

A FAMILY LEGACY *of*

INDIVIDUAL INITIATIVE:

the MCKNIGHT

FOUNDATION

By Deanne Stone

Noa Staryk was elected president of The McKnight Foundation when she was 29 years old. Heading a \$2-billion foundation would be a daunting prospect for many her age. For Noa, it was a natural passage. Over the foundation's 47-year history, the position of president and chair of the board had passed from her great-grandfather to her grandmother to her mother and, in 1999, to her. William McKnight, the founder, died in 1978 when Noa was seven years old. Although she was too young to remember her great-grandfather well, his influence on the family may explain, in part, Noa's aplomb in assuming leadership for the legacy of such a large foundation.

DONOR'S IMPRINT ON THE FOUNDATION

McKnight was chairman of the 3M Company (Minnesota Mining and Manufacturing). He was credited for developing the corporate culture that propelled the phenomenal growth and transformation of the company from a small mining company into a diversified multinational corporation. McKnight joined the company in 1907 as an assistant bookkeeper. By 1929, he was president of the company and, twenty years later, chairman of the board. His rise through the ranks provided the model for his business philosophy: companies flourish in an environment that fosters individual initiative and creative thinking. Giving employees the freedom to exercise their ideas about the best ways to do their jobs carries risks, but it was one McKnight was willing to accept. In the long run, he believed, mistakes made by employees would not be as harmful to the company as a management that killed initiative.

Consciously or unconsciously, the family created a similar culture of respect for individual initiative in the foundation. William McKnight's successors—his daughter, Virginia Binger, his granddaughter, Cynthia Boynton, and his great-granddaughter, Noa Staryk—have distinct personalities, management styles, and strengths. Unbound by constraints on how to lead, however, each has been free to put her personal stamp on the board and, in the process, enrich the foundation with her own contributions.





SURGE IN ASSETS

William McKnight and his wife, Maude, established The McKnight Foundation in 1953 with \$1.5 million. Like many donors of that era, McKnight viewed the foundation as an extension of his personal charity rather than as a professional organization. Operating the foundation without benefit of a staff, he wrote checks to organizations he knew, primarily programs serving children and the poor. His wife, Maude, never served on the board, but William often consulted her before making grants.

McKnight's informal approach to giving continued throughout the years he ran the foundation. When his wife died in 1973, the foundation's circumstances altered dramatically. She left a portion of her estate to the foundation and, when it was settled, the foundation was richer by more than \$100 million. The huge increase in assets meant a concomitant increase in payouts. Between 1953 and 1974, The McKnight Foundation had given out a total of \$2.3 million. Now the foundation would allocate more money in one year than it had done in its entire history.

TRANSFORMATION FROM A PERSONAL FOUNDATION TO A FAMILY FOUNDATION

To McKnight, then in his mid-eighties, the responsibility for giving away so much money felt more burdensome than challenging. Lacking the stamina to build the organization a large foundation would require, he told his daughter Virginia that he intended to spend out the corpus. She asked him to reconsider his decision. The opportunity to turn the foundation into a family endeavor that honored her parents' legacy held special appeal for Virginia, an only child. She volunteered to take charge of the foundation and, in 1974, assumed the roles of president and chair of the board. Virginia invited her husband, Jim Binger, their children, Cynthia, James, and Judith (who died in 1989), and, later, James' wife, Patricia, to join her on the board.

DAUGHTER'S LEADERSHIP

Virginia initiated a hands-on style of grantmaking. She turned to the people in the community—staffs of local organizations and the people they served—to hear their thoughts about the problems they faced and how best to respond to them. Taking a personal approach to helping others was nothing new to Virginia. As a young girl, she accompanied her mother on rounds of the city delivering food baskets to the needy. “Be good to those less fortunate than you,” her mother frequently reminded her. “You’ll always find the greatest happiness and satisfaction in doing kind deeds.” Her father, too, provided a quiet, caring example of helping others. To this day, relatives of his employees still tell stories about how he helped their families through illnesses and hard times.

Virginia set out to build an organization that could translate the family's compassion for the suffering of others into action. To assist her, she turned to Russell Ewald, the family pastor and friend. Ewald had firsthand knowledge of the community from his work in the church and, later, in nonprofit organizations. Most important, he brought to the foundation the very qualities that McKnight valued in his employees at 3M: individual initiative, ingenuity, and an ability to look at issues from multiple perspectives. Jim Binger, Virginia's husband, remembered Ewald, who died in 2000, as an innovative

thinker who had a big hand in shaping the foundation. “He was always searching for better ways to respond to problems. He inspired us to look for different approaches, to go beyond what was expected.”

It was Ewald who developed one of the foundation’s most successful programs and one that embodies the value William placed on promoting creativity and independence. The Minnesota Initiatives Funds concentrate on rural communities in Minnesota. Under Ewald’s leadership, the foundation set up six separate Initiative Funds to run as independent nonprofit organizations. Each fund makes grants and loans within its region for economic development, leadership development, community building, and social services. The McKnight Foundation funds the Initiatives with the understanding that they work toward achieving financial independence.

While Virginia and Russ brought to the foundation their intimate knowledge of the local community and its needs, Jim Binger added a new dimension to the foundation’s giving. The foundation had limited its grantmaking to Minnesota, where the 3M company was headquartered. On Jim’s recommendation, the foundation broadened its giving to include developing countries. Currently, the foundation funds programs that promote self-sufficiency, primarily in Southeast Asia and East Africa. In keeping with the family’s emphasis on knowing firsthand the communities the foundation supports, a contingent of family trustees regularly visits projects in Cambodia and Laos.

Four years after Virginia and Ewald took charge of the foundation, William McKnight died. His estate was tied up in a lengthy dispute over taxes between the states of Minnesota and Florida, where he had homes. When it was finally settled, in 1985, the foundation had added another \$350 million to its corpus. In less than a decade, its assets had increased sixfold, transforming the foundation from the one-man band the founder had run into a large, professionally staffed organization.

GRANDDAUGHTER’S LEADERSHIP

After 14 years of leading the board, in 1987, Virginia Binger passed the reins to her daughter, Cynthia Boynton. Whereas Virginia’s leadership was defined by her contacts with the community, Cynthia, an artist, had a more introspective bent. Her strength was her ability to stand back and reflect on the foundation’s changing circumstances and the directions it should pursue.

During the years Cynthia headed the board, The McKnight Foundation had grown into a colossus. Through a combination of a strong economy, the growth of 3M stock and

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CREATING A FAMILY LEGACY OF PHILANTHROPY AND COMMUNITY INVOLVEMENT

- The value the donor placed on **encouraging individual initiative and respecting individual differences** set the tone for the McKnight Foundation. Family members want to serve on this board because they know they will be welcomed as equal participants and given opportunities for leadership. That Noa was elected as chair at age 29 is evidence of the family's commitment to awarding initiative.
- Parents set an **example of volunteerism and community service** for their children. Each generation has volunteered in organizations in their communities. Moreover, several of the fourth generation have chosen academic studies that will prepare them for board service and educate them about the foundation's program areas.
- When the fourth generation was growing up, **board meetings were combined with family gatherings**. The children listened to family discussions of grant proposals and developed an awareness of social issues. The work of the foundation was not confined to the boardroom; it was also discussed at home.
- The sense of family continuity is reinforced by the **continuing involvement of the second and third generations** in the foundation. Through their parents and grandparents, the fourth generation feels a direct link to the founder.
- The McKnight family is a small family with a very large foundation. To preserve family leadership, they have to **engage the interest and participation of all four members of the fourth generation**. Noa recognizes the challenge and has set as one of her goals ensuring opportunities for each of her cousins to participate to the extent of their desires.

excellent money management, the foundation's assets ballooned to \$1.8 billion, boosting annual giving to \$77 million. The foundation's overflowing coffers allowed the foundation to expand and increase its commitments to the communities it supported. It also permitted them to pay special tribute to the founder.

William McKnight had been fascinated by the mysteries of the brain and, in particular, memory loss and brain disorders. His curiosity led him to consult with renowned scientists and, in 1977, to establish a research program that later became the McKnight



Endowment Fund for Neuroscience, which the foundation has supported ever since. To honor McKnight, the board voted to commit \$44 million to the fund to conduct brain research over the next 10 years.

BRINGING ON THE FOURTH GENERATION

When Virginia took charge of the foundation in 1974, she envisioned the leadership of the foundation passing from one generation to the next. The McKnight family, however, is small: one blood descendent in the second generation, two in the third, and four in the fourth. If the foundation were to continue as a family foundation, the directors knew they had to interest the next generation in serving on the board.

The fourth generation's introduction to the foundation was informal and started when they were children. Board meetings at Virginia and Jim Binger's home in Florida were also opportunities to bring together the whole family. At meals, the grandchildren listened to their parents and grandparents discuss social issues and debate proposals. "We knew that the family had a foundation and that one day we'd be part of it," says Noa, "but no one pressured us to participate. We felt proud that the foundation was part of our heritage and when we were older, we all wanted to be involved. "

As the oldest of the fourth generation, Noa, Cynthia's daughter and only child, was the first great-grandchild welcomed on the board. She became a director in 1991. Two years later, she was followed by her cousin, Erika Binger, daughter of James and Patricia Binger and, in 1996, Erika's sister, Meghan. Their brother, Ben, joined in 1998. The fourth generation are fortunate to learn firsthand about the history of the foundation from the family members who built and shaped it. In addition to their parents, their grandmother, Virginia, now honorary chair, and grandfather, Jim, are still involved with the foundation, although no longer directors.

GREAT-GRANDDAUGHTER'S LEADERSHIP

In 1999, after 12 years as board president and chair, Cynthia relinquished her leadership role to her daughter, Noa. As the third consecutive woman in the family to assume the position of board president and chair, it may appear that the McKnight Foundation is promoting a lineage of women leaders. Male family members who are blood relatives are eligible, too; only they have been in short supply. Noa's uncle, James Binger, was offered the position but, as a full-time rancher living in Montana, he felt he didn't have the time. One day, his son, Ben, the youngest of the fourth generation, may head the board but for the foreseeable future, it is likely to be the province of the women in the family.

The genesis of Noa's interest in the foundation's work was cultivated by her mother. Cynthia worked as a volunteer in prisons, hospitals, and on suicide hot lines, and shared her experiences with her daughter. These conversations sparked Noa's growing interest in social issues and her own volunteer efforts working in programs serving low-income women and children. Noa earned an undergraduate degree in community health and a master's degree in public policy.

Living on the West Coast and caring for a toddler did not deter Noa from accepting the responsibilities of chairing the board of one of the largest family foundations in America. Like her grandmother, she sees the foundation as a wonderful way to connect

with people in different communities. “I have a drive and a passion to carry on the work of the foundation,” says Noa. “It comes from observing my grandmother. She was an amazingly creative leader. She loved chairing the board and getting involved with organizations, and I do, too.”

Noa has something else in common with her grandmother. Both were only children and, for both, preserving the foundation as a family foundation has special significance. “Family connections are important,” says Noa. “Our family is small and spread out around the country. The foundation is the glue that holds us together, and it’s worth working hard to keep it going.”

Like her grandmother and mother before her, Noa is putting her own stamp on the board. More than her predecessors, she thinks about what it means to be a woman in a leadership role and what women, in particular, contribute to organizations. One area Noa plans to pay more attention to is building relationships—with the people in the community and foundation staff. Moreover, she also wants to ensure that each family member has the opportunity to participate in the foundation to the extent that he or she desires. For example, her cousin Erika is doing an internship at the foundation to learn more about daily operations, gain a better understanding of program areas, engage with grantees, and prepare to become a more educated board member.

The smooth transition of leadership that this foundation has experienced from one generation to the next speaks to a family legacy that encourages and supports individual initiative. What entices family members to serve on the board is a strong sense of family pride and the knowledge that they will have a voice in shaping the foundation. Four generations of family members have led the McKnight Foundation over its 47-year history. Each has put his or her own stamp on the foundation, enriching the family legacy. While the family honors and respects the interests of the founder, they recognize as equally important the contributions that all the family members and staff have made to the growth and development of the foundation.

