

## **Fireside Chat with Seasoned Professionals**

A panel of seasoned foundation leaders – with nearly 100 years of collective experience in the field of philanthropy – recently sat in the hot seat, fielding questions and sharing some of the lessons they have learned. Positioned in front of a crackling fire at the Philanthropy Southwest Annual Conference in Santa Fe, New Mexico, they gamely took questions from participants in a packed session.

Whether you are new to the field or yourself a seasoned professional, their answers offer new approaches, important reminders, and interesting ideas.

The conversation was facilitated by Jay McCall, Director of Programs for the Miles Foundation in Fort Worth, TX, and panelists included:

- **FM:** Frank Merrick, President, Foundation Management, Inc., Oklahoma City, OK
- **MEE:** Mary Elizabeth Eldridge, Director of Programs, The Ross Foundation, Arkadelphia, AR
- **MM:** Michelle Monse, President, Carl B. and Florence E. King Foundation, Dallas, TX
- **TS:** Timothy Schultz, President and Executive Director, Boettcher Foundation, Denver, CO

### **Q: As seasoned foundation leaders, what advice do you have for emerging leaders?**

**FM:** Get out of your office.

**TS:** Don't believe everything you're told; find your own way. Respect and learn from history, but adding your voice in terms of what's happening in the world around you is incredibly valuable.

**MM:** Develop confidence in your own judgement, and get very comfortable with saying no.

### **Q: What do you know now that you wish you had known when you first started?**

**MM:** How to better manage myself, particularly in a board meeting, and to not take things personally when I get push back from a board member.

**MEE:** I wish I had felt more confident in going to other seasoned grantmakers and asking for help.

**FM:** Having worked in the nonprofit field for a long time, I thought I could predict what trustees would do. I was wrong. I learned they have great experience and that I could learn a lot from them with an open mind and a willingness to listen.

### **Q: How do you inform and engage board members?**

**FM:** We never have board meetings in our building, we always meet out in the community in locations where we are giving or thinking of giving grants. This helps our board members to see for themselves the needs our support is helping to address.

**MEE:** We bring knowledgeable individuals to our board meetings to provide information and insights.

**TS:** We do a fairly extensive orientation for each trustee – almost a year long. We also have an annual retreat for the full board.

**MM:** Identify what they need and want to be educated about, and what each member can contribute. Provide them with ample opportunities to share what they have to offer within board meetings – don't have it all just be report outs. They need to contribute what they know.

**Q: What are the best ways to get honest feedback from grantees?**

**MM:** Periodically hold focus groups with outside facilitators, encouraging candor, and providing feedback to the foundation anonymously.

**TS:** A piece of it is being humble. We aren't the smartest people, we just happen to be holding these positions. Foundations can be intimidating places. We have worked hard to be more casual, and reflect those we are meeting with to make them comfortable. A lot of our time is spent out with nonprofits on their turf. We work hard to recognize the unbelievable privilege of working in a foundation and never, ever think we know better than our nonprofit partners.

**FM:** Foundation leaders tend to have a hubris mentality that does a huge disservice to the industry. Grantees are going to tell us what they want us to hear. If we want really good, honest dialogue, I think an outside facilitator is the way to go. We also take the time to call each individual who applies and is not funded to have an honest dialogue about why they weren't funded.

**Q: How do you evaluate the effectiveness of grant recipients?**

**FM:** We ask grant applicants to outline how they will evaluate the effectiveness of their grant-funded work. We ask for a report a year after the grant has been made. Together, we set clear, shared goals and the measures that will be used. As an industry we like to fund projects, but typically don't give enough money for grantees to undertake thorough evaluations. We need to be realistic about what we are asking them to achieve and evaluate. As an industry we have not done as good a job on this as we should have.

**TS:** It depends on the size of the grants being made. If you're giving away small grants you need to trust your gut. If you're funding multi-million, multi-year, complicated change efforts, you need a more formal, rigorous process in place.

**Q: What is the best way to determine appropriate pay for foundation staff?**

**TS:** Develop a formal process. This can cost money, but it's an important investment. We hired a firm. With their help, we analyzed each employee's position and looked at the market rate of what others in like positions were paid. From there, we developed a salary range that is competitive for the market, and adjusted for our regional area. The board decided they want to pay at the median, coupled with a strong benefit package. This means we pay fairly, and our staff tend to stay a long time. We do this analysis every two years and in the interim years we have a letter from the consultant recommending a range for salary increases, again, based on the market.

**FM:** There are also salary surveys that you can use if you don't want to go the consultant route.

**MM:** Policies can be your friend. They dictate what you do and make it less personal. We have a compensation philosophy and agree that salaries have to be reasonable. We are in these positions to serve and do good, not to get rich.

**Q: What internal control processes do you use?**

**MM:** Because there was embezzlement in our foundation, we learned that trust can be exploited. I review all credit card charges before they get paid. I also keep a separate check register of every check signed so if something unusual pops up I can see any discrepancies. We also have an audit every year.

**TS:** We make sure that no one person has control over everything. The statement from our bank comes unopened to me. As executive director, my credit card charges are review by our board. We take our financial controls very seriously.

**Q: What is a good percentage base between the funds you raise and those you grant?**

**FM:** It's nice to determine how much it costs you to give money away. It typically runs from 0.5% to 5% to manage funds. You don't want to be so cheap on the management side that you're not making good grants. If it costs you a little more to give money away in an effective manner, that's better than just writing checks to support efforts that aren't as effective.

**TS:** It does a disservice to the work to say it should only be a certain percent. Some foundations provide terrific value through their staff, in addition to grant funds. You need to look at circumstances at your foundation because it can be very different from one to the next.

**Q: How do you keep up with emerging trends?**

**TS:** It's easy to get trapped into doing things the same way because that's how they've always been done. We brought a futurist in to talk to the board, and it scared us! It's hard to change with the times, but it's the staff and board's role to challenge each other. This means being aware of what's going on around us.

**FM:** We have empowered staff to have a strong role so they can learn best practices. We know having young people pushing the envelope is critical.

**MM:** I do a quick scan of our online clip service and discussion boards each day – Nonprofit Quarterly, Philanthropy News Digest, the Chronicle of Philanthropy, Exponent Philanthropy, etc. We have divided responsibility – different staff do deep dives in differing areas. We also periodically host focus groups and ask our grantees and community members to tell us what's working and to help us identify areas of focus.

**What questions do you have about good grantmaking practices?** Share your questions and thoughts with us and we'll get answers to your questions too. Email

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