



Foundation Grant Making: Balancing Prescriptiveness and Responsiveness

Presented by Barbara D. Finberg

Vice President
MEM Associates, Inc.

April 19, 2002

Waldemar A. Nielsen Issues in Philanthropy Seminar Series
Georgetown University

Center for Public & Nonprofit Leadership
3240 Prospect Street, NW, Lower Level
Washington, DC 20007
P: (202) 687-0500 / F: (202) 687-0580
<http://cpnl.georgetown.edu>

All of us here today owe thanks to two people and two organizations. Each of them adheres to the faith that foundations have the potential to provide leadership that will benefit the peoples of the world and strengthen their participation in democratic societies. And each of these leaders is committed to spurring foundations to achieve these noble goals.

The first person to thank is, of course, Wally Nielsen, for his groundbreaking scholarship and analyses of foundations' grant making in his two books, *The Big Foundations* and *The Golden Donors*. Others have written, as he did, about foundations' unique opportunities, their influence, and their effective operation. He went further. He urged foundation managers to use their unique resources to provide vision and leadership "to grapple directly with the major and most threatening problems confronting the nation and the world at the present time."ⁱ This dedication to amplifying foundations' effectiveness reminds me of why I chose to stay in the field so long.

The next to thank is Georgetown University for its imagination in creating the Center for the Study of Voluntary Organizations and Service. The Center's goal is to provide opportunities for study, research, reflection, and discussion for the present and future leadership of the independent sector—both philanthropic and nonprofit organizations. The University had the wisdom to choose Virginia Hodgkinson to lead the Center, and we thank, you, Virginia, for courageously seizing the chance to bring your scholarship and your vision to it. I have to note, however, that many of us hated to see you give up directing research at Independent Sector.

Lastly, we must thank the Ewing Marion Kauffman Foundation for endowing the Waldemar A. Nielsen Chair in Philanthropy at Georgetown. How better to encourage teaching, research, and public discussion on issues in philanthropy! In the last two decades, family foundations have multiplied, donor-advised funds have grown, and several large foundations have been created. Yet philanthropy as an organized disbursement of funds for social, scientific, research, and other charitable purposes is still little understood or appreciated. Many

people do not have any idea of how difficult it is to give away money well. Aristotle did—he said, "To give away money is an easy matter and in any man's power. But to decide how much and when and for what purpose is neither in every man's power—nor is it an easy matter."

Wally Nielsen possessed this gift, and I found true evidence of his brilliance in *The Golden Donors*. In this book, Nielsen encouraged foundations to balance prescriptiveness and responsiveness in their grant making. He pointed out that "Philanthropy is not a managed or manageable field of activity. The foundations that compose it, and perhaps the largest foundations most of all, are separate, independent, and individualistic private institutions. . . . [I]mprovement of their effectiveness depends, and should depend, basically on the interplay of private influence and ideas upon them, both from outside philanthropy and from within it."ⁱⁱ

For twenty some years, I have been concerned with the balance between prescriptiveness and responsiveness in foundation grant making. When foundations diagnose a social problem or a need, they sometimes prescribe precisely how it should be addressed and how their funds are to be used. Nielsen urged that they balance this prescriptiveness with an openness to the world around them. Listening and hearing ideas from others may inspire them to ponder the question, "What if. . .?"

Let me give you an example of what happened one evening in 1966, when six people at dinner stopped in their conversation and asked "What if. . .?" Is there anyone here who has not watched *Sesame Street* as a child or with a child? The genesis of that program was a simple "What if?" Over drinks before that dinner, two public television producers were bemoaning the dearth of good television programs for children. By this time, child development experts were convinced that "Preschool education made a significant difference in the capacities children needed to do well in school and, presumably, in life."ⁱⁱⁱ The question was how to provide preschool education for all children. A Carnegie Corporation vice president at dinner, Lloyd Morrisett, asked whether television could educate young children. The next morning he

came to me, as the program officer at Carnegie responsible for early childhood education, with the same question. We talked about how three- and four-year-olds were learning many inappropriate things from television: that they should ask mother to buy them sugar-laden cereals and G.I. Joe toy soldiers; that violence in meaningless cartoons had no consequences. Couldn't they learn numbers, the alphabet, words, and simple social concepts, such as taking turns, from television?

Lloyd and I decided to ask someone who had experience in both television and children's education to explore the question for us. Joan Ganz Cooney, one of the television producers at dinner, not only had experience in both fields, but she was also enthusiastic about examining the feasibility of the idea. Joan studied the research on early learning. She gathered information, opinions, and ideas from scores of people: researchers in child development, child psychologists, educators, teachers, parents, television executives, and producers of children's programs for film and television. Some people with whom she talked were opposed to any children's television. They believed children would not develop physically or cognitively if they were enticed to spend their time passively watching television instead of actively playing and engaging with other children and adults. Some thought there wouldn't be a market for it. Others worried that parents would not watch with their children and help them understand what they were seeing and learning—or that they would use it as an “approved” baby sitter. Incidentally, those fears proved unfounded. *Sesame Street*, as you know, markedly improved the quality of television programs for young children. So for parents who choose to use television as an occasional babysitter, there are wholesome programs.

There were others in child development, though, who envisioned for Joan the educational potential of such a program and they proposed myriad ideas about how it could be tried. They suggested ways of researching the kind and pace of programs to see what would hold children's attention and whether they learned from them. They suggested concepts that might be portrayed, and offered the names of talented independent producers already enchanting children with imaginative programs. Out of this research grew the proposal for an

experimental young children's educational television program, *Sesame Street*, and the metropolitan New York public television station was willing to produce it if money could be found for it.

Finding the funds was not easy. At Carnegie, we had to sell the proposal first to our staff colleagues, and then to our board. The Corporation could not, however, provide enough money to initiate the project. The cost for research, talent, programs and production of the first year's programming totaled more than six times what the Corporation could reasonably invest. Fortunately, the Ford Foundation, the U. S. Commissioner of Education, and some other foundations and corporations were bold enough to take the risk with us. Two years after that dinner conversation in 1966, children all over the country began watching Bert and Ernie, Big Bird, and the Cookie Monster. In the fall of the next year, my three-year-old goddaughter showed me that she had learned the alphabet from *Sesame Street* and that she could write it! If only she had not chosen to use a felt-tipped pen on my bedspread for her demonstration. But her gleeful smile showed me that she liked learning—it was fun. I knew then that we were achieving a prized objective.

Although *Sesame Street* seemed like a highly risky and expensive project at the time, it had the advantage of aligning with the foundation's focus on early childhood education. Nevertheless, it took listening, hearing, imagination, and a willingness to entertain a radically new idea for the foundation to make it a reality.

A second example of openness to an even more radical venture, one not within the Carnegie Corporation's program, was suggested by President Lyndon Johnson. In 1965, educational television stations were desperately seeking funds to support their program development and operations. The stations, many of which had been established with Ford Foundation support, were independent and struggling. Two long-time supporters of educational television proposed the establishment of a presidential commission to study its financial structure. President Johnson understood their concern, but his wife owned radio and television stations in Texas. To obviate any personal conflict of

interest, he suggested to the then president of Carnegie Corporation, the late John Gardner, that a commission under private auspices be formed. Gardner discussed it with the Corporation's trustees, who agreed that it would be an unprecedented undertaking for the Corporation, but that it was an important issue.

By the fall of 1965, the Corporation had received presidential endorsement of a commission, it had the money, and it decided that it would serve as the sponsor for the study. It set up a Commission on Educational Television, chaired by James A. Killian, chairman of the Massachusetts Institute of Technology Corporation, with fourteen other prominent members. The Commission first met in early 1966, and it went right to work. During that year, it held eight formal meetings, heard testimony from 225 individuals and organizations, and visited ninety-two educational television stations in thirty-five states. Its final report was released in January 1967, one year after it began its work. It invented the term "public television" to distinguish "educational" television from commercial and instructional television. Among the commission's twelve recommendations, the most important one to be acted on was the establishment of a federally chartered, nonprofit, nongovernmental corporation to oversee public television. President Johnson, in his State of the Union Message, recommended passage of the Public Broadcasting Act, which provided for the Corporation for Public Broadcasting. The Congress held hearings and passed the bill, and the President signed it into law in November 1967. As a colleague said to me recently, the Commission report reframed the concept of public television and public radio and the agenda for these stations. Now they are perceived as truly serving public interests.

The Commission would not have been born, however, at least by Carnegie Corporation, had Mr. Gardner told the president it was "out of program," or if he had not heard the increasing anxieties voiced by the stations, by concerned viewers, and others, about the future of educational television. And if he had not taken up the president's suggestion of a commission.

All of us in foundations and nonprofit organizations need to be prodded to examine our organization's mission and operations periodically. It is so easy to go along with our daily activities without asking ourselves whether we are sustaining the status quo or changing it. How would you respond if I asked each of you whether your organization's mission reflects what you are actually doing? Or, to put it the other way, do your organizations' activities reflect your mission? Are your allocations of financial and staff resources consonant with your mission? Do they represent your priorities?

Every organization benefits from periodic self-examination. As John Gardner wrote in his introduction to *Self-Renewal*: "An institution may hold itself to the highest standards and yet already be entombed in the complacency that will eventually spell its decline...We need not be enslaved by the organizational arrangements we have designed to serve us."^{iv}

I cited *Sesame Street* and the Commission on Educational Television as examples of openness to new ideas from outside because I know Carnegie Corporation's history better than that of other foundations. Let me expand the illustrations with two other examples of dramatic changes that came about because other foundations listened, heard, and acted on ideas from outsiders. Frank Thomas, formerly president of the Ford Foundation, pointed out to me that the concept of the Local Initiatives Support Corporation (known as LISC) came, not from the Ford Foundation, but from John Filer, president of Aetna, the insurance company. Ford took up the idea, and soon Mike Sviridoff who had organized it at the Ford Foundation left Ford to direct LISC. Neighborhood economic and community development corporations around the country today owe their origins to LISC—and to Aetna and Ford.

My other example comes from the Rockefeller Foundation. Until I learned the origin of the "green revolution," I assumed that it came from within the foundation, as I suspect many of you have. According to the late Raymond Fosdick, the former president of the foundation, "Its genesis was a casual comment to [me] ...in 1941 by Henry A.

Wallace, then Vice-President of the United States, who had just returned from a visit to [Mexico]. He remarked that if anyone could increase the yield per acre of corn and beans in Mexico, it would contribute more effectively to the welfare of the country and the happiness of its people than any other plan that could be devised.”^v He discussed the idea with Rockefeller Foundation staff, then the board, then it was considered by an advisory committee of three “eminent agricultural scientists.” Upon their recommendation and an official request from the Mexican Department of Agriculture, the department and the foundation entered into an agreement “for a joint program to be organized within the Department and be operated by the Foundation.”^{vi} Again, without openness, imagination, listening, and hearing, none of this would have occurred. It was a new venture for the Rockefeller Foundation. Heretofore, it had made grants for programs in the natural sciences, but it had not operated them.

The program was successful in two respects. Through plant breeding and experimental planting, disease- and drought-resistant plant varieties were developed and crop yields were markedly increased. Equally important, in Fosdick’s view, was the education aspect of the program. Future researchers and agriculturists from Mexico and other Latin American countries, who were trained in the program and at universities, assured the continuation of scientific approaches to solving international agricultural problems.^{vii}

At this point, you and I need to remind ourselves, whether we are associated with a foundation or a nonprofit organization, that in 1999 foundation funds represented 10.8 percent of the contributions to nonprofit organizations for all purposes, but less than 3 percent of nonprofits’ revenues [in 1998]. Foundation funds are a precious resource, unconstrained by a bottom line or the narrow specifications and accountability requirements of government. Used wisely, they can address what John Gardner called “breathtaking opportunities disguised as insoluble problems.”

I would not argue, however, that foundations should not follow some well-learned principles of grant making, while being open to innovation in both large and small projects.

The first principle, practiced by large foundations, is to limit the number of fields in which they make grants. Focusing on a limited number of fields enables staff members to develop a familiarity with the issues, the players, and developments in those fields and with the variety of experts and possible consultants to assist them. Limiting the number of fields also enables the foundation to concentrate its grants to achieve its objectives of furthering knowledge and/or policies. The fields in which a foundation operates may have been designated by the founder/donor. They may express the chief executive officer’s concerns or the concerns of members of the board. And they may reflect the views of advisors to the foundation. One “field” may—or perhaps even should be—out-of-program grants. In his annual report, a very early president of Carnegie Corporation made the point that a foundation should always be open to making some grants that do not fall within the defined fields of operation.

Second, foundations should choose issues and projects for which their resources are adequate to their objectives or for which there are other interested funding partners. Part of this process is considering the probable length of time for which support will be necessary to accomplish an objective. Can they or others provide the support for the full life of the project? Or until it can be incorporated into its sponsor’s program? As a former foundation colleague says, don’t reward success by cutting off support prematurely.

The third principle is to appoint highly competent staff members who have the capacity for imagination and listening. In the words of my colleague, Margaret Mahoney, “philanthropists should be entrepreneurs in spirit . . .passionate about what [they] are doing,[and] personally involved, transferring skills, not just money, fostering partnerships and alliances, encouraging teamwork.”^{viii}

It has become standard operating procedure for many larger foundations to hire experts in the fields in which they will work in the foundation. There are others who maintain that you need good generalists, broad in their outlook, not committed to a field or a perspective within that field. This latter group points out that you can engage the experts as consultants on the particular questions on which you need advice. In either case, we should remember Nielsen's wise recommendation: that "large foundations should maintain staffs of a competence comparable to the best institutions in other fields and should possess the intellectual vigor to take initiatives in their grant making rather than being purely reactive."^{ix}

How do you, as foundation officers and officers-to-be and officers of nonprofit organizations stay open to the world around you? John Gardner once wrote that foundation staff members' major duties are reading, listening, and traveling. Reading, he said, is "the most compelling item on the agenda of any foundation officer...[It] is not casual. He [or she] must be alert to new ideas. He must be forming judgments as he reads. Out of this intensive, varied and almost continuous reading come some of his best judgments as a foundation officer.

"...As in the case of reading, listening is not passive or half-hearted. He [or she] must form judgments as he listens. He must sort out what is being said. He must make some appraisal of the speaker and of the ideas being presented...One needs to cultivate patience, discipline and a deeply rooted interest in others to listen alertly and intelligently.

"The third pressing duty of a foundation officer is traveling...If the foundation officer is to meet and talk with the best men [and women] in any field that interests him, he must take to the road. They don't wait for good men to come to them; they seek out the good men."^x

Leslie Lenkowsky, head of the Corporation for National and Community Service, put the last duty another way. He was quoted to me by a friend as saying, "The foundation officer's most important tool is his or her suitcase. They don't use them nearly enough."

So, I urge you to be the best listeners you can be, ears open, minds open to the world. As a foundation officer, aspiring foundation officer, or foundation advisor, pack your suitcase with reading in and beyond your field; you are a traveler. Looking back on my own journeys in philanthropy, I cherish the memories of my experiences, and I wish you the best on your own travels. Bon voyage!

ⁱ Nielsen, Waldemar A. *The Golden Donors: A New Anatomy of the Great Foundations*, 425. New York: E.P. Dutton, 1985.

ⁱⁱ *Ibid.*, 430-31.

ⁱⁱⁱ Lagemann, Ellen Condliffe. *The Politics of Knowledge: The Carnegie Corporation, Philanthropy, and Public Policy*, 232. Middletown, CT: Wesleyan University Press, 1989.

^{iv} Gardner, John W. *Self Renewal: The Individual and the Innovative Society*, xiv. New York: Harper & Row, 1964.

^v Fosdick, Raymond A. *The Story of the Rockefeller Foundation*, 184-185. New York: Harper & Brothers, 1952.

^{vi} *Ibid.*, 185.

^{vii} *Ibid.*, 188-189.

^{viii} Mahoney, Margaret E. Speech at Lehigh Valley Hospital symposium of the Dorothy Rider Pool Health Care Trust in 2000.

^{ix} Nielsen, 428.

^x Gardner, John W. Annual Report of Carnegie Corporation of New York, 1955, 12.