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The Meaning and Impact of Board and Staff Diversity in the Philanthropic Field

Findings from a National Study

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Independent Foundations in Transition: From Family Vehicles to Major Institutions

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Originally the board, particularly family members, thought diversity was a good thing, but they didn't want to talk about it. It wouldn't surprise me if this really isn't the case at a lot of foundations. If you consider that foundations are established by rich families, then...if the board only consists of family, it's a very insular view.... They may be all for diversity, but it's a naïve notion to think that it will happen on its own (Foundation CEO and family member).

Introduction

An individual donor, married couple, or family usually creates an independent foundation, although in recent years, such grantmaking entities may also be created through an endowment from proceeds from the sale of nonprofit health care entities to for-profit companies, known as “conversion foundations.” In 1998, independent foundations accounted for 76.8 percent of foundation giving. Family foundations, a subset of that category, were responsible for 37.0 percent of all foundation giving (Lawrence 2000, p. 3). This chapter explores diversity issues in both the family foundation type and the generally larger, endowed grantmaking institutions that are also classified by the IRS as independent foundations. As will become evident, each of these subtypes has its own set of concerns and interests and deals with the issue of board and staff diversity in a distinct way.

According to the Foundation Center, family foundations are “independent foundations in which individual donors and/or family members are directly involved in guiding operations” (Lawrence 2000, p. 4). Over the first few generations, family members are often active in decision-making, including governance and funding. While most of these foundations are endowed, many also continue to receive gifts from family members and ultimately a bequest. The donor is extremely influential during his or her lifetime. Many families decide to bring their children and grandchildren onto the foundation's board, either at inception or in order to involve the next generation(s) as the foundation matures. Some family-controlled foundations also choose to diversify their board beyond family members so it is more representative of the communities or issues they fund. Still, there is often a desire to perpetuate the donor or family's interests into the future.

Generally, the larger grantmaking institutions that we think of as independent foundations developed over generations out of family foundations. Most are endowed. They have a principal fund and make grants essentially from investment income (Freeman 1991). Because they neither seek nor require additional support from external donors, independent foundations are relatively isolated from market forces (although in cases where their endowments are primarily in stock of one company, changes in that company's fortunes can have a significant effect on the foundation's endowment, as has happened in recent years with the Kellogg and Packard Foundations). Among the major independent foundations are some that have been genuine leaders in diversifying their boards and staff – for example, the Kellogg, Ford, and Public Welfare Foundations. This is also true for some of the newer “conversion” foundations such as The California Wellness Foundation.

Given their generally small staff and single-family origins, family foundations are least likely to be diverse in terms of class, ethnicity, race, sexual orientation and disability in comparison to other categories of grantmaking institutions. Likewise, they are less compelled to be accountable to outside forces or to comply with societal pressure to conform to changing practices in governance and operations. Their boards, however, have the best representation of women trustees in the field due to the participation of family members. Among Council on Foundations members with good records of diversity, more women serve on family foundation boards than other types, whereas few people of color are trustees or staff members (see Table 13 in Appendix, p. 140).

In comparison, large “nonfamily” foundations as a group have the highest percentage of staff people of color (Table 13). Major independent foundations are also among the largest and wealthiest foundations and have the resources to search for, hire and retain diverse staff. Staff diversity appears to follow programming, and independent foundations such as Ford, Kellogg and Mott have been among the first to create grantmaking areas addressing issues of concern to women, people of color, and the disadvantaged.

Staffed Family Foundations

Introduction to Foundation Type

Most foundations in the U.S. are family foundations. The National Center for Family Philanthropy estimates that approximately two-thirds of private foundations are family-managed. While the largest family foundations have endowments well over \$5 billion, three-quarters have under \$1 million in assets (National Center for Philanthropy 2002). The vast majority of these foundations are controlled by donors and their relatives. Historically, these donors have been white, wealthy, and part of society's elite.

Due to the extent of family involvement, and especially if the donor is still alive and may consider the assets his or her own, family foundations usually operate with a “cloak of privacy” and do not provide data to the public beyond the legally required annual Form 990-PF. Even among larger independent foundations (those reporting assets of at least \$1 million), only 5.2 percent publishes an annual report, and only 13.9 percent produces and distributes any informational material at all (Gluck and Ganguly 2001, p. 11). It is therefore difficult to characterize family foundations or find adequate information about their operations, especially regarding diversity practices.

Study Sample

This section is based on 13 interviews at six staffed family foundations. One of these grantmaking institutions is making the transition to a more independent status, although there are still relatives of the donor on the board. We selected foundations that were diverse by asset level, creation date, geography, and the personal identity of their leadership. The family foundations featured in this chapter are The Mary Reynolds Babcock Foundation, Dyer-Ives Foundation, Flintridge Foundation, Evelyn and Walter Haas, Jr. Fund, Jessie Smith Noyes Foundation, and The Wieboldt Foundation.

Of family foundation participants interviewed, nine are women and four are men. Seven are white, two are African-American, two are Latina, one is American Indian, and one is Asian-American. Eight reported that they are heterosexuals and two that they are gay, lesbian or bisexual. Not everyone responded to our questions concerning sexual orientation. None of the family foundation participants reported that they were disabled. In addition, only one respondent, a trustee, was aware that any board or staff members at their foundation had a disability.

The family foundations portrayed were formed between 1921 and 1985. They range in asset size from less than \$10 million to over \$500 million and make grants in the range from less than \$1 million to nearly \$20 million annually. One is located in the Northeast, two in the Midwest, one in the South and two in the West.

Staffing and Diversity

Available data and our methodology limited us to investigating staffed family foundations. However, only a small number of all family foundations have employees. We know that at least 3,600 people work at family foundations (Lawrence 2000, p. 17). The larger the foundation, the more likely it will be staffed. According to the Council on Foundations, the average number of full-time paid employees at family foundations was 6.1 in 1997 (Council on Foundations 1998b, p. 6). The family foundations we studied had between two and over 20 staff members, probably more than in the field at large. Achieving greater diversity among employees can be related to making a decision to hire a larger staff.

We interviewed six chief executive officers (CEOs) at family foundations, who are all white. Four are women. Two are men. One is gay. Four additional employees were interviewed, all women of color, including two senior staff with the titles of vice president and assistant director and two program officers.

These study participants agreed that in hiring staff, knowledge of the communities served and the issues the foundation funds is a necessity. One executive director, a white woman who formerly worked in the corporate sector, made a telling comment that it was also important that the employee be a person who has a “style” that can fit in with the family. Her insight is consistent with written statements on the survey questionnaire administered and analyzed by Lynn Burbridge (see p. 75 of this volume). People of color, in particular, feel that the culture of philanthropy is difficult to negotiate.

It is fairly common for a family member or close family friend to manage foundation operations as a paid employee in smaller institutions. In this research, one of the family foundation CEOs we interviewed is a relative and another is a friend of the donor. J. L. Moseley, managing director of the Flintridge Foundation, with \$25 million in assets, explained how her personal values and the work she had been doing throughout her career guided and assisted her board:

When my family asked me to manage the foundation, it was very clear to me that we should have diversity. We should reflect the constituents we serve.... It [was] very deliberate but unspoken. As more and more opportunities were available to introduce [inclusiveness], the board really embraced it and now it's in our value statement.

Along with other study participants, Moseley views diversity work as ongoing – a never-completed project. Since she began hiring, she has always sought employees from the communities where the foundation funds. The foundation's employee profile is 75% people of color, with majority women. Currently 29% of the seven trustees are people of color and 43% are women. One staff and one board member are openly gay. It has taken the foundation fifteen years to achieve this profile.

While representatives at each family foundation reported a different impetus for implementing diversity practices among employees, as in the earlier example, commitment of the staff leadership is paramount. There is wide agreement that the CEO, as the person responsible for hiring staff, should most often be given credit for any positive changes regarding diversity. At one institution where this is not true, the living donor has been committed to diversifying the board. At another foundation, the board was just as involved as the CEO in advocating for the changes.

A relatively new African-American program officer at a foundation with over \$100 million in assets views her hiring as a part of the foundation's effort in diversity. She sees that the “face of the foundation has changed...in the last five years.... It has a lot to do with

the market being pretty good and being able to hire more folks.” When asked what the impetus for the change was, she named the executive director.

Our interviews and anecdotal evidence both strongly suggest that staff diversity follows when the funding program changes or focuses upon communities, issues or populations of marginalized peoples. For example, the same program officer quoted above sees that diversity on the staff is important because so many of the foundations’ grantees are African Americans. In her mind, the issue is one of trust:

Trust is built pretty quickly with an African American dealing with African-American organizations where they are trying to do some serious work.... Trust is really important if you are trying to get to where an organization is so that you can invest in what they’re doing...Sometimes it takes white folk a long time to do it.

Gayle Williams, executive director of the Mary Reynolds Babcock Foundation, describes the challenge succinctly: “The bottom line is that you can’t do this work and be all a bunch of white people or be all a bunch of African Americans. You have got to have that mix of perspectives and diversity.”

The picture that emerges from our interviews with both family foundation CEOs and their staffs is one of boards with confidence in the leadership of the person they hired to run the foundation, but probably somewhat less commitment, interest, or understanding of the need to diversify staff.

The three family foundation trustees we interviewed (two of them of color) all valued diversity among employees. When the board becomes more inclusive than the staff, it is likely that hiring will follow suit. There seems to be a certain synergy within institutions with respect to these issues. If one aspect of the program or structure concerning inclusiveness changes, it is likely that over time other parts will change as well. From our case studies of family foundations, it appears that an incremental effect occurs.

Board Diversity

The median board size of a family foundation is three people (Lawrence 2000, p. 19), who may all be family members, or some combination of a donor, that person’s spouse, and their accountant, lawyer or trusted friend. This profile does not lend itself to diversity. However, the larger the assets of a family foundation, the greater the number of board members and thus potentially more possibility of implementing inclusiveness among trustees. Among nonfamily independent foundations, the average number of trustees in 1997 was 7.9 (Council on Foundations 1998a, p. 10). The foundations described in this chapter have boards with between five and 16 trustees. It seems logical that a primary way to diversify a board is to add trustees with varied personal backgrounds, therefore resulting in a larger membership than at typical family foundations.

To a varying extent, five of the six family foundations in this research have been committed to diversifying their boards beyond family members, usually with particular attention to race and ethnicity. Most of the information included here is based on the perspective of family foundation staff concerning the boards to which they report, although three family foundation trustees participated in the study.

The CEO of the newest foundation we feature, the Flintridge Foundation in California, reviewed her board's efforts to include people of color: "We decided very early on that we were going to have outside board members. Initially the four founding directors invited friends to serve." Seven years ago the foundation began to bring on nonfamily members, based on particular kinds of expertise these individuals possessed. The CEO continues:

I think one of the things I've learned is to have more patience.... This is something that evolves and...becomes a part of who we are. People are moving at different paces.... As long as they're moving in the right direction, my feeling is to keep encouraging it and seize opportunities, but not to push it. I think if people are defensive...they're going to resist. So...whenever we have an opening, whether it's on the board of the staff, I always see it as an opportunity for diversity that we may not have.

In another case, it is the family board rather than the CEO that made the decisions leading to greater inclusiveness. According to Regina McGraw, the current executive director at The Wieboldt Foundation, over 20 years ago, the family started adding "nonfamily" members to the board. Older trustees were beginning to think about succession. It was not clear that the next generation would have the time to devote to the foundation or live in the Chicago metro area, a requirement of the by-laws. The foundation was also beginning to increase grants to Chicago's low-income neighborhoods. The family acknowledged their lack of experience. Diversifying the board came from a motivation to attain a better understanding of the kind of funding being done. Additionally, the foundation was moving away from funding human services to community empowerment. Diversifying the board seemed a legitimate way of giving community members influence over where money is directed. Family members needed community members' knowledge to do effective grantmaking.

The commitment to diversity is usually both a board and staff value. In 1994, the Mary Reynolds Babcock Foundation hired Gayle Williams as their new executive director and underwent an intensive strategic planning process to reach a consensus on and to articulate the [foundation's] purpose and values. Williams provided us with the details of this process. She reviewed all the grants the foundation had made over its history. "The Foundation has stood for the same things that it stands for now.... [This] comes from the leadership that some of the family has shown. I think it comes from the values that they brought to the forming of the Foundation, coupled with the staff they've hired." Williams continued that the Babcock Foundation board produced a:

statement that includes democracy, inclusiveness, fairness, working on the issues of racism and poverty. If that's the work we want to do, then...the Foundation's board and staff had to walk the talk.... In order to be the best stewards of the resources that we have...we've got to have people at the table that will bring a diversity of perspectives that are going to help us make good grants.

Williams elaborated:

Now...there are [only] one or two more family members on the board than nonfamily members. And, of those nonfamily members...all but one are African-American. So the balance on the board shifted and we see it playing out in the board meetings.... [There was a] conversation among three of the African-American board members who were not agreeing. It was...out of their [personal] experience that the three of them were talking. Everybody else on the board just had to sit back and listen. There was nothing that a white person on that board could contribute to that conversation. It's the first time I have ever seen that happen on this board. I think everybody recognized it when it happened as something that was important in the development of the board and their learning about the issues that we are funding.

Whatever the degree or kind of diversity a family foundation board decides upon, by all accounts, it is a slow process that takes years to realize. In those cases where the process has been accelerated and more inclusive practices are found throughout the grantmaking institution, there is a solid commitment on the part of the board and staff leadership, along with program areas that will obviously benefit from diverse decision-makers.

Institutional Culture

The culture of family foundation philanthropy is elite, rather than diverse. It is a culture of people with money and power. Personal identity, as well as positions held in a family foundation had a bearing on study participants' viewpoints concerning organizational culture. All the CEOs praised the institutional culture at their organizations. Two used the word "respect" to characterize it. One woman executive director commented, "It's a culture of openness to learning and to change. Giving people lots of opportunities.... We've worked hard at that part about learning a respect for and engagement with ideas you may not understand...." Another CEO said: "The hardest diversity is class. That's the very, very hardest one. I think that I really struggle with that. I was so pleased when we brought a grassroots, ethnic minority [person] on our board. And it was so disappointing when he missed the first whole year of meetings and the board took him off." She did not elaborate on why this individual failed to attend the board meetings, but she attributed it to class differences. The male CEO of a larger, older family foundation mused: "We inherit the legacy of the founder, that is a white, male-dominated, traditional culture." With active family members interacting with staff who have diverse personal identities, however, that culture begins to transform.

While apprehensive about and critical of the organizational culture of philanthropy, the program officers at family foundations appreciated and had praise for their workplaces. According to one woman of color:

It is more open to diversity. I have never felt that I could not say exactly what was on my mind... There is a mutual way of doing things here that has not been present at other places I have been... Having said that, I think it could be better. Some things, as far as human relationships go, are not as well accepted in terms of diverse opinion as they might be. That is related to background. I don't come from privilege. I don't know what that is. I know it when I see it... So I think that affects the acceptance of diversity.

Two other program officers commented that it was very difficult when they started working in the foundation field. According to a Latina:

I was jumping into a program where many of the grantees were colleagues, some friendlier than others. I had worked with them... I didn't have to learn the field. But, it meant that I had to pull away from a certain activist orientation. It is important to me personally to work around advocacy for women of color. It was hard trying to figure out a niche as a funder, how I could keep connected but not be directive... We also had hard discussions about some of the involvement that I could continue to have with certain issues... I wondered, isn't my integrity being trusted?... It's challenged us [at her foundation] and even brought us back to our commitment. I have to make sure that my actions are not being misperceived, that I am being fair, doing the best for the movement. It's very isolated work... I used to feel it more, but I am figuring out better how to work with my foundation colleagues... I also felt somewhat isolated because I felt that the perspective I brought was not really understood. So, that was sort of challenging...

This program officer's comments reinforce the importance of creating a welcoming environment for diverse staff. This challenge applies equally to boards of directors. The following case study examines a family foundation that has successfully addressed the challenge of diversifying its board by making a special effort to address issues of institutional culture and diversity practices.

Case Study: The Jessie Smith Noyes Foundation

Donna Chavis, a Lumbee (Native American), rotated off the Jessie Smith Noyes Foundation board at the end of 2000 after eight years of service. She was the first board member from the activist community and the first consciously selected with race in mind. "I still consider it a family board," she says. The three branches of the family have permanent representation. Chavis explains that it was a family decision to diversify the board by adding other trustees who have commitment, experience, and understanding of the issues. The family felt that the more minds present making decisions, the greater the chance of success. "We didn't have a formula, per se, or an approach you could write up," Chavis adds.

At Noyes, the board and staff are constantly aware of the need to evaluate their efforts. Chavis remarks, “We cautioned ourselves all the time that we didn’t have all the answers. We were constantly in formation.” She has been told that before she was invited to become a trustee, the foundation went through a process with a consultant that resulted in the development of a set of characteristics for board members. After this, the family became clearer that diversity of personal identity was among the gifts and traits they were looking for in new board members. “This requires trust in people who come from all walks of life and experiences to add their value and wisdom to the process,” says Chavis.

The Noyes Foundation has a history of valuing diversity. Even in its early days of funding scholarships, half of these went to people of color. As the foundation evolved into an environmental funder with respect for the diversity of the natural world, this valuing of diversity was extended to the recognition that there are many perspectives and viewpoints on environmental issues.

It was through this expansion of Noyes’s programmatic interest that Chavis came into contact with the foundation. Chavis was on the Planning Committee of the first People of Color Environmental Summit, which the Noyes Foundation funded due to its growing interest in environmental justice, under the leadership of the president at the time, Steven Viederman. Out of the work of the summit and continuing work on environmental justice, Chavis got to know Viederman. This was also a period during which the board was seeking to enlarge and diversify its membership. Viederman approached Chavis for her bio. Along with other candidates, she was interviewed and then invited to become a trustee.

Chavis notes that she always felt welcome and wanted on the Noyes Foundation board, something that she sees as central to successful diversity efforts. Chavis also had the chance to interact with all of the board in a social setting, prior to her first meeting, and that cushioned her entry onto the board. After taking the time to listen carefully and become oriented to the structures and culture of the Noyes Foundation board, Chavis feels that her voice was fully included into the institution. “Inclusion is an important element of diversity efforts,” Chavis affirms. “The Noyes family was sincere in its efforts to be inclusive of the diverse voices and viewpoints that were added to the board as it was broadened with nonfamily members. The expanded board continues to address and respond to this needed inclusion.”

When Chavis joined, the foundation was just beginning to move toward a more structured board, similar to nonfamily foundations. “When I came on we didn’t have a strong functioning committee system. Over eight years we [developed] a strong committee structure,” she notes. Most of the committee chairs today are nonfamily members as are the chair and vice-chair of the board. Chavis views this as “fast growth” in terms of process and goals. The old leadership is rotating off and talking about creative possibilities. It is an opportunity for the Noyes Foundation to evaluate how to bring on new people. According

to Chavis, “We constantly looked at ways to use the system we had. We wanted to pass along [not only] the functioning, but also the values.” With new board members coming on, the diversity mixture will change, but the commitment and values will be constant.

The Noyes Foundation board has made a decision to “step out publicly” with its internal diversity work. “This is not an easy thing to do, to put yourself forward in this way,” Chavis notes. At a November 1999 board meeting, the Noyes Foundation Communications Committee was specifically charged with developing communications strategies around board diversity. The Committee drafted the statement below which was approved by the entire board in April of 2000.

We at the Jessie Smith Noyes Foundation have come to embrace in practice the much-used concept of diversity. We have learned over time, in our work on both the board and staff level, how much it matters to bring together people who differ – in race and ethnicity, skills and occupations, gender and geography, age and sexual orientation, income and life experience. It has not always been an easy journey and we have been challenged by this effort. Nevertheless, we are firm in our commitment to diversity and understand that our work is not yet done.

There are many who find the use of the term diversity a difficult one to accept. To them it smacks of buzzwords and so-called political correctness. Yet as we work together to protect and restore Earth’s natural systems, and to promote a just and sustainable society, we have found that our differences are real and do matter. They have given us a wealth of knowledge that many of us otherwise would never have. We believe it’s important to our work to recognize and respect the differences among us, to value the varied experiences, perspectives and insights we bring to the table, and to struggle with those differences when they threaten to divide us.

As a foundation that believes in linking justice and sustainability, we are committed to assuring there is diversity among us because it enables us to comprehensively address these issues and because it is the right thing to do. We believe in the democratic process, and the continued openness of that process to include the voices of a wide range of people. We acknowledge and accept our responsibility to model in our own practices the ideals that we fund.

The Noyes Communication Committee developed short and long term goals: first to share information with the boards and staffs of other foundations about Noyes’ diversity efforts and second to increase the diversity of other foundation boards and staff. “Regarding diversity issues, Noyes staff continues to work with different committees of affinity groups to try and influence their practices on diversity and inclusiveness,” says current foundation president Vic DeLuca. “The first mailing of the diversity statement (about 1,000 copies) resulted in dozens of comments on its usefulness and a half dozen more detailed discussions about the mechanics of doing diversity work within a foundation.”

Chavis’s experience points to the importance of creating a welcoming environment for board members who are brought on explicitly to meet diversity goals. The Noyes Foundation’s long-term commitment to the cultivation of diversity on board and staff relates

closely to the leadership and vision of two successive presidents, who sought to re-focus the foundation on issues of environmental justice. The broad definition of the issue contained in this view includes a respect for diversity. Cognizant of the need to address questions of institutional culture, Noyes worked with an outside consultant to conduct a diversity assessment. Beyond addressing its own internal diversity, the foundation also sought to advocate among its peers for greater attention to this issue. The commitment of the foundation's Communications Committee to this advocacy, including the hiring of a consultant to write a brochure for wide dissemination, has allowed Noyes's diversity work to have an impact beyond the institution itself.

Large Independent Foundations

There was a surprising amount of consistency among the six large independent foundations we studied in the ways in which they had pursued and promoted internal diversity. As with the family foundations, first among these was "leadership from the top." Whether it was Gary Yates at the California Wellness Foundation, Franklin Thomas at the Ford Foundation (or his successor Susan Berresford), Beth Smith at the Hyams Foundation, Norm Brown and Russ Mawby at the W.K. Kellogg Foundation, Larry Kressley at the Public Welfare Foundation, or Gordon Conway at the Rockefeller Foundation, staff diversity occurred when the CEO made it his or her priority. Kressley, executive director of the Public Welfare Foundation since 1992, and the first openly gay CEO of a major grantmaking institution commented:

There was not much thinking about diversity before I became executive director. There were no people of color on the program staff, only administrative support positions. There has never been a board policy discussion about it. It has been something to which I have been committed. I think the board's response has been, ranging from one director to another, pretty solid support.

The board of trustees might also have been involved in these decisions, of course, but it was the CEO's day-to-day signal that diversity was a priority that made change occur.

Second, these foundations included diversity as an important element of key written materials. At Kellogg, the foundation's program guidelines cite the foundation's values and principles, including the statement: "diversity and integration are essential for creativity and motivation; all communities have assets including history, knowledge and the power to define and solve their own problems." In its 1998 annual report, Kellogg's president, Dr. William Richardson, states that the foundation's work is guided by four compass points; among these is a genuine respect for diverse voices. The Ford Foundation's mission statement affirms that the foundation seeks "to ensure participation by men and women from diverse communities and at all levels of society" in addressing social problems.

(However, it is worth noting that the foundations in the sample have generally not included sexual orientation and/or disability in their definitions of diversity.)

At Hyams, Kellogg and Rockefeller, a third practice is followed: preparation of an annual report to the trustees on internal diversity. This obviously keeps the issue both prominent and current within the foundation.

Finally, once diverse staff and trustees were appointed, several of the independent foundations made special efforts to integrate them into the routine work of the foundation. Susan Berresford, the president of the Ford Foundation, said that she made it a point to include newly hired diverse staff in foundation-wide task forces that address personnel and other policies on an ad-hoc basis. As its board of trustees became more diverse, the Hyams Foundation board created three new board committees as a way to share authority as widely as possible among its members.

At the Rockefeller Foundation, an informal staff dialogue on diversity has developed into ICORE (the Internal Conversation on Race and Ethnicity) in which the Foundation's president, Gordon Conway, participates. ICORE concerns itself with the internal foundation culture and its policies as they affect diverse employees.

Institutional Culture

While the independent foundations in our sample have generally done well in recruiting diverse staff and trustees, we frequently heard from diverse staff of these institutions how unwelcoming or difficult their institutional cultures were to adapt to. A gay man of color on staff of an independent foundation said, "You primarily have white men in power, giving directions to all the people of color." While diversity has been addressed within all the foundations highlighted here, it appears that a gap still remains between those in executive management positions and those who serve under them. A lack of diversity at the top level has caused a degree of tension amongst programming staff and created an elitist atmosphere in some instances. While diversity at the programming level may provide a greater responsiveness to the needs of representative communities, multiculturalism in executive management is important to create an atmosphere of better understanding and responsiveness within the foundation culture.

One program officer noted how "steep the learning curve is" at her institution. Another respondent may have put her finger on the problem when she observed how much her foundation operated on an academic model. This is a historical trend. When Andrew Carnegie and John D. Rockefeller invented the modern independent foundation in the late 19th century, they were interested in applying the best available knowledge to the underlying causes of social problems. Consequently they turned to academic experts to staff and guide their foundations. This tradition continues. For example, of the foundations in our sample, the president and CEO of the Kellogg Foundation, Dr. William Richardson, was formerly

the president of Johns Hopkins University. Gordon Conway, the president of the Rockefeller Foundation, was previously vice chancellor at the University of Sussex, England.

The academic culture instilled by this tradition encourages rather direct criticism from one's colleagues of one's work product – similar, in effect, to a dissertation defense or peer review of a journal article. This kind of direct criticism, so normal in the academic tradition, may be foreign to people who have been denied access to the academy. Due to societal barriers, people of color are disproportionately represented in this latter group; however, it is important to note that white people without access to higher education also experience this disconnect. As a result, direct criticism of a work product like a grant recommendation can in some instances be perceived as personal and hostile.

Even when this academic culture does not prevail within a foundation, other forms of cultural practice can form invisible barriers to the incorporation of diverse staff. For example, at the Hyams Foundation, an outside consultant was brought in expressly to evaluate the foundation's institutional culture. This person identified a culture of "niceness" that was felt to be oppressive by some of the diverse staff, who felt they could not express themselves candidly using direct language, which they worried might be perceived as "not nice." This experience forms a marked contrast to the concerns of diverse staff in organizations in which an academic culture dominates. Taken together, these experiences point to the multifaceted nature of both institutional culture and the perspectives of diverse staff. Blanket prescriptions for adapting institutional culture are thus incomplete; institutions must undertake their own processes of self-reflection and evaluation to identify particular aspects of their own institutional culture that may need adjusting to make them more welcoming to diverse staff.

To illustrate the different kinds of challenges that different institutions face with respect to diversity, as well as the various strategies that they can employ to address them, the following two case studies examine a large, well-established, national foundation (the Rockefeller Foundation) and a medium-sized, recently created, regional foundation (the California Wellness Foundation).

Case Study: The Rockefeller Foundation

Staff diversity did not come to the Rockefeller Foundation until 1978, when the Foundation hired Dr. Bernard Anderson, an African-American economist, to develop a program on inner-city youth unemployment for African-Americans. Anderson, aware that Latino youth unemployment in the inner city also was a serious problem, in turn hired Aida Rodriguez, a Latina PhD, as a research associate to help direct the work. In 1981, when Rockefeller created its Equal Opportunity program area, Anderson became its director (Díaz 1999). In 1988, Rockefeller's commitment to diversity was reinforced when Peter Goldmark was named president. Based on his experience as a former state and local government

official, Goldmark came to the foundation committed to the value of diversity. (As described in the survey findings chapter, the public sector has taken a leadership role in promoting staffing diversity: see p. 21.) Under Goldmark, the foundation developed an affirmative action policy that stated, in part, “the foundation systematically invests in the professional development of minorities and women and their promotion into leadership roles.”

When Gordon Conway succeeded Goldmark as president in 1998, he also bought a commitment to diversity based partially on his experience and familiarity with its value from his days as the Ford Foundation’s representative in New Delhi. Early in his tenure at Rockefeller, Conway began a review of the foundation’s values related to grantmaking that came up with the following principles: equity, fairness, creativity, diversity and respect. While these values were developed to guide relationships with grantees, staff decided that they also were important for guiding internal relationships and the way staff members dealt with each other. This was followed by a series of staff retreats, which led to a great deal of discussion about the principles as they applied to internal staff relationships.

Another important development at Rockefeller was the Internal Conversation on Race and Ethnicity, or ICORE, which was formed in 1996 by a group of concerned staff members that got together after a few inter-staff incidents at the foundation. ICORE has evolved a multi-faceted discussion group that has looked at the foundation’s policies and procedures to see where they are “on track” on diversity or how they could be used to promote inclusiveness. The group has developed an ongoing conversation about promoting a culture of diversity at the foundation, in which staff can talk about issues of race and ethnicity that arise in the general press and could affect the workplace. Finally, ICORE has also served as a space in which to examine how issues of diversity and inclusiveness play out in the Foundation’s work.

At the trustee level, the board monitors its own diversity and is very active in this area. Of sixteen members, four are from American minority groups and another three come from developing countries. Another important and related part of the Rockefeller approach is an annual numerical report for the trustees on staff diversity.

Conway believes that staff diversity is not as simple as just increasing numbers. Rather, it is an ongoing challenge, including such issues as how to retain diverse staff, what their professional prospects are, and salary equity. He calls these “second generation” issues with respect to diversity (some of which are addressed in the survey findings included in this volume).

The Rockefeller case illustrates some important principles about implementing staff diversity. The first is leadership from the top, starting with the trustees’ creation of the Equal Opportunity program area and continuing with the leadership provided by foundation presidents Peter Goldmark and Gordon Conway. Another is the importance of written

mission or value statements that include diversity. Finally, Rockefeller's experience highlights the importance of seeing that issues of diversity are not simply about adding numbers but also about staff relationships and making the culture "diversity-friendly."

Case Study: The California Wellness Foundation

One grantmaking institution that has been working to address issues of diversity is the California Wellness Foundation (TCWF). The organization, "an independent, private foundation created...to improve the health of the people of California," has made concerted efforts in recent years to diversify its board and staff. Gary Yates, CEO, highlights the changes at TCWF: "In 1992, when the Foundation was established, the board was composed of all white men. As we recruited new board members we paid attention to the issue of diversity and now the majority of the board is people of color and one third are women."

TCWF encourages grantees to maintain a diverse board and staff appropriate for the population or communities served. Gary Yates considers it clear that TCWF holds itself to a similar standard:

It's a philosophy. It would be hypocritical to encourage grantees to diversify boards and staff if we didn't do the same. Because the Foundation serves the diverse people of California, diversity on our board and staff is important and appropriate.

At both the staff and executive levels of the organization, the issue of going beyond simply hiring diverse staff is raised. The organization considers it essential that internal diversity exist to facilitate the diversification of its grantmaking. This process, however, is an ongoing one, a point illustrated by a former senior program officer, who is Latino:

There was a commitment articulated to me to create diversity at California Wellness when I was brought off the street and hired. The idea was to start internally to make our grantmaking diverse by having diverse staff and board members who had connections to the community. But it's an ongoing process. Foundations are just a microcosm of the wider society, whether it be the corporate world or schools. Diverse faces don't necessarily mean everything is playing itself out with diverse grants.

It has become apparent to some at the Foundation that diverse staff and board should represent different aspects of the culture and constituencies from which they come. It is not enough to have staff from diverse communities; one must also examine differences within those communities, and seek representation along these lines. The same respondent points out:

There are a number of different levels of challenges. Having diversity on staff (or board) doesn't necessarily translate into diverse grants. Why? We can be naïve that by bringing a Chicano, we now have the perspective for all Latinos. But, I/we're not monolithic. I cannot represent all Latinos.

The assumption that one individual can represent the perspective of an entire culture may generate unrealistic expectations. Socioeconomic status and educational background enter into the picture as well. “Foundations need to delve into communities far enough to find the best candidates. That is the reflection of how serious you are. If not, there is something wrong,” said this respondent. For example, choosing individuals from an academic background may not necessarily provide an accurate insight into a particular culture, particularly if that culture tends to have proportionally fewer college-educated members.

The issue of institutional culture presents a challenge for many kinds of organizations, and TCWF has been no exception. While the board and staff of TCWF have become largely multicultural, the perception persists that the organization continues to be dominated by a white male culture. For members of the organization, this has at times led to tension. Another senior program officer, an African-American woman, explains:

In philanthropy we say when you take a job here you met your last real friend and ate your last bad meal because it can be a corruptive environment.... And it takes a lot of work to define and stay connected to your core values. And if your values are inclusion and equity and mutual support and participatory decision-making, and you come into an environment that is very hierarchical, [with] male-dominated, white, upper-middle-class, corporate values, [this] can be very off putting. [However,] once you begin to understand who the people are that you work with and your backgrounds and the similarity in your background the differences fade away. But that takes a lot of work. And that kind of purposeful work in an organization has not been a priority...so you had to do it as part of your extracurricular activities.

TCWF addressed these issues in a variety of ways. The foundation recently brought in a consultant to run a cultural competence training program. This program began to open doors for different members of the staff to express their frustrations and concerns about their corporate culture. For much of the staff, this was as an eye-opening experience. Constructive dialogues of this kind have been helpful in bringing issues of corporate culture to the forefront and in beginning to address tensions among staff.

While diversity has been addressed within the foundation, it appears that a gap remains between those in executive management positions and those who serve under them. A lack of diversity at this level has caused a degree of tension amongst programming staff and has created an atmosphere perceived to be elitist within the foundation’s culture. This example emphasizes the necessity of maintaining a diverse representation at all levels of the organization. While diversity at the programming level may provide a greater responsiveness to the needs of representative communities, multiculturalism at the executive management levels is important to create an atmosphere of better understanding and responsiveness within a foundation’s culture.

The increased ability of staff and board to understand the needs of grantees from similar backgrounds has greatly added to the capacity of the foundation to handle grants from a more representative multicultural base. As a senior program officer explains, “When the grants come in and the subject matter in the grants is understood by people, you can get to the heart of the issue much quicker.” Staff diversity at TCWF is thus understood to encourage diversity amongst grantees.

The lessons of diversity at TCWF have transcended simply hiring members of different ethnic and racial backgrounds. Because the Foundation serves the state of California and its diverse constituency, the value of a multicultural board and staff has become apparent. The need to address the deeper organizational culture has been necessary to achieve progress in breaking down barriers to a supportive work environment. Hiring practices have sought out members that are close to the communities they represent and can be an asset in directing assistance to where the community’s needs exist. This is particularly effective in having staff members being able to solicit proposals in greater numbers from their community as well as having a better understanding in evaluating those proposals.

Conclusion

Diversity practices are implemented only with leadership from the top. Executives and senior management are central to any commitment to diversity. Endorsement from the CEO and board authorizes action as well as financial support and leads by example. Case studies and interviews demonstrated that hiring and promotion of diverse individuals at the senior levels is the most desirable form of recruitment. In addition, selection, timing, and planning are critical for introducing the right person(s) to both board and staff. By hiring or recruiting more than one “token” diverse board or staff member, foundations achieve critical mass. A cascade effect follows as diverse hires make subsequent recruitment easier through their access to networks and talent pools. This also affects institutional culture and makes retention easier.

We found that staff and board diversity usually follows programming, although the converse is not necessarily the case. For example, the presence of more women in the field has not led to more funding for women. However, women tend to be hired where programs for women are initiated. Foundations often seek out those with knowledge of the issues funded and hire from grantee communities. The overwhelming rationale for diversity is to reflect constituencies served. Diversity is increasingly viewed as part of foundations’ accountability mechanisms to populations they fund.

Multiculturalism advances programmatic goals in a nonprofit climate that serves an increasingly diverse grantee base. It helps in gaining access to and conferring legitimacy with constituent groups. Foundations that have created programs addressing issues of concern to

lesbian, gay or bisexual communities, people of color, people with disabilities, or women, for instance, require the knowledge of these groups in order to ensure good grantmaking and to develop relationship with and trust among constituencies.

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