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Hiring, Operations, and Grantmaking Consistent with Donor Intent

Your mission is only as strong as your people. And selecting your trustees is only the first step. Ensuring that staff are aligned with your mission is also crucial. Staff play a significant role in either honoring—or disregarding—your intent because they are on the front lines, meeting with potential grant recipients, interacting with the community, and developing grant recommendations. Every day, staff members make decisions, large and small, that will determine whether your organization

fulfills its mission. Professional staff can exert more practical power than trustees or even donors if there is a passive approach to governance.

As Childears states, “There is an old saying: *personnel is policy*. What that means is it’s necessary to hire staff members who are philosophically in line with your mission and will work to achieve it. Each new staff member you hire, at any level of the organization, is a vote you are casting in favor of donor intent—or in favor of its dismantling.”

After the Daniels Fund successfully resolved a donor-intent crisis in the early 2000s involving wayward staff members and several like-minded trustees, the foundation adopted a more careful hiring and onboarding process for new employees. (See Chapter 8.) Under current policy, each proposed hire must be approved by the president, and she specifically evaluates fidelity to donor intent as one criterion in her decision. After hiring, a new staff member must undergo a several-hour donor-intent orientation. Then they go to work in a headquarters filled with memorabilia and mementos to Bill Daniels’ philanthropic intent and legacy. “Our staff for the most part view Bill as a sort of idol, which is exactly what I want,” Childears says. “That’s the effect I’m after.”

At the Bradley Foundation—where staffers are several generations removed from Lynde and Harry Bradley—donor intent remains an active concern. “We still call on Lynde and Harry,” says Richard Graber, the foundation’s president and CEO. “Were they still sitting at the table, what would they do in a particular situation?”

The Connelly Foundation hired a professional historian to create a monograph on the charitable giving of John and Josephine Connelly, and every new staff member gets a copy. “A big part of onboarding new staff members is a deliberate education in donor intent—not just the ‘what’ but the ‘why,’ the donors’ values and how they’ve been applied over the years,” says Riley.

As a donor, you want to bring on staff who will enhance the effectiveness of your philanthropy. Yet you must also be alert to the ways in which staff can easily allow their own values and agendas to redirect the organization. Take these steps to increase the likelihood of successful hires:

Choose the right CEO

Aside from your choice of board, picking the man or woman who will lead your foundation is the most crucial decision you will make. Donn

Weinberg calls this step “the most important job” of your board. “If the CEO is the right pick, then the donor’s wishes will be observed,” he says.

Wise donors frequently search for CEOs outside the world of foundations, choosing from people experienced with the donor’s work, favorite charities, and personality. “If I were in charge of hiring my replacement at the Daniels Fund,” says Childears, “I would make sure he or she had been responsible for managing payroll somewhere. It would need to be someone who truly appreciates what it takes to amass this type of fortune. Most foundation colleagues would cringe at the thought of business experience, but I think it’s really important.”

No matter where your search leads you—even among friends and family—be diligent in making your decision. You may know an individual’s professional credentials but not his core values, her personal attributes but not her philosophy of private philanthropy. No matter how eager you are to get your grantmaking off the ground, don’t risk hiring a CEO who is not aligned with your beliefs and goals. Remember that this will be the individual responsible for articulating your vision to others and managing the grantmaking to implement your mission. Your relationship with your CEO—like your relationship with your board—must be anchored in trust.

Evaluate beliefs, philosophy, and integrity for all staff members

You and your foundation’s executive should take time to understand the philosophical underpinnings of each potential staff member. Pay particular attention to program staff who will play a significant role in your grantmaking, but know your administrative staff as well. Don’t assume that administrative staff have little influence on office culture and practice. “You’ve got to emphasize values and passion,” says Al Mueller. “If real estate is about location, location, location, in philanthropy it’s got to be values, values, values.”

Create a culture of fidelity to donor intent

Although digressions from donor intent should be addressed immediately, your long-term goal isn’t to create a culture of fear. Instead, you want shared values, genuine care, and reverence for central principles. Look to build traditions and practices within your operations that create loyalty to your intentions among the people of your organization. Cultivate your staff members over time. Invest in their professional development and give them increased responsibility as they show a greater appreciation and understanding of your foundation’s mission.

Consider time-limiting your foundation

Sunsetting can be a simple solution to concerns about future staff composition in the absence of a living donor. One of the reasons the Jaquelin Hume Foundation has decided to sunset, for example, is to allay concerns about the direction in which successor staff might take the organization. If you choose this route, be sure to have attractive incentives in place to retain key staff up to the shutdown—in keeping with the examples of the Avi Chai and Earhart foundations sketched earlier.

Establishing grantmaking principles and practices

Grant compliance is an important concern for all donors, but particularly for those with well-defined values and mission statements. Chapter 7 will explore the special challenges of giving to colleges and universities, but there are several principles and practices that should guide you and your designated representatives in your oversight of grants.



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Know your recipients

Investigate each potential grant recipient. Familiarize yourself with its mission, leadership, financials, and programs. Make site visits. Depending on your level of commitment to the organization, get involved in the life of the organization by attending programs and functions. Trust your instincts. Do you feel comfortable placing your charitable dollars with this organization? Is it the one that will make the best use of your money? Or is there a similar organization accomplishing its mission more effectively? “Grant compliance happens best when you’ve done the work upfront to make sure you’re partnering with an organization that really believes in what you’re trying to do and isn’t just trying to game your system in order to get money,” says Keith Whitaker of Wise Counsel Research. “The best compliance is the investigatory work, the due diligence, the time commitment needed to get to know a grantee.”

Make short-term commitments (or long-term ones in short segments)

All nonprofits experience change over time. People come and go. Mission statements shift and drift. Organizations might even shutter altogether. That's why making shorter-term commitments—rather than long-term endowments—in your grantmaking is one of the best steps you can take. If you'd like to make a long-term commitment to an organization, try periodic grants that will be based on recent performance to give you leverage in grant compliance.

Create a suitably detailed grant agreement

Depending on the nature of your gift, put a gift contract or grant agreement in place. There are many examples of gift contracts, some more complicated than others. Avoid micromanaging, but ensure that both parties have a clear understanding of expectations, restrictions, and reporting requirements. Grant agreements can also outline in advance a means of resolving disputes.



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Consider an intermediary organization

You may consider making your gift through an intermediary organization that will serve to enforce your intentions over time. A third-party organization can ensure compliance standards in your absence, prior to disbursing funds. Likewise, you may consider naming organizations as contingent beneficiaries if the original grant recipient fails to live up to the terms of the gift agreement.

Realize the limitations of grant compliance

Even with a grant agreement in place, once you make the gift, the money is no longer yours. It's far easier to create a good working relationship with an organization before making a gift than to try, after the fact, to force it to comply. It takes time, even years, to understand what you can realistically achieve through your grantmaking within a given field or

with a particular organization or group of organizations. Many donors make large gifts early on that they later come to regret. Take time to learn about the field where you are working, the people and institutions doing the work, and try to formulate realistic expectations grounded in experience rather than slick marketing brochures, attractive websites, or utopian ideas about what your gift can accomplish.