THE FIRST YEAR:
THE COMPLETE GUIDE *for* THE NEW FAMILY FOUNDATION CEO

NATIONAL CENTER FOR FAMILY PHILANTHROPY

Dear Colleagues,

In 2010, the National Center for Family Philanthropy began extensive research into a subject that had never before been deeply explored: the leadership role of a family foundation chief executive. We wanted to fill a critical gap in the field's understanding of the unique circumstances that define this profession. This guide is one of the outcomes of that work.

Our goal was to take the conversations that CEOs and boards had been having informally for years and bring discipline and research to the discussion. We wanted to provide research-based information to help boards and CEOs navigate this complex partnership.

To gather data, we conducted an in-depth interview study of 60 CEOs (some with the title of executive director or president) plus a sampling of board chairs. We also conducted an online survey of 200 CEOs in conjunction with The Johnson Center for Philanthropy at Grand Valley State University. Those findings helped shape the agenda for a national symposium for an invited group of 75 family foundation CEOs held in Washington, DC, March 23-24, 2011 at the Pew Charitable Trusts conference center. The symposium gave the CEOs a confidential space to talk candidly about the challenges and exhilarations that define their profession.

Several new resources and services for the field have grown out of this research. We've added to the field's literature through a research report and a series of guides. We've also launched an array of in-person educational offerings customized for veteran CEOs, those who are both CEOs and members of the donor family, and for new trustees. And we are using social media to connect more CEOs and board members for virtual discussions on board-CEO partnerships.

One subject we explored in our research was the challenge for first-time family foundation CEOs to learn to do the job. New CEOs have had to piece together information and try to find peers who could help them sort out some of the complexities of working with a donor family.

Now they can start with this guide to help them navigate the first year. We have tried to make the guide as practical as possible with case studies, models, and tips that CEOs can begin using right now. We welcome your feedback on how well we've done and what more we can do.

VIRGINIA ESPOSITO
President
National Center for Family Philanthropy

THE FIRST YEAR: THE COMPLETE GUIDE *for* THE NEW FAMILY FOUNDATION CEO

BY SUSAN CRITES PRICE

Congratulations! If you've picked up this guide, you likely have just embarked on one of the most unique, complex, fulfilling—and occasionally maddening—jobs in all of philanthropy: chief executive of a family foundation. If you've made it this far, the foundation's board must believe you have what it takes to help them fulfill their philanthropic vision.

It is sometimes said that hiring a family foundation chief executive is an art, not a science. The same could be said for serving as a family foundation's CEO. (For simplicity, CEO is used in this guide to refer to the top paid staff person who may be called executive director, president, or a similar title.) You have many roles to play and many constituencies to serve. But what distinguishes this job from those at other grantmaking organizations is the relationship between the CEO and the donor family. It's a partnership that encompasses representing a family in a community, working within a family's culture, and engaging in grantmaking in the context of a family legacy. The base on which an effective foundation is built is the trust between the staff and the family. Building that trust is your most important task.

This holds true even if you are a new CEO who is also a family member. While you already have a personal relationship with your family that is presumably grounded on trust, you still have to create a climate in which the board members believe in your ability to run the organization and have the judgment to advise them on foundation governance, management, and grantmaking.

If all this is new to you, you aren't alone. Most new CEOs have never run a family foundation, and many have not been the CEO of any organization. Those who have already held the top job at a family foundation are seldom inclined to switch to a new family, because if they do, they will have to start again from scratch on relationship building, not only with the board but with the broader family, other staff if any, grantees, and the community.

A survey of family foundation CEOs conducted by the National Center for Family Philanthropy in 2010-2011 found that only one sixth of the respondents had worked for another foundation before taking their current position. Just over half had worked in the nonprofit sector, a third worked in the business sector, and small percentages had been in the public sector. Often the path to a family foundation position is from a development job in an organization the foundation supports. The fundraiser forms a close relationship with the donor and is then tapped to help that donor's family with its philanthropy.

Even when family foundations already had paid staff, only one fourth of the CEOs came from inside, according to a 2009 research study by the Council on Foundations called *Pathways to Philanthropic Leadership.*

"Boards don't usually find an experienced family foundation CEO, when they want to hire one," said National Center for Family Philanthropy President Virginia Esposito. "To some extent the board and CEO have to learn together."

If you were hired for your program area expertise, but have never worked in a family foundation, your learning curve will include some subjects that are objective and others, mainly governance and family dynamics, that are less defined. "If you've never managed investments or handled the legal side, you can get professional help with that and get up to speed quickly," Esposito said. "You'll need to spend the most time learning about how to work within a family enterprise, in this case one whose bottom line is grantmaking. From day one, your main focus should be on creating a board governance process that works for you and the board."

The job doesn't just entail working with the board as a whole either. You also have to work with and develop individual board members. New board members need training. New chairs might need help in managing a meeting.

The National Center is frequently contacted by new family foundation CEOs who want to learn everything they can about the nature of family foundations and the many roles they will need to play as the leader. These new hires often ask "Is there a manual on how to do this job?" Until now, there wasn't one. To develop this guide, we asked seasoned CEOs, as well as some newly-minted ones, what advice they'd give to a peer just starting.

While the audience for this guide is new CEOs, it is also a useful tool for boards on how they can help their new hire make a successful transition. Some families are so tired from going through a lengthy hiring process that they are happy to turn things over to you and take a break. "When I got the job," said one CEO at a large foundation, "the board members were running for the doors. They thought I should be able to figure things out."

While this guide focuses on the first year of a CEO's tenure, the veterans we interviewed said it often took much longer for them to feel they had mastered their responsibilities. "It might take two or three years to feel you have all the skills needed to do the job, but it may take even longer than that to establish the level of trust with the donor family that makes it possible to lead them to innovation in their grantmaking," said Bruce Maza, executive director of the C.E. & S. Foundation, in Louisville, Kentucky. "What the family values most is for me to operate in that place in their minds and hearts that helps them think more clearly and have more confidence in their decisions."

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The thought was echoed by an expert on hiring and transitions in nonprofits. "Whether you've been an executive of a family foundation or even another organization, you still don't know what to expect," said Tom Adams, president of Transition Guides in Silver Spring, Maryland. Adams said the transition is typically a two- to three-year process.

The first year is hard, Adams said, because "there are a lot of adjustments to make, but hopefully, there is some support available for the new executive. Usually the board is positively engaged and supportive during that period. However, research shows there is less support in the second or third years, and often this is where the relationship between the board and the CEO can begin to strain, either because of the board's expectations, the executive's performance, or some combination of the two."

"Even if they are really engaged, they want to be more episodic, and let you tend the home fires."

No matter how capable you are, you need help getting acclimated to the job. And that starts with the family. One of your closest allies in establishing yourself in your new position likely will be your board chair. Occasionally, foundations appoint a small transition committee. This could be the search committee members or a combination of a few search committee representatives joined by other board members. But in most cases, you can't count on this much help from board members, especially if you are their first CEO.

"They want a break or they wouldn't have hired you," said Kathleen Odne, who was the first executive director hired by the Dean & Margaret Lesher Foundation in Walnut Creek, California. "Even if they are really engaged, they want to be more episodic, and let you tend the home fires."

By now you may be feeling a bit overwhelmed by all your new responsibilities. It is said that a family foundation CEO needs to be a master juggler. This guide will help you set priorities, avoid the pitfalls, and find the resources you need to become a successful family foundation leader. Take heart, too, from knowing that as challenging and complex as the job can be at times, the vast majority of the CEOs interviewed in the National Center's research study said they love their work—most days—and consider it a great privilege to help their donor families be effective philanthropists.

TIP *The National Center for Family Philanthropy has helped countless new family foundation chief executives navigate their first year and beyond. This guide will get you started, but feel free to contact our expert staff for additional advice and resources for your particular situation. (202-293-3424, www.ncfp.org)*

"Too many people think they need to make big changes in the first 90 days. At this point, listening may be the most important thing you can do."

IT'S YOUR FIRST DAY. WHERE DO YOU START?

The answer to this depends on what you've walked into. If the foundation has a large staff that can keep the work going while you get oriented, you'll have more time to focus on getting to know people and learning about the organization. If you are the foundation's first staff person and you have to set up an office, hire an assistant, buy computers and put a grant process in place, you'll have more immediate issues to deal with than in a typical orientation period. And you'll need to work more closely with your board to develop an action plan and make decisions.

If you are new to family foundations, you need to get up to speed on legal, financial and investment matters, but many foundations contract with investment advisors and lawyers (some of whom may be family members) to manage those functions day to day, so at this point you may only need to find out who is doing what.

The best advice for people going into an existing operation is: Don't feel you have to start making changes immediately. "Too many people think they need to make big changes in the first 90 days," said Esposito. At this point, listening may be the most important thing you can do." As one CEO put it: "Be a sponge."

"Take it slow," added Frank Wideman, president of the Self Family Foundation in Greenwood, South Carolina. "Avoid pushing agendas in the first six to 12 months. Don't try to fix the family or fix community problems. Your main job is to listen and build trust."

READ EVERYTHING

Alice Buhl, senior consultant to Lansberg, Gersick and Associates and National Center Senior Fellow, suggested that new CEOs "read all past minutes, bylaws, annual reports, the financial records, and sample reports from the grantees. Track several grants through the process over a period of years to see how it works."

One foundation CEO advised that you "make sure the board chair walks you through any policy statements including the unwritten ones. We had all these lurking policies I didn't know about. Mostly the previous staff wasn't writing them down, or they were made during board executive sessions."

Odne suggested that as time permits, you identify the thought leaders who are writing about the funding areas your foundation cares about. Read them yourself and select some for summaries for the board.

If you've never worked for a nonprofit board, read up on governance. The National Center for Family Philanthropy has many useful resources specifically about family foundation boards. Other resources are listed at the end of this guide.

Family histories—written, audio or video—can be a big help, too. Executive Director David Weitnauer said how glad he was that just prior to his arrival, the R. Howard Dobbs, Jr. Foundation produced a written and a video 'remembrance' of the foundation's donor. "They wanted to capture Mr. Dobbs' legacy so the trustees, including future generations, would have the best possible guidance about his life, values, and philanthropic interests. They've become real touchstones for keeping the foundation on track in our mission to honor Mr. Dobbs' legacy." If your foundation doesn't have one, encourage the board to support creation of a history. NCFP has resources to help you get started.

"...make sure the board chair walks you through any policy statements including the unwritten ones."

TIP *Two excellent references for understanding family foundations from the ground up are* Splendid Legacy: The Guide to Creating Your Family Foundation from the National Center for Family Philanthropy *(www.ncfp.org), and* Small Foundation Management: From Groundwork to Grantmaking by the Council on Foundations *(www.cof.org).*

➤ VIEWS FROM THE FIELD

When Leah Gary, President and CEO of the William J. and Dorothy K. O'Neill Foundation in Cleveland, was hired six years ago, her predecessor was the founder, William J. O'Neill Jr. She had not worked with a family before, but she did have strong foundation experience, having been the vice president at a Cleveland health care conversion foundation. "I knew the health field and I knew Cleveland." But to get up to speed on the O'Neill Foundation's funding areas, "I had to catch up on education issues and I had to learn the arts." She also lacked knowledge of the other cities where they funded—those where family members live—so she traveled to those locations to meet with the board members in six cities, from New York to the Big Island of Hawaii. One of the board members who is an active arts funder brought her up to speed on that funding area. With a good grounding in the family's funding interests, she tackled their entire grantmaking processes. "They weren't doing site visits, there was no staff analysis of the grants, only a synopsis, and they weren't doing follow-up. The board members liked the changes. They loved having someone do the reconnaissance for them and recommend whether they should make a grant."

Of her leadership role, Gary said, "I often follow and lead at the same time." She is one of the rare family foundation CEOs who also holds a board seat. This is something she negotiated when she joined the foundation. "In that way, it is my foundation, too. But I know this is a family enterprise, and my last name isn't O'Neill. If what they want to do isn't illegal or immoral, then that's okay, even if it's not my vision. I have lots of ways to contribute on my own." Of the new strategic plan the family is working on, Gary said "It's being led by them. They are driving it. I sometimes say 'Think about this.' But they are writing it themselves."

TIP *Be sure to ask if there are others in the family who should be interviewed who are not currently on the board.*

YOUR TOP PRIORITY: GETTING TO KNOW THE FAMILY

You probably already know the foundation's board members to some degree. You spent time with them in interviews during the search process. You may have been hired because they already knew you from another organization. Regardless, you now need to go much deeper and ask different questions. In a family enterprise, leadership is shared between staff and board, and you need to know where they are coming from, not only as a group but individually. That goes double if you are working with a living donor. The board chair can suggest who should be interviewed and in what order.

"You can't make a single move on program until you've done that," Buhl said. "These interviews will give you unbelievable insight." She stressed the interviews should be in person, not over the phone, and she advised meeting with them in their homes or place of business. "You get a whole different flavor about what their life is like," she said, by seeing them on their own turf. "It also sets a tone that they don't always have to come to you at your office." This sometimes involves traveling to board members who don't live in the same city as the foundation, but you may be able to combine your trips with visits to projects the foundation funds in cities where their members live.

Buhl suggested you use these interviews to "hear what their concerns and interests are, what excites them about philanthropy and the foundation, what their hopes for the future are, and what advice they would give you."

In the process of interviewing board members, they begin to build trust. But these are not occasions for you to do much of the talking.

"I think the biggest problems executive directors have stem from not listening to their board," said Buhl. "If you've come from a job leading a nonprofit, recognize that you are now in a very different position. In your former job, you led the board and probably helped choose it. You had a level of autonomy and authority. Even if the family said they wanted a leader with vision who will help them go where they want to go, it only works if you listen to them first."

That point was underscored in a 2010-2011 research study the National Center conducted in conjunction with the Johnson Center for Philanthropy at Grand Valley State University. "Our research on family foundation CEOs would suggest that trust is the most important quality CEOs need to be effective," said Michael Moody, the Frey Foundation Family Philanthropy Chair at GVSU. "That is tough to build in the short-term, but trust can certainly be lost in the short-term.

"My advice is to keep trust in mind as you go about the information gathering and relationship building in the first few weeks on the job. This means being particularly careful about keeping confidences—and signaling that you will always do so—showing you are genuinely interested in the input you are seeking, and making sure you have a good read on the complexities of the situation with the family, board, grantees, and other stakeholders, before announcing your 10-point plan to change it."

STRUCTURING YOUR BOARD MEMBER VISITS

David Nee, executive director of the William Caspar Graustein Memorial Fund in Hamden, Connecticut, suggested you "start by trying to get a sense of the values and interests they bring and their assessment of their joys and concerns with the current operation. Be especially interested in where there may appear to be conflicting or widely divergent values or interests. Then I would come up with a written summary of what I had heard, without ascribing points of view to individuals, and later lead the board in a generative discussion, first on the values, and then on the interests."

Bruce Maza said it's important "to learn to draw out board members individually, not just collectively. That's how you discover their strategic intuitions, moral passions, and unique gifts." He suggested asking:

- Who taught you the values that you most love and respect? ("They might talk about Grandma, but in doing so, will reveal those values that they themselves hold above all others.")
- What is the next most important thing the foundation must do to fulfill its mission? (This is also a useful question to ask nonprofit leaders in the community.)
- What experience and skills do you bring to the foundation's deliberations? (Ask specifically about their experience with nonprofit organizations.)

The individual interviews are an important step, but eventually you'll also need to get their collective view as a board about their vision for the foundation and the role they want you to play.

"You cannot underestimate the importance of individual board relations," said Richard Woo, chief executive officer of the Russell Family Foundation in Gig Harbor, Washington for the past 11 years. "Early on, I asked another CEO how he spent his time, and he said about 25 percent was on that. I thought that was too much, but now I spend about 30 percent on it!"

Greg Cantori, executive director of the Marion I. and Henry J. Knott Foundation in Baltimore, has 28 board members—half lineal descendants and half spouses—and he tries to meet with as many as possible every year. He has one big advantage in that nearly all live in the immediate Baltimore area. "I have a lot of breakfasts and lunches," he laughed.

"…start by trying to get a sense of the values and interests they bring and their assessment of their joys and concerns with the current operation."

TIP *Having periodic check-in meetings with board members individually is a practice that should continue throughout your tenure. Several CEOs who have board members living all over the country said they make a point of doing it at least every two or three years.*

TIP *Although face to face meetings with board members are best, when that's not possible, some CEOs are now using Skype to see and talk with board members who live out of town.*

TIP *Even though hiring and firing are the proper purview of the CEO, Esposito cautioned that you not make a staff change without communicating with the family.*

GET TO KNOW THE FOUNDATION'S STAFF

Small foundations may only have an administrative assistant to help the CEO. Large ones have whole departments of program officers and others. Regardless of the number, it's critical that you are sensitive to the staff's views and concerns. They are probably nervous about dealing with a new boss and worrying about whether their jobs are at risk.

This task is more time consuming but no less important when the staff is large. Phillip Henderson, president of the Surdna Foundation in New York City since 2007, said he "met with every member of the staff to find out what they do. There were about 24 of them, and it took me a month."

Buhl advised that you "learn what the staff's strengths are, where they will need your help, and where they will help you. Try not to draw any early conclusions. You also need to know what their relationships are with the family members."

"Find out what they contribute to the organization and what they need to make their work successful," Esposito added. "You'll also need to set performance plans and a set of shared expectations. This is important if a staff member you inherited isn't performing up to par or is so identified with the previous CEO, that they have difficulty working for a new one." You'll need the objective performance measures "in case you have to make a change."

"Learn what the staff's strengths are, where they will need your help, and where they will help you. Try not to draw any early conclusions."

DEALING WITH RIVALS FOR THE JOB

Sometimes new CEOs find themselves working with staff members who had also applied for the CEO job. In such cases, a direct approach is best, one that acknowledges their disappointment, recognizes their value to the organization, and charts a course going forward. Sometimes, no matter how carefully you handle the situation, a staff member who was passed over will want to leave.

"You can be respectful, tactful and direct," Esposito stressed. "It is not respectful to tap dance around their feelings and pretend they aren't there."

Before that conversation, find out as much as you can, either from the board or the outgoing CEO, about what that person has been contributing to the organization, Esposito advised. "If that staffer is good, but just wasn't CEO material, then have a frank discussion in which you acknowledge how much the board values that person and that you hope the staff member can continue to serve. Say that you know it's disappointing that someone else was hired, but that you hope he'll continue to commit with a full heart. Ask 'do you think you can do this?' That's important because you can't have someone on your staff undermining you or going over your head to a favorite board member."

"You can be respectful, tactful and direct. It is not respectful to tap dance around their feelings and pretend they aren't there."

GO ON A 'LISTENING TOUR'

After you've spent time getting to know the board and staff, your next step is to talk to leaders both in the places where you fund and in your foundation's focus areas.

In selecting who to meet with, don't focus on grantees so much as on "people who know the foundation's work," said Buhl. The board chair can help you identify those key leaders. "Ask about how the foundation is perceived. Ask, too, about the key issues that are emerging in the areas you are working in."

Surdna's Henderson asked one key staff member to give him a list of the top 50 people he should meet with in the philanthropy community including peers at other foundations and grantees. He went to their places of business. He also got involved in an informal group of a dozen top program officers, mostly vice presidents but also a couple of CEOs, who meet every six months.

You'll also find help in the philanthropic support organizations such as the National Center, Council on Foundations, the Association of Small Foundations, affinity groups for your foundation's focus areas, and your nearest regional association. All have teleconferences, in-person gatherings, publications, and other resources that can be helpful to your on-the-job learning.

When Frank Wideman became executive director of the Self Foundation in a small town in South Carolina, he needed to learn about the community he had never lived in. "I went to lots of social functions, community events, Chamber of Commerce meetings, asked questions and listened. I made myself visible in the community and started to build relationships and trust with the leaders of key institutions," some of whom had been competing for his job. Wideman also attended every philanthropy conference he could find, especially the programs organized by his regional association of grantmakers, the Southeastern Council of Foundations.

Checklist of People to Meet

- Board members
- Key family members not currently on the board (ask the board chair to help you identify whom you should meet with early)
- Foundation staff
- Foundation advisors (lawyer, investment manager, governance consultant, etc.)
- Family's professional advisors such as wealth managers and estate planning attorneys who may have insight into the family's dynamics, goals, etc.
- Leaders of the family business or family office if there is one
- Key colleagues in the community (nonprofit and civic leaders, large grantees, other foundation CEOs, leaders of philanthropic support groups)

TIP *If the person who wanted your job is a family member, that's even more awkward, especially if that person is still on the board. In many cases, you won't even be aware of it. But if you are, be sensitive to that person's feelings and have some patience. It may take longer to win over that person. If the family member's behavior toward you is uncooperative, the board chair may need to intervene.*

TIP *It helps to read up on family businesses in general, because there has been more research and writing about them than about family foundations, and there is much to be learned about the relationships families have in these enterprises.*

MEET PEOPLE IN THE FAMILY BUSINESS

If the family you are working for also has a family business, you need to meet with key people there, too. Since the business is the other sphere in which the family members operate, it's important to understand how the business relates to the overall family system. It's important that you understand that organization's governance structure as well. Some companies, for example, have a corporate board but also a family council that is part of the corporate structure.

"It's important to understand how the business affects the family," Buhl said. "For example, if the business is struggling, the family will have less money, and their role in the community (where they were seen as key individual donors) could be strained because they aren't in a position to do that anymore. The person running the foundation has to understand that there might be resentment in the community."

The same applies if there is a family office, especially if you are sharing space and services or if the family office is handling the foundation's investments. In those cases, you'll need to develop positive working relationships with that office's staff.

"It's important to understand how the business affects the family."

The Rule of Three Buckets

Setting priorities can be challenging for a new CEO, what with the myriad responsibilities of the job. When Kathleen Odne, the executive director of the Dean & Margaret Lesher Foundation, became the foundation's first staff person, she came to think of her workload as in three buckets. This still helps her today as she periodically assesses whether she is spending more of her time in one or two buckets and not enough in the third. "These are all important things and you need to pay attention to all three of them every day."

One bucket is **internal**. "That's administration of the office, handling staff, investment oversight, and developing the grantmaking process. It's not just nuts and bolts things, but also establishing a tone. We are always respectful in how we relate to our nonprofit partners and the community in general."

The **external** bucket is how she developed and maintains connections to the community and the philanthropy field. "It's really important to get out there. Join things like NCFP, the Council on Foundations, your regional association of grantmakers, affinity groups in you funding areas. I encouraged the whole board to attend the COF Family Foundation Conference that first year and we learned how much we had to learn." She also spent time getting to know more of the nonprofits in Walnut Creek, California, and the surrounding county where all the foundation's grantmaking is focused. "In this way, you build your reputation as a community asset and start to build the stature of the foundation. I didn't understand in the beginning what a powerful role we can play in the community in terms of connecting people."

The third bucket is the **family**. "It's very different from the internal bucket. It's a lot of soft skills, and doing it well requires vigilance, sensitivity, and good communication. I always feel nervous if I'm out of touch with my board members for very long." She emails them a fairly short newsy memo every Friday. In addition to updates on foundation business, "I try to whet their appetite for articles I think are provocative or something going on locally that they should know.

"When I first started, I wasn't as focused on building a strong relationship with the board,"Odne said. She mostly related to Margaret Lesher who hired her shortly after Dean's death. After Margaret died, Odne had to focus on developing closer relationships with the couple's children. In hindsight, she wishes she'd done more with the grandchildren earlier, too. "When I started, the grandchildren were about age 8 to 22. I was consumed with the grantmaking; we didn't explore a next generation board. That concept has really only bloomed in the last decade. We now have more third than second generation board members and I've had to get them up to speed as they began their board service."

FIRST BOARD MEETINGS

The board meetings can be valuable times to learn more about the board members and their hopes and aspirations. The tendency, however, is to fill the agendas with grant decisions and other foundation business.

One CEO said "It took me a couple of meetings to carve out unstructured times in board meetings to get to know what they cared about. I should have had the board talk about their history. Is there a shared narrative? They thought they had covered that in the interviews, but it would have helped me tremendously if for the first year the board had carved out an hour at every meeting where we talked about the values, the history, and the family."

The Lesher Foundation board is unusual in that it has chosen to meet 10 times a year. "In the beginning, I wasn't intentional about deepening board engagement at board meetings," recalled Kathleen Odne. "We focused solely on grantmaking." Now she includes a learning component on every meeting agenda. "I tee up a provocative question for example, just to make them aware of something they need to know, not to necessarily reach agreement. For example, our county recently released their planned funding cuts, so we looked through them to find the holes in services. In the early years I didn't do this, and I wish I had."

When it comes to board meetings, patience is a virtue, especially when you are new. "I had to learn to be more patient with the board," said one CEO. You can't push for closure when they aren't ready for it. Instead of advocating, now I facilitate more."

One CEO without family foundation experience said he was surprised "at how slowly the family moves. They like to decide by consensus and they are busy people with other lives so getting things done quickly can be difficult."

➤ VIEWS FROM THE FIELD

Tony Macklin, who became the head of the Roy A. Hunt Foundation in January, 2011, had a background in community foundations before joining the Pittsburgh-based organization. He was used to having board members who lived locally so they could have meetings face to face. Since neither his first nor the current Executive Committee chair lives in town, he's had to rely on Skype and phone calls. "I have to be very proactive and plan ahead when meeting with my chair." Because the foundation's committees meet by conference call, he also creates annotated agendas with two to four sentences of context and a couple of key questions to help frame the discussions.

"Don't let yourself get stuck in the office," Macklin added. "It's easy to keep plugging away at the computer, but this is all about human relationships." When he got to the foundation, he boosted the foundation's travel budget so he could go see family members and grantees in the communities where they lived. "I like to see trustees and organizations in their native habitats."

With only a few months on the job, he has already tapped a variety of professional development resources. "I've done a lot of webinars and watched for the latest books and articles." He attended the Council on Foundations Family Philanthropy Conference which coincided with his arrival, and also attended the National Center for Family Philanthropy's Leadership Symposium for Family Foundation CEOs. In addition, he has found support among his peers in Pittsburgh. "Other local foundations reached out to me. I was surprised at how open everyone has been even though family foundations are very private."

His next professional development goal is to build his skills on coaching the 13 members of the fourth generation, the next in line for board membership. "I need to help them chart their philanthropic paths as individuals, and help them see where their commonalities are."

TIP *Some people think needing a coach is a sign of weakness and can be costly, so decide whether you ask the foundation to fund one as part of your professional development based on the family's culture. Some embrace the idea of coaching and use of consultants; others don't.*

HELP FROM CONSULTANTS AND COACHES

Other people you should get to know early are any outside consultants who advise the foundation. Some families have long-time consultants they've used on governance issues or retreat facilitation, for example, who can be helpful in advising you. They have insights on the foundation's recent history and family culture.

"But I also believe you need to change consultants occasionally, and when a new CEO comes on board, that might be the right time," said Alice Buhl who has worked with countless family foundations and businesses.

A governance consultant typically works with both the board and the CEO. But some CEOs wish they had hired a personal coach to help them with the challenges they faced in the first couple of years. Some executives aren't comfortable admitting that they need a coach or asking the foundation to pay for one. But one CEO said her board recommended at her third annual evaluation that she find a coach when they saw her struggling with their family issues. Through another foundation president, she found one who had studied family dynamics and had experience with family businesses. "She interviewed each board member," the CEO said, "and then translated for me what they wanted. She also helped me come up with specific plans

➤ VIEWS FROM THE FIELD

When Frank Wideman was hired as the Self Foundation's second CEO, he had just retired as a lieutenant colonel from the Army. "I was about kicking ass and taking names," he laughed. "My first six months at the Self Foundation, I'd stand up whenever Mr. Self walked in the room as I would for a senior officer. He thought that was odd and asked me to stop. The Army is a different environment. You wear your rank on your shoulder; it gives you a sense of power. In civilian life you don't have that." What he did have was an understanding that building a trusting relationship with the family was critical. He soon came to enjoy his civilian job. "I found it liberating. You are no longer in a rigid hierarchy. You have more freedom to get things done."

Wideman is a rare second generation nonfamily CEO. He succeeded his father, who left the foundation after 20 years when he developed terminal cancer. Wideman grew up in Washington, DC, where his father was a lawyer. When the father inherited the family farm in Greenwood, SC, he moved there and was eventually tapped to be the Self Foundation's first CEO. His son had never lived in Greenwood. His father encouraged him to apply for the foundation job and take over the family farm. Wideman was chosen over 50 other applicants including one family member and several nonprofit leaders and businessmen in the small textile mill town, where the Self family, owner of Greenwood Mills, was the largest employer. "People thought I got the job just because of my father, and it helped that they 'knew my people,' something that is a strong value in South Carolina. But there was also good chemistry between the family and me. And there were intangibles. I was familiar with the community but didn't live there, and they wanted someone who was not involved in the local politics and entangled relationships. I brought a fresh perspective."

Wideman said he devoted most of his first months as CEO to building up trust and credibility, first with the family and with the community leaders, some of whom he beat out for the job. "I asked questions and listened. To do this job, you have to have really good interpersonal skills, be diplomatic, be conscious of never violating a confidence, sensing the politics of the family, and knowing where the boundaries are." Those skills have helped him build a trust relationship that has kept him in the job for the last 18 years.

for building deeper relationships with individual board members and helped me figure out how I needed to lead differently with the board than with my staff. It was hugely helpful for me, and I wish I had done it sooner. But not too soon. A year in, I wouldn't have known what I needed."

Another source of help may be the search consultant who led the hiring process. They know the family, and also have an interest in seeing the person hired be successful. Search consultant Karen Wilcox of Isaacson, Miller said she typically checks in with the new hires as well as the search committee chairs after the first three months and six months of their tenures. Sometimes the CEOs call her for insight since she has worked closely with the family and may be able to provide confidential but informed guidance on a particular situation.

CLARIFYING YOUR ROLE—NEVER SAY "MY FOUNDATION"

When joining a family foundation, you need to check your ego at the door. "I have watched executive directors flame out," said Bruce Maza, "and I think their mistake was in placing their own ideas, passions, and needs before those of the family. Eventually, someone in the family will ask 'why does he get his way?' The risk is a competition of egos. An even worse result is that the family foundation could become staff driven, thereby robbing the family trustees of their stake in the foundation's grant programs, goals and achievements, and they will lose interest."

Another CEO stressed how important—and challenging—it is "to constantly set aside your own thoughts on what types of giving are better, what types of grantees are more effective, and what approaches to solving an issue are better. We all walk around with unwitting biases and frames on the world."

In the NCFP guide *Help Wanted: The Complete Guide to Hiring a Family Foundation CEO,* we suggested that boards come to some agreement in advance about their preferences on the board's role versus the CEO's role. Hopefully, this was discussed with the candidates. But at that time, they may have said "this is where we are now and this is where we want to be, so how do we get there?" Buhl explained. But not every board has thought this through and you need to know where they see your role in moving the foundation forward. Now is the time to ask if and how they want you to be involved in:

- Intellectual leadership
- Developing vision, mission, operating principles, core strategies
- The grantmaking continuum including developing strategy, identifying new grantmaking areas, recommending grants (or not), deciding on grants
- Promoting the foundation and its programs in the community
- Investments
- Fostering the next generation awareness and participation in the family's philanthropy
- Identifying new board members
- Mediating family differences related to the foundation

Regarding grantmaking for example, some boards just want you to filter the requests and synthesize them in writing, but not make recommendations, leaving the decisions totally up to them. On the other end of the spectrum, the board may want you to make the decisions that they will rarely overturn. Some are moving toward having a grants committee work with the CEO and the whole board doing less hands on.

"The more you have a trusting relationship with the family, the more authority they are likely to give you."

Joanne Florino, executive director of the Triad Foundation in Ithaca, New York, said that when she first began working for the Park family, she was initially hired as executive administrator. "The board was concerned that professional staff would try to direct their grantmaking. That concern included representing the foundation in the local community. Over time, the family stopped seeing my presence in the community as a threat to their ability to determine the course of their grantmaking, and started seeing it as a valuable tool." Still, she proceeded to walk lightly when representing the family. "You have to develop the skills to have honest and frank discussions with the nonprofit community. Never promise things you can't deliver or suggest that your board would support a particular initiative, because the family might have a very different opinion."

As happened for Florino, your role, too, will likely change over time. The more you have a trusting relationship with the family, the more authority they are likely to give you. Buhl recommends that boards "review these roles annually with the CEO because they'll likely shift over time."

One CEO of a large foundation said it was clear when he was hired that the board "did not want a command-and-control type or a person who wanted the limelight. I was clear that it was a back-seat driving operation. Subtleties matter. It doesn't work to be a show horse in a family institution. You have to find other ways to gather power and authority to move the organization forward." As for their charge to him, "the framing was 'we're happy with the institution, but we are hiring you because you will take what we've got and make it better.' They didn't want a complete makeover.

That framing will be different for a foundation that isn't happy with where it is. "The actions you take will be different if you are trying to sustain a successful organization or trying to do a turnaround," added Tom Adams.

Your management style is as important as your actions. Doug Bitonti Stewart, executive director the Max M. and Marjorie S. Fisher Foundation in Detroit, Michigan, believes very much in the servant-leadership role for a CEO. "You have to hold the job with an open hand, even when you want to clutch tightly. Your role is to serve the mission of the foundation, the board, its grant partners, and those you intend to serve. While you may have influence in some cases, there is a dichotomy because you have it and know you should only use it if it serves the greater good." He believes CEOs will fail when they start to think of grants as "my grants, as opposed to the grants of the foundation I serve."

➤ VIEWS FROM THE FIELD

When Diana Gurieva was hired 20 years ago as the first staff person for the Dyson Foundation in Millbrook, New York, it was because of her personal connection to then Board Chair Anne Dyson, daughter of the founder. Dyson had been the volunteer board person who had handled the administrative work for an annual grant budget of about $1 million passed through from the family's business. But Dyson anticipated that when her father, then in his 80s, passed away, the pass-through foundation would suddenly have a large endowment from his estate. And when she decided they needed to hire a fulltime staffer to lead them through the transition and take on the day to day work, Dyson reached out to Gurieva whom she knew from the staff of a large nonprofit where Dyson served on the board.

"She asked me if I would be interested in running a small family foundation," Gurieva recalled. "In my nonprofit work, I had raised money from lots of foundations, from some as large as Ford to tiny family foundations. But I didn't understand how differently family foundations operate. There was a steep learning curve that wasn't related to grantmaking.

"There were so few clear boundaries. I was unclear what my job was, what the family's role was, and what my job was as an advisor to them. If I hadn't liked the people I worked for so much, I'm not sure I would have stayed with it."

"I asked if they wanted a servant leader who would focus on the leadership of the family and help them collaborate, or one who would take the flag and say 'follow me.'"

Some family boards are willing to cede most of the leadership to their CEO. Others are not. If this isn't made clear in the interview process, things can get difficult later. As one CEO put it, "I asked if they wanted a servant leader who would focus on the leadership of the family and help them collaborate, or one who would take the flag and say 'follow me.'" The answer to that question will guide you a lot in your early tenure.

TIP *The National Center has resources that can help you design a retreat, get buy-in from the family, and find a facilitator.*

RETREATS: A TOOL TO PROMOTE GOOD THINKING

One tool family foundations use to step back and think deeply about issues such as roles and vision is the retreat, which has grown in popularity in recent years. The Self Foundation's Frank Wideman first learned about them at the philanthropy conferences he attended. He knew that one of the things he would be responsible for was helping the foundation prepare for generational succession. "Everyone said having a retreat was a best practice," so within a few months of arriving, he recommended it to the founder, then in his 70s, but met with resistance.

"I tried to get Mr. Self to go on a retreat and talk about his vision for the legacy of the foundation in the community and in the state," Wideman recalled. "Mr. Self finally said 'I'm not going, but you take the rest of the board.' That was his signal that he was ready to give up the control of the foundation to his kids."

It's not always easy to convince a board to spend a day or a weekend discussing roles, vision, mission and strategy. But several CEOs consider them invaluable early in their tenure, especially when an outside facilitator was used so the CEO can participate.

"I found a lot of people I could talk to. And as crazy as my job seems sometimes, I met others whose jobs were crazier."

GET THEE TO A CONFERENCE

There's an adage that says "Family foundations don't want to be told what to do, but they want to know what everybody else is doing." Attending conferences is important for your own professional development, but if your foundation is going to be a "learning organization," it's wise to convince board members to attend occasionally, too.

Jane Leighty Justis, executive director of the Leighty Foundation, believes strongly in the value of family foundation board members attending conferences along with their CEOs, even though busy board members may resist. "You learn so much from other families." She has an easier time than some CEOs because her father believes in the value of conference attendance, too. But to get other family members interested, "I try to find something in every conference program that would appeal to each family member," such as a next generation program for the younger family members, or environmental funding programs that appeal to her brother's passion.

Conferences provide an important source for networking and support for new CEOs as well as information. When she started her job and went to her first family foundation conference in the mid-1980s, Diana Gurieva recalled, "it was like scales dropped from my eyes. It was incredibly reinforcing. I found a lot of people I could talk to. And as crazy as my job seems sometimes, I met others whose jobs were crazier."

"You must be constantly alert to what the family dynamics are and how your actions might be perceived."

DEALING WITH FAMILY DYNAMICS

Just like in your own family, your foundation family comes with its own dynamics—both bad and good. This can be especially challenging for a new CEO. Sibling and parental relationships can shift. The way the family deals with one another is affected by birth order, personality, remarriages, and other factors.

One CEO said "You must be constantly alert to what the family dynamics are and how your actions might be perceived. For example, if there are two grant projects, each led by a different family member, make them both feel you are being equally attentive to them. Do nothing that will feed sibling rivalries."

"It is very important to understand the role every individual within the family is playing, or may wish to play, in the work of the foundation," said Sanford R. (Sandy) Cardin, president of the Charles and Lynn Schusterman Family Foundation of Tulsa, Oklahoma. "For example, I once heard a story about a new CEO who suggested that her foundation engage an outside consultant to advise its investment committee without realizing that someone in the family had been serving for years as an informal CIO (chief investment officer), a recommendation that caused totally unnecessary strife even though she believed it was exactly the kind of 'best practice' advice for which she had been brought on board."

Veteran CEOs say that family dynamics go with the territory and they will always be a factor no matter how long you work for the family. "Dealing with family tensions can be exhausting," said one "and can lead to burnout."

Florino also pointed out that "the dynamics of your 'host' family are different from those of your own family. You are moving in two different cultures." One family's style might be to have a loud argument and quickly make up while another will sit in silence and brood for a long time.

Alice Buhl said it can be a trap for new family foundation CEOs to get too involved with the family dynamics early on and then realize they are in too deep. "In the beginning, CEOs need to be really clear in setting boundaries around the personal issues. It is not the CEO's job to solve the problems the family has had for years. It doesn't work for you to get in the middle of things you shouldn't be in." Handling personal disputes between board members that affect board meetings, for example, is more the purview of the board chair.

"It is not the CEO's job to solve the problems the family has had for years."

One CEO said he had to be persistent in clarifying his role as translator of the family's goals, hopes, and values, not only to the external world but also to other family members. "Individual family members easily presume they're describing shared goals, values, and priorities, but likely aren't speaking accurately for the whole family," he said. "Even when things are in writing, there's likely a back story to how the family got to that language, the compromises that happened, who may not feel the language is the best version and so forth."

Florino advised new CEOs to proceed cautiously when tackling a sticky issue with a family member. "If you have any doubt about opening a difficult conversation, take a step back. Think about the words you are going to use, write them down, go slow. Words can be explosive. There are landmines when you work with any family. Ideally you find out where they are before you trip them."

MAINTAINING BOUNDARIES: YOU ARE NOT PART OF THE FAMILY

While sometimes the close working relationship that develops between the board members and their CEO can make it feel like you are part of the family, it's important to keep clear boundaries between your personal and professional roles. (This is true for CEOs who are family members, too, which is covered later in this guide.)

Kathleen Odne said that when she is in the community, "I am always aware that I'm representing the foundation, even if it's not a foundation-related event." I never endorse candidates even though I could. I never do anything that could confuse my role as the executive director of the Lesher Foundation and my personal life."

One CEO said "My work is to facilitate the best philanthropic goals of this family. I never advocate for funding a personal project. I recuse myself from the discussion if there is anything that might be considered a cause of mine."

Another said that "in family work, discretion is key. There are inappropriate confidences. Family members use you as a venting tool. They don't realize they are each talking to me, because I'm very discreet."

Some CEOs are invited to join the family at reunions, golf outings, weddings, and other family events. CEOs take different approaches to this but should keep in mind what feels appropriate since these are people with whom you have an employer/employee relationship. One said that while she gets along very well with her donor family, "We don't socialize. We don't go to each other's houses."

You may also have to be prepared to draw the line on requests above and beyond your professional duties. The family foundation world is rife with stories of foundation staffers in one or two person offices being asked by a board member to perform personal tasks. One recalls his donor asking him to drop off a $1 million grant check to a nonprofit and pick up dog food on the way back. Be honest but diplomatic. If it's not okay for a family member to call you on Sunday morning about a grant, suggest that's a conversation you'd love to have once you are back in the office on Monday.

After almost 20 years with the Schusterman Family Foundation, Sandy Cardin advises new CEOs with the good fortune of working for deeply nurturing and supportive donors not to develop a sense of entitlement. "Being treated 'like family' is wonderful," he says, "as long as 'like' is the operative word. It is imperative that the CEO recognize, appreciate, and honor the integrity of the family as a unit to which they can be close but of which they are not a member.'

Cardin adds, "Tremendous access and familiarity with family members can often lead to moments when the lines separating the CEO and the family can become very blurred. In such instances, it is incumbent upon the CEO to make sure appropriate boundaries are maintained. To do anything less would be unprofessional at best and potentially harmful to effective governance of the foundation at worst."

That certainly doesn't mean a CEO cannot develop deep and meaningful friendships with the families they serve, Cardin noted. Many CEOs, including Cardin, speak with great affection for the families and individuals with whom they work, and many develop deep levels of trust. Frank Wideman, for example, is the only nonfamily member other than their accountant who is invited to attend the Self family business council meetings.

Florino stressed how important it is "to stay anchored in your own value system. Sometimes you have to say 'I'm not comfortable doing that.' It's likely not a case of right and wrong, but a difference in style. Suggest what you feel is more appropriate without judgment. Don't hesitate to be yourself. If you remain a neutral party, the family members may have issues with each other, but they will respect you." Said another CEO, "I try to set a tone in board meetings that this is the place where we are going to focus on the work of the foundation."

Working for a family foundation requires a special level of stamina, and you have to work at replenishing your supply of it, added Bruce Maza. Make your own professional development plan and build it into the budget. It's critically important to have a diet of opportunities to get away and talk to other gifted and thoughtful colleagues."

"It is imperative that the CEO recognize, appreciate and honor the integrity of the family as a unit to which they can be close but of which they are not a member."

TIP *One CEO said that when the job gets too stressful, he heads to the gym in his building and blows off steam. Build exercise into your schedule to relieve stress.*

TIP *The National Center for Family Philanthropy holds periodic retreats for CEOs and also has online networks targeted to their interests. For more information, check the website, www.ncfp.org or call 202-293-3424.*

TIP *CEOs in the National Center for Family Philanthropy's "Friends of the Family" network often call NCFP staff for help in navigating a particular governance or family dynamics issue. We can provide you with advice, resources, and sometimes referrals to other CEOs who have dealt with similar situations.*

Regional associations of grantmakers provide opportunities for foundation leaders to come together, although they might not all be family foundation CEOs with their unique set of issues. David Weitnauer said that CEOs may be reluctant to share much about their foundation families in such settings. "It's best to find individual colleagues with whom you develop friendship and trust. "I have a few colleagues that I trust, and we support each other."

Upstairs, Downstairs?

One CEO, who wished to remain anonymous, said that whenever he wonders how to handle a sticky situation with the family he works for, he asks himself what Grandpa would have done. His grandfather was a first class English butler lured to the United States by a wealthy Boston family that wanted a real pro. The CEO said his grandfather, a man of many skills, knew the importance of always being professional, flexible, and poised no matter what the situation. He was also the soul of confidentiality. He managed a large staff and oversaw the household accounts. But most important, he was a problem solver, he expected mutual respect and he knew how to establish boundaries, "that no matter how close you get to the family you work for, you are not a part of it, and it's not your money." Some might question whether the butler was a leader. Anyone who has read P.G. Wodehouse's Jeeves stories knows that Jeeves was the man in charge, but was so subtle in his management, his employer Bertie Wooster never knew it.

WHEN YOU *ARE* A MEMBER OF THE FAMILY

If you are a family member who becomes the CEO, you have some distinct advantages and disadvantages compared with a nonfamily CEO. On the plus side, you already know the players and may be familiar with the grantmaking. The downside is that you have to get family members to think of you in a very different role.

There can be a steep learning curve even if you've been serving on the board. Linda Evans, president and CEO of the Meadows Foundation in Dallas and niece of the founder, was selected by her family's board to replace another family member, her cousin Curtis Meadows, who was going to retire. Initially she was given the title of executive vice president. She then "began working with Curtis to learn every aspect of the foundation's operations." Even though she had served on the board since 1976, "It was important for me to learn why we did things" from the staff side. She retains her seat on the board, "but I'm first among equals. I don't vote unless I have to break a tie."

Meadows took over a large, existing foundation. But often, a family member CEO is hired as the first staff person of a foundation that has largely operated around the dinner table.

Elizabeth Tauck Walters is a good example. In 2000, she was tapped by her father to be the first executive director of the Tauck Foundation "which up to that point had largely been a vehicle for his personal giving." Of his five children, Walters—the second youngest—was the logical choice because she had a professional background in nonprofit management and had studied philanthropy while earning her MBA at the University of California at Berkeley. The family has always been involved together in Tauck, their travel business, but now her father wanted to bring more active involvement of the family into the foundation with his daughter at the helm. For the next 10 years, she commuted every six weeks from her home in Seattle to

➤ VIEWS FROM THE FIELD

Jane Leighty Justis became the part-time executive director of The Leighty Foundation five years after it was started by her father, Ike Leighty in 1985. At that point it was just her dad, her older brother and Justis giving grants to organizations where they had an interest. Eventually, Justis felt "the amount of money in the foundation was so small that we needed to think about leverage and being more strategic." The foundation needed someone willing to devote the time to help the family make its philanthropy strategic. With her background working for nonprofits, she decided it was time for an executive director, and that she was the logical candidate, since neither her brother nor father had a similar passion for the work. Her first step was to make her pitch in writing. In her memo to her brother and father, "I presented a rationale for why we needed to think strategically. I suggested some possible focus areas, based on our expertise, so we could evaluate the nonprofits we gave grants to. I said the title of executive director would be important in clarifying my role, and that I would need to receive a salary."

She believes the compensation issue is one thing that plagues family member CEOs: learning to value the work you do when it's hard to get objective feedback. Initially, she wondered "if I take the money, will it affect my relationship with Dad and my brother. Am I then beholden to them? And am I worth getting paid to do this?"

One thing Justis advises other family foundations that are about to hire a family member is to start with a structure that would work regardless of who you hired. When her family began considering hiring her to run the foundation, "I said, if we're going to hire someone, let's not start with me. What qualifications should that person have? What skills does the foundation need? Be as professional as possible. People think they don't need a job description or an evaluation process, but they do. Do everything you can do to get things out of the personal and into the objective," which makes the dynamic of working for your family easier.

Regarding the unique challenges of being a family member CEO, Justis said finding experienced peers who were CEOs of their families' foundations was invaluable. "You have to learn what issues to bounce off your family and what to take somewhere else." To get the objective point of view on the dynamics of working with her sibling and father, Justis "started going to conferences and glomming on to people who had more years of experience than I did." She found her fellow family CEOs to be extremely understanding and supportive. "We help each other. There is no competition among us." She also advises family CEOs, to bring in outside consultants to "dealing with issues proactively," and bring objectivity to the discussion. "You're an expert if you come from 50 miles away and carry a briefcase, but you don't know anything if you're the little sister."

Norwalk, Connecticut, where the rest of the family and the business were based. In 2010, the foundation's expanding programs and Walters' physical distance and three young children led her to recommend they hire their first nonfamily executive director.

Her father managed the investments but left most of the rest up to her. "I would sit by myself and plan what was going to be on the board agenda. I wrote my own job description. I was never formally evaluated, and I set my own salary." And since she set it low, it was an issue when they had to pay market rates to hire their new CEO. She also feels that "there are times when an executive director needs to push the board," but she was reluctant to do so for fear the rest of the family would start to think of it as "Liz's foundation."

She started out working from home, "but that was difficult. It didn't feel like a real job." Walters solved that problem by joining in shared office space with other foundations and her regional association, Philanthropy Northwest.

Despite the challenges, she enjoyed her time at the foundation's helm. "It was such a gift that I live 3,000 miles away and still got to see my family often and have such rewarding work."

WHEN YOU ARE THE STRANGER IN THEIR MIDST

No matter how much the family wanted you when they hired you, if you are the family's first nonfamily staff leader, it can be awkward at first. They are not used to having an outsider involved in their work. They've operated with their own culture and family dynamics, and that will inevitably change when someone outside of the family enters the board room.

Karie Brown is a San Francisco area consultant to philanthropic families who has seen this from both sides. She is a board member of her own family's Hidden Leaf Foundation, where one of Brown's sisters is the executive director, and has also helped several families through the transition to a nonfamily CEO.

"On the plus side, bringing in a nonfamily person can up the level of discourse, encourage the board to stay on topic more, and help focus you away from family dynamics," Brown said. "On the other hand, it can feel like a loss to the family because it increases the formality. Maybe the family board members don't see each other often," so the foundation was a place they could talk about other family issues besides foundation business.

The board also has to recognize that "when you hire a staff person, you have to give up some control. When the new hire starts making decisions, the board may feel disconnected to the work," Brown said. "Good communication is key."

There also is an extra set of tasks if you are the foundation's first CEO. You may have to rent office space, buy equipment and furniture, deal with utilities, technology support, and insurance, and handle a host of other start-up related issues. In these cases, the new CEO will need to put together a plan and get board approval for its execution.

Nat Chioke Williams, was a program officer for a large independent foundation in New York City when he was hired by the much smaller Hill-Snowdon Foundation, in Washington, D.C., in 2007. He had to create a foundation office from scratch. The board retained Brown, the family's long-time consultant who had helped them through the search process, to work an additional four months on the transition. Together Williams and Brown put together a work plan with all key tasks to be completed. One of the board members found the office space in a suite shared by other progressive foundations. Then with Brown's help, and in consultation with the board, Williams create personnel policies, set salaries and benefits, hired staff, and obtained officers and directors insurance, just to name a few responsibilities in the work plan. Brown also served as his coach as he got to know the board members and developed a working relationship with them. "I had worked with the family a long time, so I could help him understand their dynamic, and I could serve as a sounding board as he found his own style of communication and began building his relationship with each board member."

➤ VIEWS FROM THE FIELD

When Doug Bitonti Stewart became the first executive director the Max M. and Marjorie S. Fisher Foundation in Detroit, Michigan, he had been a development officer for a university and had no experience running a family foundation. "I walked into an office with no computers, no staff. The first 100 days were about what had to be done legally." He first focused on legal matters, taxes, payout, and getting an attorney who was separate from the family office. He also had to prepare board agendas and help the board members develop their mission statement. Throughout it all, Julie Fisher Cummings, the managing trustee was a valued partner. She helped him interpret what the family needed from board meeting agendas, for example. "Very few things went out without Julie looking at them first," Stewart said, "and I was glad for her help and guidance, and for her sharing an understanding of how her mother, sisters, and brother worked together."

➤ VIEWS FROM THE FIELD

When Richard Woo, chief executive officer of the Russell Family Foundation in Gig Harbor, Washington, started his job in 2000, he had his orientation before he was even offered the position. He had left a position as executive director of the Levi Strauss Foundation and "took a purposeful break from my career," to find his next calling. In 1999, the Russells sold Frank Russell Company to Northwestern Mutual Life. The company was renamed the Russell Investment Group. Jane and George Russell created The Russell Family Foundation with part of the sale proceeds. The foundation was staffed initially by their daughter Sarah Russell Cavanaugh, and the family took their time in hiring their first nonfamily CEO.

The position was a good fit for Woo. "It was critical for me to choose an organization I wanted to build and a family I could build one with. It was an attractive opportunity, because launching a foundation was new for the family and I wanted to do a start-up."

Because of his work at Levi-Strauss, a family-owned company, he understood the importance of forging a good relationship when working with a family. The extensive interview process for the Russell CEO job included four separate meetings with the donors and their children. He even spent a weekend at the donors' home along with his wife. "By the time I got the job, I had a good orientation to the family foundation's mission vision, values, and the quality of the family relationships. It could take other CEOs ages to do that."

The family members were particularly candid about their styles. They talked openly about how they were 'a huddle of quarterbacks,' which they viewed as posing both opportunities and challenges. They said they were strong minded people who might have very different visions. Woo responded by claiming that sometimes he'd be a coach, sometimes a cheerleader, and, if need be, a referee.

Before Woo started with the Russell Family Foundation, the all-family board had engaged a consultant to help them improve their board communications. They took the Birkman Profile, an in-depth personality assessment. When Woo was hired, he also took the assessment, as did his staff. They all found it useful. "We continue to use the Birkman to inform our own relationships with the board and staff, 12 years later. He said it was important that "they set the culture early for how the board communicates. They also had very early discussions "about how you measure success, and how you problem solve. It's so much easier to set the culture early than to re-engineer it later."

Once on the job, Woo interviewed each family member to probe deeper into their personal hopes and visions for the foundation. "I asked them the headlines they'd like to see about the foundation in the local paper in the next 10 years." He well remembers the response from Jane Russell. "She said, 'The Russell Family Foundation would be the first resort to turn to for people who want to learn more about the subjects we are funding.' She didn't talk about early childhood education or the environmental funding. She didn't want to dictate the focus areas, but emphasized the role the foundation could play in promoting learning about others' successes from the grants it made. That's how I look at the foundation. It's a learning community for family and staff, and we have a responsibility to share with the community."

Learning and change have been cornerstones of the foundation. In 2012, the foundation will surpass $100 million in total grants awarded since its inception. Members of the third generation are preparing to join the board. The foundation's assets have grown to $140 million. Going forward, Woo says, "the challenge is to determine if the foundation will be family centered or family inspired. For a leader, that's a dynamic you are always trying to balance."

WHEN YOU WORK FOR A LIVING DONOR

In his biography of the late Steve Jobs, Walter Isaacson wrote that Jobs quickly abandoned the foundation he started in the mid-1980s, because he discovered "it was annoying to have to deal with the person he had hired to run it, who kept talking about 'venture' philanthropy and how to leverage giving." Mark Vermilion, the man Jobs had hired, remembered it somewhat differently in an interview with *The New York Times*, saying that Jobs "didn't have the time" needed to run his philanthropy and that Jobs wanted to support projects focused on nutrition and vegetarianism, while Vermilion tried to interest him in promoting social entrepreneurs. Clearly there was a disconnect.

The first family David Weitnauer worked for before joining the R. Howard Dobbs, Jr. Foundation had living donors. "I knew them well; we'd been lifelong friends, and I became a trustee (and later, the foundation's executive director) because of the level of trust that developed over a long period." What's different about that job over his current one, where the donor had passed away before Weitnauer became the CEO, was that "with living donors, it's evolving in real time. They were thinking, learning and doing things outside the foundation that fed into their philanthropy. They were a very entrepreneurial family, and we were often trying new things. It required a lot of flexibility. But it was a very exciting process."

"The challenge is to determine if the foundation will be family centered or family inspired. For a leader, that's a dynamic you are always trying to balance."

Sandy Cardin began working for the Schusterman family in 1994. After Charles Schusterman died in late 2000, Sandy continued to work closely with Lynn and the couple's daughter, Stacy Schusterman.

Cardin said one distinguishing feature of foundations led by living donors, as opposed to those governed by subsequent generations, is that they are generally far less institutional in structure and process. Living donors understandably see the funds they are distributing as their money, and their funding decisions can often be driven by personal preferences and objectives; they usually have a good idea of what they want to accomplish and how to achieve it, two characteristics that most likely helped them succeed in business.

Cardin advises CEOs "to approach their new roles with humility. Although new CEOs are typically hired because of their knowledge and skill, living donors are initially more likely to be looking more for assistance than for answers. They want to experiment and engage in their philanthropy without worrying about the details, and they want you make it as easy, enjoyable and meaningful as possible. Over time, as living donors become more confident in the judgment

➤ VIEWS FROM THE FIELD

One foundation professional we interviewed believes you have to have an entrepreneurial mindset to work for entrepreneurial donors. She was in her 20s when a couple offered her the job as the first executive director of their family foundation. They had met her when she was the development director for a nonprofit the couple had been supporting. As she solicited their gifts, always focusing on what impact they wanted to make rather than the dollars, she and the couple developed a trusting relationship. The job was "an unbelievable opportunity, because I was able to develop the practices from scratch" rather than adapting to an already existing structure. But the fact that she had never run a family foundation meant she had a lot to learn. "In this job, you need to be committed to learning as much as you can." The first thing she had to explore was the desires of the donors. "Up to that point they had been doing more reactive grantmaking than proactive philanthropy. I had to learn what moved them to start the foundation—what gave them goose bumps. Also, I needed to determine whether they liked pilot projects, start-ups, capacity building? Were they open to solicitations? What was their risk tolerance? I had to test everything and see how these floated with the values of the family." She also reviewed with the couple their giving history to understand the investments that interested them most.

Her first week on the job she signed up for a weeklong intensive grantmaking course at a nearby university which gave her the basics and a group of peers that she has stayed connected with. She read about family foundations, starting with the National Center's Splendid Legacy. *She met with other family foundation leaders for their guidance, particularly those who also worked for living donors. As such a young executive director, she encountered some ageism, but also found people in the field who were supportive and who mentored her in best practices while building her confidence. "Everyone tells you the more defined your funding parameters are, the better. So in my first few months, I spent time developing very specific criteria and processes. I shared this with the donors, and their reaction was 'don't take the fun out of this.' It was a great learning moment for me," she recalled. "I realized I need to find ways for us to stay nimble and opportunistic while at the same time share opportunities for the family to make the kind of change they want to see in the world."*

of their CEO, the best relationships evolve into ones of mutual trust and greater involvement in decision-making."

Cardin said that when he was first hired, "I was brought on to create the processes and protocols necessary to help the Schustermans learn as much as possible about the fields in which they were interested and also to help them think about their mission and vision. They weren't looking to add a member to their board or to give someone the ability to vote on grant requests; they were looking for someone to ensure that whatever organizations and projects they wanted to fund had been fully vetted, studied and analyzed."

He still views his job that way, 18 years later, even though the Schustermans now encourage Cardin and others on their professional team to make specific funding recommendations. "I was hired to help the Schusterman family achieve their philanthropic goals as effectively and enjoyably as possible. That's still job number one for me and all of my colleagues at the foundation, and we know we are performing well when Lynn and Stacy are pleased with how we are helping them fulfill their philanthropic agenda."

Conclusion

While this guide gives you the wise counsel of your fellow CEOs who have already traveled the path you are just undertaking, nothing beats face to face exchange. The family foundation field is full of generous people who are more than willing to share their time and experiences with their peers. For that reason, the National Center for Family Philanthropy organized the first ever Leadership Symposium for Family Foundation Chief Executive Officers. The gathering whetted the appetite for those who attended, and we have added more of these personal experiences to our agenda. We hope you will call on us if you need help on your journey.

PEER REVIEWERS: *The National Center for Family Philanthropy wishes to thank Tony Macklin, Executive Director of the Roy A. Hunt Foundation, and Frank Wideman, Executive Director of the Self Foundation, for serving as peer reviewers of this guide.*

RESOURCES

ONLINE

National Center for Family Philanthropy's Online Knowledge Center, the largest database of documents related to family philanthropy. It also includes NCFP's monthly teleconferences (audio recordings and transcripts) covering nearly 100 topics of relevance to family foundations.

BOOKS

Splendid Legacy: The Guide to Creating Your Family Foundation (National Center for Family Philanthropy, 2002). A comprehensive guide to family foundations including governance issues.

Generations of Giving, by Kelin Gersick, (Lexington Books, 2006). An NCFP-commissioned in depth study of 30 multi-generational family foundations.

The Nonprofit Leadership Transition and Development Guide, by Tom Adams (Jossey-Bass, 2010) contains lessons and tools for successful leadership transitions.

CONFERENCES

Council on Foundations Family Philanthropy Conference (held annually)
Association for Small Foundations (held every other year)
Grantmakers for Effective Organizations (held every other year)
Conferences organized by regional associations
Affinity group gatherings

ORGANIZATIONS

Affinity Groups: membership organizations for grantmakers who have common funding interests. The Council on Foundations maintains a list on its website, (www.cof.org).

Association of Small Foundations: a membership association of approximately 3,000 members with few or no staff (www.smallfoundations.org).

Council on Foundations: the oldest membership association for foundations and corporate giving programs including many of the country's largest foundations (www.cof.org).

National Center for Family Philanthropy: the only nonprofit resource dedicated exclusively to understanding, supporting and advocating for philanthropic families (www.ncfp.org).

National Network of Consultants to Grantmakers: a membership organization of consultants, some of whom specialize in family foundations (www.nncg.org).

Regional Associations of Grantmakers. These 35 separate membership organizations provide support, networking and professional development. A complete listing can be found at the Forum of Regional Associations of Grantmakers, (www.givingforum.org).

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Susan Crites Price is a former vice president of the National Center for Family Philanthropy and is now a consultant and freelance writer. She is the author or co-author of several books including *The Giving Family: Raising Our Children to Help Others.* She is a frequent speaker on next generation philanthropy.

ABOUT THE NATIONAL CENTER FOR FAMILY PHILANTHROPY

A nonprofit 501(c)3 organization, the National Center for Family Philanthropy has, for 15 years, been the nation's leading voice for the value—and values—of family philanthropy. The National Center has sponsored groundbreaking research on governance practices, family dynamics, and management options for families, and has developed a living, growing database of several hundred profiles and stories of families engaged in philanthropy. We have published many of the field's most widely read guides and issues papers, organized national symposia, and presented at hundreds of events in cities and regions around the world on our core belief in the continuing value of family involvement in philanthropy.

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