THE ROLE OF FOUNDATIONS IN THE CHANGING WORLD OF PHILANTHROPY:
A HOUSTON PERSPECTIVE

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This is to certify that the dissertation entitled:

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Dr. Mitchell Kusy, Chair

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Dr. Norman Vincent Peale's *Have a Great Day* has been my daily meditation. His words pushed me forward when I was positive I could not write another page, cite another reference, or punctuate another sentence in proper APA style. He reminded me, "when you get discouraged, when you cannot seem to make it, there is one thing you cannot do without. It is that priceless ingredient of success called relentless effort. You just never give up, never quit."

I pass these words along to the next generation of learners and leaders. With much love, this work is dedicated to:

Anastasia and Cecilia

Dylan and Evan

Abstract

From the earliest days of the American nation, philanthropy has had a defining role in leading

change. Philanthropy has provided vision and voice for nascent social movements ranging from

civil rights and the women's movement to AIDS research and environmentalism. As the 21st

century has moved into its second decade, philanthropy finds itself facing significant pressures

that threaten to compromise its ability to innovate and advocate for issues and individuals whose

voices cannot be heard over the public rhetoric of the day. Once perceived as the purview of the

rich and well connected, modern philanthropy cuts across social, economic, and ethnic

classifications. Historically, private foundations have played a defining role in philanthropic

investment. These tax-exempt charitable organizations, typically funded by a single source

(individual, family, or corporation), were created to serve the common good, primarily through

grantmaking. As philanthropy continues to evolve through new models and methodologies that

enrich, extend, and question traditional giving parameters, foundations are exploring new

paradigms for redefining and reinforcing their leadership capabilities. The purpose of this study

was to examine the impact of economic and social forces defining the environment in which

private foundations operate in the 21st century, and to learn how Houston foundations are

adapting to this new reality. Further, the research captured their individual and collective vision

for the future of foundation philanthropy. The dissertation provides a brief overview history of

philanthropy to position it in a 21st century context. Within this construct, the study has assessed

the nature and impact of current philanthropic challenges, and sought an understanding of future

learning and leadership strategies as defined of by members of the Houston foundation

community. This qualitative, multicase research study is comprised of in-depth interviews with

Houston foundation leaders. Rather than setting out to illustrate a particular theory, the study has

been designed to capture the perceptions of foundation leaders as they assess and adapt to a

rapidly changing philanthropic environment. The electronic version of this dissertation is at

OhioLink ETD Center, www.ohiolink.edu/etd

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Chapter I: Introduction

Formal philanthropy and volunteering are deeply woven into the tapestry of American

culture. At the same time, giving and helping others are values embedded in individuals and

their communities across the globe (Clotfelter & Ehrlich, 1999). There are many ways to think

about philanthropy. At its core, it is a tradition of moving beyond self-interest to helping others.

Philanthropy is a willingness to give one's personal resources—time, talent, treasure—for the

benefit of someone other than oneself. It runs the gamut from spare change tossed at the

panhandler on the corner to millions of dollars distributed globally by the Gates foundation. It is

walking for breast cancer, riding for MS, homebuilding for Habitat for Humanity, and delivering

Meals on Wheels for lonely seniors. It is humanity in its finest moment.

Background on Philanthropy

Coming from the Greek roots *philos* and *anthropos* that mean "love" and "human being,"

the work of philanthropy speaks ultimately to the elevation of the human spirit, to a world in

which citizen action and engagement result in positive change that benefits all (Karoff, 2004).

Philanthropy is a defining characteristic of American culture. Anna Faith Jones (2004), former

President and CEO of the Boston Foundation, reflected on its essential role in our democratic

society:

> It seems to me that this is the primary mission of philanthropy in America, as it is the
> mission of the country itself: to make it possible for individuals to emerge from the
> constraints of history, from lives defined by poverty, by age or gender, by physical
> disability, by racial or ethnic discrimination, or by any other condition limiting the
> development of their innate potential. If philanthropy does a great deal of important
> work in this country today, none is more fundamental or more significant, in my view,
> than this work for individual freedom. It is the basis of our democracy. (p. 53)

From the earliest days of this country, it has been philanthropy—not government—that

has given birth to the nation's most significant social movements. Civil rights, the women's

movement, AIDS research, environmentalism—all were catapulted into the national consciousness as a result of bold philanthropic vision (and investment) determined to challenge the status quo (Salamon, 2003). All were private initiatives for the public good, focusing on quality of life. McCully (2008) noted:

> Private citizens are the first to notice and respond to emerging problems, and because they are free to do so in this philanthropic democracy, the charitable sector is our nation's early warning system, our most sensitive preceptor of emerging challenges and opportunities in maintaining and achieving quality of life. (p. 41)

History of Philanthropy

While it is fair to say that no other country in the world has developed and maintained the practice of giving equal to that found in the United States, philanthropic groups existed in the ancient civilizations of the Middle East, Greece, and Rome: an endowment supported Plato's Academy (c. 387 BC) for some 900 years; the Islamic *waqf* (religious endowment) dates to the 7th century AD; and the medieval Christian church administered trusts for benevolent purposes. Merchants in 17th and 18th-century Western Europe founded organizations for worthy causes (McCully, 2008).

Payton and Moody (2008) observed:

American philanthropy is a mosaic of cultural influences, emanating primarily from the ancient Middle East and from classical civilization, but also from Native American Tribes and from the Far East. Basic teachings of the Buddha and Confucius blend here with the folk wisdom of slave culture. Different variations of the "Golden Rule," and of the adage about teaching a poor person how to fish rather than simply giving them a fish, commingle in the American philanthropic tradition. (p. 131)

In the U.S., philanthropy has its origins in religious beliefs that fostered collective and individual efforts to serve the public good. With government weak and distant, communities banded together to govern themselves and help those who needed assistance. Immigrants joined

forces to build schools, raise barns, and plant crops. Giving through faith-based organizations is a deep-rooted practice that continues today.

Frenchman Alexis deTocqueville reflected at length on the benevolence he encountered in his travels throughout 19th century America: "In Democracies no great benefits are conferred, but good offices are constantly rendered; a man seldom displays self-devotion, but all men are ready to be of service to one another" (as cited in Kershner, 1985, p. 55).

Highlights of America's philanthropic history (National Philanthropic Trust, 2010) would likely include:

- 1693: Harvard University conducted the first charitable fundraiser, raising £500 for the school.

- 1731: Benjamin Franklin began the Library Company of Philadelphia.

- 1743: Benjamin Franklin helped launch the American Philosophical Society.

- 1770: St. George Society was founded to help the poor in New York City; it is considered the oldest charity in the United States.

- 1835: Alexis deTocqueville authored *Democracy in America*, a seminal overview of the American disposition to organize into voluntary societies to help the less fortunate.

- 1867: Peabody Fund, the first modern foundation, was founded by financier George Peabody to encourage the establishment of state systems of free schools.

- 1889: Andrew Carnegie authored *The Gospel of Wealth*. He subsequently started public libraries and other organizations to "provide ladders upon which the aspiring can rise" (Bremmer, 1988, p. 103)..

- 1907: Russell Sage Foundation, the first private family foundation, was established.

- 1913: John D. Rockefeller chartered the Rockefeller Foundation, using a structure similar to the business corporation to accomplish its philanthropic goals.

- 1914: Frederick H. Goff created the first community foundation in Cleveland, Ohio.

- 1921: U.S. Congress provided tax relief for personal giving.

- 1935: Establishment of corporate foundations began following passage of tax relief legislation for corporate philanthropic giving.

Like every aspect of modern life, philanthropy has experienced revolutionary changes. New realities are transforming the traditional milieu in which significant giving was defined by the largesse of high wealth individuals who created investment vehicles that enabled their personal giving. These change agents will result in a very different kind of philanthropy in the 21st century. Managing change, always a daunting prospect, is exacerbated by the diverse and powerful forces that impact philanthropy's current evolution. These emerging change agents comprise the realities transforming philanthropy.

Gates Billionaire Challenge

Because of the high visibility of the 2010 Bill Gates Billionaire Challenge, any overview of philanthropy reflecting that time frame would be remiss if it failed to reference the much-publicized campaign. Directed by an individual (Bill Gates) to peer philanthropists, rather than by a foundation (The Bill & Melinda Gates Foundation in this particular instance), this initiative is not directly relevant to my research. Nonetheless, because it generated worldwide attention for the subject of philanthropy, it should be referenced in the context of this study. Described by Newmark in the *Wall Street Journal* (August 5, 2010) as "an act of noblesse oblige that might have embarrassed even John D. Rockefeller" (p. 1), Gates dragooned 38 of America's biggest billionaires into a "Giving Pledge" (p. 1), a promise to donate half their fortunes to charitable

endeavors. Keeping in mind the fact that the pledge was a public statement of intent, not a legal

contract, the details of such largesse remain suspiciously absent, a fact that did not escape social

commentators.

Even as the praise rolled in for the billionaires pledging to donate half of their wealth,

commentators began to see the darker side. The *Chronicle of Philanthropy* (Blum, 2010), a

trusted nonprofit industry publication, compiled some of the less effusive analyses.

Berkeley professor Robert Reich (2010), writing in his blog, and reprinted in *Salon.com*

noted "it's more evidence that we're back in the late 19th century when robber barons lorded

over the economy and almost everyone else lost ground. . . . Most Americans don't need charity.

They need good jobs" (p. 1). The *Washington Post's* Stephen Pearlstein (2010) observed:

> With its "giving pledge," the Gang of 40 has taken an important step in revitalizing
> America's philanthropic institutions, but it will take much more to revive the virtuous
> cycle by which wealth begets opportunity which in turn begets more wealth. (p. 3)

Heather Horn (2010), writing for the *Atlantic Wire*, in a piece entitled "The Backlash

Against the Billionaires Pledge," commented that "while all are careful to call the pledge

'admirable,' some journalists and pundits worry about the initiative's echoes of robber-baron

philanthropy in the Gilded Age" (p. 1). Wilby, writing in the *Guardian* (2010), commented:

> And even if they give away half their money (or 90% in Buffet's case), billionaires will
> still be rich. Their generosity, however, helps to legitimize inequality and head off
> political protest. Some of them may become even richer, because charitable giving is
> good marketing and, sometimes, can be used to tie recipients into buying the donors'
> products and services. (p. 1)

Adams, vanFleet, and Winthrop (2010), in their analysis entitled, "Billionaires Pledges:

The Innovative Financing We Need?" observed:

> "The Giving Pledge," while a step forward for some charitable causes, points to the
> dilemma of winners and losers in philanthropy. When the fate of beneficiaries of large
> sums of money is in the hands of a few individuals, philanthropic priorities can change
> direction overnight, and have a profound impact. (p. 4)

Hrywna (2010), writing for *The Nonprofit Times*, another popular industry publication, summarized coverage in a front-page feature entitled, "Giving or Grandstanding." As several experts cited in the feature noted, the highly touted effort will have little impact on the nonprofit sector because most of those targeted by Gates for the Giving Pledge already give.

The foregoing aptly illustrates that philanthropy is a complex subject. The best intentions can be easily misinterpreted and misunderstood. Unlike foundation giving, which is constrained by IRS legal mandates requiring significant accountability and transparency, individual philanthropy has fewer constraints inhibiting its investment.

Further, while it is certainly possible to use foundation philanthropy to advance individual objectives, it is not ideal. It is far easier for high wealth individuals to achieve their personal goals through more typical market activity than to subject themselves to the scrutiny that accompanies philanthropic activity. An individual philanthropist may direct personal giving to the charity of choice without the accountability that is an integral part of foundation grant making.

From the perspective of my study of Houston foundation philanthropy, the Gates billionaire challenge suggested two possible scenarios: an individual philanthropist's effort to engage his peers in meaningful philanthropic activity; or, alternately, a brilliant public relations strategy for a company currently facing unprecedented marketplace challenges. The Gates challenge was a person-to-person, peer-to-peer initiative. While lending itself to high-profile media coverage, it did not directly inform the topic of foundation philanthropy.

At the turn of the 20th century, captains of industry, such as Carnegie and Rockefeller, viewed philanthropy as both a responsibility and an opportunity for people of means—a way to share their good fortune and serve as a powerful force for good (Smith, 2001). The modern

world of philanthropy has become quite complex, ranging from individual giving to institutional giving by foundations, corporations, and other entities. This could create a new kind of dependency on the part of the recipients of such philanthropic largesse (typically nonprofit organizations) that has the potential to compromise that organization's autonomy and ability to address social needs in particular ways.

According to Frumkin (2006), Director of the RGK Center for Philanthropy at the University of Texas at Austin, charity is "the uncomplicated and unconditional transfer of money or assistance to those in need with the intent of helping" (p. 5). The concept of charity has deep roots in the Christian tradition which holds that no human being should live in misery and suffering. However, it should be noted: "philanthropic teaching and practice are found in all the great religions. As shaper and transmitter of ethical systems and a guide for moral action, religion often provides the cultural underpinnings for philanthropy as moral action" (Payton & Moody, 2008, p. 111).

In more recent times, this long-standing view of charity has come under attack from several fronts: some claim that charity debases the human individual; others say that charity takes a band-aid approach to social ills, targeting the symptoms rather than the cause; still others decry the lack of professionalism that marks service delivery, with the random alms-for-the-poor approach placing those in need at the mercy of well-intentioned but untrained do-gooders. Finally, there is increasing concern that the growth of charitable ventures has allowed government to relieve itself of responsibility for the well being of its citizenry, perhaps actually perpetuating the social ills charities seek to address (Frumkin, 2006).

Philanthropy, on the other hand, is based on the principles of self-help and creation of opportunity in a way that neither government nor corporate sectors usually address (Woods,

2006). While the others sectors affect quality of life, philanthropy focuses on it (McCully, 2008).

The Language of Philanthropy

In common with many specific industries, the philanthropic world has its own taxonomy. For clarity, I have identified key terms woven throughout this work. While philanthropy encompasses individual donors, corporate contributors, and a growing array of giving entities, I have focused on philanthropy as exercised by private foundations. The Council on Foundations (1999a) offered the following relevant definitions:

- *501(c)(3):* Section of the Internal Revenue Code that designates an organization as charitable and tax-exempt. Organizations qualifying under this section include religious, educational, charitable, amateur athletic, scientific or literary groups, and organizations testing for public safety or organizations involved in prevention of cruelty to children or animals. Most organizations seeking foundation or corporate contributions secure a Section 501(c)(3) classification from the Internal Revenue Service (IRS). Note: the tax code sets forth a list of sections—501(c)(4-26)—to identify other nonprofit organizations whose functions are not solely charitable (e.g., professional or veterans organizations, chambers of commerce, fraternal societies, etc.).

- *509(a):* Section of the tax code that defines public charities (as opposed to private foundations). A 501(c)(3) organization also must have a 509(a) designation to further define the agency as a public charity.

- *Charity*: Acts to relieve suffering; also, nonprofit organizations that are organized and operated to further a tax exempt purpose defined under the IRS code—such organizations are generally eligible to receive tax deductible charitable gifts.

- *Endowment:* The principal amount of gifts and bequests that are accepted subject to a requirement that the principal be maintained intact and invested to create a source of income for a foundation. Donors may require that the principal remain intact in perpetuity, or for a defined period of time, or until sufficient assets have been accumulated to achieve a designated purpose.

- *Grant*: An award of funds to an organization or individual to undertake charitable activities.

- *Grantee*: Individual or organization that receives a grant

- *Grantor*: The individual or organization that makes a grant.

- *Philanthropy*: Coming from the Greek roots *philos* and *anthropos* that mean "love" and "human being," philanthropy is voluntary action (including giving, service, and association) for the public good.

For the purposes of this study, it is important to further clarify the 501(c)(3) foundation category.

What is a Foundation?

The Foundation Center (2011) defined a foundation as a nongovernmental, nonprofit organization with its own funds (usually from a single source, either an individual, family, or corporation) and programs, managed by its own trustees and directors, and established to maintain or aid educational, social, charitable, religious, or other activities serving the common welfare, primarily by making grants to other nonprofit organizations. Four types of foundations are included in the Foundation Center's print and online versions of the *Foundation Directories*.

- *Independent foundation*: A grant making organization usually classified by the IRS as a private foundation. Independent foundations may also be known as family foundations, general purpose foundations, special purpose foundations, or private non-operating foundations. The Foundation Center defined independent foundations and company-sponsored foundations separately; however, federal law normally classifies both as private, non-operating foundations subject to the same rules and requirements.

- *Company-sponsored (corporate) foundation:* A private foundation whose grant funds are derived primarily from the contributions of a for-profit business organization. The company-sponsored foundation might maintain close ties with the donor company, but it is an independent organization with its own endowment and is subject to the same rules and regulations as other private foundations.

- *Operating foundation:* A 501(c)(3) organization classified by the Internal Revenue Service (IRS) as a private foundation whose primary purpose is to operate research, social welfare, or other programs determined by its governing body or establishment charter. Some grants may be made, but the sum is generally small relative to the funds used for the foundation's own programs.

- *Community foundation:* A 501(c)(3) organization that makes grants for charitable purposes in a specific community or region. Funds are usually derived from many donors and held in an endowment independently administered; income earned by the endowment is then used to make grants. Although a few community foundations might be classified by the IRS as private foundations, most are classified as public

charities eligible for maximum income tax-deductible contributions from the general

public.

Philanthropy and a Changing World

Philanthropic giving topped $314 billion in 2007 (Giving USA, 2008). It appeared the

U.S. was embarking upon a new golden age of philanthropy. Who could have guessed that a

perfect storm was looming? The stock market plummeted, decimating the value of endowment

investment portfolios. A cash-strapped Congress, viewing the nonprofit sector as a rich,

untapped source of revenue, proposed elimination of tax credits for charitable giving. Well-

connected political action groups demanded the right to proscribe philanthropic giving targets.

As the recession deepened, the 2010 edition of *Giving USA* recorded a 3% ($303.75 billion) drop

in giving, only the second such decline recorded since the annual survey began capturing data in

1956. The world of philanthropy had changed.

At the same time, there have been other, more essential influences at work, calling

traditional philanthropic models into question. New patterns of giving emerged, some

institutional, others individual (Newman, 2002). Generational differences complicated priority-

setting and decision-making (Brinckerhoff, 2007). Technology removed geographic boundaries,

expanding connections and accelerating knowledge and information transfer. Grant makers

faced a constantly shifting environment as they evaluate their grant making priorities, and

endeavor to maximize impact in the face of shrinking funds and changing needs (Lawrence,

2009). Yesterday's best practices may no longer serve as appropriate models for tomorrow's

actions. One is reminded of Margaret Wheatley's (1999) observations regarding the ability to

predict and control the future:

> Instead of the ability to analyze and predict, we need to stay acutely aware of what's
> happening now, and we need to be better, faster learners from what just happened.

Agility and intelligence are required to respond to the incessant barrage of frequent, unplanned changes. (p. 38)

Creating a Context for This Study

Historically, foundations have been accustomed to funding technical solutions to well-defined problems (e.g., food for the hungry, temporary shelter for the homeless); however, they are discovering the complex social issues that characterize the modern world require very different strategies. Using their influence, knowledge, and experience, foundations are well positioned to lead the search for adaptive solutions. As Heifetz, Kania, and Kramer (2004) posited:

> If foundations are to become effective institutions of adaptive leadership, then it is through their clarity of objectives, depth of expertise, political skill, media management and high-profile active intervention, rather than their grant dollars, that they will create the greatest value in society. They must jettison the artificial dichotomy between pro-active and responsive grant making, firmly leading social change without imposing the answers. (p. 17)

The lens of adaptive leadership seems a particularly useful way to frame the responses of foundation decision-makers to the current crises and other change influencers. Defined as "the practice of mobilizing people to tackle tough challenges and thrive," (Heifetz, Grashow, & Linsky, 2009, p. 14) adaptive leadership draws its meaning from evolutionary biology. Successful adaptations allow species to take the best from their past into the future (Heifetz et al., 2009).

Continuing the theme of adaptation, Linsky (2009) posed a daunting question that seems especially relevant for foundations as they face dramatic shifts in the world they once knew: "What would you do differently right now, if you believed that your life and expectations have irrevocably changed and the assumptions you have been relying on were no longer operative" (p. 2)?

In an environment where longstanding practices are challenged, where values that led to success are questioned, and legitimate competing perspectives emerge, adaptive work is essential (Heifetz & Laurie, 2001). Loath to impose conditions on grantees that would be perceived as authoritarian, foundations have preferred to engage in passive grant making. Facing unprecedented social and economic obstacles, they have a unique opportunity to change behavior: to shift from providing modest but meaningful responses to clearly defined technical problems—scholarships for needy students—and begin to address the far more complex adaptive problems for which there are no easy or obvious solutions—reforming public education (Heifetz et al., 2004).

Traditionally, foundations have maintained a low profile, operating quietly, investing cautiously in established nonprofit programs. If they are to embrace adaptive leadership, they will have to step out of their comfort zone and be prepared to deal with conflict, uncertainty, and increased public pressure. It is evident today's challenges demand responses outside current competencies. Adaptive leadership will enable the foundation community to achieve the goals it cares most deeply about (Heifetz et al., 2009).

Positioning the Researcher

In the world of philanthropy, United Ways are a strange hybrid. Both grantee and grantor, United Ways raise funds through corporate campaigns and individual giving. At the same time, they function as philanthropic entities, investing in community organizations that meet rigorous standards and deliver meaningful returns on investment.

Representing the philanthropic interests of United Way of Greater Houston, I have had the opportunity to build strong relationships with the local foundation community. As a member of the Greater Houston Grantmakers Forum, I have come to appreciate the commitment of these

professionals who approach their philanthropic duties with a deep sense of responsibility to their community. Their willingness to cooperate and collaborate is impressive. These practitioners are actively engaged in expanding their awareness of issues and their knowledge about theory and practice that address complex social problems.

Individually, no foundation has the financial or human resources to force change around issues or causes. Collectively, however, they represent a significant potential to influence change. In this regard, I am reminded of the commentary on three Pittsburgh foundations that courageously challenged the city's public school system by withholding their funding (Heifetz et al., 2004):

> The immense scale of the social problems that many foundations tackle—education, healthcare, the environment—dwarf their considerable financial resources. If foundations are to achieve significant social impact, they must do so by leading others, not by acting alone. (p. 22)

Purpose of the Study

The purpose of this study was to examine the impact of economic and social forces defining the environment in which private foundations operate in the 21st century, and to learn how Houston foundations would adapt to this new reality. Further, the research sought to capture their individual and collective vision for the future of foundation philanthropy.

Rationale for Investigating This Topic

Private foundations have played a prominent role in this history of social change. Fleischman (2007) defined their importance in this way:

> Just as private investors and venture capitalists spark the creation of new products and services in the for-profit sector, foundations provide the capital that powers innovation and diverse experimentation in the civic sector. Foundations enable the creation of countless civic-sector organizations—groups dealing with human rights, civil liberties, social policy experimentation, public advocacy, environmental protection, knowledge generation, human capital building and service delivery, among other causes—and assist them in building nations, regional and local constituencies that move into the forefront

of continuing social change. Those organizations, together with the foundations that support them, play an influential role in the constant reinvention of American society, including the redistribution of power and wealth. (p. 3)

The current economic turmoil caught the foundation world off guard. Within a matter of months, assets plummeted dramatically. This new reality created an inescapable mandate for change. Faced with greatly constrained giving capabilities, funders were forced to explore ways to leverage funding impact. They initiated dialogues with other funders, recognizing that collaborative efforts can lead to increased access to information, expanded resource pools, diffused risk, and, most appealing, greater likelihood of real change. As reduced portfolios required more strategic and focused community investments, foundations began experimenting with an array of new models of engagement. Non-grantmaking activities generating the greatest interest included collaborations and partnerships, convenings, foundation staff-led initiatives, technical assistance, bridge/emergency financing, and advocacy (Lawrence, 2009).

According to the National Center for Charitable Statistics (2010), there are more than 120,000 private foundations in the United States. Total assets represented exceed $590 billion, although nearly two-thirds have assets of less than $1 million. The Foundation Center's (2010) count of Houston-area foundations included more than 1,400 charitable foundations in the Houston metro area; however, I limited my study to those with assets of more than $5 million. While smaller foundations are part of the grantmaking landscape in Houston, their ability to have a significant impact in the community is limited. They are also less likely to participate actively in the grantmaking community. Because they reflect a very different philanthropic model of giving, I also excluded both corporate and community foundations from this research.

While foundations may represent a relatively modest segment of the philanthropic world, they are an influential player in the game of philanthropy. There is tremendous opportunity to

offer new strategies for philanthropic investment and impact. Practitioners are actively seeking

information about best (and worst) practices, and are eager to learn from their peers and

colleagues. Formal and informal industry organizations such as Grantmakers for Effective

Organizations (GEO), the Center for Effective Philanthropy, and the Association of Small

Family Foundations are experiencing growing membership; they have become primary avenues

for collaborative study and knowledge exchange. Local entities, such as the Greater Houston

Grantmakers Forum, serve as trusted and accessible avenues for discovery and dialogue.

Focusing the Research Questions

Philanthropic foundations have often facilitated innovation and empowerment among

those in need. Thus, it is necessary and important to explore the evolution of their role in the

21st century. In a recessionary period where philanthropic resources have shrunk significantly,

will foundations maintain the status quo, quietly funding the modest programs in organizations

with which they have established a benevolent relationship? Or, will funders step forward

boldly, partnering with service providers, to challenge accepted practices?   As a means of

understanding how or if philanthropy would adapt to meet the evolving needs of a fast-changing

21st century environment, I chose to study Houston philanthropy as exercised through private

foundations.

Why Houston?

A fairly obvious reason for my selection of Houston as the site for my dissertation

research is the fact that I live here. I know the market and I know the players. I am an active

member of local grantmaking affinity groups, including the Greater Houston Grantmakers'

Forum and the local chapter of Women in Philanthropy. I am a recognized representative of

United Way of Greater Houston, an organization that is both grantmaker and grant-seeker, a role that provides a unique dual perspective.

Beyond access, which seems a valid consideration, there were a number of other attributes that positioned Houston as a city that lends itself to careful study on an array of topics, including its philanthropic foundations. Houston is one of the nation's most important consumer markets. It is the fourth largest city in the nation. It is the sixth largest Core Based Statistical Area (CBSA) as defined by the Office of Management and Budget, and the 10th largest Designated Market Area (DMA) as defined by Nielsen Media (Hearst Media Series, 2010).

The Houston area includes more than 100 degree-granting colleges, community colleges, technical schools, and institutes for knowledge-seekers, accounting for more than 360,000 students annually. Houston metro ranks third in the number of *Fortune* 500 headquarters, with 26 located in the city. Of the world's 100 largest non-U.S. based companies, more than half have corporate operations in Houston. Houston is second among top U.S. metros in number of foreign consulates, with 86 such offices located here (Greater Houston Partnership, 2010).

One of the most ethnically diverse U.S. cities, Houston's multicultural population has grown nearly twice as fast as the nation's overall. The Houston metro population is expected to exceed 6.9 million by 2025. Houston has the 3rd largest Hispanic population among U.S. cities. The city has the 11th largest Asian population. It has the 8th largest African American population in the U.S., and the largest in Texas. The city no longer has a majority population (Greater Houston Partnership, 2010).

According to *Charity Navigator's* 2010 study, Houston is the second most philanthropic city in the nation. In spite of difficult times, individuals in this community made tough decisions about giving, opting to continue their support for area nonprofits at an impressive level.

The Houston Area Survey—2010 (Klineberg & Emerson, 2010), offered varied

perspectives of a city in transition. It is the largest and most comprehensive metropolitan survey

of its kind, documenting the political and social trends that have been transforming the nation's

urban landscape for more than two decades. Klineberg and Emerson (2010) depicted a

metropolis that believes Houston's growing diversity is a source of great strength, despite

problems related to the economy, education, transportation, and similar challenges resulting from

exponential growth. At the same time, the study chronicled declining support for government

initiatives, suggesting philanthropy will continue to play a vital role in the community's view of

itself as an opportunity city, a vision articulated by the Greater Houston Partnership's (the local

chamber of commerce) 2005-2015 strategic planning initiative.

Once a bi-racial backwoods town controlled largely by White men, today's Houston is a

dynamic global city whose rich diversity positions it well to become a premier multicultural

melting pot characterized by its historic spirit of optimism, activism, and hospitality. In 2009,

Kirkland authored a distinctive overview of Houston's philanthropic history entitled, *The Hogg*

Family and Houston. Its focus was on an extraordinary family and a legacy that embodied

Houston's unique brand of civic engagement. In the book subtitled, *Philanthropy and the Civic*

Ideal, Kirkland captured the evolution of an unusual commitment to a quality of life that serves

all who reside within its sprawling boundaries:

> Today as in the Hoggs' time, thousands of Houstonians give generously to build a better
> city. Today as then, they recognize their city's many flaws and problems, band together
> in coalitions and work to improve their library system, to reform their schools, to clean
> up their environment, to save their parks, to plant more trees, to preserve their cultural
> institutions, and to demand responsive action from city officials. Today, as always, greed
> and limited vision mar the great city Houston might become, but many Houstonians still
> envision a metropolis of destiny and appreciate a heritage of hope and civic engagement.
> (2009, p. 268).

As in past decades, Houston is a laboratory of cultural experiments where generous citizens support an environment in which everyone is invited to flourish. Houston's philanthropic foundations have been an integral part of this experiment. They nourish the stalwart nonprofit organizations that sustain the social safety net and cultivate the fledgling, grass roots efforts that have the potential to harvest new solutions for old problems.

In summary, Houston's history, demography, and philanthropy made it a particularly useful setting for research on varied topics. Houston foundations are an integral part of the city's evolution.

Focusing the Research

My primary research question asked: How will Houston foundations define their role in the philanthropic world of the 21st century? The following questions provided depth for this inquiry:

- How do Houston foundation leaders view the current environment in which they operate?

- In their view, what are the greatest challenges facing the philanthropic sector today?

- What resources do they use to inform and guide their practice? Are these resources different from those used in the past?

- What is their vision for the future of their individual foundations, and, more broadly, for the philanthropic community at large?

Proposed Method for This Study

To provide a thorough foundation for my research, it was important to set the stage with a big-picture perspective. A comprehensive literature review provided a broad overview of the history and evolution of philanthropy. Moving from this macro level of understanding, I took a

qualitative approach to gathering information from practitioners who were able to offer insight

ranging from broad theory to individual practice in a rapidly changing reality. Here, my goal

was to capture the lived experiences of real people acting and interacting in the world of

philanthropy, through employing a multi-case study methodology.

Epistemology

Epistemology concerns the relationship between the researcher and the researched,

between the known and the unknown (Teddlie & Tashakkori, 2009). While positivists and post-

positivists view this relationship as objective, positing a distinctive space between researcher and

subject, constructivists view research as subjective, with researchers and subjects collaborating

to construct social realities. As defined by Denzin and Lincoln (2000), "qualitative research is a

situated activity that locates the observer in the world. It a set of interpretive, material practices

that make the world visible. These practices transform the world" (p. 3).

Epistemology is both a philosophical and a practical choice for this research. Because

the topic of foundation philanthropy is not well understood, I chose to craft my research in a

manner that supported my constructivist epistemology and used a strategy of inquiry that

illuminated an unfamiliar reality. I turned to Stake (1995) for reinforcement of my use of

qualitative multicase methodology to facilitate optimal understanding of the topic at hand:

> To sharpen the search for explanation, quantitative researchers search for explanation;
> quantitative researchers perceive what is happening in terms of descriptive variables,
> represent happenings with scales and measurements (i.e., numbers). To sharpen the
> search for understanding, qualitative researchers perceive what is happening in key
> episodes or testimonies; represent happenings with their own direct interpretation and
> stories (i.e., narratives). Qualitative research uses these narratives to optimize the
> opportunity of the reader to gain an experiential understanding of the case. (p. 40)

Flyvbjerg (2006) further clarified the value of case study as a means of facilitating human

learning:

First, the case study produces the type of context-dependent knowledge that research on learning shows to be necessary to allow people to develop from rule-based beginners to virtuoso experts. Second, in the study of human affairs, there appears to exist only context-dependent knowledge, which, thus, presently rules out the possibility of epistemic theoretical construction. (p. 221)

Ethical Issues in This Study

Bloomberg and Volpe (2008) contended researchers should be as concerned with producing an ethical research design as they are with producing an intellectually coherent and compelling one. This perspective reminded me I would have to be attentive throughout my work to the researcher-participant relationship, as well as to issues related to role, status, and cultural norms.

Blaikie (2007) noted "most social research involves interventions in some aspects of social life" (p. 19). Given this reality, there is always a risk that a seemingly innocent inquiry may create discomfort, or place a participant in an awkward position. Based on the criteria defined by Teddlie and Tashakkori (2009), my study fell into the category of a minimal risk project, with participants unlikely to experience stress beyond that inherent in their ordinary daily routines. Individuals involved would not be defined as a vulnerable population. As a mixed methods study, it employed the elements of both anonymity and confidentiality, as defined by Ary, Jacobs, Razavieh, and Sorenson (as cited in Teddlie & Tashakkori, 2009):

Anonymity refers to the practice of protecting the identity of specific individuals. No identification is attached to the data obtained; not even the researcher knows who contributed the data. *Confidentiality* refers to the process of keeping the information obtained from an individual during a study secret and private. (p. 200)

While basic demographic information was used to create categories for data analysis, names of participants and organizations have remained anonymous. However, I recognized that in-depth interviews seeking opinions and observations from individuals who may not be principal decision-makers would require tact and discretion. My primary relationships have been

with grant officers whose roles are to assess funding opportunities and make recommendations to organizational leadership, typically the foundation CEO and board members. Asking my colleagues for honest commentary on their organizations' decision-making practices and openness to change could have put them at risk. Maintaining confidentiality was critical.

With this in mind, I followed the principles of informed consent, secured the voluntary participation of the participants, confirmed their ability to withdraw at any time, and provided information about the purpose and design of my study (Kvale, 1996). I did not anticipate that the individuals I engaged in the interview process would require approval from others within their foundations; however, I was prepared to secure such permissions, should they have been necessary. I secured written letters of agreement from all interview candidates (see Appendix A for samples of letters used in this study).

I used the Institutional Review Board (IRB) process as a means of defining the following for all participants: the nature of the project, what would be expected of participants, how anonymity and confidentiality would be maintained, and providing assurance that participants were able to withdraw at any time. Because interview candidates were individuals with whom I have established, trusting relationships, maintaining that trust was a matter of personal integrity. IRB consent forms were tailored to the parameters of my mixed methods study (see Appendix A for a copy of the consent form).

Further, I planned to maintain gathered data in a safe and secure manner. Materials, including interview tapes and transcriptions, dissertation drafts, and all other related documents, are being kept in my home office files; no other individuals have access to these files. Materials will be retained for an indefinite period of time.

I was respectful of the time constraints of those whom I interviewed. With small or nonexistent staffs, these individuals maintain demanding schedules. It was essential that I honor their time limitations, providing sufficient explanation of the proposed interview process prior to interview engagements. Interview appointments were limited to the time allotted and the nature of the interview inquiry was provided in advance. I remained focused on the topics identified and was mindful of the potential for intrusiveness (Teddlie & Tashakkori, 2009). Although no interview questions posed caused interview candidates discomfort, I was prepared to adapt the process under way to the needs of the individual.

Finally, it was important to address the risk of personal bias. I believe that philanthropy is critical to our democratic society. Correspondingly, it is my view that foundations have a unique role to play in facilitating the social innovation and positive change that has infused the history of this country. Nonetheless, as cautioned by Bentz and Shapiro (1998), it was my intent to proceed with a spirit of inquiry rather than persuasion, to carry out my research in a fashion that was as free from bias as possible, to make my remaining biases explicit, and to honestly evaluate the results of my efforts.

Organization of This Work

Chapter I serves as the introduction to my dissertation. In this opening chapter, I provided a framework for my study of philanthropy, offered a historical perspective, and provided an overview of its evolution. I offered a summary of the changes and challenges facing the 21st century practitioners of philanthropy as they navigate unfamiliar economic and social conditions.

Once I set the stage, I situated myself as a researcher and articulated my primary and secondary research questions. I also proposed my rationale for investigating this topic and then defined potential ethical concerns.

Chapter II presents the literature I have identified as significant to my research. It also identifies gaps that I perceive.

Chapter III discusses my methodology. I chose the qualitative multicase strategy of inquiry for this study.

Chapter IV presents the data gathered in the course of a qualitative multicase study. The data is comprised of in-depth interviews and reviews of available archival and other documents.

Chapter V presents a discussion and analysis of my findings. It includes the scope and limitations of the study, along with recommendations for future research. It discusses implications for evolving philanthropic practice and suggests strategies for navigating the changes under way.

Chapter II: Literature Review

Setting the Stage—Why Philanthropy?

It seems right and fitting to sing the praises of philanthropy. The generous spirit of philanthropy reflects the best part of human nature. Philanthropic gifts have filled the world with knowledge, art, healing, and enduring cultural institutions dedicated to the betterment of society. Every day, all over the world, philanthropy touches the lives of countless people, bringing them education, improved health, intellectual and spiritual elevation, and relief from misfortune. Moreover, philanthropy's full potential for improving the human condition no doubt extends beyond any contribution yet realized (Damon, 2006).

The topic of philanthropy is broad and deep, crossing historical, economic, philosophical, political, and moral boundaries. As a field, philanthropy is very much in an evolutionary phase. Once guided by traditional philosophies of largess and community well being, practiced largely by individuals of great wealth, today's philanthropy is no longer the province of the affluent. It cuts across all walks of life, reflective of the country's vast diversity (Fleishman, 2007; Gaudiani, 2003).

Payton and Moody (2008) approached the topic of philanthropy from a dual perspective—the "what" as well as the "why." Their goal was to provide a perspective on both meaning and mission. In their view, "philanthropy is about ideas and values as well as about action, about doing things. Philanthropy is always an effort to blend the ideal and the practical" (p. 4).

For some, philanthropy is a sacred trust, ideally positioned to improve the human condition. While the amounts invested may seem small, given the scope of problems addressed, nonetheless, wisely spent, those dollars can make a big difference (Anheier & Leat, 2006;

Fleishman, 2007; McVay, 2004). Relatively free from the political pressures of elected bodies and the constraints of government bureaucracies, philanthropy gives voice to individual citizens seeking to support endeavors about which they care deeply.

For others, philanthropy remains an impediment to government redistributive outcomes (Reich, 2006). Those who fall in this camp claim the philanthropic deductions granted individuals and organizations deprive the U.S. treasury of more than $30 billion annually, funds the government could distribute in a more equable fashion to civic sector organizations deemed more worthy (Fleishman, 2007).

Philanthropy has more than its share of defenders and detractors. They come from all sides of the political spectrum. With ballooning deficits and exploding need, many suggest modern social problems are simply too large for philanthropy to address. Nonetheless, there is a fairly consistent, if reluctant, acknowledgment that philanthropy plays a unique and vital role in a democratic society.

Despite his admitted bias against much of organized philanthropy, Dowie (2001) acknowledged that philanthropy, as it is practiced in America, has served to strengthen democracy by providing citizens the means of advocating for their rights and freedoms. Frumkin (2006) posited philanthropy is a critical counterbalance to government, decentralizing power, and promoting pluralism. "By letting a thousand flowers bloom, philanthropy can contribute to a vibrant and diverse civil society, one in which multiple and competing conceptions of the public good can coexist" (Frumkin, 2006, p. 18).

Many of today's most vocal arguments regarding 21st century philanthropy are more eager to assume control over its administration and disbursement than to preside over its dismemberment (Jagpal, 2009). Rather than sustain the diversity of ideas that define the

nonprofit world, there is a desire to impose a narrow ideology that threatens the essence of a civic society (Billet, 2009).

Field of Philanthropy

Philanthropy deals with the most important social and moral issues that affect society, as well as our individual lives. Virtually everyone has some experience with philanthropy. On the giving end, we may have collected food for the needy at school or church, answered a direct mail appeal, or responded to a global disaster such as the Asian tsunamis or the Haitian earthquake. We are, perhaps, less aware of our status as beneficiaries of philanthropy. Nonetheless, many of us have checked books out of a library, visited a museum, been inoculated against disease, or enjoyed a local park—all causes that have been supported through the philanthropic activities of others (Payton & Moody, 2008).

As a field of study, philanthropy is a relative newcomer. Historically, writings on the topic were largely biographical or autobiographical. Carnegie's *Gospel of Wealth* (as reviewed by Bremmer, 1988, pp. 101-102) was perhaps the best-known treatise on the subject throughout the early part of the 20th century. Typically established by entrepreneurs who believed their successful business principles could yield similar outcomes when applied to philanthropy, early philanthropic entities were vehicles used to implement explicit donor strategies (Dowie, 2001; Friedman & McGarvie, 2008; Payton & Moody, 2008).

Gersick (2006) affirmed the unique role of philanthropy in the American culture:

Since the American Revolution, individuals have created small, private charitable organizations to care for the needy in their communities, reflecting the belief that private citizens have responsibility with the government to provide for the general welfare. (p. 38)

Focus on Philanthropic Foundations

The public knows little about philanthropic foundations—how they work, what they do, what role they play in society. Friedman (2008) bemoaned the lack of oral history documenting the development of contemporary private foundations. Although centers for the study of philanthropy have sprung up at Yale University, Indiana University, New York University, and others, the field for such qualitative investigation is fertile and the first crops are yet to be harvested. It was my intent to gather the stories of today's foundation protagonists, using a Houston lens to focus my efforts.

Creating a Context

While my study explored the impact of 21st century social and economic changes as private foundations interpret them, it was important to set a historical context for the concept of philanthropy in general, and for foundation philanthropy in particular. This literature review begins with an overview of philanthropy, tracing its origins and its evolution. It subsequently focuses on the private foundation component of the sector. Finally, it identifies the challenges facing the foundation community as it confronts a new philanthropic paradigm.

It must be noted many of the individual types of philanthropy included in this literature review suggested intriguing possibilities for further study. Emerging areas of inquiry included topics such as the demographics (gender, ethnicity, geography) of philanthropy, generational influences, the impact of technology, globalization, and emerging models of philanthropy, to highlight just a few. However, I rigorously avoided the temptation to be drawn into these interesting but secondary areas of inquiry.

Meaning of Philanthropy

The Merriam-Webster dictionary (2005) defined philanthropy as "goodwill toward all people; especially, effort to promote human welfare" (p. 372). A second definition in Merriam-Webster (2005) described philanthropy as "a charitable act or gift" (p. 372). Brittanica.com (2009) offered this definition: "voluntary, organized efforts intended for socially useful purposes" (para. 1). Answers.com (2010) described the concept as "the effort or inclination to increase the well-being of humankind, as by charitable aid or donations" (para. 1).

These definitions, while a useful starting point, fail to capture the complexity of actions once related to simple acts of kindness or modest monetary giving intended to aid the poor and feeble. Although the essence of charitable giving can still be understood in such basic terms, the concept of philanthropy is far more ambitious.

In *Philanthropy Reconsidered,* historian turned philanthropist George McCully (2008) posited there are three essential ways to define words: entomology, history, and conventional usage. The entomology of philanthropy is fairly well known. Coming from the Greek words *philos*, meaning love or benefaction, and *anthropos*, referring to humanity or mankind, leading to something like the love of humankind (Karoff, 2004; McCully, 2008; Payton & Moody, 2008). Aristotle and later, Plato, among other classical scholars, included the concept of philanthropy extensively in their writings and teachings (McCully, 2008). Classical philanthropy also had a political dimension. The theme of freedom overcoming tyranny and slavery recurs throughout Western cultural history.

 McCully (2008) suggested the concept of philanthropy requires a deeper understanding of classical richness and intent:

> All these associations—love of humanity, with freedom against slavery, and democracy against tyranny, with education as self-development and empowerment, and

civilization against primitiveness, and with optimism and progress in history—and the sense that they are all mutually interdependent and reinforcing, constitute what we shall call the classical or humanistic concept of philanthropy. (p. 12)

Payton and Moody (2008) moved beyond the purely definitional aspect of philanthropy, declaring, "philanthropy is about ideas and values as well as about action, about doing things. Philanthropy is always an effort to blend the ideal and the practical" (p. 4).

Transitioning these constructs to the modern time, McCully (2008) pulled from 21st century philanthropic sages John Gardner, Robert Payton, Lester Salamon, and historian Robert Bremmer to arrive at his preferred definition of philanthropy: "private initiatives for the public good, focusing on quality of life" (p. 12). McCully suggested this definition effectively distinguishes philanthropy from government and commerce, essential distinctions for the full understanding of the concept.

Brody and Tyler (2009) noted the debate over the true meaning of philanthropy is not a new one:

From colonial times, Americans have debated the role of philanthropy in our national life. The debates have reflected the diversity of our underlying view about the relationships among government, business, and civil society. (p. v)

Payton and Moody (2008) referred to philanthropy as a multiplicity encompassing many things. While it includes voluntary giving and voluntary service, their definition elaborates as follows: "Philanthropy is moral action in response to the 'human problematic.' Philanthropy over time represents the 'social history of the moral imagination'" (p. 6).

Chronological Perspective

From a solely chronological perspective, the National Philanthropic Trust (2010) served as a useful starting point. It documented philanthropic activity in the United States from John

Harvard's bequest of his library and a portion of his estate for the establishment of Harvard

University, to the Warren Buffet gift of $43.5 billion, the largest charitable gift in history.

It was more difficult than one might imagine identifying an objective history of

philanthropy. *American Philanthropy* (Bremner, 1988), referred to as "the standard brief survey

of American philanthropy" (p. vii), comes close to filling that void. In the field of philanthropy,

Bremner is respected as "a ruthless and sympathetic historian . . . putting a familiar but largely

unexamined institution into the mainstream of our civilization" (p. vi). It was interesting to note

Americans' mixed feelings about philanthropy are not new. As Bremner noted:

> We expect rich men to be generous with their wealth, and criticize them when they are
> not; but when they make benefactions, we question their motives, deplore the methods by
> which they obtained their abundance, and wonder whether these gifts will not do more
> harm than good. (p. 2)

Bremner's thorough compendium of the highlights of America's philanthropic history creates a

well-documented base for understanding of this peculiar phenomenon.

In *Charity, Philanthropy, and Civility in American History*, Friedman and McGarvie

(2008) acknowledged Bremner's work as a primary historic source of philanthropic information

through the late 1980s. Funded by grant applications with one central purpose, to replace

Bremner's (1988) *American Philanthropy*, this treatise takes a decidedly ideological perspective

on philanthropy, revisiting historical events through a lens that supports public rather than

philanthropic solutions to complex social problems.

It has taken many decades for philanthropy to become a matter considered worthy of

academic interest. It has not been studied the way the corporate and public sectors have been

studied. As noted by Payton and Moody (2008), "our opinions about philanthropy are

uninformed largely because philanthropy is something we have learned about only informally

and often haphazardly, from family, church, and tradition. Scholars have only recently been

studying it systematically" (p. 11). They posited that those who are in the professional practice of philanthropy are not "reflective practitioners" (p. 5). The focus tends to be on the how of practice rather than the what, and, more importantly, the why—foundational questions that delve into the very essence and purpose of philanthropy.

Lawrence Friedman, professor of History and Philanthropic Studies at Indiana University, also lamented the lack of substantive study of the field of philanthropy. "Until the last quarter of the twentieth century, philanthropy was not regarded as a field for systematic scholarly endeavor" (Friedman, 2008, p. 1).

Differentiating Between Charity and Philanthropy

How do we differentiate between charity and philanthropy? According to Frumkin (2006), charity is "the uncomplicated and unconditional transfer of money or assistance to those in need with the intent of helping" (p. 5). The concept of charity has deep roots in diverse faith traditions that hold that no human being should live in misery and suffering.

Philanthropy, on the other hand, is based on the principles of self-help and creation of opportunity (Frumkin, 2006). As the Chinese proverb states, "give a man a fish and you feed him for a day; teach him to fish and you feed him for a lifetime" (Lao Tzu, n.d.). Benjamin Franklin considered the concept of perpetual charity to be in direct conflict with the American values of independence and self-determination (Friedman & McGarvie, 2008).

The modern world of philanthropy has become quite complex, ranging from individual giving to institutional giving by foundations, corporations, and other entities. This can create a new kind of dependency on the part of the recipients of such philanthropic largesse (typically nonprofit organizations) that can compromise that organization's autonomy and ability to address social needs in particular ways (Frumkin, 2006).

Positioning Philanthropy in the 21st Century

Chapter I offered a detailed historical perspective on philanthropy. Like every aspect of modern life, philanthropy is experiencing revolutionary changes. New players are reconfiguring the traditional milieu in which significant giving was defined by the largesse of high wealth individuals who created investment vehicles that enabled their personal giving. This evolution will result in a very different kind of philanthropy in the 21st century. Managing change, always a daunting prospect, is exacerbated by the diverse and powerful forces that impact philanthropy's current evolution.

These emerging change agents comprise the realities transforming philanthropy. The following pages provide an overview of the demographic, ethnic, technological, and global realities among the most significant influencers. As noted at the outset of this chapter, many of the subjects I referenced offer rich potential for more in-depth research. My intent here was to create a useful context that would enrich understanding of my study, one that is focused on Houston foundation philanthropy.

Types of Philanthropy

Philanthropy has evolved significantly since its early days. Twenty-first century philanthropy is a mosaic comprised of diverse cultures, causes, philosophies, and practitioners. Each surely lends itself to further study and substantive research. Nonetheless, I felt it was important to set the stage for my inquiry with a high-level overview of these philanthropic nuances.

Gender and philanthropy. Historically, American philanthropy was defined and practiced primarily by men. However, from the earliest days of this country, women donated their efforts to aiding widows and children, as well as helping soldiers and their families during

times of war and disaster. During those early days, it was acceptable for women to be engaged in charitable activity, although their giving was often tied to their husbands' wealth (Taylor & Hardy-Shaw, 2006). Through philanthropy, women became involved in public interest issues and built civic and social networks. However subtly, women have historically been a catalytic force for social change (Astin & Leland, 1991). In 1850, Lady Byron provided financial support to the New York Infirmary for Women and children; soon after, in 1875, Sophie Smith endowed the first women's college that bears her name today (Clift, 2005).

In the early 1980s, women began to organize to increase the amount of money directed to women's issues through self-developed philanthropies. In April, 1985, 20 established funds met in Bethesda, Maryland, a gathering that led to what is now known as the Women's Funding Network (WFN). From those early beginnings, the collective assets of women's funds are over $190 million and growing. These efforts have increased awareness of the importance of funding, not only of women's issues, but also of democratic and social change issues (Clift, 2005).

From a professional perspective, women's volunteer efforts were transitioned to their dedicated employment in the nonprofit sector. According to a 1999b survey by the Council on Foundations, women held half of foundation CEO positions, 68% of program officer posts, and 93% of support staff positions. While this would suggest that women-oriented giving dominates the foundation world, the reality is that most decision-making takes place at the board level.

The general result is that foundation giving continues to support traditional social causes and, although women may represent a significant component of the foundation workforce, it does not appear they have exercised significant influence in creating systems change. Definitive information about women and philanthropy continues to be illusive.

Generational perspective. The Greatest Generation set the stage for modern

philanthropy. These were the men and women who lived through the Great Depression,

experienced the beginning of the New Deal, fought and won World War II, and returned home to

build the strongest economy in history while giving birth to the Baby Boomers.

Despite the prosperity that burgeoned in years after the war, this generation was frugal

and cautious, marked forever by the lessons learned during the depression and a world war.

Defined by their patriotism, belief in institutions, and respect for authority, this cohort was most

likely to give through faith-based organizations or recognized organizations such as the Red

Cross, the Salvation Army, or the United Way (Brinkerhoff, 2007).

There are many previously unknown factors at work in the world of philanthropy. One

that garners tremendous media interest and attention is the coming of age of the Baby Boomers

(people born from 1946 to 1964). This age cohort is distinguished by an unprecedented level of

money, education, and experience that translates to a defining legacy. With literally thousands

(or perhaps hundreds of thousands) of corporate and community leaders eager to make a

difference, Baby Boomers are poised to target a range of social needs that can be impacted

during their lifetime.

This is the generation that was at the forefront of an array of social movements—

feminism, equal rights, and environmentalism. It should not be surprising that they view giving

as a means of continuing their lifelong passion for social justice and change.

Baby Boomers think and act globally. They are widely traveled and tuned into world

events around the clock via ever-expanding electronic communication vehicles. News of

tragedies such as tsunamis and hurricanes is instantaneous. Viewers watch as human tragedies

unfold around the world and can transmit their online philanthropic response instantly. Beyond

the immediate impact of their philanthropy, there is the message that will be transferred to their children—that of commitment to community (Raymond & Martin, 2007).

However, the philanthropic profiles of successive generations pose different challenges. The Gen X cohort (people born from 1963 to 1980) values independence and self-reliance. Divorce and working mothers made them the first generation of latchkey kids. Thus, they are likely to be self-reliant, independent, and resilient. Through the economic downturn of the 80s, they were often well aware of the job layoffs and insecurity of their parents. While they are career-focused, that does not translate to loyalty to a single employer. They dislike authority and rigidity and place strong emphasis on work-life balance. They grew up with video games, cable TV, and the rise of the personal computer.

The Gen Ys, or Millennial (people born from 1981 to 2002), are likely to be the children of the Baby Boomers. They were born into a high-tech world and are hard-wired for technology. Their educational experience introduced them to diversity at an early age and they are likely to be comfortable in a multi-ethnic, multicultural world. This group has a strong team orientation and is most likely to socialize in groups rather than pairing off.

Youth and philanthropy. A growing network of young people's organizations has sprung up. Since the mid-1980s, more than 250 of these groups have been identified. They are typically comprised of donors under 35 who want to use their resources specifically for social change. Organizations such as Active Element Foundation, Do Something, Emerging Practitioners in Philanthropy, Foundations for Change, and the Ladybug Foundation are just a few in this emerging field.

> Underlying the concept of youth philanthropy are the set of common values about encouraging, respecting, and recognizing the contributions of young people and reinforcing the idea that everyone has the responsibility to contribute to the social health of communities. (Garza & Stevens, 2002, pp. 4-5)

Ethnic giving patterns. The 20th century launched the Industrial Revolution, providing gainful employment to the waves of immigrants fleeing untenable conditions in their homeland. While individuals of European ancestry made up the backbone of 20th century American philanthropy, donors of the 21st century will look markedly different. As the 20th century came to a close, ethnic populations fueled the nation's growth. By 2000, 39% of Americans were a race other than White (Morial, 2007).

In recent decades, minorities in the U.S. have made significant economic gains. Growth in philanthropic giving has mirrored economic progress. Causes supported by minorities are most likely to be education and economic empowerment and social justice. Philanthropy begins young in ethnic communities. Their giving tends to favor causes or issues that affect them directly as opposed to institutions or organized philanthropies.

Newman (2002) offered an overview of ethnic giving patterns, noting African Americans were more likely to give to their church, Hispanics to community-based organizations, and Asian Americans to ethnic cultural institutions. Within these individual cultural communities, there are significant differences between older and younger groups. Older African Americans, Hispanics, and Asian Americans tend to target their philanthropy back into organizations that serve their own ethnic groups, while their younger counterparts give to organizations that emphasize individual attainment. These generational giving patterns have profound implications for philanthropy in a multicultural environment (Morial, 2007).

There are competing assumptions that challenge nonprofit organizations and fundraisers: first, that everyone should be treated equally (translation—exactly the same); and, alternately, that race and culture matter (Newman, 2002). Many nonprofit organizations, believing they are uniquely sensitive to issues of diversity, are rigorous in their efforts to treat everyone the same,

regardless of background or heritage. This misunderstanding yields disappointing results from both client service and fundraising perspectives.

According to the 2010 Census, nearly one-third of the population is comprised of diverse ethnic groups; in many regions (such as California, New York, and Texas), the proportion is even higher. Given that nonprofits are largely dependent on individual giving for their base of support, their approach to fundraising, if they are to remain viable, must change.

Additional misconceptions compromise the likelihood of successful fundraising. In this regard, treatises such as *Cultivating Diversity in Fundraising* by Petty (2002) are part of a growing body of research to counter the perception that certain racial groups are not philanthropic. Further, there is an assumption that donors will be unresponsive if solicited by individuals representing a cultural or ethnic background different from their own. Given the very small number of diverse fundraisers, this belief is clearly held by many nonprofit organizations.

Fundraising efforts in the United States are directed largely to Whites. As the populations become more diverse, organizations that continue to focus their fundraising efforts on a declining donor base will find themselves struggling for survival. In point of fact, the income level of diverse groups is rising faster than that of the overall population. This wealth is more recently acquired, so these potential donors are likely to make better prospects than those who have already established their giving priorities and commitments.

In January, 2002, *The Chronicle of Philanthropy* prepared a special report entitled "Tapping Ethnic Wealth." Author Michael Anft acknowledged the difficulty in accessing these new, diverse sources of wealth. In his view, traditional fundraising strategies will not readily overcome barriers that include strong ties to home countries and mistrust of mainstream

nonprofit organizations. He emphasized the need for creativity and ingenuity in the development

of strategies to reach new populations and cited examples such as the New America Alliance in

Tyson, Virginia; Coalition for New Philanthropy in New York; Associated Black Charities of

Maryland in Baltimore; and the North Carolina American Indian Fund to illustrate innovative

approaches to ethnic fundraising.

Although ethnic groups have long been stereotyped as receivers rather than givers, the

reality is quite different (Council on Foundations, 1999a). Giving may be done in ways less

easily measured—contributions to grass roots groups, neighborhood associations, churches, and

family members. Some very affluent individuals within ethnic groups direct their giving to large

universities and high profile cultural institutions as a means of gaining access to mainstream

social or professional networks. Giving to ethnic causes is not always a priority.

According to *Catalyst* (2011), the buying power of African Americans and Latinos

jumped 294% and 605% respectively in the decades between 1990 and 2010. The challenge is

how to direct at least some of this revenue to philanthropic causes. In *Strategic Giving*, Frumkin

(2006) acknowledged the diversity of philanthropic giving in the 21st century.

> Across all economic classes, racial divides and ideological boundaries, donors have given
> to problems, issues, and institutions that mean something to them. Although it is unlikely
> that in every case social welfare has been maximized, in aggregate, philanthropy has
> certainly contributed to the public good. The private visions of donors and the beliefs
> that these acts of giving represent constitute a chorus of voices directed toward different
> audiences and delivered in very different keys. The result, however, is not dissonance,
> but rather a novel chorus that sounds different depending on where one is sitting and how
> one listens. (p. 367)

Emerging Trends in Philanthropy

Impact of technology. Historically, philanthropy was driven by large nonprofit

organizations focused on relationship building designed to lead to significant giving that would

benefit their institutions. Although the acquisition of major gifts was typically the result of an

extended period of person-to-person cultivation, general giving was essentially passive—organization solicits a gift, donor writes a check, organization receives check and delivers direct services to intended recipient. Donor is sent gift acknowledgement.

In today's internet world, while long-time fundraising strategies such as direct mail and telephone solicitation may still be effective among older donors, younger audiences require an array of new strategies. An attractive website and online giving capabilities are baseline minimums for 21st century fundraising; cutting-edge philanthropy is being conducted via blogs and social networking sites (Brinckerhoff, 2007).

However, the implications of a wired world are not simply about the latest hardware and software. Technology has created worldwide awareness of causes and issues and has facilitated giving that is direct and immediate. Disasters such as September 11th, the Indonesian tsunami, and Hurricane Katrina introduced vast numbers of donors to online giving. What is still not clear is whether technology can network the donor, the nonprofit organization, and the ultimate client beneficiary in a collaborative effort to facilitate change (Raymond & Martin, 2007).

At the same time, technology has the potential to expose charities that are not well managed and that lack the operational infrastructure required to remain fully transparent and accountable for use of donations. Mismanagement or other scandalous practices revealed in prominent national organizations increase the public's inclination to mistrust all nonprofits. This has proven especially problematic for the legions of small, under-capitalized nonprofits that have sprung up by the thousands during the last decade.

A further challenge for smaller, low-budget organizations may be access to technology. While nonprofits were slow to move into the age of technology, often dependent on donated hardware and software, in today's world most nonprofits have acquired a basic level of

technology. Nonetheless, many feel disadvantaged by their inability to keep up with

technological changes, to acquire the upgrades and enhancements that are taken for granted in

the for-profit world, and to secure staff that have the IT skills needed to maintain databases,

networks, websites, and other technological enhancements. Social media have added an entirely

new level of complexity for the nonprofit sector.

Globalization of philanthropy. Once essentially a cottage industry that was primarily

local in scope and impact, philanthropy has been hurtled into a global environment. Local

causes and issues are being supplanted by international awareness of AIDS in Africa, genocide

in Darfur, and starvation in India. Local organizations find themselves in an extremely

competitive environment, often lacking the marketing skills required to maintain or grow market

share of donations.

Statistically, the United States continues to lead the philanthropic world. According to

the CAF International Comparisons of Charitable Giving (Clegg & Pharoah, 2005), giving as

part of the U.S. GDP (gross domestic product) is more than twice that of other countries studied

(see Table 2.1).

Table 2.1

Global Giving as Part of Gross Domestic Product (GDP)

Country	% OF GDP
United States	1.67%
United Kingdom	.73%
Canada	.72%
Netherlands	.45%
Singapore	.29%
Germany	.22%
France	.14%

However, according to Raymond (2004) in *The Future of Philanthropy*, Europe is poised for a strong surge in philanthropic activity. Facing significantly reduced public resources, a strong nonprofit sector, and revised government policy designed to favor philanthropy, European countries are experiencing a resurgence of individual giving.

The internet spawned an explosion of organizations dedicated to international causes. Organizations like the Global Philanthropy Forum (2011) seek to build "a community of donors and social investors committed to international causes" (para. 1). While U.S. giving to organizations in the international sub-sector equaled $11.34 billion, this represented a 9.2% decline when compared with the prior year. Most American global giving responds to crisis, disasters, and man-made conflicts. Because such giving is based on sympathy rather than strategy, it does not represent a consistent pattern of philanthropic support (Raymond, 2004).

There is yet another factor that influences global giving. The United States is absorbing more than a million immigrants annually. Approximately two-thirds are here legally, with another third lacking documentation. Immigrant giving is directed to communities in which newcomers live, as well as to those countries from which they emigrated. In 2002 alone, it is estimated $32 billion was sent to Latin America by foreign-born workers (Raymond, 2004).

New Models of Philanthropy

Strategic philanthropy. Strategic philanthropy refers to the concept of giving to nonprofit entities in a way that strategically advances the donor's personal interests (Stannard-Stockton, 2007). Family foundations were once the purview of high wealth individuals who had the capital to sustain giving well beyond their lifetime. The 21st century world of philanthropy has opened giving venues to folks of more modest means. In 1991, Fidelity Investments launched their Charitable Gift Fund, the first national donor advised fund associated with a for-

profit financial services firm. Fidelity clearly struck a chord with their captive investment customers. In just 15 years, the fund has made more than $5 billion in grants to 95,000 nonprofit organizations. Recognizing the commercial potential of this concept, both Charles Schwab and Vanguard have launched similar funds.

Another burgeoning trend on the philanthropic horizon is the growth of family foundations; 65% of all family foundations were established after 1990. While the Bill and Melinda Gates Foundation remains the largest family foundation at $29 billion in assets, young donors are setting up foundation structures with far more modest asset-bases (Stannard-Stockton, 2007).

Corporate social responsibility (CSR). Historically, corporations were likely to engage in a modest level of charitable giving. It tended to have a local focus, often tied to involvement of senior mangers on nonprofit boards or committees. Sponsorships for galas and golf tournaments were a dependable source of revenue for community organizations, particularly those who fell in the prestigious SOB (symphony-opera-ballet) category. Investors turned a blind eye to that sort of giving as it was modest at best and afforded a certain cachet.

As corporate scandals jolted corporate boards and investors out of their complacency, giving was suddenly subject to high levels of scrutiny. While marketing funds remained for sponsorships and underwriting, new mandates require philanthropic giving be closely aligned with corporate strategic objectives—environment, education of the workforce of the future, and quality of life to attract talented employees.

International corporations are adopting corporate social responsibility policies. With a growing global presence and workers scattered all over the world, corporations must demonstrate their willingness to invest in the communities that house their plants and provide workers. One

aspect of the CSR imperative is the need to keep up with society's expectations. Good managers are adept at maintaining a company's reputations and managing its risks. Negative information spreads rapidly in the 21st century so it is, in a sense, enlightened self-interest that reinforces the case for CSR. Even investors, once loath to see how charitable giving could increase shareholder value, are now recognizing the value of taking a positive CSR stance. Ultimately, it is the interaction between a company's values and marketplace competence that determines its success. Some financial analysts are now looking at an organization's CSR policy as a strong indicator of the quality of its management.

Social entrepreneurship. According to Jack (2008), in *The Economist*, there is a new breed of social entrepreneurs who may well represent the next generation of philanthropy. Taking the significant wealth generated in the information technology and financial services industries, these individuals blend capitalist strategies that combine financial rigor and risk tolerance to invest in disruptive technologies that can have a real impact in developing countries.

In their book, *The Power of Unreasonable People* (2008), Elkington and Hartigan posited, "social and environmental entrepreneurs share the same characteristics as all entrepreneurs. They are innovative, resourceful, practical, and opportunistic. . . . What motivates many of these people is not doing the 'deal' but achieving the 'ideal'" (p. 3). In this motivational framework, social entrepreneurs develop and operate new ventures that deliver social returns on investment.

A nuance of this social entrepreneurship is what is known as social change philanthropy. Historically, foundation grantmaking has benefited direct service programs, those that provide an important social safety net but fail to facilitate policy changes with the potential of solving social problems at their root cause. Social change philanthropy focuses on marginalized and

disenfranchised communities, targeting grass roots rather than established organizations. The goal is change rather than charity.

Social justice grantmaking. The movement known as social justice grantmaking has addressed an array of social issues but has been most active in the realms of economic and community development, civil rights and civil liberties, and support for housing and shelter among both large national and smaller local foundations. It may be defined as "the granting of philanthropic contributions to organizations that work for structural change in order to increase the opportunity of those who are the least well off politically, economically, and socially" (Lawrence, 2005, p. 1). From its inception, philanthropy has given voice to those on the margins of society. Because social justice philanthropy often goes against the established order, much of this type of grantmaking is done by smaller foundations that have identified a justice-oriented mission.

Philanthropy is well suited to work on issues of social justice because of the relative autonomy and independence of the foundation community. Although governments have, at time, made progress in the social justice arena, there are also times when they have appeared hostile to this goal. The achievement of social justice requires vision, flexibility, and commitment, often over a long period of time. While philanthropy alone cannot achieve social change, it can provide long-term support for organizations, researchers, and advocates who work to make social change possible (Smith, 2001).

Cause-related marketing (CRM). Cause-related marketing appeared on the business landscape in 1983 when American Express launched the effort to raise funds for the Statue of Liberty restoration. In 2004, American Express underwrote the cost of a documentary for the History Channel to encourage individual donations for the statue's renovation. In conjunction

with an aggressive media campaign, the company also donated a penny for every purchase made with its cards, raising more than $19 million.

Typically, cause-related marketing matches corporate strengths with a specific cause, then uses promotional strategies to raise funds for the cause and awareness for both the cause and the company. Such efforts represent tremendous goodwill for the corporation.

While pure philanthropy is regarded as a gift, cause-related marketing tends to have a strong point-in-time promotional element that can help to drive sales within a specific window of opportunity. Cause branding has a longer-term perspective, taking the relationship a step farther in a way that creates a long-term association with the cause. Examples of such an initiative would include Target's Take Charge of Education and Avon's Breast Cancer Crusade—both have become inextricably tied to these efforts.

Societal Impact

Change agent. In his book, *Strategic Giving: The Art and Science of Philanthropy,* Frumkin (2006) posited that philanthropy operates at five levels of change: individuals, organizations, networks, politics, and ideas. In his view, donors do not have a sense of what type of change is produced by giving at each of these levels. He believed it is critical funders understand the impact of their giving at each of these levels to achieve desired outcomes.

It is important to get a sense of the way philanthropy operates across this complex funding plane. Table 2.2 displays Frumkin's theories of change related to philanthropy.

Table 2.2

Theories of Change

Level	Components	Challenges
Individuals	Training and developing next-generation leaders Programs focused on self-determination	Long-term view requiring patience Units of change are small
Organizations	Create and support strong organizations by building capacity (consulting, training, technical assistance, planning) Clear and immediate results	Some existing organizations lack infrastructure to benefit from capacity building Building new capacity through creation of new organizations can be costly, duplicative, time-intensive
Networks (collaborative ventures)	Sharing of best practices, pooling of common resources, mobilize advocacy efforts Take innovation to scale	Outcomes from interaction of individuals and organizations unpredictable; Requires much extra work Requires a high level of consensus Can be costly
Politics	Support projects that encourage civic engagement Encourage nonprofits to education and inform the public, policy makers Underwrite policy research Fund organizations that do direct lobbying on specific issues	Potent legal pitfalls Difficult to measure cause and effect
Ideas	Support the production of new paradigms Achieve breakthroughs in basic knowledge	Difficult to prove results High level of risk Hard to translate into practice

Note. Replicated from Frumkin (2006, p. 179).

There are many issues related to the levels of change in which philanthropy operates. While it may appear the levels of change described here build neatly upon each other, the reality is that funding may occur simultaneously across all levels. Typically, funders (whether large foundations or individual donors) may lack understanding of how change occurs at various levels or how the levels interact. More recently, as foundations recognize the uncertainties inherent in predicting or measuring the success of investments focused at macro versus micro levels of change, they are revisiting their assumptions. Grappling with the difficulties inherent in changing large bureaucratic public systems, they are beginning to acknowledge that their success is less the result of their own ingenuity, but rather on the strength of their grantees' accomplishments (Bailin, 2003).

Social return on investment. As they move from the charity to philanthropy continuum, 21st century donors view their community investments in much the same way they evaluate all their financial investments. They are sensitive to risk and are looking for substantial returns. In the world of philanthropy, returns are measured in terms of social capital rather than dollar values—lives changed in a positive way.

On the change continuum, it is easier to control outcomes related to a single individual (scholarships, for example) or organizations (a particular program) than it is to influence results on a broader scale. In instances where many organizations are involved in a collaborative effort, or, even more radical, an attempt to impact change via policy (fraught with political pitfalls), or even more esoteric, through ideas, there is greater risk and outcomes are less predictable.

Freedom and Responsibility

Philanthropy can be a powerful force for social change. It is free from marketplace constraints, unhampered by shareholder mandates, and historically unregulated by legislative

bodies. This freedom can, of itself, have a corrosive limiting influence, causing philanthropic decision makers to fall victim to their own hubris, losing sight of the power their influence wields (Collins, 2004).

There is a weight of responsibility that should infuse philanthropic decision-making. The trend today is to impose businesslike measures on nonprofit entities. While it is true there are certain business measures that lend themselves well to nonprofit evaluation, the focus on concepts such as going to scale, branding, value chain, and strategic return on investment (SROI) may actually reduce the ultimate impact of philanthropic dollars. If precise increments of numerical change are the ultimate measure, the likely results will be disappointing.

Defining Content—Foundation Philanthropy

The philanthropic sector has grown significantly in recent decades. In addition to the large national foundations with substantive endowments, there are a growing number of smaller, family foundations. Community foundations provide new giving venues for individuals, families, and corporations. Entities such as Fidelity and other financial service firms have recognized the profit potential of donor advised charitable funds.

Despite their tax-exempt status, foundations and trusts were typically invested heavily in the market. Consequently, their giving is closely tied to the marketplace. For instance, when Hewlett-Packard stock lost 50% of its value between July and October, 2001, the assets of the Packard Foundation plummeted (Raymond, 2004). Based on the Foundation Center's most recent estimate, the U.S. philanthropic endowment corpus was estimated to be about $618 billion in 2010. This estimate does not include some of the more controversial new entrants into philanthropy—donor-advised funds managed by Wall Street investment firms.

There are other forces shifting the view from that of traditional philanthropy to new permutations. Concepts such as cause marketing, social entrepreneurship, and micro-enterprises—and the attendant publicity these ventures receive—are causing donors at all giving levels to rethink their approach.

Situating the Researcher

The United Way is rather a hybrid nonprofit organization—one that is both a grantor and grantee. I represent the more-than-money side of the organization, facilitating the capacity building services that support the local nonprofit sector. This unique role has enabled me to embrace all aspects of the fundraising world: supporting the fundraising efforts of my own organization while coaching other nonprofits to become more effective fundraisers.

It has also allowed me to develop broad-based relationships with the local foundation community. They refer prospective grantees to capacity building services provided by United Way's Management Assistance Program, and consult with me on funding decisions, particularly those involving grant-seekers of questionable capacity.

As a member of the Greater Houston Grantmakers Forum and the Houston chapter of Women in Philanthropy, I join my colleagues in assessing community concerns and pondering strategies to address those issues. We find ourselves moving from discussions about programs to debates about systems change—how do we shift local giving from charity to community investment? It is a relatively new conversation.

New questions percolate: what is the role of philanthropy in a diverse, multi-cultural, global, rapidly changing world? How do nonprofit organizations secure philanthropic support from new donors whose history is unknown, whose interests are unclear?

This is a reality being felt nationally across funding organizations. The new conversation within the foundation community is about high-engagement philanthropy. National organizations such as Grantmakers for Effective Organizations, the Center for Effective Philanthropy, and the Council on Foundations are conducting broad scale qualitative and quantitative research with the goal of transforming traditional grantmaking patterns into new, high impact systems change efforts.

Definitions

What is a foundation? The IRS distinguished foundations from other nonprofit organizations by the breadth of their donor base. Foundations are supported by a relatively narrow donor base in contrast with other nonprofit entities that depend on a broad base of donors. F. Emerson Andrews, former President of the Foundation Center, defined a foundation as follows: "a non-governmental, nonprofit organization having a principal fund of its own, managed by its own trustees or directors, and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare" (as cited in Holcombe, 2000, p. 7).

History of Foundations

Perhaps Plato was the first to endow a philanthropic activity with his bequest for the perpetual support of his academy; his intent was continued until the Roman emperor terminated it some 200 years later for promulgating pagan doctrine. Centuries later, Benjamin Franklin's bequest of 1,000 pounds silver led to the permanent endowment of the Franklin Institute of Philadelphia and the Franklin Institute of Boston (Holcombe, 2000).

Beginning with Franklin's intent, the modern concept of foundations continued to evolve, leading to a long-standing debate about their proper role: is it charity, benefiting the needy; or

philanthropy, more broadly aimed at serving the public good? Is society better served when

foundations attack the root causes of issues, or when they respond to their effects? With their

broad mandates directed toward lasting benefit for society rather than short-term amelioration of

specific social ills, industry icons such as Andrew Carnegie and John D. Rockefeller inaugurated

a new direction in foundation philosophy.

While some highly successful individuals were perceived to have established their

philanthropic institutions as a means of enhancing their personal prominence (or, in some cases,

countering their negative images), others acted from deep personal beliefs. In *Gospel of Wealth,*

Carnegie (1889) articulated his view that the wealthy had an obligation to use their resources to

provide the greatest good for mankind. It is worth noting these early philanthropists created their

foundations before the advent of tax policy that benefited the creation of such institutions.

Critical Issues Facing Foundations

During the first half of the 20th century, foundations maintained a low profile, attracting

little attention from those outside the sector. However, the second half of the century generated

recurrent episodes of intense scrutiny.

Foundations were caught up in the paranoia that swept America during the McCarthy era.

Accused of misuse of funds and allocation of funds for un-American and subversive activities,

foundation leaders recognized the need for greater transparency and accountability in their

operations if they were to avoid more restrictive legislation and continued public misperception

of foundation activities (Dowie, 2001; Frumkin, 2004, 2006).

While earlier Congressional committees including the Reese and Cox Committees, had

little substantive impact, the 8-year inquiry initiated by Congressman Wright Patman led to

passage of the Tax Reform Act (TRA) of 1969, setting in place major regulations that continue

today (Bremmer, 1988; Clotfelter & Ehrlich, 2001; Fleishman, 2007). Shortly after the passage

of the TRA, the Council on Foundations, the Foundation Center, and the National Council on

Philanthropy established a special committee to foster communication among and advocate on

behalf of foundations (Frumkin, 2004). Chaired by former Cabinet Secretary John Gardner, and

comprised of foundation representatives and a dean from Harvard University, the committee led

to the emergence of the Council on Foundations as the primary voice for the foundation field, a

role that continues in the 21st century (Frumkin, 2004).

Call for Transparency

When the Foundation Center (then known as the Foundation Library Center) was

launched in 1956, there were approximately 5,000 philanthropic foundations operating in the

United States. Meetings among large foundations led to the creation of the Foundation Library

Center, an attempt to lift the veil of secrecy from foundation operations. An extensive database

of foundations provided comprehensive information about foundation operations and

grantmaking practices. The goal was to preserve foundation philanthropic autonomy by

providing data in a user-friendly and readily accessible format (Smith, 2001).

A half century later, with more than 120,000 grantmaking foundations now catalogued in

the Foundation Center's database (Lawrence & Mukal, 2011), many of the same forces that

faced their antecedents are defining the current environment: rapid growth in the number of

foundations, emerging philanthropies dwarfing older foundations, simmering about

Congressional inquiries, public misperception about philanthropy, and high profile scandals

(Smith, 2001).

Effectiveness and Accountability

The calls for foundation effectiveness and accountability have become more strident in the 21st century. It is difficult to imagine a foundation would opt for practices that are ineffective and seems reasonable to assume donors hope to accomplish something with their gifts. However, it is difficult to define and quantify effectiveness (Fleishman, 2007; Frumkin, 2006). Armies of consultants stand at the ready to offer their guidance; nonetheless, there is no real consensus about either the term or its proper measurement.

Porter and Kramer (1999) decried the state of current foundation practice, asserting foundation resources are scattered and staff spread too thinly across too many small grants, precluding any meaningful, long-term impact. Proposing a new agenda for foundations that includes the creation of new strategic, evaluation, and governance mechanisms, Porter and Kramer suggested the status quo is a dubious option. "Until foundations accept their accountability to society and meet their obligation to create value, they exist in a world where they cannot fail. Unfortunately, they also cannot truly succeed" (Porter & Kramer, 1999, p. 130).

Foundation practitioners define foundation effectiveness as practices that lead to grantmaking that is transparent, respectful, and leads to positive social change (Orosz, Phillips, & Knowlton, 2003). The topic of foundation effectiveness is an emergent topic that has engendered a growing array of studies by organizations such as the David and Lucille Packard Foundation, the Hauser Center for Nonprofit Organizations at Harvard University, and the Center for Effective Philanthropy. This work bodes well for the future of foundation philanthropy. At the same time, it is essential that foundations continue to demonstrate their

effectiveness in order to preempt growing pressure for increased regulation and public

accountability (Orosz et al., 2003).

Accountability is a close second on the list of foundation foibles. If it has been their

freedom that has enabled foundations to confer the extraordinary benefits on society they have

over the past century (Fleischman, 2007), then what is the cure? In many ways, accountability is

as vague a concept as effectiveness (Frumkin, 2006). Increased transparency through

information sharing has been one response of the foundation community. This step has yielded

significantly better understanding of the field of philanthropy, though it lacks the rigor of a true

accountability process for many critics.

A second response to the accountability issue has been the professionalization of

foundation staff. Philanthropic professionals have created standards of conduct, training

programs, and a body of knowledge to guide grantmaking.

Granted tax-exempt status by the IRS under the 501(c)(3) designation, they are not

entirely tax-exempt. Unlike other charitable organizations included in the IRS 501(c) tax

category, foundations are required to pay a 2% tax on net investment income. This mandate was

part of the Tax Reform Act of 1969, legislation that imposed excise taxes on specific activities

and penalties for failure to meet the payout requirement. Its purpose was to end or prevent the

perceived abuses of large, politically influential national foundations. More recently, the

Pension Protection Act of 2006 increased all of these penalty taxes (Allison, Gallagher, & Slugg,

2010). Foundations must make minimum annual distributions of 5% of their investments to

avoid imposition of the varied penalties described in the applicable tax codes.

Impact of 2009 Recession

Following more than a decade of increased giving to nonprofit organizations, foundations were not immune to the global economic crisis. With an average 22% drop in assets, as many as 50% of foundations surveyed reduced their giving in 2008, with declines projected to continue into 2009 and 2010 (Lawrence, 2009). As the primary repository for information regarding foundation performance, Lawrence and Mukal (2009) continued to monitor giving through 2009, reporting a higher-than-anticipated double-digit decline in grantmaking in their *Year-end Outlook for Giving and the Sector*. The same study projected giving would continue to decline in 2010. Funders reported the economic crisis has resulted in more strategic grantmaking, suggesting the sector will emerge stronger from the crisis, though there will be fewer nonprofit organizations.

New Challenges Facing Philanthropic Foundations

Elimination of the philanthropic deduction. In recent history, there is the frequent contention that the preferential tax treatment afforded foundations should be eliminated, that such deductions represent lost tax revenue that should, instead, accrue to the government. Proponents of this position claim the exemptions afforded foundations cost the government billions of dollars annually (Damon, 2006; Dowie, 2001; Fleishman, 2007).

Related to this position is the public money debate in which proponents claim the tax exemption represents a direct public subsidy or grant, with the result that the money is, therefore, public (Schramm, 2006). Thus, the argument continues, the public (government) may determine how monies are spent.

The Philanthropy Roundtable countered this assertion with a monograph entitled *How Public is Private Philanthropy? Separating Reality from Myth* (Brody & Tyler, 2009). In this

carefully documented work, noted legal scholars presented their conclusion that the public money claim is not well founded in legal authority. Nonetheless, this effort is not likely to deter those who seek to control the way in which philanthropic dollars are spent (Lammi, 2009).

According to a *New York Times* article on the topic, the tax-exempt status of charities costs governments some $8 to $13 billion in lost revenue (Strom, 2009). In what is described as the first study of its kind, Shapiro and Mathur (2008) provided strong evidence to counter this belief, demonstrating foundation philanthropy generates far greater value than is represented by the corresponding tax benefits. The $42.9 billion in foundation support disbursed in 2007 translated to $512 billion in additional household income, and some $145 billion in additional government revenues. While benefits vary across specific grant areas, each dollar foundations invest in grants and support produced an average return of $8.58 in direct economic welfare benefits (Shapiro & Mathur, 2008).

The researchers challenged the assumption that elimination of the philanthropic deduction would translate to a quid pro quo increase in tax revenue. Their analysis suggested the activities of private foundations and the nonprofits they support generate revenues at least three times the estimated losses. According to Shapiro and Mathur (2008), "on balance, the very substantial economic and social benefits produced through the funding and other activities of private and community foundations argue strongly against taxing the assets of income that ultimately produce those benefits" (p. 34).

In the opening months of the Obama administration, a proposal to eliminate the charitable tax deduction for the highest income tax brackets was presented. Oddly enough, only generous donors would be penalized by the new plan; the uncharitable rich would remain unscathed. In addition, based on a sizeable body of research, the proposal would likely reduce overall giving

by 10% or more, making it effectively a tax on nonprofits already suffering from the economic recession (Domenech, 2009). Although the measure was voted down, it soon resurfaced (Billet, 2009).

On February 1, 2010, the Obama administration re-introduced elimination of the philanthropic deduction as a cornerstone of its new budget. Observers posit such a move would increase the cost of making a charitable donation by nearly 20%, dampening giving at a time when the nonprofit sector is reeling from the impact of the worst recession in decades (Gerson, 2010).

Public versus private money debate. Related claims suggest there should be legal limits on the purposes philanthropies can serve, they should adopt externally determined goals such as diversity or social justice, and government or other bodies should determine board composition and recipients of philanthropic investments (Brody & Tyler, 2009). Regardless of the issue, there is little evidence government has the ability to solve social problems in a meaningful way. When measured against social programs, nonprofit hospitals, clinics, food pantries, and after school programs, philanthropic initiatives achieve dramatically better outcomes at significantly less cost (Billet, 2009). Nonetheless, organizations like Greenlining and National Center for Responsive Philanthropy are aggressively pushing their agendas in a political climate that appears to be receptive to their ideological demands for control over philanthropic governance and giving (Billet, 2009).

Regulatory issues. The growing number of regulations and mandates on the activities of philanthropic foundations are burdensome and costly, diverting funds from charitable activities that have direct benefit for society. Beyond the expense of compliance, there is the real threat to civil society, a society in which citizens enjoy the free expression of thought and action. The

nonprofit sector has long been perceived as a threat to politicians and bureaucrats who view it as an impediment to their individual agendas. Ironically, it should be stated that creation of new foundations or substantive increases in philanthropic giving are less sensitive to tax policy regarding deductibility than to tax laws that penalize income, suggesting lower income tax rates are the most accurate predictors of increased charitable contributions (Holcombe, 2000).

Nonprofit foundations are not the only category of beneficiaries of favorable tax treatment. The Office of Management and Budget documents 45 categories of preferential tax policy, costing the government more than a billion dollars each in lost tax revenue. In fact, when compared with other privileged categories such as the mortgage interest deduction, retirement savings accounts, depreciation of buildings and equipment, to name a few, the impact nonprofit foundations have on tax revenue is quite modest.

Limited life and endowment spend-down. Until recent history, one of the best-known philanthropists to impose a limited lifespan on his found foundation was Julius Rosenwald. Established in 1917, the Rosenwald Fund set out to address immediate educational needs in the rural South; Rosenwald was a vociferous advocate of the sunsetting concept, actively encouraging his peers to follow his example.

More recently, the Aaron Diamond Foundation chose to spend out its assets in 10 years. In the 10 years between 1987 and 1997, scope of Diamond Foundation investments made a profound impact on the fight against AIDS. Irene Diamond does not proselytize about the practice of foundation spend-down. Nonetheless, she is very clear that the approach she and her husband chose allowed them to have a far greater impact that would have been possible with a modest 5% annual payout (Dowie, 2001).

Until mid-2008, there was a growing chorus of voices calling for foundations to address their embarrassment of riches created through aggressive investment management, yielding as much as 20% annually. A groundswell of articles and reports clamored for significantly increased payout and timeline for distribution of assets (Thelin & Trollinger, 2009).

Suddenly, unexpectedly, these same foundations were faced with plummeting asset values (as much as 35%), and, heavily invested in the stock markets, many of these same entities were further debilitated by the Madoff and similar Ponzi schemes that had deluded trusted investment managers (Thelin & Trollinger, 2009).

Arguments on both sides of the perpetuity issue are compelling. On the one hand, today's problems are so overwhelming, it is irresponsible for future generations to benefit from wealth being created today. Further, there is the very real lack of confidence among founders of contemporary foundations that subsequent generations will share their values and steward funds responsibly (Fleishman, 2007).

Countering this perspective are those who caution that the desire to respond to immediate needs precludes the ability to maintain a longer-term perspective. Donors who opt for perpetuity provide invaluable intergenerational checks and balances that pave the way today for solving the problems of tomorrow (Fleishman, 2007).

Emergence of new philanthropic models. One wonders if it is this encroachment into traditional philanthropy that is fueling new models of community investment that resemble private enterprise more than they do philanthropic activity. In "The 25 Best Givers," (McGee, 2010) highlighted many of these new approaches. No longer are respected foundations such as Rockefeller, Ford, and Carnegie cited as the premier examples of philanthropic behavior.

Instead, Pierre Omidyar's venture capital approach to social change, Thomas Siebel's massive ad campaign to combat methamphetamine use in Montana, and Helen and Swanee Hunt's harnessing the power of other wealthy women to tackle women's issues earn featured billing in Barron's rankings. Despite its size, the Bill and Melinda Gates Foundation is not at the top of this list. Interestingly, Ebay founder Omidyar observed that the best philanthropic advice he received was "don't start a foundation" (McGee, 2010, p. 2).

Study of Philanthropy

Information resources. The Foundation Center (the Center) is perhaps the most substantive source of information about foundations. In addition to a robust array of research reports, white papers, surveys, and advisories, the Center publishes *Philanthropy News Digest*, a weekly compendium capturing news and trends in the field.

Much of the writing and research targeting the civic sector has been directed toward nonprofit social service and other voluntary organizations. However, in 2003, the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership at Grand Valley State University launched a study of foundaton effectiveness. In conjunction with this research, the Center provided a summary of contemporary applied research on the topic. While not inclusive of all research activity in the field of philanthropy, it provided a snapshot of work under way. Cataloguing more than a dozen organizations and academic institutions engaged in research about third-sector organizations, including private foundations, this study represented one of the first attempts to capture ongoing philanthropic research (Orosz et al., 2003).

There are several popular publications that address the nonprofit sector in general and the philanthropic sector in particular. The *Nonprofit Times* and the *Chronicle of Philanthropy* are

print publications with websites updated daily with news and information. While they are timely

and relevant resources, they target a general rather than an academic audience.

Formal research on foundations. Prominent journals in the field include *Nonprofit and*

Voluntary Sector Quarterly, published by the Association for Research on Nonprofit

Organizations and Voluntary Action (ARNOVA), and *Voluntas*, a publication with a global

emphasis. Both are considered refereed journals, indicating contents have been through a peer

review process.

The *Nonprofit Management and Leadership Journal* is published by Jossey-Bass, a noted

academic publisher; the quarterly has a distinguished editorial board, but is not considered a

peer-reviewed journal. While all provide research to scholars and practitioners in the general

field of philanthropy, none focuses exclusively on foundations, but address the broad spectrum

of nonprofit entities, including private foundations.

The Nonprofit Sector Research Fund (the Fund) was established by the Aspen Institute in

1991 as a means of increasing the understanding of the nonprofit sector and philanthropy through

the support of high-quality research. Although the working papers were not formally peer-

reviewed, they served as a significant source of timely and relevant research on the sector. The

Fund awarded more than $11.5 million in research grants to 420 projects on a broad range of

issues. A major project of Aspen's Program on Philanthropy and Social Innovation (PSI), the

Fund has since been phased out, leaving a significant void in terms on substantive data gathering

in the field.

The Foundation Review is the first peer-reviewed journal of philanthropy. Funded by the

Kellogg Foundation and published by Grand Valley State University, the first issue was available

online in early 2009. The purpose of the journal is to share evaluation results, tools, and

knowledge about the philanthropic sector to improve the practice of grantmaking, yielding greater impact and innovation. Now in its second year of publication, it continues to work toward attainment of its stated goals.

Industry representation. Industry organizations such as the Council on Foundations, the Center for Effective Philanthropy, and Grantmakers for Effective Organizations continue to be important information resources and the principal sources of substantive research. However, this work is typically not peer reviewed and is, therefore, likely to be regarded as second-tier data in world of academic research.

Emerging expertise. The 1990s and early 2000s have yielded a substantive crop of researchers and writers who have focused their attention on the topic of foundations. Writings on the subject of foundation philanthropy are relatively recent. Fleishman (2007) is perhaps the most noted scholar on the topic of foundations. According to Fleishman:

> The greatest contributions of America's private foundations, therefore, is in continually empowering widely diverse individuals and groups, holding a rainbow of views on every conceivable matter of social policy and civic concern, to organize themselves, to make their views heard, and to transform their ideas and dreams into reality. (2007, p. xvi)

At the same time, Fleishman (2007) harshly criticized their inclination to "underperform in their critical civil service functions" (p. xvi). In the course of his work, he assembled a casebook that rigorously assesses the performance of selected foundations. Unlike other recent students of foundation philanthropy, Fleishman appeared to have no ideological ax to grind, but sought to make the case that modern foundations are failing to achieve their potential.

Ironically, foundations are seen as both "protectors of conservative power or fomenters of radical change" (Dowie, 2001, p. 20). Regardless of politics or ideology, prominent philanthropic scholars focused on foundation research concur that, while there is no shortage of success stories, private foundations have failed to meet the primary modern challenges of

effectiveness and transparency (Bailin, 2003; Bernholz, 2001; Dowie, 2001; Fleishman, 2007;

Frumkin, 2004; Orosz et al., 2003; Schramm, 2006).

Foundations are facing seismic shifts on many fronts. Table 2.3 describes the paradigm

shift in philanthropy.

Table 2.3

Paradigm Shift in Philanthropy

Influencer	Old Paradigm: 20th Century	New Paradigm: 21st Century
Technology	Printing Postal delivery	Computerized databases Internet communication Social media
Economy	Steady growth, relatively stable, primarily local; new wealth	Global economy, market instability, recession
Institutions	Private foundations lead the way; community foundations increase	Donor advised funds; number of private and family foundations increase rapidly; virtual philanthropic communities emerge; increased demands for accountability/transparency; government intervention
Practice	Professionalization of philanthropy—emergence of national, regional, and local associations	Degree programs collaborative ventures; new donors explore unconventional philanthropic options

New realities. As summarized in Table 2.3, philanthropic practices continue to evolve. There are no institutions that have proven immune to the transformational impact of technology or the global influence of economic conditions. Fondations are recalibating their assumptions.

There have been a number of surveys tracking the various challenges facing foundations today. The Foundation Center continuously calibrates the rapidly changing environment, particularly from an economic perspective. An interactive national map documenting grants and program-related investments is updated weekly and supplemented by a daily RSS feed (Lawrence, 2009).

Prospects for economic recovery continue to be revised. With an average overall decline of 22% in foundation assets at the end of 2008, the Foundation Center esitmated giving among the nation's grantmaking foundations was likely to decline in the range of 8 to 13% (Lawrence, 2009). However, according to a November 2009 survey, it is likely the decline will be at the deeper end of that range, with one in five funders planning to give less than what they had budgeted at the year's outset. The reduction in giving continued in 2010.

Ideological Perspectives

Excluding those who have written about foundations from a purely historical perspective, scholars, writers, and researchers tend to fall into two camps: those who perceive foundation philanthropy as essential to the very essence of a democratic society and those who provide a retrospective that finds foundation philanthropy sorely lacking, particularly in terms of transparency and effectiveness. This latter group envisions a foundation future vastly different from its past, one very much subject to the prevailing political climate.

Fleishman's credentials position him to comment with much authority on the world of foundations. He is currently Professor of Law and Public Policy at Duke University. His

curriculum vitae inlcudes his tenure as President of the Atlantic Philanthropies Service

Company, Trustee of the the John and Mary Markel Foundation, Chairman of the Board of the

Urban Institute, and Chair of the Visiting Committee of the Kennedy School of Government,

Harvard University. Fleishman has been involved in the foundation world for nearly half a

century and brings a unique perspective to his commentary about this universe.

Clearly a proponent of foundations' evolving role in the 21st century socio-economy,

Fleishman is nonetheless, quite straightforward in his assessment of the challenges facing

foundations today. He astutely observes the public knows little about foundations; thus, when a

member of the foundation community comes under attack, there is no reservoir of public support

on which to draw. Fleishman (2007) posited that, until foundations lift their traditional veil of

secrecy, the freedom, creativity, and flexibility that has characterized their service to society is at

risk. Challenged by what Fleishman described as the "golden paradoxes" (p. xiv), foundations

are caught in a web of countervailing forces, not the least of which is a massive investment

intended to serve a public ignorant of their work. The issue of donor intent becomes more

significant in the foundation community as the founder dies and implementation of his wishes is

left to the next generation or to professional managers. When donor intent is vaguely stated,

managers or trustees might wlll fail to act as the donor initially intended. Other problems occur

when donor intent is narrowly framed. The targeted social problem might well change over time

or even disappear; further, the interpretation of public interest might be significantly altered

(Holcombe, 2000). In either case, the matter of accountability can be challenging.

Value Creation

Porter and Kramer (1999) posited foundations have an obligation to create value for

society. They offer four ways in which foundations are uniquely positioned to leverage their

special assets: selecting the best grantees, signaling other funders, improving the performance of grant recipients, and advancing the state of knowledge and practice. They caution that the ability to create value requires a real strategy, with focused goals and meaningful evaluation of results.

Knowledge Creation

Others have highlighted the essential nature of knowledge creation. Bernholz (2001) offered this prespective:

> The only way to know if a foundation has accomplished its mission is to know how well its nonprofit partners have achieved their goals. Since nonprofit mission accomplishment does not generate a financial return to the foundation, the currency of this exchange cannot be measured in dollar values. Instead, the appropriate currency to assess this return is knowledge creation and application. (p. 7)

It is important to note foundations possess important information the average donor lacks: substantive knowledge about the fields in which they work. While foundations may never have enough money to solve the problems they address, there is unlimited knowledge they can bring to the causes in which they invest. Beyond grantmaking, foundations have the ability to manage and disseminate information in unprescedented ways. This requires they view their assets in a more holistic manner (Bernholz & Guthrie, 2000).

Websites become critical informaton resources where reports and white papers describe problems in terms of goals identified, implementation strategies identified, results obtained, next steps proposed, and offer a bibliography of additional resources used to inform the effort. Grantees can find the information needed to prepare an effective proposal. Databases of prior grant recipients that include evaulation summaries and outcomes reports guide grantees to potential partners and highlight strategies that worked well, along with those that failed to deliver anticipated results. The ultimate result of this knowledge generation and sharing leads to improved outcomes.

Knowledge is a cornerstone of effective philanthropy. Foundations are knowledge-intensive entities, with virtually everything they do dependent on the effective use of intellectual capital. Increasingly, facing new economic realities, foundations are tapping into their knowledge to improve grantmaking, lower administrative costs, and invest in more effective strategies for social change. The challenge for foundations is to recognize and optimize their knowledge resources (Capozzi, Lowell, & Silverman, 2003).

Culture of Innovation

Schramm (2006) suggested a culture of innovation is essential; he observed "when foundations have been most effective, they have thought like their entrepreneurial founders—in terms of creating the future rather than fixing the past" (p. 8). Sometimes overwhelmed by their bureaucracies, 21st century foundations may lack a sense of purpose. Schramm (2006), like Fleishman and others who study the sector, believed foundations have failed to achieve their potential. Schramm (2006) challenged foundations to be a "vibrant marketplace of competitive ideas" (p. 7), embracing a clear strategy that is dynamic and self-renewing.

Orosz et al. (2003) continued the theme of agile philanthropy, emphasizing the catalytic role of organizational learning. In their view, the scope of work before foundations today is "encouraging and fostering field learning as well as building the infrastructure for knowledge management" (Orosz et al., 2003, p. 30).

Adaptive Change

Finally, the concepts of adaptive change and leadership seem particularly well suited to my exploration of current foundation practices. Heifetz et al. (2004) focused the concepts directly on the work of foundations—they differentiated between the technical problem for which solutions are well known, and adaptive problems that "require innovation and learning

among the interest parties and, even when a solution is discovered, no single entity has the authority to impose it on the others" (p. 25).

Many of the social problems foundations attempt to address—hunger, homelessness, and education—are adaptive. While traditional grant funding has the potential to solve technical problems—expanding access to healthcare by building a hospital, or increasing the number of clients served by a food bank through improved inventory control—such approaches fail to tackle the root causes of such issues.

In the view of Heifetz et al. (2004), the tendency to fight adaptive problems with technical solutions is a significant barrier to foundation effectiveness and their ability to create lasting change. While foundations may have the authority to hold the attention of their grantees, they often fail to use their broader influence to attract broad public attention to complex issues. Especially when acting collectively, foundations are uniquely positioned to influence community change. Abandoning their traditional low visibility approach to grantmaking in favor of a much bolder, high profile strategy involves risk and potential controversy. Nonetheless, this is the paradigm essential for the 21st century foundation.

If, as posited by Heifetz et al. (2009), "adaptive leadership is the practice of mobilizing people to tackle tough issues" (p. 14), it has been my experience that the Houston foundation community is actively engaged in this practice. As I observe them in action, they take the business of learning seriously, developing and exchanging information among their peers, and, increasingly, seeking opportunities for collaborative action and investment.

It is almost as if there had been a collective reading of Heifetz' work and mutual agreement to incorporate these principles into their grantmaking activity. They certainly share the goals articulated by Heifetz et al. (2009):

- Foster change that enables the capacity to thrive.
- Build on the past (not abandon it).
- Experiment.
- Embrace diversity.
- Prepare to displace and rearrange old ways.
- Take the long view. (pp. 14-16)

The Houston foundation leadership model is not about size, asset base, longevity, or pedigree. It is very much about respect, discovery, and reflection. Recognizing the conditions they seek to change are multifaceted, they must often decide whether to act quickly and fund the status quo, or spend more time diagnosing a problem and support a less comfortable solution. The often uncomfortable practice of adaptive leadership requires making different choices from those made in the past.

As my research unfoleded, I sought to uncover answers to this essential adaptive leadership question: "In what new ways of thinking and acting are you willing to engage on behalf of what you believe most deeply?" (Heifetz et al., 2009, p. 3).

Preserving the Role of Philanthropy

Considering past social change initiatives such as the civil rights or women's movements, numerical calculations alone could not have predicted the long-term outcomes. Committing philanthropic resources to these efforts was not simply a matter of definable metrics but, rather, a willingness to engage in serious moral and value-laden change efforts that have ultimately transformed the American landscape. Today's dialogue is laden with similar momentous issues—it is unclear whether there is the philanthropic will to address them (Sievers, 2004).

Reflecting Diverse Perspectives

There are an array of arguments supporting philanthropy's continued strength and independence:

- In the scheme of world industries, while philanthropy is a minor factor, it remains a powerful resource for conservation and positive change.
- It is a key element of America's diversity, permitting an endless variety of players and ideas.
- While the internal machinations of philanthropy may not be well understood, it speaks to the soul, providing meaning and purpose for all who participate.
- Philanthropy is at its best when it listens to the voices of the communities it serves, allowing the community to do for itself.
- Corporate philanthropy can bring the full scope of corporate resources to bear on social issues that impact employees and the communities in which they live, creating the potential of a triple bottom line.
- The small but growing interest in cross-border and international giving reflects the global realities of the 21st century, creating new connections around the world. (Karoff, 2004, p. xxi)

Value of Foundation Philanthropy

More than $200 billion annually from private charitable foundations and individual donors is directed toward an immense array of social issues, programs, and problems. It is the largest pool of private capital available in the world that is free from government regulation. The value is, however, far greater than sheer number of dollars invested.

Because philanthropy lies outside the realm of the conventions that bound the roles of government and the market economy, it lacks precise definition. The work of philanthropy speaks ultimately to the elevation of the human spirit, to a world in which citizen action and engagement result in positive change that benefits all (Karoff, 2004).

Collins (2004) spoke of the art of philanthropy, in his essay comparing the practice of philanthropy to that of teaching, asserting that both activities are based on the belief that:

> We all can learn that society can improve, and that the love of humankind can go a long way toward achieving ambitious goals . . . that improvement and social transformation depend on education and on the nurture and development of both intellect and character. Just as good teaching required subject mastery, field knowledge has been essential to our practice of philanthropy, not so much for the purpose of being able to debate or dissect discrete complexities, but rather to know enough to be able to discern possible entry points, seek out of opportunities for intervention, and suggest alternate paths and creative connections. (as cited in Karoff, pp. 63-66)

Philanthropy alone cannot solve the world's challenges. However, more than any other single movement, it has the potential to transform individual and international communities.

In many ways, the world of philanthropy is scarcely a blip on ordinary radar screens. It is still often perceived as the exclusive work of the rich and famous—and this stereotype is not untrue. Whether the scions of early 19th century industry such as Rockefeller and Carnegie, or the principals of 21st century such as Buffet and Gates, large scale giving tends to remain the purview of the rich and famous. At the same time, giving and helping others are values embedded in individuals and their communities across the globe (Clotfelter & Ehrlich, 1999).

Gaps in the Literature

As noted previously, philanthropic foundations are a relatively recent field of study. There is a real void in terms of academic research and formal programs designed to build the field. The reality in which they operate is changing moment by moment.

In 2003, Grand Valley State University published its first monograph entitled "Agile Philanthropy: Understanding Foundation Effectiveness " (Orosz et al., 2003). The work contained an overview of foundation research activities under way. Individuals associated with and working in philanthropy provided a contemporary research scan. While the emphasis was specifically foundation effectiveness, the publication provided a distinctively comprehensive summary of entities engaged in foundation research. This has served as a useful benchmark against which to measure my literature review. I have assessed and, where relevant, referenced each of the 13 sources listed in the compilation.

Foundation philanthropy is the subject of an ever-growing body of information promulgated by the popular press. Respected business publications including *Barron's*, the *Wall Street Journal*, and *The Economist* cover the topic with growing frequency. Such coverage does

not meet the rigorous standards of academic research. However, today's rapidly changing

environment does not lend itself to traditional longitudinal research methodologies. It will be the

task of evolving research methodologies to depict the current foundation milieu and capture its

essence through the use of timely and relevant information-gathering techniques, both qualitative

and quantitative.

In summary, as the subject of philanthropy garners more of the popular press (largely in

the context of economic impact), academia has begun to consider the topic worthy of formal

consideration. Only recently have scholars considered studying it systematically. In general,

knowledge of philanthropy is experiential (Payton & Moody, 2008). Given the challenges facing

philanthropy, reliable data and empirical analysis are essential to the future of the sector

(Raymond, 2004).

Implications for Future Study

If I were to accept the current view of the popular press, I might be persuaded that

traditional philanthropy is no longer relevant. The new philanthropists—Buffet and Gates,

Omidyar and Skoll—posited that the old model is ineffective in the face of today's complex

world problems. They are prepared to adapt the strategies that led to their corporate success to

their giving. Known as *philanthropocapitalists*, these individuals are prepared to harness the

profit motive to achieve social good (Bishop & Green, 2008).

The defenders of a more traditional approach to philanthropy are not persuaded,

suggesting short-term superficial results cannot be compared with the longer horizon required for

real impact and meaningful long-term change (Edwards, 2010). If, on the other hand, this

emerging model of philanthropy represents new venues for expressing "our compassion, our

entrepreneurial spirit, as well as our democratic values" (Gaudiani, 2003, p. 2), then it should be celebrated.

Criticism and distrust of philanthropy are not new. Bremner (1988) captured the essence of this conflict quite effectively:

> Many Americans have been concerned lest their countrymen's generosity be abused. But on a deeper level, there is something about philanthropy that seems to go against the democratic grain. We may be willing to help others, but we are not humble enough to appreciate the efforts of those would bend down to help us. (p. 2)

Nonetheless, whether we approve or disapprove of philanthropy, throughout history, it has been a primary source of social progress (Bremner, 1988).

Increasingly, foundations are viewed as repositories of untapped tax revenue rather than purveyors of the common good. Government has repeatedly demonstrated its inability to manage the social problems that beset so many of its citizenry. Daily, I witness the difference between a food stamp office, staffed by petty bureaucrats who disdain and disrespect their clients, and a community food pantry, operated by compassionate volunteers providing food for mind and body. I contrast the impact of an unemployment office that processes people as if they were parts on an assembly line, and a job-training ministry that provides person-to-person support for those navigating unemployment. There is no real comparison.

As recently as 2008, pundits were lauding the golden age of philanthropy. What a difference a year makes. Still reeling from the impact of a profound economic downturn, foundations have seen more than a third of their asset base disappear. At the same time, their very existence is under assault on several fronts.

I do not doubt their commitment to achieving their missions or their ability to create lasting community change. I do fear the reluctance to defend themselves and to speak out on

their own behalf could have disastrous consequences. Fleishman (2007) reinforced this perspective:

> Foundations are far too important to the dynamism of America's civic sector to be allowed to languish in self-protective insulation. Many foundation leaders already know the nature of the fundamental problems facing foundations. . . . Foundation leaders must find the courage and vision to rise above their self-imposed, self-imagined phantoms of insecurity and lead their institutions into a new era of transparency, accountability, and effectiveness. The time to act is now. (p. 265)

Ever mindful of the critics, I will turn to the active practitioners in the admittedly bounded world of Houston philanthropy. Nonetheless, Houston is well suited to serve as a sample for my inquiry. Diverse, innovative, entrepreneurial, philanthropic, and civic-minded, Houston has been described as the learning laboratory for the rest of the country facing changes and challenges already internalized by the country's fourth largest city. Anheier and Leat (2006) posed a vital question for the study of foundation philanthropy: "If foundations cannot do it all, what is it they can do?" (p. 9) They posited that creativity is the tool that will enable 21st century foundations to serve as "entrepreneurs and underwriters of new conversation, debate, and change" (p. 251). Believing that workable social change involves a "basis for departure rather than a blueprint for action" (p. 251), the Anheier and Leat offered a practical vision for the future of philanthropy.

My inquiry sought to assess how active foundation practitioners assess the current environment, and to learn whether they view the future as fraught with peril or infused with possibility—or both. I believe my research will serve as a useful complement to the many current studies assessing the more literal and practical issues of economic and political influencers. I have provided a framework within which emerging philanthropists can more confidently choose the path that best fits their desire to serve as a catalyst for positive change.

Chapter III: Methodology

Personal History With Opinion Research

I have been engaged in the practice of what I once viewed as research for many years. Early in my career, I was immersed in the world of consumer-product market research. As a marketing consultant to *Fortune* 500 clients, I contracted with national data-gathering firms to conduct large-scale studies comprised of random household samples.

Our firm often complemented these data with purposeful sampling; using focus groups, small-scale, open-ended surveys, and individual interviews intended to capture in-depth perceptions and opinions from selected individuals. To enhance the depth and diversity of our more targeted information gathering, I helped create a large national consumer panel that could be mobilized in key geographic regions around desired demographic clusters to test new or reformulated product and service concepts. It was my role to design the surveys and to then integrate quantitative and qualitative findings in a clear and compelling report that would support marketing recommendations made by our firm.

Most clients wanted a quantitative research component because the large samples and sophisticated statistical calculations were widely perceived as real research; however, these same clients came to our firm primarily because of the recognition we had earned in the realm of qualitative data gathering and interpretation. Though I was quite adept at reporting quantitative findings, I quickly learned our qualitative consumer conversations yielded the rich insight that led to successful marketing campaigns and strong sales. To this day, I enjoy wandering grocery store aisles to check on products whose existence was certainly influenced by our work.

Fast-forward a few decades to my current responsibilities at United Way of Greater Houston, where I have been charged with responsibility for the development and implementation

of our Community Assessment and other community-based surveys. This information is used to guide our funding and inform the development of community initiatives. In this setting, I work with firms like Zogby International, the global polling giant. I oversee survey design, coordinate survey implementation, write the summary reports, and work with external marketing consultants to produce printed pieces for our varied constituencies. Made up of 1,500 random household telephone surveys, and online donor and service provider surveys, the Community Assessment and other, more focused studies, are widely used for planning purposes by an array of public and nonprofit entities. Nonprofit organizations use the information to build their cases for support in preparing funding proposals. City and county departments reference the data in assessing the past or potential impact of various programs. City council members, county commissioners, and state legislators access the findings in response to constituent inquiries or demands in the realm of public policy making.

New World of Academic Research

Imagine my surprise as I moved into the strange new world of academia, only to learn what I had viewed as research was but a pale shadow of what would be considered acceptable academic research. Here, I was an amateur at best; I could no longer forge ahead quickly with my desired course of action. Instead, I was required to define my strategy and defend my choices, citing the work and wisdom of legions of academic experts who had carved out their unique areas of expertise. There was a new and unfamiliar taxonomy, and a painstaking process that represented a significant impediment to moving quickly with my proposed research. It was difficult to postpone the exciting work of discovery until I could successfully navigate complex and often confusing choices regarding methodology.

I found myself reflecting the insecurity demonstrated by my long-ago clients, feeling external pressure to engage in real (translation—quantitative) research, yet challenged by an instinctive or experiential recognition that the information I sought was more likely to be available in deep conversation. Kvale (1996) did not quibble when he described his preferred approach to information gathering: "If you want to know how people understand their world and their life, why not talk with them?" (p. 1).

Where to begin? How could a novice researcher gain admission to the exclusive world of academia, especially in an environment where there was a great disparity of opinions regarding the character of research?

Bentz and Shapiro (1998) addressed this quandary, quoting from Charles Dickens, "It was the best of times, it was the worst of times" (p. 1), acknowledging these words may well describe the world of the novice researcher. They further elucidated this dilemma as follows:

> Previously, researchers were exposed to a restricted set of techniques that were the research methods of their discipline, and graduate students had to learn just this set or that set of the particular school of thought that their departments or professors occupied within their disciplines. Students today, however, are made aware not only of a larger set of techniques, but of an array of research methods so different from one another that they do not even fit into previous definitions of the field of research or scholarship. (Bentz & Shapiro, 1998, p. 2)

While my preliminary investigations through an extensive literature review reinforced my interest in researching the topic I had selected, I struggled with the choice of methodology. Creswell (2003) affirmed research approaches have multiplied significantly in recent decades, providing researchers with an array of choices. He advised the novice inquirer to consider three primary elements in the construction of a research framework:

- What knowledge claims are being made?
- What strategies of inquiry inform the process?
- What methods of data collection and analysis will be used? (Creswell, 2003, p. 5)

Evaluating the Options

A process of elimination seemed an appropriate selection strategy. Continuing to use

Creswell (2003) as a guide, I considered his definition of quantitative research as a starting point:

> A quantitative approach is one in which the investigator primarily uses postpositivist claims for developing knowledge (i.e., cause and effect thinking, reduction to specific variables and hypothesis and questions; use of measurement and observation; and the test of theories); employs strategies of inquiries such as experiments and surveys and collects data on predetermined instruments that yield statistical data. (p. 18)

Merriam (2009) further illuminated the essence of quantitative research in terms of its

focus on cause and effect, or predictability of future events. Research questions are likely to take

the form of interrogative statements to be answered or hypotheses to be tested (Creswell, 2003).

While data are collected in every research method, the quantitative approach specifies the type of

data to be gathered, with a focus on how much or how many, yielding results in numerical form

(Merriam, 2009). Considering these parameters, it seemed quite reasonable to opt out of the

quantitative approach.

> For consistency, I returned to Creswell (2003) for a definition of qualitative research:

> Alternately, a qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (i.e., the multiple meanings of individual experiences, meanings socially and historically constructed, with an intent of developing a theory or pattern). . . . The researcher collects open-ended, emerging data with the primary intent of developing themes from the data. (p. 18)

Qualitative research questions are likely to begin with words such as "what" or "how" to

convey an open and emergent design, in contrast with the quantitative "why" questions that

imply cause and effect, reduction to specific variables and hypotheses and questions, uses of

measurement and observation, and the test of theories (Creswell, 2003). Qualitative research is

intended to explore the way in which people interpret their experiences; its goal is to uncover

how people understand their reality, what meaning they assign to their world (Merriam, 2009).

In my struggle to choose the most appropriate methodology, it seemed necessary to include mixed methods in my exploration. Once again, I turned to Creswell (2003) in my continuing efforts to assess my options.

> Finally, a mixed methods approach is one in which the researcher tends to base knowledge claims on pragmatic grounds (e.g., consequence-oriented, problem-centered and pluralistic). . . . The data gathering also involves gathering both numeric information (e.g., on instruments) as well as text information (e.g., on interviews) so that the final base represents both quantitative and qualitative information. (p. 20)

Following the completion of my literature review, my concern was that the foundation community had been besieged with quantitative data-gathering efforts, most designed to capture the impact of the economic downturn. At a minimum, I identified a dozen or so such inquiries, causing me to believe my use of another such survey instrument would be counterproductive.

Beyond the pure practicality of securing responses to yet anther quantitative survey, I sensed information gathered in this manner would not add value to my search for rich data describing the foundation experience. I was mindful of Bentz and Shapiro's (1998) description of the mindful inquirer as an applied philosopher rather than an information-processing machine.

Nonetheless, I was equally aware of the importance of matching the problem and the research approach. If, as Merriam (2009) posited, the qualitative method allows the researcher to discover how people interpret their experiences, how they construct their worlds, understanding phenomena from their perspective instead of my own, this approach seemed well aligned with my objectives.

Pilot Study

Rather than speculate aimlessly about the most effective means of addressing my research question, I convened a pilot focus group comprised of representatives of the Houston foundation community. Four different foundation profiles were represented as follows:

- Grant officer from the largest Houston foundation (assets of $1.7 billion—two in this asset category),

- Family member/grant officer (assets of $253 million—seven in this asset category),

- Grant officer (assets of $117 million—nine in this asset category), and

- Grant officer (assets of $24 million—52 in this asset category).

These individuals participated in a 90-minute focus group designed to secure input regarding the likelihood of their participating in an online, quantitative survey. Further, the intent of the discussion was to secure their insights regarding my research subject and questions.

Members of the focus group reminded me that virtually every type of demographic data imaginable is readily available from national organizations such as The Foundation Center, Council on Foundations, Grantmakers for Effective Organizations, Association of Small Foundations, Conference of Southwest Foundations, the *Texas Foundation Directory*, and others. They further noted I could readily secure any number of statistical analyses, if not directly (because I am not a member of these entities), then through my foundation colleagues.

Regarding the likelihood of their participation in online or paper surveys, reactions were mixed. The large foundation has a staff person who is charged with responding to those inquiries recommended by grant officers; nonetheless, few require her attention as grant officers discard most unsolicited requests for information. The smaller foundation representatives were especially inclined to ignore such requests given their limited staff resources. They affirmed their willingness to consider responding to a post-conference or meeting survey follow-up, but all acknowledged they were most likely to respond to a personal phone call setting a meeting for the purpose of further discussion of a particular issue.

Participants were quick to assure me they and their foundations would be willing to support a survey effort I might initiate, not because they saw any particular value in the results, but because they know me. As we discussed the survey instrument I had prepared, focus group members reiterated their belief that much of this data already exists in the data warehouses of the large philanthropic membership organizations. It was evident they politely did not wish to discourage my efforts, but felt my intent was misdirected.

When I reassured participants my goal was not simply the collection of random data, but, rather, a deeper understanding of the world of foundation philanthropy in the 21st century, the conversational dynamic changed dramatically. The storytelling began. One recollection led to another, as my colleagues painted a vivid picture of Houston's philanthropic history and described the ways in which the vision of those early entrepreneurs had defined the Houston that exists today. They mused about the future of Houston philanthropy, expressing concern about their ability to continue the legacy of their predecessors. Recommendations regarding historical documents for review and potential interview candidates flowed freely. The dialogue was rich and deep, reinforcing my sense that qualitative methodology would be the most effective means of capturing Houston's philanthropic past, present, and future.

The pilot study affirmed my sense that a qualitative methodology was best suited to my research question. Steering me away from the type of surveys and questionnaires that currently filled their email and postal boxes, participants respectfully suggested I opt for a more inductive approach.

Rationale for Study

My intent was to understand the lived experience of Houston philanthropic foundation practitioners in the 21st century. I was curious to learn how this sector viewed the future and to

learn how (or whether) it was prepared to continue its legacy of social innovation in the current economic and political environment. In the words of Van Manen (1990), my goal was to provide "a thoughtful, reflective grasp of what it is that renders this or that particular experience" (p. 32).

Research Questions

My overarching research question asked: What is the role of Houston foundations in the philanthropic world of the 21st century? The following summarizes the series of questions developed to add depth to the interview process:

- How has the foundation maintained the founder's vision or intent?

- What is the foundation's grantmaking focus?

- How did the interview subject attain a leadership role?

- What resources do they use to inform and guide their practice?

- What energizes or discourages Houston foundation leaders about their work?

- In their view, what are trends and influences that define the philanthropic sector today?

- What is their vision for the future of their individual foundations, and, more broadly, for the philanthropic community at large?

Gaps in the Literature

As noted in chapter II, philanthropic foundations are a relatively recent field of study. There continues to be a void in terms of academic research and formal programs designed to build the field. The reality in which they operate is changing moment by moment.

Implications for Future Study

There are those who would persuade us traditional philanthropy is no longer relevant. The new philanthropists—Buffet and Gates, Omidyar and Skoll—posit the old model is

ineffective in the face of today's complex world problems. Using terms like "philanthrocapitalism," they see themselves as social investors rather than traditional donors and have developed a new language to describe their businesslike approach (Bishop & Green, 2008).

The defenders of a more traditional approach to philanthropy remain convinced short-term superficial results should not be compared with the longer horizon required for real impact and meaningful long-term change (Edwards, 2010). If, on the other hand, this emerging model of philanthropy represents new venues for expressing "our compassion, our entrepreneurial spirit, our democratic values" (Gaudiani, 2003, p. 2), then it should be applauded. Whether we celebrate or condemn the practice of philanthropy, throughout history, it has been a primary source of social progress (Bremner, 1988).

I do not doubt the commitment of today's philanthropists to achieving their missions or their ability to create lasting community change. I do fear their reluctance to defend themselves, to speak out on their own behalf, could have disastrous consequences.

Fleishman (2007) reinforced this perspective: "foundations are far too important to the dynamism of America's civic sector to be ignored. Many foundation leaders already know the nature of the fundamental problems threatening their long-term survival" (p. 264).

I returned to Anheier and Leat (2006), whose optimism about the future role of foundations was most affirming: "In the long run, foundations will make their most valuable contributions to the public good by improving civil discourse about important issues using evidence, not ideology . . . akin to the patrons of Renaissance thinkers, inventors, and artists" (p. 251).

My inquiry was intended to assess how active practitioners assess the current environment and to learn whether they view the future: is it fraught with peril or infused with

possibility? My objective was to conduct research that would serve as a useful complement to the many current studies assessing the more literal and practical issues of economic and political influencers. I have provided a framework against which emerging philanthropists can evaluate the path that best serves their desire to serve as catalysts for positive change.

Theory and Philanthropy

It has been difficult to align philanthropy with theory. Boulding (1962) commented, "it is surprising that so little attention has been given to it by economic or social theorists" (p. 57). He tested various theories against the practice of philanthropy, but concluded each failed to fully define the exchange. Based on my literature review, that reality has not changed.

More recently, social scientists have sought to apply other relevant theories to foundation philanthropic activity. Implicitly and explicitly, the concept of change underlies philanthropy. Orosz (2000) posited that all foundations operate from a dominant ideology that shapes their theory of change. In his view, these theories cluster around four basic types: passive, proactive, prescriptive, or peremptory. Such categories, however, might well describe grantmaking style rather than formal theories of operation.

Merriam (2009) noted all research has a theoretical framework. Acknowledging the difficulty of identifying the theoretical framework in a qualitative study because of its inductive nature, she posited it is inherent in the discipline, orientation, or stance the researcher brings to the study.

Frumkin (2002) suggested foundation theories of change can be grouped into five categories: training individuals for leadership in a field, building stronger organizations and establishing new inter-organizational networks, influencing politics, generating new ideas, and

proposals for a field. Morris (2004) crafted a research study to test Frumkin's theory. The study revealed significant confusion around the term *theory of change*.

Leat (2005) explored theories of social change under the broad categories of economic, political, and cultural. From this vantage point, the author suggested foundations have failed to use their resources to intervene effectively in policy that would effect social change.

Karoff (2004) explored the theory of transformational change as it relates to foundation philanthropy. He referenced Ford Foundation grant officer Fran Korten, who wrote, "Transformational philanthropy is for organizations pursuing a large vision of social change, organizations that see the depth of the social crises that are upon us and work to bring about a shift in consciousness" (as cited in Karoff, 2004, p. 19).

It is important these studies informed my own research. The qualitative approach I chose allowed me to listen carefully for an undercurrent of thought about change, but ensured I not impose it as a theoretical imperative in the course of my information-gathering.

Patton (2002) believed one of the strengths of qualitative research is the "inductive, naturalistic inquiry strategy of approaching a setting without predetermined hypotheses" (p. 129). In his view, understanding emerges from the data as it is gathered. Nonetheless, Yin (2009) reminded the novice researcher that, even in an exploratory study, there should be clarity about what is to be studied, the purposes of the exploration, and the measures by which it will be determined whether the study has been successful.

I did not enter the research process with the intent of testing a hypothesis or proving a theory. Rather, it was my intent to provide insight into the world of foundation philanthropy, a phenomenon that has inspired and underwritten virtually every social movement that has become part of the fabric of American democracy.

Rationale for Research Design

Qualitative research is an umbrella term that describes several basic strategies of inquiry (Merriam, 1998). The concept is used to describe observation of social phenomena in their natural setting with minimal disruption. In contrast to *quantitative research*, which deconstructs a phenomenon in an attempt to understand the component parts (variables), qualitative research attempts to reveal how all the parts work together to form a coherent whole.

All research endeavors evolve from a basic epistemology, a way of defining and interpreting reality. The qualitative researcher takes a constructivist perspective, believing that individuals create their own reality based on their individual experiences. Research findings are likely to be diverse and complex, difficult to organize in narrow categories (Creswell, 2003). The goal of this approach to research is to rely on the participants' views of the subject under study. Context is important, as is awareness of the researcher's own experiences.

Epistemology

According to the Stanford Encyclopedia of Philosophy (2005), epistemology is the study of knowledge and applied belief. Understood more broadly, it is about the creation and dissemination of knowledge around a particular topic. Van Manen (1990) suggested questions of knowledge should be referred back to the lifeworld where knowledge speaks through lived experience, avoiding the temptation to develop positivist schemata or paradigms.

I found Merriam's (2009) guidance particularly useful in my attempt to capture the epistemology that defined my work. "Getting started on a research project begins with examining your own orientation to basic tenets about the nature of reality, the purpose of doing research, and the type of knowledge to be produced through your efforts" (Merriam, 2009, p. 13). Because a qualitative methodology is comprised of constructivist knowledge claims,

ethnographic design, and observation of behavior, this approach seemed best suited to my work (Creswell, 2003).

Researcher as Instrument of Inquiry

As noted in chapter II, I am immersed in the world of philanthropy, interacting regularly with others who speak the language of community investment, wise stewardship, and community change. My research has provided a unique opportunity to go deeper than our ordinary interactions that tend to be very issue-oriented and time-sensitive. I was eager to engage in a richer, more philosophical dialogue that could illuminate the past and provide insight into the future of Houston foundation philanthropy.

Ultimately, the qualitative researcher serves as an interpreter who uncovers a pattern of meaning, making sense of others' experiences of the world around them. The researcher becomes the primary instrument of data collection and analysis (Merriam, 1998). Although Stake (1995) maintained all research is interpretative, he acknowledged there may be more vigorous interpretation required of the qualitative researcher. He noted, with typical quantitative designs, there is an effort to limit the element of interpretation during data gathering and analysis of a study; on the other hand, qualitative designs require that the researcher (or interpreter) be in the field, "making observations, exercising subjective judgment, analyzing and synthesizing, all the while realizing their own consciousness" (Stake, 1995, p. 41).

Creating an Emergent and Flexible Design

Merriam (2009) posited the design of a qualitative study must be "emergent and flexible" (p. 16), adapting to the flow of the research as it evolves. She suggested the following competencies are desirable for the conduct of qualitative research:

- A questioning stance with respect to your work and life context.
- High tolerance for ambiguity.

- Being a careful observer.
- Asking good questions.
- Thinking inductively.
- Comfort with writing. (Merriam, 2009, p. 17)

Process of Mindful Inquiry

As I reflected on these capabilities, I began to feel a bit more at ease with the process that was ahead. These were concepts that defined my professional discipline, my scholarship, and my approach to life in general. I was further encouraged by the assurances provided by Bentz and Shapiro (1998) that "inquiry and research and one's ability to conduct them, like many other areas of life, evolve through a simultaneously practical, experiential, intellectual, and psychological process of learning, risk taking, approach and withdrawal, digestion, reflection, and integration" (p. 162).

Ultimately, the magic formulas of mindful inquiry are basic principles that are especially useful for novice researchers who struggle with self-doubt, anxiety, and insecurity. They are intended to ground the researcher in an interpretive process that allows us to "decipher ourselves and others as texts to reveal our meanings" (Bentz & Shapiro, 1998, p. 163).

Taking a Phenomenological Perspective

Although my research used a phenomenological, lens intended to obtain a deeper understanding of the foundation experience, I also asked interviewees to speculate about the future. Van Manen (1990) expanded the understanding of phenomenological-type research with a discussion of existential themes that permit the extension of my inquiry beyond lived experience. Specifically, he described the dimensions of past, present, and future that constitute a person's temporal landscape, positing that they set the stage for a future already seen to be taking shape. This understanding allowed speculation about the future of philanthropy as a reasonable component of my interviews with research participants.

If, as Van Manen suggested, the phenomenological attitude toward the concerns of our daily occupation compels us to constantly raise questions about one's life experience, surely part of that inquiry entails individuals' consideration about the impact current conditions may have on their future actions. The work of philanthropy is largely about the future; it seems likely that present experience is deeply interwoven with future vision.

Van Manen (1990) further clarified the benefits of the phenonomenological approach:

> It differs from almost every other science in that it attempts to gain insightful descriptions of the way we experience the world pre-reflectively, without taxonomizing, classifying or abstracting it. So phenomenology does not offer us the possibility of effective theory with which we can now explain and/or control the world, but rather it offers us the possibility of plausible insights that bring us in more direct contact with the world. (p. 9)

Schwandt (2001) described phenomenology as a "complex, multifaceted philosophy . . . one that defies simple characterization because it is not a single unified philosophical standpoint" (p. 191). In his view, phenomenology, in its contemporary understanding, studies everyday experience from the point of view of the subject, avoiding critical evaluation of what is discovered.

There are many variations of qualitative research. They may be referred to as orientations, theoretical traditions, or strategies of inquiry (Merriam, 1998). In his *Dictionary of Qualitative Inquiry*, Schwandt (2001) referenced six forms of social inquiry: ethnography, case study research, naturalistic inquiry, ethnomethodology, life-history methodology, and narrative inquiry. Merriam (2009) highlighted seven commonly used approaches to doing qualitative research: basic qualitative research, phenomonemolgy, grounded theory, ethnography, narrative analysis, critical qualitative research, and case study. Creswell (2003) focused on five strategies associated with qualitative research: ethnographics, grounded theory, case study,

phenomenological research, and narrative research. This can be quite confusing for one who is less familiar with the world of research.

Recalling Merriam's (2009) reminder that the purpose of all qualitative research is "to understand how people make sense of their lives and experiences" (p. 23) was somewhat helpful. After much reading and contemplation, I was forced to conclude that the lines separating the various paradigms were rather porous, and there were characteristics of each that might well reveal themselves across definitional boundaries.

Choice of the Case Study Method

Within the framework of qualitative design options, the case study method seemed best suited to capture the essence of the research subject I chose. Merriam (2009) defined case study as "an in-depth description and analysis of a bounded system" (p. 40). Stake (1995) described case study as "the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances" (p. xi).

Stake (1995) further offered this insight regarding the characteristics of the case study method:

> The case researcher recognizes and substantiates new meaning. Whoever is a researcher has recognized a problem, puzzlement, and studies it, hoping to connect it better with known things. Finding new connections, the researcher finds ways to make them comprehensible to others. Research is not just the domain of scientists; it is the domain of craftspersons and artists as well, all who would study and interpret. (p. 97)

Rationale for Multicase Study

Because it was important to include a variety of Houston philanthropic foundations as part of my inquiry, I used a qualitative multicase or collective case study approach for this research. This strategy provided a means of examining several entities closely linked together. Stake (2006) subsequently differentiated the multicase study as follows:

In multicase study research, the single case is of interest because it belongs to a collection of cases. The individual cases share a common characteristic or condition. The cases in the collection are somehow categorically bounded together. They may be members of a group or examples of a phenomenon. (p. 6)

Merriam (2009) acknowledged the value of multicase studies as follows: "the more cases included in a study, and the greater the variation across the cases, the more compelling an interpretation is likely to be" (p. 49). Inclusion of a range of cases enhances the precision, the validity, and the stability of the findings.

Stake (1995) captured the essence of the case study's appeal:

Finishing a case study is the consummation of a work of art. . . . Because it is an exercise in such depth, the study is an opportunity to see what others have not yet seen, to reflect the uniqueness of our own lives, to engage the best of our interpretive powers, and to make, even by its integrity alone, an advocacy for those things we cherish. (p. 136)

I could not envision a better way to present the world of foundation philanthropy and to reflect its vital role in a democratic society.

Yin (2003) asserted the case method strategy can be used for any of the three common purposes associated with the social sciences: all three purposes—exploratory, descriptive, or explanatory—are well suited to case studies. He cautioned that the boundaries between the strategies are not always sharp. Merriam (2009) further defined the case study by its special features: particularistic, descriptive, and heuristic.

Particularistic means that case studies focus on a particular situation, event, program, or phenomenon. The case itself is important for what it reveals about the phenomenon and for what it might represent.
Descriptive means that the end product of a case study is a rich, "thick" description of the phenomenon under study. . . . Such descriptions can be creative, using prose and literary techniques to convey the researcher's understanding of the case.
Heuristic means that case studies illuminate the reader's understanding of the phenomenon under study. They can bring about the discovery of new meaning, extend the reader's experience, or confirm what is known. (pp. 43-44)

Knowledge generated through case study research has the potential to be more concrete, more contextual, and more participatory on the part of the reader (Merriam, 2009). In summary, my desired approach was designed to incorporate dimensions into my research that were particularistic, descriptive, and heuristic as a means of informing new audiences about the phenomenon of foundation philanthropy.

Research Problem

The research problem asked whether traditional grantmaking strategies would continue to be relevant in a rapidly changing social, economic, and political milieu. I further reflected on the following questions as a means of understanding the perspective of Houston foundation practitioners in the context of their current reality:

- How do selected Houston foundations view the current environment through the lens of their philanthropic work?

- How do they describe their perceptions of the future of Houston foundation philanthropy as a result of these influences?

The subsequent pages provide a detailed overview of the process I used. My research began with an extensive literature review to identify the parameters of the subject area and to capture the contributions of other scholars in the field. The intent of this review was to assess the theoretical grounding of my study; to provide an ongoing source of information regarding the topic at hand; and to demonstrate that a conceptual framework developed from the literature review will guide data analysis, interpretation, and synthesis of the study.

Nature of Information Sought

To answer my research question and provide in-depth insight into my study, I considered information from distinct perspectives. Such data include:

- Demographic information—I profiled study participants by describing who they are, what their current roles are, and where their organization fits in Houston's foundation sector. Using the demographic data gathered, I created a matrix to depict my research sample across the cases included in the multicase study.

- Contextual information—I described the setting in which study participants operate, providing an understanding of the culture and environment that defines their work. This type of information included background on the history, vision, leadership, strategy, and goals of individual organizations.

- Perceptual information—I captured participants' views of the subject related to my inquiry. This information was gathered through in-depth individual interviews. I used a semi-structured approach that incorporated basic questions designed to foster open and easy discussion. It was important to remember that perceptions can be quite distinct from facts; they represent participants' frames of reference, beliefs, and assumptions rather than some objective standard of reality.

- Theoretical information—I included information researched and reflected in my literature review, highlighting what is already known about my topic of inquiry.

Research Sample to be Studied

According to the Foundation Center (2010) database, there are 1,063 independent foundations in the Houston metropolitan area. Asset bases range from the largest, currently in excess of $1.2 billion, to numerous small family foundations with assets in the range of $1 million to $5 million. For the purpose of this study, I excluded corporate, community, and operating foundations. Corporate foundations are structured to reflect the goals that support the organization's corporate goals such as workforce development, environmental impact, or

education. Community foundations are comprised of individual donor funds are constrained by the individual donor designations. Supporting foundations are an adjunct to nonprofit organizations and are for the sole purpose of providing resources exclusively for implementation of the organizational mission. I chose to focus on the private foundation because of its independent structure and ability to determine grantmaking policies based on diverse criteria.

I identified nine Houston area foundations that represented a purposeful sample of the philanthropic foundation community. According to Patton (2002), "the logic and power of purposeful sampling lie in selecting information-rich cases for study in depth" (p. 230).

Stake (2006) corroborated my view that multicase study can be handled well in dissertation research. In such circumstances, the doctoral student serves as the director, data gatherer, and analyst, guided by a committee that provides guidance in refining research questions and interpreting observations.

Merriam (2009) emphasized the importance of criteria used for case selection. Stake (1995) expanded on this point of view, noting that "the first criterion should be to maximize what we can learn" (p. 4). While balance and variety are important, the emphasis will be on interpretation rather than generalization.

Stake (1995) differentiated between case study research and sampling research, cautioning that, while "balance and variety are important, opportunity to learn is of primary importance" (p. 6). Merriam (1998) differentiated between probability sampling, which allows the researcher to generalize study results, and non-probability sampling, which makes it possible for the researcher to optimize learning and discovery from cases selected. Identifying purposeful sampling as the most common form of non-probability sampling, Patton (2002) contended that,

"information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry, thus the term purposeful sampling" (p. 230)

However, according to Stake (2006), the process of selecting an appropriate multicase sample differs from that of other qualitative research methodologies. In his view, the rationale for multicase study is to determine how entities perform in different environments. This would suggest both typical and atypical cases should be selected to ensure a diversity of contexts. In the multicase study, the purposeful sample will provide variety and facilitate opportunities for intensive study.

There were many purposeful sampling strategies from which to choose. Merriam (1998) identified some of the more common varieties as follows: typical, unique, maximum variation, convenience, snowball, chain, and network. Patton (2002) offered an especially thorough overview of sampling strategies. Within the purposeful sampling rubric, there are additional choices to be made. Among the options available, I have chosen *maximum variation sampling* as described by Patton (2002). This approach will allow me to capture patterns that emerge from great variation and highlight shared dimensions of the foundation experience.

Beyond the legal guidelines defined by the IRS, there is no typical foundation. From small family foundations begun with a modest initial investment to multi-billion dollar global institutions, from foundations led by a founding family member to those operated by large professional paid staff, foundations may seek to address specific needs in local communities, or influence systems change on a worldwide platform. Governed by elected boards of directors, their actions are reflected in annual mandated tax filings and are open to scrutiny by a wide array of publics.

Specific Sample Selection

As noted previously, I am an active member of local grantmaking organizations and have long-standing relationships with many of the individual members. I have studied their history, observed their practice, served as a resource as they assessed grantmaking prospects, and supported their collaborative ventures. Many of my foundation colleagues are strong supporters of my doctoral goal. However, I did not presume their willingness to engage themselves actively in my work. I approached each prospect separately. I requested their participation respectfully and accepted their responses appreciatively.

I identified foundations I believed would provide a substantive understanding of the Houston foundation community. My intent was to paint a representative picture of Houston's robust philanthropic foundation community. My sample included:

- One of the largest foundations, led by professional staff.

- One of the largest foundations, led by family members and supported by paid staff.

- A mid-range foundation, led and managed by professional staff.

- A mid-range foundation, led and managed by a family member.

- A large foundation, managed by external advisors and led by a second-generation family member.

- A large foundation, managed by a family member and led by the founder, a prominent businessman.

- A family foundation, managed by external advisors and led by the spouse of the founder.

- A family foundation, managed by a financial professional, led by colleagues of the founders, now deceased.

- A family foundation, led by the wife from the founding couple.

In keeping with Patton's (2002) recommendations, I identified the following general characteristics for constructing my sample: size of asset base (with a range of $1.5 billion to $3.1 million), years in operation (with a range of 74 to 16 years), leadership structure, staffing profile, giving priorities, and annual grantmaking allocation. Additional specific criteria for choosing Houston philanthropic foundations for my multicase study sample included:

- Founder has had significant impact on the history of Houston civic engagement.

- The organization participates in local, regional, and/or national industry associations.

- The organization provides funding for a variety of issues.

- The organization accepts unsolicited funding requests.

- The organization engages in reflective practice, defined as intuitive knowing in the midst of action or an epistemology of practice (Schon, 1983).

Yin (2003) suggested findings gathered from multicase studies are often considered more compelling. However, he cautioned traditional sampling logic is not appropriate for multicase studies, proposing replication logic be used to gather suitable cases for the overall design. Yin (2003) provided this further clarification of his position:

> When using a multiple case design, a further question you will encounter has to do with the number of cases deemed necessary or sufficient for your study. However, because a sampling logic should not be used, the typical criteria regarding sample size is also irrelevant. Instead, you should think of this situation as a reflection of the number of case replications—both literal and theoretical—that you need or would like to have in your study. (p. 58)

Patton (2002) was quite emphatic on the subject of sample size: "there are no rules for sample size in qualitative inquiry" (p. 244). Like others in the field, he is quick to remind researchers sample size should be defined by the purpose of the study, the nature of the inquiry,

what is meaningful, what is useful, and what is practical (Merriam, 2009; Patton, 2002; Yin, 2009).

Stake (2006) posited the benefits of a multicase study would be limited if fewer than four cases are chosen, or more than 10. Supporting that view, he suggested two or three cases would be unable to demonstrate sufficient contrast among programs or activities, while more than 15 would provide too much complexity for the researcher to understand and evaluate effectively. Given these numerical limitations, the selection of cases for consideration requires great care. Although the multicase study begins with a unifying concept that binds cases together, at the same time, it seeks to demonstrate how the cases perform in different environments. The challenge of the multicase researcher is to tease out how the phenomenon appears in different contexts (Stake, 2006).

Data Collection Methods

I chose to engage in four unique data collection activities, each of which provided a different perspective on the cases under study, as depicted in Table 3.1.

Table 3.1

Data Collection Activities

Activity	Strengths	Limitations
Review of historical and archival records	Gather retrospective information Covers broad span of time Insight into cultural elements Refresh participants' critical thinking, engagement and response	Selectivity Availability
Document review	Provides basic demographic information Provides contextual information Stable—can be reviewed readily Precise—contain accurate details Not created as a result of the study	May be difficult to find May be incomplete Access may be obstructed May reflect bias of original author(s)
Interviews	Targeted—focus exactly on the case study topic Deepens relationship with study participants Elicits context-rich personal accounts, perceptions and perspectives Facilitates data-gathering in natural setting Allows structured, unstructured or combination of interactions Explains and describes complex processes Facilitates discovery or nuances in culture Provide insights, inferences and explanations	Bias due to poorly structured questions Inaccuracies due to poor recall Interviewees provide what they think interviewer wants to hear
Observation	Provides data gathering in participant's natural setting Fosters personal interaction Views events in real time Incorporates context of case	Time consuming Broad coverage difficult Events may be perceived differently because it is observed rather than experienced Risks observer bias as a result of relationships formed Risks over-involvement by researcher

Note. Compiled from Creswell (2003, pp. 186-187) and Yin (2009, p. 102).

A review of readily available informational records provided a backdrop for my study. Such materials included a search of the Foundation Collection databases, along with exploration of web sites, brochures, annual reports, and other print media in order to prepare appropriately for in-depth individual interviews. For the very large foundation, there was extensive information available for review, including a video that captured the fascinating profile of the foundation's founder. For other, smaller foundations, the information was rather limited in scope. I did not seek copies of internal documents such as board meeting minutes, as I did not believe they were relevant to my study.

In-depth interviews served as my "construction site for knowledge" (Kvale, 1996, p. 2). Rubin and Rubin (1995) differentiated between survey interviews, in which information giving is a relative passive activity, and qualitative interviews in which interviewees are partners in rather than objects of research. They further offered the term *conversational partner* as a means of "emphasizing the link between interviewing and conversation, and the active role of interviewee in shaping the discussion" (Rubin & Rubin, 1995, p. 11).

I again turned to Rubin and Rubin (1995) for guiding principles to direct my interview process:

> First, successful qualitative interviewing requires an understanding of culture. Culture affects what is said and how the interview is heard and understood.
> Second, interviewers are not neutral actors, but participants in an interviewing relationship. Their emotions and cultural understandings have an impact on the interview.
> Third, the purpose of qualitative interviewing is to hear and understand what the Interviewees think and to give them public voice. (p. 19)

Research Process

The foundations whose representatives I engaged in dialogue have presided over powerful change, yet, for all intents and purposes, have chosen to maintain a modest profile. At

a pivotal juncture in the history of philanthropy, I believed it was important to access their stories and to capture their vision of the philanthropic future. Would their legacy of change continue, or would political and economic pressures constrain their ability to innovate? My goal was to uncover the answers to these questions.

Before finalizing the candidate cohort I proposed for my sample, I sought the counsel of a respected foundation colleague who was not be among my interview prospects. A Houstonian who is intimately familiar with the Houston foundation community, she provided both historical knowledge and current experience to the discussion. Following that conversation, I developed a contact list for the desired sample, including additional candidates in the event my first choices were unable or unwilling to participate.

I secured approval from the Antioch Institutional Review Board (IRB) for my proposed informational interviews. In this process, I detailed intended strategies to protect candidates from any harm and guard the confidentiality of conversations and subsequent summaries and analyses of our discussions.

I made initial contacts by telephone, as I believed this person-to-person connection best set the stage for subsequent conversations. These preliminary communications were followed up with email confirmations of time, place, and substance of the proposed interviews. Because there was such diversity of size and scale among my interview candidates, I chose to interview a single representative of each foundation identified. The goal was to engage each organization's leadership as a means of capturing the best insight into perspective, plans, and future insights. To do so, I was sensitive to the great diversity that exists among foundations' available human resources, with organizational infrastructure ranging from a substantive staff to no staff at all. Some are led by founders and family members; others maintain a large staff of grant officers and

financial professionals. It was, therefore, my goal to honor the public and private politics of these organizations.

Meetings were conducted on site at foundation headquarters. Here, too, the variation in foundation size and structure was evident: offices ranged from impressive suites atop one of Houston's most prestigious downtown buildings to modest rental space in a suburban office park. Visiting these individual sites positioned my inquiry as one that was appreciative and sincere. It also demonstrated I was respectful of candidates' time constraints and mindful of their funder status. Additional observations were comprised of interactions in various meetings and seminars where I regularly encounter foundation practitioners, along with those that resulted from the actual site visits.

Semi-structured interviews included basic questions designed to encourage more wide-ranging discussion while providing themes that could be studied across cases. I maintained a flexible, iterative structure that did not constrain conversation. My primary research questions were the basis for these concepts. I tested them for clarity and substance with several colleagues not included in my interview cohort.

I used field notes to capture impressions. Such impressions were related to physical settings, the interview candidates themselves in their familiar environment, activities and interactions, conversations (outside the interview itself), and subtle factors (nonverbal communication, what does not happen, my own personal reactions, thoughts, and feelings during the interview process). All interviews were audio taped and transcribed. As the interview process unfolded, I listened carefully for themes and stories, taking time to capture my thoughts in field notes before moving on to the next interview.

Data Analysis Strategy

Yin (2009) suggested case study analysis is one of the most challenging aspects of this methodology. Unlike the more familiar statistical analyses, there are no formulas or templates to guide the case study investigator. While certain computer analytics can serve as preliminary tools or assisted guides, they do not actually do the analysis. Ultimately, the researcher must perform the final analysis of the data collected.

To fully establish reliability and validity of case study data, Yin (2009) espoused three principles of data collection:

- Use multiple sources of evidence. This principle ensures that no one source creates an unusual bias or misrepresentation regarding the information gathered.

- Create a case study database. Such a database would be comprised of the external evidence collected and the actual case study report. By differentiating between the two types of information that can be categorized and stored in a database structure, the researcher ensures that the reader has access to more detailed, substantiating information that provides clarification.

- Maintain a chain of evidence. This approach allows the reader to clearly follow the process or direction of data gathering, from initial research questions to study conclusions; the process should be sufficiently clear to allow the external audience to follow the process in either direction.

Process for case study development

Case study report

⇕

Case study database

⇕

Citations for specific evidentiary sources

⇕

Case study protocol—linking questions to protocol topics

⇕

Case study questions
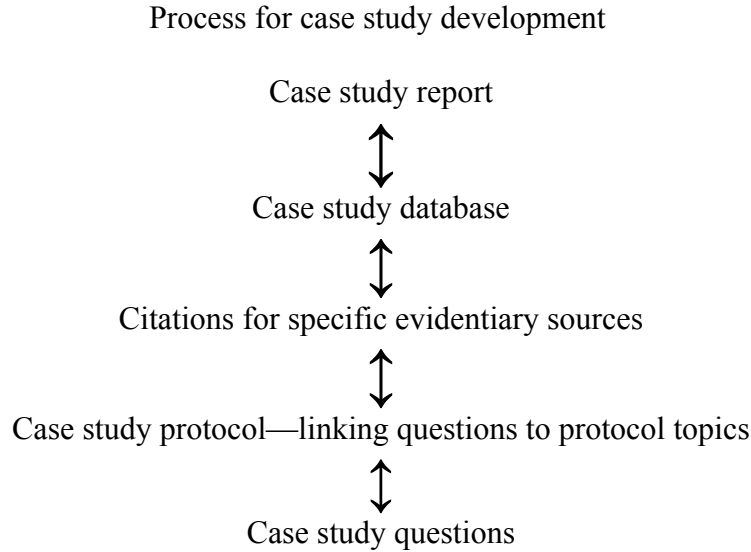
Figure 3.1. Principles of data collection (Yin, 2009).

Creswell (2003) recommended a slightly more literal strategy for data analysis. He acknowledged survey design would govern analytic differences to a certain extent. However, he suggested that certain generic steps lend themselves to virtually any qualitative data analysis:

- Organize and prepare the data for analysis, taking a rigorous approach to transcribing, cataloguing, and sorting data into different types.

- Read through the data. While this seems quite obvious, researchers eager to get the data analysis process under way may fail to take the time to immerse themselves in the data, capturing an overall sense of the information available. Use of margin notes or other organizational approaches will enhance this phase of the data analysis.

- Begin detailed analysis with a coding process, organizing all data into broad categories, and labeling those categories with terms relevant to the study. Word tables can support this cross-case exploration.

- Use the coding process to identify themes; these themes can be analyzed in individual cases and across multiple cases, moving beyond basic description into richer understandings.

- Explain how the emergent themes will be represented in the qualitative narrative; this may be done as narrative passages, quotes, or tables comparing and contrasting meaningful case findings.

- The researcher uses this phase to summarize findings, interpret meanings, assess lessons learned, and/or offer recommendations.

The technique of cross case synthesis (Yin, 2009) lends itself especially well to multicase studies, highlighting important similarities and differences among cases studied. Blending the approaches recommended by Yin (2009) and Creswell (2003), I adapted these substantive approaches to capturing and analyzing my study findings. I was mindful of the need for high quality analysis, ensuring I incorporated all evidence collected, explored all possible interpretations, and highlighted the most significant aspects of my findings. Finally, I called upon my own expert knowledge of the field of foundation philanthropy, demonstrating my awareness of current knowledge and dialogue on the topic (Yin, 2009). I presented my study in the form of narrative, capturing the rich stories of Houston foundations, sharing my tales from the field, and reporting on my journey of discovery as I explored their world (Patton, 2002).

Reliability and Credibility

One would assume the goal of all research is to present an accurate accounting of the phenomenon. Merriam (2009) offered an intriguing comparison of this goal from quantitative and qualitative perspectives. In general, quantitative research must convince readers procedures have been followed rigorously as concrete description is minimal; information is portrayed in

variables and static states. Correspondingly, qualitative researchers must provide sufficient detail to persuade the reader that conclusions make sense; this is done by providing rich, thick description of real people in real events. In either case, the reliability and integrity of the end product is dependent on the researcher's ability to capture and present data in the most appropriate manner.

Validation is a requirement of all research initiatives, regardless of paradigm (quantitative, qualitative, or mixed methods). It is particularly important in the genre of qualitative research as a means of demonstrating the accuracy of findings from the perspectives of the researcher, the participants, and the reader of the work. According to Creswell (2003), there are a number of tools that can be used to ensure the trustworthiness, authenticity, and credibility of the work at hand. Stake (2006) asserted the findings must be congruent with reality. While it can be argued we can never accurately capture reality, it seems fair to say qualitative research, using the researcher as the primary instrument of data collection, brings us closer to reality than does the intermediate use of a data collection instrument.

In traditional quantitative research, reliability describes the extent to which a study can be replicated. This poses difficulty for the qualitative researcher because human behavior, the object of much qualitative research, is not static. Merriam (2009) reminded us data collected by the qualitative researcher is multifaceted and highly contextual, integrating the reality of those who provide it as well as that of the researcher. Ultimately, if the findings offered by a study are consistent with the data presented, it is reasonably safe to regard it as credible.

Triangulation is an approach widely recommended for qualitative research analysis (Merriam, 1998; Patton, 2002; Stake, 1995; Yin, 2009). It affords diverse ways of looking at the same phenomenon and strengthens the conclusions that are drawn. Stake (2006) suggested

triangulation for a multicase study serves the same purpose as it does in a single case: "to assure that we have the picture as clear and suitably meaningful as we can get it, relatively free of our own biases, and not likely to mislead the reader greatly" (p. 77). In his view, triangulation occurs throughout the research process, from initial data gathering throughout analysis and final narrative. It is incumbent on the researcher to continuously question information as it is captured, testing the results with colleagues who will lend a critical eye to the work and provide open and honest feedback.

In its most basic sense, generalizability combines the ability to go beyond the basic information provided, as well as transferring the concepts from one situation to another (Eisner, 1998). In truth, in a qualitative study, it is the audience or the readers who will determine how applicable the work is to their own life experiences. Noted Merriam (2009), "the person who reads the study decides whether the findings can apply to his or her particular situation" (p. 226). While generalization in the statistical sense (from a random sample to a population) may not apply to qualitative research:

> It is also apparent that in our daily lives we do not randomly sample in order to generalize. Yet, we do, in fact, learn lessons "from life," from events that are about as far from random as they can be. (Eisner, 1998, p. 197)

Transferability

Schwandt (2001) used transferability synonymously with generalizability, interpreting the terms as "the wider relevance or resonance of one's inquiry beyond the specific context in which it was conducted" (p. 106). Addressing the concept of transferability directly**,** Merriam (2009) referenced several strategies available to the researcher that can enhance transferability: the most common are thick description and careful sample selection.

Eisner (1998) conflated transferability and generalizability, and posited that transfer implies more than a "mechanical application of skills, images, or ideas from one place to another" (p. 198). Eisner further stated, "transfer is a process that requires generalizing features. A person must recognize the similarity—but not identity—between one situation and the next and then make the appropriate inference" (1998, p. 198).

For yet another perspective on transferability, Patton (2002) offered the concept of extrapolation as a means of:

> Going beyond the confines of the data to think about other applications of the findings . . . [noting that] . . . extrapolations are modest speculations on the likely applicability of findings to other situations under similar, but not identical, conditions. (p. 584)

This view makes particular sense in qualitative research where findings are case-derived and information-rich rather than statistical and probabilistic.

The goal of my study was to create a broader awareness of foundation philanthropy, philosophy, and its practice. While my multicase study was focused on the Houston foundation community, it is my hope that information gathered will lead to an expanded understanding of foundation philanthropy in particular, and a deeper appreciation for the value of philanthropy in general.

Ethical Considerations

Ethical issues permeate all phases of a research inquiry. While many guidelines, policies, and codes of ethical conduct have been developed across sectors, ultimately it is the character, integrity, and values of the researcher that determine the extent of ethical practices inherent in any study (Creswell, 2003; Kvale, 1996; Merriam, 2009).

Although ethics is most commonly considered in terms of doing no harm, Bentz and

Shapiro (1998) proposed research ethics begin with "mindfulness," in which the researcher is in

a state of care and acceptance:

> The mindful researcher will look at the possible effects of the inquiry not only on the
> life world but also on persons in the life world, on the self of the researcher, on the
> life world of the researcher, and on potential future life worlds. (p. 35)

Eisner (1998) highlighted the fairly universal agreement among researchers that their

work should be ethical, that ethics should be of paramount concern throughout every research

endeavor. Clearly, theory is easier than practice. While there are ethical principles, concepts

and considerations, there are no hard and fast rules that can be confidently applied in every

situation. Because ethical dilemmas are sure to arise throughout every research inquiry, the

researcher should be mindful of the ethical issues that may arise during the process. This

requires a constant monitoring of events as they unfold and a willingness to take corrective

action, should detrimental situations arise (Merriam, 2009). As noted previously, the ultimate

ethical outcome is dependent on the integrity of the researcher.

Qualitative interviewing requires particular ethical rigor. It engages individuals, eliciting

thoughts, opinions, and feelings (Patton, 2002). However, the purpose is to gather information

from people, not to change them. Neutrality is essential throughout such conversations.

I used Patton's (2002) ethical checklist as a guide in conducting my work and

incorporated these elements in my thinking:

- I provided a detailed explanation of my study to all participants, using both written

  and verbal communications to convey information. I was respectful of participants'

  time, keeping all scheduled appointments and adhering to time limits agreed upon.

- I honestly assessed any potential risk associated with my study. This was an exploratory rather than an evaluation study, so I believed risk for participants was minimal.

- I maintained confidentiality of study participants. To some extent, was been difficult because of the nature of the demographic data included (for example, there are only two multi-billion dollar foundations in Houston). Nonetheless, I offered the assurance of confidentiality, creating identifiers known only to me to protect individual identities. Data is stored in a safe location and will be maintained indefinitely.

- I used the informed consent process following Antioch IRB guidelines and provided all study participants with written confirmation of this assurance.

- I maintained ownership of data collected.

- I made copies of the finished study available to participants.

- I sought the ongoing advice and counsel of my chair and committee to ensure I followed appropriate practice and observed all appropriate standards of behavioral and ethical conduct.

- I was purposeful in my efforts to secure the documentation, observations, and interviews necessary to provide a rigorous, credible, and ethical study. However, I did not take inappropriate action to acquire such data; nor did I push interviewees to provide information that would have made them uncomfortable or that they deemed beyond the bounds of my study.

- I acknowledged my personal biases and taken rigorous steps to mitigate their influence on my data gathering and analysis.

- I maintained the highest ethical standards that reflect my personal values and integrity. I was respectful of and sensitive to the needs and wishes of study participants and their organizations.

In summary, I followed the guidelines articulated above throughout the implementation of my study.

Limitations of Methodology

No research methodology is perfect. Each is defined by its attributes and challenges. Case study analysis is no different. I believe a multicase study analysis represented the best approach for answering my research questions; in this situation, its strengths outweighed its weaknesses. As affirmed by Merriam (2009), "anchored in real-life situations, the case study results in a rich and holistic account of a phenomenon" (p. 51). Through rich, thick description, it can enrich readers' understanding of the subject and has the potential to expand their experience. In addition, it is likely to offer suggestions for future research and to expand knowledge of the field.

At the same time, there are limitations inherent in the case study method. While I made every effort to minimize their impact, it is important to acknowledge their existence. As noted previously, because the researcher is the ultimate decision-maker in terms of data collection and analysis, there is always the potential for researcher subjectivity or bias. A corresponding challenge is participant reflexivity (Yin, 2009), in which case interviewees provide responses they believe the researcher wishes to hear; alternately, they may be less candid if they are uncomfortable interacting with the researcher in the role of inquirer rather than colleague. Because I know participants reasonably well, there was an existing trust factor that may have helped alleviate this risk. However, I disclosed my awareness of known risks, and encouraged

participants to view our interaction as a conversation, or an "*inter-view*, an interchange of knowledge between two persons conversing about a theme of mutual interest" (Kvale, 1996, p. 14).

Unlike a quantitative random sample, my multicase sample size was limited to permit in-depth understanding of cases included in my study. This may raise concerns about limited generalizability of the study. However, the study was conducted in a manner that provided both background and context, along with thick, rich description intended to generate new knowledge and awareness for readers, and enable their application of new learning as appropriate for their individual purposes.

Chapter Summary

In this chapter, I provided a detailed description of the methodology proposed for my research. I used a qualitative multicase methodology to explore the lived experience of Houston philanthropic foundations. I was eager to learn how this sector assessed the current environment and to understand how (or whether) it is prepared to continue its legacy of social innovation in today's economic and political environment.

Chapter IV: Research Findings

Introduction

The purpose of this multicase study was to learn how Houston-area foundations engage in their current philanthropic practice and how they have seen that practice evolving. Given Houston's status as a learning laboratory for the future, this researcher believed a deeper understanding of Houston's foundation philanthropy could inform philanthropic practice in other communities as they adapt to changing demographic and economic realities.

This chapter presents key findings from my multicase study comprised of 10 in-depth qualitative interviews conducted among nine Houston-area foundations and one regional grantmakers' association. Each of the organizations represented is classified as an independent or private, non-operating foundation according to IRS guidelines.

A purposive sample was identified, with candidates chosen for maximum variation to demonstrate the wide variances among philanthropic foundations. Ten foundations were approached; only one declined the request due to an extensive travel schedule.

Interview candidates were contacted by email and telephone. The requests for interviews were made personally by the researcher and followed up with printed information outlining the proposed interview process and providing a list of questions that would serve as background for the interview. (The letters of invitation summarizing the nature of my research and purpose of the interview, along with the list of questions used to guide the discussion can be found in Appendix A.) All candidates were assured the questions were for information only and that no formal preparation for the interview would be required.

Because I am active in the professional philanthropic community, I had established relationships with all of the interview candidates. I was careful not to presume on these

relationships and made every effort to ensure the interview process would be comfortable and convenient for those interviewed. Participating Houston philanthropic foundation practitioners were interviewed in the setting of their choice, typically their professional offices. Interviews were structured much like conversations that might take place in a variety of settings where philanthropic practitioners gather. All interviews were recorded digitally, transcribed, and reviewed extensively to extract the meanings and insights shared by subjects.

At the outset of the interviews, I asked that each candidate complete a confidentiality agreement in keeping with established IRB protocol; one original copy was retained by the interviewee and one by the researcher. An additional copy of discussion questions was also provided, although everyone had received questions in advance. Each of my interview candidates was somewhat apologetic about not having reviewed the questions, though I hastened to reassure them the questions were for background and did not require prior study.

Overview of Individual Interview Findings

The following narratives capture the essence of the interviews conducted with each foundation leader. Although a uniform set of questions was provided in advance to each interview subject, they were adjusted to meet the varied organizational structures encountered. Where the interview led to commentary addressing questions intended for later in the dialogue, no attempt was made to stop the flow of conversation, nor were questions repeated later to maintain a rigid order of responses. In each case, participants were very willing to visit with the researcher and seemed to welcome the opportunity to comment on their world of philanthropy. Their openness to my interview questions and their candid responses were most gratifying. These are busy professionals with significant responsibilities, yet they generously carved out

time to share their views on their particular work and on the broader world of foundation philanthropy.

I used pseudonyms to camouflage the identity of interview participants, choosing the names of familiar trees for their designation. As I reviewed what I had learned from my colleagues, the image of the tree—strong yet flexible, ever growing and changing, a prominent yet often overlooked element of our city's landscape—seemed quite fitting.

To ensure a thorough analysis of each case, I prepared individual narratives to provide a rich description of each. For consistency, I set the stage for individual narratives with background and introductory material, then organized each according to the following summary themes:

- How has the foundation maintained the founder's vision or intent?

- What is the foundation's grantmaking focus?

- How did the interview subject attain a leadership role?

- What resources do they use to inform and guide their practice?

- What energizes or discourages Houston foundation leaders about their work?

- In their view, what are trends and influences that define the philanthropic sector today?

- What is their vision for the future of their individual foundations, and, more broadly, for the philanthropic community at large?

Using the unique case summaries as a backdrop, I then proceeded to consider them across cases with an integrative analysis. However, I have remained mindful of Stake's (2006) caution that "multicase study is not a design for comparing cases" (p. 83).

The Maple Foundation

Table 4.1

Maple Foundation: Descriptive Characteristics

Category	Description
Year founded	1937
Founder	Deceased
Current CEO	Prominent professional; no relationship to founder
Number of staff	15 full-time professional
	9 full-time support
Fields of interest	Arts, community development, neighborhood development education, environment, health care, human services
Asset base	$1.429 billion
Board size	8 community members

Introduction and background. Its premier downtown location seemed very fitting for one of Houston's two largest foundations. Three elevator rides are required from garage to observation rotunda to the 64th floor. Exiting the elevator, guests are deposited in a corridor that suggests importance with dark paneling and marble floors. Entry into the foundation offices can be a bit intimidating. The space is hushed, almost reverent. The waiting area is formal but welcoming. Photo galleries spanning the walls depict the foundation's history; glass cabinets contain other artifacts chronicling the history of the foundation and its legendary founder.

The view from the CEO's office is spectacular, affording a panoramic outlook on the city. Prominent landmarks can be spotted, a reminder that many of these prominent institutions are the result of the foundation's substantive investment in the Houston community. Universities, museums, the internationally renowned medical center—all bear the signature of the foundation's founder.

This foundation employs a large professional staff and is regarded as the city's most substantive foundation. Its current CEO left his post as president of a prominent university to assume the foundation's leadership role. A busy man with many demands on his time, he seated us in comfortable chairs and chatted as if we were old friends. I gained a new insight into the operations of this major philanthropic institution and left with a deep appreciation for the role of its CEO.

Founder vision or intent. On the matter of founder's legacy, the CEO's ready response suggested this was a matter to which he had given a good bit of thought. He stated that founder's legacy continues to play into the foundation's work today though, as he noted, "not in a commanding way."

It was about 1925 when the founder gave a speech to an audience of businessmen in a hotel that stands today. When asked to comment on Houston's future, he was quoted as saying: "I wonder if we can envision our city of a generation hence." This portion of his statement is often highlighted as sort of a visionary statement. He actually concluded his musings by saying, "However, I doubt it."

The current CEO believes it was this sort of pragmatism that motivated the founder to establish his foundation with only those very broad guidelines required by the IRS—for charitable, religious, or educational purposes. He commented:

> I think he was very practical about how far you could foresee the future, or how wise it might be to try to specify too much. I think they (he and his wife) therefore set up a foundation that essentially gave the board the power to address whatever the board felt was appropriate to address in their time. I think that has served their purposes well.

It is noteworthy that the founder did not name the foundation after himself, but rather a more general name. Finally, he put no family members on the board. While there have been family members on the board over the years, there was no designated seat.

To return to the question of legacy, the CEO described the founder's heritage as one of "keen interest in the health of the community as a whole." Foundation staff members are often heard to ask the rhetorical question, "What would our founder do?" While it is impossible to know the answer, it provides a strong framework for the staff about the very high level of public spiritedness demonstrated by the founders in their lifetime. It has become a model to emulate.

According to the CEO, the founder was interested in empowering the community, giving people the ability to make their lives better. This perspective drives foundation giving. He emphasized:

> There is plenty of need for sheer relief out there, but we don't feel that we can devote our resources just to that. Our founder would have been more attracted to things that help people in need, but by giving them the power to help themselves.

When asked why the founder chose a foundation structure to support his philanthropy rather than continuing his individual giving, the CEO reported that, in 1937 when the foundation was formed, the founder was deeply involved in Washington, helping the Roosevelt administration guide the country out of the Great Depression. The foundation provided a useful vehicle from which to manage many of his business and civic interests. It was essentially a holding company that would eventually allow him to turn his assets to charitable purposes.

A significant portion of the foundation's grantmaking is directed toward scholarships. This mirrors the founder's earliest personal grantmaking, when a good bit of effort was focused on helping those students go to college who had the talent but lacked the means.

Grantmaking focus. Responding to the question about shifts in grantmaking under his tenure, the CEO observed that, while he has not made any significant changes, he moved away from programming that did not seem to be performing well. He structured assignments so grant officers focus on one or two specialty areas they know well. In his view, it is important for grant

officers to have their own ability to influence the way the foundation understands and invests in issues.

The five principal areas included in the foundation's grant portfolio include arts and culture, health, human services, environment, and education. The CEO stated:

> These are big themes and I don't see us walking away from any of them. But I think what we're emphasizing inside them can shift, and should shift over time, and I leave that largely to grant officers and their thinking, although I will occasionally probe and question.

He added that the foundation retains a certain amount of funding for "opportunistic" giving, when an unexpected opportunity arises—things like disaster response.

The CEO emphasized the importance of understanding the work at the root of their investments. Grant officers are expected to be out in the community, getting a firsthand look at the work proposed by grantseekers. He contrasted his approach to that of other foundations:

> I also believe very strongly, in contrast to a lot of foundation folks, that I don't think is a good idea to be very directive. I often kid people that it's a terrible burden to have to know the right answers to all questions.

He emphasized the need to choose among the things that would make the biggest difference if realized, and who has the capability to realize them. He summed his perspective by saying, "I think many foundations are agenda foundations as they exist to drive the world in some direction. We exist I think to help Houstonians to face their lives more effectively."

A familiar television commercial for a financial services firm is often adapted to describe this foundation's influence in the community: "When the Maple Foundation speaks, the community listens." Asked about this perception, the CEO acknowledged they are well aware of their visibility and place a high premium on maintaining the confidence of the community. He views this positively:

I think they have the confidence if we put money behind a given project or organization . . . not for an unhealthy reason, but fundamentally just recognizing that we have the ability to do the vetting they wish they had the ability to do.

Leadership. The CEO shared with me that he had informed the board of his intended departure, an announcement that has since been made public. He does not anticipate an intellectual shift in priorities as a new president comes on board, but emphasized that he has tried to position the foundation as a "listening foundation, not a directive one," recognizing that new leadership may make changes. However, he also believes the board, the ultimate decision-maker, is comfortable with where they are, and that their current approach is compatible with their history.

Resources that guide practice. He is not a fan of the various professional membership organizations that have emerged in the sector, and has limited his foundation's membership in such entities. He finds the intellectual strength of activity very light, noting "there are intellectual matters to worry about, but there are more written than are worth reading."

They do participate in the regional association of grantmakers as it is a way of remaining connected with local colleagues in the foundation world. However, he has found it most helpful to connect with his peers in half a dozen or so other very large foundations. They meet once a year in their various communities, in a setting that includes no formal program or speakers; rather, they sit around the table and discuss matters of interest in great depth. They also consult with each other by phone throughout the year as issues arise.

Positive and negative aspects of work. The CEO emphasized there are two sides to foundation work at his level: the investment side and the grantmaking side. Some foundations have very expensive investment staff and are focused very heavily on that aspect of their work. His foundation considers itself a grantmaking organization first and foremost, but has spent a

good bit of time recently evaluating the most effective way to manage the funds that have been

entrusted to them. In response to my question about what energizes him, he commented:

> This perch gives you a tremendous view of the fabric of a major city, and it's been really, really interesting to watch the way that fabric works in different sectors. Of course, we don't see everything. We don't see police and sewers and streets, but we do see a lot of the human side of a great city. . . . For me also, there are some real heroes out there.

In contrast, he is sometimes discouraged by the naiveté of young people who come into

foundation work with the idea that they will solve the problems faced by communities, and he

has to inform them they will be working on issues so deep-seated, so large they will not be

curing them. In his view, it is important to understand intellectually that to the extent you want

to fix society, there is a logical order that ensues. Rather than tilting at all windmills, the

challenge is to assess where you can have the most impact.

He remarked, "where it's a great privilege to be in a foundation . . . I think you need to

have a little humility . . . and that needs to come from having been out there." He stated that

those who come into a foundation because they want to "make things happen," are actually a bit

dangerous.

Trends and influences that define the current philanthropic sector. When asked

about the political climate and its possible influence on philanthropy, he acknowledged there is

increased focus on charitable giving. However, with respect to punitive action against charities,

he believes the public outcry from those who support charitable organizations and those who

benefit from them would quickly deter Washington from such action.

Future vision. Regarded as the community's most prominent philanthropic foundation,

The Maple Foundation has a large professional staff. The founder defined the foundation's

purpose within broad guidelines. A pragmatic individual, he postulated it would be difficult to

predict the future and provided great leeway for those who would ultimately lead his foundation.

His spirit of public good and individual empowerment is deeply embedded in the culture of today's grantmaking. There are five broad themes that guide investment—arts and culture, health, human services, environment, and education, continuing the founder's belief in the value of education. That area merits the largest proportion of grantmaking, one that includes a robust scholarship program.

Grant officers are required to spend a great deal of time in the community, getting a firsthand look at the work proposed by grant seekers. Rather than force a particular direction or point of view, the Maple Foundation exists to improve the quality of life for Houstonians. While impact is important, the strategy is one of listening rather than directing. The Maple Foundation is mindful of its role as a thought leader in the community and places a high value on maintaining trust.

Continuous learning is supported through participation in regional and local grantmaker organizations, and interaction with select peer foundations of a similar size in other parts of the country. The ability to create impact in a diverse city is a privilege the Maple Foundation does not take lightly. The CEO described the foundation as a resource that can be counted on—not taken for granted.

The Hawthorn Foundation

Table 4.2

Hawthorne Foundation: Descriptive Characteristics

Category	Description
Year founded	1951
Founder	Deceased (2 couples)
Current CEO	Colleague of family member
Number of staff	3 full-time professional 2 part-time professional 4 full-time support
Fields of interest	Arts, education, human services, public affairs, science
Asset base	$895.5 million
Board size	12 family members

Introduction and background. The second of Houston's two billion dollar foundations is tucked away on a side street in a modest neighborhood that boasts an eclectic mix of residential and commercial structures. The mid-century one-story building is marked only by its street number. It is unpretentious and unimpressive. The foyer displays large art pieces that are surely of significant value. My host ushered me into a small conference room furnished in quite an ordinary fashion.

She has recently retired after 13 years as the foundation's only grant officer, although she is still working part-time as a consultant to her successor. Well known and well respected in the Houston community, she has always been quite candid about her role as an advisor rather than as a decision-maker.

Founder vision or intent. While the foundation has an executive director and various other financial and administrative staff, there are no plans to increase the number of grant officers. Several generations of family members serve as primary decision makers. Given the

increasingly diverse perspectives, discussions leading up to establishment of funding priorities can be contentious. Thoughtful about the role she has played during her tenure, my host believes her due diligence and information sharing have had an impact on the philanthropy of this family foundation.

When asked to comment on the foundation's legacy, my host observed that the foundation has recently launched a strategic planning process in response to a keen interest in understanding what the founders really wanted to do. Almost 60 years out, it is not surprising that some revisionist history has taken place. Going back through the foundation's original founding documents and reviewing the early days of the foundation, the founders' interests are quite clear. They chose to make significant investments in two universities and in fine arts through the local fine arts museum. As part of the strategic planning process, her intent is to review minutes of board meetings over the years and develop a timeline that tracks their grantmaking.

The founders were very engaged with the groups they funded in the early years. In particular, they established endowments with two of those institutions, and some of them continued for decades, ensuring the sustainability of those entities. In my host's view, it is important for the younger family members to gain a clearer understanding of donor intent. She noted, "I think there is interest here in maintaining that legacy today, at least in spirit, doing the kinds of things that they wanted to do."

Grantmaking focus. Today's challenge is demonstrating to the next generation that there was interest in one thing or another in the early days. The medical center is an excellent example. Back in the 1950s, the foundation made significant gifts to the fledgling medical center, now viewed as one of the world's finest. However, education and the arts, and those

early investments, still represent nearly 30% each of today's grantmaking. Other focus areas are much smaller.

When the foundation was begun in 1951, it was not possible to have a foundation that operated indefinitely. A lifespan of 25 years or so was all that was permitted by tax law. The founders went into the venture presuming they would be spending down their entire corpus within just a few decades. Later, when the laws changed, they shifted the structure into perpetuity.

My host was reflective, commenting that she often wonders, "What would I do? Would I rather do some big legacy gifts and sunset it? Because everybody's coming at this from a really different place." In her view, such great wealth can be a significant burden for successive generations of family members. The founders had no way of knowing whether grandchildren and great-grandchildren—who never knew them—would be interested in doing what they had done.

In a rather unusual approach, each family member has been allotted an amount of discretionary funding that they can spend; in a sense, it becomes their personal giving out of the foundation. These funds have become very meaningful to many of them, but it leads to a discussion of whether such philanthropic giving opportunities are a privilege or a responsibility.

She observed that, although they perceive themselves to be supportive of education and the arts, the giving is often reactive, responsive to grant requests received rather than proactively seeking new opportunities. Nonetheless, there are significant second-generation examples of innovative education initiatives that family members were instrumental in bringing to Houston. As recently as 2010, the foundation has supported a targeted effort in the local school district to improve student outcomes and eliminate bad teachers.

Another vanguard effort was Houston's Collaborative for Children. Upon recognizing they consistently received grant requests from a variety of organizations, all seeming to be doing the same thing, several family members convened other local foundations to explore whether they could encourage organizations to partner on their programs and services. Some two decades later, the collaborative has become the coordinated voice for Houston's children. On the arts front, the foundation has undoubtedly been the largest funder of the fine arts museum.

Leadership. When the founders died, their children were unexpectedly thrust into the foundation's leadership. They were able to use the power of the foundation to impact change. However, as the family has grown, it has become more difficult to form consensus. While family members residing in Houston are still quite connected to the community, others who have moved away have been less engaged.

The strategic planning process promises to test everyone's commitment, with proposed committee structures and greater involvement in grantmaking, the outcome remains to be seen. Technology promises to support new ways of active decision-making, but that will require a significant investment. My host envisioned a day when board members will bring laptops loaded with grant information into every meeting. However, today, with just one grants officer (her very new successor), that level of engagement is well in the future.

It is clear that the family dynamic is challenging. My host emphasized that family members love each other and do things together outside of their foundation work, but meetings can be contentious. She wondered how that dynamic might change if they were outnumbered by non-family, community members on the board.

There is an underlying concern that favorite charities will be overlooked. A look at their annual report demonstrates there are more than a few random grants that do not seem to fit into any particular focus area. In that regard, she has made a serious effort to help family members differentiate between their personal giving and the type of grants that make sense in the bigger picture for the foundation.

She laughingly recalled her early days with the foundation. "I came in here thinking, 'This is great. I can see just what they need to do. I'm going to be a change agent.' Wrong!" Nonetheless, she noted, "the most remarkable thing to me about this job is the opportunity they have provided me to educate myself on an incredible array of topics." As the sole grant officer, she was forced to become an expert in all subject areas.

As someone who is extremely self-directed, she sought out meetings on healthcare, on the environment, on social services, and the arts. Personally, she feels she has been changed by the knowledge she has acquired. "Now, I have some facts instead of what I'm watching on TV."

Asked what she thought about consultants, she responded, "Not much." She added, "Those kinds of organizations probably work better either for a family who's really, really ready willing and able to be engaged in that kind of process or a professional foundation." In contrast, they are working with an advisor who has experience consulting with family foundations and will be there for the long term, rather than jumping in with a set of recommendations and disappearing again. She recalled a past consulting engagement in which the consultant was actually reduced to tears—in her words, "We pretty much chewed her up and spit her out."

Resources that guide practice. While she attended some of the national conferences such as the Philanthropy Roundtable and Grantmakers for Effective Organizations, she found the regional association of grantmakers much more useful. In her view, the programs provided new

information. Grantmakers for Education is a newer organization that is building a reputation, and she has encouraged her successor to take advantage of that resource, given their interest in education. She believes public education will continue to be a top priority and would like to see family members get involved in the Grantmakers for Education programming.

She emphasized the importance of networking with her foundation peers and colleagues, citing the value of bouncing ideas off each other. She added that foundations can get to a place where they know more than the boots-on-the-ground people. Her personal foundation mentors were people in positions of power who really wanted a relationship with grantees. She added, "It was a partnership for them, and that's the very best philanthropy."

Measurement is one particular area that has generated a lot of discussion. When a family member (including a college professor), asked a grantee group how they felt about evaluation and how they used it, they responded, "We use it to give to you because you want it." The professor was taken aback when the grantees went on to ask, "What do you do with it?" and he could not provide a meaningful response. However, she felt strongly that the measurement conversation will continue.

Positive and negative aspects of work. When asked what has energized her about her work, she laughed and admitted that, once she accepted the fact she was not going to be a change agent, she was able to focus on the knowledge and relationship building. Alternately, she found the dynamics of a family foundation challenging. When family members have very diverse views, but want to be very hands-on, they are not entirely open to the benefits represented by professional staff. In summary, she noted, "I would say you have to have a thick skin to work at a family foundation." On the other hand, she felt good about what she has been able to do, to get them to a place where they are ready to get some help.

When asked how she might advise a young person aspiring to work in the foundation sector, the boots-on-the-ground theme emerged again. She added,

> "At the end of the day, don't get too big for your britches . . . be humble and remember that you have been given a gift to be in this position, and you don't know any more than anybody else about anything."

Speculating about what the founders might have envisioned their legacy to be, she cited their significant investments in educational and cultural institutions that thrive today because the foundation provided them with the tools they needed for sustainability. Discussions continue about the ultimate purpose of making life better for people, and my host intends to use her research of historical documents to clarify those early intentions for younger family members who see things very differently.

Trends and influences that define the current philanthropic sector. The foundation has not paid too much attention to some of the current political and economic discussions swirling around the sector. Older family members are quite comfortable exceeding the maximum payout, while younger members are eager to see the corpus grow. There is no question the budget cuts at state and federal levels will increase demand for grant funding significantly.

She emphasized the fact that a family foundation is a "very different animal." Despite the differences of opinion and wrangling that may take place, they respect each other and get through the process and make it work. In closing, she observed:

> So, I think good things are happening here. More and more the family is interested in going out and doing site visits . . . I see the younger members, like fourth generation, really interested in doing good things with the foundation and not interested in the interpersonal drama that goes on.

Future vision. As Houston's second largest foundation, the Hawthorn Foundation displays a vastly different operating model than its local peer entity. Three generations of family

members are entrusted with the foundation's operations and investments. The small professional

staff boasts a single grant officer who functions in a consulting rather than a decision-making

role.

After 60 years, interpretations of the founders' intent have become a bit cloudy. A

rigorous strategic planning process is currently under way to restore clarity. Great wealth can

become a burden for subsequent generations as issues and interests ebb and flow. Nonetheless,

focus on the founding priorities of education and the arts have remained. The foundation has led

several vanguard initiatives benefiting children and the arts.

The professional grant officer has depended on networking with her local foundation

colleagues and attendance at relevant conferences and seminars as the best means of informing

her work. She emphasized the basic commitment of family members to continuing the legacy of

improving the quality of life in Houston.

The Oak Foundation

Table 4.3

Oak Foundation: Descriptive Characteristics

Category	Description
Year founded	1990
Founder	Active
Current CEO	Founder
Number of staff	1 professional foundation staff member; also uses independent contractors
Fields of interest	Christian agencies and churches, health, youth
Asset base	$72 million
Board size	3 family members

Introduction and background. The foundation is housed in the founder's corporate

office compound. Though it fronts on a busy commercial thoroughfare, visitors are in for a

surprise as they find themselves in a setting reminiscent of a rustic Texas ranch. Natural stone exteriors give way to richly paneled interiors, polished wood floors, and comfortable seating groups. A large stone fireplace dominates the public room where guests wait before being escorted up the broad staircase to executive offices. The company is the second largest private homebuilder in the nation, with revenues exceeding $1.3 billion.

The founder's business enterprise has been named one of the country's best places to work by *Fortune Magazine*; there are numerous amenities evident to the casual visitor. An employee refreshment center, comfortable dining room, and tranquil outdoor green spaces on a sizeable campus suggest this is an employer who is mindful of the well being of his workforce. The CEO's office continues the lodge-like ambience, though it was obviously a space where serious work was conducted.

Founder vision or intent. The founder was direct and candid, answering questions freely. He is a man of faith who displayed great pride in his accomplishments, yet readily acknowledged his many blessings. He was clear about his personal philanthropic style: "I made the money. I will decide how to invest it." Rare in the world of philanthropy, he gives 50% of his money and his time annually. In return for his investment, he is quite directive about his expectations.

When asked why he created a foundation rather than focus on individual giving, the founder was straightforward about his intent:

> Because I wanted a place where I could keep a charitable savings account, and separate the times when I donated to the foundation for tax reasons distinct from the times when I might make a grant. So, to me, it is a timing mechanism between the two.

His current model is that he gives away half of his income annually. He was equally clear about his objectives:

I want to give the money away when I'm alive, so it's kind of like, I made it, and, as a stewardship responsibility, I think I'm supposed to give it away as quickly and effectively as I find the opportunities.

Grantmaking focus. The issues that draw his attention are education, youth, and health and human services. As an entrepreneur, he acknowledged, "I'm drawn to give to things that other people wouldn't necessarily give to, and that might be even harder to give to." He has had the foundation for nearly 20 years. Its first 10 years, the founder focused on local giving, serving on local boards as a way to learn how philanthropy really worked. Today, nearly half of his giving is focused internationally. He admitted global philanthropy was much harder, since the funder does not have access to local people who are known and trusted, it is seldom possible to see or touch grantees. Separate and independent from his business, he has one full-time foundation professional staff person who informs his international giving; he uses a Houston nonprofit consultant to guide his local Houston philanthropy.

Leadership. He described himself as "called" to give both time and money. Because he is in a position to do so, he gives 50% of his time in addition to the dollar value of his gifts. He is a very hands-on grantmaker, actually sitting down with six or eight organizations a week that are seeking funding. He is rigorous in his effort to understand both what they intend to do with the money, and how well equipped the organizations are to use it efficiently. He will probe about governance, strategic planning, or fundraising.

Although this is a family foundation, at this time, the founder is the only member actively involved. He is indifferent to the growing interest of government in philanthropy, choosing instead to focus where he has influence. He is often frustrated by philanthropic colleagues who fail to use their intelligence when making decisions, refusing to measure nonprofits by the same standards they would use for their business activities.

In his view, leadership is the critical element in nonprofit success. Where he sees a leadership void, he is unlikely to make a significant investment. He believes donor education is essential for more effective philanthropy. He views his giving as part of a natural cycle of wealth creation and dissemination.

Part of his grantmaking is likely to involve guiding nonprofits up the ladder of competency, helping them to create a strategic plan, develop fundraising materials, or involve the board in new ways. He often engages his consultant to work with the nonprofit to implement capacity building activities he recommends.

Internationally, he finds organizations in a growth stage, those that have some promise of becoming sustainable. "[We] help give people a hand up rather than a hand out, and they can scale to where you can impact tens of thousands of people, not just a hundred."

In thinking about the future, he is adamant he would not go to a professional grantmaking staff. While both his wife and daughter are now trustees, he remains the primary decision-maker. He pointed to large national foundations that, in his view, have left the donor intent behind.

Resources that guide practice. When asked whether there are foundation practitioners whom he particularly admires, he was not particularly inclined to look nationally. He identified a California foundation that is doing some things he finds interesting, but observed there are few who are truly entrepreneurial. He referenced the "professionals" dismissively.

He is rigorous in his due diligence on grant prospects, studying their board, case statement, and their 990 to determine their potential as grantees. The three professional organizations he finds useful are the Philanthropy Roundtable, The Gathering (a Christian group), and Generous Giving, whose materials he has read and used. He reads extensively,

citing his current favorites as *The Bottom Billion* by Paul Collier (2008), and *The Beautiful Tree*

by James Tooley (2009).

Positive and negative aspects of work. He is most energized about making an impact.

In his experience, nonprofits are often run by people who have great programs and great passion,

but seldom are great business people. He commented he rarely gets involved with organizations

that are dependent on government funding because they are driven by the government

requirements, or the money itself, and lose site of the mission.

He offered a distinctive perspective on philanthropy:

> It's interesting to me how people who have money—and obviously have developed the
> skills or the capacity to create wealth—it's almost like they park their brain when they
> give it away. . . . I'm going to ask the same questions I would of any investment, and if
> philanthropy should be an investment, why wouldn't you spend as much time before you
> give this group $100,000? If you give $100,000 on a private equity deal, they'd be
> running through the numbers.

When asked what he finds discouraging about his philanthropic work, he focused on

leadership:

> It discourages me if I see a great mission that meets a need that is ill led. So executive
> directors that might have great passion and are great people, but they don't have the
> requisite skill sets to lead whatever they are leading, and I probably see that 25% to 30%
> of the time.

He further commented on governance and nonprofit boards:

> You don't quite get the right governance in place unless you have a dynamic leader. If
> you have a dynamic leader, they can overcome a bad board. They'll never get as far as
> they could with a good board, but they can overcome a bad board. If you've got a bad
> leader, they can't get through even with a good board, and a good board usually will
> replace them all the time.

Trends and influences that define the current philanthropic sector. With respect to

emerging issues regarding philanthropy, he noted:

> I don't spend any energy on worrying about things that I have absolutely no impact on.
> It's different if you're a professional staff member of foundations, and you're worried

about it affecting your livelihood. That's one of the reasons why I probably would never go to a professional foundation because, by its very nature, I think it loses some of the passion, intent, energy, and psychology between the job of giving and it becomes just a business.

Future vision. When asked about the legacy for his foundation, the founder was quite adamant: "Hopefully, it's those organizations that I've been able to impact. So, it would be vested in those organizations I've helped move from one place to another."

In closing he mused about his motivation:

So, since I've been blessed to be able to create wealth, it was natural for me to move from the acquisition to distribution, and hopefully if I'm really good and I spend 50% of my time, maybe it's a conveyor belt where it comes in and it goes out.

He felt strongly that there is a need for the education of donors, believing there is tremendous potential to increase the impact of philanthropy significantly if donors really knew how to assess the potential of their giving.

Led by a successful entrepreneur who uses his business acumen to direct his philanthropic activity, The Oak Foundation brings a unique perspective to grantmaking. The CEO repeatedly described his work as a calling that requires him to invest the fruits of his business success in the community. He is very directive in his approach, viewing personal engagement with grantees as a means of honoring his stewardship obligations.

With giving increasingly globally, the foundation focuses on building the capacity of both domestic and international nonprofits that have the capability of increasing their client impact. The founder admitted he is attracted to organizations others may overlook, and looks for opportunities that can go to scale.

The Spruce Foundation

Table 4.4

Spruce Foundation: Descriptive Characteristics

Category	Description
Year founded	1983
Founder	Deceased
Current CEO	Founder's daughter
Number of staff	1 full-time professional 1 full-time support
Fields of interest	Aging, children-youth services, community-economic development, education, family services, health care, housing/shelter
Asset base	$12.32 million
Board size	3 family members and colleagues

Background and introduction. A mid-rise office building on the city's west side houses this mid-size family foundation. There are portraits of the founders and memorabilia of their lives accentuating the space. The foundation is led by the daughter of its founder. Her office is warm and welcoming, with personal touches that lend a distinctive character to her workspace.

Founder vision or intent. She credited her apprenticeship at her father's side during the last decade of his life for building her confidence in preparation for her current role. A savvy businessman who achieved his early corporate success in Mexico, the founder's charitable work was launched in that South American country . Troubled by the poor conditions that permeated the culture, he constructed an orphanage to house the abandoned youngsters he encountered there.

Unlike many foundation leaders, my host had the benefit of working side-by-side with her father for more than a decade. She described the foundation's legacy as more a family

philanthropic tradition, guided by her parents. Her parents also took a very unusual step to preserve their legacy: they created a video in which they were interviewed about their philanthropic tradition, their views for future generations, and their priorities. An independent consultant led the interviews, conducted with both parents separately and together. No other family members were present, ensuring the conversation was uniquely their own. The interviews captured both what their goals were, as well as what areas should not be included in the foundation's purview.

Grantmaking focus. While the creation of the foundation did offer certain tax benefits, its genesis was actually the desire to create a state-of-the-art orphanage in Mexico City. The founder had lived in Mexico City for more than 40 years, and raised his family there. He was devastated by the abandoned children he saw everywhere and became determined to use his resources to build an orphanage. Upon careful consultation with lawyers and accountants, he learned a foundation was the most effective way to accomplish his objective. While there were tax benefits, the most practical way to realize his dream across the border was through the foundation structure. My host noted, "it was good business thinking and good philanthropic vision, all rolled into one."

While her mother came from an affluent Chicago suburb, her father grew up in the Depression and watched his family lose everything. A scholarship and hard work allowed him to attend college. He remained very concerned about the underserved, having experienced what a difference a hand up could make, and often spoke about the importance of "alleviating suffering and rekindling hope."

Leadership. When asked about the founder's influence today, my host admitted she was very aware of his presence, noting she is inclined to run her ideas through the "Dad and Mom

filter." She believes they would be proud of the foundation's alignment with their interests. She described her father as a "systems thinker," someone with a big-picture perspective who always retained the ability to respond to the tug at the heartstrings. For example, in addition to broad-based grantmaking, there is generally a camp in the mix. Her father was an Eagle Scout and personally benefited from the camping experience.

Resources that guide practice. This second generation leader of her family's foundation is a continuous learner. As a one-person shop, she described the need to do it all: to know the regulations, to understand how to run a business, to remain current about the issues—in other words, to be a "jack of all trades." She assesses the value of various conferences, is a prodigious reader, and retains a very close relationship with a nonprofit lawyer.

> Whenever I have a question, or whenever I feel we're in an area that is new to me in terms of grantmaking or foundation management, I will pick up the phone, and I consider that very important. We have a yearly meeting with the lawyer at the foundation level to learn about trends and new information, and I do that with a broad brush.

At the moment, the foundation has a real focus on homelessness. She has added homelessness conferences to the mix of professional development and has stopped going to regional conferences in favor of others that emphasize best practices, trends, and regulations so she can stay ahead of the issues.

When asked about her role in the formation of the local Grantmakers Forum, she was characteristically modest, attributing its creation to an array of factors. At one time, the Better Business Bureau had convened what was known as the Private Foundation Group. When the meeting space was shifted to a location that was not centrally located, attendance began to dwindle. My host and two foundation colleagues joined forces to resuscitate the gathering. In her characteristic style, she persuaded a centrally located bank eager to serve high wealth individuals to provide space and host the gathering—something they did for 15 years.

Her foundation regularly canvassed the group to identify educational topics of interest. She orchestrated a planning committee that met periodically to plan the program for 2 years at a time, recruiting foundation leaders to volunteer as program leads. This approach ensured process requirements for the group were kept to a minimum. Her own administrative staff person managed registrations via email and ordered lunches.

When the bank informed the group they would no longer be able to meet at their site, the United Way eagerly assumed the role as host. It is a model that continues to work well; the planning committee has evolved to include the next generation of foundation representatives, and programs have begun to reflect their interests and influence.

She commented on the value of the Grantmakers Forum in this way:

> I think it is something that is important for our grantmakers to have that time together, to see each other's faces, to get to know who else is working in a community. Opportunities to work together and collaborate, and to really start to work together more effectively. I do think that is something that makes our community a little different than others.

Her thoughts about the role she has played in maintaining the Grantmakers' Forum were an excellent illustration of her personal leadership.

> I think sometimes leadership is made to seem like it is very, very glamorous, and that it takes this charismatic person, and in some instances it does. But, in some instances, it is just willingness to schedule a meeting, find a venue, keep the database, follow up, and the stamina and the dedication to something that may not be very high profile, but just plain vanilla, is part of what it takes to make something happen. It's just taking the responsibility and seeing that it is something that's important and valued.

When asked whether her foundation's priorities and practices have changed, she again referenced her first 10 years working beside her father. During the second decade, she has had a lot of autonomy, something that is important to her as one who is very self-motivated and enjoys setting goals. Because she has spent a great deal of time in the community, she has gained skills and knowledge that are particularly useful, given the right opportunity.

She commented she has been "called" to assume certain leadership roles and has been surprised what a natural platform the foundation world has provided. She believes she has been able to achieve a great deal because she comes from a neutral place and is perceived as not having a personal or vested interest.

In her view, the community agenda is really foremost and it helps galvanize support. While she is sensitive to the potential for conflicts of interest, she suspects some foundations use that argument as an excuse for remaining rather uninvolved. While many other foundations avoid serving on nonprofit boards, she believes there are often times where a foundation representative can strengthen a nonprofit by serving as a board member, mentoring, or being more hands on. She views this as a way to leverage her foundation's investment and increase its impact. She is convinced serving at the governance level provides a perspective that yields mutually beneficial results. She feels her varied experiences, the body of knowledge gained from living in another country, her insight into the foundation world, and her natural ability to be a catalyst have culminated in her current work on the issue of homelessness.

In the early days of her family foundation, it was run in tandem with the family business. Because her father had earned his success in Mexico, early foundation investments focused on some very large projects and addressed issues there. After a decade, it became obvious that the foundation needed to be a bit more professional and purposeful. They joined regional associations, grantmaking became broader, and my host was asked to take on the foundation leadership for the family.

She started a junior advisory board where the next generation of family members were invited on board when they were 10 years old and remained there until they reached 21. They had their own investment portfolios, reviewed grant requests, went on site visits, and then

presented their recommendations to the senior board. In addition, they did consensus grants

nationally and internationally. The idea was that they were in the formative stage and this

experience became bedrock to their philanthropic perspective and family tradition.

When their junior board tenure ended at age 21, they could apply for membership on the

senior board. However, acceptance was not automatic. They had to get involved in the

community and serve on other boards. It was not considered a birthright as it is sometimes on

other family foundations.

> Instead of it being an experiment in family harmony and family dynamics, it really is a
> business. There is a fiduciary duty and for the good of the public. Not all family
> members qualify so our family took a really hard line on that.

Although the foundation was established in perpetuity, her parents decided together that

they wanted to make sure money was allocated in the manner in which they set up the

foundation, so they decided to sunset it. Toward this end, they removed all other family

members from the foundation and charged her with allocating the final monies in the manner in

which the foundation priorities were established. "So all of that pre-work we did was so

important in guidance because I will be having an opportunity to allocate out in a way that's

been very different from the way we've done grant making."

She will be working strategically, with an eye to starting the process in a few years on

how best to terminate. She is now setting the stage for what the end game will be. Her parents

understood the foundation goes beyond family. It was not something that was designed to

promote family unity. It was really abut preserving the intent.

As she assessed the various grantmaker groups, she has moved away from many of the

traditional ones that attracted her attention in the early days of her work. She gathers transcripts

from colleagues who attend, but is now more focused on specific issues such as homelessness.

In fact she intends to establish a Funders Together Against Homelessness chapter in Houston as a means of engendering new collaboration focused on homelessness.

When asked which national foundations draw her attention, she cited the Annie E. Casey Foundation as an example of a funder that is working on the front lines with great strategies to lift up the working poor, fund the raw energy in communities, and share their best practices. In addition, she is intrigued by a foundation in Washington that has functioned as a conduit for European foundations that want to fund in the United States. She added that there are small foundations involved in high engagement philanthropy, working alongside grantees. She lamented the difficulty in identifying best practices, noting that the *Chronicle of Philanthropy,* a widely distributed industry publication, is one of the few sources that highlight national examples.

Positive and negative aspects of work. She believes demystifying the grant process could go a long way toward building strong grantor-grantee relationships. She is convinced the grant process should be easier and more honest; for example, if evaluations are not going to be used, then do not ask for them.

She is energized when she encounters the energy and passion is displayed by grantseekers. "I really am a hands-on person, so I would not be happy just sitting at the desk and sending out the checks . . . I do think it takes us all working together, and I am willing to do that."

She sees the importance of building up the sector and being part of building the capacity of nonprofits in the community, rather than keeping them on a starvation diet by withholding funding. "It's that passion in wanting to make this world a better place that really resonates with me, and so that energizes me."

She commented also about being energized working with women. She began Houston's Women in Philanthropy with two other women. She observed that the major philanthropists in the early 1900s were all men, but suggested their wives were likely operating behind the scenes. An increasing number of wealthy women are making philanthropic decisions. She speculated women probably control the majority of philanthropic dollars today. In her view, the natural collaborative spirit of women is furthering the sector and she regards this as a hopeful sign.

When asked what discourages her, she cited the elitist attitude of some foundations. In her view, some are not really interested in learning about the community, while others do not understand the effort required for a grantee to get a proposal out the door, allowing proposals to be submitted when there is no intention of funding them.

She also noted the odd contrast between efforts by foundation grant officers to expand their knowledge and embrace new learning while their boards often remain protected by a firewall that separates them from the board. "So once that foundation door closes, decisions are being made with the scantiest amount of information."

She posited that the governance aspect of foundations is in particular need of expanded oversight. The hands-off view held by some board members, the misunderstanding that this is their money, counters the reality that these funds are a public trust. While she is committed to the concept of foundation independence and innovation, she believes it is time for a better balance between public accountability and decision-making.

Trends and influences that define the current philanthropic sector. When asked how she thought her father might view philanthropy today, she felt he might be discouraged by the way foundations had insulated themselves from the community. In her view, with the complex issues facing society, it really takes a multi-sector view, with everyone working together to seek

solutions. Despite the concern about what she described as a rather "elitist" foundation model, she nonetheless acknowledged the importance of maintaining a foundation's independence.

She was quite emphatic that government is not able to be as strategic and nimble as the foundation sector. However, she believes the foundation sector has obligations beyond funding. She described concept of high engagement philanthropy in which funders function as side-by-side partners with their grantees as the next-generation type of philanthropy, which has the ability to build both organizational and community capacity.

In her view, it is foundation boards that are particularly insulated from new thinking about different approaches to grantmaking.

> I think we're recycling the old way of doing things without exposure to new directions, and so it is kind of the education, the light being shined on maybe we could do this in a different way that's more effective.

This CEO believes foundations have become too distant from their grantees. A systems thinker, she is a prominent advocate for multi-sector solutions to society's complex problems. From her experience, foundations are well positioned to give more than money. She believes they have a broader role that entails mentoring and working side-by-side in the trenches with their grantees to generate greater impact.

Looking at trends in general, she is frustrated by the ignorance of the public sector regarding the ability of the philanthropic sector to assume governmental responsibilities. She referenced increasingly frequent calls she has received from city and county governmental entities that want her foundation to underwrite something clearly beyond her foundation's capability, and something that clearly belongs to the government using taxpayer funds. "So we are being asked to shoulder a burden that we were never designed to shoulder." She contends

that the respective roles of philanthropy and government have never been clearly defined for the

public.

> Again, private philanthropy is a drop in the bucket to the billions and billions of dollars the government has. So those precious dollars are designed to be strategically placed as a connector so that everything works, and without that one little cog, the machine breaks down.

> **Future vision.** When asked about the legacy she would like to leave for her foundation,

she referenced the future sunsetting of the organization. Unlike other foundations that have

formally terminated operations, she does not envision a flood of grant application. Instead, she

intends to be very strategic about closing grants and reaching out to specific potential recipients.

She will secure business plans that include investment strategy for such a large influx of cash.

Just as she has shepherded the foundation endowment over the years, she will be looking

for a similar thoughtful approach from any potential grant recipient. She dreams of a scalable

program created by a specific recipient that would lead to credentialing or certification for

practitioners in the homelessness field, ensuring the quality of services can be maintained and

replicated. This sort of visionary thinking is unique among the average foundation sector. She is

also thinking about grants that might retire debt.

If something unexpected should happen to her, the board prepares an annual list of 10

grantees that would receive the terminal gifts if funds had to be allocated quickly. However, her

vision is that they will be able to partner with strategic end beneficiaries that would make a really

big difference.

> It is a once-in-a-lifetime opportunity, and that is our legacy, and on a personal note, I really want to be seen as having a small foundation and being a catalyst. I love putting people together that need to be together, and get out of the way and see what happens, and support that connection.

Although she has often been honored with one award or another, she prefers a low profile. She described the process as public dollars that flow through the foundation. She mused about the possibility of a new foundation model where there is clarity of roles, where the purview of public funding is evident to all, and where foundations have the autonomy to innovate and create solutions government is too big to envision.

She cited a prominent Dallas foundation as a practitioner she particularly admires. Large and influential, they have taken on an advocacy role for the sector. They share their knowledge and speak for philanthropy. She believes it is important to let local officials know what foundations are doing in the local community and to educate them as to what the needs are. She posited that an annual forum sponsored by foundations for legislators would make it possible to share information efficiently. Foundations have capability to innovate in a way that governments do not. "If we stick with foods stamps and that's how we solve problems, that is very frightening."

Describing her role as a "calling," she focuses on a community agenda rather than one that reflects her interests alone. "Catalyst" is another term that serves as an apt descriptor, as she lends her energy and enthusiasm to broad-based efforts that engage others.

With an expressed intent to sunset her foundation, she is studying issues and opportunities that will facilitate a major impact on a particular issue, rather than a number of disparate grants. She views advocacy for the sector as an essential means of educating other sectors, especially government, about both the potential and limitations of philanthropy.

The Birch Foundation

Table 4.5

Maple Foundation: Descriptive Characteristics

Category	Description
Year founded	1981
Founder	Deceased
Current CEO	Colleague of founding family
Number of staff	7 full-time professional 2 full-time support
Fields of interest	Children, youth, community, neighborhood development, employment, family, housing, human services, mental health, nonprofit management, public health, education
Asset base	$90.0 million
Board size	6 community members

Background and introduction. Occupying a somewhat crowded suite on the top floor of a five-story office building, this foundation is situated in the busy business corridor of Houston's prestigious Galleria shopping mall. Designating enclosed offices to grant officers, the CEO occupies an open expanse at one end of their space. Guests are invited into the windowed conference room when closed-door meetings are appropriate.

As a young lawyer, the current CEO worked closely with the founding family, handling many of their tax and estate matters. He worked side-by-side with the first cousin of the founders who served as the executor of their estate and later ran the foundation. In a very real sense, he apprenticed with the early CEO, watching how he approached his philanthropy and ultimately was appointed president.

Founder vision or intent. The founding family was very private, focusing early on endowments. Over time, it has become much more externally engaged, becoming actively

involved with service providers and grantees. This collaborative spirit has changed the foundation's grantmaking, allowing it to become more purposeful and more efficient.

The foundation was created in 1931 by the founder, a successful Houston entrepreneur who determined that 10% of his estate was to be set aside for charitable work, adding these words: "For the use and continuing the work of Jesus Christ on earth." He had four children, three of whom died without offspring. The original fortune cycled through the children and made its way back to the foundation. So, although the founder's directives were quite broad, giving stayed within the realm of fairly typical IRS health, education, and welfare categories.

Grantmaking focus. In the beginning, the founder was especially fond of setting up endowments and establishing scholarships. He would give money to universities he liked and set up a very large endowment for a nonprofit that cared for orphans and foster children. Another large endowment went to the SPCA. The only surviving child of the founder created a substantial endowment at his alma mater. The siblings were fond of endowing things in their father's name; later, when the brothers died, the remaining son made gifts in his siblings' names. While the foundation would not have retained a corpus the size of Houston's largest foundation, it would have been substantially larger were it not for the scope of those early gifts.

The foundation's founder was in the lumber business, establishing the state's first lumber company in Texas in 1904. The company celebrated its 100-year anniversary in 2004 and continues to operate today. Coincidentally, at one time, the founder worked for the uncle of Houston's largest foundation, although only this entity remained in the lumber business.

Considering how or if the founder's traditions are continued today, the CEO mused that the only real connection would be funding provided to a local community center, a Methodist entity that reflected the founder's early partiality toward Methodist institutions. However, this

connection was actually related to the foundation's support for a collaborative of community assistance ministries rather than for a faith-based organization.

In the early days of foundations, there was no mandated distribution. The current 5% requirement is a relatively modern development. However, as the CEO observed, "In the days before distributions were required, I do not think they were particularly lavish with distribution." So that may be another reason why the foundation survived at all. In the early days, "it was run very much like a family foundation. It was kind of the family philanthropic checkbook that gave to the schools they liked, the churches they liked, and so forth."

In a very honest assessment, the CEO acknowledged the foundation was an afterthought to the lumber company. When the IRS mandated foundations divest of corporate entities of a certain size, the foundation sold the company.

Leadership. When asked how he came to hold the foundation's leadership, the CEO recalled his days as a young attorney with the outside law firm that managed the founder's estate. To use his words, he "apprenticed." When the founder died, his cousin was named co-executor of the estate. When he began looking for trustees, he invited the current CEO to become a trustee and vice president. This came as a surprise to the CEO who was still fairly young, although he was quite familiar with the estate and tax planning side of things.

He and the cousin worked well together and spent a fair amount of time over long lunches and talks about the foundation. He candidly noted "the heir apparent was modeling his predecessor's behavior" by picking "someone who was not in the office every day, who was free legal advice, and who would vote the way you did." Acknowledging that he did not have much time to fool with foundation matters, he was the perfect candidate.

Mentored by the foundation's president until 1994, the CEO learned a great deal through observation and conversation. At the same time, the foundation had become more intentional, moving from its role as the family's philanthropic checkbook staff, to hiring professional staff. Once a year, they would head for the regional grantmaker conference in Santa Fe or Colorado Springs.

When the only remaining family member died, my host assumed the role of board president. He found himself spending more and more time on foundation business and, after more than a decade, assumed the role of executive director when the long-time CEO retired.

When asked how giving has changed over the years, he noted the foundation has moved away from endowments and capital campaigns. They have shifted from the traditional health-education-welfare framework and more into things that help people help themselves. They are looking at big picture issues like education and employment. For example, they are looking beyond obvious things like financial literacy and how to look for jobs, and trying to look at things that actually create jobs. They are much more collaborative.

> So, over the years, the foundation you might say has loosened up a great deal in terms of its communication with the outside world. There's much more interaction with service providers and grantees, to a degree that, 10 years ago, I would not have thought that we would have done that.

When asked to talk a bit more about their newfound collaborative spirit, my host described the process that led them to this vantage point.

> After you've been in the business a little while and not very long, you get the sense that you're bailing out the ocean with a thimble, and so you begin to think about efficiencies. . . . You first look for somebody who's doing what you think needs to be done and you help them do more of it. If you can't find that organization, you find an organization that has the potential to do that and you help fit them to do that, and, as a last resort, if nobody's doing it, then you start an organization.

He went on to describe the process that led them to Houston's ZCAM (Zip Code Assistance Ministries) initiative. ZCAM is a collaborative funded by 15 area foundations banded together to support a revolutionary capacity building effort among volunteer-driven faith-based programs that were serving hundreds of thousands of individuals annually.

With lots of research and a dedicated grant officer, the foundation put the basic model together.

> You got a little bit of a sense of what it must have been like in 1776 or 1886, or whenever the Constitution was being written. I have seen in my practice and in this business some real Gordian Knot moments were like that, where you've got a problem that could derail things and somebody is bold enough to say, "let's do it this way because it's fair, it's easy, and let's trust each other to trust each other," so that was one of those moments.

Resources that guide practice. For personal professional development, the CEO accesses a variety of online industry publications including the *Chronicle of Philanthropy*. The foundation still receives the hard copy of the *Stanford Innovation Review*, but they also have an employee who is designated to be in charge of research. He noted there were few job descriptions for the position they ultimately created. Even though they have quite a small staff, he felt it was very important to have a person dedicated to the research function.

In addition, they are active in the regional associations of grantmakers and have joined GEO, the national organization focused on grantmaking. With an evolving interest in health issues, they have also joined Grantmakers in Health. Increasingly, they look to peer foundations that have developed expertise in fields of interest.

He maintains a big picture perspective.

> You have to keep remembering that the world is so much bigger than the four walls you sit inside. Somebody's working on or thinking about working on everything and the task is not to try to do everything yourself, try to harness all the stuff that is out there.

Having ventured into the world of collaboration in a very proactive and public manner, he returned to the subject again. "The biggest enemy of collaboration is that silo effect and getting people to agree to put their organization at risk by being compared to somebody else." In his view, while grantmakers can help grantees become more comfortable with collaboration, at the end of the day, collaboration is the future. He compared this reality to the recent uprisings in the Middle East. "You can only take so much before you stand up and say, 'This is wrong. We've got to do this different.'"

He believes collaboration does not add to the cost of doing business. In fact, it can be cheaper if enough people are committed to its success. He cited the STRIVE Project in Cincinnati as a model effort that addresses the daunting issue of education. Because it is simple, it lends itself to replication elsewhere.

Positive and negative aspects of work. When asked what about his work energizes him, he ruefully admitted, "new stuff." Commenting on the challenge of keeping boards engaged across multi-year funding cycles, he confirmed boredom is a serious hazard in his business. "Well, by the end of the third year, your board, who's forgotten why you got into it, want to know what's happening, and think they might rather do something else." He readily acknowledged that his work requires discipline: "you can't just go running after every shiny object; you have to maintain a healthy skepticism about it."

In contrast, he is sometimes discouraged by the modest giving capability of his foundation. "It is frustrating that our foundation doesn't have a billion dollars instead of $200 million, because we could do more stuff." He admitted his sense of urgency, stating that he no longer has the patience he once did to make things happen. "You think you see the way something ought to work, but you still have to sell it."

From a lawyer's perspective, he described his frustration with the legislative process, observing that the fact legislators can pass a law does not mean it is any good. "The same body can pass a law in one session and repeal it in the next." He noted that, when Congressional committees get excited about something foundations are doing, it is often the result of some abuse. "But usually we've got laws to take care of those abuses. I'm not worried about scrutiny, about legislators. It bothers me that they waste time doing it."

Trends and influences that define the current philanthropic sector. Regarding the general ignorance about foundations and philanthropy, the CEO shared the reality of foundation resources.

> If the federal government were to turn to the foundations and say, "I'm sorry, we need your money. We hereby impose a 100% tax. Just write us a check." The fact is that there is not enough money to run the government for a year.

He pointed out that the foundation tax reporting system is not that different from the regular income tax system. Compliance is voluntary for both and, on balance, it works.

Future vision. Thinking about the future of his foundation, he lamented that current financial conditions made it very difficult to grow the foundation resources. They manage most of their investments in-house but growth options are limited. He added, "I think that a goal we've kind of set for ourselves is to try to attract more people from outside of Houston and outside of Texas to invest in things that we put together."

Referencing the wok of Rice University's noted demographer, Stephen Klineberg, the CEO observed:

> Houston is blessed to have Stephen Klineberg who tells us that we are a microcosm of the future. The whole world is going to look like Houston some day. . . . So I think we've got an incredible opportunity to attract as partners people who would want to come to town and see what happens when you work with that diversity.

Sharing the beliefs of one of his board members, he added that something that works in a city like Cincinnati, with a more homogeneous makeup, would not work well elsewhere. He envisioned that others would see the value of trying things out in Houston to see what the future looks like.

In closing, he thought about his contribution to the foundation.

Well, I'd like my legacy to be that on my watch, we at least kept up. I do not mean just in investments, but in things we accomplished. I'd like to think there's nothing going on that we aren't able to take advantage of. So, I guess what I'd like to see for the foundation, that we continue to be an "early adapter." That's one of my favorite phrases . . . and I'd like for us to be known for that, and to have that tradition.

The Cedar Foundation

Table 4.6

Cedar Foundation: Descriptive Characteristics

Category	Description
Year founded	1969
Founder	Deceased
Current CEO	Colleague of founding family
Number of staff	4 unspecified
Fields of interest	Children, youth, Christian agencies and churches, education, health, human services, medical research, museums
Asset base	$174.19 million
Board size	5 colleagues of founding family

Background and introduction. Located a good distance out on the west side of town, this foundation is tucked away in a modest space in a suburban bank building. Portraits of the founders greet guests as they enter. The waiting area is small but welcoming. Offices are quite businesslike in nature, with polished wood and understated furnishings. My host was warm and welcoming, but seemed genuinely puzzled that I would want to interview him. Referring to his

organization as "a babe among foundations," he asserted that the foundation has remained mindful of the founder's intent.

Founder vision or intent. Everyone currently with the foundation was directly connected with the founder, either as an employee or as a contractor with founder's business interests. They are viewed as the "rocks" upon which the foundation was built. The organization's past has been captured in a history book that ensures the legacy will live on, even when those directly connected with the founder are no longer there.

The CEO described current foundation board and staff as having had on-the-ground training. Their attorney wrote the founder's will; the founder's best friend was a partner in that law firm. Their CPA oversaw tax matters for the founder's business interests long before she joined the board. The other three board members were with the oil company.

Donor intent is a bedrock principle for the foundation. Although the founder did not restrict giving in any way, the board has retained a detailed record of giving during his lifetime. It is reviewed regularly and every effort is made to honor things he liked. They try to focus on Houston because that is where the founder's interests were, but do not limit themselves to that. They often fund national organizations that have local chapters, such as the American Heart Association or the American Cancer Association.

When asked why the founder and his wife chose a foundation for their philanthropy rather than individual giving, the CEO revealed the couple had only one child who predeceased them. It was just a few years following their son's death that the couple established the foundation. Each year, the founder would put money in the foundation and then give it to the nonprofit groups in which he was interested. There were not any huge gifts during his lifetime,

with the exception of a significant contribution to the Methodist Heart Institute after a friend had received a heart transplant there.

Grantmaking focus. Speaking about the Texas Medical Center, the CEO added:

> I guess like all the great leaders in Houston, they all seemed to want to make sure that we have the best medical center in the world. They were very dedicated to seeing that the medical center did well. They had a lot of things they would get involved in, and people would call on them to get involved.

 He cited the Museum of Natural Science and the Butterfly Center as other examples of the collaborative philanthropy that characterized Houston.

Other issues that have continued to receive support long after the founders' passing includes seniors, substance abuse, and healthcare. Grantmaking practices have remained fairly constant over time. They rarely accept unsolicited grants, more because the staff is so small and unable to review large numbers of submissions than because they are not open to new ideas. New opportunities often come through their trustees via word of mouth. In 2010, they funded about 89 groups.

In the world of grantmaking, the CEO repeatedly spoke of their foundation team as newcomers to the field of foundation philanthropy. The founder died in 1995, but it took a good bit of time to close down the oil company and transfer assets to the foundation. Their first day of operating with one part-time and three full-time employees was in 2000, so they have just celebrated their first decade under their current structure. He went on to say, "In that short period of time we are still learning and still evolving."

Referring to himself and his team as "learners," he credited the Houston foundation community for their openness and support. "They are such a caring group. As we were learning how to do this, we called on a lot of the friends that we had begun to make in the foundation world."

Leadership. With respect to his current leadership role, the CEO described himself as

evolving into it. Originally the founder's treasurer and vice president of finance in the small oil

company, he gradually assumed foundation responsibilities. By the time of the founder's death,

he had appointed the current directors to the foundation board. As time went on, they cared for

the founder's wife until her death, becoming her only family.

As the financial person, the CEO seemed the logical choice to step into the leadership

role. At the outset, they were not sure they would need anyone else, but as they realized how

large they were going to be when all the estate matters were ironed out, they recruited another

board member to serve as grants director. That is the structure they maintain today.

In addition to traditional investments, the foundation's diversification into real estate, and

leasing of mineral rights the founder had purchased all over the country has allowed them to

withstand some of the market volatility that has decimated many foundation asset bases. These

investments demand a great deal of the CEO's attention. However, he emphasized, "So we

continue to have fun doing what we're doing, and trying to learn how to be a foundation."

Resources that guide practice. In terms of building his personal philanthropic

knowledge base, the CEO recalled that the founder had encouraged him to attend conferences

and seminars on philanthropy, even though, in the early 80s, such opportunities were few and far

between. He began attending the fledgling Private Foundation Tax Seminar that evolved in

Austin.

The Conference of Southwest Foundations was another important resource, as is the local

Grantmakers Forum. He noted that, today, hardly a day goes by that he does not receive some

sort of a notice advertising some seminar on the foundation business. He and his colleagues

consciously limit their travel, but do take advantage of the Conference of Southwest

Foundation's annual conference and the program presented by the University of Texas Law

School. Although he does not follow any national foundations with particular interest, he cited

the Meadows Foundation in Dallas as a leader in the foundation sector, and recalled the

contributions of the Swalm Foundation before it dissolved.

Positive and negative aspects of work. When asked what excites him about his work,

the CEO responded:

> I think the greatest joy is to go on a site visit and see what good some of our groups are
> doing. Or to go on a site visit where we're considering giving to a group. We're very
> strong believers that, if you haven't seen it in action, you can't really understand it, and
> it's proven over and over as I've actually gone out and walked around a campus or a
> building or whatever, and you see first-hand what they're doing. It can blow you away.

Asked whether there are changes under consideration, he spoke about investing in small

players dealing with big issues such as children and homelessness and health. "We find these to

be quite effective and you can see immediately. You can see the good they're doing." He went

on to comment, "We like things that build character and teach integrity, and bring up the kids

that might not have gotten that at home."

He recalled an investment in one of Houston's community assistance ministries when it

was a struggling, all-volunteer organization, challenging them to model a similar organization

that brought in professional staff and greatly expanded their ability to serve clients. He spoke

proudly of their early engagement with Houston's pioneering ZCAM (Zip Code Assistance

Ministries) collaborative, one that led to dramatic increases in capacity for all participating

ministries.

Trends and influences that define the current philanthropic sector. In response to

the question regarding current issues related to philanthropy, the CEO observed that the founder

did not like government intervention.

He liked to keep government at a very minimum. He really thought it was great to have incentives in place to get entrepreneurs doing things in the tough areas. Everyone sees a successful oil and gas man, and they think it's easy. They don't know about the failures. It was the risk-taking that allowed him to give back to the community.

He added:

My thinking is that you've got to have guidelines, and you need some oversight by the Attorney General. So we've got to have regulations, but my concern is that we keep government control out of it. If someone wants to set up their family foundation, they need to be able to give to the things that are important to them. It was their sweat and blood that made the money.

Future vision. As he looks to the future, the CEO noted they have been fortunate to grow in a time that does not promote growth. He was quick to credit the founder with the vision to diversify his investments; that strategy continues to ensure foundation assets remain strong. In terms of advice for those considering a career in the foundation world, he commented, "You've got to be dedicated to caring and I think it's got to be within you that it something you want to do. You can't be expecting to be a vice president the second year on the job."

In his view, the hard part of the job is having to reject someone. "Or to say we'd love to, but the cold hard facts of life are that we can't give to everyone." On the other hand, he and his colleagues talk every day about the rewarding side of their work.

You receive such a blessing from the groups when you get out and actually see the results. . . . Maybe a Star of Hope family that has gotten back on their feet or rejoined society. Or a Cenikor person who has served there an extremely long time for recovery, and they're back working and got their own apartment and car. . . . So those are the rewards of being in this work.

The Cypress Foundation

Table 4.7

Cypress Foundation: Descriptive Characteristics

Category	Description
Year founded	1947
Founder	Deceased
Current CEO	Granddaughter of founder
Number of staff	3 full-time professional
Fields of interest	Arts, education, health, hospitals, museums, medical research
Asset base	$211.65 million
Board size	6 family members

Background and introduction. The granddaughter of this legendary Texas businessman leads his foundation today. Once lauded as the largest foundation in the United States, it is still large by any standard, but is now numbered among mid-sized Houston foundations. Foundation offices are housed in the prominent downtown office tower that bears the name of the global conglomerate that emerged from the founder's early business enterprises. That enterprise is now regarded as one of the world's premier engineering, construction, and services companies.

Tapped by her mother, who led the foundation's board for 50 years, the current chair acknowledged the awkwardness of assuming the mantle of leadership, clearly chosen over her siblings. However, each of the families holds a seat on the board, so they are represented in the decision-making. Musing about her decade in her current role, she affirmed the logic of her mother's choice, given her personal involvement in and knowledge of the community.

Donor vision or intent. When asked how the foundation maintains the legacy of its founder, she was mindful of her time with her grandfather and her mother, who carried the torch. She asserted her mother was "sitting in that chair listening to us." Her grandfather set up the foundation in his lifetime because he wanted to enjoy seeing it being used. His biography describes his pleasure in seeing people benefit from his money.

In her opinion, he created a foundation as the vehicle for his philanthropy because he saw it as a means of ensuring his giving in perpetuity and he structured it in that manner. He was relatively young when he died. She wondered aloud if he had inkling he would not be managing the foundation for long, because he did not place himself on the board, but populated it with his three daughters. One of those daughters was the current CEO's mother, who remained active in her board role for 50 years.

Grantmaking focus. The founder had been an active philanthropist prior to the incorporation of the foundation. When he actually created the foundation, it made news worldwide, with news clips coming from as far away as Australia. The $160 million endowment was the largest thing of its kind in history in 1947. Always philanthropic, he felt that he should give back. He recognized Houston had been good to him and felt he should be good for Houston. He was part of a group of prominent businessmen who shared that view. They met regularly and, if something needed to be done, they would figure out how to do it. The existence of the Texas Medical Center is just one example of the impact these dynamic citizens had on the city that had facilitated their success.

The issues the founder favored at the outset of his foundation were medical and education. Approached about land for a private K-12 school, he simply handed over the plot that

was once his garden. When Baylor College of Medicine moved from Dallas to Houston, it was

not uncommon for the founder to write a check for $100,000 from time to time to cover a deficit.

The story of the University of Houston is equally illustrative of his generosity. "When U

of H came to him about investing in this new start-up institution, he did so because he thought it

was important for the working men and women of Houston to have a place to go." She added, "I

don't even think he made it to the eighth grade, but he felt that a college education was a huge

benefit and it would be needed." Asked if issue areas had changed, my host pointed out that the

need for education and medical resources has not changed.

She believes her grandfather would be pleased about the state of philanthropy, at least in

Houston because he wanted to spark other things with his gifts. She recalled:

> He was not only giving, but he was cajoling people into giving as well. I remember
> reading about when he gave the money for the first building at U of H, and when they
> were doing others, he got all of his friends together and said, "everyone's going to ante
> up so-and-so."

She continued, "You gave back, because that was what you should do. If you were

successful, your success should be shared."

Leadership. Queried about her assumption of the foundation's leadership role, my host

stated simply, "Mom said that's what I was going to do." The foundation is structured so that

each of the three founding families has a seat on the board. As the eldest child, and someone

who had been involved in the Houston community for some time, my host became the

designated driver. Her mother informed her some years before that it was her intention for my

host to follow her. While she likely had conversations with other family members, it was a fait

accompli as far as she was concerned, and she made her intentions clear to the board when she

stepped down.

Resources that guide practice. Asked how she keeps herself informed about foundation matters, she noted the organization has an executive director who is very capable. She joins him at many of the site visits and she is very involved in an array of community activities. She also chairs a healthcare trust established by the family in the 1970s, so she is very aware of health issues. There is no staff for the trust, so it is run out of the foundation's office.

She referenced a funders' collaborative currently focused on the community's safety net issues, targeting a need to better coordinate the city's federally qualified health clinics. With $10 million toward a $12 million dollar goal already raised, the group's intent is to build capacity and efficiencies in the city's multiple clinics. She endorsed the concept of systems thinking, noting, "You waste so much money, because everyone doesn't need a big fancy CFO. You can buy services."

In terms of external resources, although she and their executive director often discuss it, they tend not to take advantage of conferences and associations. She laughingly noted, "this is supposed to be a part-time job." They do participate in the local Grantmakers Forum, and, as someone who has been very engaged with the Greater Houston Community Foundation, she feels that she is fairly "plugged in."

She reflected on what her grandfather and his contemporaries would have done with the incredible, overwhelming amount of information available today. She commented that the whole concept of professional fundraisers is relatively new, but they have become some of the most important people in philanthropy. However, she pointed out the importance of personal connections as she cited her affirmative response when a local physician asked her to help raise funds for a new medical institute, adding that, "I would not have done it, but he saved my mom's life."

She mused further on the "grateful patient" concept:

> It's so lovely to do fundraising among grateful patients. It was a whole new avenue. I did not turn the doctor down to be his campaign chair. Other people didn't either, because he had made such an impact.

Asked about philanthropic foundations she particularly admires, she quickly referenced Houston's largest foundation, guided by a talented team of highly skilled professionals. She also mentioned the Ford Foundation and her awareness of their work developed through a local colleague's connections there. She acknowledged it is hard to maintain the passion and connection in an organization of Ford's magnitude, although noted they seem to reinvent themselves periodically.

Positive and negative aspects of work. Asked what energizes her about her work, she was quick to respond:

> I think the potential for good, and really to make things better. That's been drummed into me for all these years. You're supposed to leave the world a better place, and I think not just giving money to organizations, but helping them is what moves me . . . building their structure and their capacity, and Houston's DNA is very philanthropic.

On the negative side, she is discouraged by how difficult it is to have an impact. She used education as an illustration, and lamented that it does not seem to be getting any better despite all the effort over the years to improve things.

Asked how she would advise someone thinking about getting into philanthropy, whether as a staff person or a donor, she commented:

> I would think you would do it because of the passion you had for something . . . I think philanthropy without your brain in it . . . your heart is not going to move. You won't get where you need to go. So you have to spend some intellectual capital. Ask the questions. Get involved with them.

Trends and influences that define the current philanthropic sector. Referencing the next generation of philanthropists emerging on the scene, she referenced the community

foundation where individual donors manage their own funds. She also cited the example of a local businessman who has created a fund for each of his employees.

Addressing the current governmental cost-cutting realities, she highlighted the likely consequences using local examples such as TIRR (where Congresswoman Gabby Gifford was recently treated), an early childhood learning initiative, and the health science center that produces the doctors, nurses, and other health professionals the government is counting on to deliver services. She noted local foundations are strategizing ways to address the cuts. In her view, elimination of the philanthropic deduction would be a terrible mistake.

> There's a benefit, and I think if you take that benefit away, you will take some of the philanthropy—not all of it—but I bet you'll take a lot of it away. So you have to be careful what you wish for.

At the same time, she cautioned that philanthropy must be effective and efficient. With all too many organizations with good intentions, she believes, nonetheless, that philanthropy should be more cold-hearted and focus on groups that are sustainable.

On the topic of foundations, she wondered why anyone would start a foundation today. With the advent of donor-advised funds, the donor has the equivalent of a personal foundation without the back-room headaches. Given her leadership role with the Greater Houston Community Foundation, she is a particular proponent of the advances that have been made there to support individual donors. The community foundation is eager to expand its footprint with donor tools such as a custom database designed to facilitate donor research of specific nonprofit organizations and new investment vehicles such as microfinance.

Future vision. Looking ahead, she has begun to develop her daughter for future leadership in the foundation. They are beginning to grapple with the issue, as the family has grown across generations, the pool is much bigger, but it is harder to retain the connection to the

past. She mused again about the influence of her mother, whom she described as "a force to be reckoned with," one of many strong Texas women who served as role models for those who came behind them.

She commented that organizations often do not think about succession, about the future of their foundations. While their family foundation had the benefit of long-time leadership, that is less common today. However, she asserted her mother was constantly changing, was continually renewing herself.

At the same time, she observed philanthropy was much more passive in the past, with funders waiting for grant seekers to approach them with funding requests for various projects and programs. Today, funders are getting more proactive and are actively seeking opportunities for investment that meets their criteria. She also viewed the push for collaborative activity as a positive one that is gaining momentum. Looking ahead to the future of her foundation, she anticipates increased use of technology and more partnering with others. She sees value in the systems approach and more information sharing across foundations to reduce duplication.

The Aspen Foundation

Table 4.8

Aspen Foundation: Descriptive Characteristics

Category	Description
Year founded	1995
Founder	Active
Current CEO	Founder
Number of staff	n/a
Fields of interest	Children, youth, Christian agencies and churches, education, health, human services, United Ways, federated giving programs
Asset base	$3.15 million
Board size	6 family members

Introduction and background. A consummate community volunteer, the female head of this relatively new family foundation views her philanthropic role very seriously. Her personal engagement with the Greater Houston Community Foundation, Indiana University's Center on Philanthropy, and affiliations with an array of local nonprofits positions her well for strategic philanthropic decision-making. Mother of four, wife of one of the energy industry's most acclaimed young CEOs; her current stature was hard won. Beginning their life together as young college graduates, they moved 11 times in rapid succession. In each new city, my hostess used her Junior League connections to connect quickly in communities from coast to coast, balancing family responsibilities with community involvement.

She guided me to a comfortable suite over her garage, well removed from household distractions. Two fully appointed offices accommodate her and her assistant, who manages my host's busy calendar and supports her extensive philanthropic activities.

Founder vision or intent. It was clear she relishes her current role as the head of her family's foundation. With children now young adults, she is free to indulge her passion for philanthropy. Self-taught, she devours publications like the *Stanford Social Innovation Review, Chronicle of Philanthropy,* and *Harvard Business Review;* she does not hesitate to contact the experts at the Center of Philanthropy or Philanthropy Roundtable when she has a question.

She has become an expert on governance, led the local Community Foundation through an extensive redesign of their board structure, and is preparing to lead a similar effort at the Center on Philanthropy when she assumes the role of board chair this year. With wealth that is not generational, but earned through hard work and sacrifice, this couple mirrors the same desire to give back to the community that is reflected across the Houston foundation sector.

When asked why the family started a foundation rather than focus on individual philanthropy, my host responded it had been recommended by a tax attorney. However, although the business motivation was important, she was eager to get more involved in philanthropy. Together, she and her husband determined a foundation would provide that opportunity.

Grantmaking focus. Established 15 years ago, the use of the term *family* when they named the foundation was quite intentional. With four children, now all adults, they saw an opportunity to continue the family legacy. While not all the offspring are interested in the same aspects of philanthropy, they all have their individual philanthropic interests. She emphasizes that the entire family shares an underlying passion about mental health issues. Whether the foundation will endure after the founding couple is gone, she responded, "That's their choice. Our intent is to give away everything while we're alive and young."

Leadership. Clearly in charge, the founder takes her leadership role very seriously. She noted the couple's children have already been advised that there will be no trust funds. Commenting, "What we have was not generational. Our wealth was created by the two of us, a lot of moves in a lot of years, and a lot of sacrificing." They are strong believers in the value of working and working hard.

She spoke proudly of her children, noting they are exploring new models of next-generation philanthropy. Given her extensive leadership involvement with the community foundation, it is not surprising her children are engaged in that entity's efforts to bring young donors on board. While many of the offspring in that initiative represent Houston's long-established high wealth families, her children are the only ones who fall in the self-made

category. When the foundation was established, its purpose statement was quite general. However, they quickly zeroed in on mental health and, more recently, education.

Ironically, she became involved in both the local community foundation and the Center on Philanthropy in an unusual fashion. She was on the board for about a year and then joined the development committee where she felt that her voice was not being heard because she did not represent a corporation. Determined to demonstrate her capabilities, she quickly became a powerful force for change.

Resources that guide practice. Wise advice from a colleague deterred her from seeking an MBA to reinforce her positions, but directed her instead to the Center, where she ultimately joined their board and further ignited her passion for philanthropy and extended her knowledge. There, her innate sense of good governance motivated her to do what she had done at the community foundation—become a board activist unwilling to settle for the status quo. The Center's new executive director, an economist, is learning a rapid lesson in leadership as he assumes the peculiar role of nonprofit CEO, balanced awkwardly in the midst of often-contentious constituencies.

At one point, she was the only female on the community foundation board; diversity in terms of skin color and ethnicity was an entirely different discussion. She laughingly described the evolving clashes between older governing board members' emphasis on "measured metrics," and next generation investors' focus on "impact."

Asked what additional resources she depends on to build her philanthropic knowledge, my host summarized:

> I read a ton. I read the *Stanford Social Innovation Review* and Harvard's information as well. I just read a ton. I read books and I keep in touch with folks in development and fundraising who have been very successful. I've picked up the phone and called the Philanthropy Roundtable.

She welcomes the designation "renegade" and is proud she is self-taught. There was no hesitation when she was asked to identify other foundations she admires. She quickly spoke about a young couple in Houston who has formed their own foundation, but taken a very different approach. The wife is a successful attorney, an adjunct professor at a local university, mother of small children; the husband a renowned hedge fund manager; together, they have the personal and financial resources to solve some of society's most pressing problems, including education and criminal justice. They schooled themselves on the issues and are committed to having an impact beyond simply writing a check.

Perhaps because this approach so mirrors her own, my host feels a strong kinship with these next generation philanthropists. My host is not engaged with any of the numerous philanthropy membership organizations locally, regionally, or nationally. When asked why she has not participated in the local grantmakers group, she stated simply she had never been invited, suggesting it is because she lacks the proper credentials. Questioned about membership in Houston's Women in Philanthropy chapter, she again turned to the Center on Philanthropy, which has developed a significant focus on women.

Positive and negative aspects of work. When asked what most energizes her about her work, there was no hesitation. "Effecting change," was her response, adding, "I've loved the change we've made structurally at the Community Foundation because I think it will do so much for the community. I love the transformational."

Regarding projects that have yielded the most satisfaction, she identified governance as her forte. At the same time, she recognized the challenges, given the egos that often resist change. However, rather than taking a combative approach, she worked strategically behind the scenes, bringing in consultants and recruiting a strong committee of past leaders who were

recognized and respected. With no patience for the naysayers, she concentrated on the goals that had been set and forged ahead, building capacity at the board level for both governing and fundraising.

She would advise young philanthropists to gain as much education as possible, both formal and informal. She emphasized the importance of talking with others in the field, always encouraging them to reach out and learn from more experienced players. She was quick to add that Houston's willingness to share ideas and information is part of its unique philanthropic culture.

Trends and influences that define the current philanthropic sector. Looking at the state of philanthropy today, my host noted its profile has been elevated in the last decade through involvement and press. Describing it as a business sector and a marketplace, she applauded the mega-giving typified by Gates and several local philanthropists. While philanthropy has very much evolved, she worried about government influence:

> Washington could really muck this whole thing up if they start looking into not allowing for the full charitable deductions. Because they're looking to the wealthy to help those that are less fortunate and you're going to tax them. And that's going to make a big difference. That will be interesting to see who rises about that and doesn't care about the tax implications.

She applauded the rise of philanthropic studies, noting her own involvement with Houston's community foundation and the Center on Philanthropy at Indiana University, where she is moving into the chairmanship of their board of directors. Not surprisingly, she has used her own philanthropy to challenge the Center to increase awareness about their programs and resources.

Continuing the discussion of trends, she again demonstrated her substantive knowledge of the evolving field of philanthropy, referencing social impact bonds (SIBs).

I love the way that's designed, and it's truly like a hedge fund. You have general partners who have the most skin in the game. And then you have venture partners who have less and no vote. And they you have contributors who trust this group, just as you would be investing in a fund.

On the subject of political influences on philanthropy, she commented "Washington has forgotten about philanthropy altogether. It doesn't exist; it's a game. In that venue, it's the ignorance."

She went on to expand on her concerns about the current environment.

Obviously you have the government side. But one negative force is, as a result of a lot of things (one of which is technology), the world moving so fast and so selfishly. So many selfishly trying to make a bigger buck, have a bigger house. It's just what happened to the family values . . . I don't think we'll have an Ozzie and Harriet time again.

Nonetheless, she sees Houston as a more positive force, with more focus on impact and collaboration. She finds the systems conversation a good one. "I think one area that is a little bit frustrating is trying to not convince but encourage some nonprofits to collaborate more. Almost merge in some cases."

Future vision. Asked where she sees their foundation in a decade, she had clearly thought about the subject, citing education and mental health as priorities for the future. As is the case with everything she does, my host acknowledged her passion, but added that she includes both the philanthropic and knowledge aspects of those issues. She admitted her frustration that, while others claim to be passionate about some of the same areas, it seems to be more about the money than the mission. Almost to herself, she commented, "I've got to educate them."

Always moving to strategy, she mused, "why don't we just have one big fund where we all decide where that's going to go?" Rather than waste time lamenting what has not yet happened, she moved on quickly to talk about a new initiative she has under way, an HBO series

on mental health. Fearless when her passion is inflamed, she has already engaged luminaries like Patrick Kennedy and Oprah Winfrey on this project.

While she stated the intended outcome for their family foundation is that it will sunset, she added with a bit of pride that her children might well say "No. We'll need to talk about that. What the family is passionate about is what it should be. And they are all passionate about mental health."

One of eight children, she admitted that personal experience triggered her focus. Her siblings view her efforts with skepticism, while she is amazed by their reluctance to confront the reality of alcoholism that dominated their childhood.

Taking the legacy conversation to a more personal level, my host added:

Hopefully my personal legacy would be people having an ability to talk about mental health in a normal sense. Have some empathy and compassion for those who live with it, suffer with it in many cases. But more importantly, my personal legacy is with my children, as I certainly hope that they give all that they can to those that are much less fortunate.

She characterized Houston as a distinctive place. "It's remarkable, so Houston is very different. And the attitudes are great. These are some of the happiest people."

Unlike many women, she was not at all reluctant to credit her husband for supporting her: "I've been blessed with the life mate that I have. Because a lot of the thinking and the strategizing and all of that, I can bounce off him and sound somewhat intelligent." It was he who encouraged her to confront a fellow board member who had become a real obstacle to progress, obviously dismayed to learn he would be interacting with the prominent CEO's wife rather than the man himself. She faced the difficult conversation in her typical head-on style, achieving an improved (though not perfect) relationship better suited to benefit the organization they governed.

Recognizing she is in a position to mentor others, she has taken more than a few young women under her wing. Unlike the typical mentor who dispenses just advice, she is willing to lend her name and her networks to help these next generations find their way. Several have actually shadowed her as she implemented her own brand of strategic philanthropy.

The Sycamore Foundation

Table 4.9

Sycamore Foundation: Descriptive Characteristics

Category	Description
Year founded	1957
Founder	Husband deceased; spouse inactive
Current CEO	Professional staff
Number of staff	1 full-time professional 1 part-time professional 1 part-time support
Fields of interest	Arts, education, environment, health, human services
Asset base	$22.064 million
Board size	9 family members; 1 community member

Background and introduction. The daughter of the foundation's founder welcomed me into her home, a gracious and comfortable setting for our conversation. The foundation maintains a modest office in an unimposing one-story structure located on the perimeter of one of Houston's most prestigious neighborhoods. Setting up the foundation in 1967, her parents gave to causes that interested them, with no particular direction or focus. Both she and her mother came into board service when her father became too ill to manage the foundation's work. She studied those early investments carefully to ensure continuation of their intent.

With few directions to follow, she brought focus to the foundation's philanthropy. Attending industry conferences and consulting with foundation peers and colleagues, she was

diligent in her efforts to develop a foundation that was professionally managed and rigorous in establishing its grant making priorities. Nearly a decade ago, she hired an executive director to manage the foundation, allowing herself time to continue her ad hoc philanthropic studies and indulge her passion for travel. She ruefully acknowledged the challenges inherent in operating a family foundation. However, with strong financial and legal council, and her personal commitment to making a difference, she is determined to herd family members toward common goals.

Founder vision or intent. My hostess visited with her father, the founder, before his untimely death, in an attempt to pinpoint the legacy he wished to leave for the foundation, but he refused to be corralled. In the foundation's early days, the founder and two business colleagues comprised the board. My host and her mother came on to the board as the founder's health began to fail. Monthly meetings were mostly directed to legal matters, and her mother regularly deferred to her father, though they were both founders. The standard IRS language for foundation formation was used: "for charitable and educational purposes."

The founder was actually motivated to establish a foundation because he observed some of his respected business colleagues taking this step and decided to follow suit. There was no particular intent in the early days. The founding couple met giving requirements, giving funds to things they were interested in, often to their schools. They expressed concern that, once a gift was received, the organization would expect it to continue, and made it clear that that these gifts were not to be construed for evermore.

Grantmaking focus. When my host took the reins and began exploring how best to maintain donor intent, she was not sure what she would discover. However, it quickly became evident that education has always been a priority. She recalled:

> That's what they nagged about morning, noon, and night. They were very serious about education, especially public education. Well, then they thought everybody should have public education through 12th grade, and then they thought that public or private universities were the thing after that.

As she realized their emphasis on public schooling, she had to acknowledge that her own children completed high school in private academic settings, as had the offspring of her brothers and sisters. Nonetheless, the foundation focused more than 60% of its giving on education.

In typical eldest child fashion, my host took her new role as head of the foundation very seriously. She turned to the local foundation that had inspired her father to create his own, and adopted their guidelines without much question. That decision allowed a bit of flexibility to gain a deeper understanding of foundation work. As she thought about those guidelines, it occurred to her that it would be important to have access to grant recipients to meet her parents' expectations about achievement and perfection. Guidelines were narrowed to focus on geographic areas where the family had been and where they had property, putting them in a better position to monitor results.

> Early in our interview, she referenced the challenge of a family foundation:
>
> So how in the world do you keep everyone happy? I spent a whole lot of time talking about the fact that this is not our money; it's the people's money. It's the public's money, and it doesn't have anything to do with us. But the fact is that people have different interests and they can get their noses out of joint if I'm running this and they're running some other parts, but I'm running this, and some area that I'm interested in is getting money. So you have to be on the lookout for bad feelings.

> Back to the theme of education—it was something that all family members understood.

At some point, they moved away from the indentured trust, the initial corporate structure, and

shifted to that of a corporation, which made it easier to change board members. She was eager to train the next generation, to allow them to participate in the board and speak up. They created a thoughtful structure in which the matriarch of the family maintains a constant spot at the top of the hierarchy, followed by the four second generation siblings, followed by four representatives of the third generation, chosen from a pool of 10 cousins, each of who serves a 2-year term.

The problem emerged when not everyone was interested in filling a slot. While my host's sense of duty is strong, she was frustrated by the varying levels of commitment from others. Interestingly, the third generation seems particularly interested, eager to assume a role as their turn rolled around. The complex dynamics of family foundations became very evident during the course of the conversation.

She recalled her father's relationship with another colleague who started his own foundation. As men of that generation were inclined to do, they would call each other for gifts supporting one of their individual causes and each would reciprocate as needed—a gentleman's tit-for-tat arrangement. The proper role of women in the philanthropic world became eminently clear when my host was invited to a board meeting, where she had the temerity to speak up on a particular issue. She was never invited again.

Leadership. Moving to the broader topic of philanthropy in general and how it is evolving, she mused that her father would be shocked. She recalled neither of her parents viewed their philanthropic work as serious business. Early on, it became clear that she, as the eldest, would assume the leadership role. There was no discussion about this assumption. With a brother who is a lawyer and a sister who is a CPA, they were clearly best suited to run the family business interests. On the other hand, with her extensive community experience and interest in philanthropy, she was the foundation's heir apparent.

She recounted the family angst about paying her for her services as the foundation's executive director. On the one hand, her brother was accusing her of working too hard in her role; at the same time, he also thought she was asking to be paid too much for that work. When he decided it was time to bring in an outside executive, she got her revenge, insisting that the new recruit be paid according to industry standards.

Determined to master available knowledge in the field, my host accessed workshops and seminars offered by organizations tailoring their offerings to the foundation sector. She recalled a meeting at the regional association of grantmakers where a peer foundation spoke about purpose. "If you're not making a difference in your foundation, your foundation doesn't need to be."

That philosophy became her mantra and guides her to this day. A principled and thoughtful individual in all she does, my host recalled that her mother would, from time to time, accuse her of taking things too far. At the same time, it was her parents who had instilled in her the belief that every task should be done perfectly.

Her innate sense of fairness caused to challenge their geographic giving parameters when one of her siblings moved away from Texas. That concept was not well received, creating a stalemate of sorts. The CEO credited her estate-planning lawyer with helping her maintain an even keel in the midst of family dynamics.

During the 11 years she ran the foundation, the corpus of the foundation continued to grow nicely. In recent years, the direction has been reversed, forcing a more rigorous assessment of grant prospects. This has resulted in a more intense focus on education. They are in the midst of a strategic planning process she believes will reinforce that focus.

Resources that guide practice. A continuous learner, she spent years attending as many conferences and seminars as possible. Now she is more focused, limiting her attendance to those topics that are most relevant. She is a regular attendee at the regional association's annual conference and speaks highly of the Philanthropy Roundtable's programming. She also finds the Association of Small Family foundations very worthwhile. She counts on the foundation's executive director to attend sessions hosted by Grantmakers for Education and the local Grantmakers group.

When she was leading the organization, she relied heavily on colleagues in the local foundation community. Many were investing in the same issues and they were all active in the regional association of grantmakers—attending conferences, participating in workshops, and sharing information. She described the approach of the foundation's current first professional staff member with some amusement, noting that her "behavior was very much like mine."

A favorite role model sunsetted its operations within the past few years, and she ascribed much of her self-confidence in the field to that organization's leadership. She recalled their collective early years fondly, noting some of the successful ventures they funded collectively. There was a note of regret in her voice as she commented on the changes that have materialized: "So we all played ball together, but time changes things."

Noting the shifts some local foundations have made toward health-related causes, she felt their resources are simply too modest to make much difference. In her words, "we would mean about zero to them."

Positive and negative aspects of work. Asked what about her work energizes her, she was quick to respond, "All of it." She gets excited about the idea of helping children become satisfied, contributing adults. She is concerned about the gap between the wealthy and those

who have little, and has little patience with those whose stereotypes get in the way of helping to change things.

Regarding what discourages her, she commented thoughtfully:

I want people to look at things rationally. I want them to weigh things, and realize that there are our people in this city, in Harris County, and we need to have people who will be the workforce for the years ahead, and we need a safe, secure community, and you need everybody participating.

She pointed to Houston's community college system as moving in new, positive directions, and referenced a very large, local foundation that is supporting the system's growth. She speculated there may be others who are working along the same lines.

She recalled how lonely her job was when she began and celebrated the fact that her successor is a strong contributor to the local grantmakers' forum. She praised the determination of the foundation representative who pushed hard to make that group viable. Again referencing the family dynamics that make the leadership of family foundations especially difficult, she acknowledged she is not the only one who struggles to overcome the predictable differences indigenous to family members.

Even though she complains about the frustrations, she credited family members with maintaining positive relationships, being interested in each other, and working to stay away from subjects likely to cause dissention. She referenced other funders who have actually had to dismiss family members who were determined to poison the atmosphere; that is a circumstance she has not had to face.

Trends and influences that define the current philanthropic sector. Asked about the influence of government in the world of philanthropy, she responded:

Well, I'm a little peculiar. I really believe it is the public's money. So you just have to keep fighting the battles, but I'm just not worried about that because I cannot imagine

that Congress would do away with foundations. I can see them making us maybe give away more, but, okay, I'll give away more—I don't care.

Future vision. She acknowledged that the family dynamic can be challenging, and is likely the hardest part of the current executive director's job, managing around family members as an outsider. My host went on to add that the director has, nonetheless, proven herself a master at navigating the regular pitfalls. In her view, the family piece sometimes takes away from the time that could be spent going deeper into a grant that has potential or partnering with a nonprofit on something. However, she has come to accept the fact that they cannot do everything.

They do have one non-family member on their board, one of three outsiders they have had over time. The first two were CPAs who were well respected for their financial expertise, and the third is an attorney who had worked for a family member, thus earning him ready acceptance. With his legal knowledge and his experience on nonprofit boards, he brings a valuable dual external perspective. He is actually leading the current strategic planning process. He has miraculously been able to engage three generations in the effort.

As she reflected on the foundation's history, she noted that the founder, her father, had not set it up as a family foundation originally. When she shared the changes that have occurred with her mother, outlining the reality of the founders' children, grandchildren, great grandchildren, and beyond, she pondered what her father's reaction might have been. However, her mother assured her that her father would have been pleased with the outcome. Although the family fussing sometimes distracted from the grantmaking, her mother's support has been very valuable.

Over time, she has developed trusted advisors and confidantes with whom she can share her worries and who can coach her through difficult decisions. A bit of a worrier by nature, she

continues to take her role as foundation leader very seriously and wonders who will be willing and able to follow in her footsteps. It would have to be someone who could take on the family business and manage the relationships.

She noted that family matters are fairly incestuous, with brothers and sisters balancing multiple roles and advisors providing foundation, business, and personal counsel. The individual she had identified as the likely heir to her position has, instead, chosen to take the helm of the family business, making it impossible for him to lead the foundation as well.

Having put in a mandated retirement at age 80, she herself will be ineligible to lead in a decade, and is concerned about who will follow in her footsteps. One candidate, her niece, is in the Foreign Service, and is not in a position to run things from a foreign country. Her son, who started in the foundation and got very interested in education, to the extent that he requested the title of "education grantmaker," has gone on to expand his interests in a dot-com furniture business and a space company where he is CFO. That has severely limited his time. Her daughter has returned to Houston, so she may represent another likely candidate. She brings extensive strategic planning skills developed through her recent work in Santa Fe, her former residence.

Her daughter is on the board's executive committee, and my host observed that she needs to plant the seed that will position her daughter to assume a leadership role. While her most recent interests have focused on the arts, as part of the foundation's current strategic planning initiative, the hope is that they will be able to retain some of the "oldie goldies" in terms of funding, but will also continue their emphasis on education. She wisely anticipates that the newer generation of family members will have different interests and they will need to have some impact in these areas.

Ever thoughtful, she remains concerned about the dichotomy between the need to have

impact and yet reflect the changing profile of the foundation decision makers:

> I'm thinking now too, as we're talking, we need to leave some of these areas, even
> thought maybe not a big percent because of the people that will be coming, they're going
> to all have different interests and it gives them at least a bit of something different besides
> education.

On the subject of the foundation's legacy, she had a ready response:

> That's why I said my legacy—I didn't say it with any emphasis—but we're a foundation
> that is serious and doing excellent work, and we have done that all along. Everything
> we've done has been about that, and everything we are going to do under these kids is
> going to be about that too. Sometimes we have to explain it an extra number of times,
> but they get it after a while. They get it.

Asked to comment on the future of philanthropy, she professed her support for, "anything

that makes people concerned about their fellow citizens, and the betterment of our country, and

keeping the great things we have."

On a closing note, she noted that, when her mother passes away (she is 94 now), the

foundation will be significantly larger. She views the work under way today as preparation for

that future.

> What we are doing now certainly is thought of by me as practicing for when we get to be
> the size that is the real one. . . . We say it's going to be more of the same, and we're
> going to give bigger grants. And we know this business. We're just going to be able to
> make a bigger difference.

Summary of Themes Across Cases

Table 4.10 illustrates the consistency captured among interviewees with respect to

retention of founder intent and vision.

Table 4.10

Founder Intent and Vision Overview

Founder Intent and vision	Maple	Hawthorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Sycamore
Consistent focus areas	X	X	X	X	X	X	X	X	X
Family influence at outset		X	X	X	X	X	X	X	X
Family influence retained		X	X	X			X	X	X

Each of the foundation principals interviewed affirmed that the initial intent of the founder has remained an important influencer throughout subsequent years. Although the stated intent was often quite general, efforts to retain and reflect on that early vision have been consistent. In some cases, foundation leaders "apprenticed" with the founder. In others, periodic reviews of past practice, strategic planning initiatives, and historical research have helped to inform current understanding and practice. In family foundations where members of younger generational cohorts have begun to question direction, such formal reflective activity has help to clarify and confirm original intent. Figure 4.1 demonstrates the commitment of interviewees to retaining the founder vision and intent.
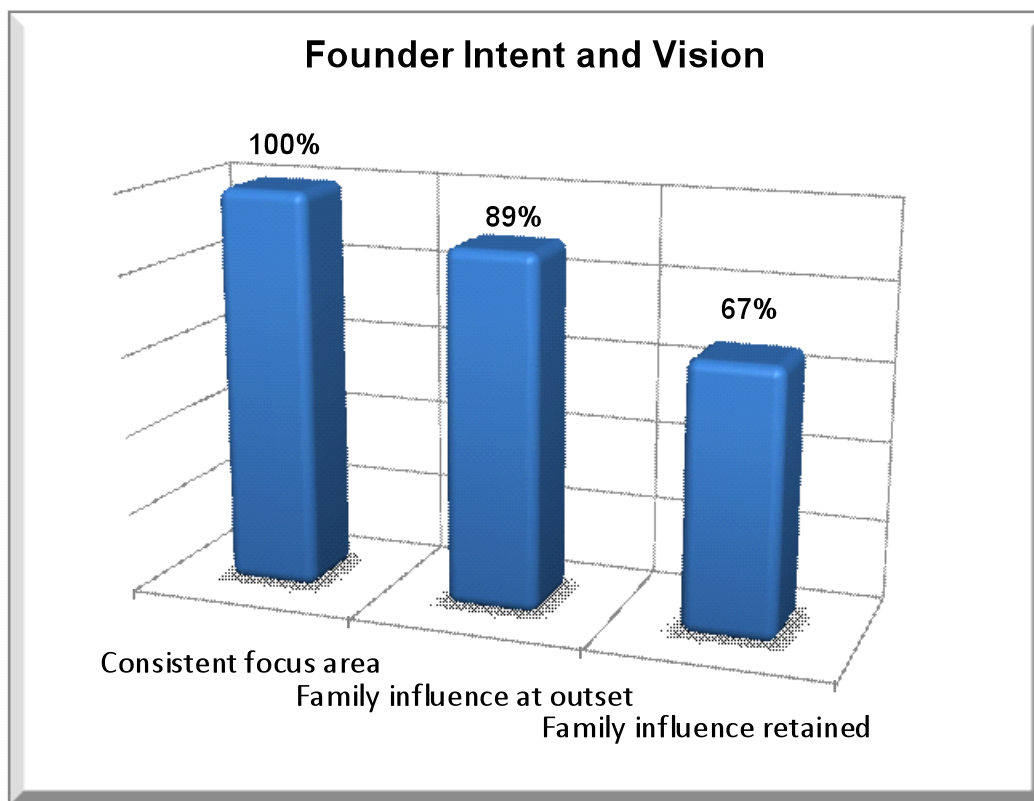
Figure 4.1. Founder intent and vision statistics.

The consistency across all foundations in my sample with respect to maintaining a consistent focus area was noteworthy. While 100% of the participants have remained constant, my interviews revealed that generational issues are creating increasing tension around this issue. As founders die and outsiders move into leadership roles, there may be a shift in grantmaking practices.

Table 4.11 provides an overview of the varied issue areas supported by participating foundations.

Table 4.11

Grantmaking Focus Overview

	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Education	X	X			X	X	X	X	X
Arts and culture		X							
Health			X			X	X		
Human services			X	X					
Environment									
Youth			X		X				
International				X					
Self sufficiency				X					
Animal welfare					X				
Faith-based					X				
Seniors						X			
Substance abuse						X			
Mental health								X	

It is interesting to note education has persisted as a critical issue across the decades among foundations of all sizes and structures. Similarly, considering human services as a broad category of framework for varied aspects of the human condition including youth, self-sufficiency, seniors, substance abuse, and mental and physical health reinforces the likelihood that the ills defining the human condition remain essentially unchanged. Philanthropy continues to play a substantive role in seeking solutions to these age-old problems.

Figure 4.2 illustrates the strength of investment in education.
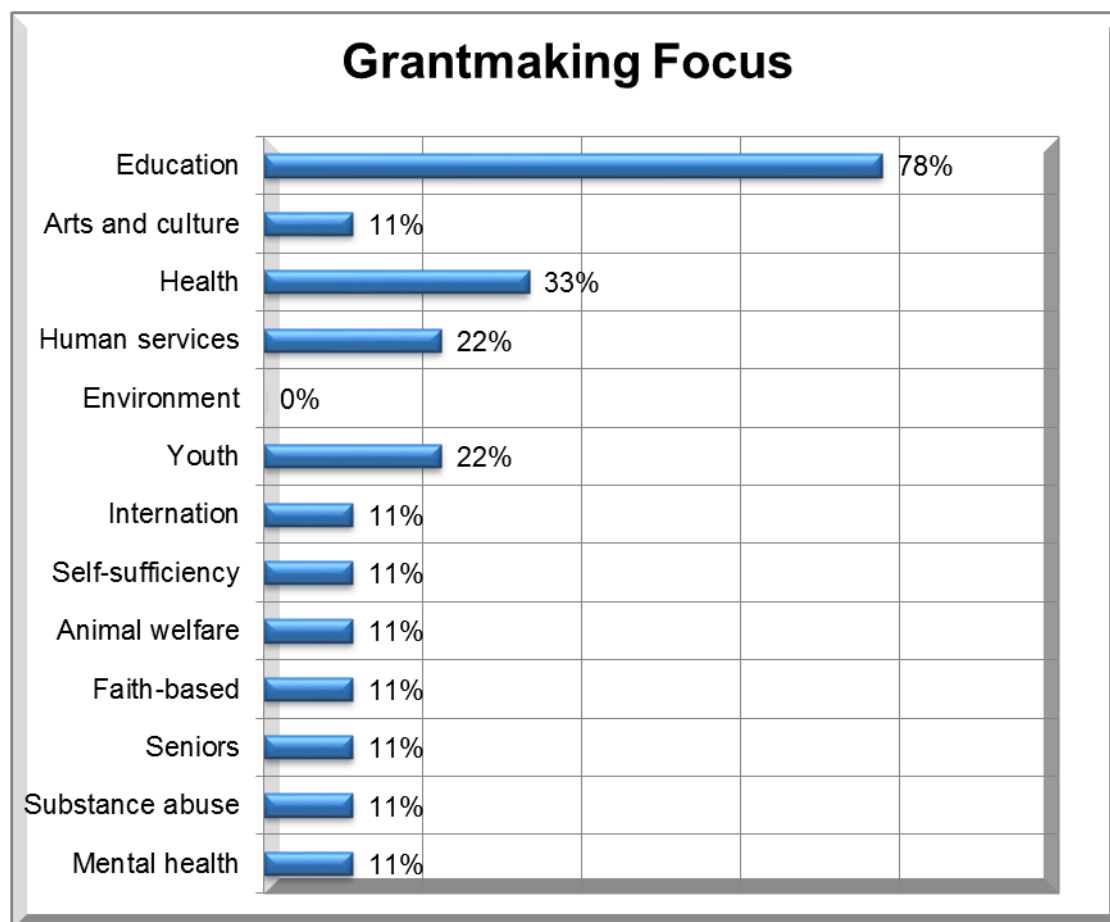
Figure 4.2. Grantmaking focus statistics.

This chart illustrates that the issue of education has dominated Houston grantmaking since the early days of the sector's development. Area foundations have continued to invest in solutions for this daunting problem, despite disappointing results. Health, human services, and youth have also enjoyed consistent investment, though at a significantly lower level.

The ongoing connection between founders and current leadership is illustrated in Table 4.12.

Table 4.12

Leadership Overview

	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Executive search	X								
Personal network		X							
Founder			X					X	
Offspring of founder				X			X		X
Worked for founder					X	X			

In terms of the leadership selection process, strategies were fairly wide-ranging. Only the two largest foundations chose leaders who were completely disconnected from the founder. In one of those two instances, the personal network of family members played a significant role in the choice of non-family leadership. With the exception of the two foundations where the founders were still living and had assumed the leadership role, family members were designated to lead the foundations. In every instance, foundation CEOs were very mindful of the original donor intent and expressed their ongoing commitment to honoring the founder's legacy.

As illustrated by Figure 4.3, current CEOs were likely to be part of the founder's personal network.
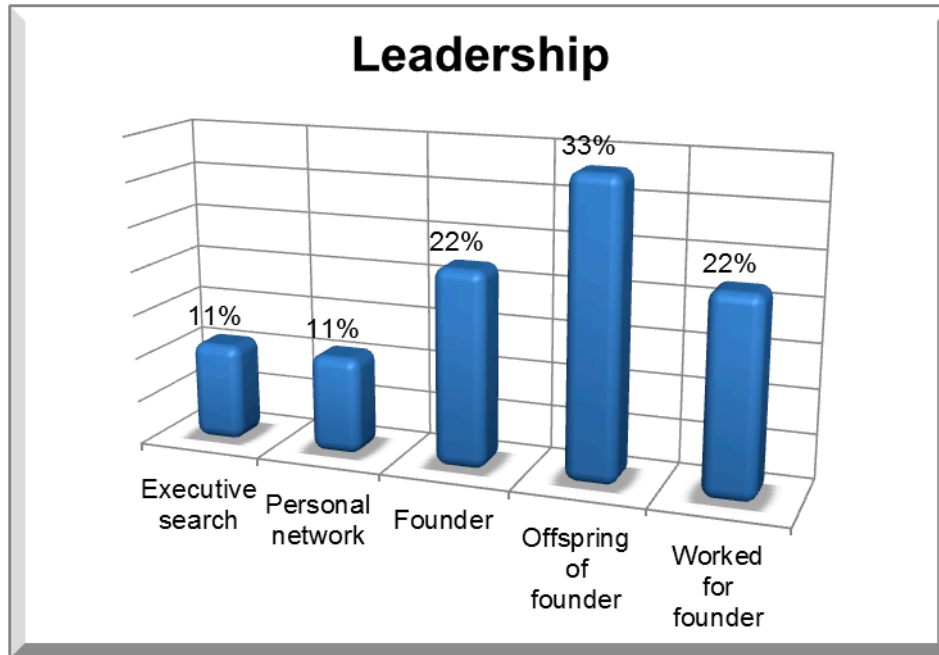
Figure 4.3. Leadership statistics.

A third of today's Houston foundation leaders are members of the founding family. Another third either worked for the founder or were part of the founder's personal network. As these individuals age and prepare to transfer leadership, it is evident transition planning will become a critical aspect of future planning for these foundations.

Table 4.13 illustrates the variety of resources practitioners turn to as a means of enhancing their practice.

Table 4.13

Resources That Guide Practice Overview

	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Conference of SW Foundations	X	X		X	X	X			X
GEO					X				
Council on Foundations	X								
ASF				X		X			
Center for Effective Philanthropy									
Aspen Institute	X				X				
Philanthropy Roundtable	X	X	X			X			X
The Gathering			X						
Generous Giving			X						
Grantmakers for Education		X							X
Greater Houston Grantmakers Forum				X		X	X		X
Women In Philanthropy				X					
Select group	X								
UT CLE						X			
Center on Philanthropy Colleagues								X	
Sector publications									

In every instance, foundation leaders sought external resources to stay abreast of current trends and build their knowledge of issues, problems, and strategies to address these problems. For two thirds of study participants, the regional association of grantmakers served as their primary learning community. Most referenced reading and independent research. Leaders (who were also founders) chose different knowledge-building strategies that varied from their more

established foundation counterparts. Nonetheless, all leaders were diligent in their efforts to

remain well informed about issues and trends relevant to their grantmaking.

As illustrated by in Figure 4.4, practitioners turn to their regional association of

grantmakers most frequently as a means of informing their practice.

Resouces that Guide Practice

Resource	Percentage
Conf of SW Found	67%
GEO	11%
Council on Foundations	11%
ASF	22%
Ctr for Effective Phil	0%
Aspen Institute	22%
Phil Roundtable	56%
The Gathering	11%
Generous Giving	11%
Grantmkr for Educ	22%
Gtr Hou Grantmkr Forum	44%
Women In Phil	11%
Select group	11%
UT CLE	11%
Center on Phil	11%
Colleagues	0%
Sector pubs	0%
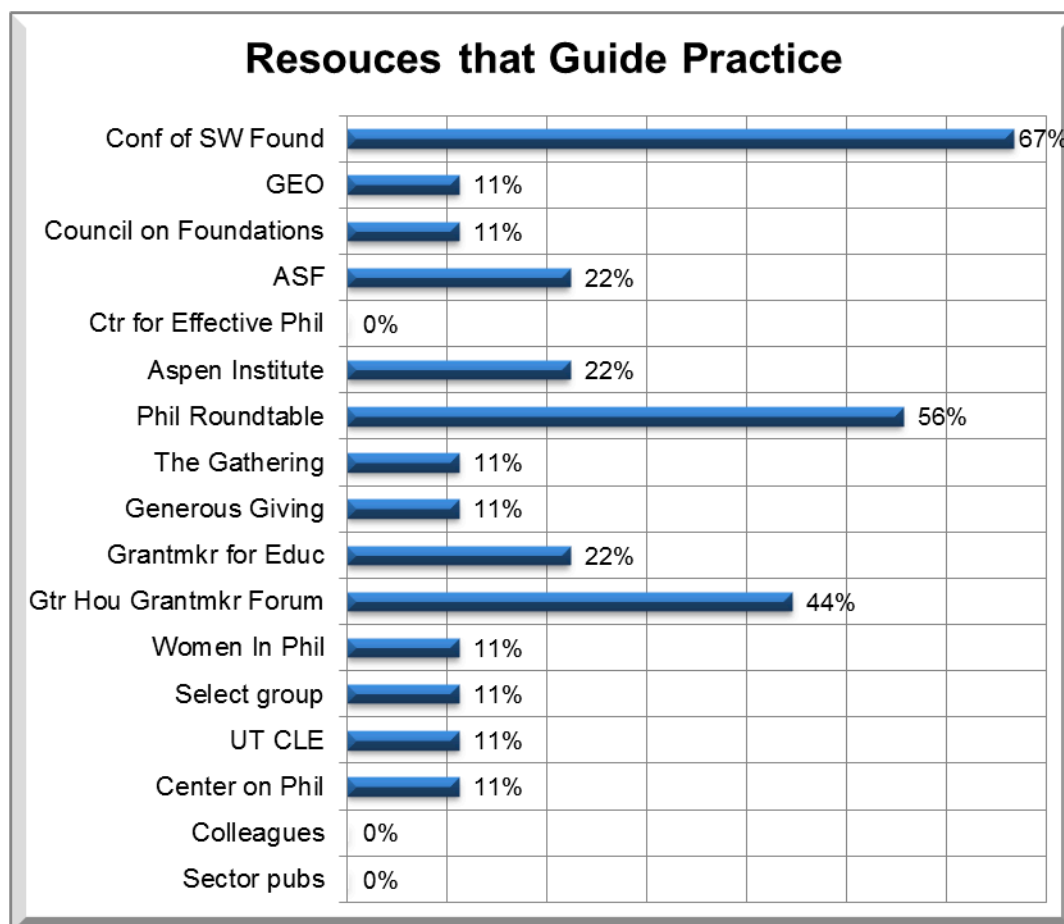
Figure 4.4. Resources that guide practice statistics.

The array of resources cited by research participants is illustrative of the continuous

learning environment that typifies the Houston foundation community. With the Conference of

Southwest Foundations being the dominant preference at 57% and the Greater Houston

Grantmakers Forum at 44%, there is clearly a preference for local resource options.

As illustrated in Table 4.14, regional foundations are most frequently cited as admired practitioners.

Table 4.14

Admired Philanthropic Sector Practitioners

	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Duke Endowment	X								
Meadows	X			X		X	X		
Dell	X								
Gates	X						X		
Brown	X								
Rockwell	X								
Houston Endowment		X					X		X
Milagros Foundation			X						
Annie E. Casey				X					
Heron Foundation					X				
Hogg Foundation					X				
Greater Houston Community Foundation							X	X	
Arnold Foundation								X	
Frees Foundation									X

Virtually every interview subject named at least one contemporary foundation that they particularly admired. For most, it was not a personal relationship, but rather a practice of monitoring or following the foundation's work and public pronouncements. The exception was the frequent mention of a regional foundation whose former principal had gone on to create a center on philanthropic studies at Texas' largest university. Still very active in the philanthropic sector, this individual's vision and passion has been a catalyst for many others in the field.

As noted in Figure 4.5, Meadows Foundation was most frequently cited as an admired practitioner.

Admired Philanthropic Practitioners

Foundation	Percentage
Duke	11%
Meadows	44%
Dell	11%
Gates	22%
Brown	11%
Rockwell	11%
Hou Endow	33%
Milagro	11%
Casey	11%
Heron	11%
Hogg	11%
Grt Hou	22%
Arnold	11%
Frees	11%
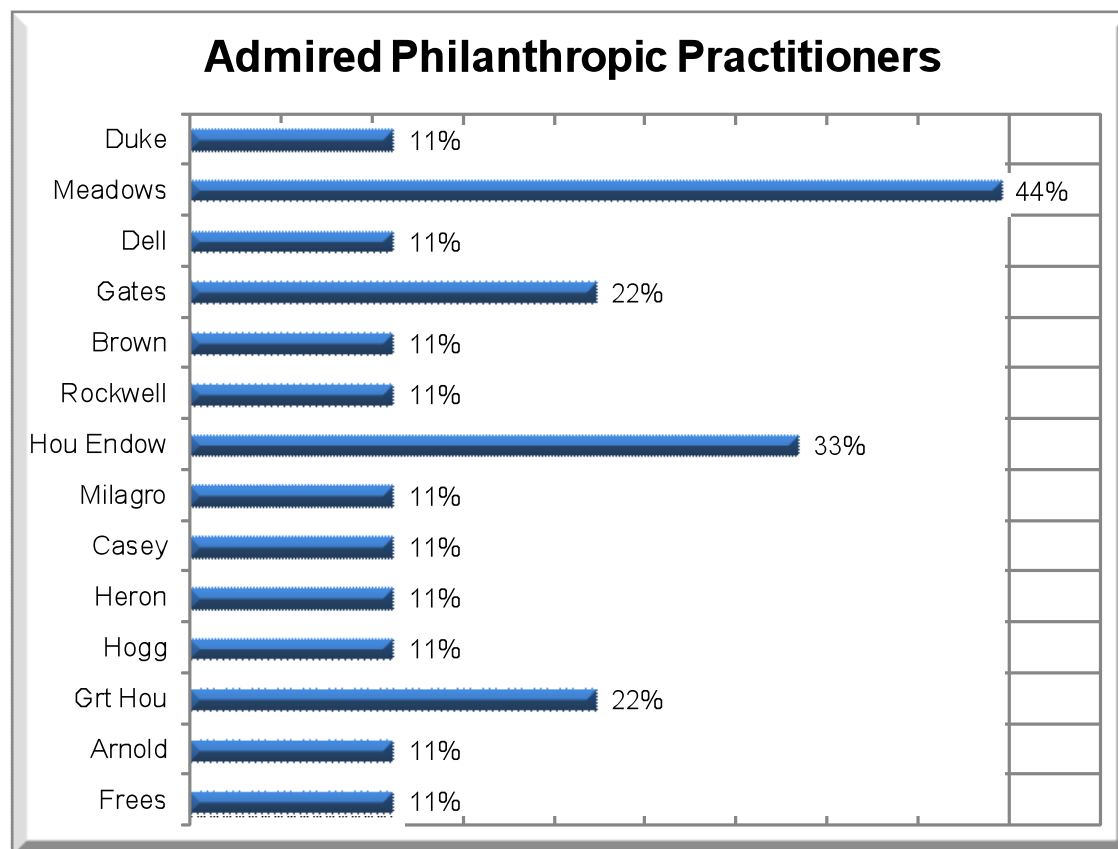
Figure 4.5. Admired philanthropic practitioners statistics.

At 44%, the Meadows Foundation in Dallas has engendered a strong following among its Houston counterparts. Despite the vaunted rivalry between the cities of Houston and Dallas, this competitive spirit does not seem to preclude positive relationships among the foundation practitioners. The Gates Foundation received modest recognition, though it was admiration from afar rather than personal interaction.

Practitioners are most inspired when they can observe the impact of their investments, as shown in Table 4.15.

Table 4.15

Positive Aspects of Practice That Energize and Inspire Overview

	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
People I meet	X	X				X			
Incredible education		X							
See the impact	X		X	X		X	X	X	X
New ideas					X				

The ability to see the impact of their philanthropic investments was the principal inspiration among study participants. There was a consistent emphasis on the importance of site visits that kept them connected to the front-line work of grantees addressing society's most difficult problems.

As illustrated by Figure 4.6, practitioners identify impact as the most positive aspect of their work.
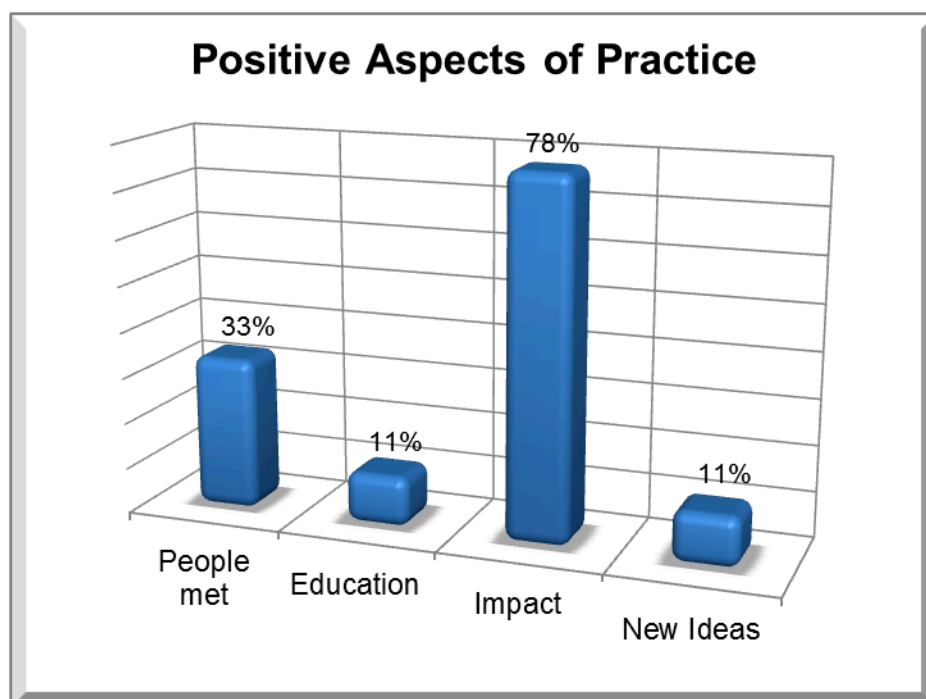
Figure 4.6. Positive aspects of practice statistics.

The fact that 78% of study participants cited the ability to see results as the most significant aspect of their work illustrates the common vision that is shared by Houston foundations, regardless of their age, size, or operating structure.

Table 4.16 illustrates the diverse issues that offset positive aspects of practice.

Table 4.16

Negative Aspects of Practice Overview

	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Magnitude of problems	X								
Challenge of family		X							
Poor nonprofit leadership			X						
Formulaic funding				X					
Limited resources					X	X			
Slow pace of change					X		X		
Lack of mission focus								X	
Ignorance of philanthropy's impact									X

Correspondingly, funders acknowledged the magnitude of problems faced and their limited ability to make significant change, given finite resources. They noted the all too common disconnect between a powerful mission and the failure of nonprofit leadership to remain focused on the mission. Several interview candidates lamented the stereotypes that still drive some foundation funders, precluding investment in innovative initiatives serving changing demographic and addressing evolving needs.

Figure 4.7 highlights the discouraging aspects of foundation practice.

Negative Aspects of Practice

Category	Percentage
Magnitude/probs	11%
Challenge/family	11%
Poor np ldr	11%
Formulaic fund	11%
Ltd resources	22%
Slow pace/change	22%
Lack of focus	11%
Ignorance/impact	11%
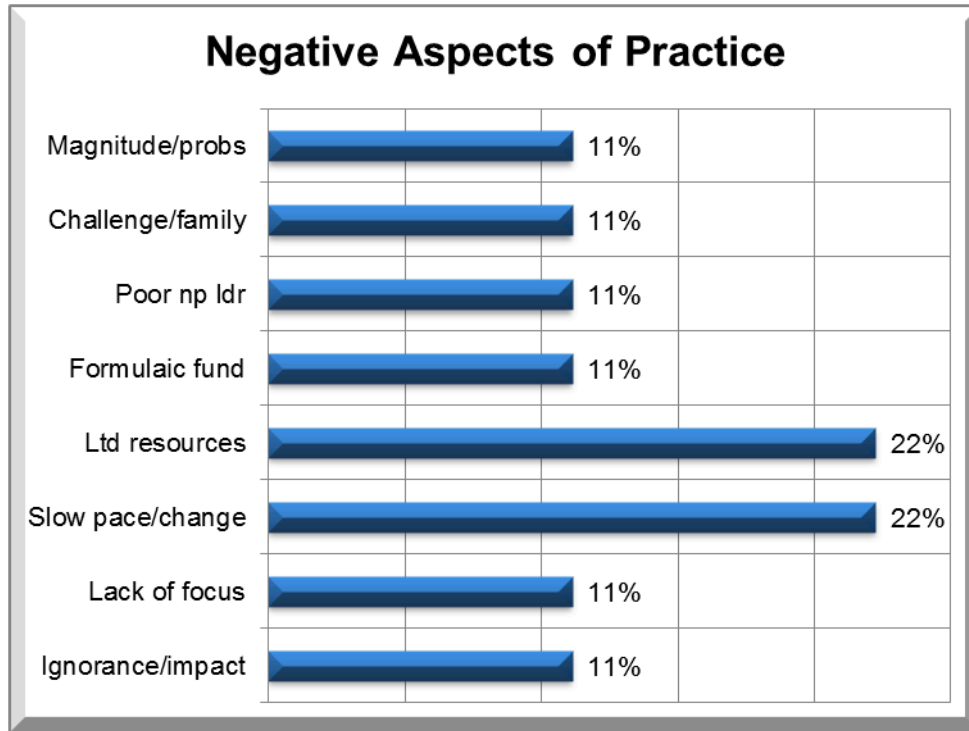
Figure 4.7. Negative aspects of practice.

Despite the perception that philanthropic foundations are awash with money, feedback from study participants captured the reality of finite resources. Given the magnitude of the social problems they have chosen to address, the pace of change is likely to remain slow, especially in light of current economic conditions.

Table 4.17 illustrates the varied trends and influences perceived by those interviewed for this research.

Table 4.17

Trends and Influences That Define the Current Philanthropic Sector Overview

Issues and Trends	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Tax policy	X								
Deductibility							X		
Politics		X							
Don't worry about it			X						
Ignorance of how system works				X	X	X		X	X
Innovation	X						X		
Increased demand for support		X				X			
More accountability			X						
Advocacy				X					
Collaboration					X		X		
Need to Grow Philanthropy								X	X

When asked to comment on the current trends likely to influence the philanthropic environment, study participants focused far less on tax policy or political philosophies than on general frustration with overall public ignorance on the subject of philanthropy. There was an overwhelming sense that philanthropy's contributions to societal well-being were largely misunderstood and unappreciated.

As illustrated by Figure 4.8, practitioners identify lack of knowledge about the practice of philanthropy as a significant influencer in the current environment.

Trends and Influences

Category	Percentage
Tax policy	11%
Deductibility	11%
Politics	11%
Don't worry	11%
Ignorance/system	56%
Innovation	22%
Increased demand	22%
Accountability	11%
Advocacy	11%
Collaboration	22%
Need to Grow	22%
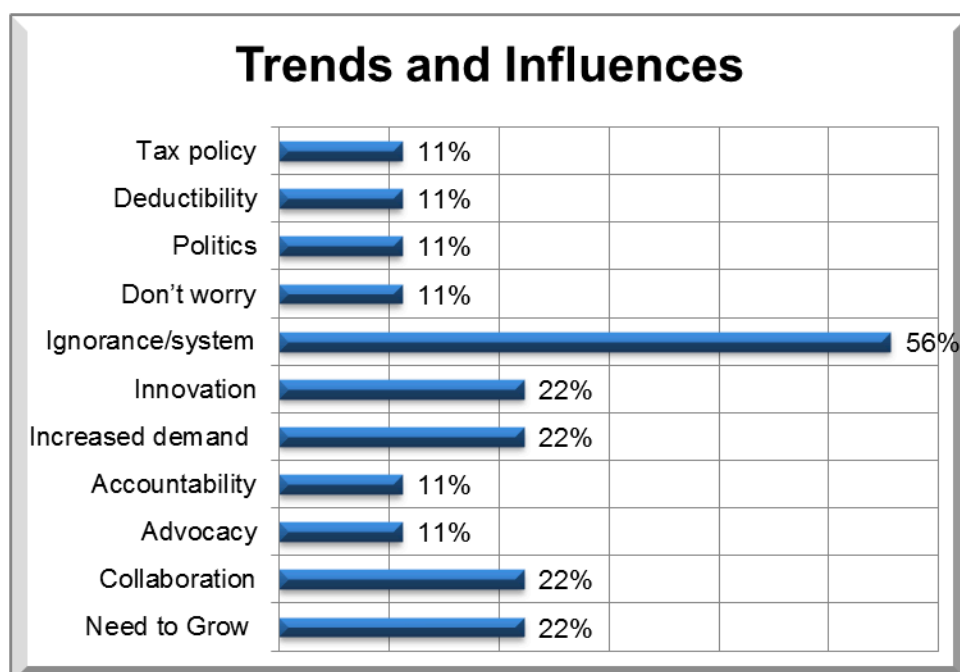
Figure 4.8. Trends and influences that define the current philanthropic sector statistics.

In a sense, it is ignorance about philanthropy that has led to the increasing scrutiny by government officials who are unfamiliar with the role of philanthropy in giving voice to their constituents and leading the way for innovation and experimentation in the realm of social change. Fully 55% of influencers identified point to a need for greater public awareness and advocacy.

Table 4.18 illustrates the aspirations of foundation practitioners as a result of their work.

Table 4.18

Future Vision Overview

	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Can count on us	X								
Provide grantee sustainability		X	X						
Catalyst for change				X					
Engage others in the work					X				
Made a difference						X			X
Collaborative systems change							X		
Children continue philanthropy								X	

Although aspirations were expressed in different words, in general, the desired foundation legacy emphasized the ultimate objective of making a difference in the community. Despite the significant variations among the foundations interviewed in terms of size and structure, the incidence of common themes was noteworthy.

As the Figure 4.9 indicates, practitioners expressed a strong desire to make a lasting impact as a result of the work of their foundation.
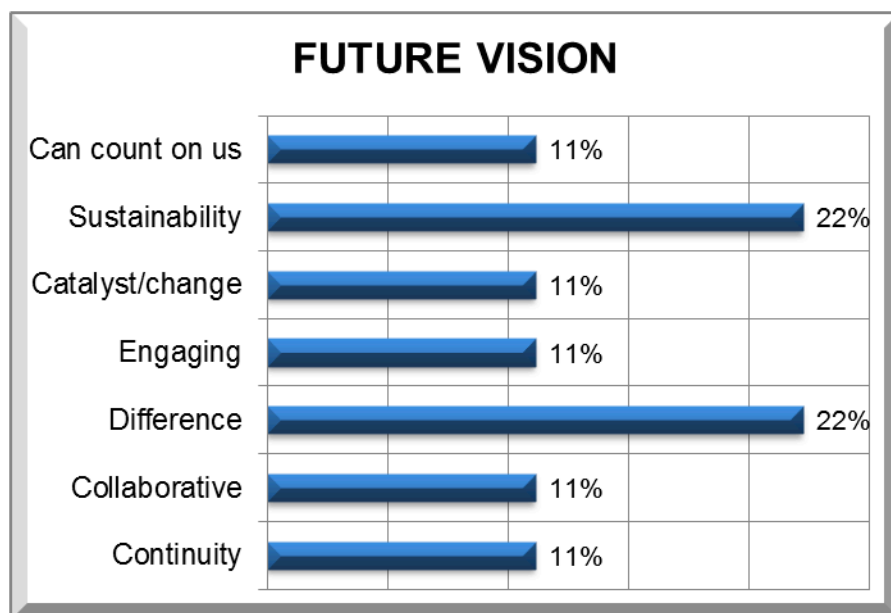
Figure 4.9. Future vision.

Interestingly, the future visions articulated by study participants focus on the community rather than on their operational objectives. There is a strong, shared desire to serve the community in a meaningful and substantive manner.

Table 4.19 illustrates the consistency among all sample foundations with respect to overall themes uncovered.

Table 4.19

Consistent Themes Overview

Emergent themes	Maple	Haw-thorne	Oak	Spruce	Birch	Cedar	Cypress	Aspen	Syca-more
Founder still alive			X					X	X
Apprenticed with founder				X	X	X	X		X
Desire to make an impact	X	X	X	X	X	X	X	X	X
Next-generation challenges		X					X	X	X
Desire for legacy of lasting good for community	X	X	X	X	X	X	X	X	X
Obligation to give back	X	X	X	X	X	X	X	X	X
Emphasis of "boots on the ground"	X	X	X	X	X	X	X	X	X
Indifferent to politics	X	X	X	X	X	X	X	X	X
Commitment to continuous learning	X	X	X	X	X	X	X	X	X
Views work as a calling			X	X		X		X	
Commitment to education	X	X	X	X	X	X	X	X	X

In two instances, the founders and current leadership are one-in-the-same. In a third situation, while the founder is still alive, she is no longer active in foundation activities. For others, the value of apprenticeship with the founder engendered a long-lasting confidence in the ability of the current leader to carry on the intended vision of the founder.

Regardless of history, size, and current operational characteristics, the Houston foundations interviewed reflected a significant consistency regarding shared beliefs. Desired legacy was focused on creating lasting benefit for the community rather than a place in history for either founder or current leadership.

Figure 4.10 illustrates the noteworthy consistency among all foundation practitioners interviewed with respect to overarching themes.
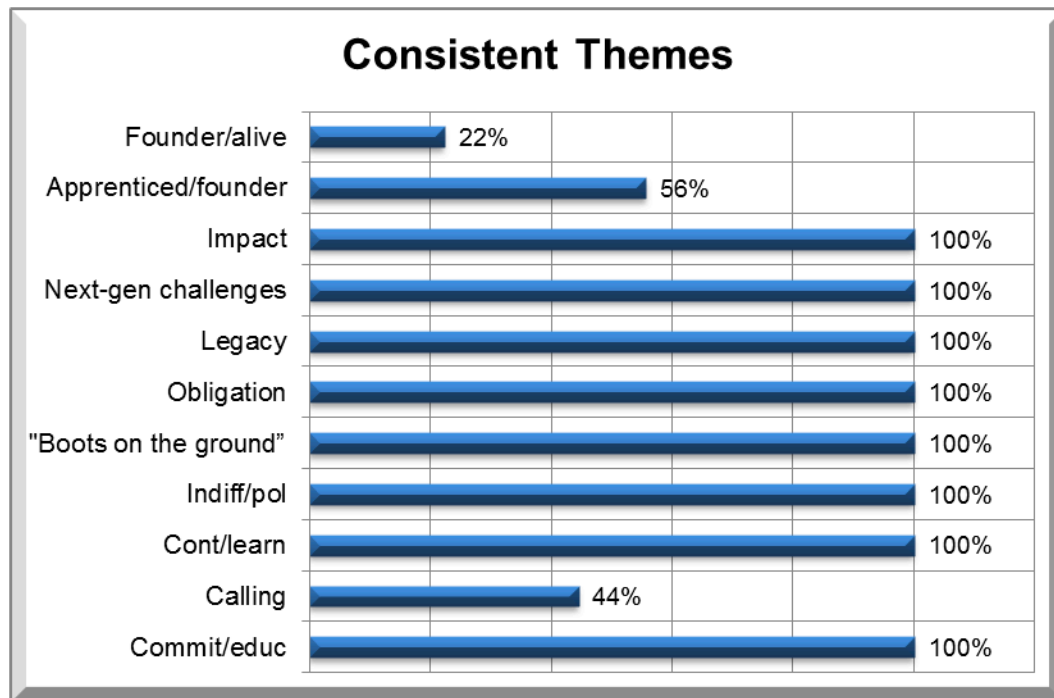
Consistent Themes

Theme	Percentage
Founder/alive	22%
Apprenticed/founder	56%
Impact	100%
Next-gen challenges	100%
Legacy	100%
Obligation	100%
"Boots on the ground"	100%
Indiff/pol	100%
Cont/learn	100%
Calling	44%
Commit/educ	100%

Figure 4.10. Consistent themes statistics.

The predominant patterns and themes that emerged from my study have remained constant across all participating foundations, despite significant differences in operational size and structure. They continue to focus on maintaining the intent of the visionary men and women who viewed the creation of a philanthropic foundation as the best way to give back to the city that had contributed to their success. The legacy of community engagement and commitment remains paramount among Houston foundation practitioners.

Key findings can be summarized as follows:

- There is a desire to continue the intent of the founder.

- There is a desire to make an impact.

- There is a desire to create lasting benefit for the community.

- There is a sense of obligation to give back.

- There is a belief that good grantmaking requires firsthand experience of the grantee's work.

- There is a general lack of concern about the political environment.

- There is a commitment to continuous learning.

- Education is viewed as a critical issue area.

- The work of philanthropy is viewed as a calling rather than an occupation for nearly half of interview candidates.

Chapter Summary

This chapter presented the major findings uncovered by my qualitative study. With my research questions serving as the infrastructure for investigation and discovery, I used detailed narratives to reflect the data gathered through individual interviews, observation, document review, and a preliminary focus group. My intent was to understand the practice of Houston foundation philanthropy in the second decade of the 21st century. My narrative includes extensive quotations from study participants so readers can be confident I accurately represented the reality of those studied. Although qualitative research is typically reported in a narrative fashion, I used summary tables as a supplement to the narrative to provide a record of frequently occurring patterns or phenomena.

In chapter V, I provide analysis and interpretation of my findings. I attempt to explain the patterns I observed, using the literature and existing theory. In addition, I offer my recommendations for future research.

Chapter V: Results and Reflections

Purpose of This Study

I began this research by positing that philanthropy is an integral and essential component

of American culture. Damon (2006) asserted:

> Every day, all over the world, philanthropy touches the lives of countless people,
> bringing them education, improved health, intellectual and spiritual elevation, and relief
> from misfortune. Moreover philanthropy's full potential for improving the human
> condition no doubt extends beyond any contribution that has yet been realized (p. 1).

I have had the great good fortune to spend much of my time with people who believe

they can change the world. Philanthropy facilitates these dreams. It is a special realm in which

people do not have to ask permission, where they can invent and create, making up the rules as

they go along. Karoff (2004) contended it is this very independence that makes philanthropy so

attractive. At the same time, he observed, "without knowledge—information and the theoretical

framework that enables one to use information—efforts to effect change will very often prove to

be misguided" (p. 223).

My quest throughout my dissertation process has been to enhance this knowledge base, to

increase awareness of the field, to identify new avenues for discovery, and to recognize those

who devote their lives to this often misunderstood craft. My focus extended beyond generic

philanthropy to focus on foundation philanthropy. Unlike individual philanthropy, where donor

investments are not subject to public scrutiny of any kind and are free of legislative mandates,

foundation philanthropy is highly regulated by the IRS for transparency and accountability, and

minimum giving levels are mandated by law.

Author of *The Foundation, A Great American Secret*, Fleischman (2007) wrote what is

often regarded as the definitive book on this integral component of the nonprofit sector. His

words reinforced my desire to focus on this little understood aspect of philanthropy.

> The public knows very little about foundations—how they work, what they do, their role in society. As a result whenever foundations, come under attack by politicians, public officials, or the press for one or another misdeed or mishap, there is no existing reservoir of public support upon which they can draw. The only way for foundations to protect the freedom, creativity, and flexibility they now enjoy—and which they need if they are to serve society in their fullest potential—is to open their doors and windows to the world so that all can see what they are doing and how they are doing it. (p. xiii)

My lens was further trained on the world of Houston foundation philanthropy. As someone who has worked in the nonprofit sector for more than a dozen years, I am particularly aware of the substantive role foundations play in the community, directly through the nonprofits they fund, and indirectly, through the clients those organizations serve. Through knowledge sharing and collaboration, foundations have created value that extends well beyond monetary contributions. As a result of my interactions with Houston foundation practitioners in this research study, I gained a deep appreciation for their work.

As I began my dissertation research, I stated that the purpose of my study was to examine the impact of economic and social forces defining the environment in which private foundations operate in the 21st century and to learn how Houston foundations would adapt to this new reality. Further, the research sought to capture their individual and collective vision for the future of foundation philanthropy. At the same time, I sought to test my own assumptions about the nature of Houston foundation philanthropy and to gain insight that would enable me to build a broader awareness of the impact these practitioners have on the Houston community.

Underpinning my research were two basic beliefs: first, that foundation philanthropy is an essential component of the practice of democracy. I concur with Fleishman's (2007) observation: "Without foundations and the wide range of nonprofits they support, there would be today fewer institutions in America with the effective power to stand up to corporations and government where matters of public interest are concerned." (p. 43)

Second, I hold the opinion that, contrary to popular stereotypes, practitioners are neither privileged dilettantes nor scheming tax-evaders using devious loopholes to elude their civic taxpayer duties. Throughout the course of my study, these beliefs were reinforced and supported.

Resource Limitations

Although I have been diligent in my efforts to corroborate my findings, this has presented a challenge. While the ideal would be to "consult the research" to reinforce my observations and conclusions, the frustrating reality is that there are few substantive resources available. There is growing recognition that the field has "neither a single venue for information exchange nor clear, known processes for collecting, analyzing, and disseminating about practice and other knowledge" (Orosz et al., 2003, p. 27). The Foundation Center produces an array of quantitative studies, including their annual *Foundation Growth and Giving Estimates* (2011). Established in 1956, the Foundation Center is the leading source of information about philanthropy worldwide. However, it is probably safe to say its primary audience is the thousands of nonprofit organizations actively seeking funding opportunities that align with their missions and programs.

The primary academic sources of philanthropic data are the Center on Philanthropy at Indiana University, and The Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership at Grand Valley State University. The latter produces the *Foundation Review,* the foundation world's only peer-reviewed journal. The primary focus of both institutions is the broad field of philanthropy, with only modest exploration of foundation philanthropy.

I used the work of Fleishman (2007) and Dowie (2001) liberally as they offer the most recent and robust treatises on foundations. Both have written fairly comprehensive overviews of foundation philanthropy. Frumkin (2006) is a scholar who has written voluminously on the

subject of philanthropy, including some commentary on foundations, although his purview tends to be the broad field of philanthropy. Gersick (2006) has provided useful commentary on family foundations, offering insight into the developmental stages of such entities. My research sample was comprised largely of family foundations that span the continuum of age and stage of development, so Gersick's work was also illuminating.

Overview of Findings

In this chapter, I summarize my findings and offer my interpretation of these results. I comment on information gathered that affirmed my suppositions about Houston foundation philanthropy and elaborate on discoveries that surprised or puzzled me. In summary, I propose areas for future research and add my personal reflections on this learning journey.

I chose the qualitative research tradition because I felt it would allow me to convey in rich, thick description what I would learn about my subject. The desired end product of my research was a substantive level of description (Merriam, 2009) that allowed me to bring the reader into the world of Houston foundation philanthropy in a way not possible with charts, graphs, and statistics alone.

Stake (1995) commented specifically about case study research, my chosen methodology:

Qualitative case study is highly personal research. Persons studied are studied in depth. Researchers are encouraged to include their own personal perspectives in the interpretation. The way the case and the researcher interact is presumed unique and not necessarily reproducible for other cases and researchers. The quality and utility of the research is not based on its reproducibility but on whether or not the meanings generated by the researcher or the reader are valued. (p. 135)

Given my focus on Houston philanthropic foundations, I thought it important to provide an objective perspective on my research sample. I approached the CEO of the Conference of Southwest Foundations to solicit her observations regarding Houston foundations as contrasted with those in the broader geographic region served by the conference. With more than 200

member organizations in a seven-state area, the conference is the oldest and most experienced

association of grantmakers in the United States, making it a valid basis for comparison. When

asked to share her view of current foundation philanthropy, the CEO made this observation:

> Sixty years later, the public does not hear the good things about foundations. Similar issues are rearing their ugly heads, and so many people don't know about the good work of foundations. And so many foundations don't realize what's happening outside of their own small world.

> In terms of changes she has observed, she stated that the newer foundations coming on

line are hungry for information. They want to connect and get the most from membership in an

association of their peers.

With respect to the trends she has observed in the world of foundation philanthropy, she

noted that members are focusing more on how they can evaluate the impact of their grantmaking:

"In the last 10 years, the whole evaluation question has been at the forefront. And I think people

are really paying attention at how to be more strategic."

She went on to observe, "our biggest challenges are in the advocacy area," citing the lack

of public awareness and understanding of the sector as particularly problematic:

> When something threatens the foundation world and industry, people are at a loss as to what to do besides complain about it. You have to have that relationship with your legislators who change from year to year, and are able to talk about the good work that foundations do so that they know who you are and they know to come to you to ask questions. And they'll support you when they think it's appropriate.

On the subject of Houston and its profile in contrast with other cities in the region, she

confessed a personal bias:

> I think the city that had Tropical Storm Allison and September 11th and the corporate implosion within 12 months is a city where people began to work more closely than they had before. I would say that's probably true of the nonprofit foundation community. A perfect example is our annual Grantor-Grantee Dialogue—it keeps going. There is no other city that has asked for a program like this.

She also remarked on Houston's unique energy:

> The other thing that Houston has in its favor—this is the largest city in the Southwest so it's the largest city in my region—it is going to be different. Because of the fact that it's the most cosmopolitan city we have in the Southwest, there will be new ideas generating all the time. And energy you don't quite feel from a smaller city that's less diverse.

This outsider perspective affirmed my supposition that Houston foundations are not typical of the foundation sector at large, even when contrasted with others in the same geographic region.

General Observations

There were wide structural variations among the foundations that comprised my study sample. Life spans ranged from 16 to 74 years, staffing from a single family member to a professional staff of 22, assets from a high of $1.4 billion to the more modest base of $12 million. On the face of these seeming differences, one might assume I would have discovered major differences in behaviors and practices. In fact, the opposite was revealed. I uncovered strong similarities in terms of a desire to honor the founder's legacy, to maintain a consistent funding focus over time, and to retain a long-held commitment to making a lasting impact on the community.

From the oldest to the youngest, all of the foundations included in my study have been consistent in their efforts to maintain the legacy of the founder(s). In general, they used the proscribed IRS language in describing their purpose:

> The exempt purposes set forth in section 501(c) (3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. The term *charitable* is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency. (IRS, 2011, para. 1)

As is evident, this approach afforded broad leeway in directing philanthropic investments. However, today's foundation leaders have continued to focus on the more specific

interests that defined their foundations' early grantmaking activities. This has remained consistent regardless of whether organizations are led by family members or by non-family staff. The CEO of the Maple Foundation captured this spirit: "The founders' legacy of keen interest in the health of the community as a whole was something that pervaded their lives, and I think we try to take the cue from that."

A sightseeing tour of Houston might well be called "highlights of Houston philanthropy." The world-renown Texas Medical Center, the museums, the colleges and universities, the charter schools, the zoo, green spaces, and parks are just a few examples of the rich legacy of Houston foundation philanthropy. Investments have continued in these infrastructure institutions, and have diversified into investments supporting their 21st century successors. While founder names may appear prominently on a selected building, gallery, clinic, or conference room, for the most part, such recognition reflects individual gifts rather than foundation gifts. Local foundations tend to prefer a low profile, choosing impact rather than accolades.

Narrowing the perspective, education continues to be the dominant issue area identified by all foundations in my sample, leading other causes at 78%. This is consistent with Dowie's (2001) study of the field where he noted, "throughout the entire history of organized philanthropy, education has been the highest priority, and remains the most elusive challenge" (p. 23). There is little doubt that education is a matter of serious concern across the country, and particularly in Texas, where academic attainment is at the very low end of the scale. From their inception, Houston foundations have attempted to address this seemingly intractable problem. The CEO of the Cypress Foundation recalled the founder's support when approached about investing in a local university, now the University of Houston:

He thought it was important for the working men and women of Houston to have a place to go. I don't even think he made it to the eighth grade, but he felt that a college education was a huge benefit and it would be needed.

The CEO of the Sycamore Foundation echoed a similar perspective:

They were very serious about education, especially public education. That's what they nagged about morning, noon, and night. Well, then they thought everybody should have public education through 12th grade, so we had over 60% in education. We thought, "that's donor intent."

Health and human services are a distant second and third in terms of grantmaking emphasis, at 33% and 22% respectively.

With one notable exception, all of the foundations that participated in my research might be considered family foundations: begun by philanthropic individuals and structured in a manner intended to engage future generations, even those foundations whose founders died without offspring are led today by individuals hand-selected by those founders. The single foundation led by "outsiders" is viewed as the city's only professional foundation, with a large staff of grant officers who joined the foundation long after the death of its founder.

While two additional foundations in my sample have engaged outside professionals to guide their grantmaking activities, in both cases, family members are the acknowledged decision-makers. Two others that are directed by non-family members initially worked directly with the founders. Regardless of whether the foundation is led by a founder's family member, friend, colleague, or professional staff, 100% of study participants have been diligent in their attempts to honor the founder's vision.

The concept of apprenticeship as a means of training next-generation professionals was cited by 56% of those interviewed. The opportunity to have worked closely with the founder seemed to serve as a grounding force, reinforcing donor intent and building confidence about future grantmaking decisions.

The CEO of the Spruce Foundation spoke eloquently about working alongside her father, the foundation's founder:

> I was able to be guided for 10 years with the philanthropic vision and perspective of my parents. Just watching their philanthropy over my lifetime, that has been a wonderful advantage that some other foundation executives might not have.

Although not a family member, the CEO of the Birch Foundation expressed similar sentiments:

> When I said I apprenticed in it, that's what I mean. I watched him run the foundation, watched how he worked with the investments and investment managers and watched how he approached philanthropy because, again, even though I wasn't in the office every day, we continued to talk a lot. So I kind of learned at his feet.

The seeming outliers in my research sample were the foundations where the founders are alive and active in their own philanthropy. Unlike their philanthropic counterparts of a bygone era, they spoke about sunsetting their foundations, completing their philanthropic aspirations in their own lifetimes rather than risk misunderstanding or, worse, a failure to honor their wishes. The founder of the Oak Foundation was quite emphatic about his intent:

> Primarily, I want to give the money away when I'm alive, so it's kind of like I made it and, as a stewardship responsibility, I think I'm supposed to give it away as quickly and effectively as I find the opportunities. In fact the foundation has a 25-year wind-down built into it.

One of the founders of the Aspen Foundation left no room for doubt about their intentions: "When we're six feet under, will the Aspen Foundation be around? Our intent is to give away everything while we're alive and young."

Fleishman (2007) affirmed this lack of confidence among contemporary foundations; at the same time, he offered the countervailing argument that deep-seated social problems do not lend themselves to short-term solutions.

While there can be no doubt about the challenging dynamics of family foundations as numbers of subsequent generations grow, family members move away from the foundation's geographic base of operations, and interests are less likely to align with the founding principles, I found the unwillingness to facilitate a continuation of the philanthropic tradition disappointing. It suggests that those early foundation entrepreneurs had more confidence in the ability of their offspring to maintain the family's commitment to the Houston community.

Alternately, this may simply be a reflection of the evolution of family foundations in general as noted by Gersick (2006): "This is the great opportunity of family foundations in the decades ahead—to learn the craft of collaborative governance so that the economic, social, and psychological agendas can all be addressed in an effective and satisfying philanthropic experience" (p. 47).

Nationally, there is growing interest in the concept of effective philanthropy (Buteau & Buchanan, 2011; Emerson, 2004; Frumkin, 2004). Toward this end, a number of strategies are espoused, including constituent engagement, a less hierarchical relationship between grantor and grantee, establishment of performance measures, and knowledge development and dissemination (Emerson, 2004).

A Learning Community

Based on my personal interaction with Houston foundation representatives, these are strategies they have engaged in consistently, particularly with respect to knowledge building and sharing. I have long viewed them as continuous learners, consistently seeking skills and knowledge that will better inform their grantmaking. These reflective practitioners aptly fit Schon's (1983) description of "learners-in-action" (p. 83), as they regularly seek and access additional learning opportunities.

This commitment to continuous learning bodes well for the sector, corroborating the work of Bernholz (2001), Porter and Cramer (1999), Capozzi et al. (2003), and others who affirm that foundations have failed to realize their full potential in terms of effective philanthropy. Houston foundations seemed very mindful of their obligation to engage in grantmaking conducted "through the lens of performance and knowledge management, evaluation, and systems thinking" (Orosz et al., 2003, p. 7), holding grantmakers to the same standards required of grantees.

The CEO of the Spruce Foundation acknowledged that keeping up can be a challenge: "I have scrambled to prioritize the formal conferences. Constant reading. Attending local educational opportunities, but also I have a very, very close relationship with a nonprofit lawyer."

Interview subjects identified a wide variety of resources used to build their knowledge and enhance their practice. The Conference of Southwest Foundations (CSF) was by far the preferred source of professional development activity. As the regional association of grantmakers, it is perhaps more in tune with member interests and priorities when compared with national organizations serving the foundation sector. With a robust annual conference, intermittent seminars and workshops in convenient locations, and a timely and relevant web site, CSF continues to represent good value to a growing number of foundation members.

The 2011 annual CSF conference was attended by more than 500 foundations, board members, grant officers, financial and legal counsel, and multi-generational family representatives. The four-day program featured presenters and panels on topics ranging from investment management and demographic shifts, to advocacy and evaluation. Issue-oriented sessions covered topics such as innovation in education, childhood obesity, environmental

impact, and teen pregnancy. Rather than lavish dinner events, evening entertainment featured

visits to local nonprofit organizations and the viewing of a soon-to-be released documentary

entitled *The Bully Project*, a sobering view of 21st century student life.

Although I am not eligible to be an official member of CSF (United Ways are not

foundations), I am invited to attend from time to time, typically as a presenter. The 2011

invitation was propitious as I moved into the final phase of my dissertation research. As a

presenter for one of the formal sessions, I was able to participate fully in program offerings.

This bird's eye view made it possible for me to observe my foundation colleagues fully engaged

in their individual and collective learning. Sessions beginning at 7:00 a.m. and concluding at

5:00 p.m. were delivered to capacity audiences despite the crisp fall weather that offered a

tantalizing alternative. This very recent experience affirmed my view that these individuals are

part of learning organizations. Such entities are defined by Senge (1994) as:

> Organizations where people continually expand their capacity to create the results
> they truly desire, where new and expansive patterns of thinking are nurtured,
> where collective aspiration is set free, and where people are continually learning to see
> the whole together. (p. 3)

The Conference of Southwest Foundations assertively pursues program agendas that

facilitate active learning that can be translate to individual member organizations. Its broad

appeal confirms my view that foundations are clear demonstrations of the learning organization

concept. The CEO of the Sycamore Foundation was quite emphatic about the value of

professional groups like the CSF when asked what forces have informed her foundation practice:

> We have been alert to all those things from the beginning of the time I started here
> and the reason for that is mainly because of our training by the Conference of
> Southwest Foundations. In one of those first meetings, one of the staff members from a
> prominent Texas foundation got up and said, "If you're not making a difference in your
> foundation, your foundation just doesn't need to be."

Second in popularity for knowledge building among my interview candidates was the Greater Houston Grantmakers Forum. Like its regional counterpart, the Grantmakers Forum provides both a setting for learning and the raw materials required to support individual and collective learning. Quarterly meetings are planned and orchestrated by members and are designed to build and maintain deeper awareness of the critical issues of the day.

As the architect of Houston's Grantmakers Forum, the CEO of the Spruce Foundation shared her perspective on its value to local funders:

> I think that it is the ongoing opportunity to be in the same room together and share without any pressure to come or not come. No one's keeping track. It is a natural group that coalesces around certain issues so that you do feel you can call somebody to ask a question. There have been collaborations that have come out of it.

Reflecting on the purpose of the Greater Houston Grantmakers' Forum, I am reminded of Wenger's (1998) work on communities of practice. While I have not heard the term formally articulated, it is evident that a core purpose of the Grantmakers' Forum is, in Wenger's words, to: "Value the work of community building and make sure that participants have access to the resources necessary to learn what they need to learn in order to take actions and make decisions that fully engage their own knowledgeability" (1998, p. 10).

The evolution of the Grantmakers' Forum as a community of practice has been demonstrated powerfully in times of disaster. With trusting relationships already in place, as Hurricane Katrina victims threatened to overwhelm Houston social service providers, Forum members immediately polled their grantees to determine the most critical needs and created a pooled response fund that could be disseminated rapidly. Just three years later, as Hurricane Ike decimated the Houston landscape, foundation funders again convened their networks, assessing needs and responding quickly to address this local disaster that faded so quickly from the national interest.

Admired Philanthropic Practitioners

Those included in my research sample regularly look to others in the sector that they

admire and seek out for counsel or guidance. Interestingly, rather than turning to large, national

foundations such as Ford, or Rockefeller, or Robert Wood Johnson, they are likely to turn to

others in their region. The Meadows Foundation of Dallas was cited most frequently as a

dependable resource. Meadows is one of the larger foundations in the state, certainly a peer to

Houston's largest grantmakers, and is viewed as one of the region's most innovative, so it is not

surprising that other, more modest foundations in the region turn to them for counsel.

Perhaps it is the fact that many of the nationals have become more professional rather

than philanthropic, moving away from founder intent and early social purposes, that causes

Houston foundation practitioners to turn to regional peers. Newer to the foundation world, less

political, more conservative, Houston foundations have tended to retain a local focus rather than

a global one. The corporate-entrepreneur-turned-foundation-CEO of the Oak Foundation did not

mince words on this subject:

> I don't spend a lot of time thinking or focusing on those that are around the
> country. I just try to do the best job I can do myself. There aren't that many that are
> entrepreneurial and look for unique opportunities to kind of insert themselves. You've
> got the grantmaking type with the professionals.

Interestingly, while this same CEO spoke strongly against the "professionalization" of

foundations, charging that they had moved away from the donor intent and into the realm of

national and international interests, he has engaged a professional to guide his own increasingly

global giving.

Positive and Negative Aspects of Foundation Work

Based on my prior experience with Houston foundations, it was not surprising that 78%

of the foundations in my research sample most valued the positive impact that resulted from their

investments. Of course, it is difficult to assess impact without some consideration of evaluation and measurement. Orosz et al. (2003) asserted that an increased focus on results and outcomes is essential for foundation effectiveness and impact.

The movement from outputs (i.e., how many?) to outcomes (i.e., so what?) is of particular interest to me, given the fact that outcomes measurement traces its roots to United Way. I have spent many hours developing and delivering outcomes training for United Way affiliate organizations, so it seems reasonable to presume foundations will employ similar tools to assess their own grantmaking activities. Bernholz, Skloot, and Varela (2010) contended, "the trend toward more and better measurement appears to be unstoppable" (p. 30).

At the same time, Giloth and Gewirtz (2009) cautioned about the over-dependence on outcome measurement. While acknowledging the value of data-setting targets, they question whether excessive emphasis on metrics has the potential to curtail innovation and ideas.

Fleishman (2007) pondered whether foundations really want to achieve impact, suggesting they are more interested in demonstrating good intentions than results. My research suggests that Houston foundations have wholeheartedly embraced his antidote for this type of expressive (feel-good) giving—openly sharing their stories of success and failure with foundation colleagues as continuous learning strategy.

A secondary benefit of their work related to the people they encountered in the course of their grantmaking. Although one-third of my study respondents cited such interactions as significant in their work, there was little to be found in the literature of a positive note on the subject of grantor-grantee relationships. Concerns about imbalances of power, over-dependence, and unintended consequences suggested meaningful relationships were not possible (Heifetz et al., 2004). Such opinions are counter to my findings and my experience. With 100% of study

participants affirming a "boots on the ground" philosophy, it was evident they eschew an ivory

tower image in favor of active engagement with nonprofit partners. The CEO of Houston's

largest foundation echoed the sentiments of his Houston foundations colleagues regarding the

importance of stakeholder engagement:

> We shouldn't be too confident in what we think we know. The best ideas or the next
> steps are probably out there in the community among people who are on the line, and that
> we really need to pay most attention to choosing from among the things we hear, those
> that would make the biggest difference if realized, and especially who can realize them.

Discouraging aspects of their practice were clustered around limited resources and the

slow pace of change, given the magnitude of the societal issues addressed. Dowie (2001)

blamed this slowness on the foundations themselves, suggesting "they are overwhelmingly

institutions of social continuity, not change" (p. xxvii). Fleishman (2007) offered a counter to

this indictment:

> Foundations are the holders of America's primary pool of social venture capital, and they
> have provided the wherewithal for countless, largely undocumented, changes for the
> better in sour society. . . . The fact that foundations have shortcomings must not lead us to
> doubt their profound and continuing value or to embrace corrective measures that would
> circumscribe their autonomy. (p. 112)

Although the challenges inherent in operating a family foundation were noted repeatedly

in conversation, only one participant cited the family dynamic as a negative aspect of practice.

The retiring grant officer of the Hawthorn Foundation was quite open regarding her frustration:

"So I would say you have to have a thick skin to work in a family foundation, and a lot of good

people skills to get along with a lot of different kind of people."

On the other hand, the CEO of the Sycamore Foundation had quite a different point of

view:

> A legacy of dealing with a foundation as s a serious entity—that's one thing. A very
> serious entity that can make a difference, and since it's a family foundation, now I would
> hope that we would leave a lot of family members (as the family gets bigger and bigger

through the years) that will be introduced to the world of philanthropy, and will get caught up in it in one manner or another. I complain about the family, but sometimes I think maybe one of the finest things we've done is take them in because it was so hard and it continues to be so hard.

Trends and Influences

It was particularly surprising to discover that few actively worried about the growing government interest in foundations as a potential source of increased revenue or political power. The CEO of Houston's largest foundation suggested, "if Washington gets too reversionary, the number of charities that are affected have the ability to enlist essentially every last American."

At the same time, this comment by the CEO of the Cedar Foundation reflected a slightly different perspective:

> My thinking is that you've got to have some guidelines, and you need some oversight by the Attorney General. . . . So we've got to have regulations, but my concern is that we keep government control out of it. If someone wants to set up their family foundation, they need to be able to give to the things that are important to them. It was their sweat and blood that made the money.

As I concluded my interview process, I asked each research participant to speculate on a future vision for the foundation and for the Houston foundation sector at large. They articulated a strong desire to make a difference in the community, to be a catalyst for change. Perhaps because of the recent financial instability that has had a significant impact on their grantmaking capability, concerns about continuity and sustainability were paramount.

As noted previously, the concept of apprenticeship was especially important in terms of the foundation leaders' ability to honor the philanthropic traditions of the founders. Those who had the opportunity to experience these priorities firsthand appeared to be more confident in their grantmaking. However, this also suggested these organizations will ultimately face unfamiliar challenges as they transition from one generation to the next, from those currently in charge to new leadership. Gersick (2006) used the metaphor of a glacier in describing these

developmental phases, noting that there are invisible forces at work over time that ultimately

lead to inevitable shifts in operation.

Of the three participants in my research whose founders are still alive, two were emphatic

about their intent to sunset their foundations as a means of ensuring that their philanthropic

objectives will not be subverted. The third, whose founder is quite elderly, has ceded leadership

to her daughter (who subsequently engaged a non-family member as director), and has

demonstrated her intent to continue the foundation in perpetuity. National research confirms that

foundations with a living founder are three times more likely to spend down (Renz & Wolcheck,

2009). Fleishman (2007) observed living donors usually have no difficulty making strategic

choices—they are the strategy; the concerns lie with their successors, who will be investing

someone else's money.

Nearly half of research participants describing their philanthropic work as a "calling;"

others viewed their role as a "privilege," suggesting that this field is more a vocation than simply

a job. Studies conducted by the Foundation Center (Brousseau, 2004) referenced a spiritual

dimension identified by grantmakers in discussing their work. Whether this relates to core

values and principles or simply a sense of what is right, it suggested that Houston foundations

share a commonly held sense of purpose. Recognized by many of her foundation colleagues as a

leader in the field, the CEO of the Spruce Foundation was quite clear about her motivation:

> I've naturally been called. It's not been anything I've sought out, but naturally called to
> take more leadership roles. I have been surprised how effective it is to come from the
> foundation world because I think it is perceived as a natural platform, and I think you
> can achieve a lot more because you are perceived as not having a vested or personal
> interest.

Implications for Foundation Practice

Because of the perceived imbalance between foundations and their grantees, foundations

are often concerned about imposing their individual agendas on their grantees. However,

foundations have a unique opportunity go beyond funding technical solutions to complex social

problems. Using the more difficult tools of adaptive leadership, they can join their grantees in

working toward new, less certain strategies targeting these issues. Heifetz et al. (2004) posited

foundations are well suited for adaptive work, although this will surely require a departure from

traditional approaches:

> Perhaps this is the biggest shift in thinking of all: if foundations are to become effective
> institutions of adaptive leadership, they must understand the value of employing their
> expertise, political access, media skills, and bold strategies, rather than just their grant
> dollars, to generate change in society. (p. 31)

There is clearly an opportunity for the Houston foundation community to take a bolder

approach in terms of their interaction with the broad community and with their grantees. It

seems important for them to take full advantage of their ability to convene and facilitate

discussion. In 2003, United Way of Greater Houston launched an annual event in partnership

with the Conference of Southwest Foundations known as the Grantor-Grantee Dialogue. This

has become a popular vehicle for bringing foundations and nonprofits together to gain new

knowledge and to engage in meaningful discussion in a unique peer-to-peer setting.

Although this platform has been tried in other Texas cities, it was not well received.

After a year or two, the programming was discontinued. However, it has become a signature

Houston event, with strong attendance and positive post-event feedback.

The Grantor-Grantee Dialogue began with panel discussions among local foundation and

nonprofit representatives. Panelists were carefully selected to ensure a robust discussion and the

format seemed quite effective. However, we soon recognized the benefit of bringing in national

speakers who could engage the audience in conversation on more global issues. While

programming to date has been stimulating and thought provoking, this research has indicated

there is a genuine opportunity to bring the discussion to a different level.

Perhaps it is time to move more actively into the realm of adaptive leadership. It may be

time to secure someone like Ronald Heifetz, Alexander Grashow, or Marty Linsky to share the

insights offered in *The Practice of Adaptive Leadership* (2009). Beyond their theses related to

adaptive leadership, they have sound experience working with foundations, encouraging this

more robust, riskier approach to grantmaking. Their definition of adaptive leadership seems an

excellent starting point for new foundation work:

> Adaptive leadership is specifically about change that enables the capacity to thrive. New
> environments and new dreams demand new strategies and abilities, as well as the
> leadership to mobilize them. As in evolution, these new combinations and variations
> help organizations thrive under challenging circumstances rather than perish, regress, or
> contract. Leadership, then, must wrestle with normative questions of value, purpose and
> process. (p. 14)

Foundations are ideally situated to play this leadership role. They have the collaborative

spirit and the collective audience that would command attention. Not only can they hold the

attention of their grantees, but, because of their stature in the community, they are well

positioned to extend their leadership well beyond their obvious sphere of influence (Heifetz et

al., 2004).

Author Seth Godin adapted the concept of *linchpin* in his 2010 book by that name. I

believe Houston foundations are well suited to carry out this role: "to exert emotional labor and

make a map" (p. 218). Godin posited lynchpins are especially valuable during times of great

complexity (which is most of the time). Protecting us from our fears, delivering unique

creativity, and building a culture of connectivity, foundations engender an automatic listening

response because of their influence as funders. Another, perhaps more critical implication for

practice is the need for foundations to become more active in the advocacy arena. Only 11% of

my study participants identified advocacy as a current influence on their work. While the low

profile may feel safer, the current political establishment appears ready to act against

philanthropic interests, whether individual or organizational. It is no longer reasonable to stay

under the radar, presuming good works are sufficient protection against punitive action.

Fleishman (2007) observed that a growing number of foundations are ratcheting up their

involvement in advocacy:

> Also, foundation resources are miniscule in comparison to the government's budget. It is largely by leveraging the spending of federal dollars that foundations can hope to create significant, lasting social change. And as the appetite of foundation donors, trustees, and staff to grapple with even the largest, most complex, and intractable problems has become keener, more ambitious, and indeed more daring, they have increasingly developed strategies whose success depends on actions of one kind or another by government, whether federal, state, or local. (pp. 2-3)

Recently, when Houston foundation colleagues participated in an annual pilgrimage

known as "foundations on the hill," they were stunned to discover the level of ignorance

encountered in the ranks of elected officials. Lawmakers had virtually no understanding of the

role of philanthropy, were unaware of its history, unfamiliar with its process, amazed to learn

foundations are themselves taxpayers, paying taxes levied against the foundation corpus that was

created with funds already taxed as income to the foundation founder/investor.

Advocacy can take several forms. On one hand, foundations may seek opportunities to

engage with lawmakers as a means of educating them about the nature of philanthropic work.

They may also choose to invest in advocacy efforts initiated by grantees eager to better inform

the legislative community about the nature of their specific work. In either case, foundations

must take bold action to protect and extend knowledge of and appreciation for the value of

philanthropy in our civil society.

Implications for Future Research

In contrast with the volume of information readily available on the corporate and public sectors, it seems evident there is much to be done to better inform the world about philanthropy in general and foundations in particular. As noted previously, Fleishman (2007) and Dowie (2001) are among few in the literary world to explore the topic of foundations. Professional organizations such as the Council on Foundations, the Center for Effective Philanthropy, along with academic entities such as the Center on Philanthropy at Indiana University and the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership, are producing a growing body of research and information on these topics. However, one might question their objectivity, as they are dependent on their fee-paying constituents for support.

The popular media is quick to respond to philanthropy-focused public relations opportunities that promise broader audiences. The Gates-Buffet billionaire challenge and the Bernard Madoff scandal are illustrative of the kind of celebrity features that generate coverage, they do not create the kind of image likely to engender greater philanthropic activity. When the topic of philanthropy is addressed by respected publications such as *The Wall Street Journal* or *The New York Times*, the focus is likely to be on grantees rather than grantors.

Throughout this dissertation work, I struggled to contain my research focus. As I prepared my introductory chapters, many detours threatened to divert me: women and philanthropy, youth and philanthropy, new models of philanthropy, community foundations, corporate foundations, venture philanthropy, and philanthrocapitalism. Each offered new perspectives and enhanced understanding of the basic concept of philanthropy.

Focused exclusively on foundations, I quickly realized there were many fascinating revelations relating to founder intent, generational influences, family dynamics, and sunsetting

versus perpetuity, to identify several that emerged as consistent themes. Each sub-topic afforded

intriguing in-depth options for further discovery, should they be selected for future research.

Nonetheless, I chose to remain true to my original intent, to provide a meaningful perspective on

foundation philanthropy as it is practiced by a purposeful sample of diverse Houston

philanthropic funders.

Topics for Further Investigation

> **Gender and foundation philanthropy.** As I conducted interviews among my research

participants, I was struck by the differences I observed in the unique ways men and women

practiced their craft. While both shared many common beliefs, the female practitioners I

interviewed had a more proactive approach to community engagement. All interviewees

subscribed to a "boots on the ground" approach to grantmaking that ensures connections with

potential grantees via face-to-face meetings and site visits. However, as our conversations

progressed, I learned the women were likely to be involved with community organizations on a

personal as well as a professional level.

> Serving as board and committee members of nonprofits addressing issues such as

homelessness, mental health, child care, health, and education, they developed an understanding

of such matters that is probably not entirely possible in the typical grantmaker-grantseeker

interaction. They have also created broader community of networks that quickly inform them of

emerging issues and trends that may bubble up to the foundation strata far more slowly. While a

number of treatises have been written on women and philanthropy, I have not encountered one

that included the foundation dimension.

> My findings raised several gender-related questions that lend themselves to future

research. First, how does the level of community engagement differ when comparing male and

female foundation leaders? Do males feel that their positional power is sufficient for decision-making? Do females feel it is imperative to participate in direct community service activities to have a thorough grasp of community needs?

Second, although 56% of foundation leaders included in my sample were female, my study did not ask what influence they had on final decision-making. Given the fact that foundation boards of directors, not staff, ultimately direct both policy and practice, future research could illuminate whether such outcomes are gender biased. According to a 2010 BoardSource report, only 43% of nonprofit board members are female; although this statistic did not differentiate between agency and foundation boards, I suspect the female representation on foundation boards is much smaller.

Role of technology. Given the dominant role that technology plays in every industry and every aspect of life, I regret I did not explore the subject more intentionally in my research. Although several interviewees made passing comments about technology's potential to enhance efficiency and engagement of decision-makers, the topic did not emerge as one of the dominant themes of my study. While one foundation leader envisioned a time when board members might bring laptops fully loaded with grant information to every meeting, she ruefully acknowledged that this was not likely to happen any time soon.

Technology has had a transformational effect on many aspects of philanthropy. Donors now have access to unlimited information about nonprofit organizations of interest; rating services such as Charity Navigator and GuideStar allow quickly expose deviant practices. While grantees have move rapidly into the realm of social media, grantors have been reluctant to dabble in this brave new world. For Houston foundations, adoption of newer technologies has been limited to email, websites, and online grant applications for most.

Challenging this comfortable pace, Bernholz et al. (2010) posited foundations are on the cusp of new forms of "organizing, giving, and governing that is better informed, more aware of complex systems, more collaborative, more personal, more nimble, and ultimately, perhaps, more effective" (p. 5). Of course, technology adaptation requires far more than good intentions. Although Houston foundations will readily acknowledge the value of new technologies, they are quick to point out there are significant costs associated with acquisition and maintenance, dollars that might be better spent on grantee programs.

Foundation Leadership Transition

Each of the family foundation leaders interviewed discussed the evolving challenges that have resulted as subsequent generations of founder families have grown. Moves to distant cities, disinterest in traditional funding focus areas, and differences in investment management strategies all contribute to obstacles to foundation sustainability that founders neither anticipated nor addressed. While two of the family foundations in my sample had contracted with consultants to lead strategic planning initiatives designed to bring extended family members together to re-engage and build consensus, it was too early to assess the success of these efforts. Future research that yielded practical tools for family foundations to help navigate these difficult transitions would provide real value for these institutions.

Limitations of Study

My research sample was comprised of nine Houston-area foundations. Measured against a national cohort of more than 76,000 grantmaking foundations, it is surely reasonable to inquire about the usefulness of such a study. However, both Stake (1995) and Payton and Moody (2002) asserted case studies are intended to yield rich information rather than empirical generalizations.

Payton and Moody further posited that the validity and insights secured via qualitative inquiry are more about the information richness of the case(s) than the sample size.

Inspired by Stake (1995), my goal has been to "see what others have not yet seen, to reflect the uniqueness of our own lives, to engage the best of our interpretative powers, and to make, even by its integrity alone, an advocacy for those things we cherish" (p. 136). The conversations that comprised my dissertation research deepened my appreciation for the philanthropic foundations that have been so influential in Houston's history, and for those who practice the craft of foundation philanthropy. Although I had established relationships with those I interviewed, the depth and breadth of our dialogue engendered a near reverence for their work. I am not inclined to hyperbole; however, this experience has had a profound impact on the way I view the Houston community. Houston is, in no small measure, a product of the philanthropy that saw its potential and invested in its promise.

It is also important I reiterate my personal bias on the subject of philanthropy, particularly as it is practiced by Houston foundations. I see how it changes lives and transforms communities on a daily basis. At the same time, my research has demonstrated that my perspective is not shared by all. Perhaps it is true of all data gathering, but I have learned that the arguments both for and against philanthropy as it presently exists are broad and deep.

Recognizing there is truth on both ends of the continuum as reflected in my literature review, I have presented my findings in an objective and straightforward manner. It has been my intent to offer a behind-the-scenes view of Houston foundations not generally available to those outside the field. The insights shared with me reinforced my experience of a community of practitioners that carries forward a long tradition of commitment to the well-being of a diverse and dynamic city.

Impact on Personal Practice

My research has confirmed my belief in the importance of continuous learning. In an environment buffeted by unprecedented change, it is critically important to keep abreast of issues and trends that affect philanthropy. As one who is constantly information gathering, I will be much more mindful of the importance of information sharing. Recognizing my foundations colleagues often find themselves in information overload, I will make a concerted effort to identify and disseminate timely and relevant data in formats that are brief and to the point.

As an accepted member of the Grantmakers Forum, I hope to use my role on the program planning committee to push for more robust programming on advocacy and adaptive leadership. In this setting, I will want to lead quietly, recognizing my experience and my perspective are different from those of my foundation colleagues. I will do careful research to support my recommendations and use my powers of persuasion in a gentle way.

I return to Anheier and Leat's (2006) concept of *creative philanthropy.* In their view, "creative foundations act as both entrepreneurs and underwriters of new conversation, debate, and change" (p. 251). My research has persuaded me that the Houston foundation community is highly disposed to explore and employ an array of tools for change—authority, ideas, and incentives—in varying degrees of combination and at different levels.

Conclusion

The founders of the foundation cohort that comprised my research sample were entrepreneurs who believed that responsible business practice and civic leadership could effect social change and improve the quality of life for all Houstonians. Their most lasting impact was as philanthropists who helped to build civic institutions that have long outlived them. These

dedicated citizens shared a vision for Houston, and were able to marshal public and private resources to build the vibrant Bayou City that exists today.

Houston's 21st century foundation sector maintains the commitment to the community it helped build. As I read and re-read the words of nine of its practitioners, I was humbled and inspired by our conversations. It will be my privilege to join the collective effort to craft new systems capable of transforming the lives of those we serve.

APPENDIX

Appendix A: Engagement of Research Participants

April xx, 2011

Name
Title
Foundation
Address
City/state/zip

Dear (interview candidate):

You have consented to participate in an interview that I will conduct in conjunction with my doctoral research as a candidate in the Leadership and Organizational Change program at Antioch University, Yellow springs, Ohio.

The interview process entails a conversational interview which will take approximately 90 minutes. The interview will be audio-taped so that I might remain fully focused on our conversation and capture an accurate reflection of that dialogue.

Your name will remain confidential, unless you give express permission for your name to be used in the interview write-up. Audiotapes and all related research materials, including this Informed Consent Form, will be kept in a secure place for an indefinite period of time. The results from this interview will be included in my doctoral dissertation.

It will be my privilege to share the final dissertation document with you. It is my hope that you will find its contents to be an accurate reflection of the important role you play in the Houston philanthropic community. The risks to you are considered minimal. You may withdraw from this study at any time (during or after the interview), and your data will be eliminated from the study.

There is no financial remuneration for participating in this study.

If you have any questions about any aspect of this study or your involvement, please contact:
     Dr. Lisa Kreeger
     Interim IRB Chair
     Antioch University, Ph.D. in Leadership and Change Program
     Adjunct Faculty, Antioch University, McGregor
     lkreeger@antioch.edu
     www.phd.antioch.edu
     Telephone: office (937-319-6144); mobile (937-654-0076)

Two copies of this informed consent form have been provided. Please sign both, indicating that you have read, understand, and agree to participate in this research. You retain one copy and return the second to me.

Thank you for your willingness to participate in this project.

Ronnie Hagerty _____
Name of Researcher

Address_____
5602 Sugar Hill
Houston, TX 77056

_____
Signature of Researcher

_____
Date

Name of Participant

_____
Signature of Participant

_____
Date

Interview Framework

The Role of Foundations in the Changing World of Philanthropy:
A Houston Perspective

Setting the Stage

These questions are designed to provide a framework for our discussion, and will help to ensure consistency throughout my research. They are not intended to create a rigid question-and-answer format.

- How does your foundation maintain the legacy of its founder?
- Why do you suppose he/she chose to create a foundation for his philanthropy?
- Which issues were of greatest concern to the founder?
- How does the founder's influence continue in your work today?
- How do you think the founder would view the world of foundation philanthropy today?
- How have funding priorities and practices changed over time?
- What forces are likely to have the greatest influence on the foundation's future work?
- How did you come to assume the leadership role in this organization?
- How do you continue to expand your knowledge of the issues that determine your funding practices?
- What resources are most helpful to you in terms of professional development?
- What resources are most helpful to you in terms of grantmaking practices?
- Are there foundation practitioners that you particularly admire?
- What is it about their work that captures your interest?
- What about your work most inspires and engages you?
- What about your work discourages you?
- How might you advise others interested in entering the field of foundation philanthropy?
- What is the legacy you envision for your foundation? For yourself?
- There seem to be many forces afoot today that could result in significant changes in the world of philanthropy. What trends do you see as positive influencers?
- Are there other trends that you view in a more negative light?
- In you were to envision your organization ten years from now, what might it look like?
- In terms of our discussion about the current world of foundation philanthropy, what have I overlooked?
- As I move forward with this research, what words of caution might you have?
- As we end our discussion, what final thoughts might you share?

Thank you very much for your time and your wisdom. I am grateful for your willingness to be part of my dissertation process.

Sample Participant Thank You Letter

June xx, 2011

Name
Title
Foundation
Address
City/state/zip

Dear (name of interview participant):

Thank you for taking time to participate in my dissertation research. Because The Cullen Foundation has played such an integral role in Houston's history, I was especially eager to understand its philanthropic philosophy. You are a masterful storyteller, painting a fascinating portrait of your past and present.

Clearly, the legacy of community engagement remains vibrant. Houston continues to benefit from your personal and professional philanthropy in so many ways. Your leadership sets a high standard for all who aspire to make a difference in our city.

Again, many thanks.

Very truly yours,

Ronnie Hagerty

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