

# LAFF

THE LAFF SOCIETY For the men and women engaged in Life After The Ford Foundation

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## HOW THE FORD FOUNDATION SHOULD SELECT A NEW LEADER

### Foundations Should Follow Ford's Lead

By Judith Samuelson

**P**ablo Eisenberg's column "Wanted: A Rolls-Royce at Ford" criticized the foundation for lack of leadership and vision, preferring to recall the glory days of the foundation in the 1970s.

As the nation's largest foundation for most of its history, Ford has often been a lightning rod for criticism.

I worked at Ford for most of a decade



and have now spent another decade raising funds from dozens of foundations, including Ford. Mr. Eisenberg's column motivates me to cite some of the foundation practices and protocols that I now think of as vintage Ford—and that newer foundations might emulate.

First, Ford's tag line, "support to innovative individuals and institutions worldwide," is the real deal.

Ford is the real venture capitalist of philanthropy; providing core support rather than project support whenever possible.

The Ford Foundation believes that the grantee knows best how to use its funds to pursue its mission and it understands that keeping the lights on is part of the challenge of any nonprofit.

Further, it employs 5- to 10- year term limits for its program officers, encouraging Ford grant makers to take their broad obser-

vations of a field back into the world of nonprofits or public service, meanwhile creating space for diverse talent from the field to cycle through the Ford team and stimulate new ideas inside.

For decades, Ford has maintained more  
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## Wanted: a Rolls-Royce at Ford

By Pablo Eisenberg

**T**he search for a new president of the Ford Foundation is under way, stimulating discussions of possible new directions and priorities for the second-wealthiest grant maker in the United States. As rumors of candidates are floated, many observers have become uneasy about the future of this mainstay of American philanthropy.

Ford has a long history making grants to a wide range of causes. Many of the social movements of the 1960s and 1970s gained their momentum and legitimacy as a result of Ford financing. Organizations led by minorities got their start with help from the foundation, as did legal-services groups, environmental organizations, women's projects, and community-development corporations. Cultural organizations



**In a few months—January, 2008 to be exact—Susan V. Berresford retires after twelve years as President of the Foundation and therefore will be eligible for membership in The LAFF Society. The philanthropic world is abuzz with rumors about her successor and with advice who that should be. Following is an exchange about the succession, both from *The Chronicle of Philanthropy*. In the meantime (see page 3) Ms. Berresford has been awarded the prestigious John Gardner Award, by Independent Sector.**

and educational institutions have also been the recipients of Ford largess over the years. For them, and other nonprofit groups as well, what happens at Ford is of paramount importance. The stakes in the choice of a new president couldn't be higher.

That is also true of the foundation world at large, a rapidly growing constellation of more than 100,000 institutions that is devoid of leadership—people and organizations with the vision, toughness, diplomacy, and courage to deal with the problems facing the non-profit world, transcend the self-interest of their own institutions, and inspire colleagues to join in efforts to overhaul how foundations work. This is a tall order, and one that the Ford Foundation in recent years has failed to provide.

While its grant making has varied from mediocre to spectacular, the foundation has been consistent in having little or no impact on professional philanthropy.

Susan V. Berresford, who is retiring next year as president of Ford, has been tenacious in leading the big grant makers in their battle to prevent Congress from increasing the  
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## Foundations Should Follow Ford's Lead

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than a dozen field offices in developing countries and emerging economies in Asia, Africa, and Latin America.

In doing so, Ford carefully balances expatriate support with local talent that invests these offices with authority to make decisions in context. In recent years, it has become more common for the leaders of these offices to hail from the target country, as the foundation has become more global in its outlook and aspirations.

Again, like a savvy venture capitalist the foundation exits a country—or a field of grant making—when its early-stage investments succeed in attracting bilateral and other forms of philanthropy or investment that in turn enable the local institutions and grantees to stand on their own.

In 1976, when Ford offered the Nobel Prize winner Muhammad Yunus his first grant to investigate bottom-up approaches to tackling poverty in Bangladesh, the foundation could not have envisioned the density of funders who eventually would flock to Dhaka, to the Grameen Bank, and to the field of microfinance that Mr. Yunus popularized.

After 40 years on the ground, Ford exited Bangladesh in 1997, creating room in the portfolio for China and Vietnam to enter and start the process again.

One of Mr. Eisenberg's criticisms relates

to Ford's payout protocol. Rather than spend down, Ford manages payout to preserve the spending power of the endowment.

For decades the foundation has been among the most important investors in fields like community development; it has changed strategies and tested new ideas and leaders over time, while holding its fire; and it has conserved assets in the belief that future problems may be even more complex than today's and that the world may benefit from the wisdom and reach of this leader in philanthropy.

There is nothing wrong with spending down assets in one's lifetime. But who can say the problems of today (and tomorrow) are not likely to need the experience, access, and legacy of a Ford Foundation?

Finally, over the last 30 years, Ford quietly pioneered concepts and investments to leverage the significant capacity of the private sector in community development and poverty alleviation.

Today's social entrepreneurs trumpet the wisdom of matching the charitable instinct with business know-how. Since the 1960s, Ford has developed and refined the practice of mission-centric social investing and helped create and build major financial intermediaries that leverage private investment dollars for poor neighborhoods.

Those intermediaries have, in turn, created significant local development capacity in urban America.

In fact it was a Ford program manager, Louis Winnick, who convinced Congress in

1969 to let private foundations experiment with social returns for investing, dubbed program-related investments—the precursor to social entrepreneurship and close cousin to the then-nascent field of social investing.

In spite of its remarkable record, the foundation rarely toots its own horn, preferring that its grantees take the credit for the heavy lifting and local successes.

I am not worried about whom Ford will choose as its next president—there is much talent to draw from—nor am I surprised that the job description emphasizes humility alongside management skill and vision

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## Wanted: A Rolls-Royce at Ford

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portion of assets foundations are required to distribute to charity each year. That is misguided effort, given that foundations are now required to distribute only 5 percent a year—and much of that money is legally allowed to go to administrative costs, not grants, so it is a small sum compared with philanthropic assets.

But more disturbing is that Ford's voice has been silent, or at best faint, on many important issues. Foundations need to increase general operating support, provide more money for advocacy activities and efforts to influence public policy, create more resources for non-profit groups in rural areas and other regions that have few foundations of their own, foster greater openness and public accountability, improve donor-grantee relationships, link their investments to their missions, and democratize philanthropy.

Ford now has the opportunity to grasp the mantle of leadership that the foundation world so desperately needs.

In its search, Ford should pay close attention to the experience of other large foundations that have undergone similar transitions during the past decade.

In many cases, the big foundations have failed to recruit or attract people who possess vision, courage and an acute understanding of both nonprofit organizations and

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## PRESIDENT'S MESSAGE

We had an excellent turnout for the meeting on June 4 of the Greater Boston chapter. Ray Offenheiser, John Ambler and their colleagues at Oxfam America led a fascinating if disquieting discussion of the response to Hurricane Katrina. Some 14 of us continued the discussion over dinner. A further meeting of the Boston chapter is tentatively scheduled for the early fall on global warming led by Ted Smith.

Also, plans are afoot to organize a chapter in Cairo and to have the first meeting this fall when Barry Gaberman will be a visitor at the John Gerhart Center at the American University in Cairo. The chapters in New York and Washington, DC also plan to meet again in the fall.

We continue to be grateful to Dick Magat, Will Hertz, Bob Tolles and now Thea Lurie for their editorship of these periodic newsletters, and to Susan Huyser, for graphic design. Will Hertz deserves a special vote of thanks for his articles on the Green Revolution. Please be sure to send them news that's fit to print. Renewed appreciation is also due Mary Camper-Titsingh for her many years of exemplary service as our Secretary-Treasurers, Sheila Gordon, chair of the membership committee and Dorothy Nixon who, as administrative secretary, maintains the membership directory and sees that we get the newsletters and announcements of LAFF events.

PETER F. GEITHNER

the most salient policy issues of our democracy, preferring instead to settle for people with established professional credentials who were safe, risk-averse, and comfortable with the elitism of philanthropic institutions.

Too many foundation leaders have been college presidents or academic scholars whose experiences do not often reflect much of a sense of low-income and working-class constituencies, or the need for speaking out on public policy and taking risks.

Much of the responsibility for re-energizing our democracy and civil society in the coming decades will fall on nonprofit organizations, and foundations will have to finance and sustain much of this effort. How many foundation CEO's have demonstrated the capacity and will to carry this burden? Unfortunately, we have had plenty of smart executives but few leaders.

**“Neither the social and professional biases of the board nor the search firm’s should be permitted to interfere.”**

The process used to select foundation presidents has frequently been marred by two major factors.

The first is the lens through which foundation boards view potential candidates.

Their boards, for the most part, are composed of wealthy individuals, highly paid professionals, corporate executives, well-known educators, and socially prominent citizens who tend to prefer applicants who look and feel like the trustees and who are part of their social and professional circles. They seem to like candidates who are “get along” types, not aggressive people who want to try innovative ideas and explore new frontiers. Often people who push boundaries are seen as troublesome. Big names also have a special cachet for these board members.

The second impediment to an enlightened selection process has been the tendency of search firms to present to a foundation’s selection committee and board only those candidates they think will be credentialed and safe enough to pass muster.

They have frequently filtered out distinguished applicants, anticipating that such people would not be acceptable to the

## SUSAN BERRESFORD TO RECEIVE 2007 JOHN W. GARDNER LEADERSHIP AWARD



Susan V. Berresford, president of the Ford Foundation, has been chosen by Independent Sector to receive the 2007 John W. Gardner Leadership Award in recognition of her work to build leadership in marginalized communities and strengthen institutions around the world that advance civil society. Sponsored by the William Randolph Hearst Foundation, the award honors an American who has mobilized and unified people, institutions, or causes, raised the capacity of others to contribute to the common good, and exemplified the leadership and ideals of John W. Gardner, Independent Sector’s founding chair (*see inset*). Throughout her thirty-seven years at the Ford Foundation, Berresford has focused on finding talented leaders, particularly in underrepresented communities, who are tackling some of the world’s most difficult problems. Following her emphasis on supporting social movements and networks, the foundation has helped build new organizations to create opportunities and improve people’s lives, while Berresford herself has served as an innovator and mentor to a generation of nonprofit leaders. Both as a grantmaker and as foundation president, Berresford has played a pivotal role in many of the Ford Foundation’s signature



accomplishments. Early in her career, she was the driving force behind a grant to what later became the National Women’s Law Center, a leader in the fight against gender bias, and she also helped guide the foundation’s landmark efforts to build a broad civil rights network in the United States.

In 2000, Ford launched the International Fellowships program with a \$280 million grant—the largest in its history—to enable talented community leaders in poor countries to obtain graduate education at the best universities in the world. To date more than 2,500 men and women from Africa, Asia, Latin America, the Middle East, and Russia have been selected for the program, and over 1,000 fellows have completed their study, with many having returned to their home countries to infuse their leadership skills in bettering their communities. “Susan’s efforts to invest in organizations dedicated to improving social justice and economic conditions have helped people around the globe to realize their aspirations,” said William S. White, chairman, president, and CEO of the Charles Stewart Mott Foundation and chair of the John W. Gardner Leadership Award committee. “Her efforts are creating a class of leaders and institutions that already are making the world a better place.”

board, rather than permitting the board to decide on the candidates’ suitability

The lessons from previous searches for foundation CEO’s are clear. Neither the social and professional biases of the board nor those of the search firm should be permitted to interfere in the selection of a creative, visionary, and energetic potential

leader who could do a great job running the King Kong of foundations.

Once a selection is made, Ford could also learn from some of the mistakes made during other foundations’ transition periods.

In numerous cases, a combination of board compliance or complicity, personal  
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egos, and the failure to understand the traditions of the foundation has prompted a new CEO to act injudiciously by rashly abandoning a set of priorities and track record that had distinguished the foundation's grant making and helped build the capacity of its grantees to carry out their missions.

A case in point: Judith Rodin, president of the Rockefeller Foundation, decided last year to eliminate its cultural and arts program, called by some the most effective in the history of philanthropy. Equally shortsighted was the decision by the Northwest Area Foundation several years ago to stop supporting all its grass-roots grantees in a region where little other support was available in order to devote all of the foundations money to comprehensive, long-term anti-poverty efforts in a handful of communities.

The installation of new CEO's at the John D. and Catherine T. MacArthur Foundation, the James Irvine Foundation, and the Ewing Marion Kauffmann Foundation resulted in the termination of programs that had been not only stellar but also enormously important to the communities they served. The boards of those foundations apparently went along with the decisions

made by new chief executives.

We can expect that new foundation chief executives will want to place their imprimatur on the institutions they have just joined, but such an endeavor should be a deliberative process over time, taking into account the history, traditions, responsibilities, and impact of their foundations. Foundation executives can be creative and risk taking without throwing out time-tested priorities and programs.

Excellence in grant making, not making a name for themselves, should be their goal. The boards should make certain that the best of the past is retained, not immediately replaced by new priorities and programs in the name of trendiness. The Ford trustees should keep this principle in mind as they choose their next CEO.

There was a time from the 1960s through the early 1980s when the Ford Foundation could rightfully boast that it had by far the best staff in the foundation world: David Bell, William Carmichael, Harold (Doc) Howe II, W. McNeil Lowry, Waldemar Nielsen, Robert Schrank, Mitchell Sviridoff, Louis Winnick, Paul Ylvisaker, and many others. They were bright, creative, and out-

spoken individuals who had their own constituencies and exerted enormous influence in their respective fields.

McGeorge Bundy, president of the foundation from 1966 to 1979, wasn't reluctant to hire the best and brightest people available.

The foundation once again will have the opportunity to build the finest staff in the business. The board needs to select a president who is intellectually confident and is not afraid to surround herself or himself with outstanding executives and program officers. Ideally, the new CEO will also want to renew the fellowship program to train young potential foundation leaders that the foundation foolishly terminated a couple of years ago.

The foundation has had a glorious history of accomplishment. It must build on this solid foundation to forge an even greater philanthropic future. But it will not be able to do so without selecting a visionary, savvy, and courageous leader. Ford needs to hire a Rolls Royce type of CEO. Nobody else will suffice.

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