

VIEWPOINT

INSIGHTS FROM THE FRONT LINES

The Artful Juggler

Foundation CEOs play a complex, ever-more-demanding role—a role that may not lend itself to on-the-job training.

BY FAY TWERSKY

Most foundation CEOs come into their role with no professional experience in philanthropy. According to research conducted in 2012 by the Center for Effective Philanthropy, 60 percent of CEOs from the 100 largest foundations came from outside the foundation world. The Council on Foundations, moreover, reports that 67 percent of all foundation leaders appointed from 2004 to 2008 did not come from grantmaking organizations. In some cases, newly installed CEOs had previous experience at nonprofits, but foundation boards generally seem to prefer hiring their chief executives from external fields such as academia and business.

The practice of expecting new foundation leaders to learn their trade on the job is noteworthy, in part because that job is essential to the operation of a growing—and increasingly important—sector. 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. The job of foundation CEO is also one that makes considerable demands on those who do it. “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,” notes Thomas Beech, a retired CEO who led three very different institutions (the Minneapolis Foundation, the Burnett Foundation, and the Fetzer Institute) over a period of 33 years.

I spoke with Beech as part of an extensive research project that I recently undertook. Although the world of philanthropy has begun to receive more media attention than previously, as well as more attention

from scholars, little attention has been paid to the topic of foundation leadership. If we were to walk through the opaque doors of the executive suite at a foundation office, what kinds of people would we meet? What are the qualities that enable a foundation CEO to succeed? I set out to answer those questions by learning from the experience of others. Along with reviewing the slim body of literature on this topic, I interviewed 65 people who have served on the front lines of philanthropy, including active and retired foundation CEOs, board members, and other leaders in the field.

A TOUGH ACT

My research led me to conclude that successful CEOs at foundations of all sizes tend to be artful jugglers—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.

Engaging the board | The CEO must ensure continuous alignment between the daily work of a foundation and the interests, passions, and values of its board members. As one CEO put it: “Never get too far ahead of your board.”

When a CEO cannot achieve such alignment, unexpected challenges and failures occur: board behavior becomes idiosyncratic; unresolved interpersonal issues fester; board members end up being either disconnected from the work or over-involved in it. “People who in their business life are very disciplined fall asleep in a nonprofit or foundation board role. They display no rigor,” one CEO complains.

Conversely, when a CEO and a board are in tight alignment, the CEO is in a strong position to cultivate a sense of shared understanding. “I spent a lot of time getting the board members comfortable with one another,” recalls Chris DeVita, who served as CEO of the Wallace Foundation for 25 years. “I gave them common experiences and created a climate of open inquiry. We

created a terrific board team that is enormously helpful, unusually engaged, and committed.”

Cultivating a healthy organization | The CEO is, ideally, the number-one culture leader in a foundation. Successful executives usually embrace the opportunity to build a healthy internal culture. Charles Edelsberg, CEO of the Jim Joseph Foundation, offers this advice: “Obsess about the human architecture of the organization.”

In some cases, CEOs view the responsibility of organizational management

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as a burden. One CEO tells this story: “At one point, I was working with an executive coach who asked me what I was 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.”

In reflecting on her time as the founding CEO of the Bill & Melinda Gates Foundation, Patty Stonesifer acknowledges that she could have paid more attention to the issue of organizational culture. She cites an axiom drawn from the hospitality industry: “The front of the house has to match the back of the house.” In other words, if you want to ensure that your customers will receive first-rate service, you have to treat your employees in a first-rate way. Foundation culture is the same. A foundation cannot have strong, trusting, productive grantee relationships if it doesn’t have strong, trusting, productive staff relationships.

Achieving impact | All of the CEOs whom I interviewed are quite sophisticated about their approach to driving change in the world, and they eagerly share lessons on achieving impact. Here are two such lessons. First, learn from those with field experience. “The real knowledge is in the community,” says Beech. “It is essential to develop relationships of trust and exchange with our grantee partners. The key lesson for me is that—contrary to the mythology of foundations—I can’t control anything.” Second, be humble in your work and be skeptical of silver-bullet solutions. “Never presume that a great idea for solving a complex social problem is either original or sufficient. It likely isn’t either,” says Stonesifer.

A DIFFICULT CHOICE

Selecting a new chief executive is no easy task, and foundation board members take it seriously. It’s interesting, therefore, that in hiring their next “artful juggler,” so many boards choose a candidate for whom philanthropy is a new field.

Boards, in fact, seem to have little

confidence not just in internal candidates, but in any candidate with philanthropy experience. As rare as it is to hire from the inside, it is equally rare to hire laterally—from other foundations. (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. That decision is a notable, and perhaps promising, exception to the rule.)

Almost all of the CEOs I interviewed, from both large and small foundations, emphasized how long it took them to understand their job, their organization, and the sector as a whole. It took time to learn about relevant fields of practice, to investigate donor intent, and to cultivate new donor relationships. It took more time to chart a grantmaking path, and still more time

many foundations have hired an executive (such as a chief strategy officer or a vice president) specifically to serve in a kind of number-two role; that person could be groomed for the top job. Third, foundations have more flexibility than almost any other kind of institution. If it were a priority for foundation boards to plan for internal succession, they could do so.

In his book *Good to Great*, Jim Collins explores how companies that he deems “great” handle succession, and he contrasts that approach 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 argues, can seamlessly build on the work of the CEO who preceded them.

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to build an effective organization. And finally, it took time to implement policies that would achieve actual change in the world.

Why isn’t internal promotion more common? My research suggests that foundation boards have a strong tendency to resist hiring from within. Board members view hiring a CEO as one of their primary responsibilities, and they focus on finding the best CEO “in the marketplace.” The practice of hiring outsiders is reinforced by the executive search industry. Search firms have an obvious incentive to cast a wide net, nationally and internationally, when they generate names for boards to consider.

Some attribute the rarity of internal succession to a lack of bench strength. They argue that most foundations have too small a pool of leadership talent from which to choose a new chief executive. But for several reasons, this argument is not entirely convincing. First, large foundations do have a sizable pool of experienced leaders. Second,

In some cases, that principle clearly applies to foundations as well. Nancy Roob, president of the Edna McConnell Clark Foundation (EMCF), for instance, was a program officer and then COO at EMCF before assuming her current role. She had worked side by side with her predecessor and the EMCF board as they reshaped the foundation around a strategy that focuses entirely on disadvantaged youth. Because she knew what she was doing when she stepped into the presidential role, Roob has led EMCF to become an influential foundation that punches well above its weight. (A trend in this direction may be under way. The Kellogg Foundation and the Ford Foundation both recently selected internal candidates to be their next president.)

In short, when foundation boards are looking to hire someone for the CEO job, they should consider people who understand philanthropy. Or, better yet, they should consider grooming that leader from within. ■