



Terra Incognita: Poorly Understood Challenges and Trade-offs of Managing Private Foundations

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Introduction

Thank you very much Virginia, and good afternoon everyone. One of the enormous disadvantages of following a long line of distinguished lecturers in a series is that originality becomes problematic. In fact, the great danger is that one will be reduced to quoting one's predecessors, solemnly intoning "me too." At the risk of such me-tooism, however, I must begin, as many previous lecturers have, by reminiscing a bit about Wally Nielsen.

I first met Wally about ten years ago, when I was a Program Director at the W.K. Kellogg Foundation. Wally was working with my Chief Executive Officer, Russell Mawby, to establish the Kellogg-Kauffman Seminar for Mid-Continent Philanthropy at the Aspen Institute. Wally, it is safe to say, combines the best qualities of a historian and a raconteur, and he kept me spellbound with tales of his past service at the Ford Foundation (the Pasadena headquarters of which he memorably referred to as "Itching Palms"), and his tempestuous arguments with Robert Kennedy over the proper role of philanthropy in United States society.

What struck me most forcefully, however, was Wally's recounting of a piece of wisdom he had received from the late Abraham Flexner. Flexner, of course, is an iconic figure in American Philanthropy, a pioneering program officer with the Carnegie Foundation for the Advancement of Teaching, and later the Secretary of John D. Rockefeller's General Education Board. Flexner was also the driving force behind the report named for him that sparked the transformation of medical education in the United States and Canada from the dogmas of the 19th century to the science of the 20th century, especially by connecting medical schools to universities, and insisting on clinical training for physicians.

Wally quoted Flexner as saying, "Remember! The grantseeker always comes to you, psychologically, on his knees." Then Wally admonished me, "Remember! Always find a way to help him to his feet." This was vintage Wally Nielsen. Although he is nothing if not a patrician in his

background, education, and bearing, you will always find him in the camp of the underdog. As the old formula goes, he has always been for the "masses", not the "classes".

And, of course, I must also echo my predecessors in paying tribute to another living legend of the philanthropic world, Virginia Hodgkinson. My connection with Virginia goes back 15 years, when as Vice President for Research at Independent Sector, she was midwifing the birth of academic centers for the study of philanthropy, volunteerism, and nonprofit initiative. Those of us who earn our daily bread toiling in such establishments should all keep a little shrine devoted to Virginia and her enduring achievements in the academy, and in the sector at large.

I have chosen the title of my lecture today very carefully. "*Terra Incognita*", of course, is Latin for "unknown land", which not only gives this lecture a certain intellectual tone; it also perfectly describes the state of our knowledge about managing grantmaking charitable foundations. That, when you stop to consider it, is a rather extraordinary statement. The American private foundation, as we understand it today, has been around at least since the founding of the Carnegie Corporation of New York in 1911 and the Rockefeller Foundation in 1913, and earlier foundations can be cited - - perhaps we might call them proto-foundations - - that stretch back at least to the Peabody Education Fund in 1867. Yet, despite this venerable lineage, we know very little, really, about how to manage and lead foundations in order to maximize their "return on social investment."

I am not so presumptuous as to suggest that I will, in one lecture, supply the answers to these questions that have gone unanswered - - in some cases, unasked - - for more than a century. My task today, instead, will be to probe the *Terra Incognita* of foundation management, attempting to define the major challenges confronting these institutions, and identifying the inescapable trade-offs with which all foundation leaders must grapple.

Before I do that, however, let me confess to a bias. I love foundations. I am proud of their accomplishments in the history of social reform, and I am truly inspired by the potential of foundations, particularly at the start of our new century. I am the first to defend foundations against small-minded and ill-informed attacks which occasionally appear in various public forums. Partisan though I may be toward foundations, however, I must concede that they are hardly perfect. So, in the spirit of the old schoolyard declaration that “Nobody beats up my little brother except me”, I would like to talk about seven major challenges facing those who lead foundations, and seven vexing trade-offs with which they must contend.

And one last statement by way of preamble: I must acknowledge an intellectual debt, for one of the first scholars to write about foundation management was none other than...Wally Nielsen, in both *The Big Foundations* and *The Golden Donors*. So it is very much an homage to Wally to examine these challenges and trade-offs. Let's begin with the challenges.

Challenges Of Managing Foundations

Challenge Number 1: Lack of opportunities for pre-employment education and training

Until recently, foundations have been rather few in number, and for the most part, relatively modest in size. It simply never made much financial sense for universities to offer training programs to the small handful of people who, at any given time, were entering this line of work. It has long made financial sense, of course, to train those entering business, and also government service, and more recently, those entering the field of nonprofit management, but philanthropy simply has not in the past offered would-be trainers much of a market. Those who have gone to work for foundations, therefore, have come from just about every calling, from astronomy to zoology, only some of whom have had prior encounters with foundations as grantseekers. This diversity of background, and the experience of being on the receiving end of foundation largess (or more often, rejection letters), has had its value. Foundations have not become narrow bastions of

groupthink, and their staffing has mirrored at least some of the diversity of American society. Variety of background can, and often does, confer a sort of “hybrid vigor” upon a grantmaking institution. But as foundations have grown larger and more sophisticated, the weakness of the current practice has also become apparent. “Learning by doing” is one method of learning, but it is hardly the only method, and often not the best one. I don't think, for example, that you would like to be the patient of a surgeon who is learning by doing. We rather like our surgeons to have had prior training before they step into the operating room.

It would be challenging enough for managers to lead a staff that has no background in philanthropy, but typically the manager her or himself is in the same boat. It is relatively rare for foundation boards to hire experienced foundation program officers or vice-presidents to be CEOs of foundations. They tend to turn to people who have had managerial experience in other professions - - most often the law, higher education or the media - - to fill the top jobs. There are, of course some exceptions to this general rule - - Susan Berresford, CEO of the Ford Foundation, came up through the ranks there - - but her case is atypical. Board members will say, by way of explanation, that college presidents, for example, have had a lot of experience as grantseekers. True enough, but again I ask you, if we are looking for a new chief of surgery, are we likely to choose someone on the basis of his or her having endured a number of major operations?

As a practical matter, of course, whether the new hire is a CEO or a program officer, it is more common to provide training after they have been hired by the foundation rather than before. But even this is not so easy. Foundation employees tend to don a mantle of expertise, or so it appears, the moment they begin their employment. To admit that they have gaps in their training is tantamount to admitting - - whether to colleagues or to applicants - - that they do not yet possess such expertise. So the tendency is to protect one's credibility by hiding under that mantle. As a result, there are a number of seasoned program officers and vice-presidents in the world of philanthropy who have gotten quite good at many aspects of the game, but will always

suffer from never having received basic training in the history, techniques, and ethics of philanthropy before - - or at least soon after - - they started.

At the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership of Grand Valley State University, we are addressing this issue by creating the Grantmaking School. Like the Fund Raising School at the Center on Philanthropy of Indiana University, the Grantmaking School will offer 3-day and 5-day intensive executive education courses leading to a certificate in grantmaking excellence from Grand Valley State University. Courses will be offered geared toward new foundation staff, and other courses as well tailored for those donors who have started understaffed foundations. The Grantmaking School is a start, but it cannot meet the training need by itself. Many other institutions will also need to step up to the line.

Challenge Number 2: Lack of a cohesive culture

A for-profit corporation is full of MBAs, and a law firm is full of lawyers. In either case, there is a common educational experience, a common experiential background, and hence something of a shared world view among the staff. In stark contrast, just about any foundation with more than two employees has a riotous diversity of education and work experience. The result is divergent worldviews, diverse priorities, even different ways of perceiving and knowing. In any sizeable foundation, just about any issue under discussion will elicit very different reactions from staff members. Those whose training and socialization had been in the private sector will demand “What is the bottom line?” Those whose training and socialization had been in the public sector will say “No, no, we must discuss the policy implications!” Those whose training and socialization had been in the nonprofit world will cry “But what is the effect on people?” Achieving consensus on a course of action - - indeed, achieving consensus on the definition of the presenting issue itself - - is no mean feat in such an organization.

These competing worldviews and languages produce a veritable tower of Babel, which threatens to make communication impossible. In self-

defense, foundation employees have created their own jargon as a common language - - a sort of foundation Esperanto - - that can be commonly understood by people of such diverse backgrounds. Think of “foundationese”, as it has come to be known, as a second language for people whose first language was learned in the worlds of business, or government, or nonprofits. However handy foundationese might be as a second language, though, it is an offense against the noble English tongue. If you haven’t read Tony Proscio’s work, which brilliantly skewers the vacuous pomposity of that patois, I highly recommend it to you. But we must remember that foundationese was created for a purpose - - to bring a common tongue to a workforce whose diversity and lack of training inhibits communication, and staff cohesion. Similarly, foundation work itself is a second profession for those whose primary training and experience has been in other fields. It does little to advance the grantmaking field when even its finest practitioners think of themselves as belonging, primarily, to other professions.

Challenge Number 3: Lack of a salutary external discipline

Businesses have a salutary external discipline called “the market”. If they do a lousy job, the market renders them bankrupt. Government has a salutary external discipline called the electorate. If they do a lousy job, they find themselves on the underside of a landslide. Philanthropy has no salutary external discipline; if you do a lousy job running a foundation, chances are you will not suffer consequences that will stimulate improvement in your future performance. One school of thought holds that the lack of such external discipline liberates philanthropy. Since foundation leaders are not constrained by the need to please shareholders or placate the majority of an electorate, foundations have the freedom to take risks, and to push boundaries. It sounds good in theory, but experience suggests that the lack of discipline enervates foundations. It seems to encourage a cautious, don’t-rock-the-boat approach. When, for example, was the last time that a foundation was in the news for supporting a highly controversial social position, or for expanding the boundaries of our public debate? Moreover, the lack of a salutary external discipline provides a disincentive for learning lessons and improving performance. If there is no external force that threatens to spank you for mediocre

performance, there is no particular incentive to improve that mediocre performance. Mediocrity can grow like kudzu in organizations, and unless guarded against, the tendency becomes for the bland to lead the bland.

Challenge Number 4: Lack of reliable feedback

Most workers in most professions receive lots of candid feedback. I began my career as a museum educator, working primarily with preschoolers. This is what I would characterize as a “feedback-rich” environment. My charges would say: “This stinks”, “I’m bored”, “When can we leave?” I listened very carefully to that feedback, and tried to devise ways to make my presentations better. It rather hurt to hear those comments, but responding to them improved my delivery. Foundations, by contrast, operate in what I would characterize as a “feedback-poor” environment. Program officers always do a great job, both when they actually do a great job, and even if they do a lousy job. For when they do a lousy job, no one is foolish enough to say so. Who is stupid enough to risk making an enemy of a person who has plenipotentiary power to decline your next grant request? So the feedback is always positive, even when wholly unmerited, and therefore improvement doesn’t happen as often or as quickly as it should. The problem with this scenario is underlined by a piece of wisdom from Penn State football coach Joe Paterno: “You’re either getting better, or you’re getting worse.” Program officers generally have little incentive to try to get better, and coach Paterno’s dictum tells us what they risk becoming instead.

Challenge Number 5: Lack of an accepted body of best practices

A number of professions possess a generally accepted set of best practices. I came, as I said, from the museum field, where there are agreed-upon standards for collecting, preserving, exhibiting, and interpreting objects of scientific or cultural significance, all backed by a rigorous peer-juried accreditation system. These standards give professionals in the museum field a baseline which allows for reasonably accurate measurement of performance. There is no such field-wide baseline, however, in philanthropy. Different standards apply at different foundations, and sometimes different standards apply

within a single foundation. Thus, it is very difficult to determine if any given program officer belongs in the top drawer - - or the bottom drawer - - of the foundation employee performance chest. Given the lack of a common baseline, foundation workforces tend to become like Garrison Keilor’s Lake Woebegone, where all the children are above average. It isn’t so, of course, but in the absence of generally-accepted standards, who’s to argue?

Challenge Number 6: Lack of ideological cohesion between board and staff

C.P. Snow wrote a famous essay about the “Two Worlds” of science and the humanities. Let me tell you, Snow didn’t know from two worlds - - he should have done some research inside of private foundations. Usually, the founder of a foundation picks the members of the foundation’s board of trustees, which board then becomes self-perpetuating. The founder, of course, has been highly successful within the social system as it stands, and thus is likely to be relatively comfortable with the social status quo. He or she tends to choose people to be on the foundation board who share that comfort level. But who is apt to fill the staff positions at a foundation? It tends to be people who see the foundation as an instrument for social change; in short, those who are dissatisfied with the social system as it is. This situation does not obtain at every foundation, of course, but nonetheless at many foundations, a dynamic has been unwittingly set in motion whereby the progressive staff often proposes projects that alarm the conservative board. In keeping with Snow’s metaphor, it is as if the boards and staffs of many foundations do inhabit different worlds, and floating in between is the CEO, whose daunting task it is to find a common sphere where the inhabitants of both worlds can peacefully coexist. Here, I think, we discover the root cause of the tendency for foundation boards to go outside of their foundation - - indeed, outside of philanthropy itself - - to hire CEOs. They do not feel ideologically comfortable with most staff members, and go far afield from philanthropy to hire someone with whom they share a worldview. Ironically, philanthropy is one of the few fields in which extensive practical experience in that field does not seem to be a positive factor when seeking a CEO’s position.

Challenge Number 7: Lack of ideological cohesion within the staff itself

Most organizations have a unified - - or at least a dominant - - culture. Not so a foundation of any size, which can be the philanthropic equivalent of the former Yugoslavia. The main camps are the program staff, who tend to be creative, entrepreneurial, and disdainful of rules; the finance staff, who tend to be literal, numerical, and respectful of rules, and the administrators, who tend to be political, managerial, and enamored of rules. The program staff thrives best in an environment that is open-ended, messy, even chaotic; the finance staff thrives best in an atmosphere that is closed, neat and tidy; the administrators thrive best in an atmosphere that is defined, low-key and predictable. Inevitably, conflict ensues among these camps, for one person's bracing air of innovation is another's noxious stench of anarchy. There is a large body of literature in the field of business administration about the differences between entrepreneurial startup organizations and mature, managerial corporations, but foundations typically do not have the luxury of being one or the other. Society, and to some extent their boards and managers, expect both. They demand that foundations deliver both bold, entrepreneurial, innovation and cautious, managerial, no-change audits. It is not impossible to deliver both, but it surely isn't easy, and these conflicting demands rarely promote harmony among the different camps on the staff.

To summarize these seven challenges, in foundations, managers inexperienced in foundation work are asked to deliver great results from organizations staffed by people who are untrained in the work, have little in common, face few external pressures for improvement, receive scant constructive feedback, subscribe to no common standards of performance, have skeptical boards and significant internal cleavages. The wonder is, given these circumstances, not that there is some poor performance in the foundation world, but rather that there is so much good - - even excellent - - performance.

Trade-Offs in Managing Foundations

So much for the challenges of running a foundation. Let's turn now to the inevitable trade-offs. It is always the great desideratum of managers to find the "silver bullet" decision that will solve a problem without inadvertently creating other problems. There are, however, very few "silver bullet" decisions that are possible when it comes to managing a foundation. Because of the peculiar nature of private foundations, a decision to *do* something is frequently also a decision *not* to do something else. A decision to move in a desired direction is also a decision to move away from another, often equally cherished, direction. The ancient wisdom applies here: you can't have it both ways. Therefore, foundation CEOs must decide if what they want is worth what they will have to surrender to get it.

Tradeoff Number 1: High overhead versus low overhead

At first glance, this does not seem to represent a trade-off. Of course you want to have a low overhead. A private foundation's income is limited to what its endowment can produce in any given year. Therefore, any dollar spent on salary or administration is a dollar that cannot be spent on grants. Given this fact, it would seem that maintaining a low overhead is almost a moral imperative.

Ah, but there is a trade-off. Just as low overhead foundations get something - - namely, more grant money - - from their approach, high overhead foundations get something too. Having more people on staff costs more, it is true, but they can also conduct due diligence on applicants, provide technical assistance to grantees, evaluate outcomes of funded projects, and give service to the grantmaking field. And at the most basic level, more employees make it possible to promptly and professionally answer telephone calls, letters and e-mails coming into the foundation. Higher overhead, in short, makes it possible to run a "full-service" foundation.

There is also a subtler trade-off. Low overhead foundations are restricted to making a few big grants. It costs just as much, and takes just as much time, to cut a check for \$1,000.00 as it does to cut a check

for \$10 million, so low overhead foundations cannot afford to make many small grants. This means that low overhead foundations cannot afford to make modest grants to community-based organizations - - such grants burn too much scarce human resource time - - so these small organizations are essentially excluded from the grantmaking of low overhead foundations. The fact is that the only way to achieve excellence in many of the aspects of foundation work that we value - - due diligence, programmatic technical assistance, evaluation, and dissemination - - is to cannibalize, to some extent, the grants budget. In other words, you cannot simultaneously run both a low overhead foundation and a full-service foundation.

Tradeoff Number 2: Strategic planning versus flexibility

We live in an age of strategic sensibility. Thoreau put it best when he wrote, “In the long run, men hit only what they aim at.” Strategic planning gives a foundation a focus, and prevents it from making scattershot grants. A strategic sensibility is important, because most of the requests received by a foundation are sensible ideas from worthy organizations. Most would do some social good if funded, but if all good ideas were funded indiscriminately until the money was gone, the aggregate result would amount to little. Strategic planning allows a foundation to make a big impact by concentrating its resources on the best opportunities.

Strategic planning, however, is not without cost. Thoreau may have been right in saying that in the long run, men hit only what they aim at, but it is also wise to remember that sometimes, we choose targets that are not much worth hitting. Inescapably, along with the discipline and the focus that strategic planning brings, it also brings a narrowing and a restriction of a foundation’s vision. There is no way to follow a strategic plan faithfully without constraining a foundation’s flexibility, and to some extent, its creativity. Strategic plans are made for the long run, while change increasingly happens in the world during the short run. Strategic plans are often made in isolation, without outside input. Foundations often stay wedded to mediocre strategic plans when they should be shifting to new and unforeseen opportunities.

A reasonable question is, “Can’t a foundation do both?” Can’t a foundation be both strategic and flexible at the same time? The first part of the answer to that question is that the same people cannot do both. It is impossible for one person to do the focusing and disciplined work that strategic planning requires while at the same time remaining open and opportunistic, as a flexible stance requires. It is theoretically possible for a larger foundation to be both strategic and flexible by assigning some of its program officers to be strategic, and others to be flexible. However, given the generally higher status of strategic planning around the foundation world, it is difficult to get staff members to volunteer to be second-rate citizens on the flexible side. So the answer is that while it is theoretically possible to do both in a single institution, it is practically extremely difficult. In the real world, it appears that the only way to greater focus is to reduce flexibility, and it is all but impossible for a foundation to be both highly strategic and highly opportunistic at the same time.

Tradeoff Number 3: Broad versus deep

The philosopher G.W.F. Hegel told us that “Tragedy is not the collision of right and wrong; it is the collision of right and right.” This third trade-off is a good illustration of that wisdom. Any CEO would want to run a foundation that was making significant contributions to solving a broad range of human problems: the philanthropic equivalent of a wide-spectrum antibiotic. At the same time, any CEO would be proud to run a foundation that focused on a single problem of great importance, and solved it: to have funded, for example, the successful development and testing of an AIDS vaccine. Sometimes, the temptation to try to run both kinds of foundations at the same time becomes overwhelming. During the 1990s, for example, some foundations tried to implement matrix systems that reputed to deliver both breadth and depth at the same time. Under such matrix systems, program officers were assigned both to a strategic programming area (in which they were expected to specialize or “drill deep”), and to one or more broad fields that intersected the programming areas (in which they were expected to work broadly and flexibly, or to “go wide”). It looked great on paper, for the matrices seemed to deliver specialization and generalization in one package, but program officers do not work

on paper, they work in the real world. And in the real world, the laws of physics (not to mention Hegel's wisdom) prevails. Try as they might, program officers found that the rigorous focus and discipline required to specialize and to drill deep left little time or energy for the flexibility and openness needed to generalize and go wide.

It is theoretically possible to achieve both breadth and depth in one organization, but it requires a division of labor much like the strategic/flexible division we discussed previously. Some program officers would be assigned to specialize and drill deep, others would be assigned to generalize and go wide. The problem is, once again, that the two approaches have greatly differing levels of prestige in the field. The specialists have far more clout than the generalists, so few want to generalize when specialists have a better chance for professional advancement. The bottom line is that foundation managers must choose to make their foundations one or the other of two good things. It is right to specialize and it is right to generalize, but Hegel was also right: only tragedy comes out of the collision of two good things. Therefore, managers must choose one or the other.

Tradeoff Number 4: Community-based versus expert-based

Foundation CEOs are torn between two sensible approaches to planning. One sensible approach says "Let's round up the experts." The experts, usually hailing from universities, will tell them what the research says, and provide data that will allow them to base their efforts on knowledge, thus maximizing chances of success. But another approach also seems sensible, namely to ask the people who would be most affected by the foundation's programming to give their input. If a project is focused in a particular school district, don't the people who live in that district have practical expertise about the issue, and shouldn't they have a say in projects that would profoundly affect their own future?

Since both approaches make sense, would it not be eminently logical to consult with both experts and community leaders? The answer is yes, but the caveat is that it is never easy to do so. Academics and those who live in communities usually inhabit different worlds, with divergent

worldviews. Often, if you bring them into the same room, the academics will be more articulate and will intimidate community people into silence. Then, too, there is a matter of differing levels of commitment. It is reminiscent of the old joke about a hen and a sow that are debating what people should eat for breakfast. The hen has an interest because she contributes to that breakfast, but the sow has a greater interest because she is that breakfast. Clearly, community residents have a greater stake in the outcome of a project than those who do not live there. The point is that the more one relies upon experts, the less credibility one is likely to have on the ground, while the more one relies on community based people, the less credibility one is likely to have among thought leaders. Synthesizing the two is a very neat trick, but the better that managers get at it, the more likely it will be that their foundations will deliver effective results.

Tradeoff Number 5: High uncertainty versus high certainty

All foundation CEOs dream of great grantmaking successes, and all want to keep their jobs. Therein lies a significant conflict. There is only one path to enormous success in grantmaking, and that path runs through the middle of the forest of risk. Great results cannot be gained without taking great chances, and when some of these chances blow up in one's face, terrible embarrassments can ensue. At some point, every foundation CEO faces the realization that there is a word for CEOs who have taken too many risks that didn't pan out, and that word is "unemployed". CEOs also understand that while some of their compatriots have been fired for failing while striving for great results, few, if any, have ever been fired for delivering safe, mediocre, "just okay" results. Sooner or later, whether consciously or unconsciously, some CEOs choose to play it safe, to shoot for the low-risk, low-return project, and achieve it, rather than aim for the high-risk, high-return project, and chance failure. To paraphrase Carl Sandburg, the sins of foundation CEOs tend not to be scarlet; they tend to be dishwater gray. Their sin is not to be power-mad, it is to be security-conscious. I am not suggesting here that foundation CEOs should take foolish risks. I am suggesting, however, that it is sometimes necessary to go out on a limb and take a chance on greatness.

Tradeoff Number 6: High profiles versus low profiles

Every foundation CEO wants to be the subject of a laudatory feature story in *The Chronicle of Philanthropy*, but no foundation CEO wants to be the subject of a critical article in that very journal. Since there is no way to achieve notoriety without enduring some level of negativity, many foundations strive for an assiduously low profile, a place comfortably below the radar screen. As snug as that spot is, it also usually means that the foundation has very little visibility: not so much “low profile” as “no profile”. Too many foundations try to have it both ways, by staying comfortably below the radar screen until they have some notable success to boast of, then doing their best to get the media to notice. It can't be done. If you want the press to admire your successes, you also have to let them dissect your failures. You cannot get positive publicity on demand, especially not by keeping quiet most of the time. Harry Truman was right: If you can't stand the heat, get out of the kitchen. But if you get out of the kitchen, don't expect to have a guaranteed place at the table.

Tradeoff Number 7: Entrepreneurs versus teams

Grantmaking can be done in many different ways, but all of these styles can be boiled down to a pair of basic approaches. One is the “individual entrepreneur” approach, in which you turn loose creative program officers to bring home exciting opportunities. The other is the “managed team” approach, in which you direct groups of program officers to work in a disciplined fashion on targeted projects. Both approaches have their merits. Individual entrepreneurs can be immensely creative, and can seize unforeseen opportunities with breathtaking speed. Managed teams can focus on targeted areas and systematically deliver impressive results. What must be kept in mind, however, is that individual program officers tend to thrive best under one model or the other, and that very few can do well in both. A free-wheeling entrepreneur will suffocate on a managed team, while a managed team member will feel adrift in an undefined entrepreneurial environment. Again, one can try to do both, - - to operate managed teams of entrepreneurs - - but such efforts are doomed to failure. The two styles simply do not mix. The entrepreneurs are forever doing something creative that disrupts the team's careful plans, while the

teams are forever cramping the style of the free-wheeling entrepreneurs. Foundations that try to straddle that divide and be both team-based and entrepreneurial usually wind up looking like the Holy Roman Empire, which was neither holy, nor Roman, nor an empire. In a recent commentary in the *Chronicle of Philanthropy*, I advocated one way for the largest foundations to get the benefits of both entrepreneurs and managed teams. These big foundations can be organized into teams, but can also afford to start a “Skunk Works”, patterned after the legendary Lockheed-Martin innovation center that produced the world's fastest and stealthiest jet aircraft. The day-to-day operations of the managed teams and the Skunk Works should be kept separate, but the innovations produced by the latter can and should inform and affect the strategic initiatives of the former. It is one way, perhaps the only way, to enjoy the blessings of both creativity and discipline.

Conclusion

I love foundations. I love their potential and I want to see that potential maximized. Quite honestly though, I do not see how we can maximize the potential of foundations by hiring the inexperienced to lead the unprepared. If one does not appreciate the seven challenges, if one does not understand the seven trade-offs, one will never lead a foundation to realize its full potential. Foundations are far too important to society for us to be satisfied with them delivering a fraction of their feasible effectiveness. We have a right to expect - - and to get - - their best. All it will require is for the foundation field to start conceiving of itself as a field, and that demands that we train to work in and manage foundations just as we train to work in and manage businesses and government agencies.

To end on a happy note, there is solid evidence that the foundation field is recognizing this fact and acting on it. In collaboration with my colleagues Lisa Wyatt Knowlton and Cynthia Phillips, I recently authored a survey of research projects to improve grantmaking performance, entitled *Agile Philanthropy: Understanding Foundation Effectiveness*. We found that there are more than 30 such studies ongoing across the field, a heartening recognition of the need to do better.

And that is as it should be. The Gospel according to St. Luke admonishes us that of those to whom much is given, much is expected. We who are staff or trustees of foundations have been given precious resources to steward, and we owe it to society to do our best in managing them. We owe it, if nothing else, to Flexner's grantseekers who come to foundations, psychologically, on their knees. And training our brightest to be their best is the surest way to obey Wally Nielsen's admonition to help grantseekers to their feet.

Thank you very much.