

The Privilege and Peril of Becoming a Foundation CEO

MAY 02, 2019

The occasion of recruiting and hiring a new CEO presents an important opportunity for members of the board to collectively reflect on the unique challenges entailed in the leadership of a private foundation. While professional search firms usually have a profile in mind in terms of what constitutes an appropriate CEO candidate, in many ways the CEO role at a foundation is not a typical CEO position. To truly do justice to the position, the leader of a foundation should not only be able to articulate a vision, inspire confidence, and exemplify other classic qualities of leadership, s/he should also have the strength of character to manifest the unique values that characterize philanthropy at its best.



CEOs of grantmaking foundations occupy positions of immense privilege. They control access to significant sums of flexible capital and, for all intents and purposes, are accountable only to their boards. Typically, they have a significant amount of autonomy in how they choose to define their role, and it's not uncommon for a CEO to exert significant personal influence over the foundation's strategic priorities and grantmaking practices. For some boards, that equates to dynamic, visionary leadership. But there are potential pitfalls in the exercise of that privilege, and they can be damaging to the ultimate effectiveness of the institution. With the caveat that more than one of these traits often is evident in a single person, here are a few we've observed.

The CEO as Pundit

Compounding the significant privilege inherent in the CEO role is the likelihood that a foundation CEO will receive a daily shower of affirmation for his/her irreproachable wisdom and vision. To be susceptible to constant flattery is human. But unless the CEO makes a special effort to remain grounded, it's all too easy for him/her to succumb to the countless ego-gratifying opportunities to pontificate and exercise inappropriate personal influence over the agenda and daily operations of the foundation.

Internally, that can take the form of exercising an extreme form of control over every aspect of the foundation's work. Externally, a CEO may begin to feel the position qualifies him/her to offer regular opinions on the direction in which society should be moving, or even that the world of public affairs can uniquely benefit from the leadership of someone who is not beholden to the

political process or company shareholders. Obviously, there *is* a role for foundation CEOs to speak out on issues of importance to their foundations, but it should be done in a thoughtful and intentional fashion that minimizes self-aggrandizement.

The CEO as Culture Weaver

Particularly if the CEO is embedded in a large organization, it's easy to misjudge and underestimate the unique internal management role s/he is expected to play within a foundation. Most foundations have a relatively small staff and embody something more akin to the culture of a family rather than an impersonal bureaucratized structure. That kind of culture calls for a leader who is aware of the critical importance of "soft skills" and is committed to a personalized approach to management.

Foundation CEOs also have a critical role to play in orchestrating the work of the staff. They are the one person in the organization that is uniquely situated to see the big picture and empowered to operate from that perspective. Finding the right balance in that role is a critical leadership success factor. Asking the right questions at the right time, guiding rather than controlling, and pushing for an appropriate synthesis of competing interests and ideas are essential aspects of the CEO role.

Rather than adopting a stereotypical "academic" style of leadership that by necessity cedes a high degree of autonomy to deans and departments, successful foundation CEOs should play a more integrative role, respecting and nurturing the talents of staff but also assertively articulating incentives for and the boundaries of effective cross-department collaboration that benefits the entire institution.

Above all, the CEO should take responsibility for focusing the foundation's attention and resources on opportunities within its field(s) of interest that are *actionable*. It takes special skill to translate compelling data and expert knowledge into a plan of action that effectively capitalizes on a foundation's unique strengths, and it takes real discernment to recognize where and how to creatively utilize the foundation's capacity for influence and maximum leverage.

The CEO as Wrangler

When it comes to dealing with the board, newly-minted CEOs display a tendency to demonstrate their leadership by asserting their point of view on every issue. Some even think that the best way to truly establish their authority is to ignore (or even disparage) the achievements of previous leaders. In the name of decisiveness, new CEOs also may feel compelled to move quickly to put their stamp on the organization and apply their spurs, as it were, to jolt their new mount into action.

In any truly mission-driven organization, however, recognizing and valuing the importance of the existing web of human relationships is another key leadership success factor. A new CEO's instinct may be to be seen as a doer able to quickly take charge. But, often, a more productive approach is to take the time to fully appreciate the talents and capabilities of current staff and observe and ask questions in order to capitalize on the strengths of the organization's existing culture before trying to introduce significant changes.

Particularly if a new CEO comes from a government or university setting and has little prior experience in working with a board of directors, it's essential that s/he invest the time and effort at the beginning of his/her tenure to understand and clarify the CEO role. No matter how much experience s/he might have in other management roles, being CEO is a qualitatively different kind of challenge. It's a role subject to ambiguity and hinges on one's ability to understand and appreciate nuance. It requires lots of intentional work to be sure everyone has a clear understanding of their respective roles, responsibilities, and organizational boundaries. Not devoting sufficient time or energy to those conversations at the outset is likely to set the stage for ongoing misunderstandings and associated difficulties.

It's also possible to overdo the listening. Foundations are notorious for taking as much as a year off from their grantmaking to think through the next phase of their evolution. The arrival of a new CEO frequently is the stimulus for a top-to-bottom assessment of a foundation's operations. Often, however, such a pause is perceived by the grantseeking public as self-indulgent and rarely of enough benefit to warrant the time and resources expended on it. Instead, it's important for new foundation CEOs to acknowledge and capitalize on whatever positive *momentum* they have inherited and to continue to move the herd forward while committing to learning and making appropriate adjustments in strategy and personnel along the way.

When and if the time comes to make changes in personnel, how those transitions are handled is of critical importance. Particularly if a program staff person has been part of the organization for some time, they are likely to have developed *constituencies* across the foundation's field(s) of interest. Organized philanthropy is a relatively tight-knit community: how people are treated by a new CEO can have significant ramifications for the reputation of the organization among its peers.

The CEO as Expert

Foundations tend to hire CEOs who are acknowledged experts in their areas of grantmaking. By that, we mean experts in the subject matter of greatest interest to the foundation. Often, experience in philanthropy itself is of secondary importance. There's a widespread belief that the era of the generalist is past, and that the future of foundations is best shaped by specialists.

Paradoxically, there can be unanticipated consequences to hiring a specialist as CEO that are not always to the benefit of the foundation. Experts tend to come with fully formed opinions about the most effective strategies to pursue. They have established networks of colleagues and may not be particularly open to expanding those networks. After all, if you're an expert, by definition you know what the best course of action is. It can also be exceedingly difficult for an acknowledged expert to extract him or herself from the details of the work to assume the critical "big picture" perspective referred to above.

Foundations are not universities or think tanks. They may manifest aspects of those institutions, but they have a unique opportunity — even an obligation — to not just follow the advice of academic experts but to look at problems in different ways, bring unexpected perspectives to bear, and craft strategies that move society forward. It's a unique space in the spectrum of organizations, and it takes a relentless curiosity and willingness to consider alternative solutions to use that privilege to full advantage. It may strike some as "old school," but a CEO whose

greatest gift is a full appreciation of the potential of philanthropy may be a better fit to lead such an enterprise.

The CEO as Program Officer

It's tempting for a foundation CEO to want to also function as a kind of "uber" program officer. Having a "discretionary" grants budget at his/her disposal is a first step in that direction. It's quite common in the foundation world for a CEO to have a private pot of money from which s/he make grants at his/her discretion. When those funds are used for "corporate giving," in the sense of joining other foundation CEOs in making expected — and relatively modest — contributions to organizations or special events that support the field (e.g., to underwrite a conference), that's one thing. But it can be a slippery slope and quickly lead to more substantial resources being directed to a CEO's *personal* priorities, as opposed to those of the institution.

When a CEO is unable to resist being a grantmaker, it sets up several potentially unhealthy dynamics for a foundation. Grantseekers who enjoy a personal connection to the CEO quickly learn that they can sidestep the foundation's announced priorities and procedures and directly approach the CEO for support. And when they're successful, it not only sends a message to others in the community but also to those within the organization. Board members can begin to feel that it's appropriate for them to leverage their personal access to the CEO to secure funding for their own priorities, while grantmaking staff can be put in an uncomfortable, even untenable position.

A foundation may pride itself on the use of objective research and analysis in establishing its grantmaking priorities and making individual grant decisions. But when the CEO is playing by a different set of rules, it sends the wrong signal to staff about the integrity of the organization's processes and sets up an unfair competition for scarce resources. And when a CEO's personal priorities begin to consume a greater share of the foundation's grantmaking dollars, things can go sideways. Staff can be put in the position of not knowing what to anticipate. They may also have to "front" for those CEO decisions with the public while trying to keep to established procedures. Needless to say, it's not a pleasant position to find oneself in.

The CEO as Brand Icon

We live in an era where foundation boards are not just satisfied to support good work; they want to be *publicly recognized* for that work. As a result, the foundation world has embraced the kind of brand consciousness that was previously the purview of corporations, celebrities, and politicians. Corporate communications strategies that focus on grantee accomplishments without spotlighting the special contributions of the foundation (and its dynamic leader) are now *passé*.

When a foundation styles itself as a *changemaker* rather than as a grantmaker, the "brand promise" entails a different interpretation of the CEO role and a new set of criteria for hiring one. If a key component of a CEO's performance is to maintain a high public profile for the foundation, there is a real danger that philanthropic resources will be used to promote image and style at the expense of substance.

There's also a danger that a CEO's enthusiastic promotion of a *personal* brand can come to compete with the foundation's institutional brand. Some boards may not mind, but we are of the

view that the foundation's mission and values, rather than any single person, should be the ultimate driver of its brand.

Securing and promoting a "name brand" CEO may be an accepted business strategy in our celebrity-obsessed culture, but the benefit to a philanthropic foundation is difficult to gauge. Indeed, as more foundations are coming to the realization that collaboration and funding partnerships are essential in addressing complex problems, a preoccupation with brand enhancement can most assuredly get in the way of genuinely collective ventures. Indeed, there is little incentive for a foundation to publicly admit to failure when it is focused on burnishing its brand as a pathfinding innovator. Foundations should think twice before heading down that path.

Julia Lopez is the former president and CEO of the [College Futures Foundation](#) (2008-17) and a former senior vice president at the [Rockefeller Foundation](#), where she provided oversight, management, and evaluation of the foundation's strategic program grantmaking. She has also served in roles in the California State Legislature, the New Mexico Department of Criminal Justice, and the San Francisco Department of Social Services and currently serves on the board of public radio station KQED in San Francisco.



Tom David advises foundations and other public benefit organizations on matters of strategy, organizational learning, and evaluation. Until July 2004, he was director of organizational learning and evaluation at the [Marguerite Casey Foundation](#) in Seattle and, prior to that, served as executive vice president of the [California Wellness Foundation](#), vice president of the [S.H. Cowell Foundation](#), and senior program officer at the [James Irvine Foundation](#). David (<http://www.tdavid.net/>) was the recipient of the 2002 Terrence Keenan Leadership Award in Health Philanthropy from [Grantmakers in Health](#).



<https://pndblog.typepad.com/pndblog/2019/05/the-privilege-and-peril-of-becoming-a-foundation-ceo.html>