that Exponent Philanthropy operates a program for staff leaders of small foundations called: Master Juggler Executive Institute. This year-long institute seems aligned with my artful juggler concept.



## ENGAGING THE BOARD

The responsibility to engage and manage the board of directors looms large in the minds and lives of foundation CEOs. CEOs must discern donor intent and values. They are responsible for facilitating alignment between their board and staff while managing the power dynamics inherent in these relationships. And CEOs continually contend with the inherent tension that boards hire and fire CEOs but are dependent on what CEOs share to understand their foundation’s accomplishments and challenges.

### **Discerning donor intent and values**

For some CEOs, especially of newer foundations, working with their board to establish or discern donor intent was among their greatest accomplishments. When asked to name her greatest achievement as founding CEO of the Bill & Melinda Gates Foundation, Patty Stonesifer said, “This is very clear to me: establishing the areas of focus that still endure 15 years later... areas that map to big societal needs and, very importantly, map to the passion of our funders and their belief in moments of responsibility and opportunity.”

Similarly, Charles (Chip) Edelsberg, founding executive director of the Jim Joseph Foundation, said, “It’s a privilege and perhaps among my biggest accomplishments—respecting donor intent. I came here not knowing Jim. I talked to everybody to learn about Jim and his interests and intentions. This was a challenge for a new foundation—Jim cared about success. We pursue results: We give longer grants, greater sums—pursuing greater impact in service of being true to donor intent.”

Some CEOs reported that they faced major challenges in understanding the intent and values of the donor and the board. Several ultimately failed in this regard either because the donors themselves were unclear on their intentions or because priorities changed over time with experience or a transition from one generation to the next. According to one CEO, “When I entered this work with living donors it was to go on a journey with them, of deeper spiritual value—the redemption we find when we dare to be generous; to experience how much gratification can come from giving. For many years with [this family], it really did work. The last years, it didn’t, and I saw a shadow side to people.” In this case, the foundation’s areas of giving were of deep personal significance to the donor. The donors experienced some intense emotions related to their giving – ups and downs in reaction to encountering some nonprofit organizations and their clients – and the CEO was unable to help the donor manage the associated emotions.

## Facilitating alignment between boards and the work of the foundation

Donors and boards are not static. Donors and trustees change over time, and as complex dynamic systems, boards require constant care and attention. The CEO must ensure there is continuous alignment between the daily work of a foundation and a board's interests, passions, and values. It is important for CEOs to help boards live up to their key fiduciary and strategic responsibilities but also to keep board members emotionally connected to the work.

One CEO advised, "Never get too far ahead of your board." Take the time to bring the board with you. When looking back at the first years of his tenure leading a large foundation, another CEO said, "It took a year for me to learn and aspire to a bigger vision. It took another year to bring the board around to this way of thinking."

## Building strong board relationships

According to many CEOs who participated in this research, the best boards ask great, penetrating questions, and there are strong relationships between and among board members and with the CEO. For Carol Larson, President and CEO of the David and Lucile Packard Foundation, the grantmaking is both professional and deeply rooted in family ties. She explained, "It has helped to have family members on the board to remember what's important. I want us to be best at being a great family philanthropy and professional philanthropy."

Chris DeVita retired as President of The Wallace Foundation after 25 years. There were no family members on the Wallace board, but relationships were still paramount. She described how she fostered strong relationships among board members: "I spent a lot of time getting the board members comfortable with one another; gave them common experiences—had a climate for open inquiry. We created a terrific board team that is enormously helpful, unusually engaged, and committed."

## Managing board–staff relationships

In addition to managing their own relationship with the board, foundation CEOs also must mediate the relationships between their board and staff. Some foundation CEOs truly value the board's guidance and cultivate shared understandings and alignment in vision and practice between board and staff. But many others take less constructive routes, often for the sake of expediency. For example, several CEOs described organizational dynamics in which staff members essentially subvert the board by presenting a grant or initiative in a way that would appeal to the board but may not be an entirely accurate or complete portrayal. In these cases, the goal is to keep the board happy, discourage the board from asking too many questions, gain approval, and "move the work forward." One CEO described how he "didn't always face difficult dynamics with the board squarely enough, especially when there were tensions between particular board and staff members. I was more oriented to harmony than dealing squarely with the conflict."

Another CEO has kind of thrown up his hands with family dynamics and limits board contact and opportunities for board input, concluding, "I have to balance fulfilling their aspirations with doing work that is meaningful to me and my staff."

## Managing weak boards and challenging dynamics

CEOs told many stories about tough board dynamics—with and without family members. Many observers of philanthropy believe that family foundations offer unique challenges for a CEO because the philanthropy is so personal and behavior can be so idiosyncratic.<sup>9</sup>

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<sup>9</sup> "The Family Foundation CEO: Crafting Consensus out of Complexity," *National Center for Family Philanthropy* (February 2012), <http://www.ncfp.org/bookstore/ceo-research-crafting-consensus-out-of-complexity>

Family members often take their philanthropic responsibility personally, which can result in strong relationships with a CEO and, at other times, present huge challenges. One family foundation CEO described: “There are family dynamics beyond your control. For example, when [the patriarch of the family] died, there were three surviving kids on the board. He left out the fourth. And the three don’t see each other except for these foundation board meetings.” This CEO is not just navigating the imperative of achieving impact, but he is also trying to maintain sufficiently harmonious family relationships so as to be constructive in a board setting.

Challenging board dynamics are not unique to family foundations. As one CEO observed about the sector, “I was a little surprised that the same people who in their business life are very disciplined fall asleep in a nonprofit and foundation board role. They display no rigor.” This CEO was describing situations where board members do not ask tough questions, or demand strategic clarity and accountability, or ask for data on progress or results and are disconnected from the true work of the foundation as a result.

Of course, what business boards have that foundation boards seldom have are data—reliable, understandable data from which to assess performance and progress and to use in decision making. While the right data are harder to come by in the social sector, it is not impossible if the commitment and investment are made. Still, relatively few foundations place emphasis on rigorous reporting of results, of both success and failure, to their boards. So, boards are often in the position of making decisions based on relationships, values, beliefs, and stories—all important, but missing an essential ingredient of independent and reliable performance data.

In the absence of providing data for board consideration and deliberation, the CEO is essentially saying, “Take my word for it.” As one interviewee pointed out, for-profit boards are also likely to be more clear about their roles and responsibilities, which are more defined in statute and regulation, than foundation boards are. Some of the difficulties that foundation CEOs face—and some of the differences described by the various CEOs—may well result from the general uncertainty about the proper role of a foundation board.

### **How important are boards?**

One could argue that a foundation doesn’t need a great board to achieve great results. But, based on my research, boards do matter. When a board and CEO have a strong relationship and are aligned on vision and practice, the CEO is better able to effectively manage a foundation. The CEO is in a stronger position to convey clear policy guidance to staff and can reduce unpredictability about board decisions. A board that trusts its leader is often more willing to take smart, calculated risks—what some might call “big bets.” And in an organization where there is a culture of trust and intellectual dialogue, a board can ask smart questions and sharpen the thinking and focus of grantmaking.

Conversely, when a CEO cannot manage the board to achieve alignment in vision and practice, unexpected challenges and failures can occur. I heard stories of extreme cases, where boards surprised a CEO by unexpectedly closing their doors or shutting down significant program areas. When a CEO more subtly supports even seemingly minor subversion of the board, there can develop a culture where withholding information becomes more the norm and a sense of distrust develops. These dynamics are often more about getting the board to “yes” than getting the board to a deeper understanding of issues and approaches. Where there are weak CEO–board relationships, a board is more likely to provide uninformed and ambiguous direction, causing unpredictable shifts and what can be experienced as extra work for foundation staff and its grantees.

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## CULTIVATING A HEALTHY ORGANIZATION

In addition to managing the board of directors, the foundation CEO must also manage the philanthropic organization, including building a healthy organizational culture and hiring and developing talent and bench leadership.

### **Building a healthy organizational culture**

Many CEOs spoke about the importance of building and sustaining a healthy organizational culture because a strong and healthy foundation is more likely to achieve strong results on the ground. The CEO is the number-one culture leader in a foundation. Many identified the importance of creating a values-driven culture—one that lives its values every day and in all of its work. There was a strong recognition that having articulated values is one thing and living them out is another.

Stonesifer said she believed she did not pay enough attention to organizational culture during her time leading the Gates Foundation. Looking back, she recognized the centrality of culture, using the analogy of the hospitality industry, where “the front of the house has to match the back of the house.” In other words, if you want to provide first-rate service to your customers, you have to treat your employees in a first-rate fashion. Successful CEOs recognize that foundation culture functions the same way. A foundation cannot have strong, trusting, productive grantee relationships without having strong, trusting, productive staff relationships.

Building and sustaining a healthy culture requires close attention and responsibility for how things are done every day.<sup>10</sup> This includes the big things like human resource management, budgeting systems, and clear processes for strategy development and grant review. But it also includes the little things like saying thank you for good work, having meals together, and engaging in other collective activities that encourage conversation, relationship building, and collaboration across silos. One CEO stated, “We need to be better and smarter in our interactions with each other and our grantees. We have to pay attention to humility all the time.”

At the William and Flora Hewlett Foundation, former President Paul Brest built an organizational culture that cared for its employees. As the foundation grew over a decade from approximately 35 staff to more than 100, Brest professionalized the organization so that it could operate efficiently and effectively. He created and supported the development of

<sup>10</sup> “Building a High Performance Culture,” *The Bridgespan Group*, July 2009, <http://www.bridgespan.org/getmedia/6fc5e32d-2dcc-4686-9801-95f5859ed7fa/Building-a-High-Performance-Culture.pdf.aspx>.

professional administrative departments, including human resources, communications, legal counsel, IT, and finance. This infrastructure provided a backdrop for grantmaking programs to more effectively pursue outcomes.

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Brest also paid attention to the little things, like maintaining an open-door policy whereby staff at all levels of the organization were welcomed to drop in for a conversation with him—and they did. Brest championed regular times for shared meals and celebrations to encourage socializing and relationship building between and among all staff across all programs and departments. During his tenure, Brest instituted peer reviews of board materials to which all staff were invited, facilitating broad learning about programmatic initiatives. In so doing, he built a culture where curiosity and constructive feedback were the norm.

Over time, this culture translated into how program officers worked with grantees. In its Grantee Perception Report (GPR) ratings, as measured by the Center for Effective Philanthropy, the Hewlett Foundation was rated well above typical for its

interactions with grantees, its impact on and understanding of grantees' fields, and its ability to advance knowledge and affect public policy. The same trend persisted for Staff Perception Report (SPR) results, with staff surveys showing high ratings for cooperation and team-orientation, atmosphere of mutual respect, opportunities to learn and grow within the organization, and a feeling of contributing to the goals of the foundation. As the organization's culture became healthier, the relationship with grantees became stronger and more productive.

While some CEOs embrace the opportunity to lead their organizational culture, other CEOs find the responsibility of organizational culture to be an albatross. They want to focus on "the work" and not the organization. One CEO told this story: "At one point, I was working with an executive coach who asked me what was I looking forward to next week, and what I was dreading, and I realized that everything I was looking forward to was outside of the organization and everything I was dreading was inside—dealing with the board meetings, the organization, the hiring and firing."

### **Building an organization over time with the right talent**

Most CEOs recounted how long it took to make lasting organizational change in a foundation. CEOs who had been on the job for five to 10 years said it took about three years to make change. Those who were there longer typically identified an even greater time frame for organizational changes to take root. This is largely because of staffing changes needed and the time it took to implement those changes.

One CEO recalled how, "Any lasting or meaningful organizational change takes 10 years and three to five to see progress. I didn't expect or plan for how hard it would be to get staff to care about the foundation as an institution." Another CEO added, "It is very hard to change hearts and minds, so it is important to shift people out when they are not right for the organization—to overcome the cult of the individual."

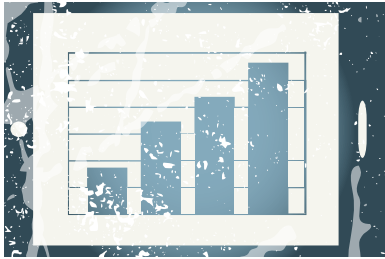
In a foundation, perhaps the most important decisions affecting organizational culture have to do with hiring staff. The most common self-reported mistake was hiring professionals with narrow expertise who possess no leadership, management or critical analysis skills beyond their specific area of expertise.

One CEO stated, "When we hired up, we made mistakes—we hired people who were

**The most common self-reported mistake of CEOs was hiring professionals with narrow expertise who possess no leadership, management or critical analysis skills beyond their specific area of expertise.**

smart, but too unquestioning.” Virtually all CEOs interviewed concluded that it is essential to balance content expertise with leadership and management skills. Several CEOs offered advice for their fellow CEOs. Edelsberg counseled, “Obsess about the human architecture of the organization.” Ariel Weiss, Chief Executive of Yad Hanadiv (Rothschild Foundation) advised, “Think hard about *who* will make your organization complete.” Another CEO added, “Foundations need people managers, not just academics or experts. We are change makers, not just grantmakers.”

Stonesifer reflected on the organizational culture at the Gates Foundation, saying it is important for a CEO to be surrounded by *wise* people – not just smart people. She offers, “In software, it helps you to be smart about bits and bytes. Wisdom didn’t get you that far in technology. But, in this work, where you are setting out to solve large complex social problems, it is important to be surrounded by wise people—those who have both intellectual knowledge and actual experience.”



## ACHIEVING IMPACT

The third essential component of the foundation CEO role is explicitly about achieving impact: generating results in the world. All of the CEOs interviewed were quite sophisticated about their external orientation. They spoke of the value of strategy, balanced grant portfolios, advocacy, informing policy, funder collaboration, community engagement, research, evaluation, learning, publishing, sharing results, use of voice, social media, calculated risk-taking, first doing no harm, taking board seats, not taking board seats, and the list goes on.

While espousing vastly different philosophies and orientations to achieving results, all the CEOs interviewed cited accomplishments as well as important lessons. The paths CEOs chose to achieve impact fell roughly into four (non-mutually exclusive) categories:

1. Generating and sharing knowledge as a lever for change; serving as a thought leader to influence others
2. Developing highly analytic, problem-oriented strategies, often aimed at systems change; unlocking the potential of governments, markets, and citizenry
3. Responding to emerging needs with pragmatism, often starting with, “What are we good at, what does the community need, and how might we make a contribution without overreaching?”
4. Leading a philanthropy as a spiritual journey, where the CEO models behaviors of compassion and generosity based on a sense of higher spiritual purpose

Each of these approaches could be the subject of a separate and productive line of inquiry that would take us beyond the reach of this paper. For the purposes of understanding a CEO’s role and perspective on successes and failures, it will suffice to identify vital ingredients for success and essential lessons.

CEOs generally acknowledged that creating lasting social change is difficult and complex, especially as compared with the work of academia or business. Many spoke of the value of collaboration with partners in achieving successes—primarily referencing other funders and key grantees. From climate change and health care to education and impact investing, and across foundations of all sizes, collaboration was seen as essential. And this collaboration took many forms—from coordinated funding to fully integrated partnerships.

Especially in the bigger foundations, like Hewlett and Rockefeller, but even in some of the smaller ones, “systems thinking” was seen as critical to achieve success. For most, this

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meant not limiting a foundation's focus to be so narrow as to misunderstand the range of conditions and influences on a problem or to mistakenly believe in silver-bullet solutions. Stonesifer said, "Never presume a great idea for solving a complex social problem is either original or sufficient: It likely isn't either."

Sometimes great successes came from being strategic and focused, such as Edna McConnell Clark Foundation's innovative laser focus on scaling proven youth-development programs nationally. And sometimes, great success came from being flexible and opportunistic, such as when Brest responded to a call from Bill Bowen, the then President of the Mellon Foundation, to fund the creation of Open Educational Resources. This new form of open courseware at MIT has since catalyzed the field of Open Educational Resources in support of new classroom technology and access. Another example is when Harvey Dale and Joel Fleishman, formerly of Atlantic Philanthropies, in the 1990s funded the creation of the Bridgespan group, an organization that has since become an important force in bringing a more strategic orientation and new knowledge to the sector.

As important as the successes are, the lessons are in some ways more important. In their own words, CEOs shared these insights:

### **On maintaining flexibility**

"Have a few rules to guide behavior and willingness to break them," said Joel Fleishman, former President of Atlantic Philanthropic Service Company, the U.S. program staff of Atlantic Philanthropies. Fleishman was an early leader in the movement for philanthropy to be more strategic and disciplined in approach and in evaluation. But, he also championed risk-taking, maintaining flexibility, and not fashioning foundations to become lumbering bureaucracies.

### **On trusting relationships with grantees**

"I learned that the real knowledge is in the community. It is essential to develop relationships of trust and exchange with our grantee partners. The key lesson was that, contrary to the mythology of foundations, I can't control anything," said Thomas Beech. A seasoned and now retired CEO who led three very different institutions over a period of 33 years, including The Minneapolis Foundation, The Burnett Foundation in Texas, and the Fetzer Institute (an operating foundation), Beech reflected on the importance of listening to grantee partners and collaboratively pursuing strategies and results.

### **On patience and pacing**

"I wished I had gone a little more slowly. In this sector, going more slowly will win the day. I have had to explain and explain again what we are doing—how we are changing and why. We had grantees for 25 years who never expected we would stop funding them: We gave them four- to five-year tie-off grants, talked with them, but still, we didn't do enough," said one foundation CEO, reflecting on the patience required to achieve results.

### **On truth-telling**

"It is quite important for foundation CEOs to develop ways of knowing what you don't know and hearing what no one wants to say to you. You have to discount the praise and amplify the critique," said Crystal Hayling, former President and CEO of the Blue Shield of California Foundation. She reflected on the distortion in relationships and truth-telling that happens in the funder-grantee relationship and how important it is for a leader to understand the context in which a foundation is working and the effects of a foundation's grants and approach.

So many of these lessons have the value of humility at their core, of not assuming a foundation has the answers, of being patient, respectful, flexible, and open-minded. **By their own admission, foundation leaders tend to have a distorted view from the top of a pyramid where there are no natural feedback loops, so it is quite important to create ways to learn from the wisdom of others.**

In the course of interviewing CEOs about their role, two additional themes emerged that merit some mention: time and succession.

## TIME

Almost all CEOs talked about the challenge of time in their position—acknowledging how long it took them to

1. understand their job, the organization, and, often, the sector—which involved learning from and listening to people in relevant fields of practice, excavating the past for donor intent, and working with new philanthropists to understand and articulate their intentions;
2. chart a path forward in grantmaking where they felt confident and aligned with their board and other key constituents;
3. build a healthy organizational culture supportive of the mission and the CEO's vision to create sustainable results on the ground; and
4. realize actual change in the world.

Most CEOs said it took somewhere between one and three years to be on a path forward. For most, this was a surprise, and many found the long time frame quite vexing. One retired CEO said that his board hired him to be a transformational leader but were completely unrealistic about the time it would take to transform the organizational culture and orientation to impact. Beech explained this difficult dynamic, saying, “As a leader in philanthropy, you want to take the long view *and* act with urgency. This is one of the key tensions to navigate.”

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## SUCCESSION

Most foundation CEOs came into their role with no professional experience working in foundations. According to research conducted in 2012 by the Center for Effective Philanthropy that looked at the CEO backgrounds of the 100 largest foundations, the majority—60 of the 100 CEOs—came from outside the foundation world, meaning that most large foundation boards deliberately chose an outsider to run the organization. The Council on Foundations also reports that 67 percent of all foundation leaders appointed from 2004 to 2008 did not come from grantmaking organizations.<sup>11</sup>

In his book, *Good to Great*, Jim Collins explored how companies he deems “great” handle succession and he contrasted that with how other, less great companies tackle this challenge. Rather than pursue charismatic leaders from the outside, high-performing companies often promote their CEO from an internal role. Such leaders, Collins argued, can seamlessly build on the work of the CEO who preceded them. Companies like IBM or Microsoft, with enduring success, groom leaders and hire from within to continue to carry the leadership torch.

Might the same be true for foundations? We have few criteria for determining what makes for a successful foundation CEO, so it is hard to know for sure. As in Collins’ study, the foundation CEOs who have been promoted from within are seen as some of the strongest and most innovative in the sector. Nancy Roob, for instance, was a program officer and

<sup>11</sup> Caroline Preston, “Inside the Searches for Filling Philanthropy’s Biggest Jobs,” *The Chronicle of Philanthropy*, April 3, 2011, <http://philanthropy.com/article/Inside-the-Searches-for/126961/>.

the COO at EMCF before becoming its President. Roob knew the organization and the industry. She had worked side by side with her predecessor, Michael Bailin, and the board as they reshaped the foundation, beginning with a pilot test in 1999 to create a new strategy of grantmaking focused entirely on disadvantaged youth. As President, Roob has been able to build upon that work and innovate different approaches to scaling evidence-based programs. She has created funds for aggregating capital to create larger impact. Because Roob knew what she was doing when she stepped into the President role, she has helped EMCF become an influential and effective foundation, punching well above its weight in improving the prospects for disadvantaged young people across the nation.

Why is internal promotion not more common? One might interpret the selection of an outsider successor as a signal from the board of directors that the foundation is not on track and therefore fresh perspective and change is needed. As one long-time CEO said, for some foundation boards, “The only way to get a new direction was to throw out the CEO.” The absence of data to inform and evaluate CEO performance and organizational strategy in the social sector may be a key contributor to this trend. Meanwhile, foundations are increasingly harping on nonprofits to plan for succession when they themselves are not doing the same.

### Boards like to hire from the outside

The CEOs I interviewed largely thought it was a good idea to hire from within—someone they have groomed and who can carry on the work that they began. This is especially sensible given the long ramp-up time required to understand the organization and the job.

But, they say, it is the boards that resist and instead want to retain a search firm to find the best CEO in the marketplace. Boards view hiring a CEO as their primary responsibility and do not want to relinquish it. In the most generous light, one might say that the world changes over time, and boards want to be sure that they are getting the right leader for the future. But, even then, they tend not to hire outsiders with philanthropic experience. As one CEO said, “Boards think you don’t actually have to know anything about philanthropy or the business of philanthropy to be successful. But, the learning curve is just huge. A lot of time gets wasted when you hire from outside.”

This practice is reinforced by the executive search industry. *The Chronicle of Philanthropy* found that many of the leaders of America’s wealthiest foundations have been recruited by one of two global search firms—Russell Reynolds Associates or Spencer Stuart.<sup>12</sup> These executive search firms can generate big national and international names that boards like to consider as potential leaders of their foundations. Talent recruiters argue, however, that they are not driving this trend. Kathleen Yazbak, formerly the head of Bridgespan’s talent-recruiting arm, pointed out how a search can be helpful to a qualified internal candidate because after being compared with a slate of outsiders and still coming out on top, the board will have increased confidence in that internal candidate for the CEO position.

Of course, that still raises the question of why boards lack confidence in internal candidates or even in candidates with philanthropic experience. As rare as it is to hire from the inside, it is even rarer to hire leaders from other foundations. Such lateral hires are common occurrences in the business world and in academia. Why are they so rare in philanthropy?

### Challenge of the bench

Some explained the lack of internal succession planning as a problem with the staff bench.

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<sup>12</sup>ibid.

They argued that in most foundations there is too small of a sample from which to choose a new leader and that one uses different criteria for selecting a CEO than for selecting other leadership positions in a foundation, like program director or vice president.

But, this argument isn't entirely convincing for several reasons. First, larger foundations do have larger pools from which to choose, yet most still hire from outside. Second, more foundations are recognizing the need to have program directors be strong managers and not just content experts and are hiring accordingly. Third, many more foundations have executives, such as chief strategy officers or vice presidents, who could be groomed for the top job. Fourth, foundations have more flexibility than almost any kind of institution. If it were a priority for foundations boards to plan for succession, they could do so.

It may be worth mentioning two other reasons for not grooming successors—both offered by interviewees with a laudable amount of candor. The first concerns how to manage the expectations and current behavior of a successor you are grooming. "It's a timing issue," said one CEO. "It's difficult to be an heir apparent. There are tensions. You can't leave people waiting in the wings for too long."

The second reason is more personal—concerning the near-existential implications for an active CEO to plan for when they are no longer there. As one long-time CEO said, "There's something about succession that's hard for me. There is a mark of mortality in grooming someone else. It takes a certain disposition to plan for your own demise." While appreciating the honesty and vulnerability expressed in these comments, it seems that such a disposition is in fact a mark of a great organizational leader, what Jim Collins would call a level 5 leader.

## **A New Trend?**

Since the completion of this research, some signs suggest that a new trend may be underway in CEO succession. The W.K. Kellogg Foundation and the Ford Foundation both recently selected internal candidates to be their next presidents: Darren Walker at Ford and La June Montgomery at Kellogg. The Barr Foundation recently hired a new president, Jim Canales, who previously served for many years as president and CEO of the James Irvine Foundation. And the California Wellness Foundation named Judy Belk, formerly of Rockefeller Philanthropy Advisors, as its new CEO. These decisions are notable exceptions to the rule, and it will be interesting to track their progress.



## **CONCLUSION: WHAT DOES IT TAKE TO BE A GREAT FOUNDATION CEO?**

Clearly, more research is needed to better understand the role. First, there would be tremendous value in a deeper inquiry into the perspectives of foundation trustees—to surface their motivations for selecting and their processes for evaluating and guiding a foundation CEO. Trustees hold the keys to these kingdoms, and understanding their assumptions is crucial. It could be instructive to understand the relationship between the skills that trustees seek in a foundation leader as compared with those skills that are actually needed to successfully lead a foundation. Second, it might be helpful to systematically ask foundation staff questions about their leaders and what staff see as the key attributes of a successful or unsuccessful foundation leader. Third, it could be interesting to conduct a study of who foundation CEOs view as their most successful peers and why. After all, foundation CEOs know the job the best and might offer useful insights when identifying model leaders. And fourth, it may be time to develop and test a framework for evaluating foundation CEOs or perhaps test a few different frameworks for different types of foundations.

Based on my research, successful foundation CEOs will aspire to be artful jugglers, dynamically tending to their boards, the health of their organizations, their partners, and, of course, to impact. This is true for foundations of all types and sizes. If they honor and create harmony among those parts, with the right mix of people, performance data, information sharing, and trust building, CEOs can tilt in the direction of seeding transformative change—change that could even be sustained beyond their tenure.

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