

# Building on a Better Foundation

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***A toolkit for  
creating  
an inclusive  
grantmaking  
organization***

*Donors Forum of Chicago*

*Minnesota Council on Foundations*

*Northern California Grantmakers*

*New York Regional Association of Grantmakers*

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**The toolkit now in your hands is the product of many years of dialogue,**

**debate and learning among a committed group of people at regional grantmaking associations across the country and their colleagues at member organizations. What began with talk about race and ethnicity in the 1980s eventually evolved into discussions of the broader issues of inclusion and diversity at grantmaking institutions. This toolkit takes the talk to another level, to walk the walk of inclusion by encouraging others to think about and pursue diversity in both their internal organization and their external work as grantmakers.**

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# introduction

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**A**s we enter a new century, it's clear that long struggles to establish the dignity, integrity, and rights of women and men from every segment of society have accomplished significant changes. Racism, sexism, homophobia, ageism, and discrimination against the physically challenged are increasingly being addressed by public and private institutions. Much progress has been made in the last 50 years.

Nonetheless, the work of building a truly tolerant society, which respects human diversity in all its hues and views, is far from complete. Discrimination persists and requires the continued attention of donors and grantees alike. Affirmative action is on the defensive in many quarters, and hate crimes erupt too often for us to believe that intolerance has been vanquished. Those who embrace the values of inclusiveness are in it for the long haul, well aware that the process of altering deeply rooted attitudes cannot happen over night.

As grantmakers, we have a tremendous responsibility – and opportunity – to assist in this long-term construction project through the many roles we play. As funders, as employers, as businesses that make investments and purchases, and as members of larger communities, grantmakers can turn their commitment to inclusion and diversity into an array of concrete practices. As the communities we support through philanthropy have become increasingly diverse, the need to become adept at employing inclusive practices has grown, too. Inclusiveness makes for more effective grantmaking and fosters success among the grantees we fund.

Embracing the principles of inclusion, though, requires more than just hiring new faces or channeling grants to a bypassed nonprofit. It requires opening minds and doors to new perspectives and worldviews that often don't find a place at the grantmaker's table. It is an on-going process of rethinking the work we do as well as the relationships we build with the wider community. Many grantmakers have already

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begun to incorporate inclusiveness and diversity into their structure and operations. Others would like to do so but perhaps lack the resources or a basic framework to get started. Still others may have seen their initial efforts at inclusion trigger unanticipated problems and have shied away from venturing further. There is no one blueprint for an inclusive organization that is appropriate for all funders.

To offer support and guidance, four regional associations of grantmakers have collaborated on this toolkit to move forward the agenda of inclusion and diversity in philanthropy. By providing a few nuts and bolts and tips for framing out a new structure built on inclusion, our hope is to encourage the development of a grantmaking organization that reflects a commitment to valuing diversity and inclusion at all levels of operation. This toolkit is just a beginning and not meant to provide all the solutions.

Grantmakers are themselves a diverse group, with varied charters that guide their grantmaking. Corporate grantmakers, for example, may be able to capitalize on a corporate-wide policy of diversity. Community foundations may already have strong links to their constituents and can adopt practices that meet their diverse needs. Likewise, private and family foundations have their own particular resources and values, which can aid them in reaching out to a diverse constituency. What we present in this starter toolkit acknowledges that breadth of diversity among grantmaking organizations while providing practical information to assist them at every stage of the building process.

Toolkits are for work, and there is no denying that the process we envision is a challenging one. There will be sweat, perhaps some bruises. But for those who undertake the labor of creating an inclusive organization, the payoff will be great. An inclusive grantmaking organization will be more effective and successful, whatever its mission and philosophy.

# framework

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**T**his toolkit is based on several principles that have emerged over the course of years of meetings, work groups, and focus groups at the regional associations. One is that there is a need for grantmaking organizations themselves to become more inclusive. According to the Council on Foundations, people of color and women represented just 10.1% and 33.5% respectively of the boards of trustees of grantmaking organizations in 1999. Among program staff, women fare better, representing 66.4% of managerial staff, while people of color occupy only 17.8% of those positions and are less than 6% of foundation CEOs, according to 1998 COF data.

Another fundamental principle is that an inclusive grantmaking organization is more effective and successful in every way. Whether a family foundation or a corporate grantmaking entity, an organization that adds diverse perspectives to its funding programs will make grants that provide maximum benefit for constituents. And by creating a workplace that better reflects the outside demographics, a grantmaking organization will embrace a wider range of social and cultural viewpoints. It also becomes a workplace that attracts highly talented and motivated individuals with a commitment to their communities. Diversity and inclusion are not only good practices from a moral standpoint; they make good philanthropic sense, too.

A third underlying belief is that the definition of diversity and inclusion is broader than race and ethnicity, and that the way inclusion is practiced is influenced by the demographics of a particular community. We understand inclusion to encompass diversity of race, ethnicity, age, gender, sexual orientation, physical ability, philosophy and viewpoint, and class background. Together, these differences make for a rich community of opinion and skills that a homogenous grouping cannot begin to match.

# framework

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In devising a framework for applying these principles of inclusion, the Minnesota Council on Foundations has identified *four distinct roles* played by grantmaking organizations: funder, employer, community citizen, and economic entity. This toolkit adopts that useful framework.

*As a funder*, the grantmaking organization has a wealth of opportunities to foster diversity. For many funders, a commitment to inclusion policies may trigger a whole new way of thinking about their grantmaking and how best to reach a diverse constituency with funding dollars. For some, it means including the community itself in the process. For other funders, it means investing in organizations whose daily work strengthens the fabric of a diverse society.

*As an employer*, a grantmaking organization shapes its staff and can also determine the composition of its board of trustees or directors, as well as volunteer staff and advisory bodies. The employer role provides important opportunities to bring diversity, in all its meanings, inside the institution.

*As a community citizen*, grantmaking organizations can contribute to the public good through their involvement in communities, not just through funding. Funders are well positioned to learn about the needs and issues of diverse constituencies and can often act as facilitators and initiators of community action. They can offer technical assistance and draw on resources that would be unavailable to many small nonprofit groups. More important, funders can become equal participants in their communities, gaining valuable insight and knowledge through firsthand experience.

And finally, *as an economic entity* that invests its assets and operates as a business, buying supplies and services, grantmaking institutions can direct their financial activities in ways that amplify a commitment to inclusion and complement their grantmaking missions. Socially responsible investment policies are one way.

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# framework

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Supporting businesses owned by people of color, the disabled, and gay men and lesbians is another strategy for consciously building an inclusive organization.

For each of these roles, we offer several examples provided by organizations within our networks of how grantmakers can successfully build an inclusive organization. There are also suggested questions for discussion and simple action steps for each of the four roles to help jump-start the process. Contact information for the grantmakers featured is also provided for those who want to follow-up on the strategies highlighted. A section offering resource organizations and a listing of additional resources, with helpful articles and books, round out the toolkit.

Our goal is to offer a variety of choices to match differing organizational needs and structures. Some strategies are quite simple and can be implemented easily. Others require more planning and consideration. But even the most basic change to support diversity – such as making a board more inclusive – could cause a ripple effect throughout the organization, inspiring staff and trustees to rethink both their grantmaking practices and their missions. And that’s just what we’re hoping.

# grantmaking organizations as funders

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**The foremost role of any grantmaking organization, whether a corporate program or a small family foundation, is its funding activities. Providing funds to support the identified needs of a community or constituency is the essence of philanthropy. That's obvious. But how well grantmakers address those needs depends in great measure on how well they know their constituents. With the changing nature of our populations – in rural and urban areas – having a finger on the pulse of emerging priorities among diverse groups is key. Funders can use a variety of strategies to put their policies of inclusion and diversity into practice at different stages of the grantmaking process – from identifying priorities to awarding grants.**

**A**t **The St. Paul Companies, Inc.**, in Minnesota, a commitment to diversity is a cornerstone of the insurance giant's philanthropy. "St. Paul Companies itself is international and has to know and understand different cultures," says Ron McKinley, former manager of charitable contributions. However, the corporation's leadership is still fairly homogenous. "Are we going to change the typical corporate decision-maker? No," says McKinley. "We don't think that's possible in the short run. So we decided to look at what human resources we could bring to the table." The challenge was to bring more varied perspectives into the grant-making process.

Although McKinley's own five-person staff is a diverse group, the decision was made to add a broader range of opinions in weighing funding proposals. How did they do it? Since 1996, St. Paul Companies has hired four community consultants to work as part of its grantmaking team in determining priorities and awarding grants. Not only are the consultants from very different racial and ethnic backgrounds, they also represent a range of experiences and skills in community health, education, media, and human services.

The consultants have changed the way St. Paul Companies does grantmaking by bringing their community connections and expertise to the selection process. "So many times our team members come to us with good research on the groups requesting funding," says McKinley. "We had one proposal to fund an organization being developed by a former police officer who used to work with gangs," McKinley recalls. "He wanted to create a program for youth at risk of gang activity. But one of our community consultants had hesitations about it because her son had a bad experience with this particular man when he was a police officer." McKinley and his team decided to fund the project but imposed conditions that reflected his consultant's concerns and insured the grant would truly meet the community's needs.

**T**he **Otto Bremer Foundation** puts a commitment to diversity and inclusion into play through grantmaking that targets anti-racism efforts. Located in St. Paul, Minnesota and serving communities in North Dakota, Wisconsin, Montana and its home state, the Foundation adopted racism as one of its



focus areas back in 1989. Trustees and staff had wrestled for many years with bringing their funding programs in line with their constituents' real needs. "The trustees went out into the community to see what issues were not being addressed," says trustee Charlotte Johnson.

Subtle and more obvious clues indicated that even in farm communities, there were undercurrents of racial tension. "Folks were saying, 'We're very diverse. The Norwegians are talking to the Swedes,'" Johnson says. "But in fact, the population has changed a lot in the last 10 years." Latino migrant workers, an influx of Ethiopians, and one of the country's largest populations of Hmongs – a Southeast Asian ethnic group – are part of the changing demographics in the foundation's catchment area. There were occasional incidents of friction among the old-timers and newcomers, says Johnson, which acted as a warning flare. "The sense was that everyone in the community was not able to participate equally," she says. "What were the barriers? They weren't just economic, but also racial."

Now called Promoting Human Rights and Equality, the program area supports cooperative interactions to battle bigotry in its many guises, including two of the most difficult areas to address: homophobia and class bias. Making human rights and anti-racism work a focus has also meant that staff and trustees must stay abreast of the issues and raise their own awareness. To that end, says Johnson, most of the staff and trustees participated in an anti-racism workshop given by a New Orleans-based organization, the People's Institute for Survival and Beyond.

**T**he **Lila Wallace-Reader's Digest Fund** (LWRD) has long supported the arts as one of its three program areas. But in 1991, LWRD embarked on a new funding initiative designed to broaden the audience of museums and make art a more meaningful presence in people's daily lives. Called the Museum Collections Accessibility Initiative, it was prompted by a growing recognition that museums need to attract more diverse visitors than the usual patrons. LWRD has supported 29 museums to date in creative efforts to connect with new audiences and rethink the ways they present their collections. "Museums are treasure houses of culture, places where people come to learn different ideas and ways of looking at the world," says Schroeder Cherry, the fund's program officer for visual and folk arts. "We saw that museums were struggling to widen their audience and felt this would be a good investment."

One of the initiative's early grantees was the Museum of Fine Arts in Houston. Disheartened that so few members of the city's surrounding communities were coming through the museum's doors, the staff did a poll to find out why. The typical perception was that the museum only offered "art by dead white men," says Cherry. So the museum did an installation of regional artists that included their photos and biographical information to bring the artists and their work alive for visitors. "You came out of the gallery with the sense that these artists are people who might live in your community," says Cherry. Although the Museum Collections Accessibility Initiative is nearing an end, LWRD has documented some valuable lessons learned from it in one publication and plans two others in the near future.

### Questions for discussion

- ▶ How do you determine your giving priorities and guidelines? Whose input do you seek? Do you involve members of the communities you seek to serve in assessing their needs and assets?
- ▶ Do you involve grantees in assessing your organization's funding process, accessibility, and understanding of their needs? How could you involve them?
- ▶ Do you have a network of advisors, however formal or informal, whose input you seek as you review applications and make grant decisions? How diverse is this network? How frequently do you add new people to your network?
- ▶ How have the demographics of your communities changed over the last five years and what are the future projections? What impact will those changes have on your grantmaking priorities? How should your grantmaking change as a result?
- ▶ What barriers do organizations serving your communities face in reaching diverse populations? Can you help them surmount these barriers through your grantmaking? Are some of these barriers evident in your own operations?
- ▶ Does your application process have requirements that serve as barriers to newer, emerging groups and communities?

### Action steps

- ▶ Consider the pros and cons of allocating a portion of grantmaking funds to address diversity and inclusive practices.
- ▶ Translate your grantmaking guidelines and application information into languages other than English which are used in your community.
- ▶ Assemble a community panel of diverse grassroots leaders, neighborhood activists, and local business people for input on your funding priorities.
- ▶ Ask a group of nonprofits – grantees and nongrantees – to rate your grantmaking process and accessibility to diverse groups. Offer suggestions for improving accessibility.
- ▶ Consider the pros and cons of creating a community advisory board with authority for allocating a certain portion of your grant funds.
- ▶ Require grantees to sign a pledge of non-discrimination in their organizations. Ask them to provide information on the diversity of the populations they serve and their own staffs and boards.
- ▶ Consider using mapping technology to explore where your resources have been allocated in comparison to your communities' demographics and key need indicators.

# grantmaking organizations as **employers**

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**One of the clearest indicators of a grantmaking organization's commitment to inclusion and diversity is the composition of its staff and board of trustees. And one of the most direct ways to put into practice the philosophy of inclusion is to hire employees who have diverse backgrounds. While diversity is most often identified with race and ethnicity, an inclusive workplace is one where people with differing physical abilities, sexual orientations, class backgrounds, philosophies, and ages will also feel that their voices are heard and respected. A diverse staff and board, which resemble the communities they serve, do better grantmaking because they bring myriad experiences and perspectives to the table. Some funders bemoan the small pool of diverse candidates for staff or board slots, but often they simply aren't looking beyond the usual suspects.**

**T**he **Wieboldt Foundation** in Chicago looked to the community to help fulfill its commitment to building a diverse board of trustees. Wieboldt is a family foundation begun 78 years ago by the founder of a chain of department stores. Its original mission hasn't changed: supporting charity designed to put an end to the need for charity. But since the 1960s, the foundation's focus has shifted down to the grassroots, to community organizing efforts that were in line with its founder's beliefs. "The board of trustees was a family board but they made the decision to bring on more community members," says

assistant director Carmen Prieto. "We're very deliberate about diversity in all the fund's work, including ethnic, racial, and issue-area diversity." Today, the 15-member Wieboldt board consists of two-thirds family members and one-third representatives of the communities it serves. The board looks to its staff, which comes from community organizations, to recommend strong candidates to fill the nine-year board slots. "Non-family members bring a wealth of information to the board work," says Prieto.

**I**n San Francisco, the **Zellerbach Family Fund** practices inclusion by relying on a community panel to make grants in the Fund's Community Arts program. Rather than hire additional staff to bring broader perspectives to its arts funding, Zellerbach formed a five-person panel of artists from the Bay Area, whose grantmaking decisions are guided by the fund's goal of promoting multicultural art. "We have a diverse group both in terms of the people and their artistic abilities," says program executive Linda Howe. "We have a Japanese poet, a Caucasian choreographer, an African-American writer and actor, a Latino musician, and a Chinese visual artist." The panel was created 20 years ago, and although panel members have come and gone, the group is like a family, says Howe.

**A**t the **San Francisco Foundation**, diversity within the organization is fostered through its Multicultural Fellowship Program. Started in 1990, the program was designed to provide intensive hands-on experience in philanthropy, according to Leilani Alo, former fellowship coordinator. “The program was started to provide young professionals of color who were interested in community-building an experience they could take back with them,” Alo says. “The idea is to help build strong leaders of color.” Six fellows are chosen for two-year positions in which they work directly with the foundation’s program executives in the five focus areas. Fellows do site visits, review proposals and essentially become staff members during that time. If the initial purpose of the program was to help build community leaders, it has had an added and equally important function: building a cadre of diverse funding professionals. “We now have 32 alumni from the fellowship and half have stayed in philanthropy,” says Alo, who was a Multicultural Fellow from 1996-98. “Most are in the nonprofit sector but one is now in corporate philanthropy. And five of our foundation’s 45 staff members are alumni.”

**T**he **John D. and Catherine T. MacArthur Foundation** in Chicago has several employment policies that are like a welcome mat for people of diverse backgrounds, including gay men and lesbians. One is a nondiscrimination policy that explicitly covers race, ethnicity, age, and sexual orientation. The other is a policy that was recently adopted to extend benefits to domestic partners of gay and lesbian employees – one of the few foundations to have such a policy. “We were proud and reassured by this policy change,” says Stuart Burden, a senior program officer, who spearheaded the domestic partner benefits policy. “We did research that showed it was not cost-prohibitive and that some fairly traditional institutions, such as the University of Chicago, have similar policies,” Burden says. Numerous corporations, including Apple Computer, Inc., American Express Company, and Levi Strauss have domestic partner benefits policies, according to the Working Group on Funding Lesbian and Gay Issues.

## Questions for Discussion

- What's the commitment of your board of directors and top management to diversity?
- Does your organization have clear strategies for increasing the diversity within your grant-making organization?
- How could your organization benefit from diverse perspectives brought by diverse staff, consultants, or trustees?
- How could the values of your organization be better achieved through inclusive employment and board-selection practices?
- How do you provide opportunities for new employees to share their perspectives?
- Are there artificial barriers in the hiring process that screen out otherwise capable candidates?
- What value do you place on a candidate's knowledge of and experience in the community served by your organization?
- Are the perspectives of the community served reflected in the organization's decision-making?
- What have you attempted thus far and how would you rate your progress in building an inclusive organization?

## Action Steps

- Develop policies to institutionalize inclusive practices, such as in hiring, consultant-use, and board composition.
- Define and record your organization's values. Discuss how those values are reflected in inclusive-hiring practices.
- Provide and encourage staff development and career ladders for all employees, such as participation in cultural-specific affinity groups or networks.
- Look to your grantees and their networks when staff and board openings occur.
- Conduct an annual census of volunteers, employees, and trustees to document employment diversity with the goal of improving diversity and furthering your grantmaking program.
- Contact your local regional association of grantmakers and/or affinity groups for additional information.

# grantmaking organizations as **community citizens**

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**Grantmakers, whether in the nonprofit or corporate sector, all operate on the principle that they have a responsibility to serve the public good. But fulfilling that goal can mean much more than just finding worthy grantees and cutting a check. By becoming active participants in their communities, grantmaking organizations will also strengthen their ability to recognize and support diversity because they are in and of the community, not just operating at arm's length. As community citizens, they have the opportunity to fill a real leadership role because they are well-known players. With their resources, they can nurture community collaboration and bridge-building.**

**T**hat's just what the **Northwest Minnesota Foundation** (NMF) discovered when it set out to evaluate the changing demographics of its service area in 1990. Six years later, the foundation launched its Valuing Diversity Program, which seeks to promote multi-racial and cultural understanding in the predominantly rural communities of the service area. What the foundation discovered in looking at population trends was that there would be a significant growth in the number of people of color in the coming decades, based on a huge population of children under age 6. The influx of Latino migrant farm workers into the Red River Valley from Texas and Mexico, workers who increasingly were putting down roots, was having an impact. And there are three Native American reservations in the area. Friction between the Indians and white populations is of long

standing. "A rural community that's very homogenous and hasn't had a lot of experience with other cultures doesn't know how to respond," said Ruth Edevold, executive director of NMF. "People respond by closing their circle tighter."

The Valuing Diversity Program began with research on the issues and moved to a process of engaging the community through a series of workshops designed to be forums where individuals could explore their own biases and stereotypes. The foundation played the role of facilitator and resource provider, but sought community input on shaping the workshops, an effort that itself took a year and a half. The next phase was to offer help to communities that wanted to address diversity issues. Workshop participants were encouraged to go back to their communities and share what they'd learned and to seek foundation grants to undertake their own efforts to promote diversity.

Edevold said the whole process has been an eye-opener, a painstaking but rewarding one. "It took us six months just to realize we had to define diversity. So we backed way up," she said. "Now, we have a two-day workshop on valuing diversity that we've stuck with for three years." A NMF consultant runs the workshops in three target communities, and slowly but surely the ripple effects are spreading out, although Edevold acknowledged that gauging success or failure for such a project can be difficult.

Still, there are stories that inspire hope and the commitment to continue. In one small community of 700 people, NMF was asked to present the workshop after a summer of tensions between white residents and a group of young



Latino men who'd come to the area as farm workers and stayed on. Although there were no clashes, the seeds of conflict were there. "One of the people who went through the workshop was a local police chief. He thought it was great and asked us to do it for all law enforcement," Edevold said. One year later, the foundation's community liaison reported that that summer the simmering tensions of the previous year had vanished although the Latino workers had not. What changed? "The police chief said that this year, when new Latino families moved into the area, he went to greet each of them," Edevold recalled. "He said, 'Last year, I never would have been able to do that.'" (Note: During the course of work on this toolkit in 1999, our colleague Ruth Edevold, sadly, passed away. Her words of wisdom and encouragement live on.)

**T**he **Steans Family Foundation** in Chicago has become an active, committed member of North Lawndale, a predominantly African-American community in that city and the sole focus of the foundation's efforts and resources. Founded in 1986, Steans has evolved a unique approach to its grantmaking by creating networks of community organizations, nonprofits, educational institutions, and governmental agencies in order to foster community revitalization. Steans plays a variety of roles far beyond just grantmaker. It is a convener, generating collaboration among community leaders. It acts as an incubator of ideas and as a community advocate, representing the interests of North Lawndale to outside agencies. It is also a

leverager, matching its own grant dollars with contributions from government and other philanthropies. "The way we go about doing our work is extremely responsive to the community," says Greg Darnieder, executive director. "We don't use the RFP process. We prefer to develop relationships with an organization to understand its needs."

A good example of how Steans operates is the North Lawndale Employment Network, one of six that the foundation has constructed to date, says Darnieder. It's a partnership of 30 organizations – economic development groups, community-based organizations, state agencies and others interested in stimulating job prospects for North Lawndale residents. Foundation staff plays the roles of conveners, community advocates and resource providers to keep the network operating smoothly. "We put that network into place to build an infrastructure so that the work of individual agencies can be done more effectively," he said. "Outside players have a single entry point to deal with." Other networks include the North Lawndale Learning Community (NLC), a network of 12 schools, churches, and community groups structured to improve staff development, leadership and instruction in North Lawndale schools. The NLC also incorporates a number of separate educational projects funded by the Steans Family Foundation.

## Questions for Discussion

- ▶ How does your grantmaking organization define community citizenship?
- ▶ How well do you know the different facets of your community and its leaders and how well do they know your mission and program staff?
- ▶ Do staff and trustees have community connections that could serve as resources for the organization?
- ▶ How can you develop and maintain a range of contacts to inform you about the communities in which you are making grants?
- ▶ Based on the priorities of your organization's mission and values, are there activities besides grantmaking that could inform you about a community and its needs and assets?
- ▶ How can your organization play the role of convener and broker of community relationships and resources?
- ▶ Hold some foundation activities at neighborhood locations, such as a restaurant or community room.
- ▶ Be a speaker, panelist, or participant at a "town meeting" or other community events. Respond to requests to speak in the community.
- ▶ Listen to community concerns and learn about their assets outside of the grantmaking process. Attend community events not directly related to your grantmaking.
- ▶ Hold a discussion with trustees and staff about personal memberships. Do you belong to any exclusionary groups? Are there key leadership groups to which you should belong?
- ▶ Consider offering a different kind of resource needed by the community, such as a meeting space or a workshop for nonprofits on "low maintenance" planned-giving methods.

## Action Steps

- ▶ Disseminate information about your organization and its grantmaking goals broadly within the communities you serve. Advertise guidelines or requests for proposals in newsletters and magazines that reach community organizers and groups.
- ▶ Consider participating in community coalitions or alliances. Partner with other organizations on initiatives that support diversity in the community.
- ▶ Invite community leaders, such as local elected officials, religious leaders, school principals, hospital administrators, and nonprofit heads to address staff and board meetings. Encourage community networking related to your issue area.
- ▶ Consider a policy to match employee gifts to nonprofits. If you already have such a policy, find out whether community-based nonprofits are eligible for matching gifts.
- ▶ Take off your foundation hat and become a volunteer in a community project.



# grantmaking organizations as **economic entities**

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**Funders have the ability, and some believe an obligation, to create economic opportunities for members of the communities they serve beyond the awarding of grants. Grantmakers are economic entities, often with considerable financial clout which can be wielded in ways that reflect a commitment to principles of inclusion. Through investments and purchasing decisions, funders can support businesses owned by women, people of color and other traditionally bypassed groups. In so doing, they are participating in the development of a diverse workforce and healthy economy. Some funders have adopted elaborate policies on socially responsible investing – from screening out investments in companies that pollute or don't have ethical employment practices to shareholder activism. But there are also simple strategies for consciously employing all of an organization's financial resources in the work of community building.**

**T**he **Grotto Foundation** in St. Paul, Minnesota, has been funding grassroots organizations, especially in the Native American community, since its founding in 1964. Most recently, though, Grotto has identified the need for “wealth creation” in neighborhoods, according to Peg Thomas, executive director. “We are trying to wed economic development to social justice,” she says. So it was almost a natural, logical next step when Thomas and her board began using

diverse vendors in their community to provide some of the foundation's services and supplies.

Thomas recently contracted with At Your Fingertips Office Products, an office product and school supply company owned and run by Native American women. She came across an ad for the company in a newsletter from the Minnesota American Indian Chamber of Commerce, which she regularly scans to stay informed on current events in the community. Grotto also uses a diverse mix of consultants to evaluate its grant applications and to design various foundation publications, including the annual report. “It's so easy to set up the channels to order from diverse vendors,” says Thomas, “but people think only of connecting with people of color in grantmaking. Supporting a native women-owned company is part of the ‘wealth creation’ economic theory we support.”

**T**he **Jessie Smith Noyes Foundation** in New York City has an aggressive policy on socially responsible investing that began with basic investment screens and graduated to feisty shareholder activism. The move to what the foundation calls mission-related investing started in 1991 when a new trustee with expertise in such investment strategies was brought on board as finance chair. “We sought a person who could help us think through our efforts at dissonance reduction,” says JSN president Stephen Viederman. While the foundation's portfolio had been screening

out investments considered environmentally or socially negative – such as nuclear power – the board took a new, proactive role in 1993 as shareholders of Intel, the computer technology giant.

It began when Viederman took a close look at the companies in the JSN investment portfolio and saw Intel. He realized that one of JSN's grantees, the South West Organizing Project (SWOP) in New Mexico, had prepared a report on Intel's expansion of a microchip manufacturing operation in their state. SWOP's research raised serious questions about the factory's excessive water use and toxic emissions, job opportunities for New Mexicans at the facility, and the generous public subsidies provided by the state. SWOP's attempts to meet with Intel executives had failed.

As an Intel shareholder, JSN agreed to work with SWOP to try to persuade Intel to meet with community members and address their concerns. JSN staff attended Intel's 1994 shareholder meeting in Albuquerque and began the process of engaging Intel to become a responsive and responsible corporation. JSN filed a shareholder resolution asking Intel to revise its

environmental health and safety policy and to share information with the community. Finally bowing to the persistent pressure, Intel met with JSN and then agreed to enter into discussions with SWOP on its areas of concern. By December 1995, Intel had revised its environmental policy to include some changes the activists had requested.

In 1998, the foundation filed a new resolution, this one calling on Intel to adopt standardized environmental reporting as advocated by the Coalition for Environmentally Responsible Economies. In close collaboration with SWOP, the Jessie Smith Noyes Foundation will continue to exert its shareholder clout for the slow but positive changes that can be wrought at Intel. "I spend a lot of my time telling this story in the hope that other foundations will consider the benefits of mission-related investing, which we believe adds value to our grantmaking," says Viederman.

## **Q**uestions for Discussion

- ▶ Does your policy on inclusion and diversity extend to your investments and vendor relationships?
- ▶ In what ways could your organization's mission be enhanced if investment goals were more closely aligned with your grantmaking goals?
- ▶ How can your organization's assets be used to support the economic vitality of the communities your grants support?
- ▶ In what ways could your organization use its purchasing policies and investment strategies to accomplish its philanthropic mission?
- ▶ What organizations assist efforts to increase economic self-sufficiency of specific populations in your community? How can your organization support these efforts?

## **A**ction Steps

- ▶ Initiate a discussion about the organization's investment portfolio among board members and work to develop a policy on socially responsible investment that matches your values and areas of interest.
- ▶ Seek out an investment manager experienced in socially responsible investing.
- ▶ Discuss with board members and staff the pros and cons of including diverse vendors or making investments that support businesses owned by diverse groups.
- ▶ Set goals of adding one or two vendors yearly from diverse communities served by your grantmaking.
- ▶ Contact chambers of commerce representing diverse communities and use their member directories to identify potential vendors.
- ▶ Network through your regional association of grantmakers with those who have used their economic resources, beyond grants, to support target populations.
- ▶ Consider creating a revolving loan fund to support economic activity among target populations in your communities.

# diversity framework

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# contacts

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## as funders

### **The St. Paul Companies**

385 Washington Street 514D  
St. Paul, MN 55102-1396  
TEL 651-310-2623  
FAX 651-310-2327  
WEB SITE [www.stpaul.com/html/communities.html](http://www.stpaul.com/html/communities.html)

### **Otto Bremer Foundation**

445 Minnesota Street, Suite 2000  
St. Paul, MN 55101-2107  
TEL 651-312-8036  
FAX 651-312-3550  
WEB SITE [www.ottobremer.org](http://www.ottobremer.org)

### **Lila Wallace-Reader's Digest Fund**

2 Park Avenue, 23rd Floor  
New York, NY 10016  
TEL 212-251-9800  
FAX 212-679-6990  
WEB SITE [www.wallacefunds.org](http://www.wallacefunds.org)

## as community citizens

### **Northwest Minnesota Foundation**

722 Paul Bunyan Drive NW  
Bemidji, MN 56601  
TEL 218-759-2057  
FAX 218-759-2328  
WEB SITE [www.nmfoundation.org](http://www.nmfoundation.org)

### **Steans Family Foundation**

River Plaza 2 East, 405 N. Wabash Ave.  
Chicago, IL 60611  
TEL 312-467-5900  
FAX 212-494-1494

## as employers

### **Wiebolt Foundation**

53 West Jackson Blvd., Ste. 838  
Chicago, IL 60604  
TEL 312-786-9377  
FAX 312-786-9232

### **Zellerbach Family Fund**

120 Montgomery St., Ste. 1550  
San Francisco, CA 94104  
TEL 415-421-2629  
FAX 415-421-6713

### **San Francisco Foundation**

225 Bush Street, Suite 500  
San Francisco, CA 94104  
TEL 415-733-8509  
WEB SITE [www.sff.org](http://www.sff.org)

### **John D. and Catherine T. MacArthur Foundation**

140 South Dearborn St.  
Chicago, IL 60603  
TEL 312-726-8000  
FAX 312-920-6258  
WEB SITE [www.macfdn.org](http://www.macfdn.org)

## as economic entities

### **Grotto Foundation**

W-1050 First National Bank Building  
St. Paul, MN 55101-1312  
TEL 651-225-0777  
FAX 651-225-0752  
WEB SITE [www.grottofoundation.org](http://www.grottofoundation.org)

### **Jessie Smith Noyes Foundation**

6 East 39th Street, 12th Floor  
New York, NY 10016-0112  
TEL 212-684-6577  
FAX 212-689-6549  
WEB SITE [www.noyes.org](http://www.noyes.org)

# conclusion

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**W**

e've loaded this toolkit with as many user-friendly tools as possible for all types of grantmakers seeking to inject diversity and inclusiveness into the work they do. Perhaps the stories of other grantmakers' efforts will be a blueprint for change at your organization. Perhaps they will inspire you to draw your own plans for a new way of approaching grantmaking. Their experiences should help demystify the process of creating an inclusive organization, as well as underscore just how significant even the simplest action can be.

But most of all, we hope that this toolkit will launch you to action, moving the issue of diversity and inclusion to the forefront of your organization's agenda. Start small, with basic doable steps that will create a momentum for change over time. Reach out for guidance and support from your regional association of grantmakers. They can make connections among grantmaking organizations working on putting their commitment to inclusion and diversity into practice. Meeting the challenge of practicing inclusive grantmaking, in all its roles, will help define philanthropy as it moves into a new century of giving.

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We also offer thanks and appreciation to the many grantmakers in the New York region, Chicago, northern California and Minnesota who patiently detailed their efforts to rethink funding programs and organizational cultures to reflect the ever-changing faces of the communities they aim to serve. The stories they told and the lessons they've learned can serve us well in the on-going project to become ever more effective and responsive grantmakers. In addition, we want to thank those funders who provided grant support to make this toolkit possible: Otto Bremer Foundation, The St. Paul Companies, Inc., and Sara Lee Foundation.

# resource organizations

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## **Asian Americans/**

### **Pacific Islanders in Philanthropy**

Executive Director (vacant)  
225 Bush Street, Suite 580  
San Francisco, CA 94104  
TEL 415-273-2760  
FAX 415-273-2765  
EMAIL AAPIP@aol.com  
WEB SITE [www.aapip.org](http://www.aapip.org)

### **Association of Black Foundation Executives**

Executive Director (vacant)  
c/o Edwin Gould Foundation for Children, Inc.  
23 Gramercy Park South  
New York, NY 10003  
TEL 212-982-5200  
FAX 212-982-6886

### **Council on Foundations**

Dorothy S. Ridings, President  
1828 L Street, NW  
Washington, DC 20036  
TEL 202-466-6512  
FAX 202-285-3926  
EMAIL [infoserv@cof.org](mailto:infoserv@cof.org)  
WEB SITE [www.cof.org](http://www.cof.org)

### **Disability Funders Network**

Jeanne Argoff, Executive Director  
2529 Kirklyn Street  
Falls Church, VA 22043  
TEL 703-560-0099  
FAX 703-560-1151  
EMAIL [njargoff@aol.com](mailto:njargoff@aol.com)

### **Donors Forum of Chicago**

Valerie Lies, President  
208 South LaSalle Street, Suite 740  
Chicago, IL 60604-1006  
TEL 312-578-0090  
FAX 312-572-0103  
EMAIL [valerie@donorsforum.org](mailto:valerie@donorsforum.org)  
WEB SITE [www.donorsforum.org](http://www.donorsforum.org)

### **Forum of Regional Associations of Grantmakers**

Alison Wiley, Executive Director  
1828 L Street NW, Suite 300  
Washington, DC 20036-5168  
TEL 202-467-0380  
FAX 202-835-2980  
EMAIL [forum@rag.org](mailto:forum@rag.org)  
WEB SITE [www.rag.org](http://www.rag.org)

### **Hispanics in Philanthropy**

Diana Campoamor, President  
5950 Doyle Street, Suite 7  
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FAX 510-420-0387  
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WEB SITE [www.hiponline.org](http://www.hiponline.org)

### **Minnesota Council on Foundations**

Bill King, President  
15 South Fifth Street, Suite 600  
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FAX 612-337-5089  
EMAIL [bking@mcf.org](mailto:bking@mcf.org)  
WEB SITE [www.mcf.org](http://www.mcf.org)

### **Native Americans in Philanthropy**

Donna Chavis, Executive Director  
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Lumberton, NC 28359  
TEL 910-618-9749  
FAX 910-618-9839  
EMAIL [NativePhil@aol.com](mailto:NativePhil@aol.com)

### **National Network of Grantmakers**

Executive Director (vacant)  
1717 Kettner Boulevard, Suite 110  
San Diego, CA 92101  
TEL 619-231-1348  
FAX 619-231-1349  
EMAIL [nng@nng.org](mailto:nng@nng.org)

WEB SITE [www.nng.org](http://www.nng.org)

### **New York Regional Association of Grantmakers**

Barbara Bryan, President  
505 Eighth Avenue, Suite 1805  
New York, NY 10018  
TEL 212-714-0699  
FAX 212-239-2075  
EMAIL [info@nyrag.org](mailto:info@nyrag.org)  
WEB SITE [www.nyrag.org](http://www.nyrag.org)

### **Northern California Grantmakers**

Lynn D.W. Luckow, President  
116 New Montgomery Street, Suite 742  
San Francisco, CA 94105  
TEL 415-777-5761  
FAX 415-777-1714  
EMAIL [ncg@ncg.org](mailto:ncg@ncg.org)  
WEB SITE [www.ncg.org](http://www.ncg.org)

### **Women and Philanthropy**

President (vacant)  
1015 18th Street NW, #202  
Washington, DC 20036  
TEL 202-887-9660  
FAX 202-861-5483  
EMAIL [webmaster@womenphil.org](mailto:webmaster@womenphil.org)  
WEB SITE [www.womenphil.org](http://www.womenphil.org)

### **Women's Funding Network**

Christine Grumm, Executive Director  
1375 Sutter Place, Suite 406  
San Francisco, CA 94109  
TEL 415-441-0706  
FAX 415-441-0827  
EMAIL [WFN@wfnnet.org](mailto:WFN@wfnnet.org)  
WEB SITE [www.wfnnet.org](http://www.wfnnet.org)

### **Funders for Lesbian and Gay Issues**

Nancy Cunningham, Executive Director  
116 East 16th St., 7th Floor  
New York, NY 10003  
TEL 212-475-2930  
FAX 212-982-3321  
EMAIL [info@lgbtfunders.org](mailto:info@lgbtfunders.org)  
WEB SITE [www.lgbtfunders.org](http://www.lgbtfunders.org)

# additional resources

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## **Exemplary Grantmaking Practices Manual**

By Ellen Furnari, Carol Mollner, Teresa Odendahl and Aileen Shaw.

Published in 1997 by the National Network of Grantmakers (see Resource Organizations). Chapters 1, 3, and 4 are relevant to inclusiveness and diversity practices.

## **“Adding Value to Your Grants”**

by Stephen Viederman in *Foundation News and Commentary*, January/February 1997.

For additional information about mission-related investing, visit the Jessie Smith Noyes Foundation Web site: [www.noyes.org](http://www.noyes.org). Especially useful are the sections on Investment Policy, the “President’s Essay” in the 1998 annual report, and a section called “new on mission-related investing.”

## **Changing Communities, Changing Foundations: The Story of the Diversity Efforts of Twenty Community Foundations**

By Laura Watterman Wittstock and Theartrice Williams.

Published in 1998 by Rainbow Research, Inc. 621 West Lake St., Minneapolis, MN 55408  
TEL 612-824-0724.

## **Engaging the Entire Community: A New Role for Permanent Collections (Nov. 1998) and Opening the Door to the Entire Community: How Museums Are Using Permanent Collections to Engage Audiences (Jan. 1999)**

Two reports from the Lila Wallace-Reader’s Digest Fund which offer lessons from the Museum Collections Accessibility Initiative. Available by downloading from the LWRD Web site: [www.wallacefunds.org](http://www.wallacefunds.org)  
Lila Wallace-Reader’s Digest Fund  
2 Park Avenue, New York, NY 10016.

## **Include Me: Making the Case for Inclusiveness for Community Foundations**

One of three booklets on diversity and inclusiveness published in 1996 by the Council on Foundations. The others in the “Include Me” series address corporate and private and family grantmaking organizations, and can be ordered from the COF.

## **“Making Differences Matter: A New Paradigm for Managing Diversity”**

By David A. Thomas and Robin J. Ely  
In *Harvard Business Review*, September/October 1996.  
Reprint 96510. To order call 1-800-545-7685.

## **Passive, Dissonant or Making a Difference: Which Way for Foundation Investing**

By Mark Dowie.  
A report that examines how foundations can align their grantmaking and investment goals. Published by the Financial Markets Center, PO Box 334, Philomont, VA 20131  
TEL 540-338-7754; FAX 540-338-7757;  
EMAIL [Finmktctr@aol.com](mailto:Finmktctr@aol.com).

## **“Putting a New Spin on Philanthropy: How Some Young Foundations Are Redefining Community”**

From the Summer 1996 issue of *Giving Forum*, a quarterly publication of the Minnesota Council on Foundations.

## **The Value of Difference: Enhancing Philanthropy through Inclusiveness in Governance, Staffing, and Grantmaking**

A booklet published in 1993 by the Council on Foundations.