

## **LEADING BY EXAMPLE**

**Diversity, Inclusion, and Equity in Community Foundations**

**Executive Summary**

**October, 2003**

**A project of the Coalition of Community Foundations for Youth and California Tomorrow**



## Leading By Example Initiative Partners

### **The Community Foundation for Greater New Haven**

*William W. Ginsberg, President*

The Community Foundation for Greater New Haven (Connecticut) was established in 1928 and is the largest philanthropic institution in our region of twenty towns and over 600,000 people. We are among the oldest and largest of the more than 650 community foundations in the United States. Our seventy-five year record of grantmaking, financial stewardship and service to donors is at the heart of philanthropic efforts to improve the quality of life for residents in Greater New Haven and the Lower Naugatuck Valley.

### **East Bay Community Foundation**

*Michael M. Howe, President*

The East Bay Community Foundation is a nonprofit charitable organization through which individuals, families and businesses carry out their charitable giving and nonprofit organizations and programs seek funding. By acting as a conduit between the two, the Foundation achieves its mission of enhancing the lives of all East Bay residents.

### **California Tomorrow**

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Over the past 15 years, California Tomorrow has built a strong body of research and a national reputation for facilitating institutional change processes and the challenging dialogue such change demands about intergroup relations, institutional oppression, equity, and access. California Tomorrow works with schools, family-serving institutions, early childhood programs and community organizations to respond positively and equitably to diverse populations.

### **Leading by Example Executive Summary**

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### **Greater Milwaukee Foundation**

*Douglas M. Jansson, President*

The Greater Milwaukee Foundation helps people establish permanent charitable funds that serve people throughout Milwaukee, Waukesha, Ozaukee and Washington counties and beyond. Because donors name each fund and choose the causes it serves, they enjoy the individuality of a private foundation. Because these funds are united under one organizational roof, they gain the superior cost effectiveness and tax benefits of a large public charity.

### **The Winston-Salem Foundation**

*Scott F. Wierman, President*

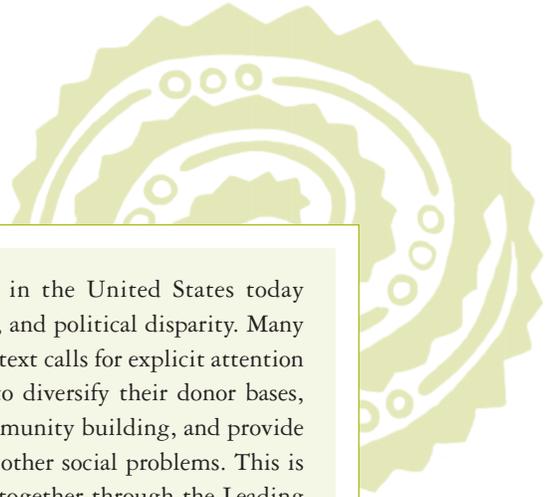
Connecting people who care with causes that matter, The Winston-Salem Foundation is a pool of hundreds of charitable funds entrusted to be used for long-term philanthropic good. These funds are invested and income is used to award grants, including scholarships, to benefit the community as the donors intended.

### **Coalition of Community Foundations for Youth**

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The Coalition of Community Foundations for Youth (CCFY) is a network of over 200 community foundations in communities across the United States dedicated to securing improved conditions for children, youth and families through community-building strategies.

**Cover art:** Drawn from the cultural tradition of the Aztec people, this symbol represents the multidimensional and cyclical nature of change - depicting the powerful force of movement and harmonic balance. This understanding of change is represented in the symbols of many cultures.



Community foundations seeking to strengthen communities in the United States today encounter increasing diversity and widespread economic, social, and political disparity. Many foundations have recognized that working effectively in this context calls for explicit attention to the values of inclusiveness and equity. They have sought to diversify their donor bases, align their grantmaking priorities with goals of empowerment and community building, and provide new forms of leadership for addressing poverty, racism, inequality, and other social problems. This is the story of four such foundations from around the country that came together through the Leading by Example Initiative to solidify, sustain and expand these efforts through a process of internal development and strategic change.

Starting with the conviction that “leading by example” on diversity and inclusiveness is essential to the long-term vitality and efficacy of their institutions, each foundation assessed its organizational culture, composition, policies and practices. In dialogue with the others, each also developed and began implementing new departmental and foundation-wide strategies. As the individual and collective experiences of participating teams demonstrated, deepening work on diversity, inclusion, and equity touches every aspect of foundation life. It begins with vision and commitment, and flourishes as it affects organizational environments and operations, including governance and decision making, strategic planning, staffing and management, grantmaking, asset development, business practices, communication, and community leadership.

This Executive Summary highlights the approaches of the participating foundation teams and offers lessons learned about what it takes to weave diversity and equity values into community foundation work. A full report on the Leading by Example Initiative will be available in January 2004.

## THE INITIATIVE

The Leading by Example (LBE) Initiative began in January 2002. It was sponsored by the Coalition of Community Foundations for Youth and facilitated by California Tomorrow, with funding from the Charles Stewart Mott Foundation. Participating community foundations were recruited to reflect geographic diversity: The Community Foundation for Greater New Haven, the East Bay Community Foundation, the Greater Milwaukee Foundation, and the Winston-Salem Foundation. Each foundation established an LBE team that included its chief executive officer (CEO), a board member, and a staff person designated as the lead staff for purposes of planning and coordination.

Community foundation representatives met five times over the course of 20 months. At each meeting, they heard from experts in the field, gained knowledge from each other, worked on team issues and challenges, and learned about tools they could apply to their internal change processes. Using these tools, California Tomorrow and the Coalition of Community Foundations for Youth led foundation teams through intensive internal and community data collection, intra- and inter-foundation dialogue, peer support, assessment of practices, planning, and initial implementation of their ideas for change. In addition to supporting work in the individual foundations, the LBE network allowed the teams to appreciate how context influences action and to learn with and from each other.

## Leading by Example Change Strategies

- Peer dialogue, consultation, support, and learning
- Personal and organizational reflection
- Access to cutting-edge research
- Time and support for planning
- Foundation-wide dialogues
- Development of core leadership team
- Data collection and assessment
- Inclusion of community perspectives
- Diversity and equity values/vision statement
- Technical assistance, training, and coaching
- Financial resources
- Reflection on lessons learned

## LESSONS FROM THE JOURNEY TOWARD MORE INCLUSIVE AND EQUITABLE PRACTICE

**Lesson #1:** Top-level leadership and commitment are required to infuse equity and inclusion into community foundations' organizational structures and cultures.

*"The biggest change for me as a result of the LBE work is that now it's hard to look at issues in the foundation or in the larger community without thinking about what it means in terms of diversity and race. I have a much higher awareness, too, of what it takes to move things, of where the levers are. I can't do everything, but there is a lot I can do."*

— Doug Jansson, *President*, Greater Milwaukee Foundation

Increasing diversity, inclusion, and equity throughout a foundation requires leadership and commitment from the CEO, along with dedicated resources and support. As the four CEOs in the LBE Initiative learned, this leadership entails:

- Investing time to ensure the effort moves forward;
- Engaging and supporting senior managers and staff to coordinate the process, and including their efforts in their job descriptions and time allocations;
- Allocating foundation resources to support the process;
- Keeping diversity, inclusion, and equity issues on the table at all levels of the foundation, particularly with senior management and trustees;
- Taking the lead in finding ways to engage trustee leadership; and
- Making a commitment to personal learning (and change) about diversity, inclusion, and equity.

Along with CEO commitment, board involvement and leadership are crucial to success. The experience of the LBE foundations shows that gaining this involvement can be difficult, and the Initiative's progress was mixed. Strategies that hold promise include offering diversity training or LBE retreats to trustees and/or bringing staff and board members together to discuss LBE-related issues, experiences, and materials.



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**Lesson #2:** A focus on inclusion and equity cannot be an “add-on.” It must be embedded and woven into the strategic plans and life of the community foundation.

*“There’s an embedding process that needs to happen. This work is not optional – it’s essential, like having a good accounting system. Diversity and equity need to figure into millions of little bitty tasky decisions. It’s not just about values. It’s about how we do things.”*

— Diane Sanchez, Program Officer, East Bay Community Foundation

Efforts to address diversity, inclusion, and equity cannot be separated from other foundation processes. Instead, they must be integrated into the work people are already doing, thus becoming a set of values, policies, practices, and habits that make their work more effective. Attending to dynamics of race, ethnicity, class, and other dimensions of diversity means looking differently at all decisions—big and small—across the foundation. And it requires an intentional strategy and mechanisms for planning, learning, and implementation.

• **Engage in comprehensive assessment and planning.**

As most LBE teams found, bringing inclusive and equitable values to life in an organization is an ongoing and comprehensive process. The Greater Milwaukee Foundation and the East Bay Community Foundation began with foundation-wide assessments—comprehensively reviewing goals and practices in all departments and including all staff and, where possible, trustees in dialogue on LBE-related topics. Milwaukee involved all staff in cross-departmental workgroups to recommend specific actions that the foundation could take to better reflect community diversity. It established a steering committee to coordinate and continue this work. East Bay created a “home team” of five staff and five trustees to work closely with the “away team” (those who attended LBE network meetings) in leading the organization’s diversity and equity initiative. It also developed an internal website to share LBE materials with staff and trustees. The Winston-Salem Foundation and The Community Foundation for Greater New Haven started with more focused elements, such as a donor development or staff training initiative, with the goal of building out from there.

• **Support productive dialogue and personal and professional learning.**

The LBE teams learned that creating more inclusive and equitable institutions involves significant learning on both the personal and organizational levels. Because diversity matters engage people’s hearts and histories, as well as their minds, dialogue on these issues can be powerful, passionate, and sometimes painful. In addition, different people think differently about this work—its meaning, the organizational development it requires, and its importance in the overall scheme of things. Honoring and growing from differences takes time, persistence, and intentional learning. To move forward as a foundation, there must be mechanisms in place for people to learn from and with each other. To address this need, the East Bay Community Foundation, for example, established a library of materials on equity and diversity, and conducted brown bag lunches where staff could discuss what they had read and the issues raised by those readings. It also sponsored a series of trustee-staff sessions on the emotional dynamics involved in organizational change around diversity.

• **Prepare for a long-term process.**

The LBE teams recognized that embedding the values of inclusion and equity calls for dedicated resources—staff time, strong leadership from the top, and funding. It is an ongoing process, one that is not an adjunct to other foundation efforts, but one that weaves through them. Fortunately, the process itself—its lessons, conversations, new activities, and policy changes—makes foundations more effective, credible, and vibrant community institutions.





**Lesson #3:** Meeting the donor diversity challenge requires more than outreach.

*“I believe there needs to be a strategy and a place at the table for everyone to be part of philanthropy. Most of the time, communities of color are seen as recipients of giving, but not as donors and leaders. I want people to see us as a resource – not just for grantmaking, but for giving as well.”*

— Lisa McGill, *Consultant and former Program Officer*, The Community Foundation for Greater New Haven

**D**emographic changes across the United States are beginning to impact how community foundations and other philanthropic institutions view and approach the work of asset development. For generations, cultivating donors has largely meant gaining the participation of white communities, where foundations often assumed they could find the bulk of their regions’ wealth and leadership. Now, however, more and more community foundations are looking to diversify their donor bases—to engage and empower communities of color along with white constituencies; to tap into the already strong giving networks and practices of African American, Latino, Asian Pacific Islander, and Native American communities; and to create a broader donor base that ensures the foundations’ long-term financial health and grantmaking impact. According to philanthropy consultant and noted author Diana S. Newman, all this is essential to fulfilling community foundations’ missions and increasing community vitality.<sup>1</sup> LBE participants identified several methods that can help broaden the donor base.

- **Change the “culture” and attitudes within the foundation.**

Diversifying the donor base is not just an issue of more effective outreach. It is also about creating a welcoming and representative foundation that people from all backgrounds and experiences trust, in which they see themselves reflected and where they feel they can add value to their existing practices of financial and other giving. Two LBE foundations conducted focus groups in their communities and found that community

foundations are often viewed as inaccessible, predominantly white, and sometimes elitist institutions with little draw for potential donors of color and few connections to these potential donors’ communities. As a result, the foundations committed to changing internal patterns in an effort to alter these perceptions and establish deeper credibility. In addition, The Community Foundation for Greater New Haven and The Winston-Salem Foundation sought to diversify their donor bases by supporting ethnic-specific funds. Conceived as a long-term strategy to forge new partnerships, New Haven’s Communities of Color Initiative combines donor development with public education and community leadership development. New Haven’s CEO and board allocated significant resources from the foundation’s unrestricted assets to match the resources of donors in the African American and Latino communities. Rather than developing ethnic-specific initiatives, the Greater Milwaukee Foundation and the East Bay Community Foundation are building more inclusive models for general asset development.

- **Diversify donor services staff and build relationships and partnerships with communities of color.**

In all cases, LBE participants found that diversifying their donor bases begins with building relationships and offering approaches to philanthropy that match community patterns of giving. They must focus their efforts on developing leadership and partnership, not just on bringing in money. “Walking the talk” of inclusion and equity is key. For community foundations to be true partners

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<sup>1</sup> Newman, Diana S., with Mindy Berry, Jessica Chao, Henry A.J. Ramos, and Mary-Frances Winters. 2002. *Opening Doors: Pathways to Diverse Donors*. San Francisco: Jossey-Bass. pp. 67-70, 197.

with donor communities of color, their donor services staff must be representative of those communities and provide contact people and images that reflect an understanding of those communities. Some LBE foundations have begun addressing diversity within their own organizations by hiring, promoting, and/or utilizing the talents of staff of color from other departments for development projects.

- **Employ minority-owned vendors, management companies, consultants, and banks.**

In conjunction with more inclusive staffing, LBE efforts highlighted the connection between everyday business practices and inclusive donor development. As participating community foundations learned from focus groups and advisory committees, employing minority-owned or minority-staffed asset management companies, banks, consultants, and vendors can help build credibility with potential donors of color. In reviewing their own practices, however, most LBE teams realized that their organizations have inadvertently been using white-owned companies for most purposes. Over the course of the Initiative, some teams consciously attempted to shift these patterns. The Greater Milwaukee Foundation created directories of minority-owned vendors. The

East Bay Community Foundation developed diversity-related standards for use in selecting banks and other financial institutions and explored new asset management options.

- **Develop benchmarks and hold donor services departments accountable for diversity and inclusion.**

The LBE Initiative revealed the importance of creating explicit, independent goals and benchmarks to track foundations' progress in engaging donors of color. Development staff from all foundations noted that their departments' ability to set diversity, inclusion, and equity as priorities is strongly affected by the success measures on which they are regularly evaluated. Even in a foundation with a focus on inclusive asset development, devoting significant staff time to the long process of relationship building in communities of color—a process that may or may not generate significant funds in the near term—can be a challenge if work is judged solely on the amount of money raised in a given year, rather than on the progress made in this area. If development departments are to feel they can legitimately channel their resources toward this work, a leadership strategy and commitment at both the senior management and trustee levels are required to track progress on donor diversity and equity in their own rights.

**Lesson #4:** Inclusion and equity require intentionality in grantmaking and in assuming the role of community leadership.

*“The Foundation's role as grantmaker, convener, and philanthropic partner obligates us to be a leader within our community. In order to be true to our values, we must be bold and use our leadership to be advocates for the greater good. This is our responsibility.”*

— James Gore, Program Officer, The Winston-Salem Foundation

**F**or many community foundations, the function most attuned to issues of diversity, inclusion, and equity is grantmaking. LBE participants knew they were already doing a very good job of funding organizations and projects that reach a

diverse cross-section of their communities; that address some of the deepest economic and social challenges in their regions; and that prioritize programming for communities of color, low-income groups, and other often underserved





populations. Therefore, reflecting on diversity, inclusion, and equity was less about whether they are serving communities of color, and more about how and to what ends. The foundations wanted to deepen their already established efforts by clarifying the goals and outcomes they desired, then working to align and strengthen their funding strategies to achieve them. To accomplish this, they used a data collection template to gather information about their grants and grantees and to answer a few key questions.

- **To whom are our grants going?**

This question asked about both the endpoint beneficiaries of the community foundations' grant dollars and the composition of the grantee organizations themselves. Supporting community inclusiveness and equity means supporting organizations that not only provide programming for diverse and underserved groups, but also include those groups in staffing, leadership, decision making, and governance. During the LBE project, all four foundations developed policies and systems for collecting diversity-related data from grant applicants. Most plan to use this data not as a grantmaking screen, but to identify organizations that need support in community outreach and/or staff and board diversification.

- **What are our grants and initiatives seeking to accomplish?**

While all community foundations think strategically about the intended outcomes of their grantmaking and initiatives, not all have well-developed theories of change aimed at addressing community and broader societal inequities. The LBE process involved not only thinking about who is being funded, but also considering what these groups are being funded to do. To what extent do grantees, for example, support change in individual attitudes and perceptions within the community, and to what extent do they support change in broader social and political structures? What does

the current collection of funding add up to relative to the foundation's values, priorities, and intended impacts on issues of equity, diversity and inclusiveness? As part of the LBE work, some participating foundations drafted equity and inclusion value statements to provide a touchstone for grantmaking and other purposes. Others deepened existing social justice-oriented initiatives. All agreed that this work could inspire greater community attention and action to issues of inclusion and equity.

- **What does it mean for a community foundation to be a values-driven force for changing systems of inequality in the community?**

Conversations among LBE network participants identified a continuum of leadership roles in the way community foundations typically engage: from—"neutral convener" to "catalyst" and/or "advocate." In these roles, foundations can influence change by putting issues of inclusion and equity on the table and by providing the leadership needed to address these issues. For example, the East Bay Community Foundation used the LBE work and a related values statement as a springboard for educating donors and grantees about the negative impacts likely to flow from passage of a statewide ballot measure aimed at limiting the collection of race-specific data. The Winston-Salem Foundation drew on the project to further existing work on its ECHO Fund, a multiyear community education and development initiative using the concept of social capital across groups to challenge norms of racial separation, and help build inter-ethnic trust and inclusive leadership. In both cases, the foundations had to negotiate the tension between being on the leading edge of controversial community issues involving race and power and the potential for alienating allies, donors, or mainstream community leaders. Despite such tensions, however, all four LBE foundations grew in their convictions to stand up for change on diversity, equity, and inclusion within their communities.





## CONTINUING THE JOURNEY

*“This is part of the legacy I want to leave. The legacy is not that this work will be completed, but that the journey will become part of the organization, and whoever comes next will want and need to continue the struggle.”*

— Mike Howe, *President*, East Bay Community Foundation

*“‘Leading by example’ means putting a value on diversity over and above other things. It means taking on the hard challenges, dealing with diversity everywhere and all the time, not just when it gets in your way.”*

— Susan Whetstone, *Trustee*, The Community Foundation for Greater New Haven

The LBE Initiative was a rich meeting of mind and heart, vision and practicality, that supported each participating foundation in deepening, focusing, and accelerating its journey along the path to inclusion and equity. After 20 months and considerable accomplishment, the change process is very much a work in progress. Most LBE team members look to the future with hope for deeper institutionalization of their diversity and equity values and the strategies they developed in dialogue with one another. They have come to realize that pursuit of inclusion and equity is an endless journey that will require continued top-level leadership, broad community involvement, and dedicated financial and human resources. With the conviction that better decisions result from the inclusion of multiple voices and perspectives, they remain committed to meeting the challenges that lie ahead.

As the communities across our nation grow and change, community foundations have a wonderful opportunity to grow and change along with them. The focus and unique mission of place-based, engaged philanthropy positions these foundations to play a particularly powerful role in fostering and leading the movement toward inclusive, democratic, and equitable communities. It is our hope that the LBE Initiative provides inspiration, models, and tools for others as they too reach toward this important and urgent societal goal.

## Selected Objectives and Strategies for Increasing

Objective	Who	Strategies & Activities
CEO and top-level leaders drive LBE process within foundations.	CEO & top-level leaders	<ul style="list-style-type: none"> <li>• Allocated foundation resources to LBE work.               <ul style="list-style-type: none"> <li>• Dedicated CEO's and leaders' time to LBE Project.</li> <li>• Supported senior managers and staff in coordinating LBE process.</li> </ul> </li> <li>• Advanced LBE issues at all levels.</li> <li>• Engaged trustees; leveraged their leadership.</li> <li>• Committed to personal learning (and change).</li> </ul>
Embed inclusion and equity into foundation's daily functioning and culture.	CEO, top-level leaders, staff & board	<ul style="list-style-type: none"> <li>• Initiated foundation-wide dialogue and assessment to:               <ul style="list-style-type: none"> <li>• Review current practices in all departments</li> <li>• Align objectives for strengthening practices and impacts</li> </ul> </li> <li>• Conducted anonymous surveys/focus groups to surface staff and trustee issues, ideas, and concerns.</li> <li>• Developed inclusion and equity values statements to guide ongoing implementation of goals/objectives.</li> <li>• Incorporated inclusion and equity goals into strategic planning process and professional development priorities.</li> <li>• Supported personal learning among staff and board using various methods:               <ul style="list-style-type: none"> <li>• Staff, board, and/or staff-board dialogues (e.g., brown bag lunches)</li> <li>• A library to make key publications available to all staff and trustees</li> <li>• Training on diversity/equity</li> </ul> </li> <li>• Maintained cross-foundation communication—through an internal website—to share data, assessments, and plans with all foundation stakeholders.</li> <li>• Formed inclusive cross-foundation workgroups to examine practices and develop priorities/plans for improvement.</li> </ul>

# Diversity, Inclusion, and Equity in LBE Foundations

Objective	Who	Strategies & Activities
<p>Diversify donor bases:</p> <ul style="list-style-type: none"> <li>Engage and empower communities of color along with white constituencies</li> <li>Tap into already strong giving networks and practices of these communities</li> <li>Create a broader donor base</li> </ul>	<p>CEO, top-level leaders, staff &amp; board</p>	<ul style="list-style-type: none"> <li>Conducted an internal assessment of foundation's current donor base.</li> <li>Developed strategies for building on cultural patterns and traditions of giving in communities of color.</li> <li>Conducted community focus groups on how prospective donors of color view community foundations.</li> <li>Sponsored lecture series to build new relationships with leaders in communities of color.</li> <li>Invested foundation's resources to develop ethnic-specific funds and to match gifts from donors of color.</li> <li>Developed plans to diversify donor services staff.</li> <li>Reviewed internal business practices to enhance foundation's relationship to communities of color and become more representative of those communities.</li> <li>Created directories of minority-owned businesses and vendors for use among foundation staff.</li> <li>Developed diversity and community-reinvestment questionnaires to be used in recruitment and selection of new banking partners.</li> </ul>
<p>Strengthen impact of foundation grantmaking and community leadership on issues related to diversity, inclusion, and equity.</p>	<p>CEO, top-level leaders, staff &amp; board</p>	<ul style="list-style-type: none"> <li>Created data collection systems to monitor who is receiving grants.</li> <li>Supported grantee organizations in diversifying their staff and boards.</li> <li>Reviewed priorities, intended outcomes, and impacts of current grantmaking portfolios to ensure stronger attention to systemic inequality issues.</li> <li>Strengthened theory of change, strategies, and impacts expected in special initiatives (e.g., social capital and social justice oriented efforts).</li> <li>Increased donor education around critical diversity and equity issues in the community; highlighted nonprofit community organizations addressing those concerns.</li> </ul>

