

# Stanford SOCIAL INNOVATION REVIEW

*Informing and inspiring leaders of social change*

Foundations

## Foundation CEO Angst: Moral Imperatives and Insomnia

A new study reveals that foundation leaders are more self-critical than ever and are seeking urgently to create greater social impact.

By Phil Buchanan & Ellie Buteau | Dec. 5, 2016

**M**ore than two-thirds of the CEOs of large, staffed foundations in the United States believe foundations have the potential to make a significant difference in society. That's the good (and perhaps hardly surprising) news in a new report (<http://effectivephilanthropy.org/research/publications/>) from our organization, the Center for Effective Philanthropy (<http://effectivephilanthropy.org/>) (CEP).

But there is bad news, too, and some may find it more surprising. A much smaller proportion—just 13 percent—of the 167 foundation CEOs responding to a survey we fielded believe that foundations are making a significant difference today. Instead, most characterize the current difference foundations make as “moderate” and cite a number of barriers that impede foundation impact. For the most part, foundation leaders point the finger not at others—such as their grantees or the government—but at themselves, with two-thirds saying internal barriers at their own foundations are getting in the way of greater impact.

Foundation leaders are often described (caricatured, even) behind closed doors as self-satisfied, self-congratulatory, and complacent, and, to be sure, we've met a few that fit that description in our time at CEP. But our research, commissioned by the William and Flora Hewlett Foundation in conjunction with its 50th anniversary, reveals a group of leaders who are better described as highly self-critical, deeply anxious, and seeking urgently to do better.

We've been taking the pulse of foundation leaders for 15 years at CEP through various surveys and research studies, and we've never heard foundation leaders exhibit so much angst about their efforts or their prospects for impact. “We have too many focus areas, creating shallow knowledge in these areas and too much division

of our resources,” one CEO told us. Others lamented a “reluctance to take smart but large risks,” a “lack of bravery in grantmaking,” and a “fear of failure.”

While internal barriers were most frequently cited as impeding progress, the external context doesn't make progress easy, either. Many CEOs referred to the sheer magnitude and complexity of the problems they are working to address as a barrier. One noted that “problems are related to underlying systems,” adding that “systems reform requires collaboration, patience, and time.” Others mentioned “insufficient dollars in relation to the size and complexity of problems addressed” and “limited resources in the face of overwhelming issues.”

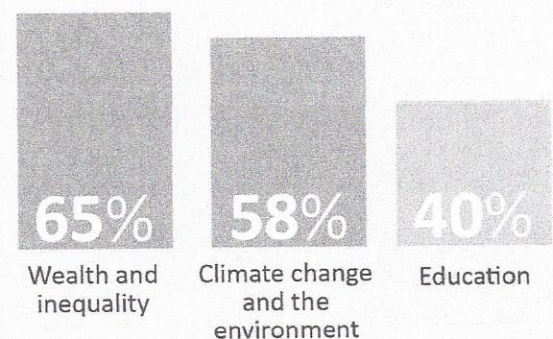
Foundation leaders' anxiety relates to their views of the imperative to make a difference on what they see as the most serious challenges facing society—particularly wealth and inequality, climate change and the environment, and education. These are the big three, cited by 65, 58, and 40 percent of CEOs, respectively, as a pressing issue that will influence society in the coming decades.

These daunting challenges were discussed as we collected data during the late spring and summer—*before* a presidential election that has dramatically changed the context in which foundations work, arguably making it tougher, still, to address them. While the incoming Trump Administration's policy agenda is still unclear, it is likely that some foundations, such as those promoting school choice, may find a more hospitable environment for their work, while many others—including those focused on inequality or climate change—may find their jobs much tougher.

So, then: What to do?

“Something needs to change, and we know this,” writes Arcus Foundation Executive Director Kevin Jennings in an essay responding to our report, one of eight we published today in conjunction with the release of our study. Jennings calls for foundations to take more risks: Indeed, embracing risk comes through as the third of three practices more than 60 percent of CEOs see as holding a lot of promise for increasing foundations' impact in the coming decades.

Percentage of foundation CEOs interviewed who named each of the following issues as a pressing issue that will influence **society** in the coming decades





The other two? *Seeking to learn from the knowledge or experiences of grantees* and—the most highly rated for its promise—*seeking to learn from the knowledge or experiences of those foundations seek to help*. Foundations do all of these things today, of course, but CEOs believe they need to be more widely held practices.

Put another way, CEOs were well aware—even before a presidential election that drove the point home emphatically—of the dangers of living in a bubble. “I believe listening is the most effective way to learn,” writes Ford Foundation President Darren Walker in another of the essays responding to our research. (The essays, too, were written before the election.) “When it comes to the relationships we seek to build and maintain with individuals and institutions, understanding what they truly need should be our first priority.”

In 41 in-depth interviews we conducted, CEOs spoke of the unique role foundations can play: fostering experimentation and innovation; convening and collaborating; and catalyzing change, thought leadership, and long-range thinking. Real impact on the most vexing challenges is the pay-off foundation leaders envision when they play their roles well.

Foundations have, in fact, contributed to significant change in American society—perhaps more than even the CEOs themselves sometimes recognize. In another of the CEO essays, Stu Comstock Gay, president and CEO of the Delaware Community Foundation, discusses the philanthropy of “Rosenwald, Dupont, and their counterparts” that made a “tremendous difference in the lives of African Americans” in the 1920s and 1930s, even as “the struggle continues” today “for schools where children of all races receive outstanding education.”

Or take the contemporary example of criminal justice reform, where the work of foundations has contributed to a rare instance of bipartisan support for changing a broken system. Or look locally at foundations’ role in helping build consensus (<https://ncg.org/resources/many-voices-one-goal>) for a smarter approach to school financing in California. These are just a few of countless examples.

Indeed, Hewlett Foundation President Larry Kramer suggests that his colleagues “are overestimating what philanthropy can realistically be expected to accomplish, while underestimating the amount of good it currently does.” But perhaps that’s better than the opposite—and a cause for optimism, because it suggests there is not just an openness to change and improvement, but also a sense that change and improvement are required.

As Kelvin Taketa of the Hawai’i Community Foundation puts it in another of the essays, “To be handed the resources of a great foundation coupled with the moral imperative to do good in the world is among the best

things that one can wish for. And then to be faced with how exceedingly difficult it actually can be, it can turn one into a chronic insomniac.”

“I am inspired by the aspirations of my colleagues in this report,” Taketa writes.

We feel similarly. Our society needs foundations to fulfill those aspirations by doing their very best work.



**Phil Buchanan** is president of the Center for Effective Philanthropy (CEP). **Ellie Buteau** is CEP’s vice president of research and lead author of the report “The Future of Foundation Philanthropy: The CEO Perspective.” CEP receives grant support from many of the foundations mentioned, and also serves them as clients of its assessment and advisory services work.

Subscribe Sign In

If you like this article enough to print it, be sure to subscribe to SSIR!

Copyright © 2017 Stanford University.  
Designed by Arsenal, developed by Hop Studios